Ghana Association of Bankers

Risk Management in well Capitalised Banks

2010

Ghana Banking Survey

PRICEWATERHOUSECOOPERS

Disclaimer

This report - Ghana Banking Survey 2010 – is a joint collaboration of PricewaterhouseCoopers (PwC) and the Ghana Association of Bankers (GAB). It aims to provide general information on Ghana's formal banking sector and the performance of banks operating in the country for the period between 2007 and 2009. The survey does not purport to provide answers to all possible questions and issues pertaining to the country's banking industry. Neither does it constitute an invitation to trade in the securities of the banks covered in the survey.

The banks' annual reports and audited financial statements for the years 2007 to 2009 were our principal sources of information. While we acknowledge that our sources of information are reliable, we provide no guarantees with respect to the accuracy and completeness of the information contained therein.

We will therefore not accept any responsibility or liability for any errors, omissions, or mis-statements that this report may contain. Neither will we accept any responsibility or liability for any loss or damage, howsoever occasioned, to any person, body corporate or organisation of any form relying on any statement or omission in this report.

Ghana Banking Survey 2010

Contents

List of abbreviations

ABG	Access Bank (Ghana) Limited	IFRS	International Financial Reporting Standards
ABL	Amalgamated Bank Limited	IMF	International Monetary Fund
ADB	Agricultural Development Bank Limited	MBG	Merchant Bank Ghana Limited
Baroda	Bank of Baroda Limited	NIB	National Investment Bank Limited
BBGL	Barclays Bank of Ghana Limited	PAT	Profit after tax
BOG	Bank of Ghana	PBL	Prudential Bank Limited
BSIC	Sahel -Sahara Bank Limited	PBT	Profit before tax
CAL	CAL Bank Limited	PwC	PricewaterhouseCoopers (Ghana) Limited
DPS	Dividend per share	ROA	Return on assets
EBG	Ecobank Ghana Limited	ROCE	Return on capital employed
EPS	Earnings per share	ROE	Return on equity
FAMBL	First Atlantic Merchant Bank Limited	SCB	Standard Chartered Bank Ghana Limited
FBL	Fidelity Bank Limited	SG-SSB	SG-SSB Bank Limited
GCB	Ghana Commercial Bank Limited	Stanbic	Stanbic Bank Ghana Limited
GDP	Gross Domestic Product	TTB	The Trust Bank Limited
GTB	Guaranty Trust Bank (Ghana) Limited	UBA	United Bank for Africa (Ghana) Limited
HFC	HFC Bank (Ghana) Limited	UGL	UniBank Ghana Limited
IBG	Intercontinental Bank (Ghana) Limited	UTB	UT Bank Limited
ICB	International Commercial Bank Limited	ZBL	Zenith Bank (Ghana) Limited

Participating banks

25 out of the 26 banks currently operating in the country participated in this year's survey as listed in the table below.

Name of bank	Year of incorporation	Majority ownership	Number of branches	Chief Executive Officer (as at May 2010)
Access Bank (Ghana) Limited	2008	Foreign	2	Daniel Akaba
Agricultural Development Bank Limited	1965	Local	56	Stephen Kpordzih
Amalgamated Bank Limited	1997	Foreign	19	Menson Torkornoo
Bank of Baroda (Ghana) Limited	2007	Foreign	1	V. Sreedharan
Barclays Bank of Ghana Limited	1917	Foreign	83	Benjamin Dabrah
BSIC (Ghana) Limited	2008	Foreign	10	Robert Kow Bentil
CAL Bank Limited*	1990	Local	14	Frank Adu Jr.
Ecobank Ghana Limited*	1990	Foreign	48	Samuel Ashitey Adjei
Fidelity Bank Limited	2006	Local	17	Edward Effah
First Atlantic Merchant Bank Limited	1994	Local	6	Jude Arthur
Ghana Commercial Bank Limited*	1953	Local	157	Simon Dornoo
Guaranty Trust Bank (Ghana) Limited	2004	Foreign	18	Dolapo Ogundimu
HFC Bank Ghana Limited*	1990	Local	23	Asare Akuffo
Intercontinental Bank Ghana Limited	2006	Foreign	22	Albert Mmegwa
International Commercial Bank Limited	1996	Foreign	12	Sanjeev Anand
Merchant Bank Ghana Limited	1971	Local	22	Peter Illiasu
National Investment Bank Limited**	1963	Local	27	P.A. Kuranchie
Prudential Bank Limited	1993	Local	21	Stephen Sekyere Abankwa
SG-SSB Bank Limited*	1975	Foreign	40	Alain Bellissard
Stanbic Bank Ghana Limited	1999	Foreign	22	Alhassan Andani
Standard Chartered Bank Ghana Limited*	1896	Foreign	22	Hemen Shah
The Trust Bank Limited	1996	Local	20	Larry Yirenkyi Boafo
UniBank (Ghana) Limited	1997	local	13	Ammishadai Owusu-Amoah
United Bank for Africa (Ghana) Limited	2004	Foreign	25	Gabriel Edgal
UT Bank Limited	1995	Local	10	Prince K. Amoabeng
Zenith Bank (Ghana) Limited	2005	Foreign	16	Daniel Asiedu

** These banks have their shares listed on the Ghana Stock Exchange (GSE)*

*** This bank did not participate in this year's survey*

Introduction

Dear reader

It is our pleasure to share with you the results of the 2010 annual banking survey. Of the 26 licensed banks in Ghana, 25 participated in the survey.

A number of banks have already complied with the minimum capital requirement mandated by Bank of Ghana with others planning on achieving the set target by end of 2012. The focus of this year's survey is a review of how these banks are managing risks in the wake of increased capitalisation. In the last three years, the industry's total shareholders funds have more than doubled from GH¢0.8 billion to GH¢1.8 billion as banks inject new capital and retained earnings to meet the minimum capital requirements.

Section one of this report focuses on exposures arising from growth in the Ghana banking industry. An overview of the industry and the macro-economic environment in which banks operated follows in Section two. The third section presents the performance indicators we have identified as key in the banking industry from 2007 to 2009. The fourth and subsequent sections provide a commentary on the changes in the rankings of banks in the industry.

It is our hope that this publication continues to inform and engender useful discussions amongst policy makers, regulators, banks and the business community at large.

We thank you for your continued support and patronage. We particularly note and appreciate the roles of the participating banks in this survey, as well as Ghana Association of Bankers and Bank of Ghana.

PricewaterhouseCoopers is proud of its achievements in helping to shape the banking industry in Ghana.

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Risk management in well capitalised banks

Banking executives are trying to avoid being blindsided

The after effects of the global economic crisis continue to reverberate through corporate boardrooms, bringing risk management into sharper focus. In the 2009 “What Directors Think” survey conducted by PricewaterhouseCoopers and Corporate Board Member magazine, risk management was clearly of primary concern to directors.

What keeps directors up at night? In the survey, 60% of 1,021 respondents said unknown risks represent the greatest challenge they face as directors. It comes as no surprise, that risk management merits the most attention from the board: 64 % of directors ranked it the highest priority after the board’s core mission of profitability and shareholder value. Two-thirds indicated they would like to spend more time on risk management this year than in past years.

Chief Executives of banks, and board members alike are asking the same questions. Could any of the problems experienced by some of the world’s biggest banks happen to us? How is it possible that the global banking industry had record write-offs and suffered the results of risk surprises, even though many of these banks have generally been viewed as good risk managers or “best practise” institutions?

At the same time, these executives are wondering “do we truly understand and effectively manage our risks and achieve growth?” While there are important lessons to be learned from the recent turmoil, banks also have an opportunity to turn good risk management into a true competitive advantage for growth.

Percent of directors responding to what keeps them up at night

Source: PricewaterhouseCoopers and *Corporate Board Member magazine - 2009 What Directors Think Survey*

Managing risk in a changing environment

In the last five years, the Ghanaian banking industry has seen a phenomenal growth arising from;

- Capital injection by existing banks to meet minimum regulatory capital requirements,
- Entry of eight banks from the sub region and Asia, and
- Expansion in the branch network.

Notwithstanding this phenomenal growth, high interest rates continues to be a major concern for borrowers. Banks are being called upon to justify such high interest rate regime in the country.

The new capital requirements may lead to an improved buffer for risk absorption in the sector. However, increased competition, growing customer demands, and new regulations are likely to continue to add complexity to business models of banks and information technology environment. These complexities may not be easily unraveled and can lead to an inability to capture or respond rapidly and successfully to emerging external opportunities.

The days of the loyal, life-long customer appear to be over. Transient customers are generally willing to move to banks that make their customers feel valued.

Stable macro-economic trends will encourage savings. With the private sector entering into the pensions market, we expect individual pension contributions to provide another source of funds for banks. This will skew revenue opportunities for financial institutions toward savings and wealth management products away from lending products.

The current economic reforms, improvements in budget deficit, and the new oil find will definitely attract foreign investments and lead to buoyant economic activity.

The appetite for credit will increase and banks should focus on developing an efficient, effective, and flexible banking infrastructure to sustain growth and manage the associated risks.

Implementing Basel II will improve risk management

The new Basel Capital Accord (Basel II) expected to be operational in Ghana beginning 1 January 2011 represents the most significant change to the supervision of banks. The focus will be on establishing how much capital a bank requires, given its risk profile and improve risk management.

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Sound judgments have to be applied in striking the right balance between risk management and growth

Managing risk in the changing environment

Banks in Ghana need to strike the right balance between risk management and growth by:

- Ensuring full transparency across all risks and across the organisation,
- Putting in place vigorous risk governance structures,
- Clearly defining and complying with the bank's risk appetite, and
- Instilling strong risk culture focused on optimising return trade-offs within a defined risk strategy,

Many of the recent surprises are the result of specific failures in one or even several of these key disciplines. Applying the above principle will improve asset quality and risk management practises of banks.

Conclusion

Banks will have to go back to common sense risk management practices such as "know your counterparties", "invest only in products you understand", "perform vigorous credit assessments on new customers " and "avoid relying exclusively on quantitative models" - sound judgments have to be applied.

In the real world, however, it is rare that a moment arises, brought about by a combination of unexpected events wherein banks can take stock of their position and regroup. Now is just such a moment. Banks should focus their attention on continually and consciously managing their risks.

Overview – the economy

The GDP growth reduced sharply from 7.3% in 2008 to 4.7% in 2009.

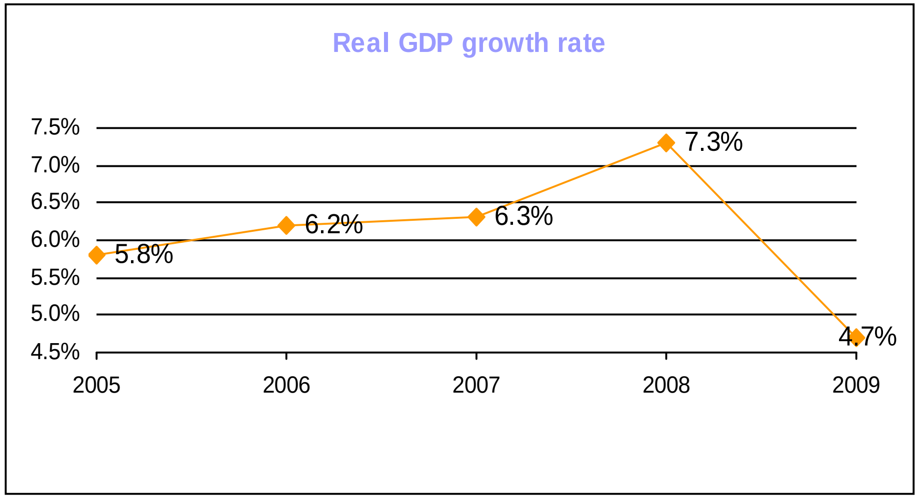
Economic Growth

The steady growth in GDP over the last five years slowed down in 2009. Real GDP growth declined from 7.3% in 2008 to 4.7% in 2009, with the average over the period being 6.1%.

