BANK OF GHANA

Banking Sector Report

JANUARY 2018

CONTENTS

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

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 Board of 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 decision of the Committee to the financial markets and the general public.

2. SUMMARY

This report[1] covers developments in the Ghanaian banking sector as at the end of December 2017. The number of licensed banks dropped to thirty-four (34), after the licenses of two insolvent banks, namely, UT and Capital banks were revoked in July 2017 due to their severe capital impairment. Of the thirty-four (34) licensed banks, seventeen (17) were classified as domestically-controlled, while the remaining seventeen (17) were foreign-controlled. By end-December 2017, the branch network of the banks stood at 1,483 distributed across the ten (10) regions of the country.

The banking industry remained liquid, sound and profitable in 2017 as reflected by the performance of key Financial Soundness Indicators (FSIs). In comparison with 2016, the pace of growth in the industry's total assets, both domestic and foreign, moderated. The industry's income statement recorded an improved performance in December 2017, arising mainly from increased growth in banks' net operating income and income before tax. Asset quality, however, remained a key risk as the industry's Non-Performing Loans (NPL) ratio edged up in December 2017. The NPL ratios are however expected to improve as banks repair their balance sheets and tighten credit risk management practices.

In the outlook, the banking sector is expected to undergo significant reforms including compliance with the new minimum paid up capital by December 31, 2018 to strengthen the industry's capital base. Banks would also embark on establishing stringent risk management frameworks for effectiveness, responsiveness and timeliness in dealing with risks to protect depositors' funds. In addition, all banks will be Basel II/III compliant by the end of 2018. Already, some banks have complied with the Capital Requirement Directive and are working towards its implementation. All these programmes would help create stronger banking institutions, improve credibility and augment the sector's contribution to the economy going forward.

[1] Report excludes newly licensed banks – Construction Bank, Beige bank and Ghana Home Loans Bank. However, it includes the loss-making profit and loss accounts, balance sheet statements and asset quality reports of the two defunct banks (Capital and UT) and excludes their impaired capital positions pending finalisation of the Purchase and Assumption (P&A) agreement.

3. BANKING SECTOR DEVELOPMENTS

3.1 Bank's Balance Sheet

Growth in the various components of bank's balance sheet slowed in December 2017, compared with the same period in 2016. The banking sector's total assets increased from GH¢81.22 billion (28.1%, year-on-year) in December 2016 to GH¢93.22 billion (14.8% year-on-year) as at end-December 2017. The slower annual growth in total assets was reflected in domestic assets (from 27.3% in Dec. 2016 to 15.5% growth in Dec. 2017) and foreign assets (from 37.1% in Dec. 2016 to 7.8% in Dec. 2017). The slowdown in domestic assets in December 2017 was on account of a moderated growth in gross advances (with a share of 40.4% of total assets as at December 2017) and investments (with a share of 30.5% of total assets as at December 2017).

Banks' gross advances growth moderated from 17.6 percent in December 2016 to 6.4 percent in December 2017, on account of tightened credit stance in response to high NPLs ratio. Banks' loans and advances net of provisions and interest in suspense (net loans and advances) increased marginally to GH¢31.05 billion in December 2017 from GH¢30.96 billion in December 2016. Banks' overall investment in bills and securities of GH¢28.42 billion, indicated a 29.6 percent year-on-year growth as at December 2017, slower than the 53.0 percent annual growth recorded in December 2016. The slower pace of growth was attributed to a 5.3 percent contraction in short-term bills in December 2017, compared with 50.9 percent growth in December 2016. Long-term securities, also a component of banks' investments, however grew sharply by 168.8 percent in December 2017 on year-on-year basis, from 70.3 percent growth in December 2016.

The banking industry's deposits stood at GH¢58.28 billion (12.8% year-on-year growth) in December 2017 from GH¢51.66 billion (25.2% year-on-year growth) in December 2016. Foreign currency deposits constituted 15.8 percent of total deposits in December 2017, with the remaining 84.2 percent being domestic currency deposits. Total deposits remained the largest source of funding for the banking industry followed by borrowings. In December 2017, deposits funded 62.5 percent of the industry's assets compared with 63.6 percent in December 2016. In December 2017, the banking industry borrowed funds amounting to GH¢16.4 billion, representing an annual growth of 20.4 percent compared with a 43.2 percent year-on-year growth in December 2016. The decline was attributed to 8.3 percent contraction in long-term domestic borrowing in December 2017, following a significant growth of 104.8 percent in the same period last year. Short-term domestic borrowing slowed down during the period under review, while short-term foreign borrowing growth picked up.

Banks' paid-up capital increased from GH¢3.73 billion (16.6% year-on-year growth) in December 2016 to GH¢4.53 billion (21.4 percent year-on-year growth) in December 2017 on the back of fresh capital injection by new banks (Omnibank, Premium Bank and Heritage Bank) and additional capital injection by existing banks as part of efforts to recapitalise to meet the December 31, 2018 deadline. The industry's shareholders' funds (comprising paid-up capital and reserves) grew by 14.3 percent year-on-year to GH¢12.23 billion as at December 2017, slower than the 16.2 percent recorded a year earlier. The slower growth in shareholders' funds, despite the pickup in growth of paid-up capital, reflected some moderation in the industry's reserves from 15.9 percent to 10.6 percent during the period under review.

