Why banks can no longer ignore ESG: Views from Ghanaian bankers

2022 PwC Ghana Banking Survey Report

October 2022

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CSP's Message

Background

The increasingly interconnected nature of the global economy re-echoes the need for concerted efforts in addressing the challenges the world faces. The lessons and progress made in restoring economies to pre-pandemic levels will again be tested by the issues of conflict and climate. In the words of the World Health Organization (WHO), the world now faces a multidimensional crisis of rising conflict, worsening climate situation and the prolonged impact of the COVID-19 pandemic.

In charting a path for sustained outcomes amidst crisis, there is the need to build future-proof businesses that will lead to a sustained world. According to our 24th Global Annual CEO Survey, 70% of CEOs are concerned about climate change and 53% want to improve the way they report their environmental impact. It is no longer good enough to focus on performance measured in terms of profitability or the strength of the balance sheet alone.

The Bank of Ghana (BoG) recently issued a monitoring guidance and reporting template for banks to provide biannual reports to the Central Bank. This forms part of the implementation process for the Ghana Sustainable Banking Principles & Sector Guidance Notes (launched in 2019) to help banks respond to emerging global issues which include environmental and climate change, socially responsible stewardship and corporate integrity.

It is within this context that we seek to understand the place of ESG (Environmental, Social and Governance) practices in our banking sector. ESG is a term for the Environmental, Social and Governance issues that impact economic activities which have become topical over the years, and are driven by the impact of climate change and the need to ensure a sustainable environment, improved human capital welfare and good corporate governance. Activities and actions within our ecosystem - which Banks are a part of - impact on all players directly and indirectly; and the impacts of ESG provide both opportunities and risks. Given the critical role of banking in advancing the aspirations of both industries and individuals amidst the rising need for sustainability, social balance and the right governance structures, it has become important to appreciate the impact of ESG on banking and the role banks can play to drive the agenda.

Vish Ashiagbor
Country Senior Partner
vish.ashiagbor@pwc.com

Focus of our 2022 banking survey and highlights of our key findings

There is growing ESG interest in the global Banking and Capital Market (BCM) industry with focus on climate change and ESG reporting. Given the nascent nature of the sustainability journey, the actual size of the global addressable market is not clearly defined. Initial assessments by the Bloomberg Intelligence Head of ESG and Thematic Investing EMEA suggests ESG assets are on track to exceed $53 trillion by 2025 upwards of $530 million.

In our bid to contextualise this growing interest in Ghana's banking sector, we surveyed 21 out of the registered 23 universal banks. In our assessment of the industry, we sought to gain insights on five areas:

- ESG Strategy
- ESG Motivation
- ESG Implementation
- ESG & Risk Management
- ESG Disclosure and Reporting

ESG Strategy

Insights from the survey show a clear-cut interest in embracing ESG strategies by banks, both at the board and senior management levels. When asked about the frequency of the subject matter in board discussions, 86% of bank executives confirmed discussing ESG matters more than once a year. Beyond having board discussions, 62% of bank executives confirmed the existence of an approved plan to adopt and integrate ESG in the business operations.

We view the general willingness to have ESG strategies as partly due to the collaborative effort between the Bank of Ghana, Environmental Protection Agency (EPA) and the Ghana Association of Bankers (GAB) in drafting the Sustainable Banking Principles & Sector Guidance Notes. It is noteworthy that there seems to be a general willingness for the banks to embrace ESG princples into their operations. An assessment of the six key non-financial metrics (customer satisfaction, automation and digitisation, gender representation, greenhouse gas emissions, race and ethnicity, and employee engagement) for the banks long-term adoption of ESG strategies revealed that banks are attuned to initiatives that have a direct bearing on their bottom line. This is consistent with many executives choosing customer satisfaction and employee engagement as the two top non-financial metrics.

Even though some banks seem to have some form of ESG strategies in place prior to the release of the principles and sector guidance notes on the subject matter by the regulator, many woke up to the issue only after the regulator's publication with a very few only having in place a clear strategy which goes beyond just satisfying the regulator compliance matters required as at now. A lot more therefore needs to be done by the banks to have a more comprehensive ESG strategies in place to take advantage of the many other opportunities ESG offers to the sector beyond regulatory compliance.

Some regional and international banks also took the presence of ESG strategies at the group or head office level to mean having a strategy at the subsidiary level in Ghana with no clear understanding of what those group level strategies entail and any additional specific requirements on these subsidiaries. When quizzed further, it turned out that these responses were based largely on the completion of some ESG spreadsheets as returns to head offices with focus on credit risk. Returns which are mostly completed by lower-level management personnel with minimal involvement of strategic decision makers.

There is a need for the banks to intensify training on ESG for their staff to advance the ESG agenda and harness its full potential. This is because we found that only 48% of the banks have more than 50% of their management team members trained on the subject. It may be difficult to achieve more in ESG if key decision makers in the industry lack adequate knowledge on the subject.

ESG Motivation

When asked about what motivated the banks in assenting to the Ghana Sustainable Banking Principles Commitment and Endorsement Statement, half of the surveyed banks expect adherence to these guidelines would enhance reputation and relationships with stakeholders and create long term value. These motivating factors are based on the understanding that several investors presently prioritise ESG information in their investment decisions, much more than in the past.

Obviously, banks were motivated beyond regulatory compliance for ESG. As financial intermediaries, respondents were aware of other ESG benefits available such as low cost of funding, improved risk management practices leading to lower non- performing loans and impairment, better internal and supply chain ESG adherence leading to not only investor acceptance but also the acceptability of other stakeholders such as customers and the larger society in which they operate. However, as indicated above and given these other benefits, a lot needs to be done by the banks themselves for the realisation of these benefits beyond regulatory compliance.

We observed from the survey that substantial effort has been made in integrating Environmental, Social and Governance (ESG) factors within the lending process of banks. This is because of the awareness of the risk associated with not addressing ESG issues in the lending process. The concern of responsible lending extends to investors; and non-compliance with ESG puts their business at risk specifically on sourcing of finance.

Among the ESG principles, Corporate Governance and Ethical Standards were the most aligned to the banks' corporate values. On the ease of achievement, we noted from the survey that industry players consider the achievement of the principles to be easy with some level of support, which includes but is not limited to training and capacity building, enhanced regulatory and stakeholder push, and linkage of ESG performance indicators to bank performance measures.

ESG Implementation

Despite the significant attention drawn to ESG, industry players suggest that incorporation of the related principles into the culture of the banks is still low. 63% of the respondents believe that the concept of ESG is in the incipient stages in the banking industry with most banks assessing their implementation needs and putting the necessary structures in place for full integration.

The survey revealed that the banks are, however, optimistic and willing to incorporate ESG factors into their practices with support from the regulator. 48% of the respondents propose that – for them – regulatory leadership and initiative are the main drivers of the implementation of ESG.

The integration of ESG into banking practices would be successful if its implementation were regularised. In addition, industry players expect adequate training and capacity building on the ESG principles, prospects and challenges to build key skill sets and competencies to drive the implementation in the industry.

The banks still expect detailed guidance and implementation support from Bank of Ghana and other stakeholders aside what has been done so far and the completion of ESG returns to the regulator. The support expected is in the areas of ESG risk management best practices not only on credit risk but also market, liquidity, and operational risks, and ESG disclosure and reporting matters including the regulator or third-party attestations on such disclosures.

ESG & Risk Management

Insights from the survey reveal the industry's understanding of how ESG issues impact banks' lending decisions. 71% of the respondents recognise ESG as an integral part of the credit decisions made during the credit management process and, as such, the respective report and information are obtained as part of the credit analysis process.

Many banks address ESG matters at some stage of the credit management process. 50% of the surveyed banks confirmed ESG risk assessment at the approval stage only, whilst the other half admit that it goes beyond the approval stage to include monitoring, or both disbursement and monitoring.

ESG risk management has so far focused on credit risk in the industry with no or very low efforts on the others such as market, liquidity, and operational risks. Many banks seem not to have any or in instances where they have, a very limited framework, practices, and considerations for these other risks for ESG decision making. The Ghanaian financial market may not be that robust and sophisticated generally with a low market risk but same cannot be said for operational risk for instance. It is for this reason that the banks, with support from other stakeholders, should pay more attention to the other risks especially operational risk in ESG decision making to help manage and or avoid failures that these other risks could cause.

The apprehension associated with the implementation of ESG stems from prohibitive costs linked to continuous reporting and assessments of ESG using various tools and software and the challenges in obtaining the appropriate quality data on time and at minimum cost. The survey further confirmed that 70% of the respondents rely on either automated or non-automated tools to assess ESG exposure. In addition, 61% of the respondents rely on either internally generated client data or through external data that is publicly available.

The anxiety surrounding ESG related issues is a genuine concern in the industry. However, the measures needed to address these concerns will require ample time given that ESG reporting continues to be a growing area in the industry.

ESG Disclosure and Reporting

One of the first appreciation of stakeholders in what banks are doing in the ESG space will be via the disclosures and returns submitted on these activities right from the ESG strategies in place at these banks to the fine details of implementation and results being achieved. Even though the various frameworks currently available for reporting and disclosure are largely voluntary, their requirements are in tune with helping the reporting entities carry stakeholders along their ESG journey to build trust in what they are doing.

Third party attestation of these disclosures and reports can only add to providing some assurance, be it limited or reasonable, to stakeholders in their ESG dealings with the banks. The international ESG financial reporting standard, when finalised and effective, will bring some global compulsion to these disclosure matters with some standardisation for ease of comparison. 67% of respondents are less than 60% ready with regards to conforming to the IFRS sustainability standards. The survey respondents are aware of these developments and are working to enhance their disclosure and reporting functions with support from other stakeholders.

Way forward

Industry players, international partners and regulators alike admit that there is still more to be done in capacity building, monitoring and implementation in sustainable banking practices. This was confirmed, as only 48% of banks had more than 50% of their management team trained on ESG related issues in banking with many banks yet to have a comprehensive strategy and implementation plan in place beyond the current regulatory requirements. There is therefore the need for ESG consultants and other stakeholders with expertise to assist banks improve on ESG strategy formulation and implementation, risk management and disclosure and reporting.

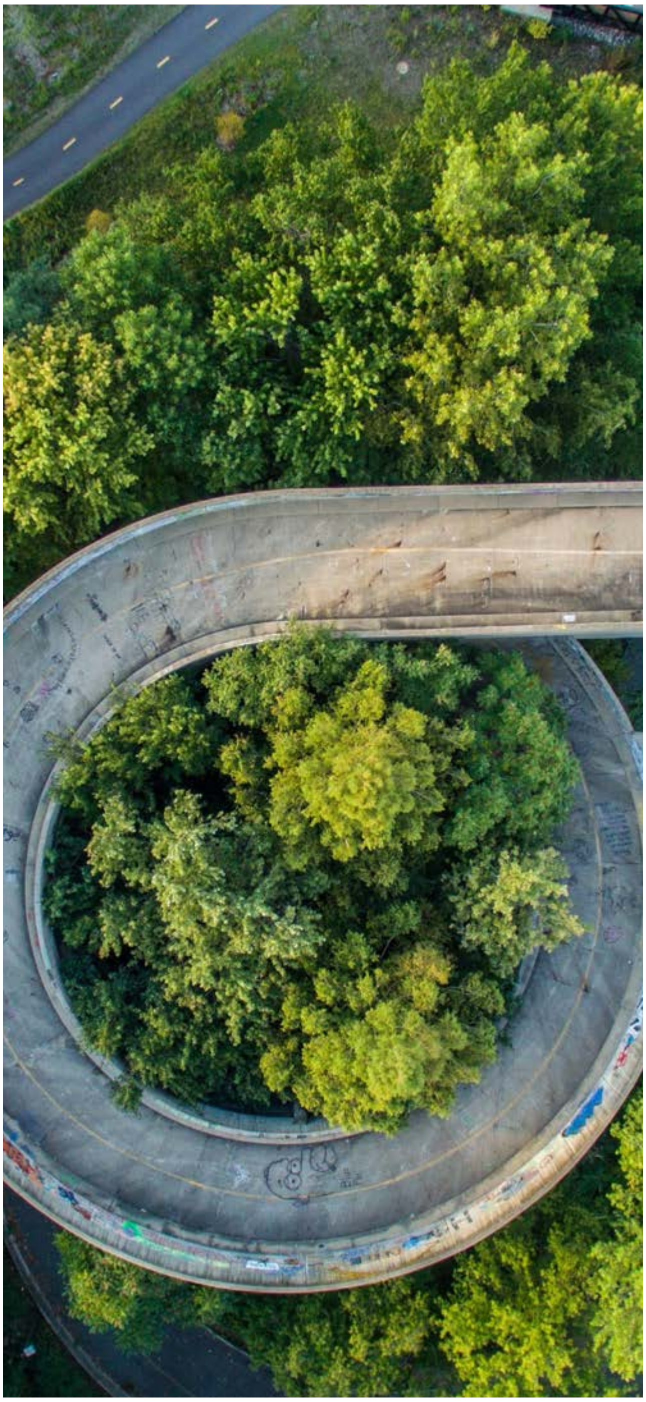
To further develop a sustainable financial sector, regulators and other key stakeholders also need to consider developing a roadmap for implementing the sustainable banking principles. That way, the banks will show more commitment and be more accountable to the implementation process. Additionally, the interconnected nature of the financial sector would require extending ESG considerations beyond banking, to insurance, the capital markets and the pension sectors.

Conclusion

ESG principles and practices may be largely new to the Ghanaian banking sector but same cannot be said of the benefits and opportunities thereof ranging from low cost of funds, improved risk management practices leading to lower non-performing loans and impairment to better internal and supply chain ESG adherence leading to not only investor acceptance but also the acceptability of other stakeholders such as customers and the larger society in which these banks operate. We share the excitement expressed by the banking industry in these opportunities and look forward to more collaboration among the stakeholders for the exploitation and realisation of the associated benefits.

In line with PwC's Purpose "to build trust in society and solve important problems," Sustainable Finance is at the top of our agenda. Our Global Financial Services Team has a significant pool of experienced resources that can shed more light on the subject and will be happy if you give us a call using our contacts provided on page 94 of this survey report for further discussion. Until then, we wish you happy reading… remain safe!

Vish Ashiagbor
Country Senior Partner, PwC Ghana



Message from Ghana Association of Bankers

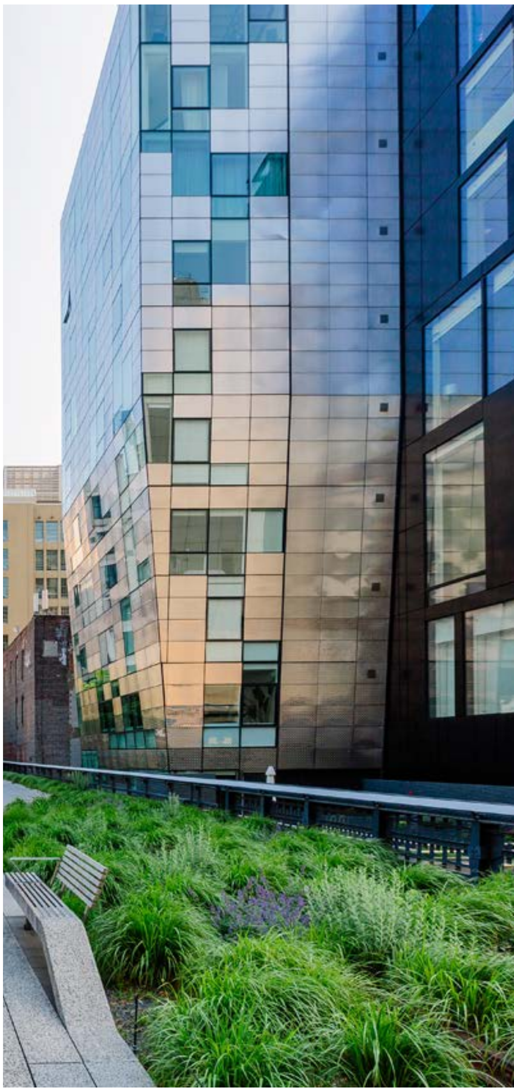
As of 31 December 2021, universal banks in Ghana were reported to hold total assets valued at GH¢171.9 billion. This statistic reflects the valuable contribution of banks to allocation of financial resources for business investments and infrastructure development throughout the country. Quite significantly and consistent with other developing economies, Ghanaian banks assume a crucial role in project financing across the country. The foregoing positive attributes notwithstanding, some experts have argued that, many projects funded by banks in prior years tended to impact negatively on social standards and quality of our environment.

In November 2015, the Governor of the Bank of Ghana (BoG) inaugurated a committee on sustainable banking principles. The inauguration marked the beginning of consistent development of works on sustainable banking concepts, commonly called the Ghana Sustainable Banking Principles; or simply, The Principles. The Principles facilitate banks' responsiveness to emerging megatrends on Environmental, Social and Governance (ESG) issues across the globe. Notable among these issues in recent periods include financial and economic impact of COVID-19, hunger and food insecurities and climate change across Africa resulting in unpredictable weather trends, and wildfires in Australia and increasing Arctic temperatures. The Principles hinge on socially responsible stewardship; corporate integrity; and climate and environmental change. Others are human security; anti-money laundering (AML); and information communication transparency and disclosure.

Fortunately, Ghanaian universal banks have refocused their business horizon towards decision-making processes that strategically integrate factors related to society, environment and the economy. The change in business direction of banks has led to tremendous reduction in social inequality; economic imbalance; value-addition to business operations of banks; mitigation of climate change effect; and the rate of environmental pollution.

A belief commonly held among some industry analysts is that the traditional objective of most universal banks has been focused on maximisation of shareowners' investment returns. However, there is a paradigm shift in recent periods. Beyond maximisation of shareholders' investment returns, banks are consistently devising novel strategies to facilitate their exploration and ability to act on the profound linkages among three significant variables, namely the pursuit of long-term sustainability; healthy financial system; and the transition to green economy.

John Awuah
Chief Executive Officer
Ghana Association of Bankers



It is instructive, however, to state the new paradigm in banking practices has been necessitated by provisions in the 2016 United Nations (UN) Sustainable Development Goal (SDG) agenda; reality associated with global warming and climate change; Paris Climate Declaration; surging civil society actions; pressure from Development Financial Institutions (DFIs); and the inherent environmental and social risks in banking business.

Banks' ability to meet pressing needs of contemporary consumers without compromising the needs of future generations is aptly described as sustainability. The Bank of Ghana described sustainability as strategic preservation of the environment, climate and natural resources for future generations; while guaranteeing human rights and dignified life, devoid of want and poverty for all. Thus, the concept of sustainable banking relates to how banks can mobilise resources and strategically position themselves to ensure realisation of the afore-mentioned objectives.

The contributions of universal banks could manifest through effective development of their financial model; products and services; marketing services; and business operations. Within the Ghanaian context, it is essential for any approach to sustainable banking to sync with the sector's desired level of contribution to issues related to environmental, social and economic development. Successful sustainable banking initiatives are contingent on strategic alignment of financial business with the paradigm shift; and mapping potential risks inherent in sustainable banking with likely effects and opportunities that could be termed as financially viable. Fortunately, it is more likely than not for the foregoing to be carried out in an integrated manner.

The Sustainable Banking Principles Committee has developed five sector-specific guidance notes and seven principles to facilitate alignment of banks' businesses to the new paradigm. The various sectors to which these principles apply include oil & gas and mining; power and energy; manufacturing; agriculture and forestry; construction and real estate.

The foregoing is named among the sectors that constitute a significant proportion of portfolio exposure in banks; and most critically sensitive to environmental standards.

The guidance notes and principles allow Ghanaian banks to consider critical factors such as the environment, good governance and social inclusion in making decisions related to lending and other forms of financial intermediation. Further, banks are strategically positioned to increase returns; and to enhance growth by mainstreaming the basic tenets of sustainability in their respective businesses and operations.

In 2019, the sector guidance notes and principles received massive endorsement of Chief Executive Officers (CEOs) and Managing Directors (MDs) of universal banks in the country.

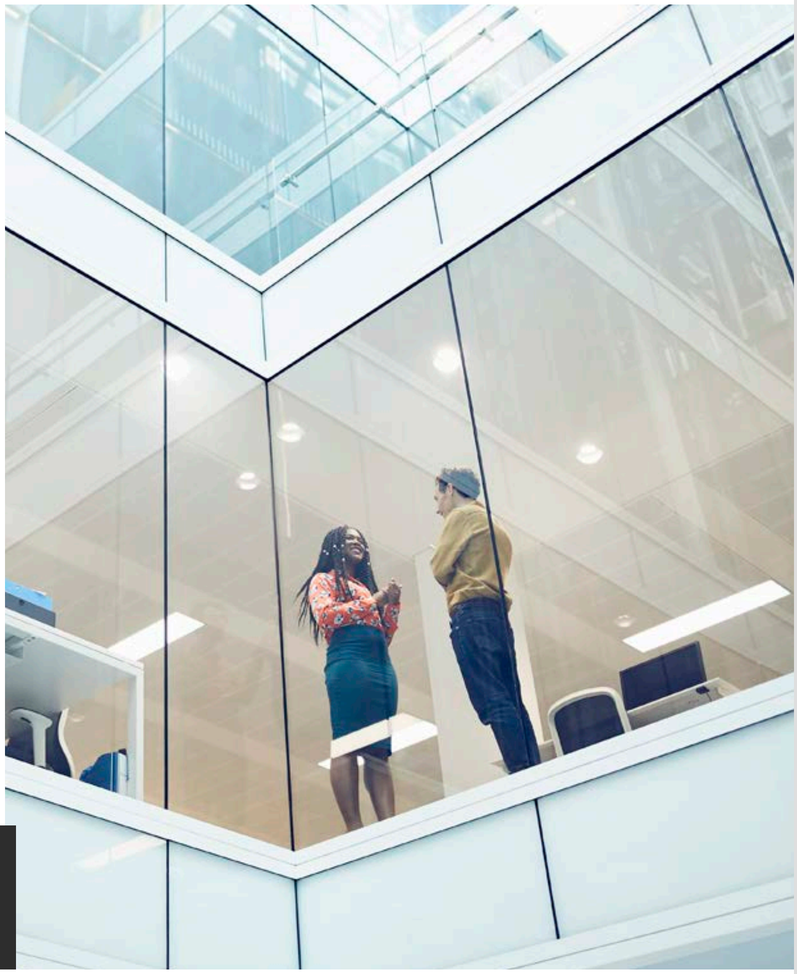
This allowed the Committee and banks to transition toward the principles' implementation period. Further, it presented the opportunity for development and consolidation of needed capacity building for banks; while catalysing the scope for the principles' alignment with banks' operational activities and priority businesses.