The agricultural sector which contributes 34% of the country's GDP recorded a 6.2% growth in 2009. This growth, which was higher than expected is attributable to very good rainfall patterns during the year and the rise in the world market prices of cocoa by approximately 36% during the year.

The services sector, contributing 31.8% of GDP, saw a sharp fall from its 2008 growth rate of 9.3% to about 4.6% in 2009, thus the lowest growth rate in the past five years. This downward trend was as a result of the "Wholesale & Retail Trade, Restaurants & Hotels sub-sector" growing by only 2.0% compared to a target of 7.0% and previous year growth of 7.0%.

Growth in the industry sub-sector lagged behind the other two major sectors of the economy. Despite the upward trend of the price of gold from US$821.49 in January 2009 to US$1,126.80 per ounce by December 2009, the sector only achieved a 3.8% growth. The main reason for the reduction in growth in this sector was the contraction of the construction sub-sector by 1% against an expected growth of 8%.



Source: MoFEP 2010 Budget Statement

Sectoral growth rates	2005	2006	2007	2008	2009
Agriculture	6.5%	5.7%	4.3%	5.1%	6.2%
Industry	5.6%	7.3%	7.4%	8.1%	3.8%
Services	5.4%	6.5%	8.2%	9.3%	4.6%

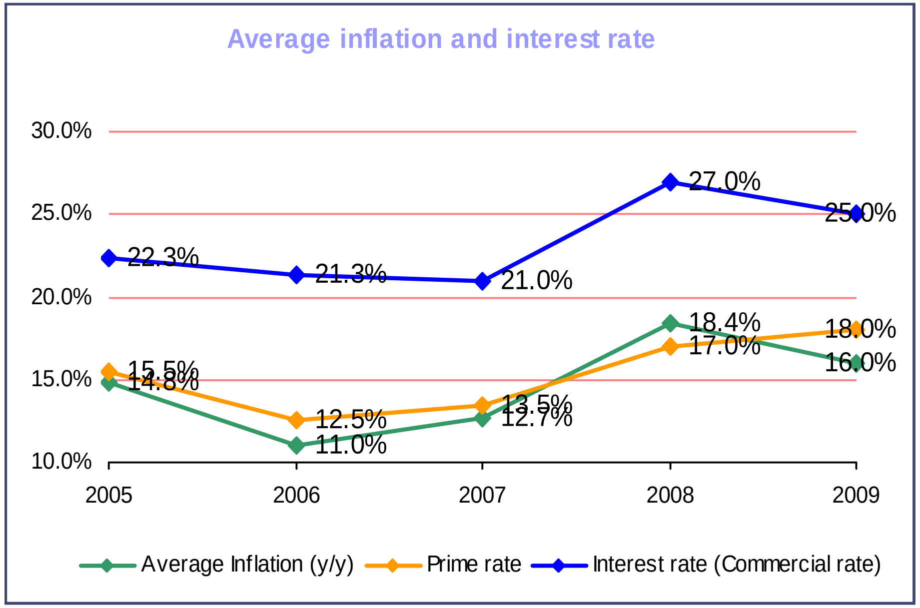
Source: MoFEP 2010 Budget Statement

The country's GDP growth rate reduced sharply from 7.3% in 2008 to 4.7% in 2009

Inflation

The year 2009 started with price inflation rate of 18.4%, however inflationary pressures continued in the first half of the year and the inflation rate peaked at 20.7% in June. The second half of the year saw the inflationary pressures easing and closing the year's inflation rate at 15.97%. This was against the year end inflation target of 14.6%.

The increase in inflation in the first half of the year emanated from the rise in world market prices for crude oil. At the beginning of 2009 international prices of crude oil stood at US$43.29 a barrel and continued to rise until it peaked at US$93.10 a barrel in August. This subsequently eased to close the year at US$75.20 a barrel.



Source: Bank of Ghana statistics

Interest rate

Over the five year period reviewed, the Bank of Ghana's prime rate was revised periodically as part of monetary policy measures to contain inflationary pressures or mop up any excess liquidity issues.

The year began with the prime rate at 17%. This was revised upwards in March to 18.5% before being reviewed to 18% in November 2009. Changes in the prime rate strongly influenced the lending rates offered by commercial banks as banks revised their base rates in response to these changes.

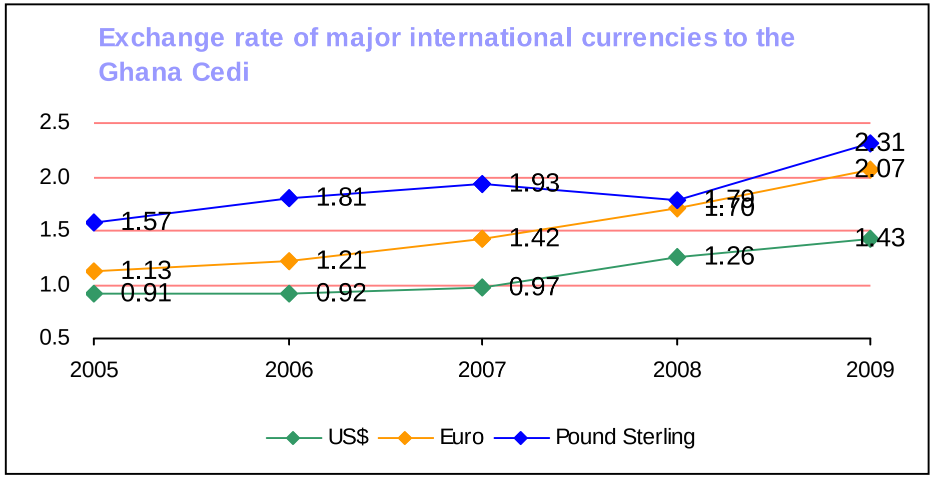
The Ghana Cedi continued to depreciate against all the major international currencies.

Between December 2008 and December 2009, the benchmark 91-day Treasury Bill rate went down by 2% to 22.7%. Similarly, the 182-day Treasury Bill rate declined by 1% to 25.3%.

The rate on the 1-year note was held constant at 20% while the 2-year note increased by 2.5% to 23.5%. The rate on the 3-year note was also held at 14% .

Exchange Rate

During the first three quarters of 2009 the Ghana Cedi weakened sharply and by the end of September, the Ghana Cedi had depreciated by 16%, 32% and 24% against the US Dollar, the British Pound Sterling and the Euro respectively. However, the last quarter of 2009 saw the Ghana Cedi appreciate against all the major currencies by an average of about 2%.



Source: MoFEP 2010 Budget Statement

Overview – the industry

Introduction of the "cheque code-line clearing system" and meeting of minimum capital requirement by foreign banks were the key milestones achieved in 2009...

In 2009 the banking industry witnessed very little activity. No new industry specific laws were enacted. The notable events that occurred during the year are set out below.

Meeting the minimum capital requirement

December 2009 marked the year end that all foreign banks (banks with foreign majority ownership) were to meet the new stated capital requirement of GH¢60 million. Of the fourteen foreign banks in the country, ten were able to comply with the requirement.

Local banks (banks with local majority ownership) are required to meet the minimum capital of GH¢25 million by December 2010. As at December 2009 six local banks had met the requirement.

Introduction of the "cheque code-line clearing system"

The Ghana Inter-Bank Payment and Settlement Systems (GhIPSS) introduced the "cheque code-line clearing system". This system seeks to clear all cheques throughout the country within 48 hours, instead of the three days to three weeks. The improved efficiency in clearing is expected to encourage the use of cheques and reduce the use of cash.

Product development

The banks launched relatively few new products. However, the emerging trend indicates that;

1.Banks are focusing on product s targeted at encouraging children to save at an early stage, and

2.Banks and insurance companies have teamed up to deliver liability based products to customers.

Quartile analysis

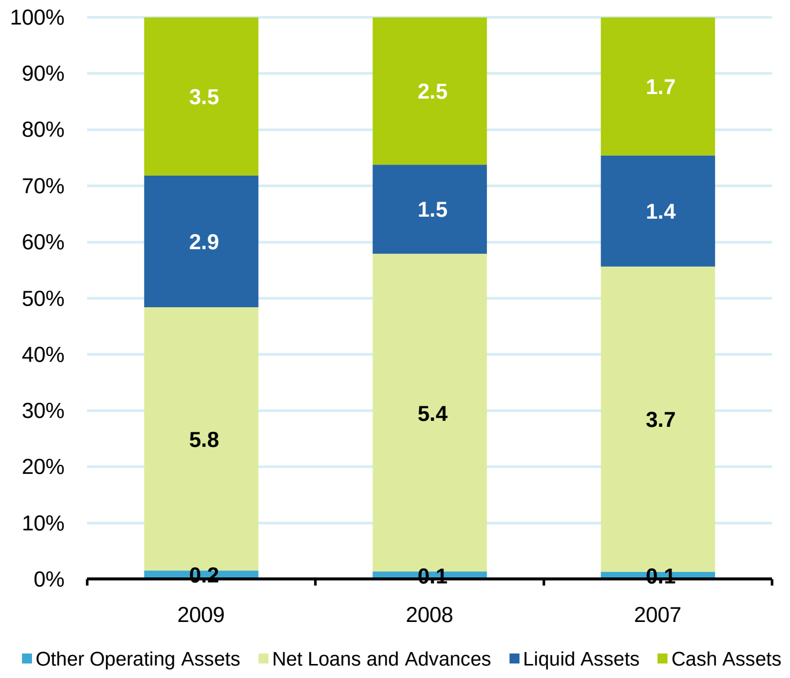
The industry's operating assets increased by 82% from 2007 to 2009 with UGL and UTB more than doubling their operating assets.

Quartile Grouping

In order to ensure reasonable comparison and analysis, we grouped participating banks into quartiles based on the value of their operating assets. We consider banks' operating assets to be the key indicator of their capacity to do business and create stakeholder value. On this basis we have ranked participating banks according to the value of operating assets held at 31 December 2009.

Despite the constraints of unfavourable macro economic trends and the impact of the global recession the industry's total operating assets grew by approximately 82% from about GH¢6.85 million in 2007 to approximately GH¢12.42 million in 2009.

Operating Assets (In billions of Cedis)



Source: Bank's Financial Statements & PwC Analysis

Net loans and advances continued to constitute a greater proportion of industry's operating assets, however its growth rate declined

Trends in operating assets

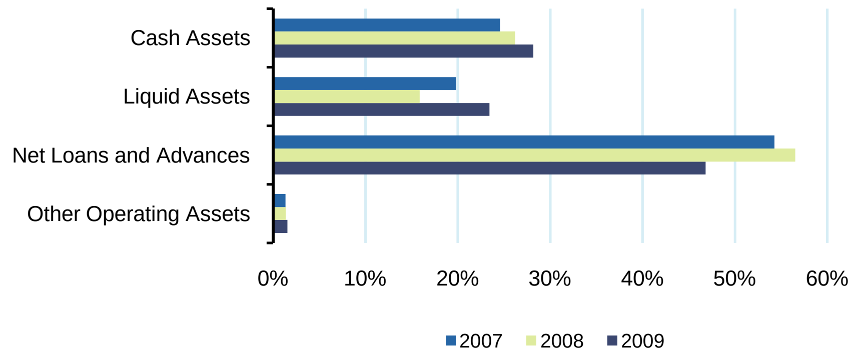
Net loans and advances remained the most significant component of operating assets. However, the growth of 7.5% % in 2009 was slower than the 45% growth in 2008.

The industry's gross loan book grew from GH¢5.7 billion in 2008 to GH¢6.3 billion in 2009. However the gains were eroded by impairment allowances for non-performing loans. The increased default has been attributed to the unfavourable macro- economic conditions that prevailed for most part of the year and perhaps not so good credit decisions made by banks in prior years. This may have been compounded further by the accounting approach which no longer applies a set guideline for defaults but requires banks to demonstrate commitment of future cash flows from borrowers.

The immediate response of the industry was a contraction in granting of new loans as banks adopted improved credit profiling of borrowers and maintained funds in cash and risk free money market instruments. Cash and liquid assets increased by 59% from GH¢4.1 billion in 2008 to GH¢6.4 billion in 2009.

