BANK OF GHANA
Banking Sector Report
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CONTENTS

1. PREFACE

The Bank of Ghana's Financial Stability Report is published after the Monetary Policy Committee (MPC) meetings. 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 percent with a symmetric band of 2 percent. This implies that annual changes in the Consumer Price Index (CPI) should range between 6 and 10 percent over the medium term for the economy to grow at its 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 target band. 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 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 acts as the Chairman) and two external members appointed by the Minister of Finance. 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 decision of the Committee 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 October 2017. The banking industry witnessed two major developments. First was the revocation of licenses of two insolvent banks, namely, UT and Capital Bank in August 2017. In a Purchase and Assumption (P&A) transaction, GCB Bank was given approval to take over selected assets and all deposits of the two resolved banks, while the remaining assets and liabilities were to be realized and settled respectively through a receivership process. The second development was the increase in the minimum capital requirement for new entrants and existing banks from GHȼ120 million to GH¢400 million. The deadline to meeting this new minimum capital level is December 31, 2018. These two major developments form part of the holistic reform plan to further develop, strengthen and modernize the financial sector.

Following the P&A transaction, the number of licensed universal banks declined from thirty-six (36) in July 2017 to thirty four (34) at end October 2017. As expected, the number of domestically-controlled banks also declined from nineteen (19) to seventeen (17) since the two collapsed banks were both domestically-controlled, while the number of foreign-controlled banks remained unchanged at seventeen (17). The branch network of the universal banks was 1,486 branches as at October 2017 distributed across the ten (10) regions of the country.

The banking sector continued to be sound and solvent in October 2017 even though the loss-making positions and poor balance sheet performance of the two collapsed banks as at July 2017 formed part of the consolidated industry position in this report. It is expected that when GCB Bank finalizes the P&A transaction with the receiver, subject to approval by the Board of Bank of Ghana, subsequent reports will cover the new consolidated position of GCB Bank Limited to reflect a more accurate industry picture. Nonetheless, financial soundness indicators (FSIs) in the banking sector broadly remained within the statutory and regulatory thresholds in October 2017, though some declines were recorded in comparison with the October 2016 performance.

The issuance of the energy sector bond to pay down part of the energy-related exposures in November 2017 and the increase in the minimum paid-up capital which has already resulted in fresh capital injection by some banks are expected to reposition the sector to support the government's economic transformation agenda.

3. CREDIT CONDITIONS SURVEY

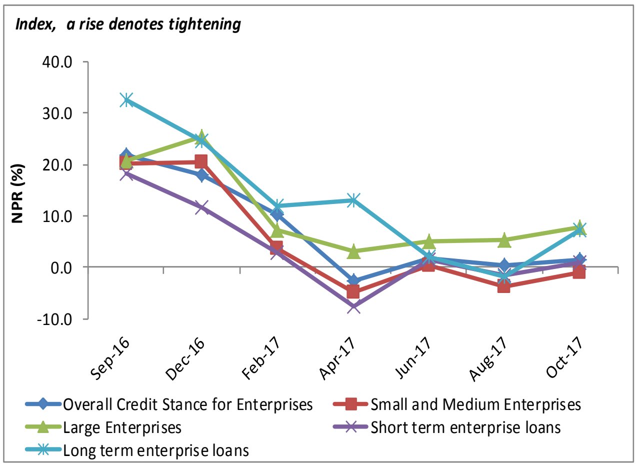
(I) Loans or Credit Lines to Enterprises & Households

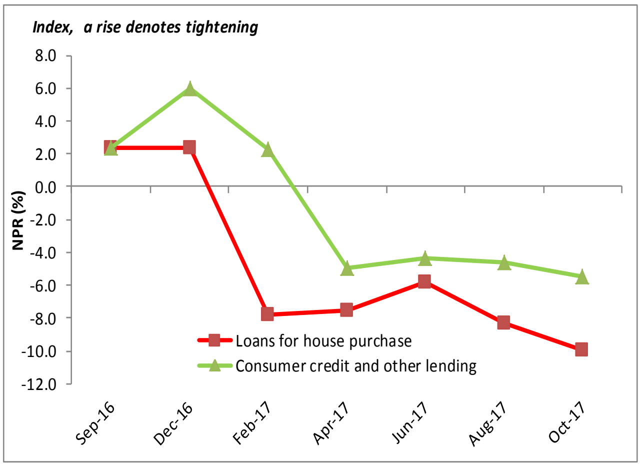
Results of the credit conditions survey conducted in October 2017 pointed towards a net tightening in credit stance on loans to enterprises, while the stance on loans to households eased. Banks tightened credit stance on both short and long-term loans to large enterprises as well as to small and medium enterprises (SMEs), citing increases in the proportion of adversely-classified loans in total loan portfolio (as reflected in their non-performing loans (NPLs) ratio) as the major reason. Other reasons included current capital positions and risks related to largest borrowers. The net ease in banks' credit stance on loans to households during the latest survey round was reflected in loans for house purchases, consumer credit and other lending. The reported net ease in the credit stance to households was consistent with the pickup in the year-on-year growth in household credit in October 2017.

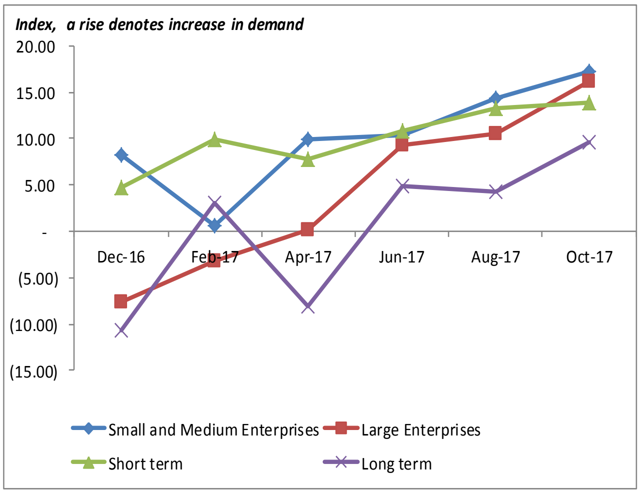
However, the survey reported a mixed outcome for demand for credit by both households and enterprises. The survey reported a net increase in the demand for loans by SMEs and large enterprises as well as an increase in the demand for long-term loans. Demand for short-term loans by enterprises increased only marginally during the October survey round compared with the August survey round. While demand for loans for consumer credit went up, that of loans for house purchases declined.