Collectively, the guidance notes and principles present sustainable banking as a two-way interrelated imperative, namely the ability to strengthen financial stability through the incorporation of factors related to governance, society and environment in lending decision-making; and consistent improvement on the contribution of finance to sustainable and inclusive growth through funding of long-term social needs.

The Bank of Ghana, Environmental Protection Agency and Ghana Association of Bankers are deeply inspired by the Ghana green growth initiatives and green economy agenda to commit themselves to working collaboratively towards meaningful implementation of the Ghana Sustainable Banking Principles. Inherent in the efforts of these institutions is striving towards realisation of the United Nations Sustainable Development Goals; and practical implementation of the Paris Climate Declaration within the Ghanaian economy.

At the individual country level, meaningful strides made by economies such as Nigeria, Bangladesh and Kenya, to name a few, towards development of a sustainable banking framework in their respective economies deserve special mention and worthy of emulation by other developing and emerging economies. Considerable number of banks in the industry have received training on environmental and social risk management (ESRM); while their knowledge has improved on the general sustainability concept as it relates to the banking industry.

At the global level, sustainable banking principles remain the panacea to financial crises and climate disruptions; and their relative economic and social impacts. World bodies such as the United Nations Global Impact, IFC Performance Standards, Equator Principles; and United Nations Environment Programme Finance Initiative (UNEPFI), among others, have demonstrated higher standards; while financial institutions in Ghana have succeeded in leveraging as best practices from globally recognised ESG frameworks for implementation.



Adoption of the European Bank for Reconstruction and Development (EBRD) sub-sectoral environmental and social guidelines; and IFC environmental, health and safety industry sector guidelines to reflect specific context of the Ghanaian economy enhances the Ghana Sustainable Banking Principles Committee's ability to develop sector-specific guidance notes that prove practically useful to the implementation of the principles in sectors characterised by high risks.

Successful implementation of the sustainable banking principles has been championed by the three distinguished collaborating institutions, namely the Bank of Ghana, Ghana Association of Bankers (GAB) and Environmental Protection Agency (EPA) with technical support from PwC. Success of the implementation process is predicated on continuous leverage on comparative strength of these institutions towards accelerated development of relevant regulatory interventions and policy frameworks; stimulation of technical inputs and capacity building. Others include co-ordination of knowledge exchanges; and effective promotion of learning to ensure successful implementation of the underlying principles by various banks.

Specifically, principles one through seven of sustainable banking focus on environmental and social risk management; internal environment, social and governance in the operations of banks; corporate governance and ethical standards; gender equality; financial inclusion; resource efficiency, sustainable production and consumption; and reporting. It is worth noting the guidance notes cover five of the afore-mentioned core priority areas in the Ghanaian economy; as they relate to the portfolio of banks.

The principles provide the requisite guidance for banks to ensure due diligence and to emerge with cogent decisions related to equity investments, leasing, corporate lending, small- and medium-size enterprises' (SMEs) lending and project financing, among other pertinent lending propositions. Banks that ensure effective application of the principles emerge as pace-setters; and tend to possess competitive advantage in the industry.

The first principle underscores the need for banks to ensure practical identification, measurement, mitigation and monitoring of social and environmental risks; manage footprints while identifying social and environmental opportunities inherent in their business activities. Effective application of this principle allows banks to have positive influence on the societies in which they operate.

The second principle urges universal banks to vigorously pursue the promotion of good social, governance and environmental practices in their internal business operations. Implementation of this principle to its logical conclusion has the potential to help banks reduce internal operational costs; avoid lawsuits and regulatory fines; and to attract, motivate and retain productive workforce, among others.

The third principle sheds important light on the need for banks to identify promotion of good corporate governance and ethical standards as their hallmark to enhance corporate reputation and strong credit ratings; while improving on capacity building, collaborative partnerships; productivity and efficiency through regular training. Promotion of gender equality is emphasised in the fourth principle to ensure women's economic empowerment; fair representation in leadership positions; reduce the high incidence of sexual exploitation and domestic violence; and to mitigate the potential effects of gender risks on their lending portfolios.

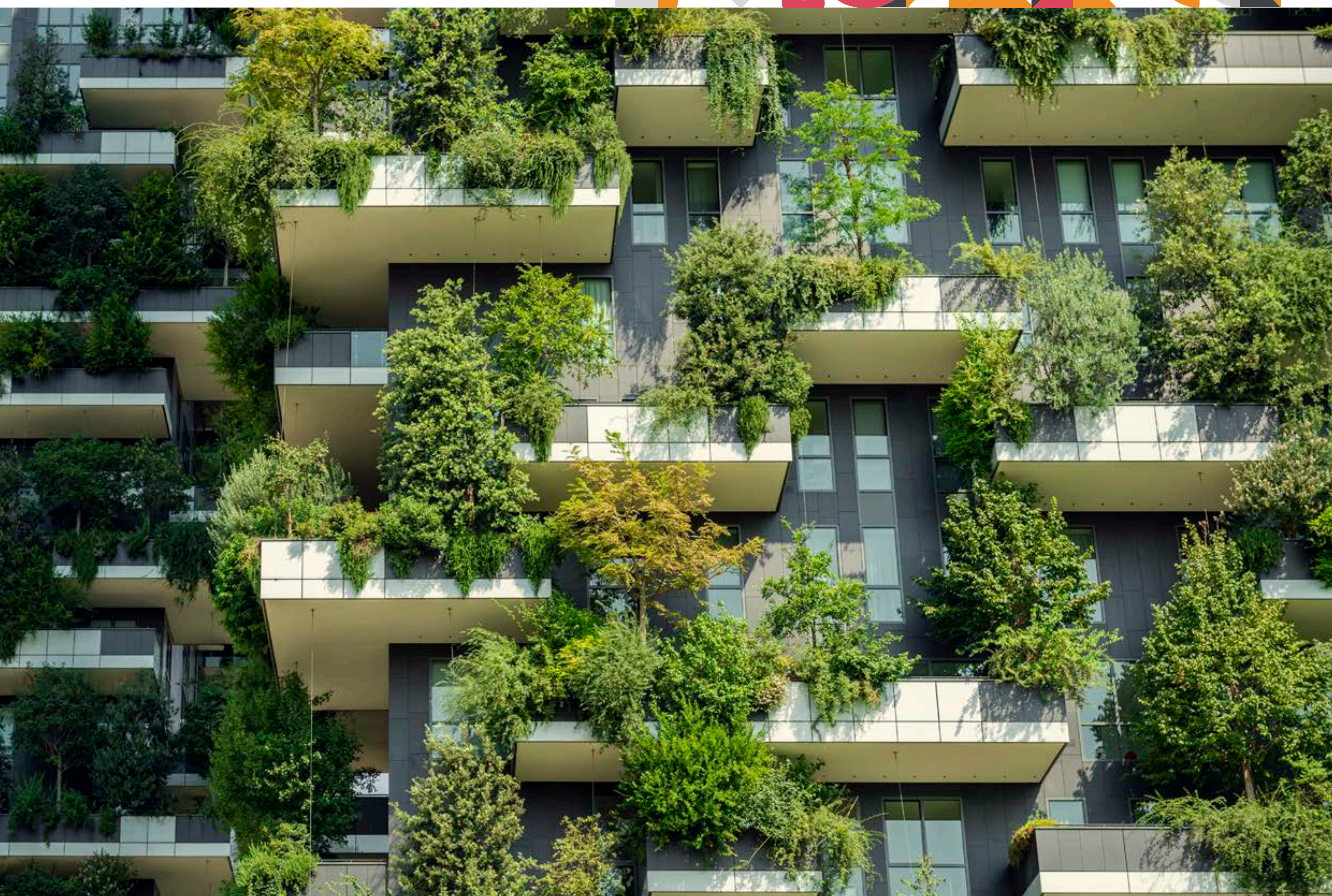
The fifth principle calls for promotion of financial inclusion to affirm Ghana's practical commitment to implementation of the Maya Declaration, an initiative geared towards global expansion of financial inclusion. Historically, Ghana remains the 18th member of the Alliance for Financial Inclusion (AFI) to commit to the Maya Declaration. This principle urges banks to design and implement strategies that would ensure financial stability and poverty reduction among the marginalised and under-served populations by removing barriers to access to funding; and eliminating barriers to other investment and development opportunities.

Promotion of resource efficiency; consumption and production patterns that are sustainable to assure increased profitability and improved reputation underpin the sixth principle. The concept of reporting remains the focus of discussion under the seventh principle. Uniqueness of this principle is exemplified in its ability to facilitate effective reporting by banks on the preceding six principles by providing qualitative description of plans and actions for implementation; identifying quantitative baseline data and targets for key performance indicators (KPIs); and demonstrating progress against these targets in the area of implementation. In essence, the seventh principle emphasises efficient and effective reporting on ESG activities in the financial sector.

Factors such as environment, social and governance allow stakeholders to measure the sustainability and social impact of lending and investment decisions on society in general; and the effect on businesses in particular. The principles have proven to be a socially responsible way of identifying and measuring growth opportunities and material risks inherent in the financial sector; while taking proactive steps to protect communities and the environment.

Banking institutions' strict adherence to sustainable banking principles in prior and recent years has seen some demonstrable improvement but more is needed to fully embed the tenets of the principles in everyday life of the Ghanaian banker. The adherence is a reflection of society's desire to engage and transact business with banks characterised by strong ethical standards and values. Banks have taken proactive steps to ensure sustainable digital banking; while ensuring collaboration and leveraging international partnerships to accelerate industry progress. The approach adopted by Ghanaian banks for implementation is consistent with international standards; and fits into development needs of the country.

John Awuah
Chief Executive Officer



Tax Leader's Message

The year 2021

Business in Ghana operated within a fiscal space where the Government sought to aggressively raise tax revenue. Government announced its fiscal plans (including plans on taxation) in the 2021 Budget Statement. This Budget was read in March 2021 since the year 2020 was an election year. Government proposed the following taxation plans:

- a 5% financial sector cleanup levy on the profit of banks in addition to the existing 5% National Fiscal Stabilisation Levy applicable to most commercial bank establishments;
- a 1% COVID-19 Health Levy on the purchase of goods and services that ordinarily attract VAT;
- Sanitation and Pollution Levy and Energy Sector Recovery Levy of 10 Pesewas and 20 Pesewas respectively per litre on petrol/diesel;
- tax rebates to hospitality, entertainment and education enterprises, and the suspension of instalment taxes for small businesses, 'trotros' and taxis; and
- granting of Tax Amnesty in the form of Penalties and Interest Waiver.

The necessary bills were passed to bring the above tax measures into effect. However, there were other tax administration improvement plans included in the budget which are at various levels of implementation. These include:

- Intensifying audits and introducing debt recovery measures in the extractive industry;
- Setting up of the Tax Appeals Board as an effective tax dispute resolution alternative for taxpayers;
- Developing a comprehensive gaming policy to enhance revenue mobilisation;
- Resubmitting the Exemptions Bill to Parliament following further stakeholder consultations and revisions after the first Parliamentary Committee work on the bill. (The Exemptions Bill aims to check abuses and strengthen the exemptions regime);
- Reviewing current legislation and providing additional regulations and administrative guidelines for the taxation of e-services; and
- Deepening the digitisation agenda on transactions of goods and services and tax collection systems including activities directed at attaining a more digitalised economy including harmonising identification numbers.

Ayehsa Bedwei Ibe
Partner, Tax Leader
ayesha.a.bedwei@pwc.com

New tax proposals for 2022

In the Government's 2022 Budget Statement read in November 2021, the following tax proposals were made which have since been implemented.

- Reduction in the withholding tax ("WHT") rate for the purchase of unprocessed gold by small-scale gold miners from 3% to 1.5%
- Increase in the turnover limit for the Modified Taxation System from GH¢200,000 to GH¢500,000
- Restriction of the VAT flat rate scheme to small retailers only
- Extension of the zero-rating of locally manufactured textiles to 31 December 2023
- Introduction of 1.5% electronic transactions levy
- Review of benchmark (discount) policy for imported vehicles and selected general goods
- Passage of the Tax Exemptions Bill into law
- Automatic review of Fees and Charges
- Taxation of High-Net-Worth Individuals

As at 31 July 2022, These other initiatives announced in the same 2022 Budget were yet to be implemented.

- Establishment of the AfCFTA (Africa Continental Free Trade Area) Customs Procedures Code (CPC) to facilitate trading under the AfCFTA Agreement
- Increase sensitisation of the ECOWAS Common External Tariff (CET)
- Intensification of Revenue Assurance and Compliance Enforcement (RACE) initiative
- Implementation of a common platform for the administration of property rate

2022 Mid year review

Government did not shy away from introducing some new measures as well as extending some reliefs that were granted in 2021 during the mid-year review presentation to parliament. These new or additional measure include:

- Extension of suspension of quarterly income tax and vehicle income tax on specified persons
- Extension of Penalty and Interest Waiver regime to December 2022
- Re-introduction of tax exemptions on capital gains made on the Ghana Stock Exchange which Parliament has rejected
- Amendment of tax laws on e-commerce, betting and gaming
- Introduction of electronic invoicing system (e-VAT)
- Introduction of VAT penalty on unregistered importers

I am aware that Tax affects you (bankers) directly and also indirectly through the effect tax policy has on the economy. We continue to monitor and advise our clients, both in the private and Government sectors, to find the optimum balance when it comes to taxation and tax policy.

I would like to close these remarks by sharing our (PwC's) view about the place of tax in ESG discussions.

Tax and ESG – Viewing tax through a new lens to deliver sustainable outcomes

Tax reflects a business' contribution—sometimes its largest one—to society. It is also a value driver in delivering on the business' environmental, social and governance (ESG) goals. Together, these traits put tax considerations at the heart of any business' ESG transformation.

Governments around the world are shaping national net-zero strategies, and broader plans for a sustainable society. Increasingly, their focus is on policy levers such as incentives for low-carbon technologies and upskilling employees. On the other side of the equation, they use taxes to encourage emissions reductions and development of a circular economy. In response, business leaders are reviewing how their tax strategies might need to adapt to support a transformation in operations, investment outlook and employment practices to take advantage of any available ESG related tax reliefs.

Pressure for change is also coming from investors (including banks) and consumers, who expect businesses to embrace sustainability and increase tax transparency. New legislation and regulation will keep elevating the importance of building a clear plan to manage tax reporting and transparency in a way that builds trust with key stakeholders.

All of these changes mean that, increasingly, companies today are viewing their tax strategy through an ESG lens. This means considering tax implications for every part of the business, from finance to supply chains to employment and more.

I hope you find this report useful and you are welcome to have further discussions on tax and ESG as well as on the broader subject of taxation.

Ayesha Bedwei Ibe
Tax Leader, PwC Ghana

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Economy of Ghana

Economy of Ghana

Economic Analysis

Global Economic Trends

The global economy has seen a significant slowdown in its growth from 6.1% in 2021 to a projected decline of 3.2% in 2022 since the emergence of the Russia-Ukraine invasion. The conflict has constrained European access to gas imports gas imports from Russia and also hampered global trade flows.

The high uncertainty surrounding the global economic outlook stems from the possibility of a worsening impact of the conflict, escalation of sanctions against Russia, China's implementation of a strict zero-COVID strategy and the looming uncertainty around a potential global outbreak of a new strain of COVID-19. Although there has been a global reduction in the rate of COVID-19 infections, deaths continue to be high, particularly among the unvaccinated. Recent lockdowns in key manufacturing and commerce centres in China have exacerbated the global supply chain disruptions which has further contributed to the challenging global economic climate. Global inflation is forecasted to rise to 5.7 percent in advanced economies and 8.7 percent in emerging market and developing economies by the end of the year, driven by food, fuel, energy, and supply chain disruption. The growing inflation has seen most countries especially in emerging markets experience deteriorating external positions driven by declining demand. Inflation in these markets is expected to remain elevated in 2022, reducing households' real incomes and guiding central banks to continue their monetary tightening policies.

Economy of Ghana

Gross Domestic Product

The 2022 Budget Statement estimated a real GDP growth rate of 5.8% in 2022 and a non-oil GDP growth rate of 5.9%. However, revenue measures outlined in the budget including the E-levy have underperformed, owing largely to the delays in enacting and putting these measures into effect and the seemingly avoidance tactics by the populace on paying the levy. Provisional 2022 first quarter National Accounts Statistics published by Ghana Statistical Service (GSS) indicates that real GDP growth for the first quarter of 2022 stood at 3.3% and 4.8% for the second quarter with non-oil GDP at 3.7% and 6.6% respectively for the two quarters.

In 2022, Ghana is expected to experience continued slow growth driven by rising inflation, tighter monetary policy, and a depreciating currency. These factors have also reduced local consumer spending and private sector investment activities. The increasing global commodity prices particularly, oil and gold provide a potential upside for Ghana's economic growth.

Real GDP Growth per Sector							
Sectors	Actual		Provisional Outturn	Projections			
	2019	2020	2021	2022	2023	2024	2025
Agriculture	4.7%	7.3%	8.4%	2.1%	5.5%	4.9%	4.7%
Industry	6.4%	-2.5%	-0.8%	4.2%	4.6%	6.3%	6.4%
Services	7.6%	0.7%	9.4%	3.8%	4.8%	4.9%	5.1%
Real GDP Growth	6.5%	0.5%	5.4%	3.7%	5.0%	5.4%	5.5%

Source: 2022 Mid-Year Budget Statement, Ministry of Finance (Ghana)

According to the Ministry of Finance's 2022 Mid-Year Budget Statement, in the second quarter of 2022, Ghana's Agriculture sector maintained its strong performance, with the highest sectoral growth rate at 5.6%, followed by the Services sector at 3.7% and the Industry sector with a growth rate of 1.3%. Comparatively, growth in the Agricultural and Services sectors was at 6.6% and 5.5% during the first half of 2021 whereas the Industry sector shrank by 0.3%. Government's key interventions such as the Planting for Food and Jobs Programme, were key drivers of growth in the Agriculture Sector.

The Information and Communication sub-sector which grew at 22.6%, was the driving force behind the growth within the Services sector.

Table 2: Composition of GDP by economic sectors

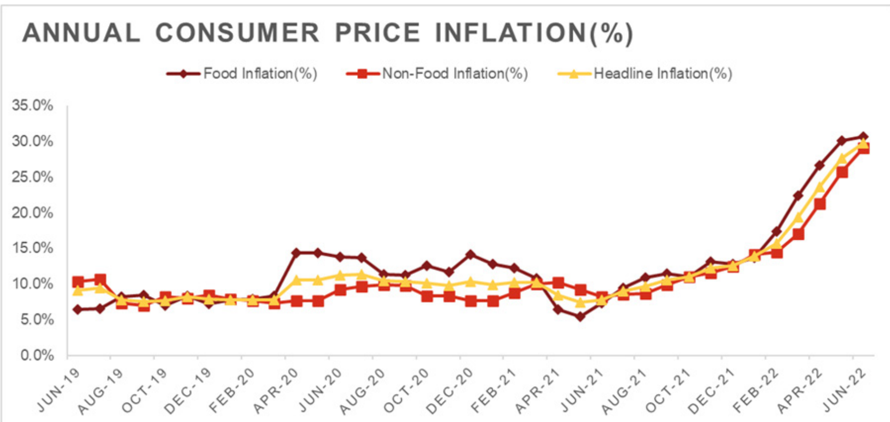
Sectors	Actual		Provisional Outturn	Projections			
	2019	2020	2021	2022	2023	2024	2025
Agriculture	19.90%	21.20%	21.80%	21.50%	21.60%	21.50%	21.40%
Industry	39.20%	37.90%	35.70%	35.90%	36.10%	36.20%	36.30%
Services	40.90%	40.90%	42.50%	42.60%	42.60%	42.30%	42.30%

Source: Mid-Year 2022 Budget Statement, Ministry of Finance (Ghana)

Inflation

Ghana's inflation outlook is generally influenced by global and domestic price pressures. Global price pressures have risen and spread beyond energy and commodities, fuelled by the spillover effects of global supply chain bottlenecks and the Russia-Ukraine war, as well as increased aggregate demand pressures as the global economy recovers. Domestically, increases in petroleum products and transportation fares, with subsequent second-round effects on goods and services, have bumped up inflation and inflation expectations.

Headline inflation increased from 15.7% in February 2022 to 19.4% in March, 23.6% in April and fell short of the medium-term goal of 8.0% (with a symmetric band of 2%). Food inflation went up from 26.6% in April to 30.1% in May, and then to 30.7% in June 2022. The rise in global energy and commodity prices, as well as the ensuing implications on rising domestic ex-pump petroleum prices and transportation expenses, food prices, and the effects of the recent exchange rate depreciation, all point to further pressures driving the inflation rise. Headline inflation as of June 2022 was at 29.8%, 31.7% for July, 33.9% for August and 37.2% for September 2022.