Table 1: Key Developments in DMBs' Balance Sheet

	GH¢million				Y-on-Y Growth (%)			Shares (%)	
	Dec-15	Dec-16	Oct-17	Dec-17	Dec-16	Oct-17	Dec-17	Oct-17	Dec-17
TOTAL ASSETS	**63,382.0**	**81,220.1**	**88,914.4**	**93,216.9**	**28.1**	**20.5**	**14.8**	**100.0**	**100.0**
A. Foreign Assets	5,311.2	7,283.4	8,292.3	7,852.1	37.1	28.9	7.8	9.3	8.4
B. Domestic Assets	58,070.8	73,936.7	80,622.2	85,364.8	27.3	19.7	15.5	90.7	91.6
Investments	14,337.1	21,936.0	26,292.8	28,423.1	53.0	31.9	29.6	29.6	30.5
i. Bills	11,357.0	17,142.0	17,487.2	16,234.7	50.9	10.2	(5.3)	19.7	17.4
ii. Securities	2,569.8	4,377.4	8,389.8	11,765.2	70.3	130.4	168.8	9.4	12.6
Advances (Net)	27,039.3	30,960.3	31,823.5	31,053.6	14.5	7.2	0.3	35.8	33.3
of which Foreign Currency	8,796.6	8,818.0	8,944.6	8,663.0	0.2	7.6	(1.8)	10.1	9.3
Gross Advances	30,102.4	35,409.0	38,364.5	37,661.8	17.6	12.0	6.4	43.1	40.4
Other Assets	3,068.0	3,137.0	4,931.8	5,216.6	2.2	46.2	66.3	5.5	5.6
Fixed Assets	2,152.1	2,955.0	3,426.1	4,171.5	37.3	29.1	41.2	3.9	4.5
TOTAL LIABILITIES AND CAPITAL	**63,382.0**	**81,220.1**	**88,914.4**	**93,216.9**	**28.1**	**20.5**	**14.8**	**100.0**	**100.0**
Total Deposits	41,252.3	51,664.4	55,831.7	58,281.4	25.2	18.2	12.8	62.8	62.5
of which Foreign Currency	12,016.1	13,584.1	14,942.3	14,767.3	13.0	17.3	8.7	16.8	15.8
Total Borrowings	9,509.3	13,636.8	15,084.7	16,411.9	43.4	24.2	20.4	17.0	17.6
Foreign Liabilities	4,220.7	4,320.9	4,164.0	4,590.4	2.4	3.4	6.2	4.7	4.9
i. Short-term borrowings	2,237.6	2,152.6	1,871.6	2,409.0	(3.8)	(2.0)	11.9	2.1	2.6
ii. Long-term borrowings	1,715.2	1,752.8	1,945.3	1,791.3	2.2	12.7	2.2	2.2	1.9
iii. Deposits of non-residents	267.8	415.5	347.2	390.2	55.2	(11.1)	(6.1)	0.4	0.4
Domestic Liabilities	49,845.0	66,164.8	73,119.1	76,365.6	32.7	22.7	15.4	82.2	81.9
i. Short-term borrowing	4,884.6	8,355.8	9,898.7	10,950.1	71.1	35.5	31.0	11.1	11.7
ii. Long-term Borrowings	671.9	1,375.6	1,369.1	1,261.6	104.8	13.9	(8.3)	1.5	1.4
iii. Domestic Deposits	40,984.5	51,248.8	55,484.5	57,891.2	25.0	18.5	13.0	62.4	62.1
Other Liabilities	3,411.5	5,112.5	6,388.6	6,284.5	49.9	49.4	22.9	7.2	6.7
Paid-up capital	3,201.2	3,734.1	4,452.8	4,532.1	16.6	30.1	21.4	5.0	4.9
Shareholders' Funds	9,208.9	10,699.9	11,604.8	12,234.5	16.2	14.4	14.3	13.1	13.1

3.1.1 Asset and Liability Structure

Net advances, with a share of 33.3 percent, remained the largest component of the industry's total assets as at December 2017, although the share declined from 38.1 percent in December 2016. Investment in banks' total assets was the second largest component of banks' total assets with a share of 30.5 percent, up from 27.0 percent in December 2016. This signalled portfolio reallocation from risky loans to relatively less risky investments by banks. The shares of fixed assets and other assets in banks' total assets both increased during the period under review, while that of cash and short term funds declined.

Total deposits constituted 62.5 percent of banks' total liabilities and capital in December 2017 compared with 63.6 percent in December 2016. The proportion of shareholders' funds in total liabilities remained stable at some 13.0 percent over the period under review. The shares of borrowings and other liabilities in banks' funding structure, on the other hand, both increased during the period under review.

3.1.2 Share of Banks' Investments

An assessment of banks' investment portfolio revealed banks' continued preference for longer-dated securities relative to shorter-dated bills. The share of securities in total investments increased from 20.0 percent in December 2016 to 41.4 percent in December 2017, while the share of bills declined from 78.1 percent to 57.1 percent during the period under review. Similarly, the proportion of banks' investment in shares and other equities declined from 1.9 percent in December 2016 to 1.5 percent in December 2017.