We have shown on the next few pages, a summary of changes in quartile arrangements and industry operating assets rankings.

Composition of operating assets



Source: Bank's Financial Statements & PwC Analysis

EBG, Stanbic, MBG, Fidelity, GTB, UGL, ICB and UTB increased their operating assets by over 50%

(Thousands of Ghana Cedis)

	2009	2008	2007	Change	Δ%	Rank (2009)	Rank (2008)	Δ(Rank)	Quartile(2009)	Quartile(2008)	Quartile Movement
GCB	1,819,507	1,578,491	1,093,864	241,016	15%	1	1	-	1	1	NONE
BBGL	1,324,394	1,275,904	1,090,078	48,490	4%	2	2	-	1	1	NONE
SCB	1,317,695	887,191	730,913	430,504	49%	3	3	-	1	1	NONE
EBG	1,275,266	793,793	604,862	481,473	61%	4	4	-	1	1	NONE
Stanbic	693,445	441,744	346,180	251,701	57%	5	6	1	1	1	NONE
MBG	677,835	418,582	443,711	259,253	62%	6	7	1	1	2	UP
ADB	635,761	529,342	394,208	106,419	20%	7	5	(2)	2	1	DOWN
ZBL	535,130	368,296	140,045	166,834	45%	8	9	1	2	2	NONE
SG-SSB	517,790	410,692	390,220	107,098	26%	9	8	(1)	2	2	NONE
CAL	430,154	314,540	219,799	115,614	37%	10	12	2	2	3	UP
IBG	374,510	267,719	85,429	106,791	40%	11	13	2	2	3	UP
Fidelity	352,631	213,417	142,826	139,215	65%	12	17	5	2	3	UP
ABL	323,999	261,868	140,467	62,131	24%	13	14	1	3	3	NONE
PBL	315,394	260,768	229,023	54,626	21%	14	15	1	3	3	NONE
TTB	301,315	243,601	205,504	57,714	24%	15	16	1	3	3	NONE
GTB	263,633	159,820	34,393	103,813	65%	16	19	3	3	4	UP
UBA	256,956	182,134	86,575	74,822	41%	17	18	1	3	4	UP
HFC	243,108	364,677	155,036	(121,569)	-33%	18	10	(8)	3	2	DOWN
FAMBL	202,532	360,506	159,138	(157,973)	-44%	19	11	(8)	4	2	DOWN
UGL	187,188	90,822	56,915	96,366	106%	20	21	1	4	4	NONE
ICB	166,237	95,520	73,881	70,717	74%	21	20	(1)	4	4	NONE
UTB	96,818	37,526	24,005	59,292	158%	22	22	-	4	4	NONE
ABG	84,749	-	-	84,749	n/a	23	25	2	4	4	NONE
BSIC	17,057	12,231	-	4,826	39%	24	23	(1)	4	4	NONE
Baroda	15,148	10,598	-	4,550	43%	25	24	(1)	4	4	NONE
NIB	-	-	-	-	n/a	n/a	n/a	n/a	n/a	n/a	NONE
Industry	12,428,252	9,579,783	6,847,071								

The industry's total operating assets increased by about 30% with UGL and UTB more than doubling their operating assets

First Quartile Group (Q1)

- Total operating assets of the six banks in Q1 increased by 65% from GH¢4.3 billion in 2007 to GH¢7.1 billion in 2009.
- MBG rejoined the group after its exit in 2008. ADB fell two positions in the ranking and joined Q2.
- GCB lost 1% market share but continues to lead the group with 15% of the industry's total operating assets.

Second Quartile Group (Q2)

- Total Q2 operating assets doubled from GH¢1.4 billion in 2007 to GH¢2.9 billion in 2009.
- CAL, IBG and Fidelity and moved up to Q2 from Q3 in 2008.
- Growth in the "older" banks within the group - ADB and SG-SSB (20% and 26% respectively).

Third Quartile Group (Q3)

- Q3 operating assets doubled from about GH¢0.9 billion in 2007 to GH¢1.7 billion in 2009.
- GTB and UBA moved and to Q3 from Q4.
- HFC lost eight positions in ranking and dropped from Q2 to Q3 as its operating assets reduced by 33%

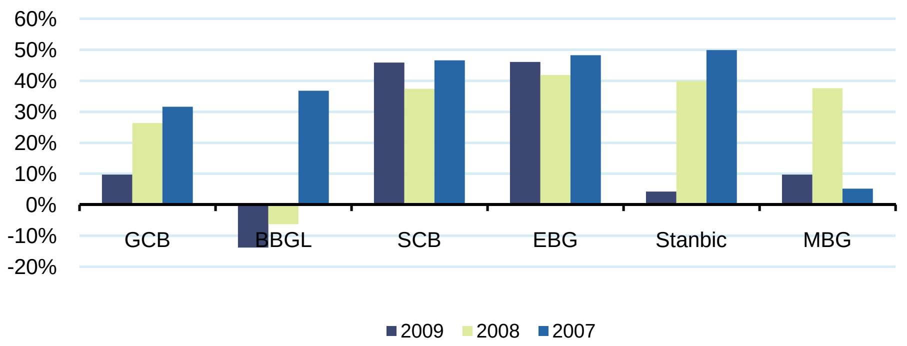
Fourth Quartile Group (Q4)

- The group's operating assets grew from GH¢0.5 billion in 2007 to GH¢0.8 billion in 2009.
- Two relatively new market players ABG and BSIC joined Q4.
- UTB and UGL have the fastest growing operating assets.
- FAMBL fell eight positions from Q2 to Q4 with its operating assets declining by 44% over the three years.

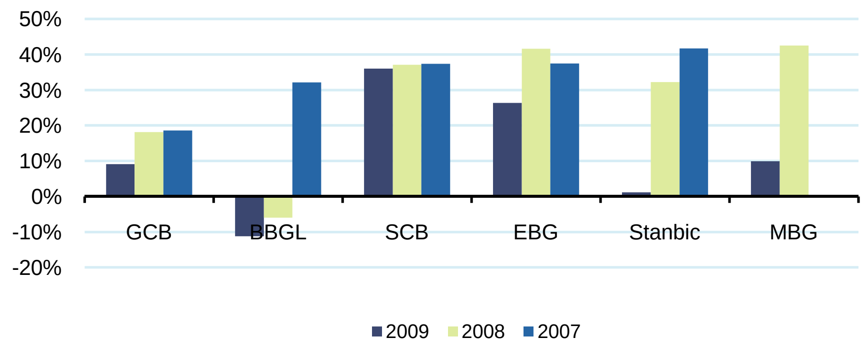
First Quartile Banks

EBG and Stanbic increased their share of industry deposits while SCB, BBGL and GCB's share of deposits declined. GCB continues to lead the group in overall share of industry net advances

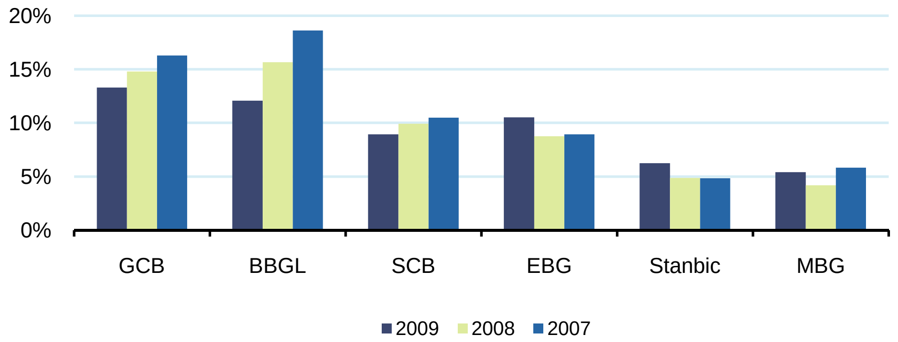
First Quartile Banks - Profit before tax margin



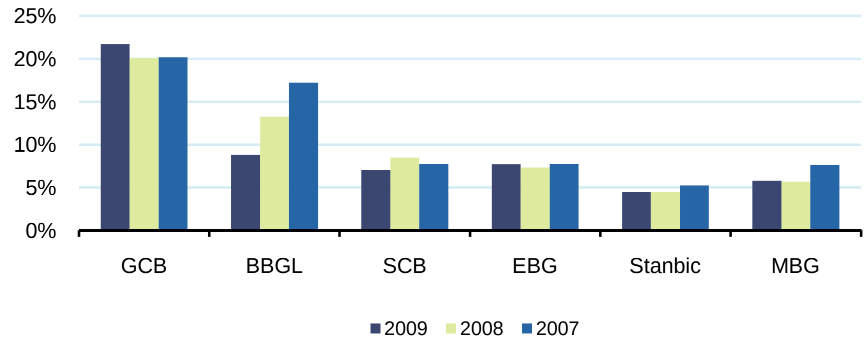
First Quartile Banks - Return on equity



First Quartile Banks - Share of industry deposits

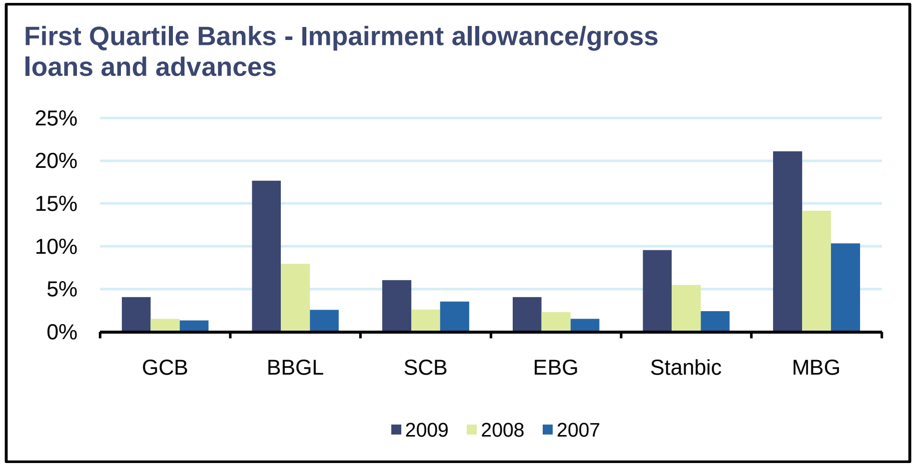


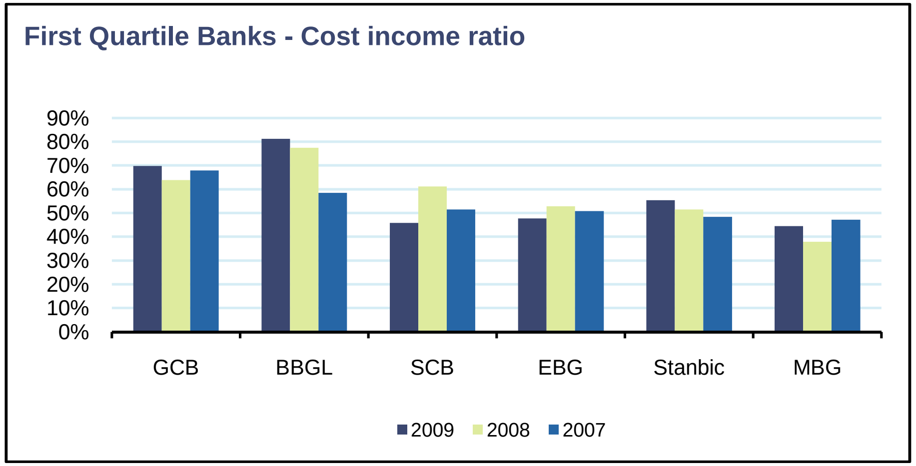
First Quartile Banks - Share of industry advances



