BANK OF GHANA
Financial Stability Report
Vol. 1.2

SEPTEMBER 2016

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 for the first seven months of 2016 compared to the same period last year. As at July 2016, the sector comprised 30 banks, of which fifteen (15) were domestically controlled. The banks managed 1,173 branches and 912 Automated Teller Machines (ATMs) distributed across the ten (10) regions of the country.

Broadly, the overall performance of the banking sector as at July 2016 remained strong, despite marginal declines in some financial soundness indicators, measured in terms of earnings, portfolio quality and efficiency. Annual growth in total assets of the industry picked up in July 2016 compared to the previous year and was largely accounted for by the significant increase in banks' investments in bills and securities as well as the sharp increase in foreign assets. The resultant increase in total assets from the rise in investments and foreign assets was moderated by the decline in the growth of banks' advances to its customers due to the rise in their non-performing loans.

The outlook for the industry is positive with the restructured VRA debt and commencement of payments. Similar restructuring arrangements have been initiated for debts owed by Bulk Oil Distribution Companies (BDCs) to the banks. Additionally, Government's efforts to wean state owned enterprises (SOEs) off its balance sheet as well as the on-going fiscal consolidation is likely to minimise Government's indebtedness to banks. All these arrangements are expected to reduce the size of banks' impaired loans, improve the industry's solvency as well as liquidity, and in turn boost performance of the banking industry. These efforts, together with improved loan recovery efforts and improvement in the macro economy, will boost credit delivery to facilitate economic growth.