3.2 Credit Risk

3.2.1 Credit Portfolio Analysis

The banking industry's stock of gross loans and advances stood at GH¢37.66 billion in December 2017, representing 1.3 percent contraction in real growth, compared with the 1.9 percent growth 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 and a decline in credit to the public sector. Private sector credit (comprising loans to private enterprises and households), however, recorded an improved year-on-year real growth of 5.1 percent in December 2017 from the 0.3 percent contraction in December 2016. Similarly, credit to households, grew in real terms by 16.7 percent in December 2017 compared with 8.0 percent contraction recorded in the corresponding period of last year.

The share of banks' credit to the private sector increased from 85.1 percent in December 2016 to 91.1 percent in December 2017. Of the total industry credit, indigenous private enterprises accounted for 64.4 percent share in December 2017 against 61.1 percent in December 2016. Foreign private enterprises accounted for 9.5 percent share of industry credit compared with 9.0 percent last year. Similarly, industry credit to households also increased to 15.7 percent from 13.4 percent. However, the share of industry credit to the public sector (comprising central government, public institutions and public enterprises), declined from 14.9 percent in December 2016 to 8.9 percent in December 2017, signalling a crowding-in of the private sector.

In terms of sectors, Commerce and Finance accounted for the largest share of outstanding credit balances, with 25.2 percent as at end-December 2017, followed by Services with 21.1 percent, and Construction with 11.0 percent. The three sectors with the lowest shares of banking industry credit were Manufacturing (8.1%), Agriculture, Forestry and Fishing (4.1%), and Mining and Quarrying (3.0%).

3.2.2 Off-Balance Sheet Activities

Banks' off-balance sheet items (contingent liabilities) grew by 22.4 percent to GH¢9.35 billion in December 2017, after contracting by 0.2 percent in December 2016. The pick-up in the growth of banks' contingent liabilities pointed to increased trade finance and guarantees over the period. Consequently, the ratio of banks' contingent liabilities to total banking sector liabilities also increased from 10.5 percent in December 2016 to 11.5 percent in December 2017.

3.2.3 Asset Quality

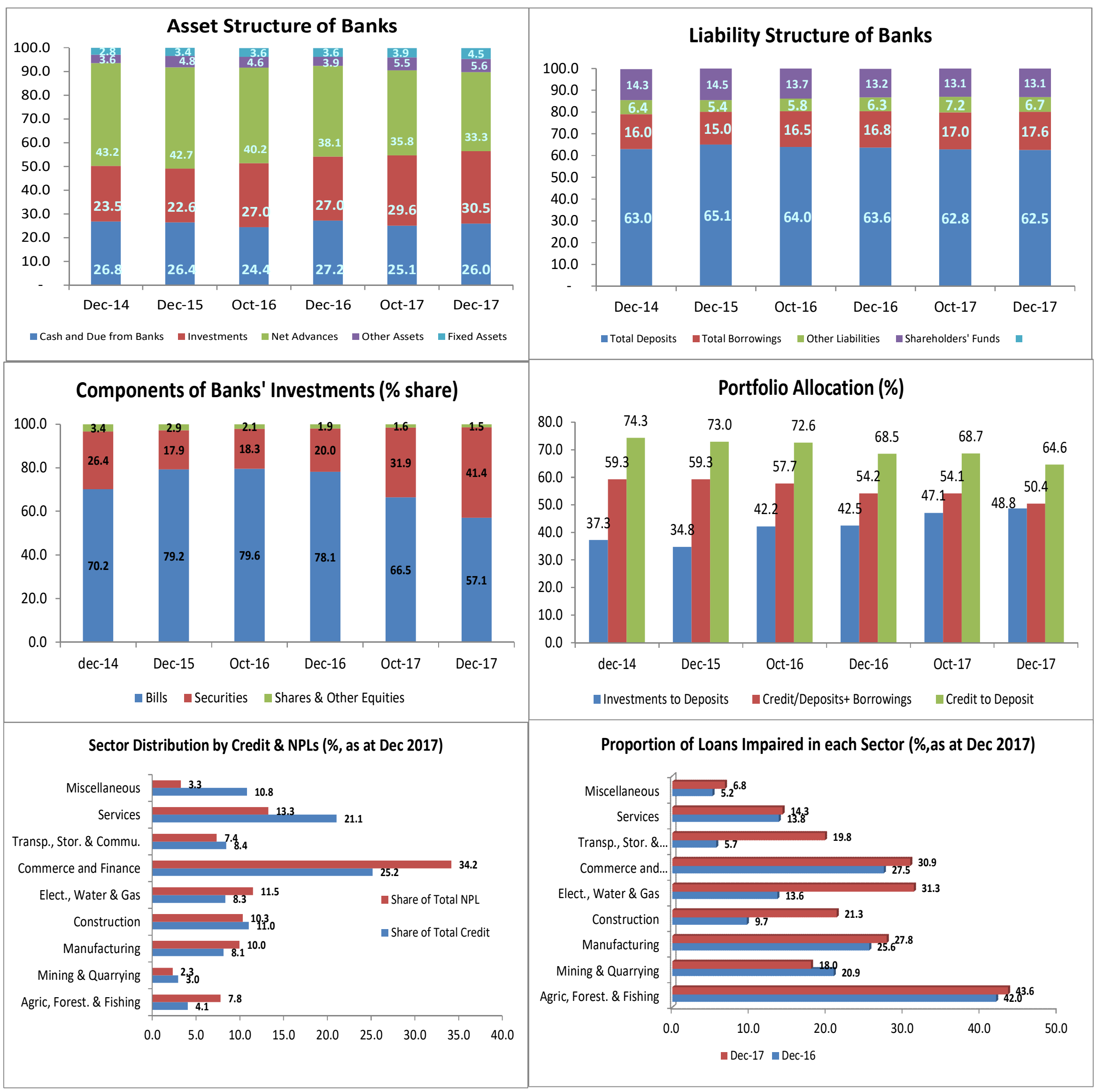
Banks' stock of non-performing loans increased from GH¢6.14 billion as at end-December 2016 (39.0% year-on-year growth) to GH¢8.58 billion in December 2017 (39.8% year-on-year growth). The current stock of NPLs translated into an NPL ratio of 22.7 percent in December 2017 from 17.3 percent in December 2016. In addition to the marginal pickup in the year-on-year growth in the stock of NPLs, the increased NPL ratio was attributable to a slowdown in industry loans (from 17.6% in December 2016 to 6.4% in December 2017). Adjusting the industry's NPLs for the fully provisioned loan loss category, the ratio stood at 10.8 percent in December 2017 compared with 8.4 percent in December 2016.