First Quartile Banks

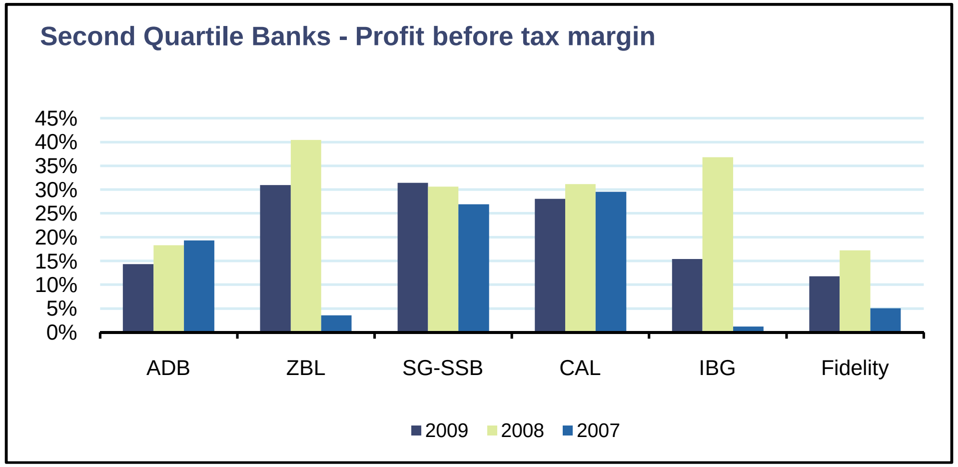
The quality of BBGL and MBG's loans and advances declined. Except MBG cost income ratio of banks in this group was above 50%

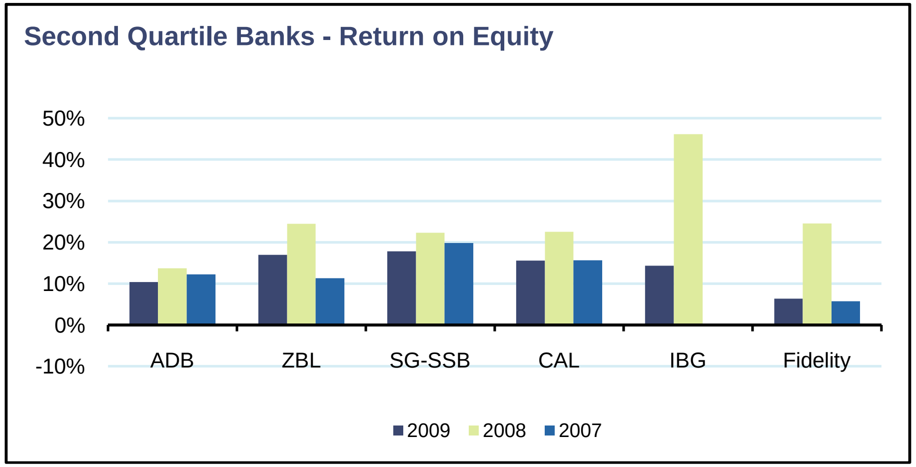


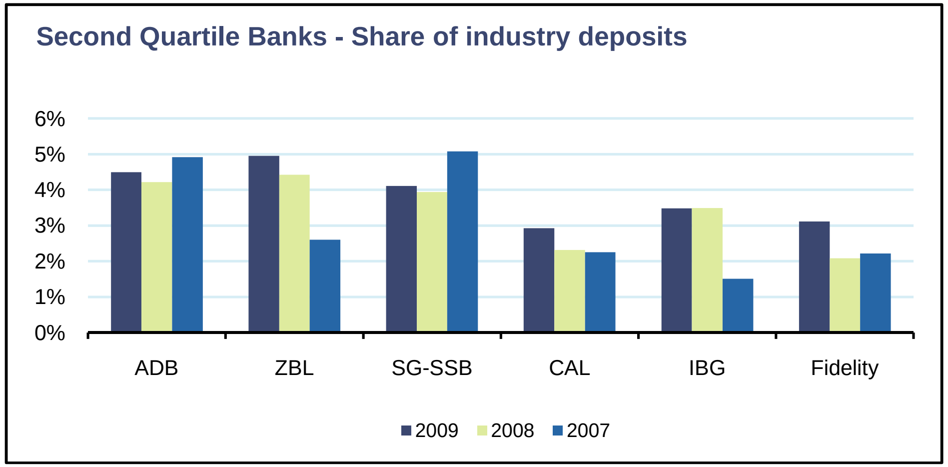


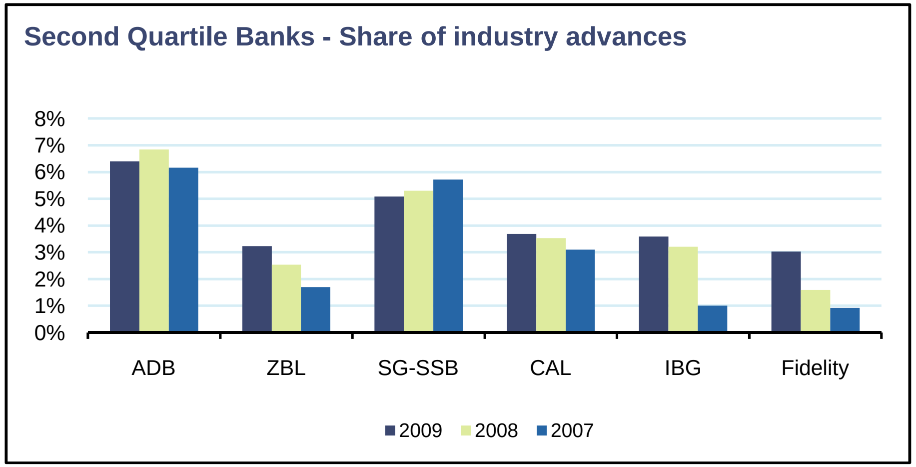
Second Quartile Banks

ZBL holds the largest share of industry deposits in the group while ADB holds the largest share of net advances. SG-SSB was the only bank in the group to record an increase in profit before tax margin



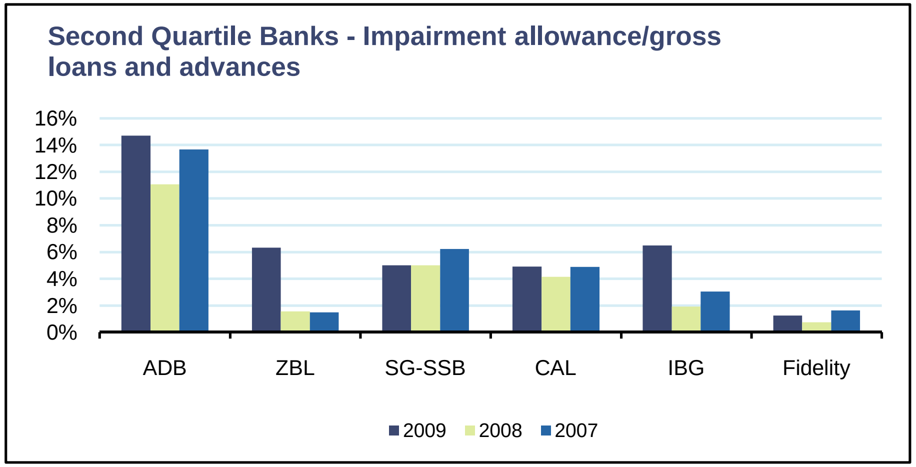


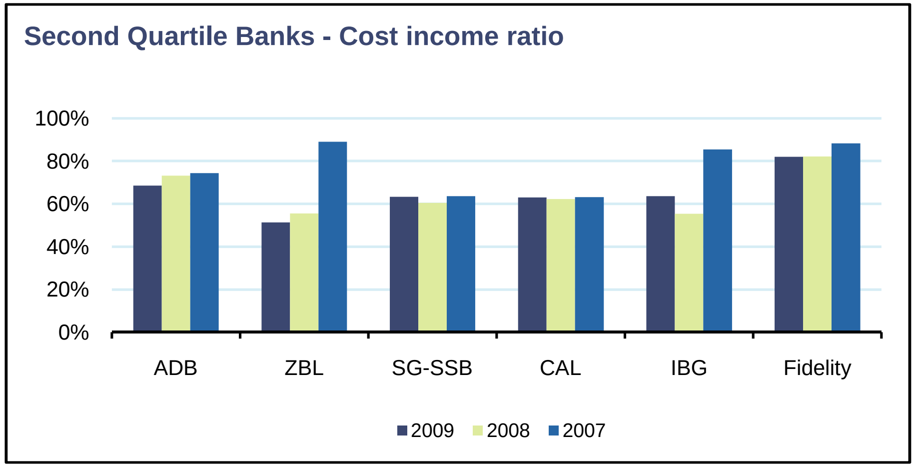




Second Quartile Banks

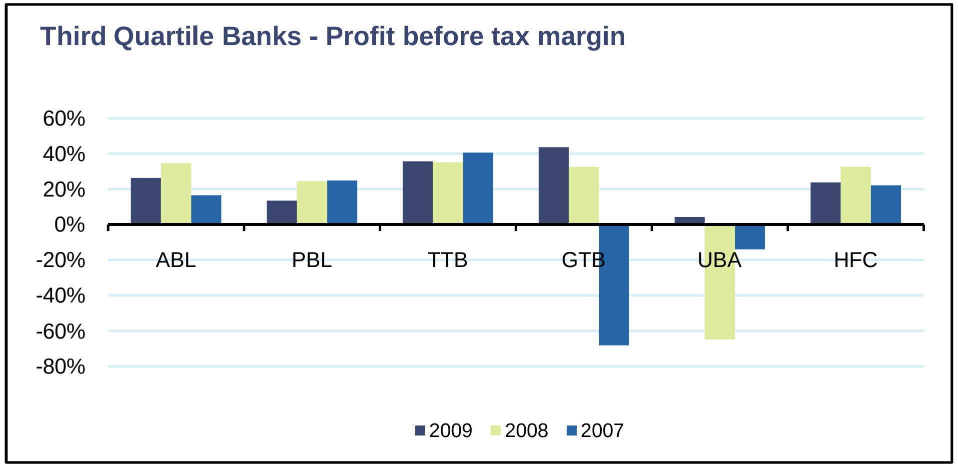
The quality of ADB's loan portfolio declined while ZBL improved its cost income ratio