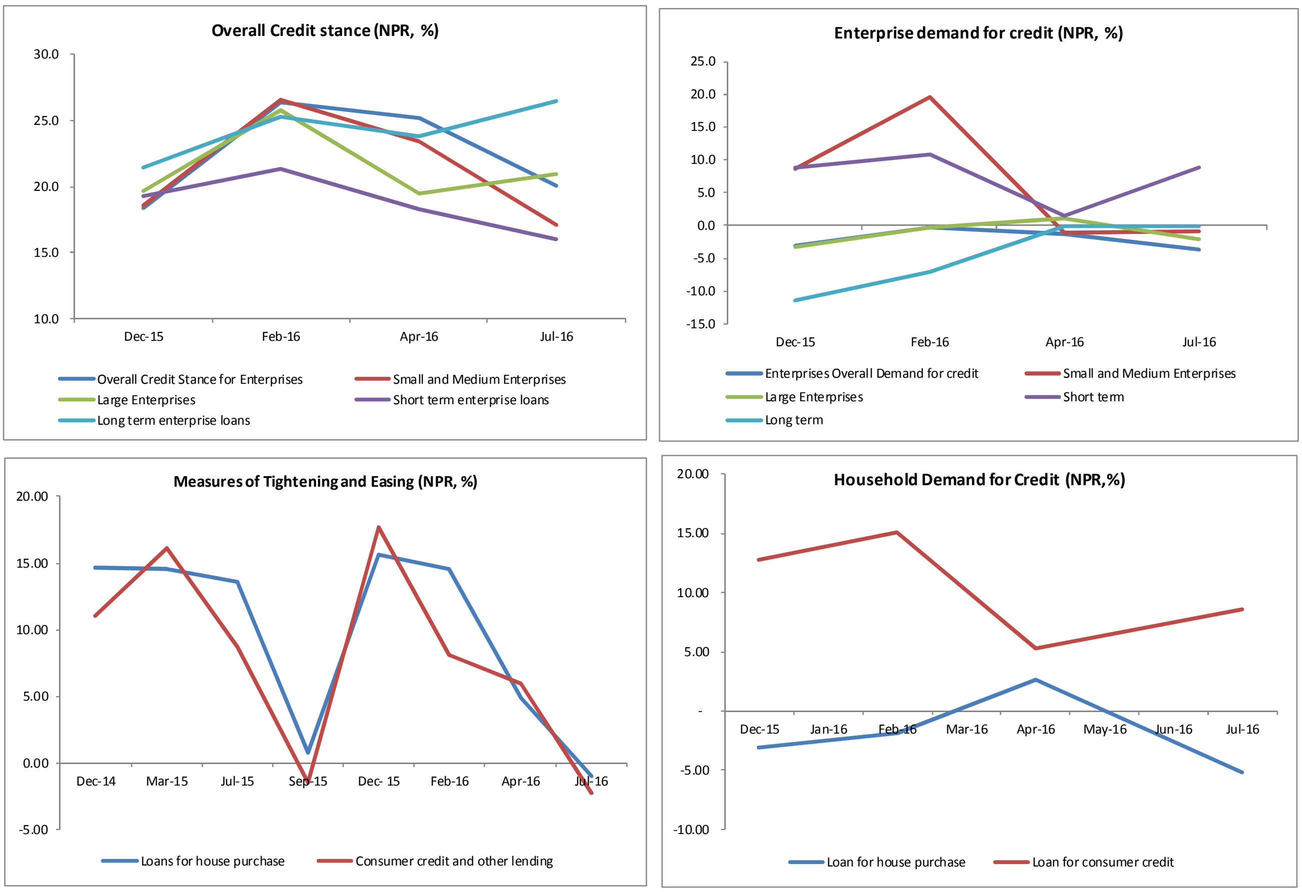
3. CREDIT CONDITIONS SURVEY

(i) Loans or credit lines to Enterprises & Households

The update on banks’ lending conditions showed an easing in banks’ overall credit stance to enterprises in July 2016 relative to the April 2016 survey. The easing of credit stance applied to Small and Medium Enterprises as well as short term enterprise loans. These trends were largely driven by relative improvement in expectations regarding economic activity; monetary policy decision and cost of funds and balance sheet constraints. The banks however reported a tightened credit stance on long term enterprise loans and loans to large enterprises.

The July 2016 credit stance survey also reported an easing in loans to households for house purchase and consumer credit.

Figure 1: Credit Conditions Survey



Note: NPR refers to the net percentages for the questions on demand for loans are defined as the difference between the sum of percentages for "increased considerably" and "increased somewhat" and the sum of the percentages for "decreased considerably" and "decreased somewhat"
A rise in the line graph denotes tightening of credit stance and a decline reflect easing on credit stance.
On demand by households and enterprises, a rise denotes increased demand and a decline represents fall in demand.

(ii) Loan Demand for Enterprises & Households

Demand for credit by large enterprises declined in net terms during the July 2016 survey round, while demand by small and medium enterprises increased sharply, resulting in a decline in the overall enterprise demand for credit. Demand for long term credit however remained unchanged during the survey period, while that of short term loans increased in net terms. The decrease in the enterprises demand for credit as well as credit to large enterprises was generally informed by the slowdown in credit delivery by banks due to the increased risk related to largest exposures and also adversely classified loans.

The survey also reported increased households' loan demand for consumer credit, but a decline in demand for loans for house purchase.

4. BANKING SECTOR STABILITY ANALYSIS

4.1 DEVELOPMENTS IN BANKS' BALANCE SHEET

The banking sector recorded a growth in total assets of 24.6 percent year-on-year to GH¢67.0 billion as at end July 2016, up from GH¢53.8 billion in July 2015 (21.7% y/y growth). The higher growth rate recorded in July 2016 was partly due to the sharp appreciation of the cedi during the same period of 2015, which caused banks to reprice their assets denominated in foreign currency (which constitutes about a third of bank total assets) at lower exchange rates. For this reason, growth in foreign assets increased sharply to 35.0 percent in July 2016 from the 12.9 percent growth recorded in July 2015. The higher growth rate was also on account of an increase in banks' investment portfolio over the period. Domestic assets, on the other hand, went up by 23.7 percent year-on-year to GH¢61.1 billion at the end of July 2016 compared with the 22.5 percent growth recorded for the same period in 2015.

Credit stance in the banking sector remained tight with net loans and advances of GH¢28.1 billion as at end-July 2016 recording a lower annual growth of 12.1 percent, compared with 24.1 percent growth in July 2015. Growth in banks' investment portfolio (bills and securities) however picked up by 47.3 percent to GH¢16.1 billion by the end of July 2016 compared with the 13.6 percent growth a year ago.