The public sector's contribution to the industry's NPLs increased from 3.2 percent in December 2016 to 5.7 percent in December 2017. The private sector, the larger recipient of industry loans, contributed the remaining 94.3 percent of the industry's NPLs in December 2017, indicating a decline from the 96.8 percent in December 2016. Indigenous private enterprises accounted for 80.6 percent of total NPLs in December 2017 compared with a share of 78.9 percent in 2016, while the contribution of foreign enterprises declined to 7.9 percent from 13.2 percent. Households accounted for 5.2 percent of total NPLs in December 2017, compared with a share of 4.4 percent in December 2016.

The sector breakdown of NPLs showed that Commerce and Finance contributed the most to the industry's NPLs, accounting for 34.2 percent as at December 2017, compared with 39.1 percent in December 2016. The second highest contributor to the industry's NPLs in December 2017 was the Services sector, accounting for 13.3 percent compared with 15.1 percent a year ago. The Mining and Quarrying sector contributed the least to the industry's NPLs, 2.3 percent in December 2017 compared with 2.4 percent in the corresponding period last year.

The industry data also showed the Agriculture, Forestry and Fishing sector as the sector with the highest proportion of its loans impaired, from 42.0 percent in December 2016 to 43.6 percent in December 2017. This was followed by the Electricity, Water and Gas sector that had 31.3 percent of their total loans being impaired in December 2017 compared with 13.6 percent a year ago. The Commerce and Finance sector also defaulted in 30.9 percent of the loans they contracted from banks in December 2017, an increase from the 27.5 percent recorded in December 2016. The sector that had the least of its loans impaired in December 2017 was the Services sector, with a proportion of 14.3 percent compared with the 13.8 percent recorded in December 2016.

Developments in Banks' Balance Sheet



3.3 FINANCIAL SOUNDNESS INDICATORS

3.3.1 Liquidity Indicators

The banking industry's operational liquidity indicators recorded a mixed performance. The industry's core liquid assets grew by 9.6 percent to GH¢24.21 billion in December 2017 from GH¢22.10 billion (31.9% year-on-year) in December 2016. Broad liquid assets also recorded a slower growth of 19.7 percent year-on-year to GH¢52.21 billion from GH¢43.62 billion (42.2% year-on-year) over the same comparative period. Core liquidity measures (core liquid assets to total deposits and core liquid assets to total assets) declined in December 2017 compared with last year, but the main broad liquidity indicators (broad liquid assets to total deposits and broad liquid assets to total assets) recorded some improvements during the period under review. Despite the decline in the core liquidity indicators, the banking industry remains adequately liquid to meet short-term obligations.

3.3.2 Capital Adequacy Ratio (CAR)

The banking industry remained solvent, with CAR (excluding impaired capital positions of UT and Capital banks) at 17.9 percent in December 2017, almost unchanged from 17.8 percent in December 2016, and significantly above the 10.0 percent prudential limits. The industry's Risk-Weighted Assets (RWA) to total assets (excluding UT and Capital banks) was 61.3 percent in December 2017 compared with 63.7 percent in December 2016, signifying some moderation in the industry's risk-weighted assets.