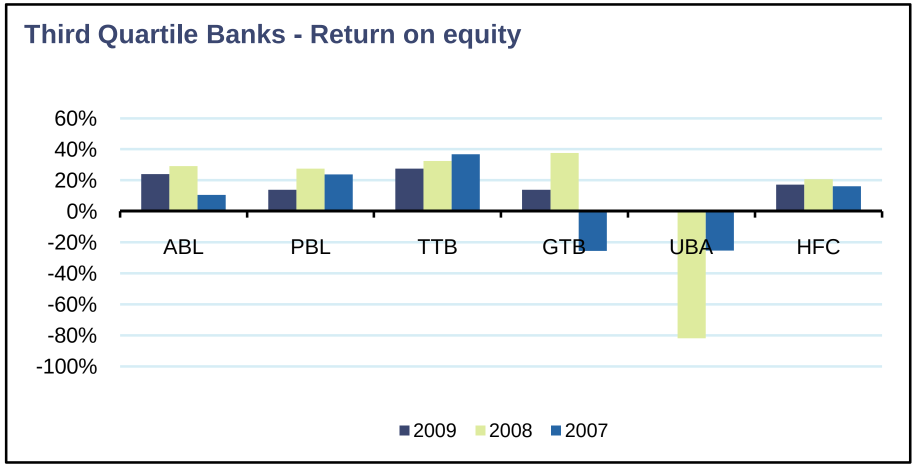


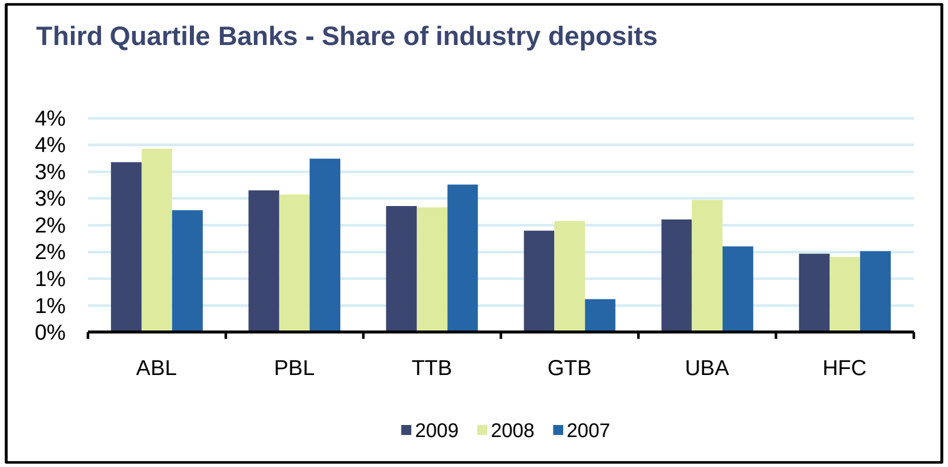


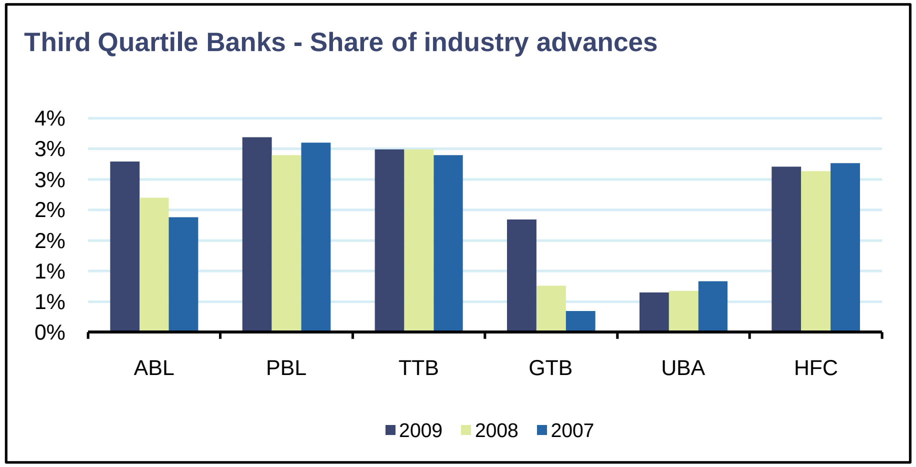
Third Quartile Banks

ABL and PBL hold the highest share of industry deposits and advances respectively among the Q3 banks while GTB fully recovered its operation cost...



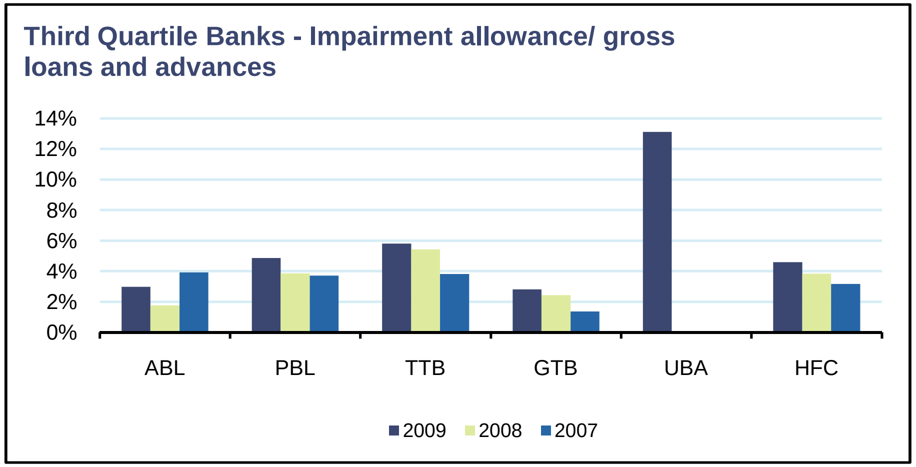


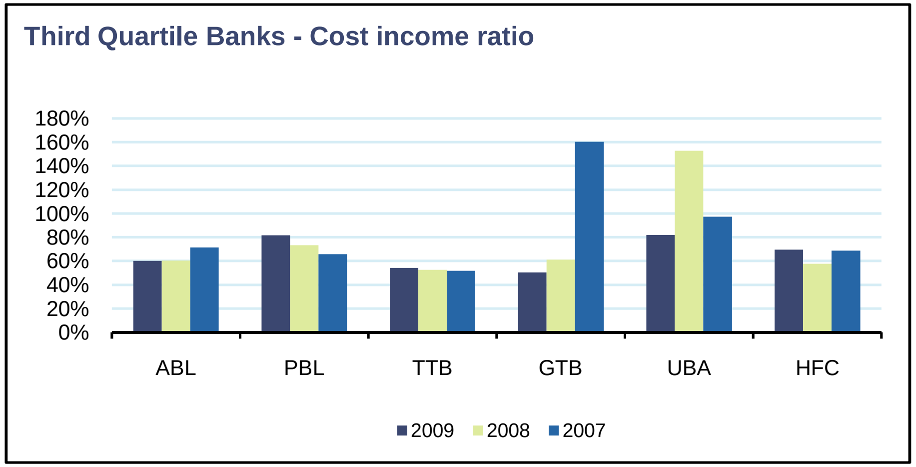




Third Quartile Banks

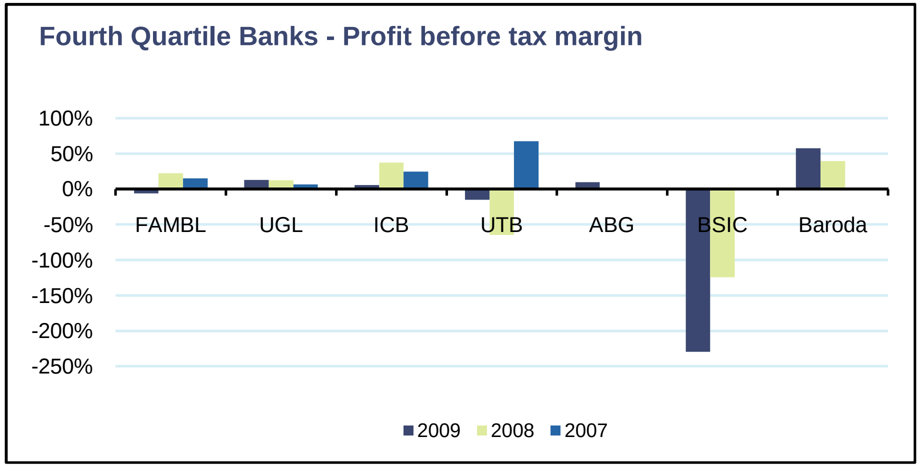
The quality of assets of the Q3 banks declined with all banks recording an increase in loan impairment allowances

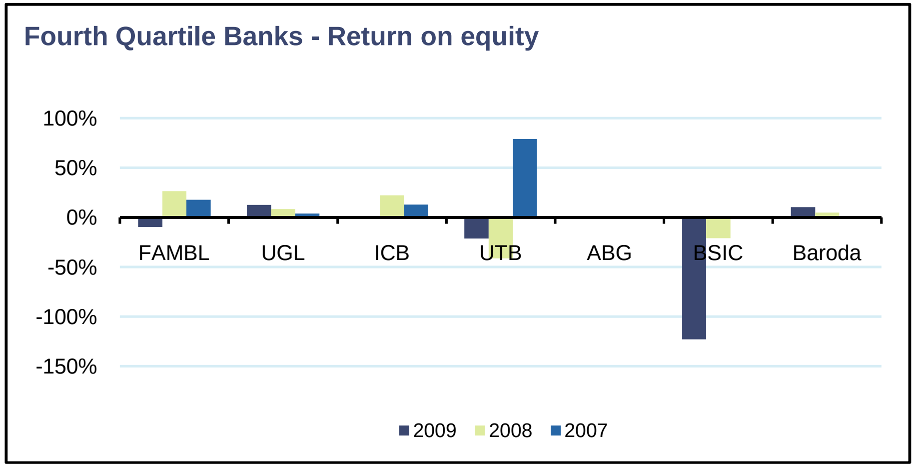


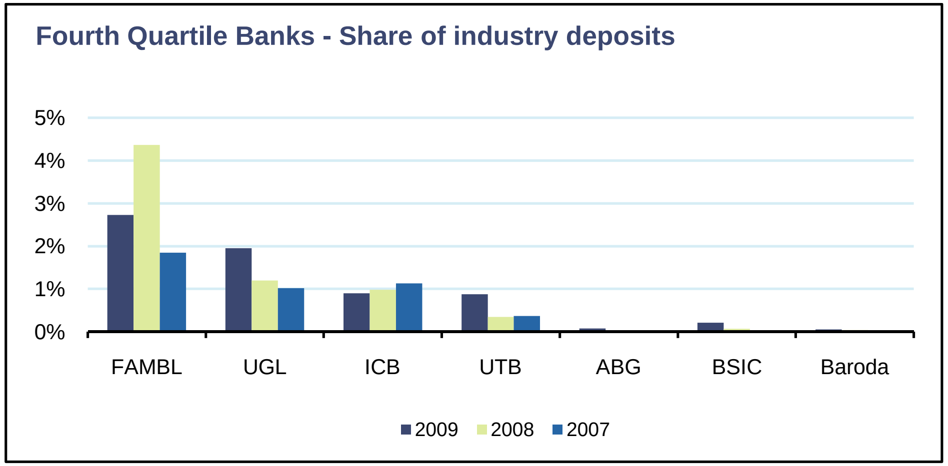


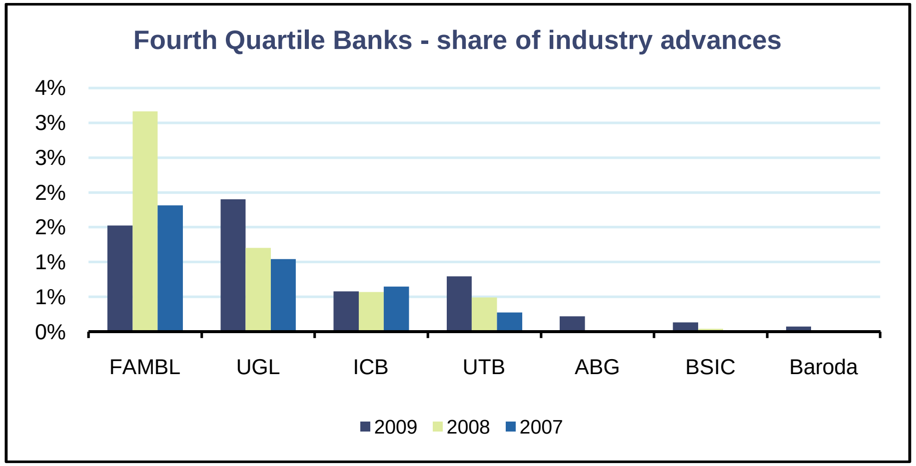
Fourth Quartile Banks

FAMBL leads the group in terms of deposits. UGL significantly increased its share of the industry deposits