Table 1: Key Developments in Bank's Balance Sheet

	(GH ¢ 'million)			Y-on-y Growth (%)			Shares
	Jul-15	May-16	Jul-16	Jul-15	May-16	Jul-16	Jul-16
TOTAL ASSETS	**53,788.2**	**66,095.4**	**67,035.4**	***21.7***	***17.7***	***24.6***	***100.0***
A. Foreign Assets	4,377.6	4,947.3	5,911.4	*12.9*	*-7.3*	*35.0*	*8.8*
B. Domestic Assets	49,410.6	61,148.2	61,124.0	*22.5*	*20.4*	*23.7*	*91.2*
Investments	10,914.3	16,167.8	16,072.2	*13.6*	*47.5*	*47.3*	*24.0*
i. Bills	7,370.4	13,218.9	12,879.3	*37.8*	*67.2*	*74.7*	*19.2*
ii. Securities	3,130.4	2,472.8	2,718.3	*-19.5*	*-6.3*	*-13.2*	*4.1*
Advances (Net)	25,054.8	27,534.7	28,076.1	*24.1*	*6.1*	*12.1*	*41.9*
of which Foreign Currency	8,205.8	8,617.3	8,401.3	*13.7*	*-9.0*	*2.4*	*12.5*
Gross Advances	27,391.5	31,367.5	32,085.4	*23.6*	*11.3*	*17.1*	*47.9*
Other Assets	2,733.4	3,301.8	3,314.7	*48.3*	*31.3*	*21.3*	*4.9*
Fixed Assets	1,873.6	2,387.8	2,532.0	*53.2*	*36.3*	*35.1*	*3.8*
TOTAL LIABILITIES AND CAPITAL	**53,788.2**	**66,095.4**	**67,035.4**	***21.7***	***17.7***	***24.6***	***100.0***
Total Deposits	34,134.6	42,742.1	42,210.3	*23.9*	*19.3*	*23.7*	*63.0*
of which Foreign Currency	11,011.2	12,482.8	12,605.2	*29.3*	*-0.1*	*14.5*	*18.8*
Total Borrowings	7,984.5	10,130.1	11,059.7	*15.6*	*17.4*	*38.5*	*16.5*
Foreign Liabilities	3,719.5	3,572.3	3,344.4	*-6.7*	*-27.7*	*-10.1*	*5.0*
i. Short-term borrowings	1,703.6	1,554.1	1,478.8	*-34.6*	*-41.9*	*-13.2*	*2.2*
ii. Long-term borrowings	1,761.9	1,633.1	1,599.6	*65.8*	*-18.2*	*-9.2*	*2.4*
iii. Deposits of non-residents	254.0	385.2	266.0	*-20.2*	*42.5*	*4.7*	*0.4*
Domestic Liabilities	41,752.2	53,081.4	54,008.8	*23.5*	*22.9*	*29.4*	*80.6*
i. Short-term borrowing	4,021.6	6,151.9	6,995.7	*36.3*	*83.6*	*74.0*	*10.4*
ii. Long-term Borrowings	497.4	791.1	985.6	*71.6*	*30.3*	*98.2*	*1.5*
iii. Domestic Deposits	33,880.6	42,356.9	41,944.3	*24.4*	*19.2*	*23.8*	*62.6*
Other Liabilities	3,409.2	3,878.2	4,180.6	*2.8*	*4.5*	*22.6*	*6.2*
Paid-up capital	2,845.0	3,200.6	3,246.5	*9.6*	*16.1*	*14.1*	*4.8*
Shareholders' Funds	8,260.0	9,345.0	9,584.7	*29.9*	*17.6*	*16.0*	*14.3*

Source: Bank of Ghana

Total deposits remained the main asset funding source for banks. At the end of July 2016, total deposits funded 63.0 percent of total assets and posted an annual growth rate of 23.7 percent compared to a growth rate of 23.9 percent in the corresponding period last year. In terms of deposit mix by product types, demand deposits constituted 57.8 percent of the total deposits of the banks. Banks' borrowing increased significantly, growing by 38.5 percent year-on-year as at end-July 2016 compared to 15.6 percent in July 2015. The increase in banks' borrowings was driven mainly by domestic borrowing, both short term and long term.

Banks' minimum paid up capital grew by 14.1 percent year-on-year to GH¢3.2 billion as at end-July 2016 (9.6% y/y growth in July 2015). This was mainly due to the entry of a new bank and injection of new capital by some banks. The pace of growth in shareholders' funds however slowed to 16.0 percent in July 2016 from 29.9 percent year-on-year in July 2015, due to declining growth in reserves.

(i) Asset and Liability Structure of the Banking Industry

Net advances accounted for the largest proportion of banks' assets constituting 41.9 percent of banks' assets in July 2016 as against 46.6 percent in July 2015. The share of investments in total assets however increased to 24.0 percent as at end-July 2016 from 20.3 percent recorded in July 2015 and was almost at par with the share of 25.2 percent for Cash and Short Term Funds in total assets.

Total deposits' share of total liabilities of 73.5 percent at end July 2016 declined slightly from 75.0 percent recorded in July 2015. It however funded 63.0 percent of total assets as at end-July 2016 compared to 63.5 percent in July 2015. The proportion of shareholders' funds used to fund total assets declined marginally from 15.4 percent in July 2015 to 14.3 percent in July 2016.

(ii) Share of Banks' Investments

Banks' investment in securities as a share of total investment declined to 16.9 percent in July 2016 from 28.7 percent in July 2015. Investments in bills as a share of total investment however increased to 80.1 percent in July 2016, from 67.5 percent a year earlier. Banks' investments in shares and other equities as a share of total investment also decreased to 2.9 percent in July 2016 from 3.8 percent in the same period last year.

Credit to deposits ratio decreased to 76.0 percent in July 2016 from 80.2 percent in July 2015, with a corresponding decline in credit to deposit (plus borrowings) ratio over the same period. Investments to deposit ratio however increased to 38.1 percent in July 2016 from 32.0 percent in July 2015.

4.2 CREDIT RISK

(i) Credit Portfolio Analysis

The banking industry's real gross loans and advances recorded a low growth of 0.7 percent in July 2016, down from 4.8 percent in July 2015 due to the general slowdown in credit extension, which was largely as a result of deteriorating asset quality. Real private sector credit growth recorded a negative growth of 0.2 percent in July 2016 from 4.5 percent in July 2015. In real terms, credit to the households however improved from 0.8 percent in July 2015 to 5.1 percent growth recorded in the same period in 2016.