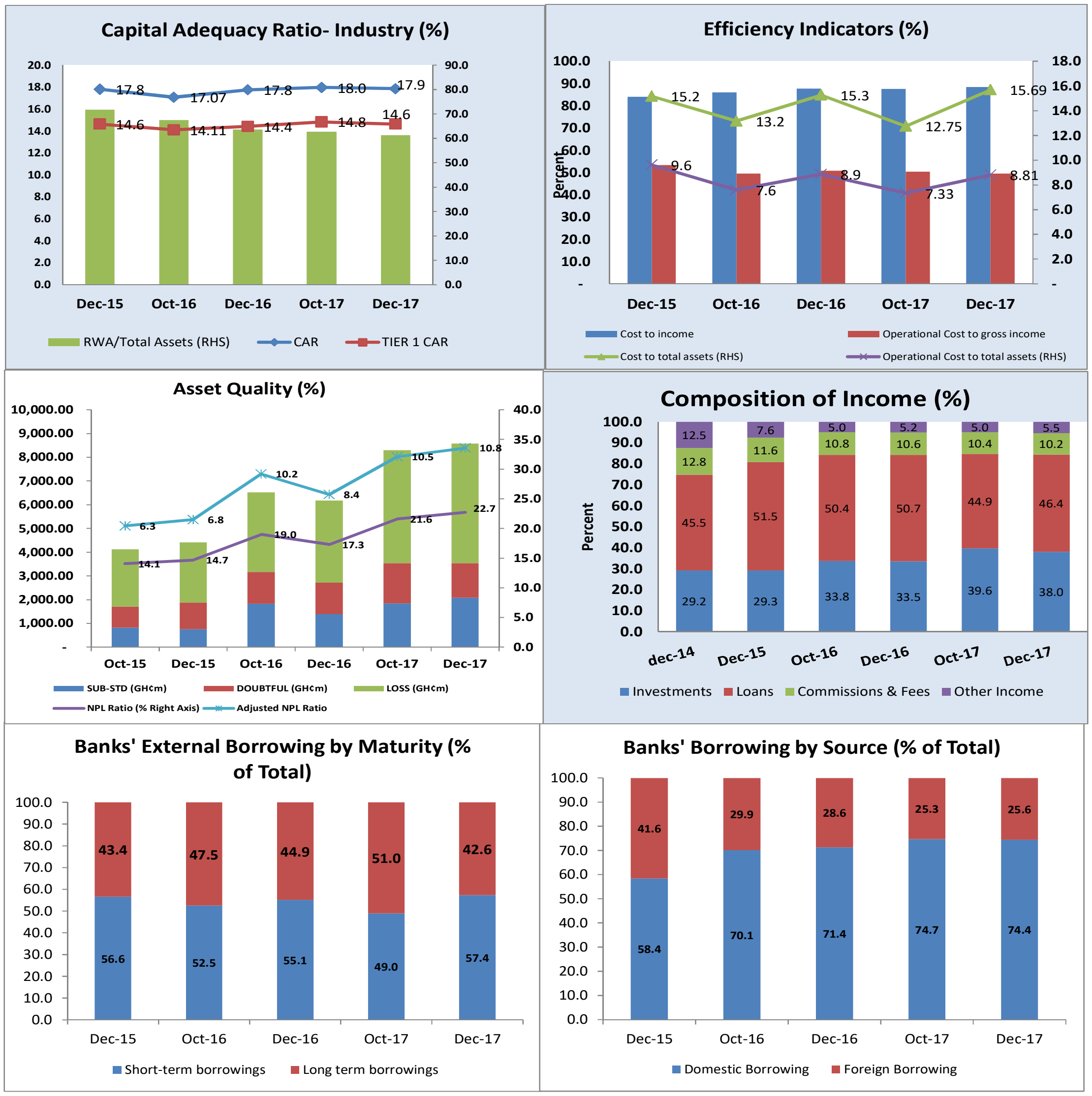
3.3.3 Profitability

The banking industry posted a stronger income statement performance in December 2017 compared with the performance in December 2016. This reflected in an improvement in the year-on-year growth of the industry's net operating income from 4.3 percent in December 2016 to 11.1 percent in December 2017 on account of slowdown in the industry's operating expenses, particularly staff costs. The industry's net interest income however recorded a slower year-on-year growth from 17.3 percent to 12.6 percent during the period under review. The improved net operating income performance translated into an improved income before tax performance with a 13.3 percent growth in December 2017 from 3.4 percent a year earlier. Similarly, the industry's net profit after tax posted a 10.0 percent growth in December 2017 after contracting by 1.0 percent a year ago.

(a) Return on Assets and Return on Equity

The industry's main profitability indicators, namely, after tax return on equity (ROE) and before tax return on assets (ROA) moderated in December 2017 compared with the same period last year.

Financial Soundness Indicators (FSIs)



(b) Interest Margin and Spread

The ratio of gross income to total assets (asset utilisation) increased from 17.1 percent in December 2016 to 17.8 percent in December 2017, pointing to an improvement in the income generated from assets. Banks' interest spread however declined from 15.0 percent to 12.3 percent during the same review period, reflecting the lower yields on money market instruments. Banks' interest margin to total assets remained unchanged at 8.1 percent, while interest margin to gross income declined from 47.4 percent in December 2016 to 45.6 percent in December 2017, reflecting a decline in the proportion of bank's income from interest margin following the decline in money market rates.