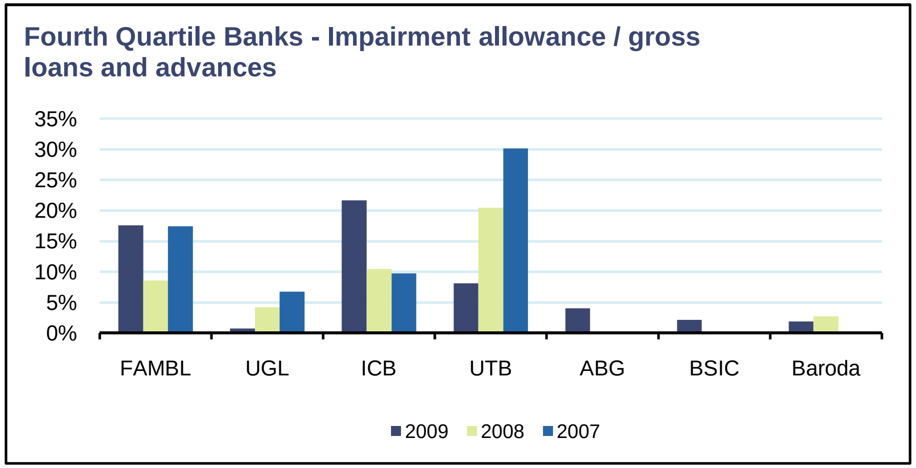


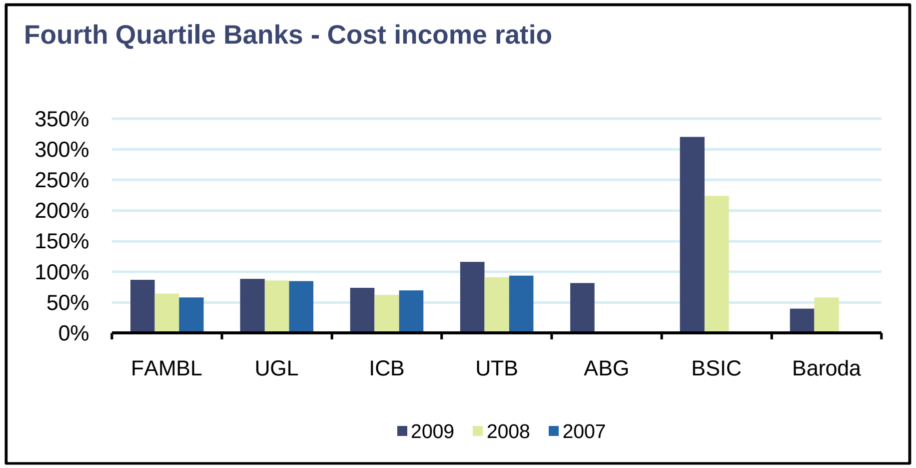






UTB's impairment allowance to gross loans and advances improved over the past three years ... Except Baroda the cost income ratio worsened





Market share analysis

Industry's total assets grew by 30% between 2008 and 2009; GCB and BBGL were the biggest losers but continued to lead…

Share of industry total assets

The total assets of the industry grew from GH¢ 10.3 billion in 2008 to GH¢ 13.4 billion in 2009. GCB and BBGL maintained their lead rankings at the top spot but together lost 4.3% market share. They had met the minimum capital requirement at the end of the year. GCB grew organically through value created from their operations.

The other banks in Q1 were the industry's big gainers. At various times during the year EBG, SCB and Stanbic raised capital through public offers, rights issue and private placements amounting to GH¢175 million.

HFC and FAMBL were the most challenged in loosing market share of operating assets. These banks lost almost 50% of their market share and slipped from quartile 2 grouping in 2008 to quartile 3 and 4 respectively in 2009.

HFC's loss of market share was mainly attributable to a significant reduction in cash assets.

Despite contributing less than 4% of the industry's total assets, UGL, ICB and UTB are growing rapidly and more than doubled their operating assets during the year.

Share of industry total assets

	2009	R	2008	R	2007	R
GCB	14.3%	1	15.9%	1	15.6%	2
BBGL	10.8%	2	13.4%	2	16.2%	1
SCB	10.5%	3	9.5%	3	10.5%	3
EBG	10.1%	4	8.5%	4	8.8%	4
ADB	5.5%	5	6.0%	5	6.4%	5
Stanbic	5.3%	6	4.4%	6	4.8%	8
MBG	5.2%	7	4.3%	7	6.3%	6
SG-SSB	4.3%	8	4.2%	8	5.7%	7
ZBL	4.1%	9	3.8%	9	2.1%	14
CAL	3.4%	10	3.2%	12	3.2%	10
IBG	3.2%	11	2.9%	14	1.4%	17
Fidelity	2.7%	12	2.1%	17	2.0%	16
ABL	2.6%	13	2.9%	13	2.0%	15
PBL	2.5%	14	2.7%	15	3.3%	9
TTB	2.3%	15	2.4%	16	3.0%	11
FAMBL	2.2%	16	3.6%	11	2.3%	12
GTB	2.1%	17	1.7%	19	0.6%	21
UBA	2.0%	18	1.9%	18	1.3%	18
HFC	1.9%	19	3.6%	10	2.2%	13
UGL	1.6%	20	1.1%	20	1.0%	20
ICB	1.4%	21	1.0%	21	1.1%	19
UTB	0.8%	22	0.4%	22	0.4%	22
ABG	0.7%	23	N/A		N/A	
BSIC	0.2%	24	0.1%	23	0.0%	23
Baroda	0.1%	25	0.1%	24	0.0%	23
NIB	N/A		N/A		N/A	
Industry	**100.0%**		**100.0%**		**100.0%**	

GCB, BBGL,SCB, EBG and Stanbic account for more than 51% of the industry's total deposits

Share of industry deposits

The industry shows a strong growth in deposits during the year. Between 2008 and 2009 deposits grew by 25% from GH¢7.6 billion in 2008 to GH¢9.5 billion in 2009. Between 2007 and 2008 the industry only achieved a 10% increase from GH¢ 6.8 billion to GH¢7.6 billion.

GCB outperformed BBG and now holds the largest share of the industry's deposits. The two banks leveraged on their extensive branch network to mobilise deposits. Their relative rankings are not surprising as they operate the largest number of branches in the industry. In total, the number of branches for both banks accounted for 45% of the industry's branches in 2009.

Notwithstanding SCB's 12% increase in its total deposits in 2009, the bank's market share fell by 1% and lost its third place to EBG in 2009.

EBG and Stanbic gained 3% market share in deposits. FAMBL (Q4), UBA (Q3), GTB (Q3) and ICB (Q4) lost their previous year's market shares. FAMBL was the hardest hit. The bank's total deposits declined by 22% between 2008 to 2009 from GH¢67.4 million in 2008 to GH¢ 20.5 million in 2009.

BSIC, ABG and Baroda are yet to establish a strong market presence.

Share of industry deposits

	2009	R	2008	R	2007	R
GCB	13.3%	1	14.8%	2	16.3%	2
BBGL	12.1%	2	15.7%	1	18.6%	1
EBG	10.5%	3	8.7%	4	8.9%	4
SCB	8.9%	4	9.9%	3	10.5%	3
Stanbic	6.2%	5	4.9%	5	4.8%	8
MBG	5.4%	6	4.2%	9	5.8%	5
ZBL	4.9%	7	4.4%	6	2.6%	11
ADB	4.5%	8	4.2%	8	4.9%	7
SG-SSB	4.1%	9	3.9%	10	5.1%	6
IBG	3.5%	10	3.5%	11	1.5%	18
ABL	3.2%	11	3.4%	12	2.3%	12
Fidelity	3.1%	12	2.1%	17	2.2%	14
CAL	2.9%	13	2.3%	16	2.3%	13
FAMBL	2.7%	14	4.4%	7	1.8%	15
PBL	2.7%	15	2.6%	13	3.2%	9
TTB	2.4%	16	2.3%	15	2.8%	10
UBA	2.1%	17	2.5%	14	1.6%	16
UGL	2.0%	18	1.2%	20	1.0%	20
GTB	1.9%	19	2.1%	18	0.6%	21
HFC	1.5%	20	1.4%	19	1.5%	17
ICB	0.9%	21	1.0%	21	1.1%	19
UTB	0.9%	22	0.3%	22	0.4%	22
BSIC	0.2%	23	0.1%	23	0.0%	23
ABG	0.1%	24	N/A		N/A	
Baroda	0.1%	25	0.0%	24	0.0%	23
NIB	N/A		N/A		N/A	
Industry	**100.0%**		**100.0%**		**100.0%**	

The 11% growth in industry's gross loan book is the slowest in the last three years

Share of industry advances

2009 had the slowest growth in industry loans and advances over the last five years. Gross loans and advances grew by 11% in 2009 compared to 47% in 2008. Banks were more cautious in lending because of the heightened credit risk from uncertain macro-economic conditions.

GCB continued to be the dominant lender in the industry, with a concentration of its loan book in the Commerce and Finance sector.

BBGL maintained its second ranking over the three year period. However its share of the industry's advances has declined over the same period.

BBGL and SCB perhaps had the lowest lending appetites, with their gross book shrinking by 20% and 8% respectively in 2009. Their allowance for impairment increased by 71% and 115% respectively.

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The investment decisions of these banks appear to be more conservative as government securities held by them banks increased from GH¢390 million in 2008 to GH¢985 million in 2009.

Overall, none of the banks gained more than two percentage points on their previous year's share of the industry's loans and advances. Fidelity, however, made impressive gains having doubled the size of its gross loans and advances.

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Share of industry gross loans and advances

	2009	R	2008	R	2007	R
GCB	21.7%	1	20.1%	1	20.2%	1
BBGL	8.8%	2	13.3%	2	17.2%	2
EBG	7.7%	3	7.3%	4	7.8%	3
SCB	7.0%	4	8.5%	3	7.7%	4
ADB	6.4%	5	6.8%	5	6.2%	6
MBG	5.8%	6	5.7%	6	7.6%	5
SG-SSB	5.1%	7	5.3%	7	5.7%	7
Stanbic	4.5%	8	4.5%	8	5.3%	8
CAL	3.7%	9	3.5%	9	3.1%	10
IBG	3.6%	10	3.2%	10	1.0%	17
ZBL	3.2%	11	2.5%	15	1.7%	15
PBL	3.2%	12	2.9%	13	3.1%	9
Fidelity	3.0%	13	1.6%	17	0.9%	18
TTB	3.0%	14	3.0%	12	2.9%	11
ABL	2.8%	15	2.2%	16	1.9%	13
HFC	2.7%	16	2.6%	14	2.8%	12
UGL	1.9%	17	1.2%	18	1.0%	16
GTB	1.8%	18	0.8%	19	0.3%	21
FAMBL	1.5%	19	3.2%	11	1.8%	14
UTB	0.8%	20	0.5%	22	0.3%	22
UBA	0.7%	21	0.7%	20	0.8%	19
ICB	0.6%	22	0.6%	21	0.7%	20
ABG	0.2%	23	N/A		N/A	
BSIC	0.1%	24	0.0%	23	0.0%	23
Baroda	0.1%	25	0.0%	24	0.0%	23
NIB	N/A		N/A		N/A	
Industry	**100.0%**		**100.0%**		**100.0%**	

Profitability and efficiency

The industry Profit Before Tax margin declined from 30.4% in 2007 to 19.7% in 2009

Profit margins

Over the survey period, the industry profit before tax has declined from 30.4% in 2007 to 19.7% in 2009. The total income of the industry more than doubled (from GH¢793 million in 2007 to GH¢1.5 billion in 2009) over the period. However the rapid deterioration of the industry's loan portfolio adversely impacted profit margins. Impairment charges for non-performing loans increased over the three year period, from GH¢ 60 million in 2007 to GH¢266 million in 2009.

EBG lost its first ranking in 2009 as Baroda moved to the top position on profitability. Baroda had limited exposure to loans and advances in 2009 and did not suffer the high impairment charge facing most banks in the industry.

GTB's performance over the survey period was remarkable. The bank made significant strides by moving from 24th position in 2007 to 4th position in 2009.

The loan profitability of GTB's loan book improved from 10.6 % in 2007 to 19.3% in 2009. Further the bank also appears to control its cost with a cost income ratio of 50%,which is below the 63% industry average.

Stanbic's PBT margin shrunk the most in 2009 causing the bank to drop from 3rd to 20th position. The fall was largely caused by a surge in impairment charge in 2009, which increased from GH¢5 million to GH¢32 million.

UBA is recovering from its losses and posted a profit in 2009. FAMBL was unable to recover its cost and now moves to join UTB and BBGL in the loss making group. Overall, BSIC had the lowest ranking and also failed to recover its operating costs in the year.