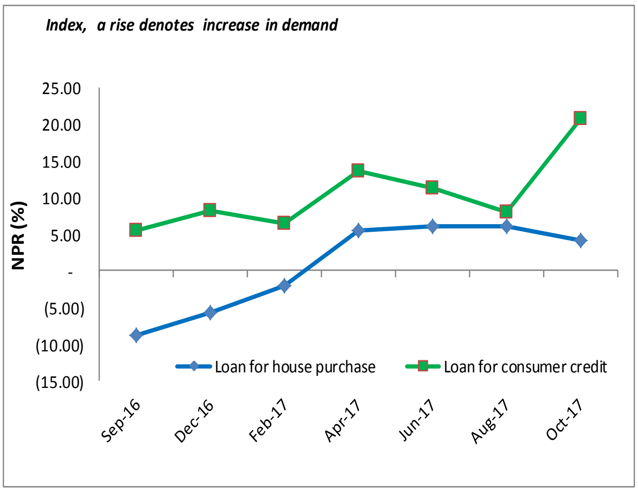
Banks' inflation expectations remained unchanged between the August and October 2017 survey rounds, indicating that banks expect inflation to continue on a moderation path a year ahead. Lending rates expectations, however, picked up during the October 2017 survey round, consistent with the increase in banks' base rates between August 2017 and October 2017. The industry's high NPLs remain the main driver of the relatively higher lending rates expectations.

Credit Conditions Survey









Note: *A rise in the line graph (first two upper graphs) 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.*

3. BANKING SECTOR STABILITY ANALYSIS

3.1 DEVELOPMENTS IN BANKS' BALANCE SHEET

Total assets of the banking sector increased from GH¢73.79 billion (23.3% year-on-year growth) in October 2016 to GH¢88.91 billion (20.5% year-on-year growth) as at end-October 2017. The slower annual growth in total assets was attributed to moderate increase in domestic assets from both gross advances and investments. Growth in foreign assets, however, picked up marginally during the review period. Banks' investment portfolio increased from GH¢19.93 billion in October 2016 to GH¢26.29 billion, representing a slowdown in growth from 61.7 percent to 31.9 percent and stemming from a decline in investment bills (on year-on-year basis). Growth in securities investments however more than doubled over the period.

Annual growth in gross credit slowed from 16.9 percent in October 2016 to 12.0 percent in October 2017, reflecting tighter credit conditions within the banking sector. Gross loans, however, remained the largest component of total assets constituting 43.1 percent as at end October 2017. Net loans and advances of GH¢31.82 billion recorded a lower growth rate of 7.2 percent compared with the 11.6 percent growth recorded in the corresponding period last year.

Deposits for the banking sector increased to GH¢55.83 billion in October 2017, from GH¢47.22 billion a year earlier, representing 18.2 percent growth. Total deposits funded 62.8 percent of the industry's assets during the period. Borrowings, another important source of funding for the banking industry totalled GH¢15.08 billion (24.2% year-on-year growth) in October 2017, representing a marginal decline from 24.5 percent growth recorded in the corresponding period of last year. The decline in the growth of banks' borrowing was largely on the back of a sharp decline in long-term domestic borrowing during the period under review, moderated somehow by the pickup in the growth of long-term external borrowing.

Banks' paid-up capital increased from GH¢3.42 billion (17.1% year-on-year growth) in October 2016 to GH¢4.45 billion (30.1 percent year-on-year growth) in October 2017 due to fresh capital injection as part of efforts to meet the new minimum paid-up capital of GH¢400 million by December 31, 2018. The industry's shareholders' funds (comprising paid-up capital and reserves) of GH¢11.60 billion as at October 2017 represented a marginal decline in year-on-year growth of 14.4 percent, against 14.8 percent a year earlier.