Annual Consumer Price Inflation (June 2019 - June 2022)

Source: Bank of Ghana Monthly Time Series Indicators
https://www.bog.gov.gh/economic-data/time-series/

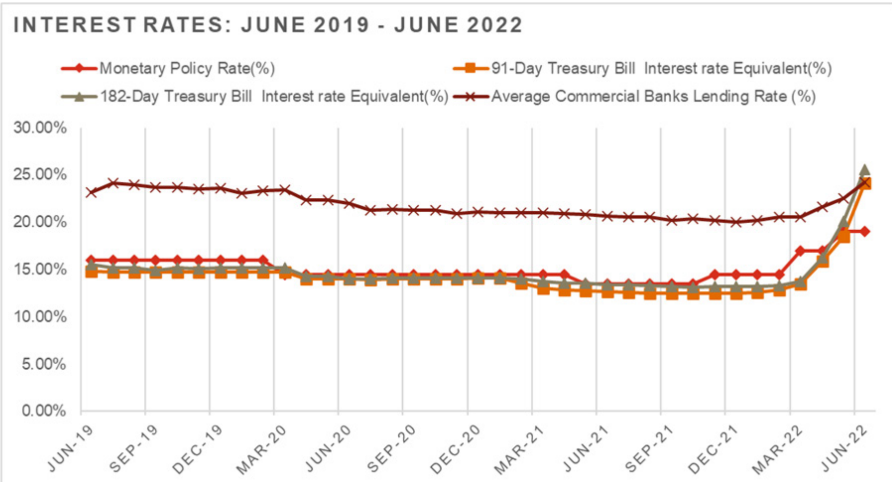
Interest Rates

As part of its monetary tightening response to the rising inflation and continuous depreciation of Ghana’s domestic currency, the Monetary Policy Committee (MPC) of the Bank of Ghana, has increased the country’s Monetary Policy Rate (MPR).

The MPR was increased from 14.5% to 17.0% in March 2022 in response to the pressures from the hikes in fuel and food prices mainly due to the effects of the Russia-Ukraine conflict. The MPC further increased the MPR by 200 basis points (bps) to 19% in May 2022 in response to the rise in headline inflation in Ghana from 23.6% to 27.6% between April and May 2022. The MPR currently stands at 24.5% following the continuing increase in inflation.

The average commercial bank lending rate in Ghana remained relatively stable in 2021 and showed a downward trend with an annual average of 20.6%. Within this period, the maximum monthly average lending rate was 21.02% (observed in January 2021) and the minimum average lending rate was 20.04% (observed in December 2021.) In 2022, there has been an upward trend in lending rates based on the monetary tightening policy being implemented by the Central Bank. As at June 2022, the average lending rate in Ghana stood at 24.27%, increasing to 29.81% by September 2022.

The interest rates on short-dated treasury bills (i.e. 91-day and 182-day) have been relatively volatile in 2022. The 91-day Treasury Bill interest rate at the end of the second quarter of 2021 stood at 12.65% and the 182-day T-bill rate at 13.4%. However, as at the second quarter of 2022 the 91-day and 182-day T-bill rates rose to 24.15% and 25.55% respectively. By the end of the third quarter of 2022, they stood at 29.7% and 30.9% respectively.



Interest Rates (June 2019 - June 2022)

Source: Bank of Ghana Monthly Time Series Indicators | 2022 Mid-Year Budget Statement
https://www.bog.gov.gh/economic-data/time-series/

Exchange Rates

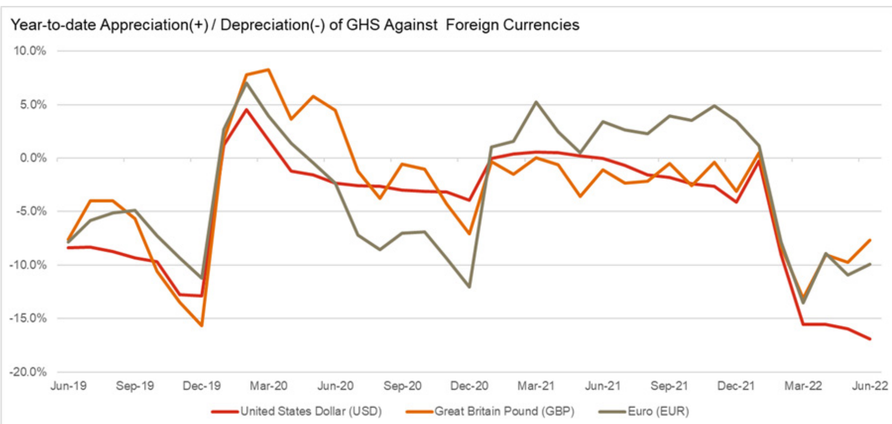
The Ghana Cedi continued to weaken sharply in the first three quarters of 2022 and it has performed poorly in 2022 relative to 2021. This observed currency challenge has been driven mainly by Ghana’s rising import bill, foreign debt repayments, lingering impact of COVID-19, Q1 profit repatriation by Ghana-based multinational companies and the knock-on effect of the conflict in Ukraine on the Ghanaian economy.

Depreciation of the Ghana cedi against the major trading currencies are shown below.

The planned IMF re-engagement this year has the potential to shore up Ghana's reserves, however the growing constrained access to international capital market access, the country's growing dependency on imports coupled with the uncertain global economy may maintain the currency pressures on the Ghana Cedi.

Depreciation of Ghana cedi against major currencies					
Year-on-year depreciation of GH₵ (%)	**September 2022**	**June 2022**	**2021**	**2020**	**2019**
United States Dollar (USD)	37.5%	20.39%	4.27%	3.93%	12.9%
Great Britain Pound (GBP)	24.1%	8.27%	3.27%	7.08%	15.66%
Euro (EUR)	27.5%	11.71%	-3.95%	12.07%	11.24%

Source: Bank of Ghana Monthly Time Series Indicators| PwC Analysis



Interbank Foreign Exchange Rates-USD, GBP & EUR (June 2019 - June 2022)

Source: Bank of Ghana - Historical Interbank FX Rates

2

Survey Analysis

Survey Analysis

Introduction

Considering the current global issues, such as climate change, food insecurities, financial and economic impact of COVID-19 and the Russia-Ukraine crisis, it is now more important for ESG to be included in business practices.

Globally, the financial sector plays an important role in sustainability conservation and has brought about many ways to incorporate ESG into investments and financial decisions. The discourse on ESG revolution is a global phenomenon and Africa is considered a critical stakeholder as it supplies the world with most of its unprocessed raw material requirements as inputs for industries. The increased demand for sustainable products and activities by investors has made it necessary for banks to consider ESG opportunities and risks in formulating their policies. Regulatory bodies are also focusing more on ESG issues making it imperative for banks to look at their role in the ESG ecosystem.

In Ghana, the Central Bank and the Ghana Association of Bankers developed a framework to promote sustainable banking for the sector. In 2019, the Bank of Ghana launched the Ghana Sustainable Banking Principles (GSBPs) to steer and provide guidelines to assist banks with rising global issues such as anti-money laundering, corporate integrity, corporate disclosure and climate change. Among the seven principles outlined were Environmental and Social Risk Management (ESRM), Corporate Governance and Ethical Standard, Gender Equality and Internal Environment Social and Governance (ESG) in bank operations. All commercial banks signed on to the GSBPs and planned to incorporate them in their activities.

Due to the growing interest in ESG by stakeholders, banks ought to provide regular updates on their ESG activities to help them make informed decisions.

Survey methodology

PwC surveyed bank executives – Chief Executive Officers, Chief Finance Officers, Chief Risk Officers, Chief Operating Officers, Heads of Information Technology and Heads of Strategy - in Ghana through interviews and questionaires. First, the research team sent letters to all 23 banks in Ghana requesting their participation in the 2022 Ghana banking survey. Following favourable responses from 21 banks, the team sent the questionnaire to the respective banks. Each bank was expected to make one entry into the research by completing one questionnaire to represent the views of the bank on the subject under review.

The responses from each of the banks were studied and interview guides developed to unearth deeper insights into responses. Interviews conducted as a follow up in order to gain insights into the survey responses received.. Data from both the survey and the interviews were analysed to produce this report.

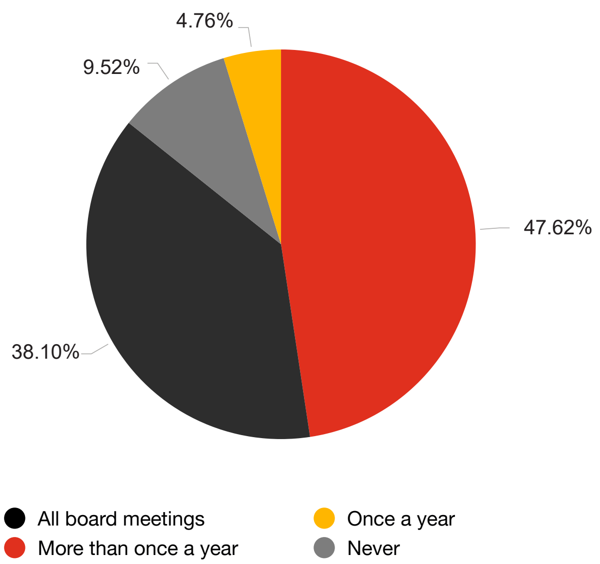
Top findings

We have discussed in the ensuing subsections the various top findings of our survey according to the major themes we sought to address.

- **ESG strategy** which addresses the questions of whether the banks have incorporated ESG into their respective business strategies and therefore established mechanisms in their operations to ensure compliance with the concept. The session also focuses on the extent to which respective management teams and board members are knowledgeable on the subject and supports the ESG agenda in the banks.
- **ESG motivation** which explores the drivers for the adoption of ESG within the banking industry.
- **ESG implementation** which assesses how ESG is being implemented by the various participating banks. The section looks at the implementation strategies and explores the differences across the banks.
- **ESG and risk management** which looks at ESG considerations in advancing credits and managing other risks faced by the banks.
- **ESG Disclosure and reporting** which establish the extent to which the banks are reporting on their ESG activities.

ESG Strategy

How often are ESG matters included in the agenda for Board meetings?



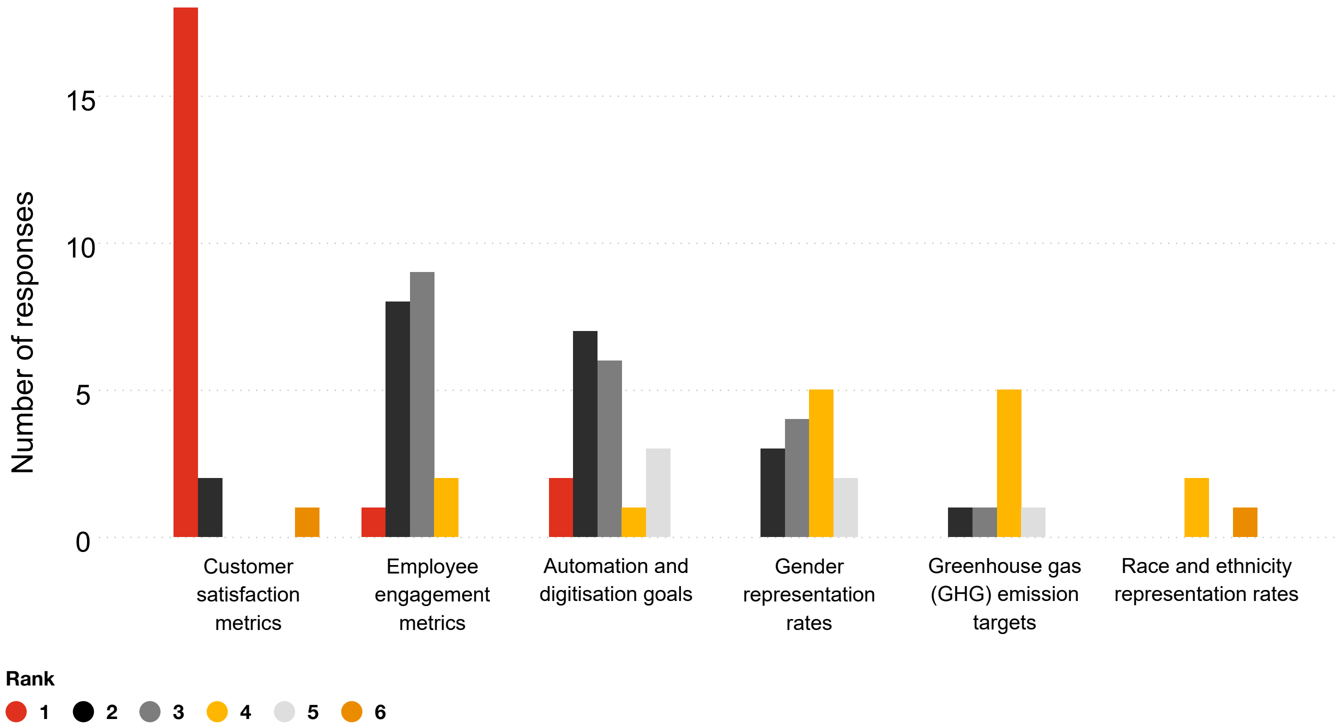
Interest to embrace ESG by banks in Ghana is partly due to the sustainable banking principles which was launched in Ghana by BoG with the support of the industry players through the GAB.

ESG has become topical, with 18 respondents having boardroom discussions on ESG matters more than once a year and 8 of these banks having ESG as part of every boardroom agenda. Respondees have indicated that appreciable steps are being taken to integrate ESG into banking operations with the majority of banks (62%) having approved plans to adopt ESG into their business. 5 banks have also developed ESG plans which are under review and 3 banks are in the process of developing their ESG plans.

Non-financial outcomes relative to ESG

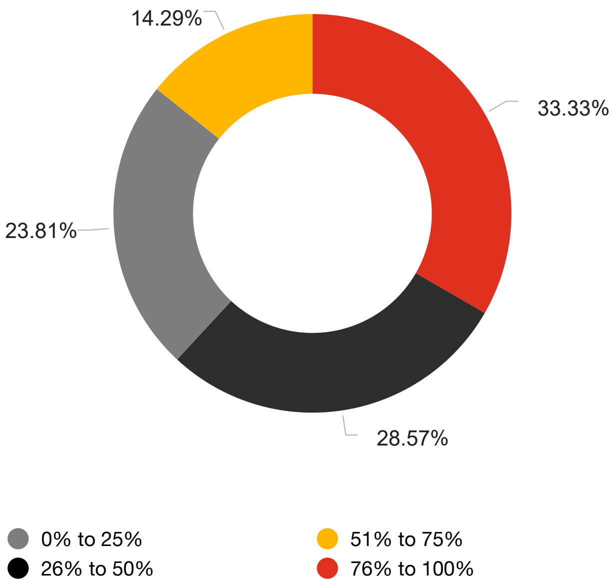
The study observed that the following non-financial outcomes which relate to the ESG concepts are sought after by the banks in their long-term corporate strategies:

a. greenhouse gas (GHG) emission targets
b. gender representation rates
c. race and ethnicity representation rates
d. customer satisfaction metrics
e. automation and digitisation goals
f. employee engagement metrics



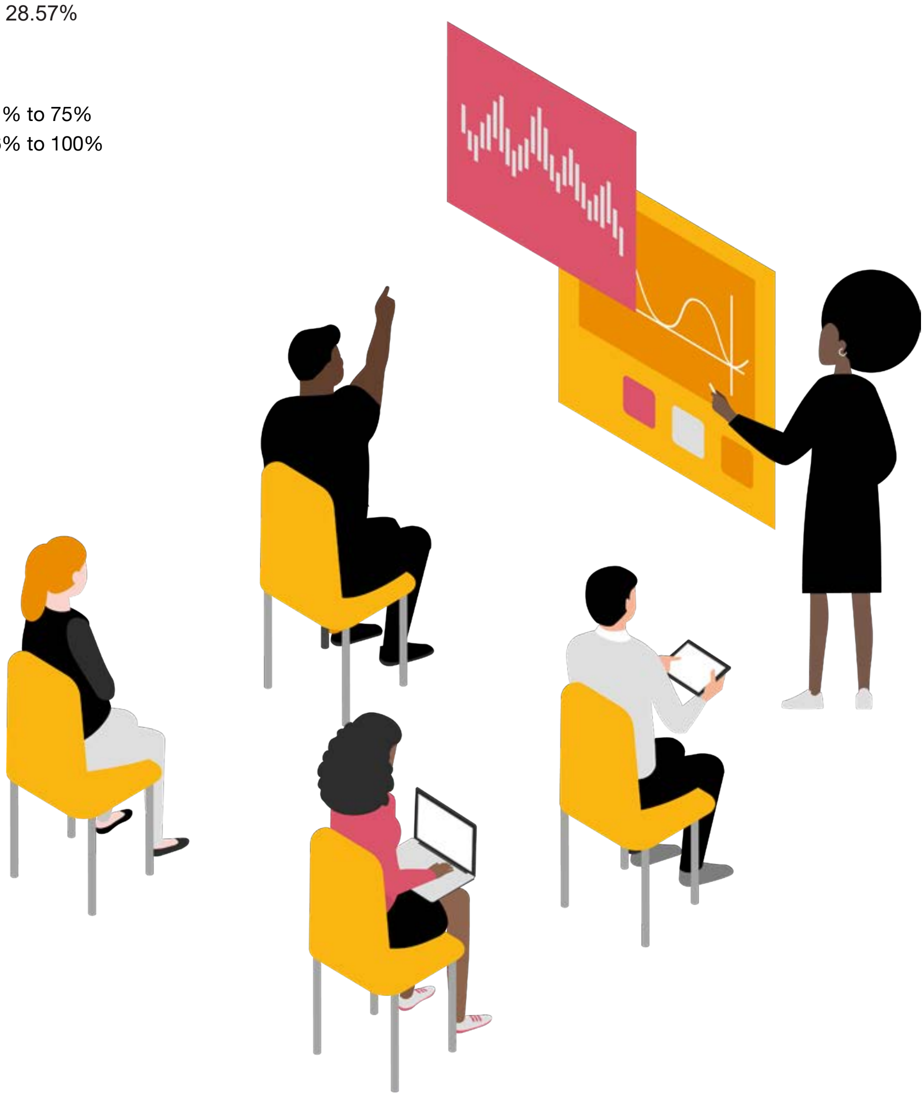
Customer satisfaction, employee engagement metrics and automation/digitisation topped the list in that order. Gender representation, GHG emission targets as well as race and ethnicity were rather not as popular as their counterparts in the list. This could be a signal that the banks are attuned to subscribing to initiatives that have direct bearing on their bottom line. This is buttressed by the observation that customer satisfaction metrics was most prominent in the list of non-financial outcomes included in the long-term corporate strategy of the banks.

ESG training among bank management staff



Whereas 3 banks indicated they have their ESG plans under development, 5 noted theirs were uder review while 13 revealed that their plans are approved for implementation.

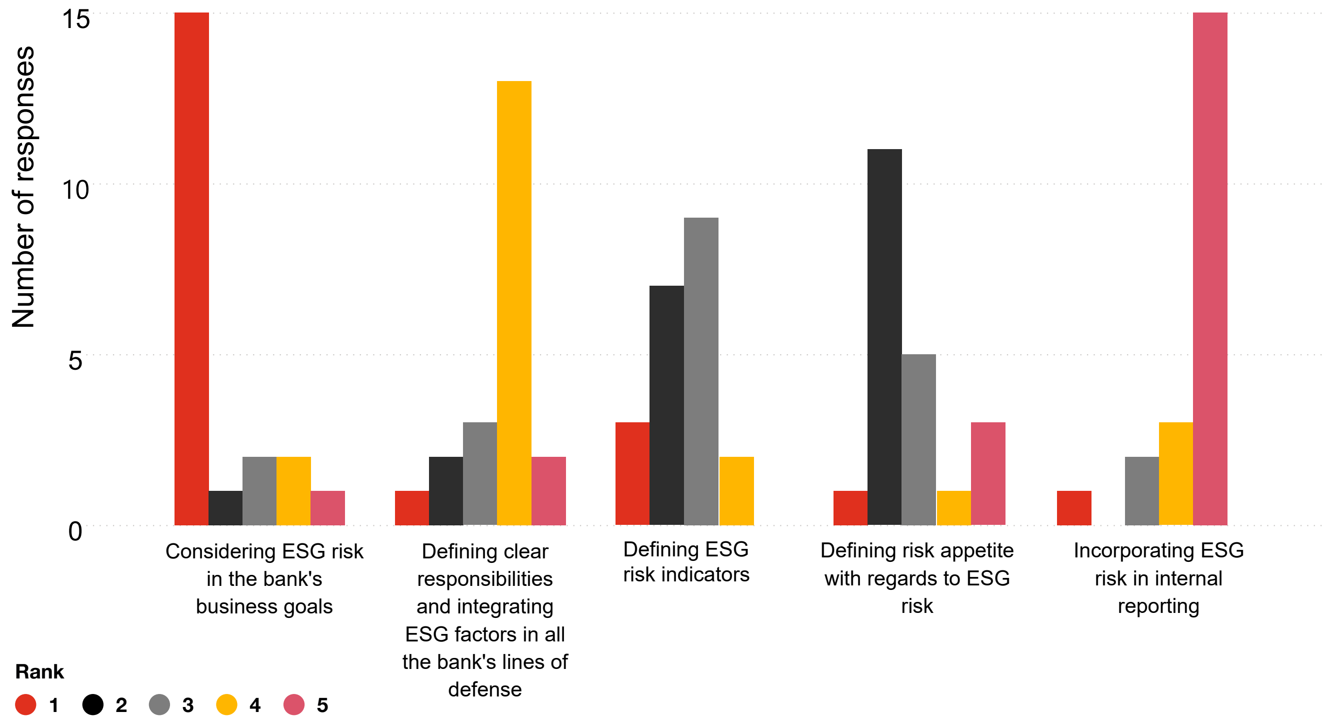
The ESG knowledge deficit amongst key decision makers and implementors within the industry may negatively impact the strategic outcomes expected from the adoption.