(c) Composition of Banks' Income

Income from loans constituted 46.4 percent of the industry's total income in December 2017, from 50.7 percent a year ago, reflecting declining lending rates and slowdown in credit extension in the face of rising NPLs. On the other hand, the share of income from investments (both short and long term) increased from 33.5 percent in December 2016 to 38.0 percent in the current period, pointing to shifts in banks' portfolio preferences despite declining money market rates. The share of fees and commissions in total income declined marginally from 10.6 percent in December 2016 to 10.2 percent in December 2017, while 'other' income, recorded a marginal share increase from 5.2 percent to 5.5 percent during the period under review.

3.3.4 Operational Efficiency

The banking industry's efficiency indicators posted a mixed performance in December 2017 compared with December 2016. The sector's operational cost to gross income improved from 50.9 percent in December 2016 to 49.6 percent in December 2017. Similarly, operational cost to total assets recorded a marginal improvement from 8.9 percent to 8.8 percent during the period under review. Cost to income and cost to total assets indicators, however, increased pointing to some moderation in the industry's operational efficiency.

3.4 BANKS' COUNTERPARTY RELATIONSHIPS

Banks continued to do active business with both foreign and domestic counterparties as at December 2017.

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

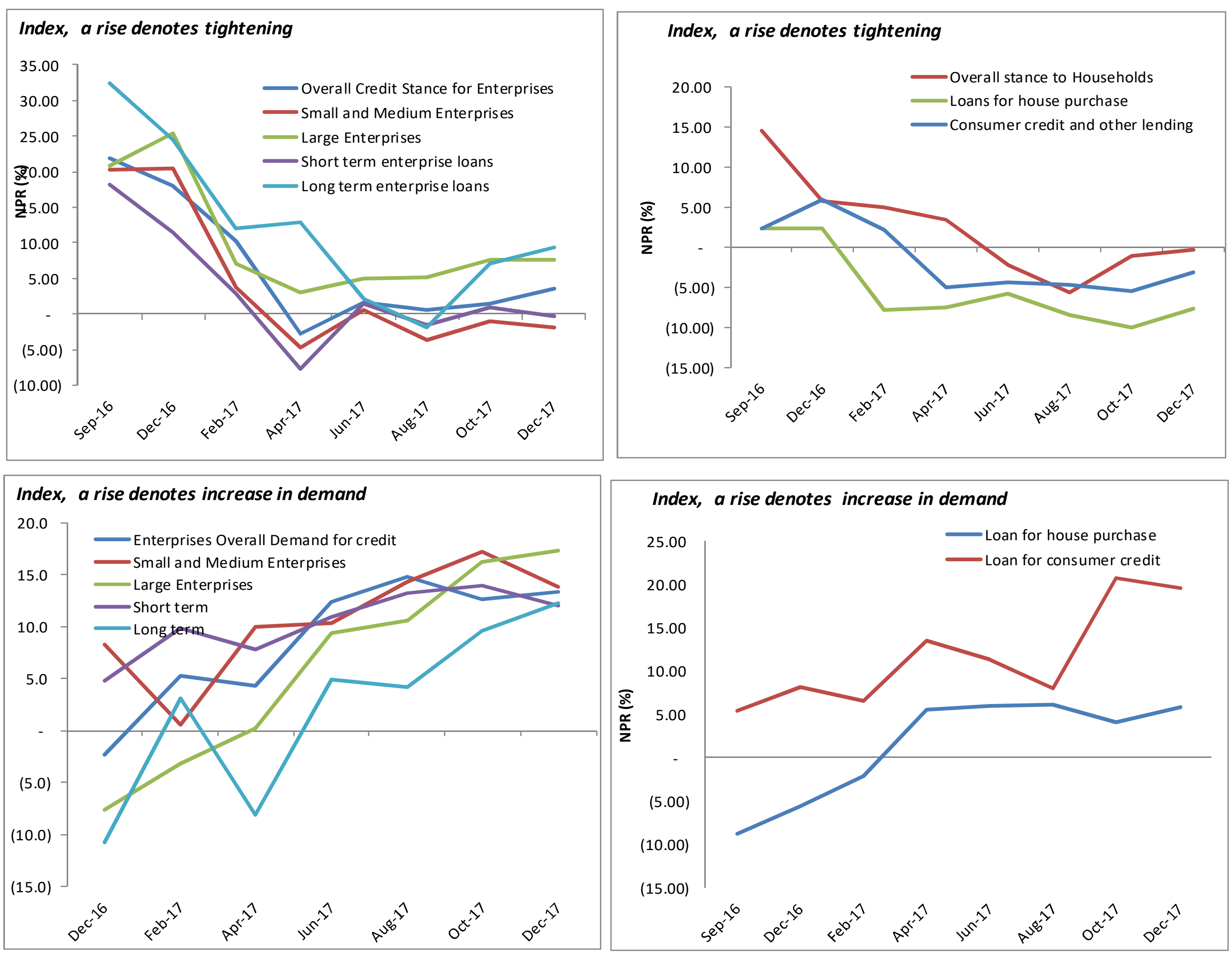
Banks' offshore balances increased from GH¢6.78 billion (37.9% year-on-year) in December 2016 to GH¢7.31 billion (7.8% year-on-year) in December 2017. Banks' balances with foreign banks (nostro balances) stood at GH¢3.55 billion in December 2017, indicating a contraction by 10.2 percent compared with 20.2 percent growth recorded a year earlier. Banks' other claims on non-residents (placements) annual growth also slowed from 75.0 percent in December 2016 to 33.4 percent in December 2017.