Table 1: Key Developments in DMBs' Balance Sheet								
					Y-on-Y Growth (%)			Shares
	Oct-15	Oct-16	Aug-17	Oct-17	Oct-16	Aug-17	Oct-17	Oct-17
TOTAL ASSETS	**59,829.6**	**73,788.7**	**86,087.7**	**88,914.4**	***23.33***	***23.6***	***20.5***	***100.0***
A. Foreign Assets	5,023.6	6,431.4	7,650.6	8,292.3	*28.03*	*17.1*	*28.9*	*9.3*
B. Domestic Assets	54,806.0	67,357.2	78,437.1	80,622.2	*22.90*	*24.3*	*19.7*	*90.7*
Investments	12,327.5	19,932.1	24,575.1	26,292.8	*61.69*	*47.6*	*31.9*	*29.6*
i. Bills	9,500.9	15,874.1	16,506.3	17,487.2	*67.08*	*26.0*	*10.2*	*19.7*
ii. Securities	2,412.1	3,640.6	7,659.8	8,389.8	*50.93*	*144.0*	*130.4*	*9.4*
Advances (Net)	26,594.3	29,682.0	31,195.7	31,823.5	*11.61*	*5.1*	*7.2*	*35.8*
of which Foreign Currency	8,611.7	8,311.7	8,697.5	8,944.6	*(3.48)*	*3.1*	*7.6*	*10.1*
Gross Advances	29,326.6	34,268.8	37,291.7	38,364.5	*16.85*	*10.1*	*12.0*	*43.1*
Other Assets	3,162.0	3,372.9	4,612.1	4,931.8	*6.67*	*42.3*	*46.2*	*5.5*
Fixed Assets	2,000.1	2,654.1	3,322.1	3,426.1	*32.70*	*28.8*	*29.1*	*3.9*
TOTAL LIABILITIES AND CAPITAL	**59,829.6**	**73,788.7**	**86,087.7**	**88,914.4**	***23.33***	***23.6***	***20.5***	***100.0***
Total Deposits	37,350.8	47,223.2	53,691.1	55,831.7	*26.43*	*21.5*	*18.2*	*62.8*
of which Foreign Currency	11,630.0	12,738.5	14,761.1	14,942.3	*9.53*	*17.7*	*17.3*	*16.8*
Total Borrowings	9,752.9	12,145.0	15,276.5	15,084.7	*24.53*	*31.6*	*24.2*	*17.0*
Foreign Liabilities	4,330.8	4,026.2	4,883.0	4,164.0	*(7.03)*	*14.2*	*3.4*	*4.7*
i. Short-term borrowings	2,263.1	1,910.1	2,471.7	1,871.6	*(15.60)*	*13.5*	*(2.0)*	*2.1*
ii. Long-term borrowings	1,720.1	1,725.8	2,001.0	1,945.3	*0.33*	*20.8*	*12.7*	*2.2*
iii. Deposits of non-residents	347.6	390.3	410.3	347.2	*12.29*	*(7.0)*	*(11.1)*	*0.4*
Domestic Liabilities	46,499.0	59,579.6	69,951.6	73,119.1	*28.13*	*26.1*	*22.7*	*82.2*
i. Short-term borrowing	5,169.2	7,307.3	9,515.6	9,898.7	*41.36*	*38.4*	*35.5*	*11.1*
ii. Long-term Borrowings	600.4	1,201.7	1,288.2	1,369.1	*100.15*	*43.2*	*13.9*	*1.5*
iii. Domestic Deposits	37,003.2	46,832.9	53,280.9	55,484.5	*26.56*	*21.7*	*18.5*	*62.4*
Other Liabilities	3,867.5	4,277.4	5,888.9	6,388.6	*10.60*	*45.4*	*49.4*	*7.2*
Paid-up capital	2,923.2	3,421.9	4,354.0	4,452.8	*17.06*	*28.7*	*30.1*	*5.0*
Shareholders' Funds	8,858.4	10,143.2	11,226.6	11,604.8	*14.50*	*14.8*	*14.4*	*13.1*

(I) Asset and Liability Structure of the Banking Industry

Net advances constituted 35.8 percent of banks' assets in October 2017 compared with a share of 40.2 percent in October 2016. In spite of the decline, net advances remained the largest component of total assets on the balance sheet of the banks. The share of banks' total assets in investments, the second largest component of banks' total assets, however, increased from 27.0 percent to 29.6 percent during the review period, an indication of portfolio reallocation in favour of less risky assets. The share of cash and short term funds, fixed assets and other assets in total assets all increased during the period under review.

Total deposits remained the major source of funding for the banking industry, constituting 62.8 percent of banks' total liabilities and capital in October 2017 compared with a share of 64.0 percent in October 2016. The proportion of shareholders' funds in total liabilities and capital also declined from 13.7 percent in October 2016 to 13.1 percent in October 2017. The share of borrowings and other liabilities in banks' funding structure, on the other hand, increased during the period under review.

(ii) Share of Banks' Investments

A breakdown of banks' investments revealed increased preference for longer-dated securities relative to shorter-dated bills in October 2017 compared with developments a year ago. This was reflected by the increased share of securities in total investments to 31.9 percent from 18.3 percent, while the share of bills declined to 66.5 percent from 79.6 percent during the period under review. The share of banks' investment in shares and other equities remained subdued at 1.6 percent in October 2017 compared with 2.1 percent in the corresponding period last year.

3.2 CREDIT RISK

(III) Credit Portfolio Analysis

The stock of banks' gross loans and advances stood at GH¢38.36 billion in October 2017, representing a year-on-year growth of 0.5 percent in real terms, compared with 2.1 percent recorded in the same period last year. This was on the back of tightened credit stance by banks in response to the large stock of impaired assets. In real terms, private sector credit comprising loans to private enterprises and households, however, recorded 4.1 percent annual growth in October 2017 after contracting in October 2016. Credit to households, in real terms, grew by 4.5 percent on year-on-year basis in October 2017, compared with 0.2 percent growth in October 2016.

The private sector continued to be the largest recipient of banks' credit (both domestic and foreign) with the share in total credit increasing from 84.7 percent in October 2016 to 88.1 percent in October 2017. Credit to private enterprises (a sub-component of private sector credit) picked up from 67.8 percent to 71.1 percent, while the share of total credit to households also rose from 14.7 percent to 15.3 percent during the same period. The proportion of banks' credit to the public sector, however, declined from 15.3 percent to 11.9 percent.

The commerce and finance sector continued to be the sector with the largest outstanding credit balances with a share of 25.6 percent as at end-October 2017. The three largest sectors in terms of outstanding credit balances, namely, commerce and finance, services, and electricity, gas & water sectors, together accounted for 58.3 percent of total credit in October 2017. The mining and quarrying sector accounted for the lowest share of credit, followed by agriculture, fishing and forestry, and the transport, storage and communication sectors. Cumulatively, these lowest credit recipients accounted for a total share of 13.9 percent in October 2017.

(IV) Off-Balance Sheet Activities

Banks' off-balance sheet items (contingent liabilities) grew by 23.3 percent to GH¢8.90 billion in October 2017, after contracting by 7.3 percent in October 2016. The pick-up in growth indicates an increase in trade finance and guarantees over the period. The ratio of banks' contingent liabilities to total banking sector liabilities also increased from 10.6 percent in October 2016 to 11.5 percent in October 2017.