The highest proportion of banks' loans went to Private enterprises with their share of the total increasing from 77.3 percent in July 2015 to 78.8 percent in July 2016. Similarly, the share of household loans in gross loans increased to 15.6 percent in July 2016 from 15.3 percent in July 2015. The composition of banks' credit portfolio by economic institutions, however, showed that the proportion of banks' loans to Government and public institutions decreased from 5.0 percent in July 2015 to 4.3 percent in July 2016. Credit to public enterprises accounted for 1.4 percent of gross loans and advances in July 2016, a decline from 2.4 percent in July 2015.

The Commerce & Finance sector had the largest share of outstanding credit balances, accounting for 23.7 percent as at July 2016 compared with 22.6 percent in July 2015. By sector disaggregation, the three largest sectors in terms of outstanding credit balances, namely Commerce & Finance, Services, and Electricity, Gas & Water accounted for 62.0 percent of total banking sector credit in July 2016 (59.8% in July 2015). In the review period, the share of credit to sectors such as Construction, mining and quarrying, manufacturing and services sectors declined.

(ii) Off-Balance Sheet Activities

Banks' off-balance sheet items (contingent liabilities) stood at GH¢6.2 billion as at July 2016, representing a growth of 2.7 percent over the GH¢6.0 billion recorded in July 2015. (July 2016 growth: 8.4 percent) 'Off-balance sheet' exposure as a percentage of total banking sector liabilities was 9.8% in July 2016 (July 2015: 12.5%). The slowdown in the off–balance sheet exposures reflected continued decline in trade finance and guarantees over the period.

(iii) Asset Quality

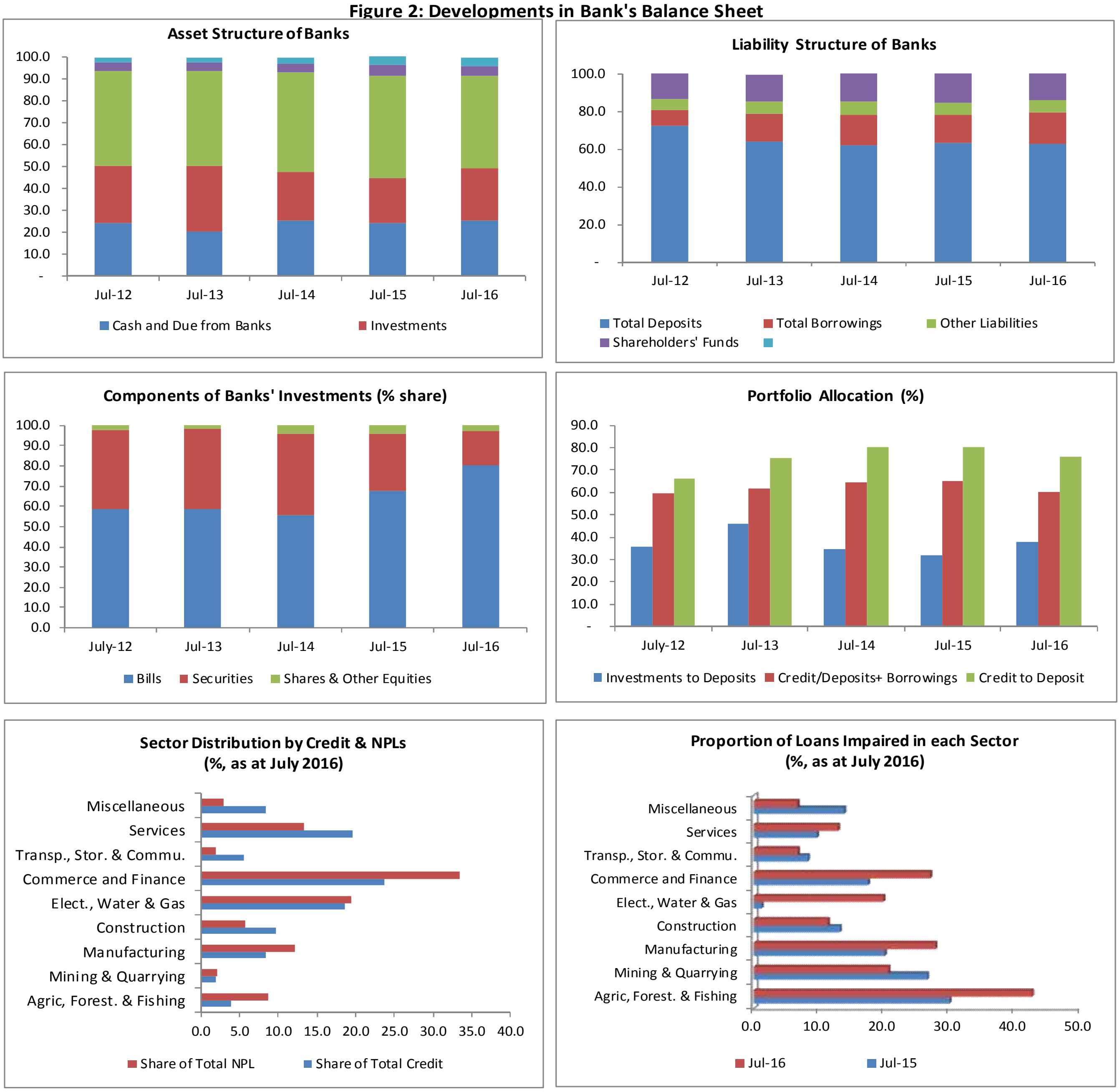
The quality of loans on the banks' books generally worsened in 2016. Non–performing loans (NPLs) increased by 69.4 percent from GH¢ 3.6 billion in July 2015 to GH¢ 6.1 billion in July 2016. This translated into an NPL ratio of 19.1 percent, up from 13.1 percent in July 2015. The worsened NPL ratio was attributed to a number of factors, including the general slowdown in the economy, increasing cost of production due to high utility tariffs and loan portfolio reclassification by some banks. Adjusting for the fully provisioned loan loss category, however, the NPL ratio reduced to 11.0 percent in July 2016 although higher than the July 2015 position of 6.2 percent. The sector's capital-at-risk (NPL net of provision to capital) worsened from 26.5 percent at end-July 2015 to 36.4 percent at end-July 2016. Loan loss provision to gross loans also increased 6.6 percent in July 2015 to 8.2 percent in July 2016.