Profit before tax margin

	2009	R	2008	R	2007	R
Baroda	57.8%	1	39.5%	4	0.0%	21
EBG	46.1%	2	41.9%	1	48.2%	3
SCB	45.9%	3	37.4%	7	46.6%	4
GTB	43.7%	4	32.6%	12	-68.2%	24
TTB	35.7%	5	35.1%	9	40.6%	5
SG-SSB	31.4%	6	30.6%	14	26.9%	9
ZBL	30.9%	7	40.5%	2	3.6%	19
CAL	28.0%	8	31.2%	13	29.5%	8
ABL	26.4%	9	34.5%	10	16.6%	14
HFC	23.8%	10	32.6%	11	22.1%	12
IBG	15.4%	11	36.8%	8	1.2%	20
ADB	14.4%	12	18.3%	18	19.3%	13
PBL	13.4%	13	24.6%	16	24.9%	10
UGL	12.8%	14	12.4%	20	6.6%	16
Fidelity	11.7%	15	17.2%	19	5.1%	18
ABG	9.9%	16	N/A		N/A	
GCB	9.8%	17	26.4%	15	31.6%	7
MBG	9.7%	18	37.6%	5	5.1%	17
ICB	5.7%	19	37.5%	6	24.6%	11
Stanbic	4.2%	20	39.9%	3	49.9%	2
UBA	4.2%	21	-64.9%	23	-14.0%	23
FAMBL	-5.9%	22	22.5%	17	15.0%	15
BBGL	-13.8%	23	-6.3%	21	36.8%	6
UTB	-14.9%	24	-64.7%	22	67.6%	1
BSIC	-229.5%	25	-124.2%	24	0.0%	21
NIB	N/A		N/A		N/A	
Industry	19.7%		26.1%		30.4%	

Smaller banks had higher net interest margins... Baroda maintained its lead ranking.

Net interest margin

Interest on government securities remained attractive for the three year period thus making it expensive for banks to attract depositors. As depositors preferred investments in government instruments to bank deposits. That notwithstanding, smaller banks managed to improve their net interest margin (NIM).

Baroda maintained its lead ranking due to its minimal asset base. The loans granted by the bank was less than 1% of the industry's total loans and advances.

GTB increased its net interest income by five times from GH¢ 6 million in 2008 and GH¢ 29 m. The increase was driven mainly by interest earned from loans and advances. Unlike most banks, GTB's investment in government securities increased by only 3% in 2009 .

Similar to Baroda, BSIC's fourth ranking was as result of its relatively small asset base. BSIC's total operating asset account for less than 1% of the industry's total operating assets.

Overall, UTB's NIM shrunk most in 2009 and resulted in the bank loosing its 2nd position to 8th position.

ABL, ZBL and FAMBL were the lowest ranked in terms of NIM on the chart. Although all of these banks managed to increase their interest income appreciably between 2007 and 2009, significant increase in interest paid to depositors impacted adversely on their NIMs.

Net interest margin

	2009	R	2008	R	2007(I)	R
Baroda	13.2%	1	19.4%	1	0.0%	23
GTB	12.4%	2	5.5%	21	3.2%	22
TTB	10.9%	3	10.1%	4	9.8%	3
BSIC	6.6%	14	17.2%	2	0.0%	23
BBGL	10.2%	4	8.6%	10	8.7%	9
SG-SSB	10.2%	5	9.5%	6	8.8%	8
SCB	10.0%	6	8.7%	9	8.6%	10
MBG	9.5%	7	9.5%	7	9.0%	6
ABG	9.1%	8	N/A		N/A	
UGL	7.9%	9	9.6%	5	8.9%	7
ICB	7.5%	10	7.1%	13	6.1%	18
GCB	7.4%	11	9.4%	8	9.4%	4
Stanbic	7.2%	12	7.5%	11	7.3%	12
EBG	7.0%	13	5.8%	19	6.6%	16
HFC	6.3%	15	6.1%	16	9.1%	5
PBL	6.2%	16	6.6%	15	7.0%	14
ADB	6.2%	17	7.2%	12	7.0%	13
UTB	5.9%	18	11.6%	3	11.5%	2
UBA	5.8%	19	5.2%	22	12.8%	1
CAL	5.7%	20	5.7%	20	6.1%	19
IBG	5.3%	21	5.8%	18	8.5%	11
Fidelity	5.2%	22	3.8%	23	3.6%	21
ABL	5.2%	23	6.6%	14	6.6%	17
ZBL	4.7%	24	6.1%	17	4.7%	20
FAMBL	3.4%	25	3.7%	24	6.8%	15
NIB	N/A		N/A		N/A	
Industry	7.7%		6.6%		6.7%	

Returns to shareholders

Industry Return on Equity reduced from 22% in 2008 to 12.1% in 2009

Return on equity (ROE)

The industry's net spread did not change significantly at 6.5% in 2009 compared to 6.7% in 2008 as the increase in interest rates charged by banks on loans and advances was matched by increased cost of borrowing. The industry's cost income ratio driven primarily by employee costs also remained constant at 63%. Profit after tax margin, however declined from 20% in 2008 to 14.4% in 2009 mainly due to declining loan asset quality.

By 31 December 2009 ten banks with majority foreign ownership had increased their stated capital to at least GH¢60 million to meet the minimum regulatory capital requirement. Some of the local banks also increased their stated capital. This raised the industry's stated capital from GH¢0.4 billion in 2008 to GH¢1.1 billion in 2009. The capital injection largely contributed to the increase in the industry's total shareholders' funds from GH¢1.1 billion in 2008 to GH¢1.8 billion in 2009.

The increase in shareholders' funds coupled with a decrease in the industry's profit after tax margin adversely affected ROE, leading to a drop from 22% in 2008 to 12.1% in 2009.

SCB appears to be consistent in bringing high returns to shareholders over the last three years, emerging with a ROE of 36% for 2009, which is three times the industry average. SCB's performance is reinforced by the fact that its profit after tax of GH¢58 million contributes 28% of the industry's profit before tax.

IBG and MBG recorded the highest ROE in 2008 but experienced significant declines in in 2009, falling to 9th and 15th positions respectively. UBA improved on its 2008 performance to generate a positive return in 2009.

BSIC, UTB, BBGL and FAMBL recorded negative ROEs in 2009 because they were unable to generate profits from their operations during the year.

Return on equity

	2009	R	2008	R	2007	R
SCB	36.0%	1	37.1%	5	37.4%	4
TTB	27.5%	2	32.5%	6	36.8%	5
EBG	26.4%	3	41.6%	3	37.5%	3
ABL	24.1%	4	29.2%	8	10.5%	16
SG-SSB	17.8%	5	22.3%	15	19.8%	8
HFC	17.2%	6	20.8%	16	16.1%	11
ZBL	16.9%	7	24.5%	12	11.3%	15
CAL	15.6%	8	22.5%	13	15.6%	12
IBG	14.3%	9	46.1%	1	-0.3%	22
PBL	13.8%	10	27.6%	9	23.8%	7
GTB	13.8%	11	37.7%	4	-25.6%	24
UGL	12.7%	12	8.4%	19	4.0%	18
ADB	10.4%	13	13.7%	18	12.2%	14
Baroda	10.4%	14	5.0%	20	0.0%	20
MBG	10.0%	15	42.5%	2	0.1%	19
GCB	9.1%	16	18.2%	17	18.6%	9
Fidelity	6.4%	17	24.5%	11	5.7%	17
Stanbic	1.2%	18	32.2%	7	41.7%	2
UBA	1.1%	19	-82.0%	24	-25.4%	23
ICB	0.7%	20	22.4%	14	13.0%	13
ABG	0.6%	21	N/A		N/A	
FAMBL	-9.5%	22	26.6%	10	17.9%	10
BBGL	-11.2%	23	-6.0%	21	32.2%	6
UTB	-21.1%	24	-41.2%	23	79.2%	1
BSIC	-122.9%	25	-21.0%	22	0.0%	20
NIB	N/A		N/A		N/A	
Industry	**12.1%**		**21.7%**		**22.2%**	

Asset quality

Asset quality of most banks deteriorated perhaps due to the adverse impact of the global credit crisis on the economy

The quality of banks' loans and advances deteriorated in 2009. The industry's average impairment charge for the year to gross loans almost doubled from 2.2% in 2008 to 4.2% in 2009. The cumulative impairment allowance to the gross loans worsened from 5.2% in 2008 to 8.2% in 2009. Increased cost of funds, inflation, depreciation of the Cedi and the delay by government in paying contractors and other service providers were the key factors lenders cited for the worsened asset quality.

The miscellaneous segment, which includes personal loans, declined by 4% as most banks tightened retail loan and consumer credit.

The industry concentration indicates a shift towards the utilities and construction sector primarily due to the industry support in developing infrastructure in the telecommunication sector and rehabilitating the power sector.

UTB and UGL improved on their loan recoveries and reversed part of the impairment charges incurred in previous years.

The quality of Stanbic's asset declined the most with a loan loss ratio of 10.9% compared to the industry average of 4.2%.

BBGL was the next in line with a loan loss ratio of 9.8%, followed by MBG and UBA with a ratio of 9.6% and 8.6% respectively.

Impairment charge/ gross loans and advances

	2009	R	2008	R	2007	R
UGL	-0.3%	1	0.4%	6	1.6%	17
UTB	-0.2%	2	12.2%	24	-18.9%	1
PBL	0.8%	3	0.4%	5	1.6%	16
Fidelity	0.9%	4	0.1%	3	1.5%	15
Baroda	1.0%	5	2.5%	19	0.0%	2
HFC	1.1%	6	1.6%	13	1.1%	9
SG-SSB	1.4%	7	2.1%	18	2.4%	20
CAL	1.5%	8	1.1%	9	1.4%	11
EBG	2.0%	9	1.4%	12	0.2%	5
GTB	2.0%	10	2.0%	17	1.4%	12
BSIC	2.1%	11	0.0%	1	0.0%	2
TTB	2.4%	12	2.7%	20	1.7%	18
FAMBL	2.6%	13	1.1%	10	5.3%	22
ABL	2.7%	14	1.1%	11	2.1%	19
GCB	2.8%	15	0.8%	7	0.1%	4
SCB	3.5%	16	0.4%	4	0.6%	7
ADB	3.6%	17	1.7%	14	1.4%	13
ABG	4.0%	18	N/A		N/A	
IBG	5.0%	19	1.7%	15	3.3%	21
ZBL	5.2%	20	0.9%	8	1.3%	10
ICB	6.2%	21	0.1%	2	1.4%	14
UBA	8.6%	22	3.2%	21	6.0%	23
MBG	9.6%	23	5.4%	22	8.0%	24
BBGL	9.8%	24	6.0%	23	0.8%	8
Stanbic	10.9%	25	1.8%	16	0.3%	6
NIB	N/A		N/A		N/A	
Industry	**4.2%**		**2.2%**		**1.5%**	

UGL, TTB and ABL led the way in loan portfolio profitability...

Overall, the industry average for loan portfolio profitability improved by 3.1% between 2008 and 2009. This is attributable to the high interest rates that prevailed during the period.

UGL continued to maintain its top position with a 27% loan portfolio profitability ratio (2008: 22%). Two other top performers were TTB with a loan profitability ratio of 25% (2008:17%) and that for ABL of 22% loan profitability ratio (2008:17%).

Notwithstanding the improved industry average ratio, ICB, Stanbic and BBGL experienced a downward trend in 2009.

Twelve banks performed below the industry average of 15.7% with ADB, BBGL and Stanbic being the least performers.