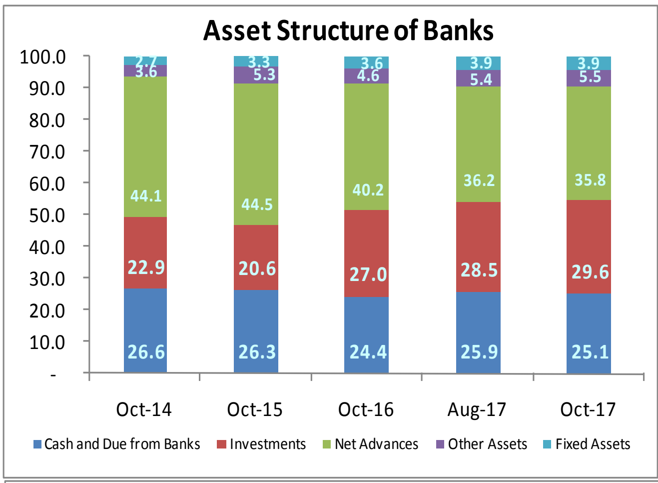
(V) Asset Quality

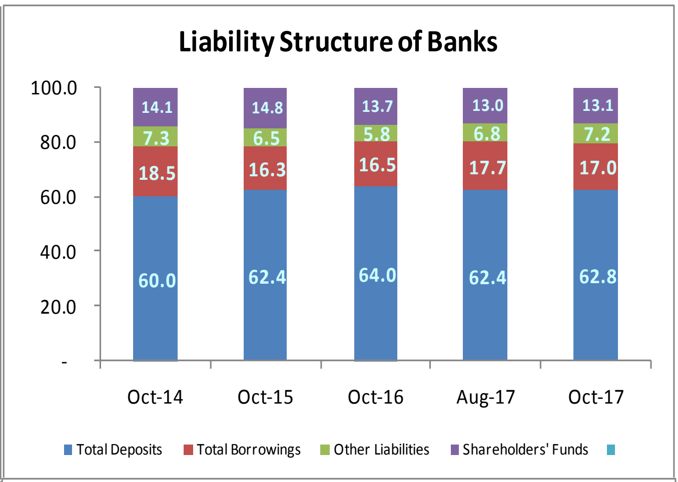
Banks' stock of Non-Performing Loans (NPLs) stood at GH¢ 8.30 billion as at end-October 2017, from GH¢ 6.52 billion in October 2016. The current stock of NPLs, though high, signals a slow annual growth to 27.2 percent from 58.1 percent in October 2016. Despite this trend, the industry's NPL ratio increased to 21.6 percent in October 2017 from 19.0 percent a year earlier, due to a slowdown in the growth of gross loans. When adjusted for the fully provisioned loan loss category, the NPL ratio declined to 10.5 percent in October 2017, slightly higher than the adjusted NPL ratio of 10.2 percent recorded in October 2016.

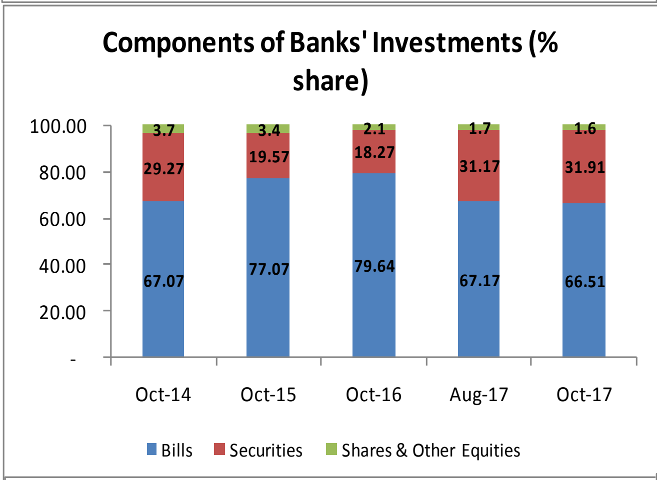
Following the restructuring of the VRA and TOR debts in the last quarter of 2016, the public sector's share of total NPLs fell from 11.3 percent in October 2016 to 5.3 percent in October 2017. The private sector, being the largest recipient of outstanding credit balances accounted for the greater proportion of banks' NPLs with its share increasing to 94.7 percent from 88.7 percent over the review period. Indigenous private enterprises accounted for 78.2 percent of total NPLs in October 2017 compared with a share of 75.6 percent in the corresponding period last year. Households accounted for 5.3 percent of total NPLs in October 2017 compared with a share of 5.1 percent in October 2016.

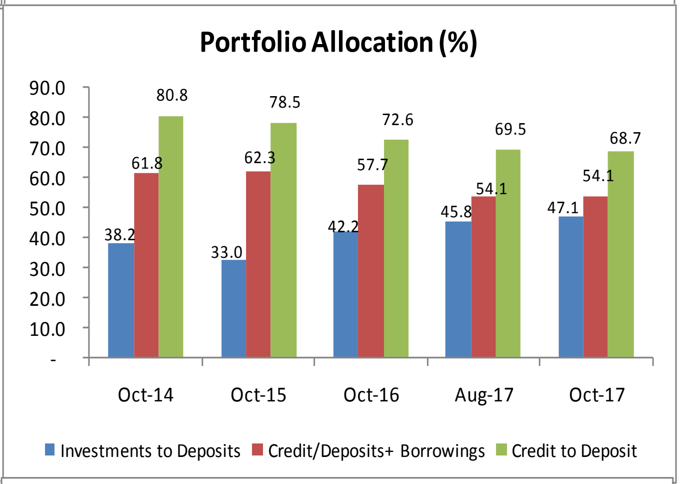
The three sectors that accounted for the largest proportions of NPLs were Commerce & Finance, Services, and Electricity, Gas & Water sectors. Together these accounted for 61.3 percent of total NPLs in October 2017. The Commerce & Finance sector, the largest recipient of total credit, was also the sector that contributed the most to the industry's NPLs, accounting for a share of 35.1 percent in October 2017. The Manufacturing sector was however the sector with the highest proportion (33.1 percent) of its loans being classified as non-performing as at end-October 2017 from 29.3 percent in October 2016. The agriculture, forestry and fisheries sector had the second highest sectoral NPL ratio of 32.9 percent, though it declined from 38.1 percent a year ago.