The share of banks' borrowing from foreign counterparties in total borrowed funds declined from 28.6 percent in December 2016 to 25.6 percent in December 2017. The share of domestic borrowing in total borrowing, however, increased from 71.4 percent to 74.4 percent during the same review period. Banks' short term external borrowing as a proportion of total external borrowing recorded an uptick from 55.1 percent in December 2016 to 57.4 percent in December 2017, while the share of long-term external borrowing declined from 44.9 percent to 42.6 percent during the period under review.

4. CREDIT CONDITIONS SURVEY

The Credit Conditions survey, which was conducted in December 2017, indicated net tightening of credit stance in long-term loans, compared with the October 2017 survey round. However, credit stance on Small and Medium Enterprises (SMEs), short-term and large enterprises loans eased. The survey findings also pointed to net tightening in banks' overall credit stance to household's loans for mortgages, consumer credit and other lending. Banks' tightened credit stance on loans to both households and enterprises was in response to changes in the share of adversely classified loans in total loan portfolio and risks related to the performance of largest borrowers (as reflected in their NPL ratios), concerns with their current and expected capital positions and cost of funds and balance sheet constraints.

Credit Conditions Survey



The survey however reported a mixed outcome for demand for credit by both households and enterprises. Overall enterprise demand for credit recorded a net increase in the demand for long-term loans and loans by large enterprises. Demand for short-term loans as well as demand for loans by SMEs however recorded net declines during this survey period. Demand for consumer credit and other lending by households also recorded a net decline, while demand for loans by households for house purchases recorded a net increase during this survey round.

The latest survey round also pointed to a decline in banks' inflation expectations one year ahead, following a relatively stable exchange rate performance, declines in money market rates and improved expectations regarding the performance of the economy. Banks' lending rates expectations, once again recorded a marginal increase during this survey round. The consistent marginal pickup in banks' lending rates expectations is attributable to the industry's high NPLs which influenced the risk premia banks price their loans with.

5. CONCLUSION AND OUTLOOK

The banking industry remained profitable, solvent and liquid as at December 2017, despite some moderation in key Financial Soundness Indicators. The sector's performance is expected to improve in the coming months as banks prepare towards meeting the new minimum paid-up capital of GH¢400 million. In this regard, the industry is likely to witness some consolidation. Also, banks would embark on establishing stringent risk management frameworks for effectiveness, responsiveness and timeliness in dealing with risks to protect depositors' funds. In addition, all banks will be Basel II/III compliant by close of the year. All these programmes should help create stronger banking institutions and improve credibility in support of the growth agenda.

ANNEXES

Table 1: Asset and Liability Structure of the Banking Sector	Dec-15	Oct-16	Dec-16	Oct-17	Dec-17
Components of Assets (% of Total)					
Cash and Due from Banks	26.4	24.4	27.2	25.1	26.0
Investments	22.6	27.0	27.0	29.6	30.5
Net Advances	42.7	40.2	38.1	35.8	33.3
Other Assets	4.8	4.6	3.9	5.5	5.6
Fixed Assets	3.4	3.6	3.6	3.9	4.5
Components of Liabilities & Shareholders Funds(% of Total)					
Total Deposits		65.1	63.6	62.8	62.5
Total Borrowings		15.0	16.8	17.0	17.6
Other Liabilities		5.4	6.3	7.2	6.7
Shareholders' Funds		14.5	13.2	13.1	13.1

Table 2: Gross Loans and Real Credit Growth

	Dec-15	Oct-16	Dec-16	Oct-17	Dec-17
Gross Loans and Advances (GH¢m)	30,102.39	34,268.85	35,409.01	38,364.52	37,661.80
Real Growth (y-o-y)	6.13	0.93	1.89	0.45	(1.32)
Private Sector Credit (GH¢m)	26,258.63	29,103.06	30,222.08	33,882.12	34,411.25
Real Growth (y-o-y)	5.65	-2.79	-0.31	4.12	5.14
Household Loans (GH¢m)	4,477.86	5,066.63	4,754.57	5,866.12	5,937.33
Real Growth (y-o-y)	(8.2)	(0.9)	(8.0)	4.5	16.7

Table 3: Contingent Liability

	Dec-15	Oct-16	Dec-16	Oct-17	Dec-17
Contingent Liabilities (GH¢)	7,385.9	6,754.7	7,370.4	8,904.7	9,349.1
Growth (y-o-y)	10.8	- 7.3	- 0.2	23.3	22.4
% of Total Liabilities	13.6	10.6	10.5	11.5	11.5