Impairment allowance/ gross loans and advances

	2009	R	2008	R	2007	R
UGL	0.7%	1	4.2%	15	6.8%	19
Fidelity	1.3%	2	0.8%	3	1.6%	8
Baroda	1.9%	3	2.8%	11	0.0%	1
BSIC	2.1%	4	0.0%	1	0.0%	1
GTB	2.8%	5	2.4%	9	1.4%	5
ABL	3.0%	6	1.8%	6	3.9%	16
ABG	4.0%	7	N/A		N/A	
EBG	4.0%	8	2.3%	8	1.5%	7
GCB	4.0%	9	1.5%	4	1.3%	4
HFC	4.6%	10	3.8%	12	3.2%	12
PBL	4.9%	11	3.9%	13	3.7%	14
CAL	4.9%	12	4.1%	14	4.9%	17
SG-SSB	5.0%	13	5.0%	16	6.2%	18
TTB	5.8%	14	5.4%	17	3.8%	15
SCB	6.0%	15	2.6%	10	3.5%	13
ZBL	6.3%	16	1.6%	5	1.5%	6
IBG	6.5%	17	1.9%	7	3.0%	11
UTB	8.1%	18	20.5%	24	30.2%	24
Stanbic	9.5%	19	5.5%	18	2.4%	9
UBA	13.1%	20	0.0%	1	0.0%	1
ADB	14.7%	21	11.1%	22	13.7%	22
FAMBL	17.6%	22	8.6%	20	17.4%	23
BBGL	17.7%	23	8.0%	19	2.6%	10
MBG	21.1%	24	14.1%	23	10.3%	21
ICB	21.7%	25	10.5%	21	9.8%	20
NIB	N/A		N/A		N/A	
Industry	8.2%		5.2%		4.6%	

Loan portfolio profitability

	2009	R	2008	R	2007	R
UGL	27.0%	1	21.5%	1	14.1%	5
TTB	25.3%	2	17.4%	5	16.5%	3
ABL	22.2%	3	17.1%	6	11.3%	12
HFC	22.0%	4	17.8%	4	16.7%	2
PBL	21.4%	5	16.8%	7	14.0%	7
CAL	20.9%	6	14.0%	9	14.0%	6
IBG	20.6%	7	10.9%	16	12.7%	9
FAMBL	20.2%	8	7.9%	20	11.3%	11
ZBL	19.9%	9	19.6%	2	9.7%	17
GTB	19.3%	10	11.9%	14	10.6%	14
Fidelity	18.1%	11	13.0%	11	5.4%	21
SCB	18.0%	12	13.6%	10	14.8%	4
UTB	17.8%	13	4.1%	22	36.2%	1
BSIC	15.4%	14	3.3%	23	0.0%	22
GCB	14.6%	15	12.3%	13	9.8%	16
SG-SSB	14.5%	16	9.9%	18	8.5%	20
EBG	13.8%	17	9.4%	19	9.3%	18
MBG	13.2%	18	12.8%	12	10.2%	15
ABG	13.0%	19	N/A		N/A	
ICB	12.2%	20	18.8%	3	13.3%	8
UBA	11.8%	21	-3.2%	24	-6.0%	24
Baroda	11.2%	22	6.4%	21	0.0%	22
ADB	10.9%	23	10.1%	17	9.2%	19
BBGL	10.3%	24	11.2%	15	11.2%	13
Stanbic	8.4%	25	16.2%	8	11.7%	10
NIB	N/A		N/A		N/A	
Industry	15.7%		12.6%		11.1%	

Liquidity

The industry's liquidity, as measured by the rate of liquid funds to total deposits, edged up significantly and remained fairly high...

The banking sector's asset portfolio witnessed significant adjustments 2009. Most banks shifted their focus from loans to government securities. The industry's liquid assets to total deposits increased from 0.53 in 2008 to 0.68 in 2009.

ABG's strong liquidity position is attributable to the funds held from the initial capital injection at start up. The bank is at an early stage of mobilising deposits as part of its funds for operation.

HFC's liquidity was boosted in 2008 by the funds it held for third parties. On settlement of these non interest bearing obligations in 2009 the liquid assets to total deposits ratio dropped in ranking from the 2nd to 17th.

Fidelity dropped in ranking from 4th in 2008 to 15th in 2009. The bank's deposit mobilisation appears successful as deposits grew by 87%. Unlike the general industry trend the funds available were channelled to loans as the loan book grew by 91%.

UGL, for the third year running, continued to have relatively low liquid assets to total deposits ratio.

Liquid funds/ total deposits

	2009	R	2008	R	2007	R
ABG	10.29	1	N/A		N/A	
Baroda	2.04	2	2.89	1	0.00	23
ICB	1.52	3	0.84	4	0.74	5
UBA	1.10	4	0.78	6	0.63	9
SCB	1.06	5	0.55	12	0.75	4
GTB	0.87	6	0.75	7	0.63	10
EBG	0.82	7	0.58	10	0.62	12
CAL	0.77	8	0.70	8	0.84	3
ZBL	0.74	9	0.69	9	0.54	16
BBGL	0.68	10	0.44	17	0.43	20
MBG	0.65	11	0.32	23	0.47	19
Stanbic	0.65	12	0.46	16	0.49	18
UTB	0.61	13	0.41	21	0.68	6
ADB	0.59	14	0.47	15	0.58	13
Fidelity	0.59	15	0.80	5	0.86	2
SG-SSB	0.57	16	0.41	20	0.63	7
HFC	0.52	17	2.01	2	0.57	15
TTB	0.52	18	0.43	19	0.63	11
ABL	0.50	19	0.52	14	0.53	17
IBG	0.49	20	0.35	22	0.58	14
PBL	0.49	21	0.53	13	0.63	8
FAMBL	0.44	22	0.57	11	0.90	1
GCB	0.44	23	0.43	18	0.38	21
UGL	0.41	24	0.28	24	0.32	22
BSIC	0.30	25	1.82	3	0.00	23
NIB	N/A		N/A		N/A	
Industry	**0.68**		**0.53**		**0.55**	

...ratio of liquid funds to total assets and total interest bearing liabilities respectively exhibited similar trends

The ratio of liquid assets to total assets, and liquid assets to total interest bearing liabilities for the industry edged up relative to 2008. Half of the banks in the industry held funds in excess of the industry's average liquid assets to total assets ratio of 0.48.

GCB continues to be at the lower end of the pack as the bank has traditionally invested in more risky assets.

The industry ratio of liquid funds to total interest bearing assets increased from 0.48 in 2008 to 0.60 in 2009 with ABG way above the industry's average ratio. The ratio of Baroda, ICB and UBA were also way above the industry average ratio.

Liquid funds/ total assets

	2009	R	2008	R	2007	R
UBA	0.81	1	0.75	2	0.59	2
ABG	0.77	2	N/A		N/A	
Baroda	0.69	3	0.85	1	0.00	23
ICB	0.69	4	0.60	5	0.57	3
SCB	0.64	5	0.42	12	0.56	4
ZBL	0.63	6	0.59	6	0.50	8
EBG	0.60	7	0.44	11	0.47	10
GTB	0.55	8	0.68	3	0.52	7
Stanbic	0.54	9	0.37	14	0.37	16
BBGL	0.53	10	0.38	13	0.37	17
UTB	0.48	11	0.26	21	0.52	6
Fidelity	0.48	12	0.57	7	0.72	1
CAL	0.48	13	0.36	16	0.44	12
MBG	0.47	14	0.23	23	0.32	19
ABL	0.44	15	0.45	10	0.44	13
FAMBL	0.38	16	0.51	9	0.55	5
SG-SSB	0.38	17	0.28	20	0.42	15
IBG	0.38	18	0.31	17	0.48	9
TTB	0.37	19	0.30	18	0.43	14
PBL	0.36	20	0.37	15	0.46	11
UGL	0.35	21	0.22	24	0.25	22
ADB	0.34	22	0.24	22	0.33	18
GCB	0.29	23	0.30	19	0.29	20
HFC	0.28	24	0.57	8	0.29	21
BSIC	0.24	25	0.66	4	0.00	23
NIB	N/A		N/A		N/A	
Industry	**0.48**		**0.39**		**0.41**	

Liquid funds/ total interest bearing liabilities

	2009	R	2008	R	2007	R
ABG	5.96	1	N/A		N/A	
Baroda	2.04	2	2.89	1	0.00	23
ICB	1.12	3	0.73	6	0.68	5
UBA	1.10	4	0.78	4	0.63	6
GTB	0.87	5	0.75	5	0.63	7
SCB	0.80	6	0.53	10	0.68	4
EBG	0.76	7	0.53	11	0.56	10
ZBL	0.74	8	0.69	7	0.54	14
BBGL	0.67	9	0.44	14	0.42	17
Stanbic	0.63	10	0.43	15	0.41	18
UTB	0.61	11	0.41	17	0.68	3
CAL	0.58	12	0.42	16	0.54	13
Fidelity	0.55	13	0.62	8	0.79	2
MBG	0.54	14	0.27	23	0.38	19
SG-SSB	0.53	15	0.36	20	0.54	12
ABL	0.50	16	0.51	12	0.53	15
ADB	0.49	17	0.35	21	0.52	16
TTB	0.48	18	0.39	19	0.61	8
IBG	0.47	19	0.35	22	0.58	9
FAMBL	0.42	20	0.57	9	0.89	1
PBL	0.42	21	0.46	13	0.54	11
UGL	0.40	22	0.27	24	0.31	22
GCB	0.35	23	0.39	18	0.37	20
HFC	0.34	24	1.24	3	0.34	21
BSIC	0.30	25	1.82	2	0.00	23
NIB	N/A		N/A		N/A	
Industry	**0.60**		**0.48**		**0.50**	

Glossary

Glossary of key financial terms, equations and ratios

Capital adequacy ratio is the ratio of adjusted equity base to risk adjusted asset base as required by the Bank of Ghana (BoG)
Cash assets includes cash on hand, balances with the central bank, money at call or short notice, and cheques in course of collection and clearing
Cash ratio = (Total cash assets + Total liquid assets) / (Total assets - Net book value of fixed assets - Investments in subsidiaries and associated companies)
Cash tax rate = Actual tax paid / Net operating income
Cost income ratio = Non-interest operating expenses / Operating income
Current ratio = (Total assets - Net book value of fixed assets – Investments in subsidiaries and associated companies) / (Total liabilities - Long term borrowings)
Dividend payout ratio = Proposed dividends / Net profit
Dividend per share = Proposed dividends / Number of ordinary shares outstanding
Earnings per share = After tax profits before proposed profits / Number of ordinary shares outstanding
Financial leverage ratio = Total assets / common equity
Liquid assets includes cash assets and assets that are relatively easier to convert to cash, e.g., investments in government securities, quoted and unquoted debt and equity investments, equity
Loan loss provisions = (General and specific provisions for bad debts + Interest in suspense) / Gross loans and advances
Loan portfolio profitability = (Interest income attributable to advances - Provisions for bad and doubtful loans) / Net loans and advances
Loan loss rate = Bad debt provisions / Average operating assets
Net book value per share = Total shareholder's funds / Number of ordinary shares outstanding
Net interest income = Total interest income - Total interest expense
Net interest margin = Net interest income / Average operating assets
Net operating income = Total operating income - Total non-interest operating expenses + Depreciation and amortisation - Loan loss adjustment + Exceptional credits
Net operating (or intermediation) margin = [(Total interest income + Total non-interest operating revenue) / Total operating assets] - [Total interest expense / Total interest-bearing
Net profit = Profit before tax - Income tax expense
Net spread = (Interest income from advances / Net loans and advances) - (Interest expense on deposits / Total deposits)
Non-interest operating expenses include employee related expenses, occupancy charges or rent, depreciation and amortisation, directors emoluments, fees for professional advice and
Non-interest operating revenue includes commissions and fees, profit on exchange, dividends from investments and other non-interest investment income, and bank and service charges
Non-operating assets comprises net book value of fixed assets (e.g., landed property, information technology infrastructure, furniture and equipment, vehicles) and other assets, including
Operating assets include cash and liquid assets, loans and advances, and any other asset that *directly* generates interest or fee income
Operating income = Net interest income + Non-interest operating revenue
Profit after tax margin = Profit after tax / Total operating income
Profit before tax margin = Profit after extraordinary items but before tax / Total operating income
Quick (acid test) ratio = (Total cash assets + Total liquid assets) / (Total liabilities - Long term borrowings)
Return on assets = Profit after tax / Average total assets
Return on equity = Profit after tax / Average total shareholders' funds
Shareholders' funds comprise paid-up stated capital, income surplus, statutory reserves, capital surplus or revaluation reserves
Total assets = Total operating assets + Total non-operating assets
Total debt ratio = Total liabilities / Total assets

Our profile

About us

PricewaterhouseCoopers provides industry-focused assurance, tax, and advisory services to build public trust and enhance value for its clients and their stakeholders. More than 155,000 people in 163 countries across our network share their thinking, experience and solutions to develop fresh perspectives and practical advice.

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