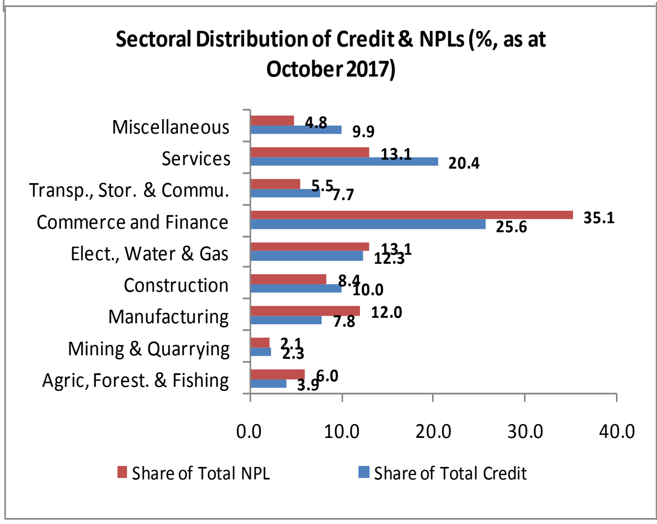
Developments in Banks' Balance Sheet

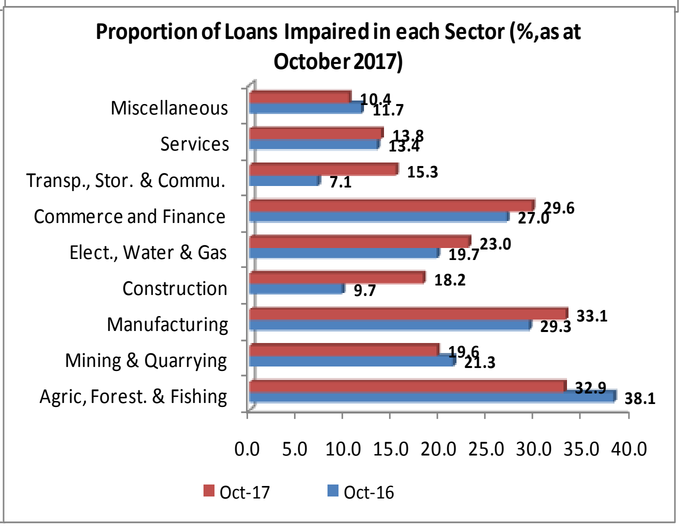












4.3 FINANCIAL SOUNDNESS INDICATORS

(VI) Liquidity Indicators

The banking industry's liquidity conditions improved in October 2017 compared with the October 2016 position, and was reflected by increases in both broad and core measures of liquidity during the period under review. The improvement in the liquidity indicators showed the banking industry's improved ability to meet short-term obligations.

(VII) Capital Adequacy Ratio

The industry remained solvent in October 2017 as indicated by the Capital Adequacy Ratio (CAR) of 15.0 percent, well above the 10 percent regulatory minimum, but lower than the 17.1 percent recorded in the corresponding period last year. The decline in the industry's CAR can be partly attributed to increase in provisioning from the industry's severe loan impairment. The industry's Risk-Weighted Assets (RWA) to total assets, however, declined marginally from 67.5 percent to 67.3 percent over the period due to a relatively faster growth in total assets compared with growth in banks' risky assets.