ESG priority areas

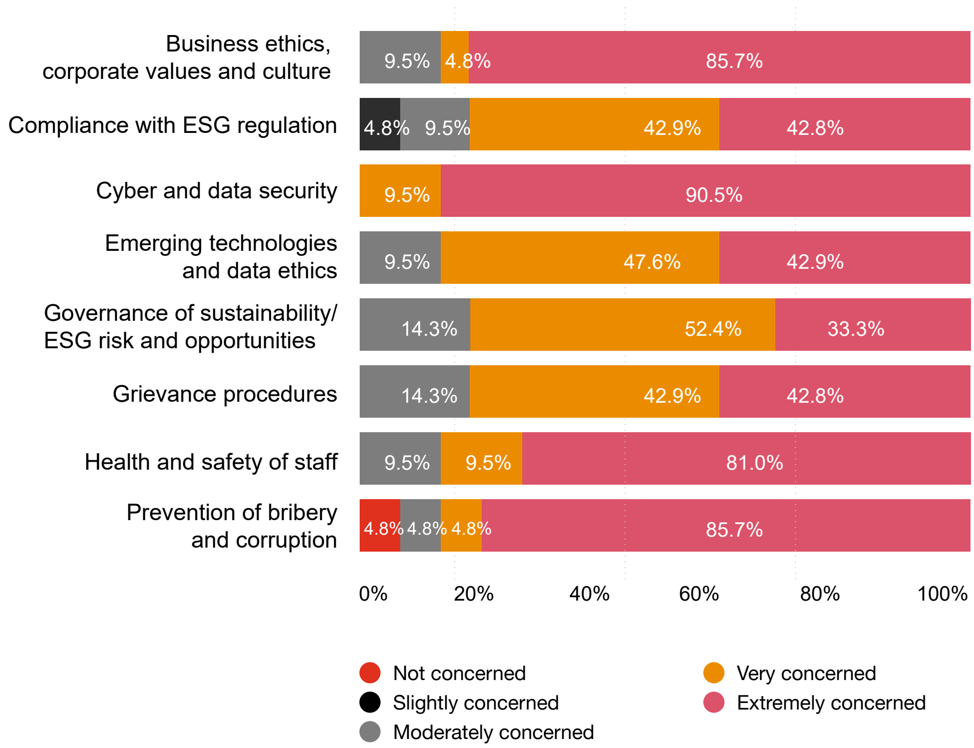
Available literature suggests among other things five critical areas of ESG that should be of concern to banks from a business perspective. These include:

a. considering ESG risk in the bank's business goals
b. defining clear responsibilities and integrating ESG factors in all banks' lines of defence
c. defining ESG risk indicators
d. risk appetite with regards to ESG
e. incorporating ESG risks in internal reporting



Governance issues in ESG

The banks demonstrated significant concern for all eight ESG factors from the governance perspective. We found that the combined effect of choices 'very concerned' and 'extremely concerned' were very high (above 80% in all cases). We arrived at this finding because a list of governance issues known to be important elements in ESG strategy discourse; and that should be of concerns to banks both in literature and practice were itemised for the banks to rate them according to their level of concern for each.

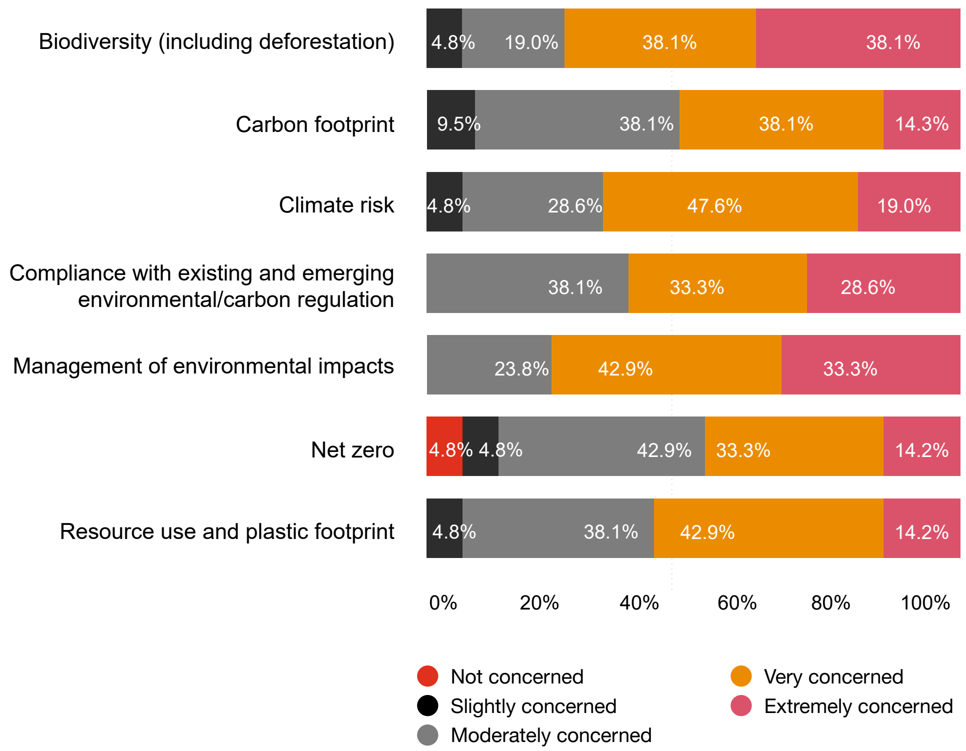


We discovered that 90.5% of the banks were extremely concerned with cyber and data security with the remaining 9.5% selecting it as a very concerned item. This was a surprise finding because in recent times the subject of data protection and related matters have become pronounced, and the regulator has taken significant steps to support banks to comply with high standards data management practices. It was interesting however to note that 5% of the banks were not concerned about the controversial issue of bribery and corruption.

Environmental issues in ESG

We ascertained the bank's level of concern for some critical environmental issues as well. These are:

a. Biodiversity (including deforestation)
b. carbon footprint
c. climate risk
d. compliance with environmental regulation/ carbon regulation
e. management of environmental impacts
f. net zero as well as resource use and
g. plastic footprint



From the combined ratings of 'very concerned' and 'extremely concerned' perspective, the banks demonstrated most concern for the following environmental factors: management of environmental impacts and biodiversity (including deforestation).

It is worth noting that apart from net zero, whose combine ratings of 'very concerned' and 'extremely concerned' was less than 50%, the rest scored more; signalling that about 50% of the banks in Ghana are interested in ensuring that projects they finance do not pose threats to the environment.

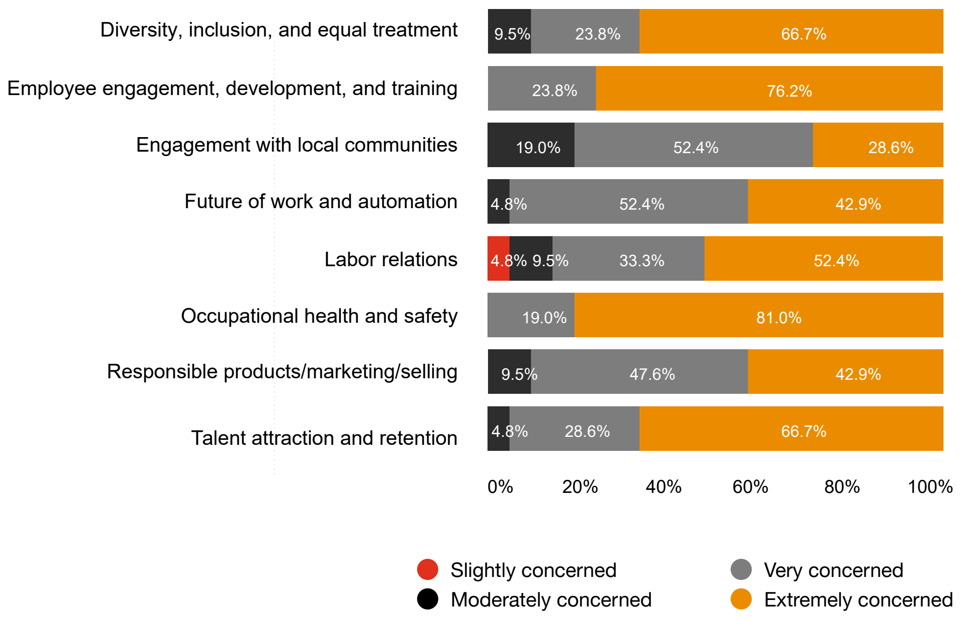
The management of environmental impacts resonated more with the bank with a relative scoring of 33.3% for extremely concerned, 42.9% for very concerned and 23.8% for moderately concerned.

Biodiversity was next in line as the combined effect of both extremely and very concerned was about 76% but about 5% of the participating banks were slightly concerned.

It was also interesting to observe about 5% of participating banks indicate that they were not concerned about net zero.

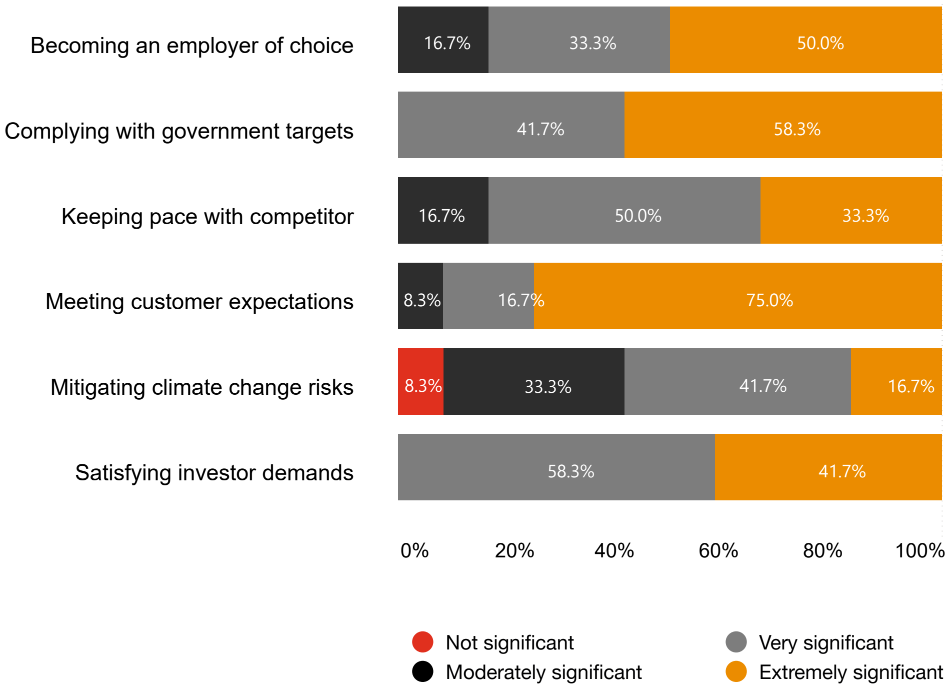
Social issues in ESG

Moreover, the study took interest to examine how concerned banks in Ghana are on critical social issues related to the subject of ESG. As demonstrated in the diagram, the combined effect of 'very concerned' and 'extremely concerned' demonstrate that the banks are more concerned about how their work impacts society.



Some market variables and ESG

We tried to understand how certain key market variables relate to the bank's ESG strategy. In doing so, we asked them to rate these variables according to how significant they individually relate to their strategy. The variables are: becoming an employer of choice, complying with government targets, meeting customer expectations, mitigating climate change risks and satisfying investor demands.

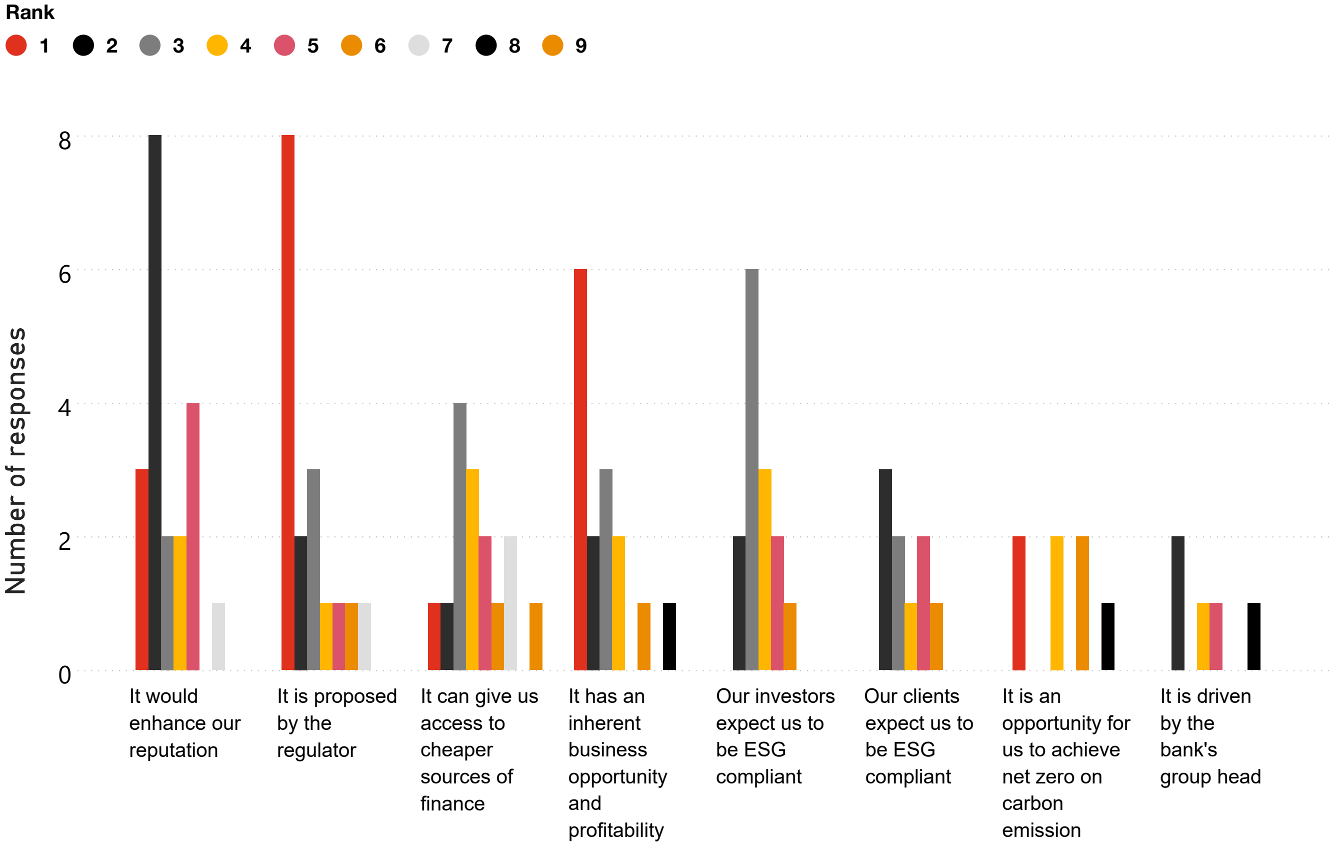


We found that the combined effect of extremely and very significant for both complying with government targets and satisfying investor targets were 100% each while that of meeting customer expectations was 92%. Given that about 58% of the banks consider the need to comply with government targets as extremely significant is higher than about the 42% for satisfying investors, it may be safe to conclude that meeting government targets may be the most significant ESG variable that influences banks strategy in Ghana.

However, about 75% of the banks indicated that meeting customer expectations was of extreme significance to their strategy. This is the highest score for a specific grading score for all the variables identified, making the need to satisfy customer expectations an important influencer of banks' strategic framework. This outcome confirms our earlier finding that meeting customer expectations is a critical non-financial outcome of ESG the banks seek for.

ESG motivation

What is the bank's motivation for signing off on the Ghana Sustainable Banking Principles and Sector Guidance Notes?



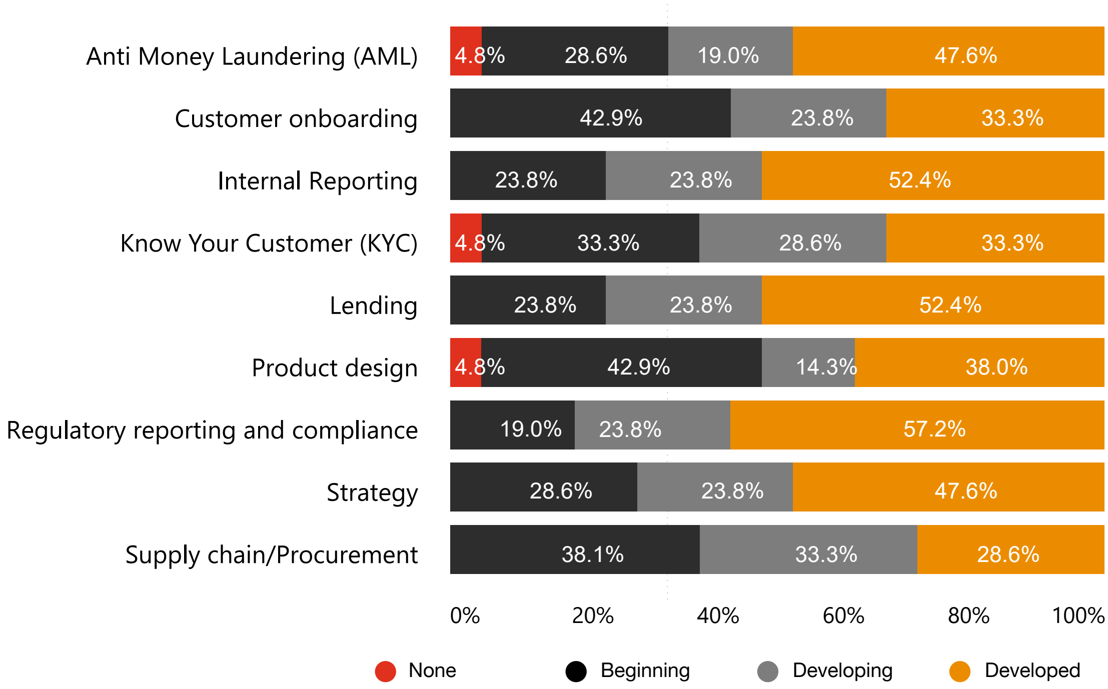
After banks in Ghana signed onto the Ghana Sustainable Banking Principles Commitment and Endorsement Statement in November 2019, it would appear a regulatory proposal, opportunities for enhanced reputation, investor expectation, an opportunity for business and profitability were the main drivers for the banks to take this initiative.

About 50% of surveyed banks, expected the commitment to these Guidelines to enhance their reputation, build constructive relationship with stakeholders and create long term value. Industry players believe that as a growing number of socially responsible investors consider ESG information in their investment allocations, incorporating such information within their business practices assumed greater importance in the investment process.

Many stakeholders encourage firms to actively identify and manage ESG issues and disclose the details in their annual reports. Compliant firms are likely to experience lower risk. As a result, capital suppliers, such as debt and equity providers, perceive firms that disclose ESG risks as less risky and adjust their expectations about risks and returns of their investments in such firms.

The commitment to these Guideline notes is the first practical and important step for the banks to bring the Principles to life, in order to begin their journeys towards ESG implementation.

Rate the following according to your level of integration and alignment with the ESG principles stated in the Ghana Sustainable Banking Principles and Sector Guidance Notes



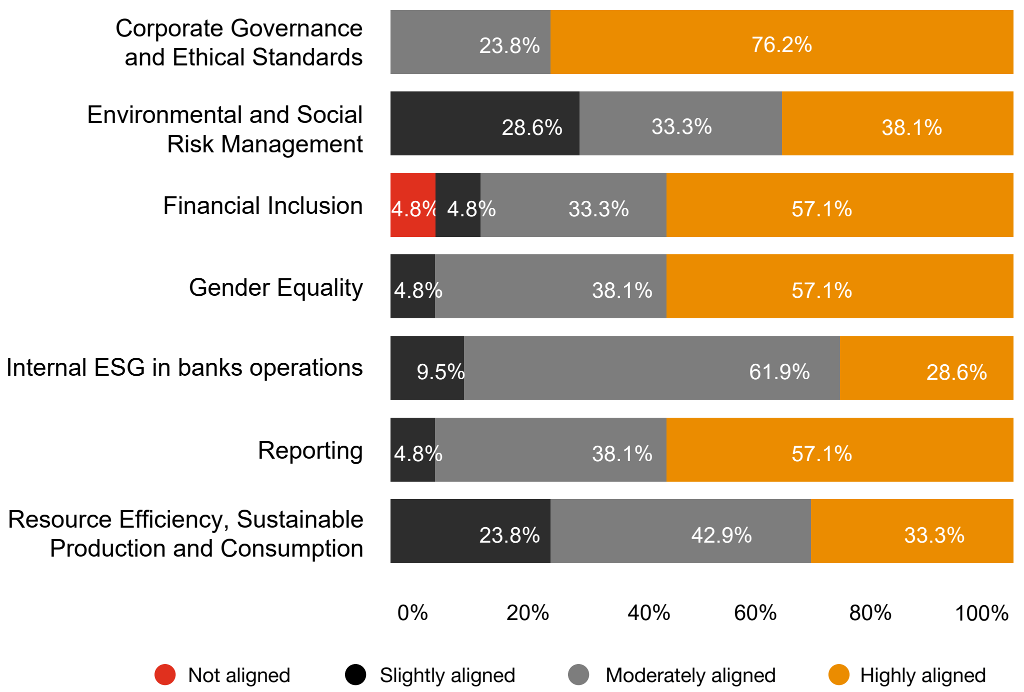
Generally, the industry players admit that there is some work to be done with regards to fully integrating ESG principles and practices into their operations. Nonetheless, there is remarkable progress since the banks' commitment to the Ghana Sustainable Banking Principles in 2019. At least a third of banks have either not started or are at the beginning stage of integrating ESG into Product design, KYC activities, Anti-money Laundering and Customer onboarding and Supply chain/ Procurement. We expect the level of integration to improve as banks progress the finalisation and approval of their ESG implementation plans.