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

	Dec-15		Dec-16		Oct-17		Dec-17	
	Share in Total Credit	Share in NPLs	Share in Total Credit	Share in NPLs	Share in Tota Credit	Share in NPLs	Share in Total Credit	Share in NPLs
a. Public Sector	**12.8**	**4.0**	**14.9**	**3.2**	**11.9**	**5.3**	**8.9**	**5.7**
i. Government	2.4	1.7	1.6	1.4	1.5	0.9	1.4	1.0
ii. Public Institutions	2.0	0.1	5.6	0.1	3.5	0.1	2.4	0.3
iii. Public Enterprises	8.4	2.2	7.6	1.7	6.9	4.3	5.1	4.3
b. Private Sector	**87.2**	**96.0**	**85.1**	**96.8**	**88.1**	**94.7**	**91.1**	**94.3**
i. Private Enterprises	71.0	88.5	70.1	92.0	71.1	89.0	73.8	88.6
o/w Foreign	10.0	8.9	9.0	13.2	9.5	10.8	9.5	7.9
Indigeneous	61.0	79.6	61.1	78.9	61.6	78.2	64.4	80.6
ii. Households	14.9	7.0	13.4	4.4	15.3	5.3	15.7	5.2
iii. Others	1.4	0.6	1.6	0.3	1.8	0.5	1.5	0.6

Table 5: Liquidity Ratios

	Dec-15	Oct-16	Dec-16	Oct-17	Dec-17
Liquid Assets (Core) - (GH¢'million)	16,752.6	18,022.0	22,100.9	22,313.83	24,211.64
Liquid Assets (Broad) -(GH¢'million)	30,679.4	37,536.7	43,620.3	48,190.81	52,211.49
Liquid Assets to total deposits (Core)-%	40.6	38.2	42.8	39.97	41.54
Liquid Assets to total deposits (Broad)- %	74.4	79.5	84.4	86.31	89.59
Liquid assets to total assets (Core)- %	26.4	24.4	27.2	25.10	25.97
Liquid assets to total assets (Broad)- %	48.4	50.9	53.7	54.20	56.01

	Dec-15	Oct-16	Dec-16	Oct-17	Dec-17
Gross Yield	25.7	22.4	26.6	17.0	22.8
Int Payable	9.8	9.7	11.6	7.5	10.5
Spread	16.0	12.7	15.0	9.5	12.3
Asset Utilitisation	18.0	15.3	17.1	14.6	17.8
Interest Margin to Total Assets	9.0	7.3	8.1	6.9	8.1
Interest Margin to Gross income	50.1	47.8	47.4	47.3	45.6
Profitability Ratio	15.4	14.0	12.3	12.3	11.5
Return On Equity (%) after tax	22.1	20.2	18.0	14.4	16.7
Return On Assets (%) before tax	4.5	4.3	3.8	3.0	3.3

Table 7: DMBs' Income Statement Highlights

	Dec-15	Dec-16	Oct-17	Dec-17	Dec-16	Oct-17	Dec-17
	(GH ¢'million)				Y-on-y Growth (%)		
Interest Income	9,218.8	11,906.6	10,943.5	13,966.5	29.2	15.2	17.3
Interest Expenses	(3,505.7)	(5,207.1)	(4,819.7)	(6,421.1)	48.5	17.3	23.3
Net Interest Income	**5,713.0**	**6,699.4**	**6,123.8**	**7,545.4**	**17.3**	**13.5**	**12.6**
Fees and Commissions (Net)	1,323.2	1,497.8	1,346.6	1,680.3	13.2	10.5	12.2
Other Income	861.2	741.3	651.0	902.1	(13.9)	14.6	21.7
Operating Income	**7,897.5**	**8,938.5**	**8,121.5**	**10,127.8**	13.2	13.1	13.3
Operating Expenses	**(3,941.9)**	**(4,814.0)**	**(4,465.7)**	**(5,547.3)**	22.1	18.0	15.2
Staff Cost	(2,045.1)	(2,521.0)	(2,276.2)	(2,735.0)	23.3	13.1	8.5
Other operating Expenses	(1,896.7)	(2,293.0)	(2,189.5)	(2,812.3)	20.9	23.5	22.6
Net Operating Income	**3,955.6**	**4,124.5**	**3,655.8**	**4,580.5**	4.3	7.6	11.1
Total Provision (Loan losses, Depreciation & others)	- 1,428.6	- 1,509.2	- 1,235.0	- 1,610.3	5.6	17.8	6.7
Income Before Tax	**2,527.0**	**2,612.6**	**2,412.8**	**2,961.3**	3.4	2.7	13.3
Tax	(772.7)	(875.0)	(819.8)	(1,050.9)	13.2	6.3	20.1
Net Income	**1,754.3**	**1,737.5**	**1,593.0**	**1,910.4**	(1.0)	1.0	10.0
Gross Income	**11,403.2**	**14,145.7**	**12,941.2**	**16,548.9**	24.1	14.6	17.0

Table 8: Developments in Offshore Balances

	Dec-15	Oct-16	Dec-16	Oct-17	Dec-17
Offshore balances as % to Networth	53.41	58.73	63.37	66.73	59.73
Annual Growth in Offshore balances (%)	11.00	29.65	37.85	29.99	7.78
Annual Growth in Nostro Balances (%)	19.13	(20.88)	20.19	64.32	(10.22)
Annual Growth in Placement (%)	(2.53)	167.64	74.96	2.72	33.43