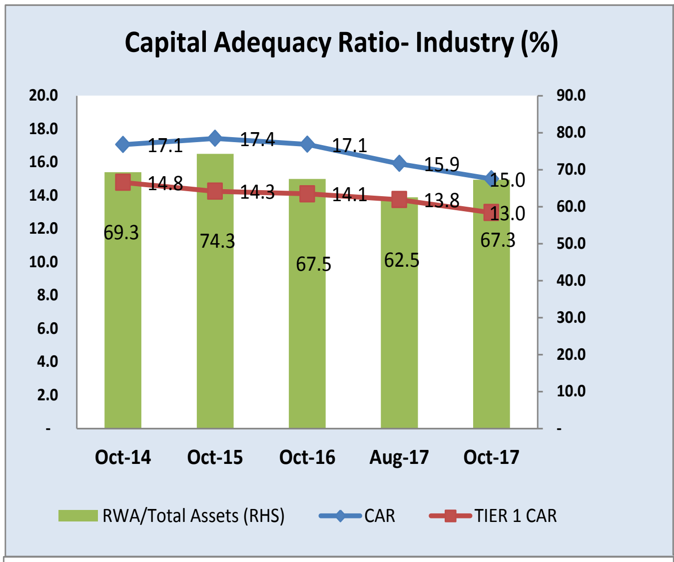
(VIII) Profitability

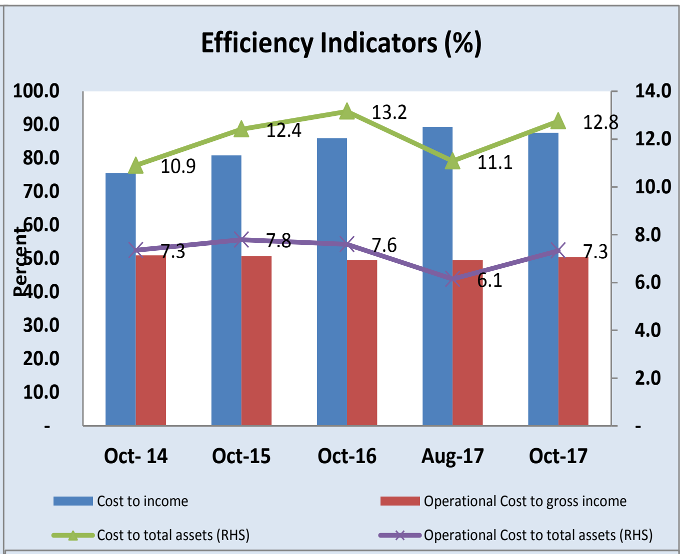
Profitability in the banking industry declined for the period ending October 2017 compared with the same period last year. This was reflected by declining key profitability indicators such as banks' Return on Assets (ROA) and Return on Equity (ROE). The net tightening in credit, high non-performing loans which translated into increased provisions and forgone interest income, as well as low yield on money market instruments contributed to the slowdown in the annual growth of net interest income in October 2017 compared with the position in October 2016. Operating income improved on the back of increases in other income category, relative to last year, while growth in net operating income was due to moderated growth of banks' operating expenses. The industry's income after tax of GH¢1.59 billion represented an annual growth of 1.0 percent in October 2017 compared with the contraction by 10.2 percent in the same period of last year. (See Appendix)

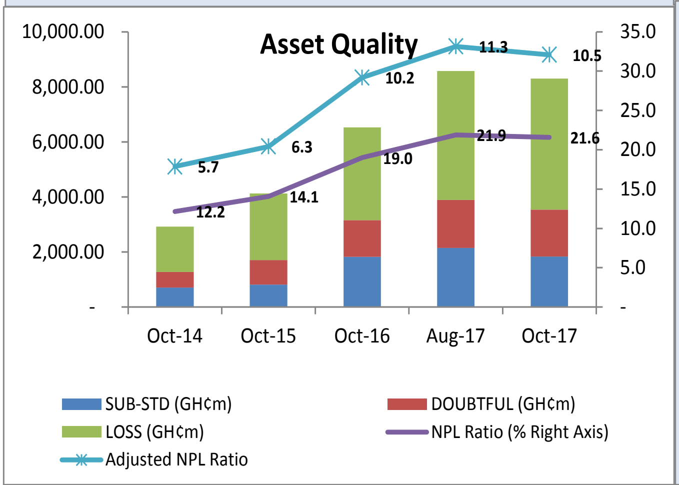
a) Return on Assets and Return on Equity

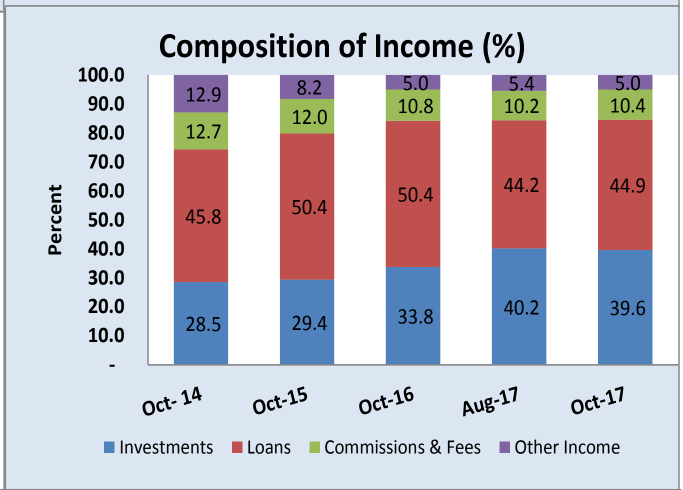
The industry's ROE (after-tax) declined to 14.4 percent in October 2017 from 20.2 percent in October 2016, while the ROA (before-tax) declined from 4.3 percent to 3.0 percent respectively, representing some moderation in the industry's profitability.

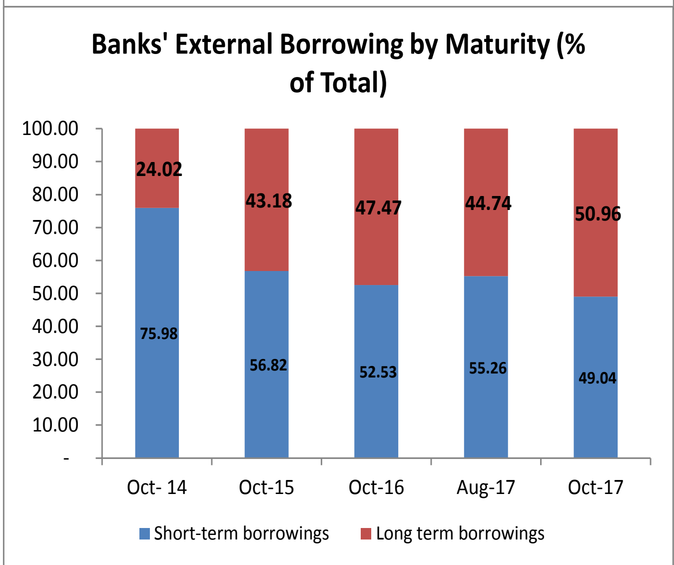
Financial Soundness Indicators (FSIs)