An observation which is supported by the ESG motivation for the banks is that there is a high compliance level with regulatory issues and to the extent that ESG practices are motivated by regulation, banks are more inclined to adopt and incorprate them into their business. This is seen in the 55% of respondents who believe that their banks have well integrated ESG principles in their internal, regulatory and compliance reporting.

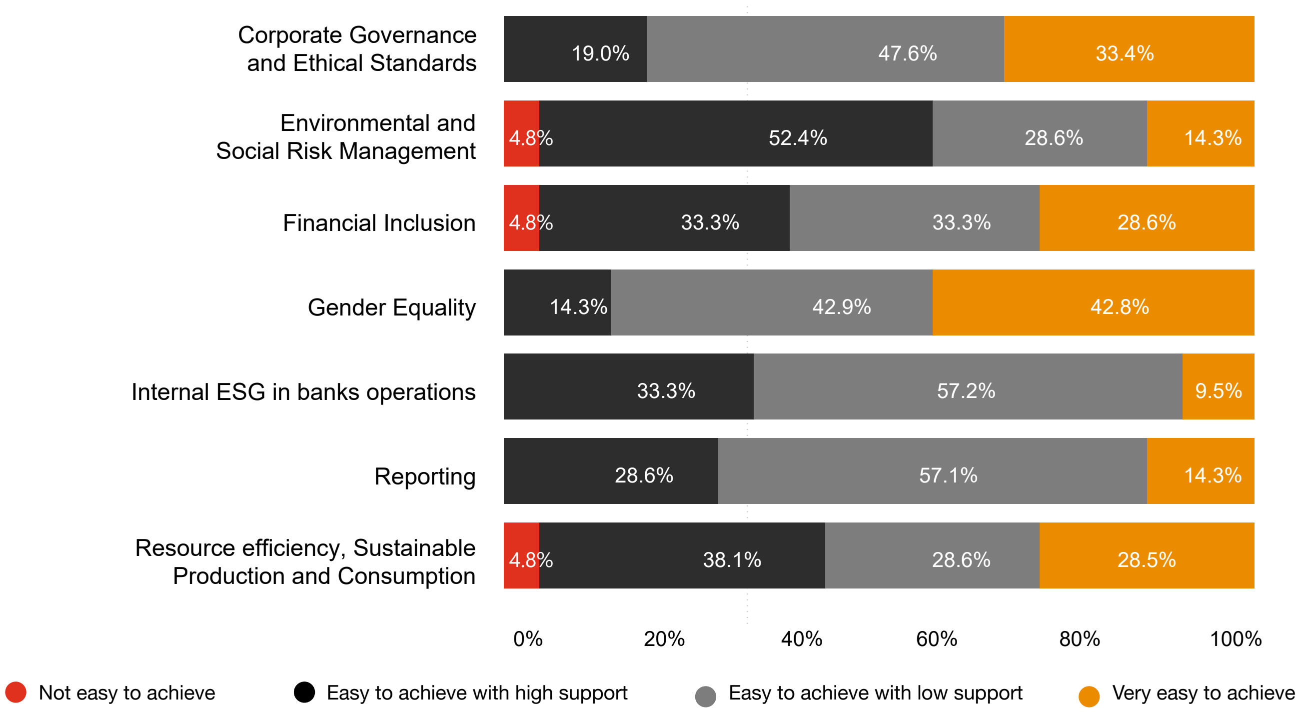
Banks' external role in relation to the sustainability of the financial sector involves the inclusion of different ESG risks in their lending, financing, and investing decisions. The survey respondents believe substantial effort has been made in integrating environmental, social and governance (ESG) factors within lending process of the banks.

The view among industry players is that responsible lending is not only a concern of the regulators but also investors who have become aware about the ESG issues and implications of these factors for their businesses. They support the view that failure to address ESG issues by the banks will jeopardize sustainability of the businesses that are financed through them, including the banks playing the financial intermediary roles.

Rate the seven ESG principles captured in the Ghana Sustainable Banking Principles and Sector Guidance Notes document in order of alignment to the bank's corporate values



Rate the seven ESG principles captured in the Ghana Sustainable Banking Principles and Sector Guidance Notes document in order of ease of achievement



Inspired by the Ghana green economy agenda and green growth initiatives and as a step by the industry to contribute towards the country's attainment of Sustainable Development Goals and the Paris Climate Declarations, banks committed to sustainable banking by financing sustainable and inclusive growth areas and incorporating ESG factors in lending decision-making.

Three years after this commitment, a self-assessment by industry players indicate that principles such as Environmental and Social Risk Management, Resource efficiency, Sustainable Production and Consumption requires a lot more effort from managers of banks. It is however refreshing that the other principles of the Guidelines have been, to a greater extent, moderately/highly aligned to banks'corporate values.

Among these principles, Corporate Governance and Ethical Standard appears to be the most aligned into the banks' corporate values. The Bank of Ghana Corporate Governance Directive, already being implemented by the banks, explains this observation. This confirms the view that the aspects of ESG which have a direct linkage with regulatory requirements have a higher likelihood of compliance.

On ease of achievement of the principles, it appears industry players believe that majority of the principles are easy to achieve with some level of support. This support ranges from trainings and capacity building, enhanced regulatory and stakeholder push and linking ESG performance indicators to bank performance measures. The surveyed industry players opine that the implementation challenges include data quality and usefulness, ESG measuring standards, costs and concerns about the misalignment of ESG's long-term benefits and the banks' short-term performance incentives.

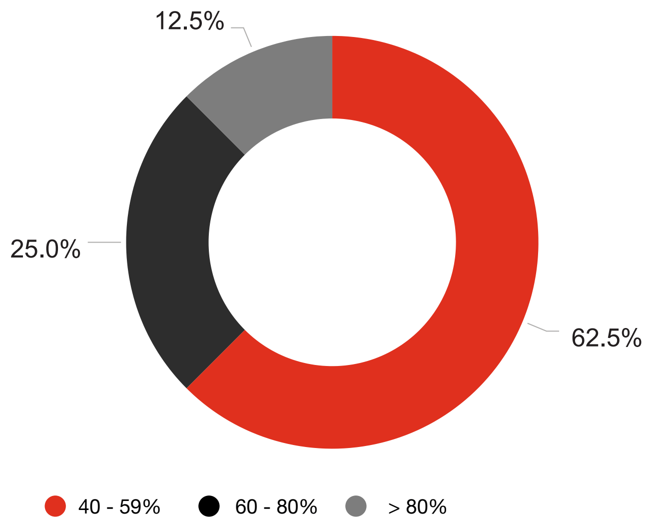
Even though the ESG conversation has gained considerable attention and there is a growing momentum for firms to integrate ESG factors into their practices, industry players opine that actual practices with respect to ESG integration are still low, with most banks falling short of full implementation.

63% of the respondents believe that the concept of ESG is in the incipient stages in the banking industry with most banks assessing the implementation needs and putting the necessary structures in place for full integration. This finding is consistent with other sectors of the Ghanaian economy as generally the country's readiness for ESG seems low.

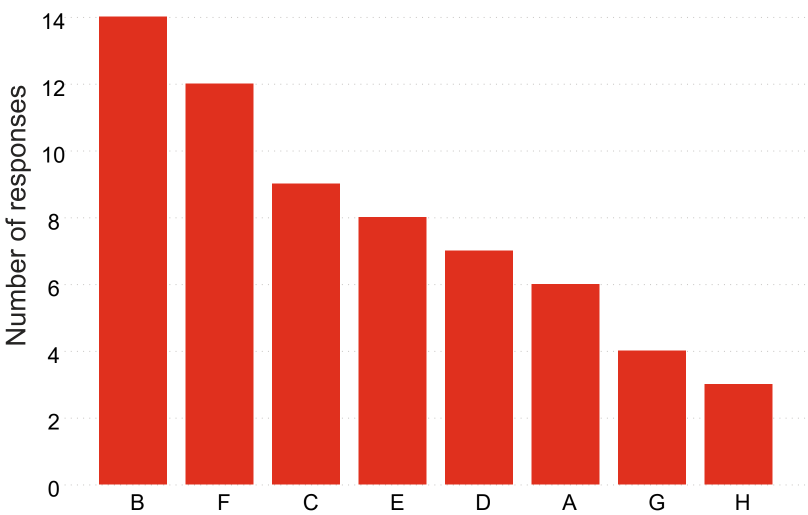
A quarter of the respondents are of the opinion that the industry is moderately prepared to integrate the ESG factors into their practices and have the necessary structures for full implementation.

12% of the banks believe they have well developed structures to support ESG implementation with regards to sustainable banking and reporting.

What is the level of readiness of the banking industry in Ghana for ESG implementation?



What are the top three suggestions for ways in which ESG can be enhanced in the Ghanaian banking industry?



A. Regulatory support via an easing (or tightening) of selected prudential requirements.

B. Regulatory leadership through oversight and/or compliance enforcement

C. Enhanced strategic focus, identification of relevant KPIs at corporate level

D. Incorporate relevant KPIs into performance management and make ESG "everybody's business"

E. Boardroom & C-level focus (e.g appointment of a CSO - Chief Sustainability Officer

F. Internal capacity building programme / continuous professional development for bankers.

G. Establishment of certified training schools/ providers

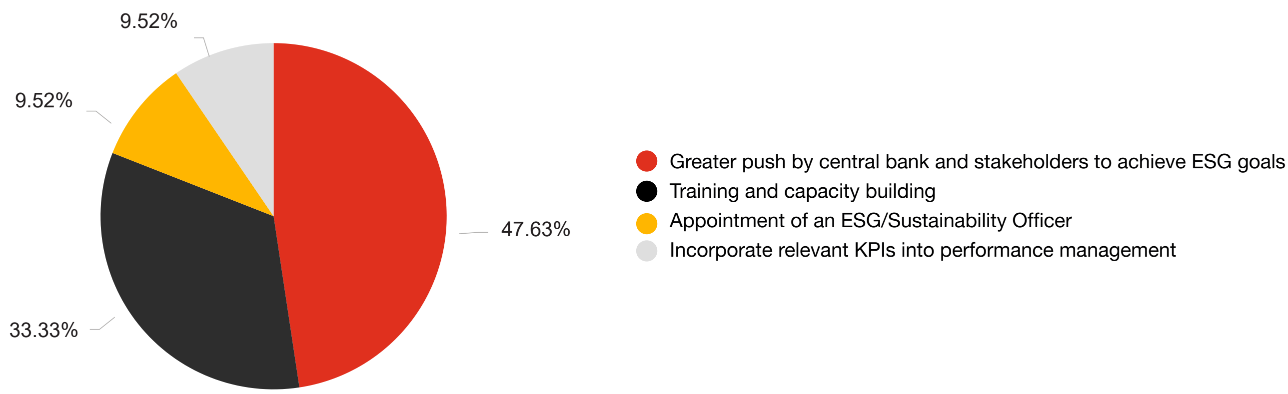
H. Financial/ Funding support

Consistent with the banks' motivation for committing to the Ghana Sustainable Banking Principles, regulatory leadership and oversight appears to be the cardinal impetus for the ESG implementation conversation to materialise. It is apparently clear that for the successful integration of ESG into banking practices, regulators should be at the forefront of the conversation by making the ESG implementation requirements a regulatory imperative.

Bank managers also opined that capacity building and trainings, to boost their understanding of the ESG concepts and more especially on the barriers to ESG implementation, will accelerate the pace of the integration process and ultimately ensure success.

The respondents believe that a focus on strategic level management and Board members in order to align relevant KPIs to include ESG performance factors will direct attention to ESG focus areas including setting up ESG units within banks and appointing Chief Sustainability Officers to be ultimately responsible for driving ESG initiatives.

What recommendations would you make to drive the bank's ESG journey?



The banks have a more optimistic outlook and are more willing to incorporate ESG factors into their practices as long as the regulator carries them along as 48% of the respondents opine that the regulatory leadership and initiative is the main catalyst to drive ESG impementation success. The banks, regulator and other stakeholders should partner in creating the regulations and frameworks required for the successful implementation of ESG in the industry.

As with any new concept, the industry players expect adequate training and capacity building on the ESG principles, prospects and challenges in order to build key skillsets and competencies to drive the implementation. In line with this, the banks expect that the appointment into and operationalisation of a Chief Sustainable Officer portfolio will strengthen banks' commitment to the project in terms of having a clear focus and resources to achieve the set objectives.

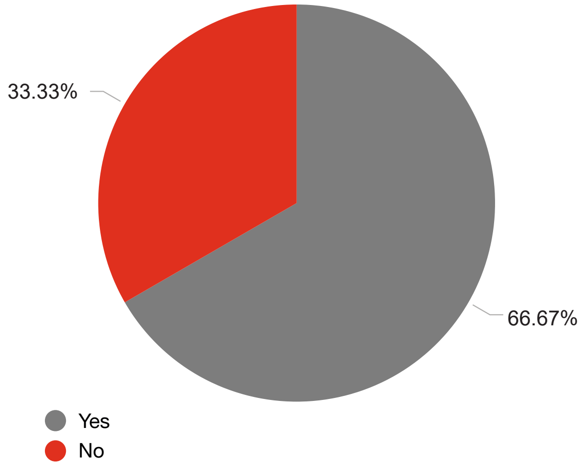
About 10% of the respondents argue that the incorporation of ESG specific KPIs into bankwide KPIs for management allows for measurable targets to be set and appraised as part of the banks' performance assessments.

ESG Implementation

ESG, driven by factors such as climate change, social inequality and the impact of COVID-19, and amplified through social media is influencing the demand from investors, consumer awareness and regulation and is being promoted to the top of the strategic agenda for banks.

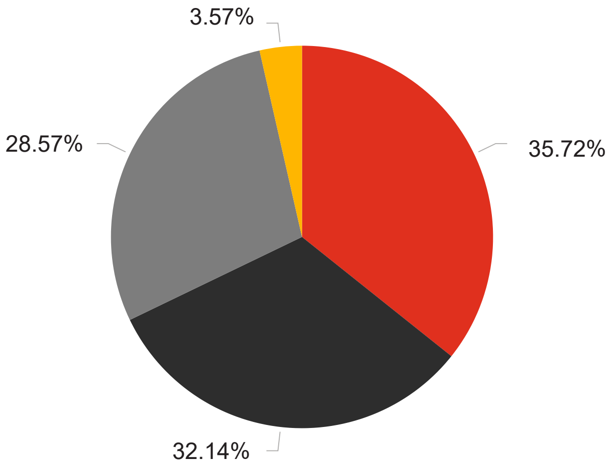
Prior to the release of the Ghana Sustainable Banking Principles 67% of respondents had taken steps on adopting ESG principles across areas of governance, operations and risk management. The priorities for banks, in adopting ESG, was ensuring gender equality at all levels of their organisations, in recruitment and career development and providing equal opportunities for customers to access their products. Other areas of focus included investments in financial inclusion projects, efficient use of resources and utilities and adoption of renewable energy solutions.

Prior to the release of the Ghana Sustainable Banking Principles and Sector Guidance Notes. Had your bank taken steps on adopting ESG risk management principles in your operations?

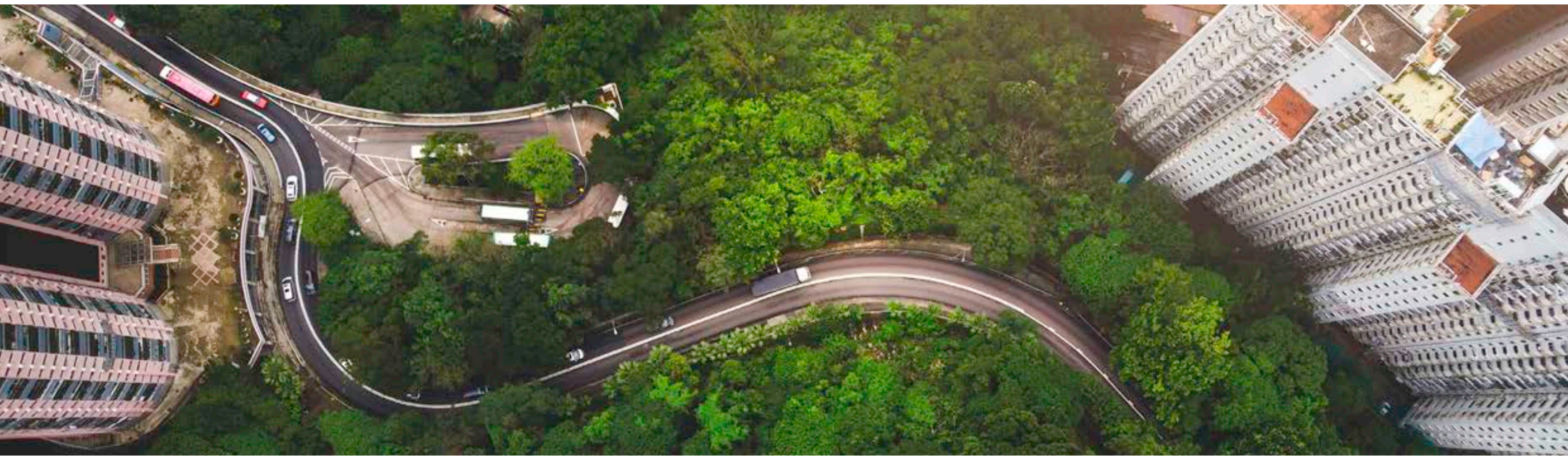


Market readiness, cost implications of ESG implementation and the absence of regulatory requirements were the main reasons given by banks who had not adopted ESG prior to the release of the Ghana Sustainable Banking Principles.

How would you rate your ESG maturity?



- A. Minimalist - (Views ESG reporting as a compliance issue or has just begun ESG journey; Has no or limited public reporting; Sees ESG as largely "E" (environmental issues))
- B. Pragmatist - (Oriented to risk rather than opportunity; Has some public reporting but no science-based targets; Has a sustainability report and may have net-zero targets; ESG activities and reporting are segregated within the organization; Responsibility for ESG is below the C suite and executive compensation alignment is limited)
- C. Strategist - (Sees opportunity and risks in ESG; Has more mature disclosure and reporting and has science-based targets; Sees ESG as more than net zero and inclusion and diversity; ESG is integrated with business and financial strategy; ESG responsibility is C-suite level and partially integrated into operations and executive compensation; Has ESG-differentiated products or services)
- D. Trailblazer - (ESG is core to purpose, strategy and services /products; Has integrated financial and non-financial reporting aligned to ESG metrics; ESG is integrated across the organization; CEO is responsible for ESG; Publicly advocates for and participates in developing standards and regulatory frameworks)



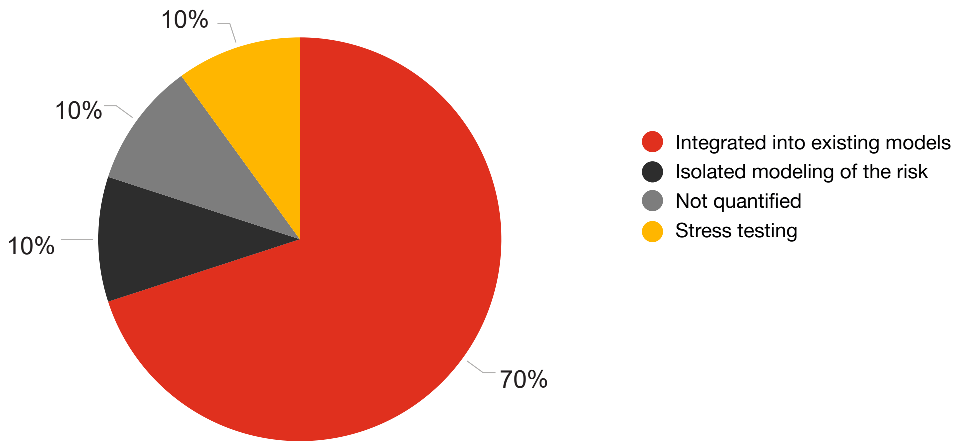
ESG has become a major topic on the corporate agenda as banks are no longer answerable just to shareholders and regulators but other stakeholders including customers, employees and activist organisations. Whereas it is critical to embed ESG into banks' risk management frameworks, it is equally important to include non-financial related outcomes of ESG into banks' strategies as they can have significant long-term impacts.

Within the industry, banks are integrating the minimum regulatory standards and are deploying targeted ESG quick wins which align with overall strategy, with over 68% of banks indicating that they are either at the minimalist or pragmatist stage for ESG maturity.

28% of banks indicated that they are at the strategist stage where ESG opportunities which align with corporate strategy are being integrated, and 4% of banks indicated that they are trailblazers and view ESG as the main driver of their purpose, strategy and focus.

Relative to ESG, the top three (3) non-financial related outcomes for banks are customer satisfaction metrics (90%), employee engagement metrics (71%) and automation and digitisation goals (57%), and these have been included in the financial incentive plans for key management personnel.