Credit to the private sector contributed 85.8 percent of the total banking sector's non-performing loans as at July 2016, down from 97.8 percent in July 2015, while receiving 85.8 percent of total credit in July 2016 compared with 88.6 percent of credit received in 2015. The proportion of banks' NPLs attributable to the public sector however increased significantly from 2.2 percent in July 2015 to 14.2 percent in July 2016. The level of NPLs associated with the private enterprises was driven mainly by indigenous enterprises, which received 61.2 percent of credit to private enterprises but accounted for 71.8 percent of NPLs as at July 2016. Even though the share of foreign enterprises in total private sector credit declined from 10.8 percent in July 2015 to 8.9 percent in July 2016, its contribution to private sector NPLs increased from 11.6 percent to 7.9 percent during the review period. Households' share of private sector credit increased from

15.3 percent to 16.0 percent although its contribution to NPLs declined from 7.2 percent to 5.8 percent over the review period.

The largest sectors in terms of credit namely Commerce and Finance, Services and the Electricity, Gas & Water sectors also accounted for the largest amount of banking sector NPLs of 66.2 percent as at end-July 2016. The Transport, Storage and Communication sector recorded the lowest NPL ratio during the review period.

Figure 2: Developments in Bank's Balance Sheet



4.3 FINANCIAL SOUNDNESS INDICATORS

(i) Liquidity Indicators

The banking sector remained relatively liquid. This was gauged by the operational liquidity measure of total liquid assets as a percentage of total deposit liabilities and liquid assets to volatile funds, which improved and remained well within acceptable thresholds during the period under review. Both core and broad measures of liquidity also increased, giving an indication of liquidity easing.

(ii) Capital Adequacy Ratio

The industry's Risk-Weighted Assets (RWA) to total assets declined to 70.2 percent in July 2016 from 75.7 percent in July 2015. This was associated with a decline in the industry's Capital Adequacy Ratio (CAR), measured by the ratio of capital to risk-weighted assets from 17.7 percent to 16.7 percent during the period under review. The decline in the industry CAR was partly on account of a slowdown in banks' adjusted capital.

(iii) Profitability

The sector's income before tax registered a negative year-on-year growth of 0.5 percent in July 2016 compared with a growth of 18.2 percent in July 2015. Similarly, the industry's net profit after tax contracted by 1.0 percent in July 2016 compared with a 15.1 percent growth in the same period last year. The industry's net interest income recorded slower growth of 19.4 percent in July 2016 compared with a 34.5 percent growth in July 2015.