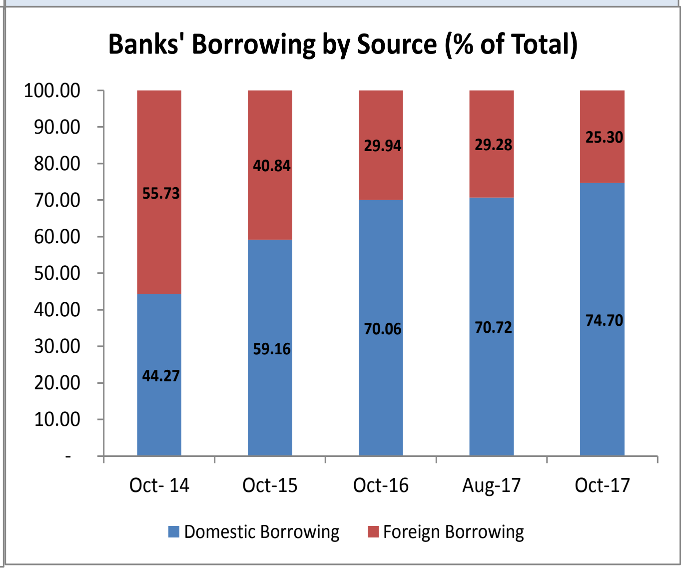












a)Interest Margin and Spread

The banking sector recorded a decline in the ratio of gross income to total assets (asset utilisation) to 14.6 percent in October 2017 from 15.3 percent in October 2016, an indication that banks generated relatively less income from the use of assets. Banks' interest spread also declined to 9.5 percent from 12.7 percent during the same review period reflecting lower yields on money market instruments.

b)Composition of Banks' Income

The contribution of interest income from loans to total income has been on the decline due to the slowdown in credit extension, although it remained the main source of income for the banking industry. Interest income from loans constituted 44.9 percent of total income in October 2017 compared with 50.4 percent a year ago. The share of investment income in banks' total income on the other hand, rose to 39.6 percent in October 2017 from 33.8 percent in October 2016, due to increased share of investments in banks' assets. Fees and commissions remained a relatively smaller source of income for the banks, with its share in total income declining marginally to 10.4 percent in October 2017 from 10.8 percent in October 2016. The proportion of banks' other income however remained unchanged at 5.0 percent.

c) Operational Efficiency

The banking industry recorded some broad improvement in efficiency in October 2017 compared with October 2016. The sector's cost to total assets ratio declined from 13.2 percent in October 2016 to 12.8 percent in October 2017, pointing to an improvement in the industry's operational efficiency. Operational cost to total assets ratio also declined from 7.6 percent to 7.3 over the same period. The industry's cost to income and operational cost to income ratios, however, increased in October 2017, moderating the gains in the industry efficiency performance.

4.4 BANKS' COUNTERPARTY RELATIONSHIPS

Banks continued to trade actively with both domestic and foreign counterparties in October 2017.

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

Banks' offshore balances stood at GH¢7.7 billion as at October 2017, representing a year-on-year growth of 30.0 percent. Banks' balances with foreign banks (nostro balances) grew by 27.6 percent in October 2017 compared with the contraction of 20.9 percent recorded a year ago. Banks' other claims on non-residents (placements), however, contracted by 8.2 percent in October 2017 after recording a sharp growth of 167.6 percent during the same period last year.

Banks' demand for borrowed funds from external counterparties as a proportion of total borrowing declined from 29.9 percent in October 2016 to 25.3 percent. Domestic borrowing, however, picked up in the share of total borrowing from 70.1 percent to 74.7 percent during the same review period. The proportion of short-term borrowing in banks' external funds also declined from 52.3 percent in October 2016 to 49.0 percent in October 2017, while that of long-term external borrowing increased from 47.5 percent to 51.0 percent during the same period.

5. CONCLUSION AND OUTLOOK

The banking industry remained solvent and liquid even though some deterioration was recorded in key FSIs. Broadly, the industry is on the path of recovery with the license revocation of two troubled banks as part of the broad objective of repositioning the financial sector to support the government's transformational agenda. The increase in the minimum paid-up capital and issuance of the energy sector bond are major policies that would ensure stability and soundness of the banking industry over the medium term. However, poor asset quality continued to be a major risk in the banking industry, and concrete steps are being taken to reduce the stock of NPLs and enhance the sector's performance. In the medium term, the industry is likely to see significant consolidation in the form of mergers and acquisitions as banks take steps to meet the new minimum paid-up capital by the end of 2018. All these would inure to creating strong banking institutions to support economic growth.

ANNEXES

Table 1: Asset and Liability Structure of the Banking Sector

	Oct-14	Oct-15	Oct-16	Aug-17	Oct-17
Components of Assets (% of Total)					
Cash and Due from Banks	26.6	26.3	24.4	25.9	25.1
Investments	22.9	20.6	27.0	28.5	29.6
Net Advances	44.1	44.5	40.2	36.2	35.8
Other Assets	3.6	5.3	4.6	5.4	5.5
Fixed Assets	2.7	3.3	3.6	3.9	3.9
Components of Liabilities & Shareholders Funds(% of Total)					
Total Deposits	60.0	62.4	64.0	62.4	62.8
Total Borrowings	18.5	16.3	16.5	17.7	17.0
Other Liabilities	7.3	6.5	5.8	6.8	7.2
Shareholders' Funds	14.1	14.8	13.7	13.0	13.1

Table 2: Gross Loans and Real Credit Growth

	Oct-15	Oct-16	Aug-17	Oct-17
Gross Loans and Advances (GH¢m)	29,326.60	34,268.85	37,409.76	38,364.52
Real Growth (y-o-y)	4.00	2.05	(1.70)	0.45
Private Sector Credit (GH¢m)	25,860.14	29,103.06	32,792.11	33,882.12
Real Growth (y-o-y)	4.39	-1.71	1.24	4.12
Household Loans (GH¢m)	4,413.88	5,066.63	5,670.59	5,866.12
Real Growth (y-o-y)	1.3	0.2	3.8	4.5
Distribution of Gross Loans by Economic Sector (percent)				
Private Enterprises	77.4	76.2	76.4	77.1
Household Loans	15.1	14.8	15.2	15.3
Govt & Public Institutions	5.2	7.5	5.2	4.8
Public enterprises	2.3	1.4	3.2	2.8