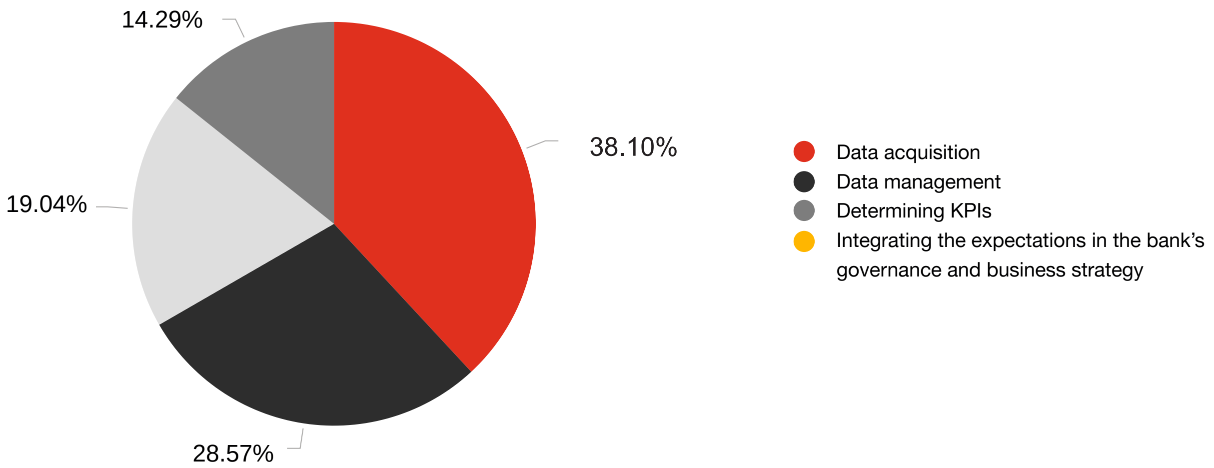
How has the bank quantified ESG risk into each of the following risk types?



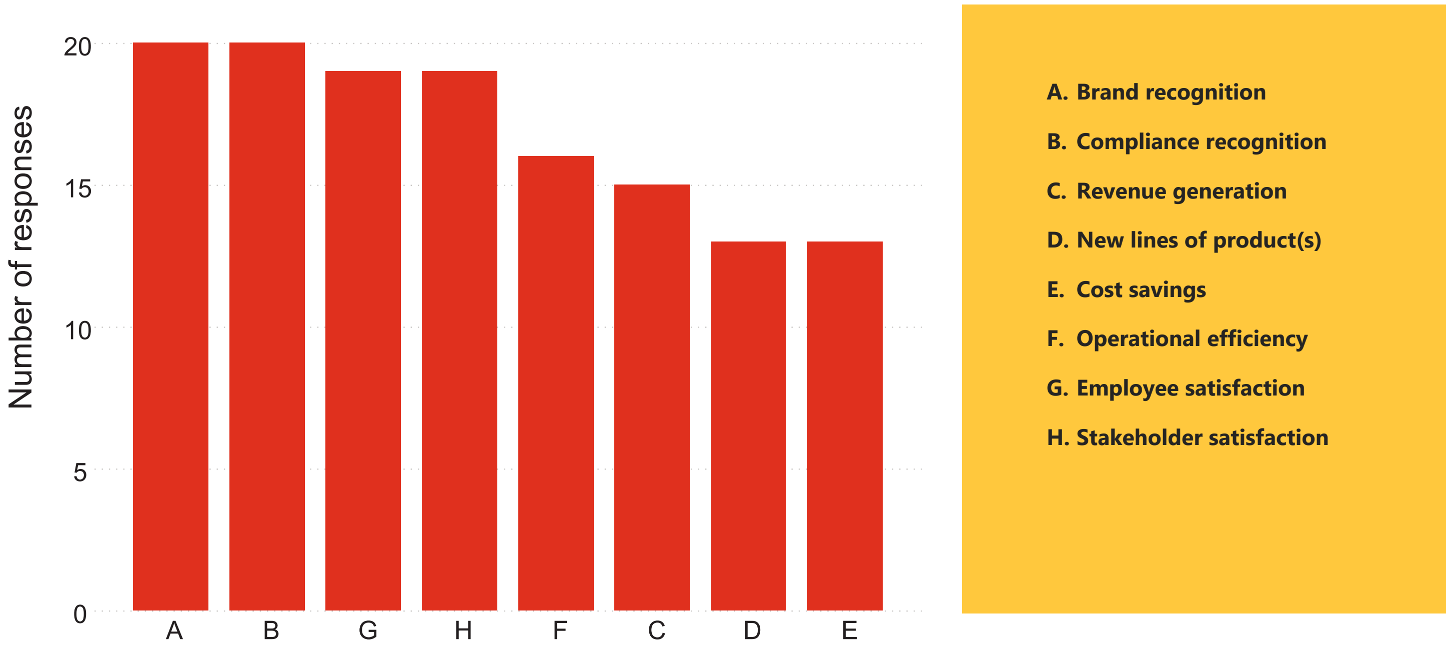
In implementing ESG, banks (95% of respondents) are wary of the impact of ESG on credit, market and operational risks and have embedded ESG into their risk management frameworks. The impact of current and prospective ESG factors on credit risk and operational risk is priority for banks, and 70% of respondents quantify ESG risk through existing models. In analysing the survey responses there was an outlier that views ESG solely as a regulatory and compliance activity and is yet to embed ESG into its risk management framework.

As banks progress through their ESG journeys and are mandated to disclose sustainability-related financial information under the International Financial Reporting Standards framework, some investment will be required to ensure appropriate disclosure of ESG risks, metrics and outcomes across governance, strategy and risk management.

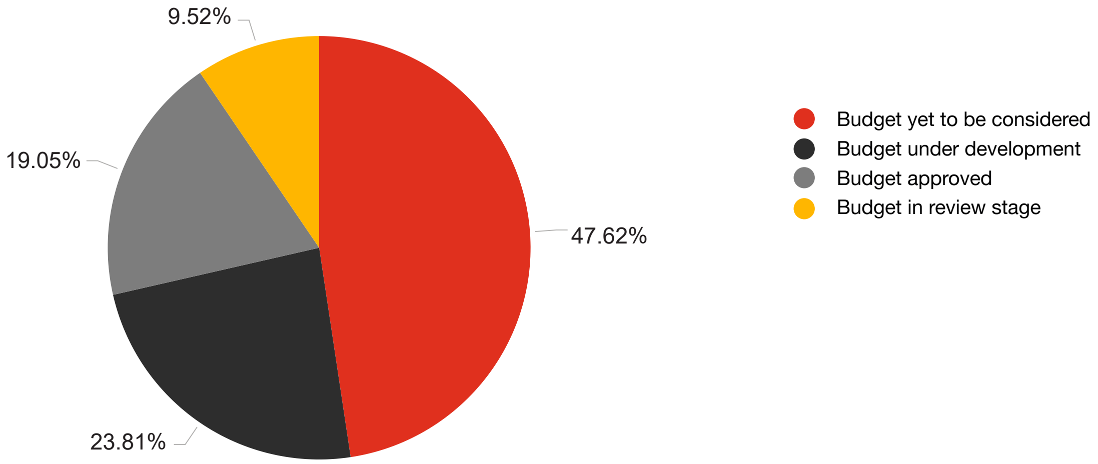
In which of the following areas does the bank have the largest gap in meeting expectations?



In the next years what benefits do you seek to accrue or would have accrued on your ESG journey?



Has the bank assessed the level of investment required to achieve its ESG objectives?



Consistent with their current minimalist and pragmatist stages of ESG implementation, the extent of financial investment required to drive the ESG agenda is yet to be assessed or is under development by 15 out of 21 banks. Banks also view compliance and brand recognition, employee satisfaction and stakeholder satisfaction as the key benefits in implementing ESG. However the cost impact of implementing ESG may disincentivise some banks from progressing their ESG ambitions beyond the pragmatist stage. Regardless of the level of maturity of banks relative to ESG implementation, it does appear that banks will require support in data acquisition and management for a successful implementation of their ESG strategies.

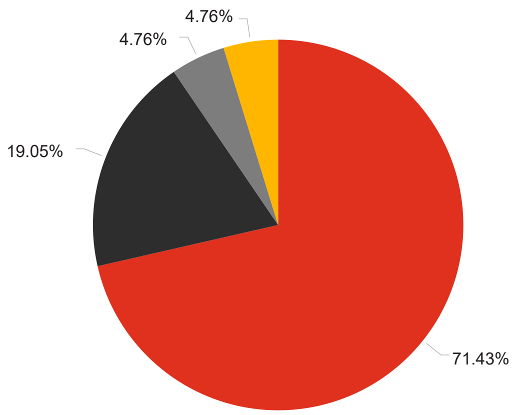
As the global and local markets and the players evolve around ESG, banks will continually have to evaluate how they adapt their strategies relative to the potential costs and benefits of ESG implementation across the spectrum of ESG adoption. In their implementation of ESG, banks should establish long-term views in adopting and embedding ESG and make decisions based on organisational purpose and values to set an ESG persona that reflects their ESG beliefs and commitments.

ESG & Risk Management

Traditionally, banks estimate the credit worthiness of their clients based on financial and non-financial factors during the credit process. In recent times banks are being encouraged to consider ESG factors in performing this function.

ESG issues have been fairly part of the credit assessment procedures of banks they are incorporated in credit risk policies and assessment protocols. Thus, the survey responses demonstrate a consensus that ESG issues inform the banks decisions in one way or another as 71% of respondents recognise ESG as an integral part of their credit processing checklists. Only 4.76% of the respondents indicated that they are yet to incorporate ESG policies in their credit processes.

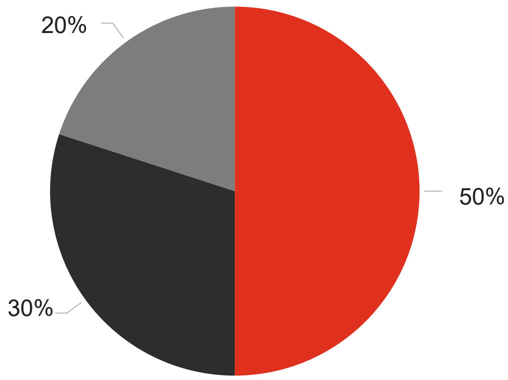
ESG and credit decisions

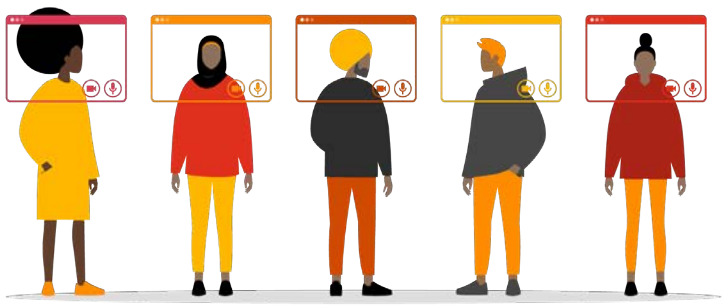


We further observed that ESG inclusion has not negatively affected the total loan portfolio of the banking industry as the loan advances have been increasing from year to year. 19% of the respondents recognised that ESG issues sometimes inform the bank's credit decisions but not all the time.

ESG and credit risk management process

We observed that ESG considerations take place in credit processing but there was no uniformity on the stages at which they take place. While some banks noted they take place at the approval stage, others indicated that ESG considerations are made at both the approval and disbursement stage. Some banks noted that ESG considerations take place at the approval, disbursement, and monitoring stages of the credit risk management process.





Consideration at each stage may require different information ranging from ESG compliance report, ESG KPIs, ESG benchmark, ESG framework, ESG plans and many others. Half of the respondents acknowledged ESG risk assessment is included at only the approval stage.

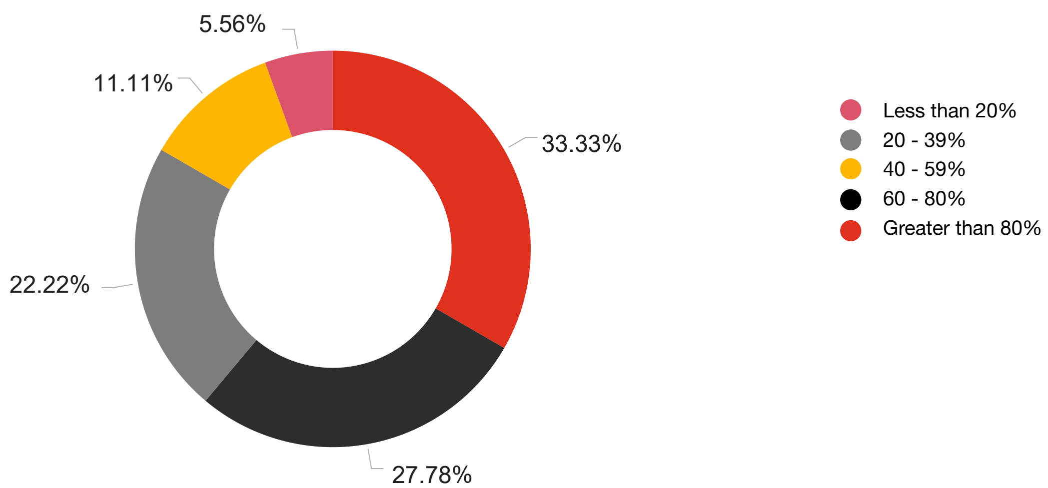
The other half of the respondent acknowledged ESG risk assessment beyond just the approval stage to include monitoring or disbursement and monitoring stages. 30% acknowledged it in the approval and monitoring stages and the remaining 20% includes the assessment through the approval, disbursement and monitoring stages.

ESG reporting continues to be a growing area in the industry in Ghana. For this reason continuous reporting and data comes at a high cost. Thus, the clients are not willing to continually incur costs in this regard making it difficult for ESG matters to be adequately assessed during monitoring by the banks.

Percentage of credit portfolio which is ESG compliant

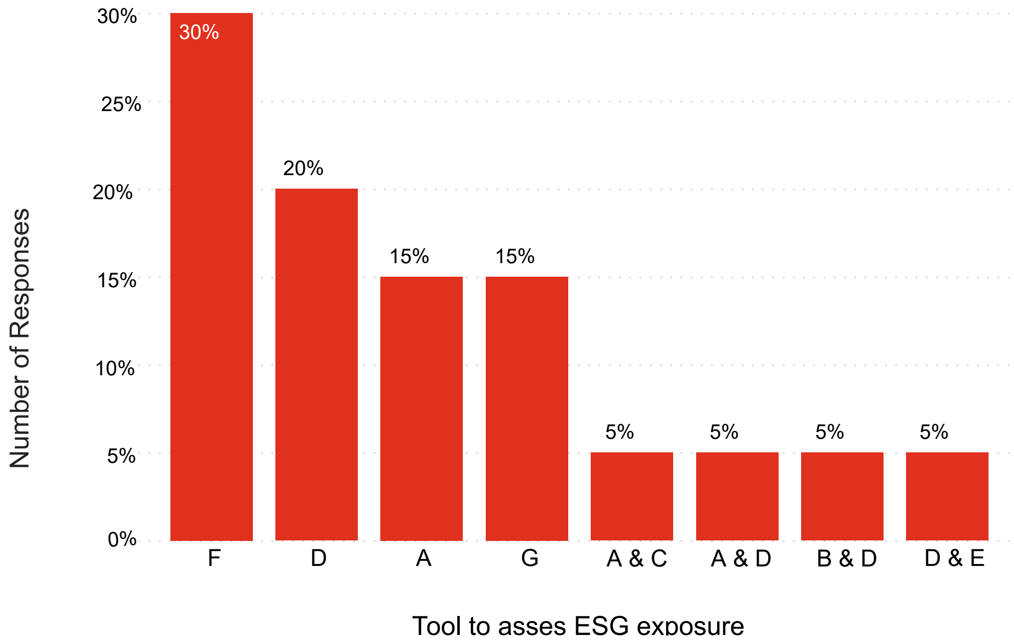
Our findings suggest that the banks are placing great weight on ESG considerations in their credit risk management process such that 60% of respondents acknowledged that over 60% of their credit portfolio have ESG considerations at various stages of the credit management system. Only 6% of the respondents have less than 20% of their credit portfolio having ESG considerations.

It does appear that there is a consensus in the banking industry that as part of the traditional credit assessment undertaken, banks are also recognising the need to incorporate ESG compliance assessments.



ESG assessment tools

Our findings indicate that ESG exposure assessment can be challenging. It appears that there is a lack of effective tools in place to assist the banks to perform the ESG risks assessment as a number of the banks have nothing specific to work with. Some banks rely on a combination of tools to perform this assessment.

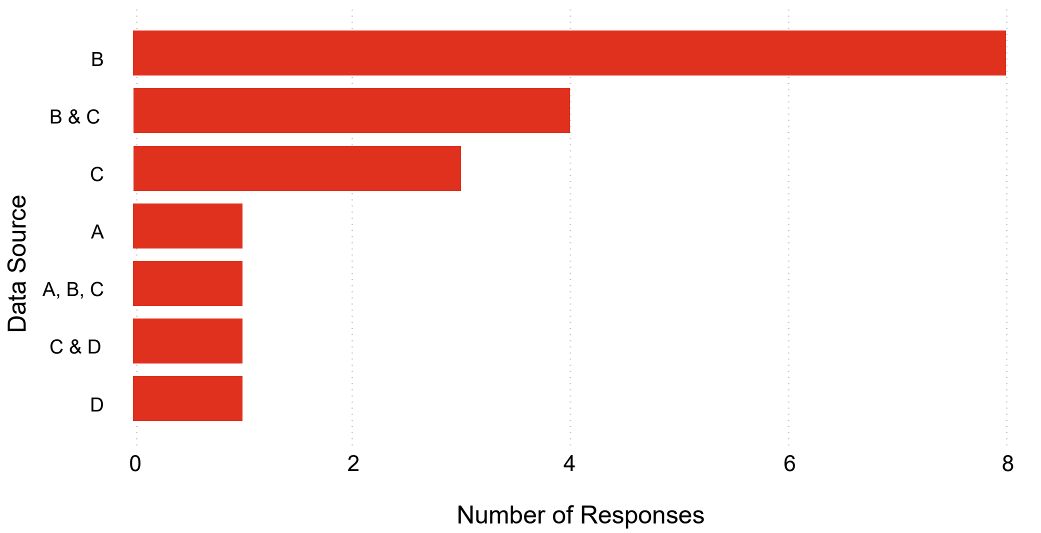


- **A. ESG risk tool for stressing credit portfolios qualitatively.**
- **B. Climate IQ.**
- **C. ESG stress testing solution.**
- **D. Other automated tool developed internally.**
- **E. Other automated solutions developed by third parties.**
- **F. None.**
- **G. Other(s)**

70% of the respondents rely on some sort of tools for ESG exposure: out of which 30% rely on an automated tool developed internally whereas 21% rely on automated solutions developed externally. The remainder of the 70% employ non-automated solutions as 30% of the banks do not have any tools for this.

Primary data sources ESG credit assessment

A key component in the assessment of ESG related credit risk is data. Data accessibility and quality have an impact on the ESG report of the client or customer for which the related credit risk assessment is being performed. Banks are therefore keen on getting the appropriate quality data on time and at minimum cost.



- **A. Through third party data providers**
- **B. Through internal client data generated by the customer**
- **C. Through external client data that is publicly available**
- **D. Other**

61% of the respondents rely on either internal client data generated by the client or through external data that is publicly available. This information is readily available as it can either be obtained from the client directly or on the internet without much cost incurred. The banks perform various exercises to ascertain the authenticity of the information provided by the clients or customers.

Only 5% of the responding banks rely on third party service providers because of the cost associated with it. ESG report and assessment are very costly. Some banks on the other hand use a combination of different data sources that encompass both internal client data generated by the client and or external data that is publicly available and or data from third party sources.

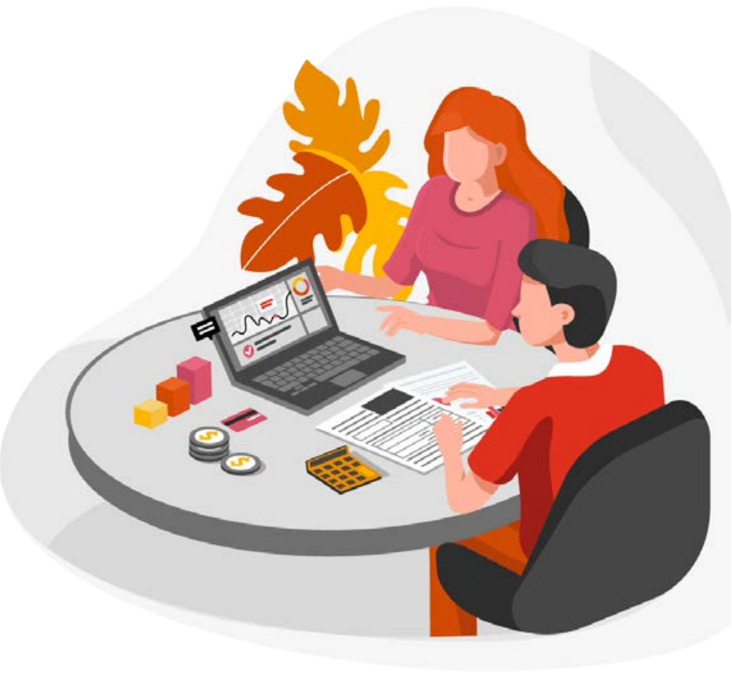
Disclosure and reporting

Top findings

Due to the growing interest in ESG by stakeholders, some banks have taken to providing regular updates on their ESG activities. Several ESG disclosure standards have been developed and respondents have the options between Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), Task Force Climate-Related Financial Disclosures (TCFD) and other disclosure formats. 50% of respondents have adopted or planned to adopt the Global Reporting Initiative (GRI) or TCFD.

The GRI Standards provide standardised and comparable reporting and make it easier for shareholders and other stakeholders to see a clearer picture of their ESG frameworks. The GRI was initially launched in 2000 and is currently the most widely used sustainability reporting framework globally.