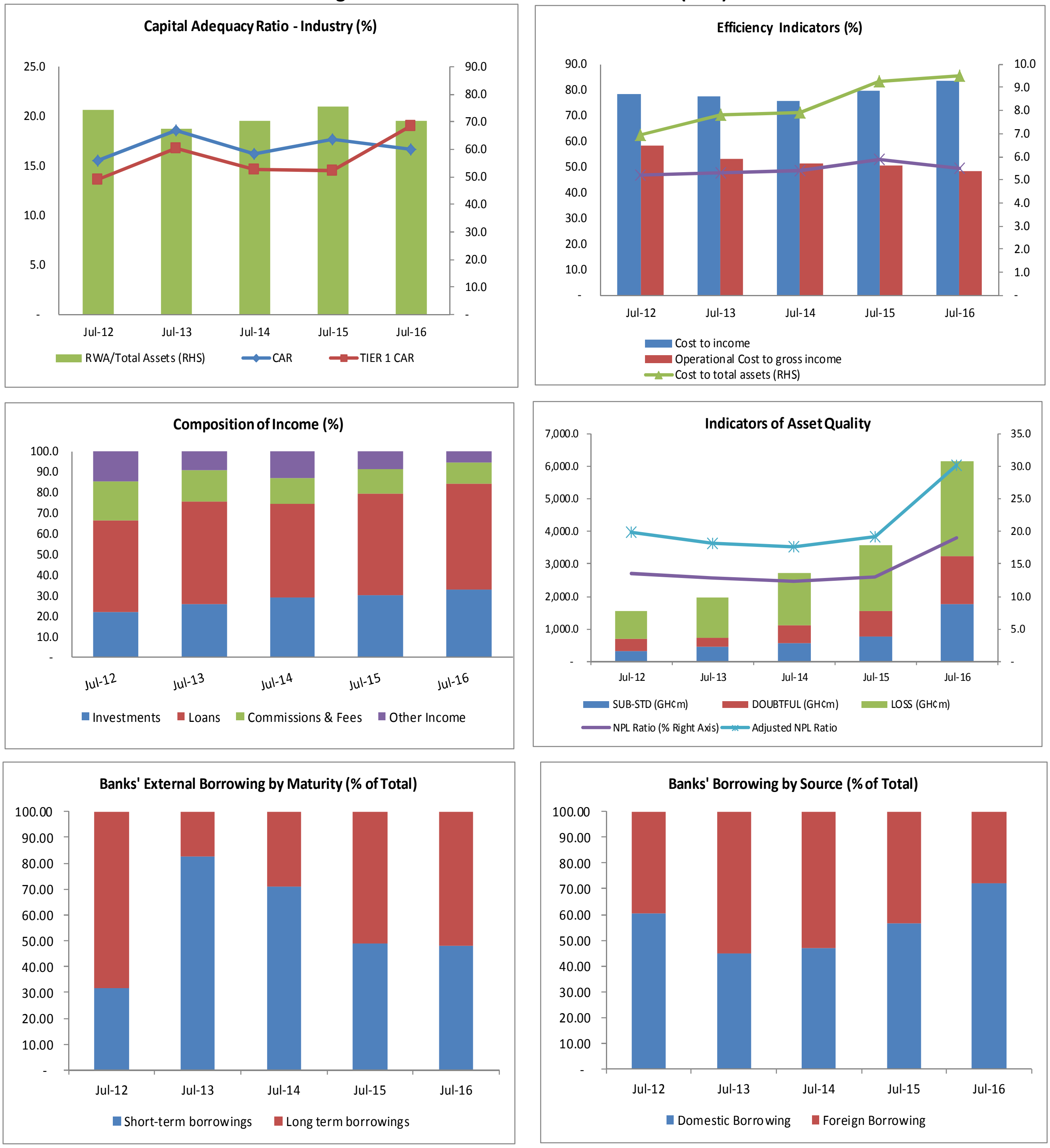
(iv) Return on Assets and Return on Equity

Indicators of profitability for the banking industry showed a decline in profitability with declining trends in annualised data on after-tax Return on Equity (ROE) and pre-tax Return on Assets (ROA). The banking industry's ROA decreased to 4.8 percent in July 2016 from 5.6 percent in July 2015, while ROE decreased from 27.3 percent to 23.5 percent over the same period.

(v) Interest Margin and Spread

The ratio of gross income to total assets (or asset utilisation) was 5.6 percent in July 2016 compared with 5.8 percent in the corresponding period in 2015. Banks also recorded a net interest spread of 9.2 percent in July 2016 compared with 7.1 percent in July 2015.

Figure 3: Financial Soundness Indicators (FSIs)



(vi) Composition of Banks' Income

Interest income from loans continued to be the main source of income for the banking industry. In July 2016, interest income from loans constituted 51.1 percent of total income compared with 48.7 percent in July 2015. The share of investment income in banks' total income also increased from

30.5 percent in July 2015 to 33.2 percent in July 2016 while that for fees and commission declined to 10.6 percent in July 2016 from 11.9 percent in the same period of last year.

(vii) Operational Efficiency

Cost to income ratio increased to 83.6 percent in July 2016 from 79.8 percent in July 2015, indicating a general decline in efficiency within the first seven months of the year compared to the same period last year. The cost to total assets ratio also increased to 9.5 percent in July 2016 from 9.3 percent in July 2015. Operational cost to total assets however declined marginally to 5.5 percent from 5.9 percent over the same comparative period partly due to the relative improvement in the country's energy supply which contributed to the decline in banks operational cost to gross income.