Table 3: Contingent Liability

	Oct-14	Oct-15	Oct-16	Aug-17	Oct-17
Contingent Liabilities (GH¢)	6,593.0	7,283.2	6,754.7	8,075.9	8,904.7
Growth (y-o-y)	48.8	10.5	- 7.3	38.5	23.3
% of Total Liabilities	15.5	14.3	10.6	10.8	11.5

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

	Oct-16		Aug-17		Oct-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	**15.3**	**11.3**	**12.3**	**5.1**	**11.9**	**5.3**
i. Government	1.8	1.3	1.6	0.9	1.5	0.9
ii. Public Institutions	7.6	0.1	3.6	0.1	3.5	0.1
iii. Public Enterprises	5.8	9.8	7.2	4.1	6.9	4.3
b. Private Sector	**84.7**	**88.7**	**87.7**	**94.9**	**88.1**	**94.7**
i. Private Enterprises	67.8	83.3	71.0	89.4	71.1	89.0
o/w Foreign	8.8	7.7	8.5	10.1	9.5	10.8
Indigeneous	59.1	75.6	62.5	79.3	61.6	78.2
ii. Households	14.7	5.1	15.2	5.0	15.3	5.3
iii. Others	2.1	0.4	1.5	0.5	1.8	0.5

Table 5: Liquidity Ratios

	Oct-14	Oct-15	Oct-16	Aug-17	Oct-17
Liquid Assets (Core) - (GH¢'million)	13,191.5	15,712.8	18,022.0	22,264.8	22,313.8
Liquid Assets (Broad) -(GH¢'million)	24,428.1	27,625.8	37,536.7	46,430.9	48,190.8
Liquid Assets to total deposits (Core)-%	43.6	42.1	38.2	41.5	40.0
Liquid Assets to total deposits (Broad)- %	80.7	74.0	79.5	86.5	86.3
Liquid assets to total assets (Core)- %	26.2	26.3	24.4	25.9	25.1
Liquid assets to total assets (Broad)- %	48.6	46.2	50.9	53.9	54.2

Table 6: Profitability Indicators (%)

	Oct-14	Oct-15	Oct-16	Aug-17	Oct-17
Gross Yield	16.6	18.1	22.4	14.3	17.0
Int Payable	6.1	7.9	9.7	6.7	7.5
Spread	10.4	10.2	12.7	7.5	9.5
Asset Utilitisation	14.4	15.4	15.3	12.4	14.6
Interest Margin to Total Assets	7.2	7.6	7.3	5.5	6.9
Interest Margin to Gross income	49.7	49.7	47.8	44.6	47.3
Profitability Ratio	23.7	19.1	14.0	10.5	12.3
Return On Equity (%) after tax	33.3	26.5	20.2	14.9	14.4
Return On Assets (%) before tax	6.5	5.3	4.3	3.2	3.0

Table 7: DMBs' Income Statement Highlights

	Oct-15	Oct-16	Aug-17	Oct-17	Oct-16	Aug-17	Oct-17
	(GH ¢'million)				Y-on-y Growth (%)		
Interest Income	7,329.0	9,501.8	9,007.9	10,943.5	*29.6*	*22.1*	*15.2*
Interest Expenses	(2,767.6)	(4,107.3)	(4,250.8)	(4,819.7)	*48.4*	*34.9*	*17.3*
Net Interest Income	**4,561.4**	**5,394.6**	**4,757.0**	**6,123.8**	*18.3*	***12.5***	*13.5*
Fees and Commissions (Net)	1,100.3	1,218.8	1,084.2	1,346.6	*10.8*	*15.0*	*10.5*
Other Income	755.8	568.3	581.5	651.0	*(24.8)*	*21.8*	*14.6*
Operating Income	**6,417.5**	**7,181.7**	**6,422.8**	**8,121.5**	*11.9*	***13.7***	*13.1*
Operating Expenses	**(3,138.8)**	**(3,784.7)**	**(3,794.7)**	**(4,465.7)**	*20.6*	***28.9***	*18.0*
Staff Cost	(1,649.4)	(2,012.4)	(1,865.0)	(2,276.2)	*22.0*	*19.0*	*13.1*
Other operating Expenses	(1,489.4)	(1,772.3)	(1,929.7)	(2,189.5)	*19.0*	*40.3*	*23.5*
Net Operating Income	**3,278.7**	**3,397.0**	**2,628.0**	**3,655.8**	*3.6* -	***2.9***	*7.6*
Total Provision (Loan losses, Depreciation & others)	- 835.1	- 1,048.3	- 846.1	- 1,235.0	*25.5*	*7.0*	*17.8*
Income Before Tax	**2,443.6**	**2,349.0**	**1,772.4**	**2,412.8**	*(3.9)* -	***7.5***	*2.7*
Tax	(686.9)	(771.3)	(647.5)	(819.8)	*12.3*	*12.6*	*6.3*
Net Income	**1,756.7**	**1,577.6**	**1,124.9**	**1,593.0**	*(10.2)* -	***16.1***	*1.0*
Gross Income	**9,185.1**	**11,288.9**	**10,673.6**	**12,941.2**	*22.9*	***21.3***	*14.6*

Table 8: Developments in Offshore Balances

	Oct-15	Oct-16	Aug-17	Oct-17
Offshore balances as % to Networth	51.87	58.73	63.30	66.73
Annual Growth in Offshore balances (%)	2.83	29.65	18.19	8.96
Annual Growth in Nostro Balances (%)	21.39	(20.88)	1.88	27.64
Annual Growth in Placement (%)	(27.34)	167.64	39.01	(8.23)