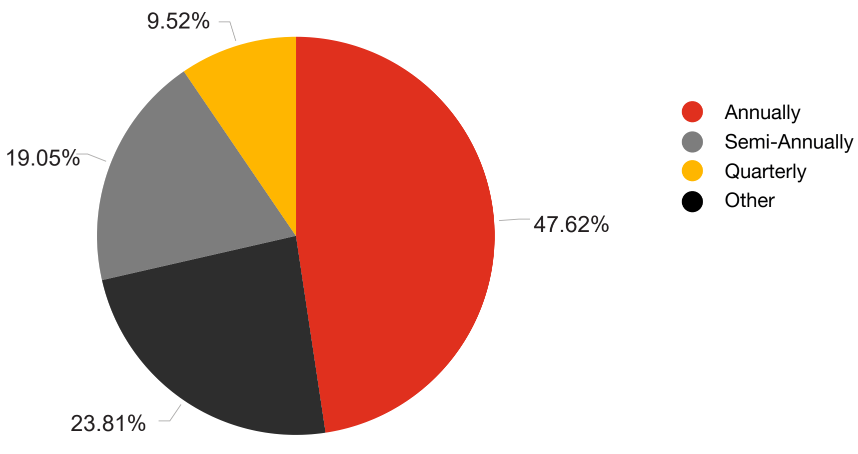
Ghana is one of the few African countries that support the TCFD. The TFCD framework recommends disclosing the governance, strategy, risk management and metrics used by businesses to assess and manage relevant climate-related risks and opportunities. The respondents emphasised that the TFCD framework enables them to develop more effective climate-related financial disclosures through their existing reporting processes.



Stakeholders have increasingly gained interest in ESG reporting. Thus, communication to stakeholders has increasingly been on the rise as it demonstrates transparency and gives users the idea on progress made.

Assured sustainability reporting frequency

There is no specific policy that states the frequency of sustainability reporting in the banking industry. Nearly 50% of the respondents report on ESG annually. Most of the respondents asserted that they include their sustainability report in their annual reports. They added it was one of the most effective ways of capturing stakeholder attention since most stakeholders are interested in the annual reports the banks publish.

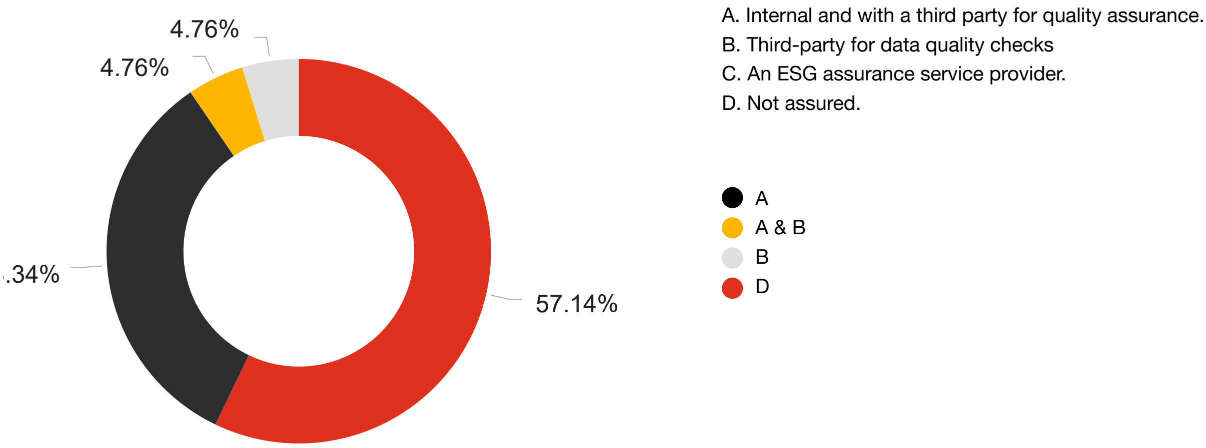


19% of the banks report on the sustainability policies semi-annually. They indicate that given the current importance of sustainability reporting in the banking industry, it needs to be done more than once a year.

The industry regulator will have to be proactive in coming up with policies and frameworks that will govern the regularity of sustainability reporting given its importance.

Sustainability report assurance

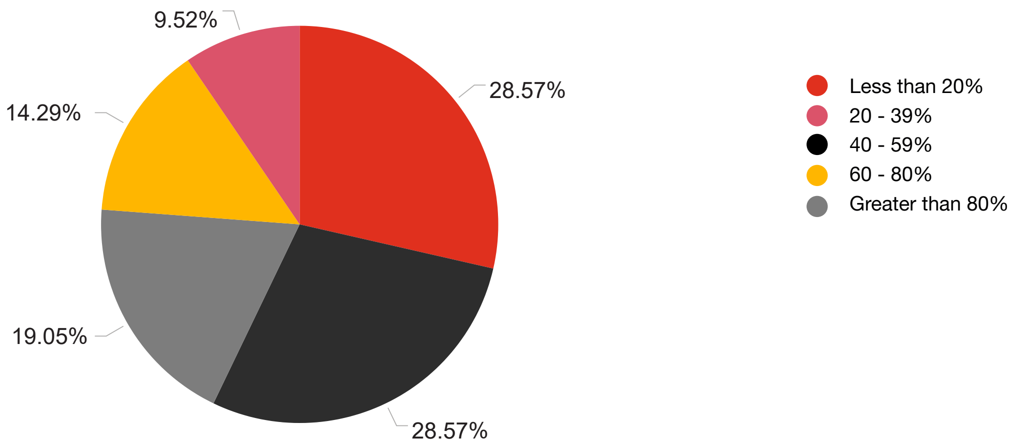
57% of the respondents indicated that their sustainability reports are not assured. Sustainability report assurance comes with its pros and cons. Currently, the ESG reporting frameworks adopted by the banks in Ghana are voluntary and are not required to be assured. However, providing assurance makes the report more credible, verifiable, and reliable to stakeholders. Some of the respondents expressed their willingness to consider assuring their sustainability reports in the coming periods.



33% of the banks assure their reports internally and with a third party for quality assurance. They believed assuring particularly with a third party helps their reports meet certain standards and builds more confidence between the banks and the stakeholders using the information in the report.

Readiness to conform to IFRS sustainability standards

Since banks in Ghana subscribe to IFRS reporting standards and the IFRS Foundation Trustees has since November 2021 been working on the International Sustainability Standards Board (ISSB), we evaluated the banks' readiness to conform when the reporting standards are released. This is because the purpose of the ISSB is to lay down a comprehensive global guideline for sustainability-related disclosure standards that will assist stakeholders in making informed decisions.

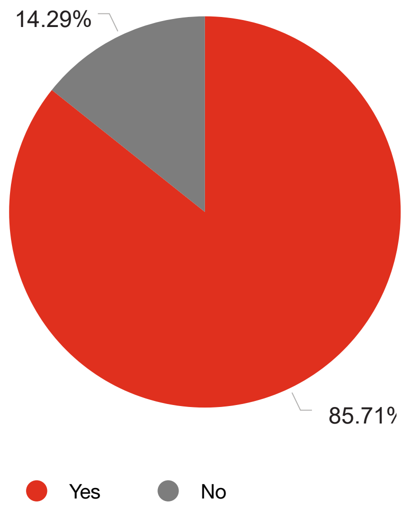


67% of respondents are less than 60% ready with regards to conforming to the IFRS sustainability standards. The incentive for improving ESG performance in Ghana is currently not strong enough when compared to other factors in the banking industry. 33% of respondents are greater than 60% ready. Those banks indicated that the new standards would soon come into effect. They further stated they are planning and putting measures in place to assist them adapt to these changes in sustainability reporting.

ESG rating agencies

We found that 86% of the banks have not subscribed to any ESG rating agency, and 14% of them have subscribed to rating agencies. the rating agencies identified are the Task Force on Climate-Related Financial Disclosures (TFCD) and the S&P Global.

Has the bank subscribed to any ESG rating agency, if yes which one?



S&P is a leading provider of independent ratings, benchmarks and data to companies worldwide. It analyses sustainability's impact on a company's long-term value creation, one of the most advanced ESG scoring metrics in use. The TFCD framework uses metrics on governance, strategy, risk management and metrics used by businesses for its rating.

The 2 ESG agencies that named were TFCD and S&P Global.

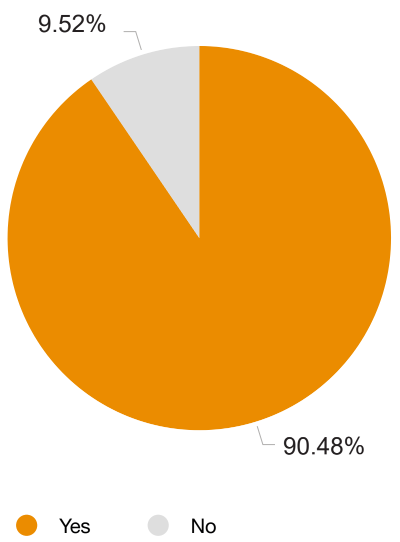
There are other ESG rating metrics set by different agencies, some considering ESG performance while others consider ESG risks. Rating agencies consider the bank's policy, their systems and the use of information from the Central Bank and other stakeholders.

Banks should consider engaging with an ESG rating agency as this will help them know the risks they might be facing and also the opportunities they can derive from ESG. Considering investors' growing interest in ESG, a good rating will attract more investments and lower cost of financing.

Banks will have to review the data they submit to the rating agency they engage to ensure they meet the rating criteria set by these agencies.

ESG data management system

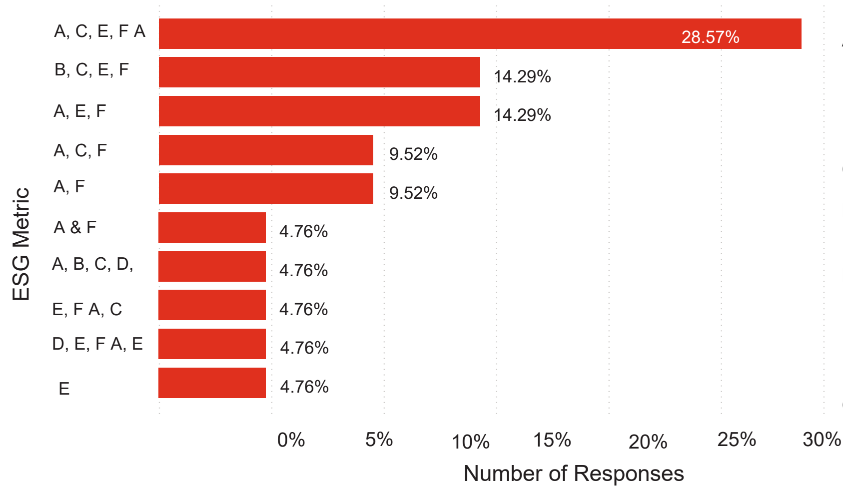
Since effective ESG reporting is hinged on data, we investigated the ESG Data Management System the participating banks have in place. We found that 90.5% of them have no ESG Data Management System. This shows that even though the banking industry is taking a critical look at ESG and its related issues, there is still a long way to go. Without a data management system, banks will not be able to optimise ESG variables and data effectively and securely as well as provide reliable reports that are data driven.



Having an ESG Data Management System also raises the need for ESG data governance to ensure the data is well-managed and used for the right purposes. Good data governance leads to good data quality. Stakeholder engagement is crucial for the success of ESG management and reporting.

ESG KPIs

We then focused the study on certain related ESG metrics to explore whether the banks have KPIs that are tracked, monitored and evaluated periodically. In the selection of KPIs, it is important not to select more KPIs than can be reasonably tracked and managed. In that regard, banks normally develop KPIs to cover areas that data can be easily accessible or may already exist.



A. Customer satisfaction metrics

B. Greenhouse gas (GHG) emission targets

C. Gender representation rates,

D. Race and ethnicity representation rates

E. Automation and digitisation goals.

The most dominant KPIs mostly tracked by the banks are customer satisfaction metrics, employee engagement metrics, automation and digitisation of goals and gender representation rates. Based on the responses from the banks, a lot of focus is given to the social and governance factors with less focus on the environmental factors.

The banks should consider improving their monitoring of Greenhouse Gas (GHG) emissions and energy consumptions since these have an impact on the environment. The BoG should increase their supervisory and regulatory policies concerning ESG for the financial services industry.

3

Banking Industry Overview

Banking industry overview

The COVID-19 pandemic, which accelerated innovative products and digitisation, regulator driven reforms and directives as well as a reappraised competitive landscape, propelled the industry to mobilise significant deposits to fund the renewed lending appetite in a recovering economy. The COVID-19 pandemic, which accelerated the digitisation of bank products and services, regulator driven reforms and directives as well as a reappraised competitive landscape, propelled the industry to mobilise significant deposits to fund the renewed lending appetite in a recovering economy.

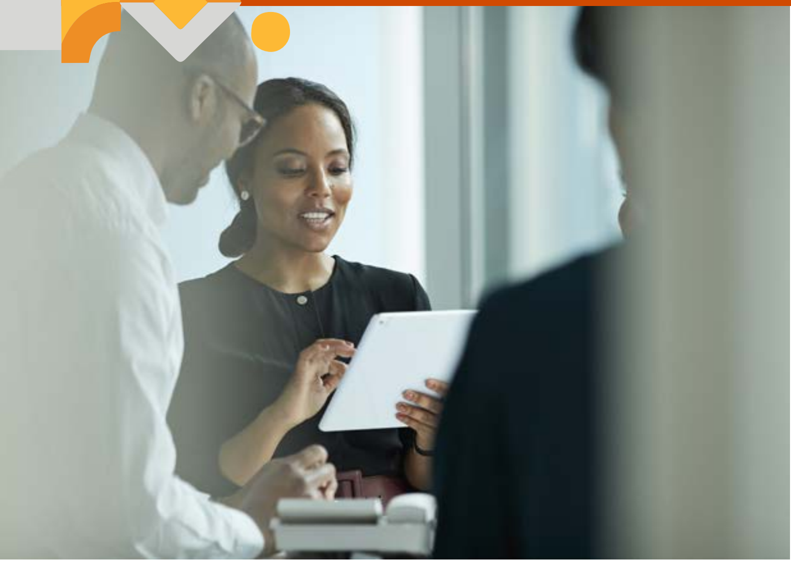
The first half of 2022 has however been characterised by record levels of inflation hikes, systematic cedi depreciation and a resulting increase in lending which can be attributed to the global impact of the Russia-Ukraine war and disruptions to the global supply-chain.

Despite the downturn of the business environment, banks continue to demonstrate resilience as stated in the Monetary Policy Report published in May 2022.

The following are some of the key developments in the banking sector over the past 12 months.

Sustainable Banking Principles

Following the endorsement of the Central Bank's Sustainable Banking Principles in November 2019 by Banks in Ghana, the Banking Supervision Department of the Bank of Ghana issued a monitoring guidance and reporting template for biannual reporting to the Central Bank effective 2021. The self-assessment guide is designed to encourage banks to work logically through each Principle and establish the necessary policies, procedures, and measurements to give effect to the Sustainable Banking Principles. From 2024, banks are expected to fully report on all Principles for publication on websites and to stakeholders (including the Environmental Protection Agency) using sustainability reporting guidelines, commonly available in the public domain, such as GRI standards.



Corporate Governance Disclosure Directive

The Bank of Ghana published an enhanced exposure draft for the Corporate Governance Disclosure Directive in November 2021. The directive is aimed at improving corporate governance practices of regulated financial institutions (RFIs) and is an addendum to similar directives issued earlier by BoG.

This comes with direct implications on the RFIs as they are required to make specific disclosures in the annual report. Some of the key disclosures include the RFI's status of compliance with the Directive and remedial actions where there are instances of non-compliance, directors' awareness of their responsibilities and assessment of the RFI's corporate governance process, directors' certification obtained from the National Banking College, board meeting attendance, among other required disclosures. External auditors of the RFIs are also required to assess the corporate governance practices of the entities and review the Corporate Governance Report.

The Electronic Cedi (eCedi) – issuance of design paper and piloting phase

In March 2022, the Central Bank issued a design paper of the eCedi to provide an overview of the motivations of issuing the eCedi, the potential benefits for stakeholders and the design principles of the eCedi, including the governance, accessibility, interoperability, requisite infrastructure, and security. The paper also makes the Bank of Ghana the sole issuer of digital currencies. The Bank of Ghana has subsequently initiated an offline pilot of the eCedi with selected customers in Sefwi Asafo in the Western North Region.

E-levy implementation

The Government passed the Electronic Transfer Levy Act, 2022 (Act 1075) in March 2022, which imposed a charge of 1.50% on all electronic money transfers within the scope of the Act. The Government revised its revenue target from the Electronic Transactions levy (E-Levy) from GH₵7 billion as presented in the 2022 Budget to GH₵4.5 billion in line with developments following the proposal of the levy including a revision of the rate from 1.75% to 1.50% and delays in the implementation of the levy.

In accordance with the Act, banks, and specialised deposit-taking institutions are designated entities for charging, collection and remittance of the levy to the Ghana Revenue Authority. The implementation of the levy took effect from 1 May 2022.

Launch of GhanaPay mobile wallet

The Bank of Ghana launched the GhanaPay mobile wallet in June 2022 as part of efforts to digitise the financial system. The mobile wallet was set up to facilitate electronic payments across the banking industry. According to the Bank of Ghana, this innovation was born from challenges presented during the COVID 19 lockdown and the need to steer the industry towards greater reliance on electronic payments.

Launch of Development Bank Ghana

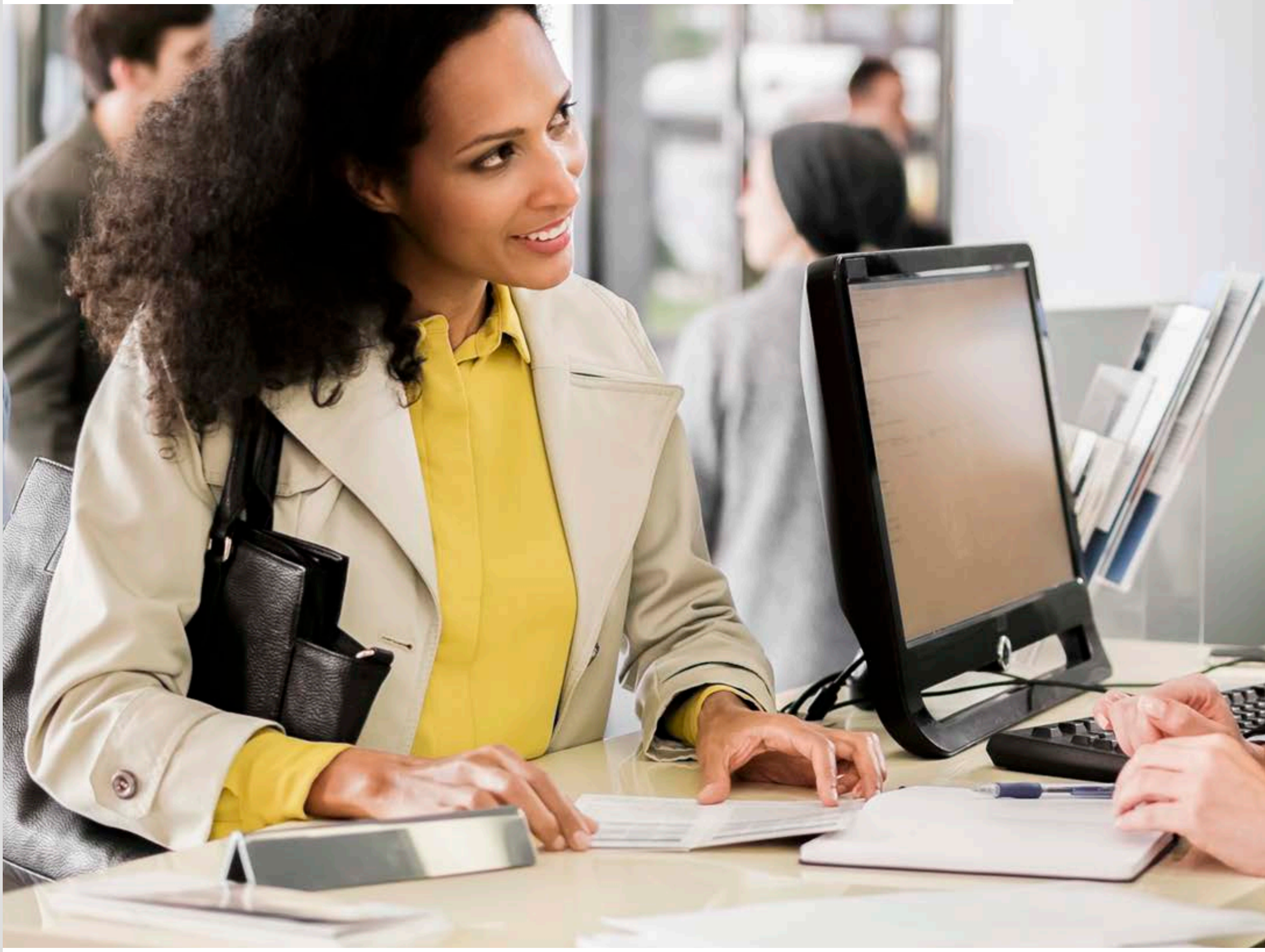
The Development Bank was formally launched on 14 June 2022; a year after the Ministry of Finance and the European Investment Bank financed a EUR170 million loan for the creation of the national bank. The bank focuses on provision of long-term lending to Small and Medium-sized Entities with the aim of promoting economic growth.

Use of Ghana Card for financial transactions

The Bank of Ghana designated the National Identification Card issued by the National Identification Authority as the only acceptable means of identification for all transactions conducted by licensed banks and specialised deposit-taking institutions effective 1 July 2022. This was rolled out as part of the Central Bank's objectives to improve the safety of the financial ecosystem, pursuant to Regulation 7 of the National Identity Register, 2012 (L.I. 2111).

The Supervisory Guidance under Section 62 of Act 930 – Eligible Collaterals

The Bank of Ghana published the Supervisory Guidance pursuant to Section 62 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) on Eligible Collaterals in July 2022. The directive provides guidelines and outlines the eligibility of instruments as "deductible" collaterals in the computation of financial exposures to a single borrower and guidelines on determining secured and unsecured financial exposures. The directive also includes the underlying principles to the management of the collaterals.