4.4 BANKS' COUNTERPARTY RELATIONSHIPS

Banks continued to trade actively with both domestic and foreign counterparties as at July 2016.

(i) Developments in Banks' Offshore balances & External Borrowing

Growth in banks' offshore balances and placements picked up in July 2016 relative to July 2015. Banks' balances with foreign banks (nostro balances) grew by 42.6 percent in July 2016 from the 9.5 percent contraction in July 2015. Growth in banks' other claims on non-residents (placements) however slowed during the period under review from 86 percent in July 2015 to 19.7 percent in July 2016 signifying a slowdown in trade finance and a decline in banks' short term investments abroad.

Banks cut back significantly on foreign borrowing relative to domestic borrowing in July 2016. The proportion of banks' foreign borrowing in banks' total borrowed funds declined from 43.4 percent in July 2015 to 27.8 percent in July 2016; while that of domestic borrowing increased from 56.6 percent to 72.2 percent during the same period.

Similarly, long term external borrowing increased relative to short term external borrowing over the same period. The proportion of long term borrowing in banks' external funds increased from 50.8 percent in July 2015 to 52.0 percent in July 2016; while that of short term external borrowing declined from 49.3 percent to 48.0 percent. This signifies an increase in more stable external funding for banks since longer term funds provide longer maturities over which the borrowed funds will be repaid.

5. CONCLUSION AND OUTLOOK

The banking industry remained sound and solvent as at July 2016 though some marginal declines were recorded in key financial soundness indicators. The key risks to the banking sector as at July 2016 included the high non-performing loans and significant exposure to the energy sector. The performance of the banking sector is expected to further improve following the restructuring of VRA debt and release of the first tranche of payment by the Ministry of Finance to banks in September 2016. As the debt repayment continues, expectations are that banks' solvency will improve while non-performing loans reduce significantly on the back of reclassification of the VRA debt. The repayment of the VRA debt will also revamp performance of banks with high exposures to the energy sector related debts. Similar restructuring arrangements are being put together for banks' exposure to the Bulk Oil Distribution Companies (BDCs), which will further enhance the overall performance of the banking industry.

ANNEXES

Table 1: Assets and Liabilities Structure of the Banking Sector

	Jul-12	Jul-13	Jul-14	Jul-15	Jul-16
Components of Assets (% of total)					
Cash and Due from Banks	24.4	20.4	25.6	24.5	25.2
Investments	25.7	29.6	21.7	20.3	24.0
Net Advances	43.2	43.8	45.7	46.6	41.9
Other Assets	4.0	3.6	4.2	5.1	4.9
Fixed Assets	2.6	2.4	2.8	3.5	3.8
Components of Liabilities (% of total)					
Total Deposits	72.2	64.3	62.3	63.5	63.0
Total Borrowings	8.4	14.5	15.6	14.8	16.5
Other Liabilities	5.7	6.3	7.5	6.3	6.2
Shareholders' Funds	13.6	14.6	14.4	15.4	14.3

Source: Bank of Ghana

Table 2: Gross Loans and Real Credit Growth

	Jul-12	Jul-13	Jul-14	Jul-15	Jul-16
Gross Loans and Advances (GH¢m)	11,662.1	15,357.7	22,154.5	27,391.5	32,181.8
Real Growth (y-o-y)	*33.3*	*17.8*	*25.1*	*4.8*	*0.7*
Private Sector Credit (GH¢m)	10,492.5	13,254.2	19,696.5	24,263.2	28,268.1
Real Growth (y-o-y)	*29.0*	*13.0*	*28.9*	*4.4*	*-0.2*
Household Loans (GH¢m)	1,822.2	2,131.3	3,522.9	4,189.8	5,137.7
Real Growth (y-o-y)	24.7	18.8	26.2	0.8	5.1
Distribution of Gross Loans by Economic Sector (percent)					
Private Enterprises	76.4	76.5	75.7	77.3	78.8
Household Loans	16.7	15.6	16.1	15.3	15.6
Govt & Public Institutions	3.5	3.6	5.6	5.0	4.3
Public enterprises	3.5	4.2	2.5	2.4	1.4

Table 3: Contingent Liabilities

	Jul-12	Jul-13	Jul-14	Jul-15	Jul-16
Total Liabilities (GH¢)	21,017.6	27,026.3	37,845.3	45,528.3	57,450.7
Contingent Liabilities (GH¢ m)	3,425.4	3,457.6	5,550.2	6,013.8	6,177.3
Growth in Contingent (y-o-y)	*46.0*	*0.9*	*60.5*	*8.4*	*2.7*
% of Total Liabilities	*16.3*	*12.8*	*14.7*	*13.2*	*10.8*

Table 4: Distribution of Loans & NPLs by Economic Sector (%)

	Jul-13		Jul-14		Jul-15		Jul-16	
	Share in Total Credit	Share in NPLs	Share in Total Credit	Share in NPLs	Share in Total Credit	Share in NPLs	Share in Total Credit	Share in NPLs
a. Public Sector	**12.2**	**7.4**	**11.1**	**7.4**	**11.4**	**2.2**	**12.2**	**14.2**
i. Government	4.6	0.3	3.3	2.0	2.6	1.5	1.9	1.4
ii. Public Institutions	1.5	0.5	1.4	1.2	1.2	0.2	2.4	2.1
iii. Public Enterprises	6.1	6.7	6.4	4.2	7.6	0.5	7.8	10.8
b. Private Sector	**87.8**	**92.6**	**88.9**	**92.6**	**88.6**	**97.8**	**87.8**	**85.8**
i. Private Enterprises	69.6	84.4	70.8	82.5	71.6	88.5	70.0	79.7
o/w Foreign	10.3	5.8	13.7	8.7	10.8	11.6	8.9	7.9
Indigeneous	59.3	78.6	57.1	73.8	60.8	77.0	61.2	71.8
ii. Households	16.0	7.1	15.9	7.7	15.3	7.2	16.0	5.8
iii. Others	2.2	1.1	2.1	2.4	1.7	2.0	1.8	0.3

Table 5: Liquidity Ratios

	Jul-12	Jul-13	Jul-14	Jul-15	Jul-16
Liquid Assets (Core) - (GH¢'million)	5,941.4	6,457.1	11,294.8	13,179.2	16,911.0
Liquid Assets (Broad) -(GH¢'million)	12,038.9	15,668.8	20,529.5	23,680.0	32,508.6
Liquid Assets to total deposits (Core,%)	33.8	31.7	41.0	38.6	40.1
Liquid Assets to total deposits (Broad,%)	68.5	77.0	74.5	69.4	77.0
Liquid assets to total assets (Core,%)	24.4	20.4	25.6	24.5	25.2
Liquid assets to total assets (Broad,%)	49.5	49.5	46.4	44.0	48.5

Source: Bank of Ghana

Table 6: Profitability Indicators (%)

	Jul-13	Jul-14	Jul-15	Jul-16
Gross Yield	10.4	11.2	12.4	15.9
Int Payable	3.9	4.1	5.3	6.7
Net Interest Spread	6.5	7.1	7.1	9.2
Interest Margin	10.1	10.5	11.6	11.4
Asset Utilitisation	5.2	5.3	5.8	5.6
Interest Margin to Total Assets	51.3	50.2	50.0	48.8
Interest Margin to Gross income	22.5	23.7	20.2	16.4
Return On Equity (after tax)	4.1	31.4	27.3	23.5
Return On Assets (before tax)	37.5	6.3	5.6	4.8

Source: Bank of Ghana

Table 7: DMBs Income Statement

	Jul-14	Jul-15	Jul-16	Jul-15	Jul-16
	(GH ¢'million)			Y-on-y Growth (%)	
Interest Income	3442.3	4946.6	6431.0	*43.7*	*30.0*
Interest Expenses	-1121.5	-1824.9	-2705.0	*62.7*	*48.2*
Net Interest Income	**2320.8**	**3121.7**	**3726.1**	***34.5***	***19.4***
Fees and Commissions (Net)	595.6	744.1	811.1	*24.9*	*9.0*
Other Income	587.9	551.7	390.4	*-6.2*	*-29.2*
Operating Income	**3504.3**	**4417.5**	**4927.6**	***26.1***	***11.5***
Operating Expenses	**-1552.5**	**-2146.8**	**-2534.3**	***38.3***	***18.0***
Staff Cost	-880.5	-1140.5	-1361.0	*29.5*	*19.3*
Other operating Expenses	-672.0	-1006.3	-1173.4	*49.7*	*16.6*
Net Operating Income	**1951.7**	**2270.6**	**2393.2**	***16.3***	***5.4***
Total Provision (Loan losses, Depreciation & others)	-424.6	-499.2	-631.8	*17.6*	*26.6*
Monetary Loss	-28.8	0.0	0.3	*0.0*	*0.0*
Income Before Tax	**1498.3**	**1771.5**	**1761.8**	***18.2***	***-0.5***
Tax	-400.2	-508.1	-511.5	*27.0*	*0.7*
Net Income	**1098.1**	**1263.4**	**1250.3**	***15.1***	***-1.0***
Gross Income	**4625.8**	**6242.4**	**7632.5**	***34.9***	***22.3***

Table 8: Development in Banks' Offshore Balances (%)

	Jul-12	Jul-13	Jul-14	Jul-15	Jul-16
Offshore balances as % to Networth	49.83	40.42	56.38	48.79	56.16
Annual Growth in Offshore balances (%)	26.65	(18.90)	92.41	12.45	33.56
Annual Growth in Nostro Balances (%)	34.22	(4.76)	103.00	(9.46)	42.58
Annual Growth in Placement (%)	17.08	(43.12)	69.37	86.00	19.66

Source: Bank of Ghana