4

Quartile Analysis

Quartile Analysis

For a reasonable comparison and analysis of the industry, the 21 participating banks were grouped into four (4) quartiles based on the book values of their operating assets as at 31 December 2021.

Total operating assets

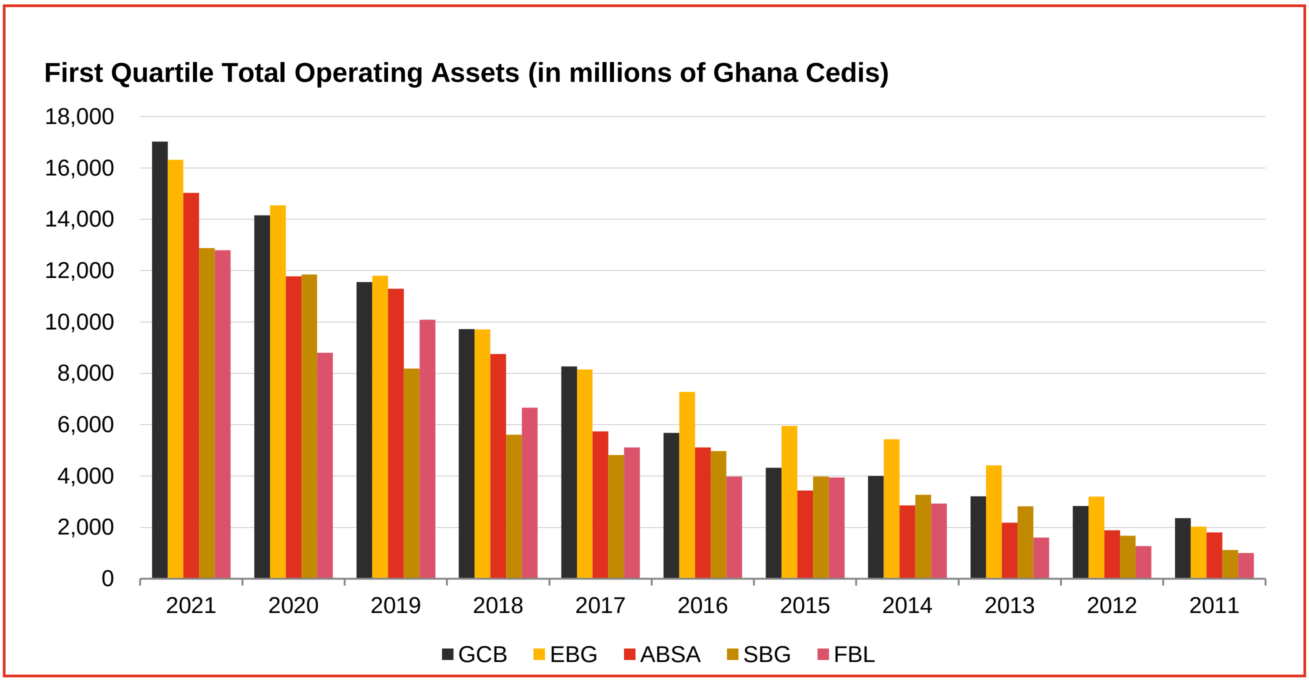
Operating assets are defined to include all assets that are directly deployed to generate interest income or related fee income. These comprise cash and funds with BoG, liquid assets including Treasury bills and bonds and investment securities, equity securities and loans and advances. Investment in intangible assets, property, plant and equipment are excluded as they provide a platform to facilitate a bank's business and not directly used to generate income.

We consider banks' operating assets to be a key business performance indicator because the ability of banks to grow depends largely on balancing the liquidity and profitability of operating assets while maintaining efficiencies and enhancing the income generating capacity of these resources.

The list of banks and their corresponding abbreviated names used in our analysis are outlined in the appendices.

Share of industry operating assets

	2021	R	2020	R	2019	R	2018	R	2017	R	2016	R
GCB	10.7%	1	10.3%	2	10.6%	2	12.1%	1	11.4%	1	8.2%	2
EBG	10.2%	2	10.6%	1	10.8%	1	12.0%	2	11.3%	2	10.5%	1
ABSA	9.4%	3	8.6%	4	10.3%	3	10.9%	3	7.9%	3	7.4%	4
SBG	8.1%	4	8.6%	3	7.5%	5	7.0%	5	6.7%	5	7.2%	5
FBL	8.0%	5	6.4%	6	9.2%	4	8.3%	4	7.1%	4	5.8%	7
CBG	6.5%	6	6.9%	5	6.0%	7	0.0%	-	0.0%	-	0.0%	-
SCB	5.9%	7	5.3%	8	6.4%	6	6.9%	6	6.0%	6	5.9%	6
CAL	5.8%	8	5.3%	9	5.8%	8	6.0%	8	5.3%	8	4.6%	9
ZBL	5.2%	9	5.5%	7	5.8%	9	6.6%	7	5.9%	7	4.6%	10
ABG	4.3%	10	3.9%	10	4.0%	11	4.0%	11	4.0%	11	3.5%	13
ADB	3.8%	11	3.8%	11	3.9%	12	4.2%	10	4.5%	9	4.0%	11
SG-GH	3.2%	12	3.4%	12	3.7%	13	3.8%	12	3.4%	13	3.4%	14
UBA	3.0%	13	2.7%	13	4.0%	10	4.3%	9	4.0%	10	5.3%	8
GTB	2.8%	14	2.7%	14	2.8%	15	2.7%	14	2.5%	16	2.2%	17
PBL	2.6%	15	2.7%	15	2.6%	16	2.6%	15	2.7%	14	2.2%	16
RBL	2.5%	16	2.5%	16	2.9%	14	3.4%	13	2.7%	15	2.5%	15
FABL	2.1%	17	2.0%	18	0.0%	-	2.0%	16	2.1%	17	1.9%	18
BOA	1.9%	18	1.4%	21	1.7%	17	1.4%	17	1.6%	19	1.5%	20
FNB	1.4%	19	1.6%	20	0.8%	19	0.7%	19	0.3%	26	0.4%	29
FBN	1.2%	20	1.3%	22	1.1%	18	1.2%	18	0.7%	23	0.8%	23
OBL	1.1%	21	0.9%	23	0.0%	-	0.0%	-	0.8%	22	0.6%	25
PRB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	1.8%	18	1.3%	21
UMB	0.0%	-	2.0%	17	0.0%	-	0.0%	-	3.8%	12	3.7%	12
NIB	0.0%	-	1.8%	19	0.0%	-	0.0%	-	0.0%	-	0.0%	-
TRB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	1.4%	20	1.5%	19
BSIC	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.8%	21	0.8%	24
BOB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.5%	24	0.4%	28
ECB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.4%	25	0.5%	27
TCB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.1%	27	0.0%	-
UGL	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	8.0%	3
GNB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	1.0%	22
SBL	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.5%	26
Industry	100.0%		100.0%		100.0%		100.0%		100.0%		100.0%	



First Quartile

GCB, EBG, ABSA, SBG and FBL maintain their positions as first quartile banks with 46.5% of the industry's total operating assets. Their total operating assets grew by 21.2% to GH₵74 billion compared to a 15.5% growth in 2020. FBL and ABSA significantly contributed to the 2021 increase in total operating assets.

FBL recorded the highest growth of 45.5% to replace CBG as the fifth bank in terms of operating assets. ABSA, GCB, EBG and SBG also increased their operating assets by 27.6%, 20.3%, 12.2% and 8.7% respectively.

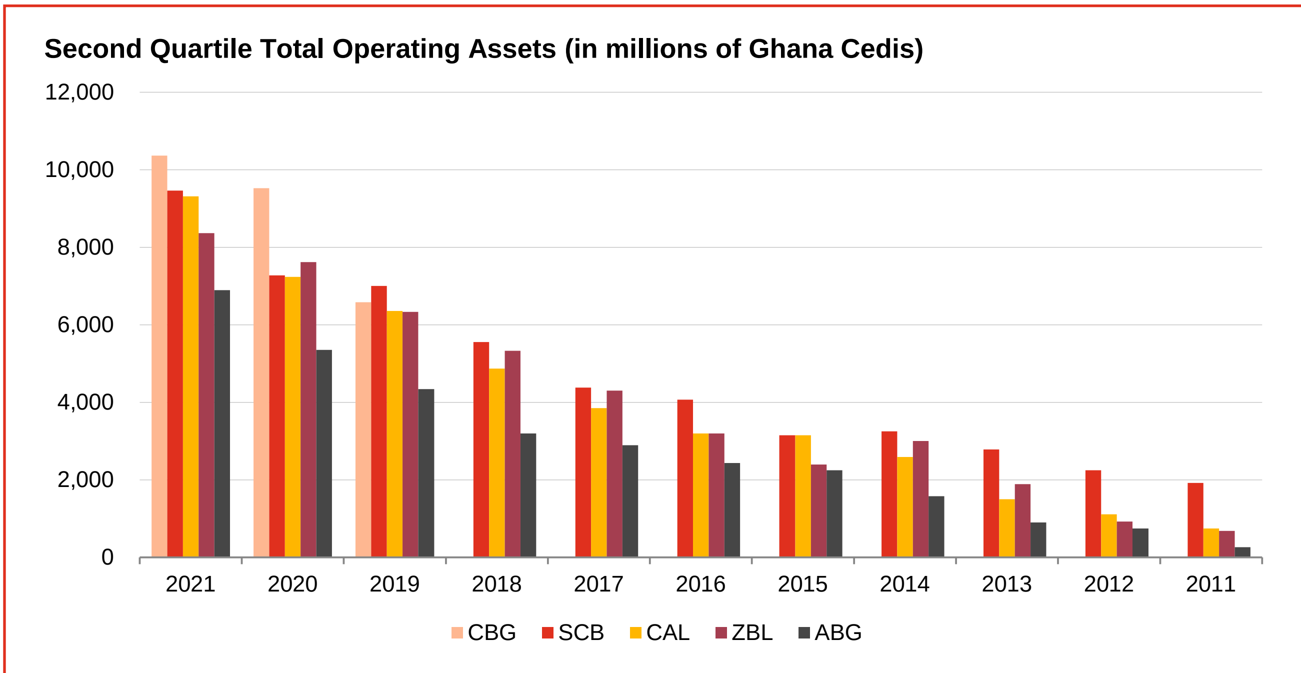
The growth in the group's operating assets was mainly due to investment in liquid assets such as Government treasury bills and bonds, and loans and advances and improvements in cash balances financed by growth in liabilities such as deposits and borrowings. Government securities increased by GH₵8.3 billion, loans and advances by GH₵2.7 billion and cash assets by GH₵1.8 billion representing growth of 30%, 10% and 10% respectively.

Second Quartile

The second quartile consists of SCB, CAL, ZBL, ABG and new entrant CBG. The year-on-year growth in operating assets marginally declined from 20.9% in 2020 to 20% in 2021. All banks increased their operating assets in 2021 giving the quartile a total operating assets of GH₵44.4 billion.

Though CBG held the largest operating assets in the group, it experienced the least growth during the year of 8.8%. CAL and SCB led the growth by increasing their operating assets by GH₵2.2 billion (30.2%) and GH₵2.1 billion (28.8%) respectively.

Investment in Government securities and cash assets were the key drivers for the group's increase in operating assets. Both assets grew by 20% with Government securities significantly increasing by GH₵5.1 billion.

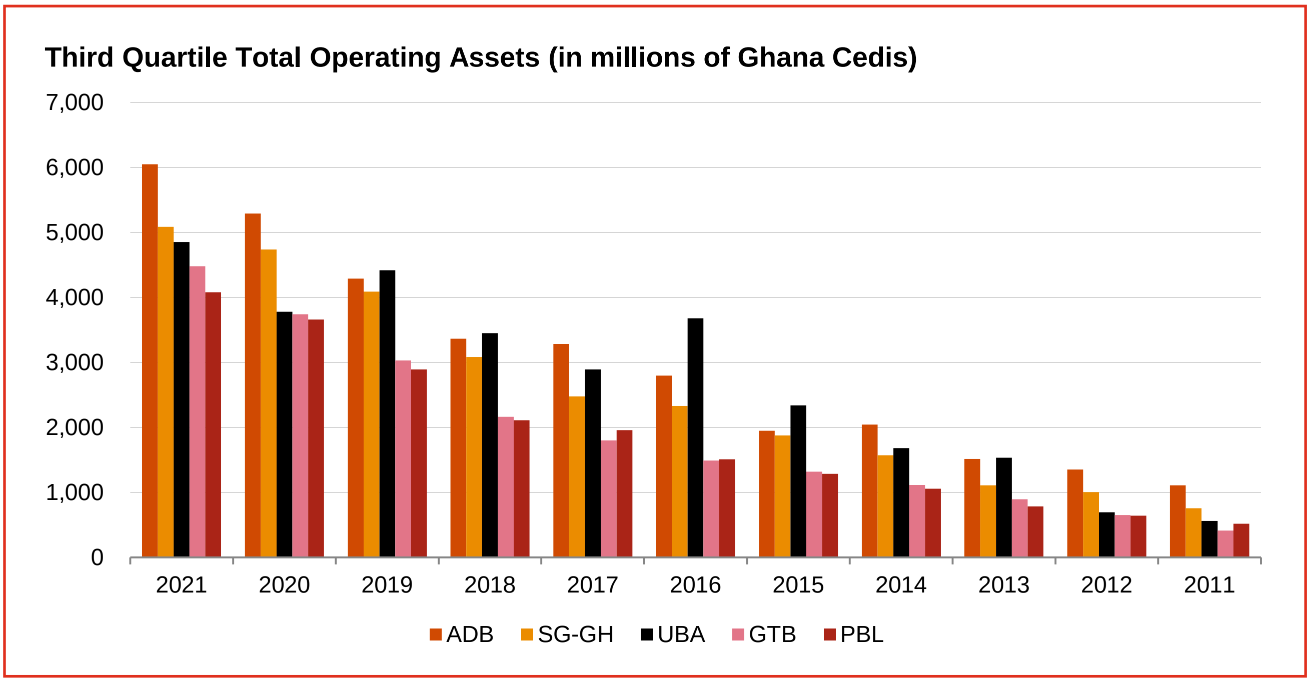


Third Quartile

The third quartile banks (ADB, SG-GH, UBA, GTB and PBL) realised overall growth of 15.7% in total operating assets from total operating assets by 15.7% from GH₵21.2 billion in 2020 to GH₵24.6 billion in 2021.

UBA led the growth with a 28% increase in operating assets from prior year while SG-GH recorded the least growth of 7.3%. The largest bank in the group, ADB increased its operating assets by GH₵762.8 million (14.4%).

The increase in the total operating assets of the quartile was due to investment in Government securities. Total cash assets of the group declined by 1.6% to GH₵4.8 billion.

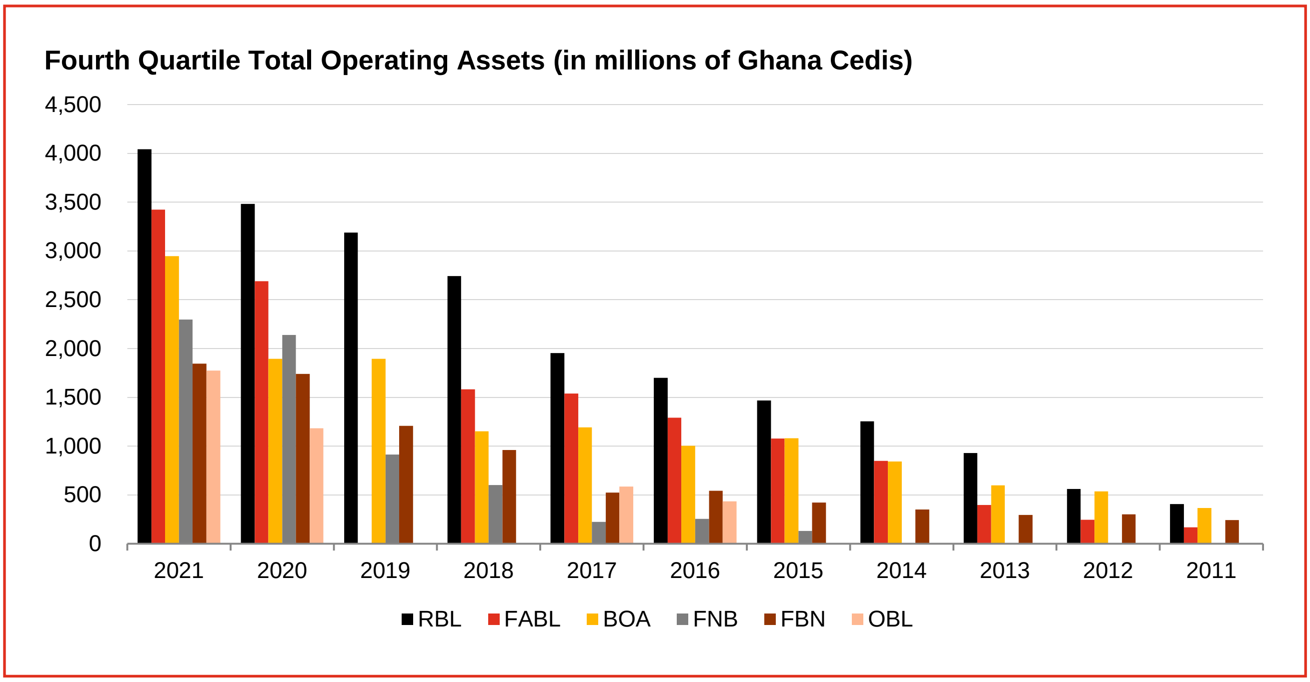


Fourth Quartile

Similar to the other quartiles, the total operating assets of the fourth quartile banks (RBL, FABL, BOA, FNB, FBN and OBL) increased by 24.4% to GH₵16.3 billion.

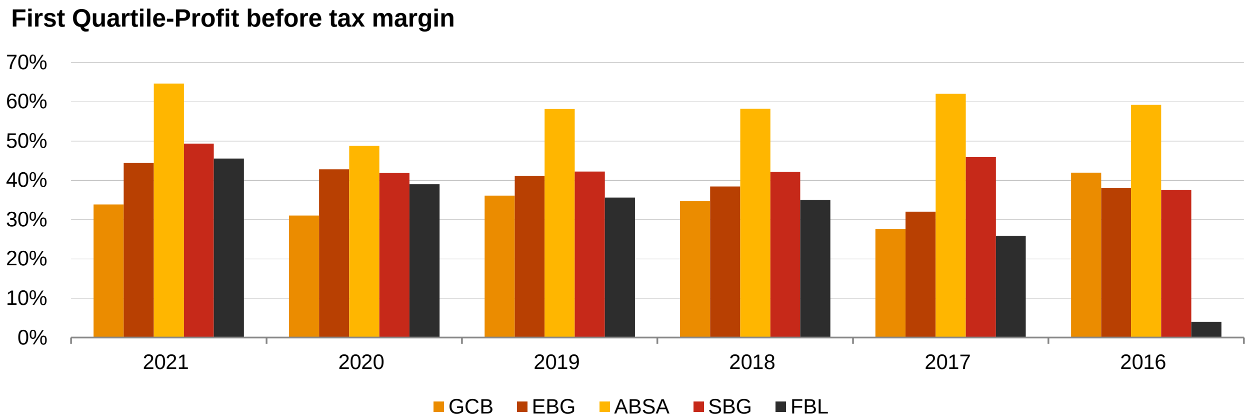
BOA significantly contributed to the growth by increasing its operating assets by 55.7% from GH₵1.9 billion in 2020 to GH₵2.9 billion in 2021.

Increase in Government securities and loans and advances were the key contributors to the growth in total operating assets.



Profit before tax (PBT) margin

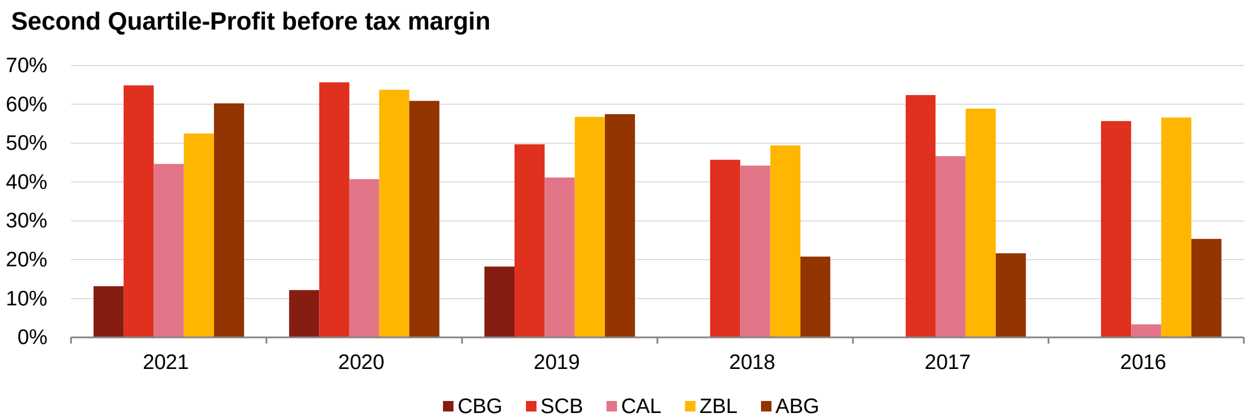
First Quartile



Average PBT margin recorded for the quartile in 2021 was 47.5% which represents a 6.8% increase in 2020's average PBT margin of 40.7%. GCB and EBG recorded marginal increases in PBT of 2.8% and 1.6% respectively, SBG and FBG saw better improvements in PBT margin of 7.4% and 6.6% with ABSA gaining the most this year with an increase of 15.8% from 2020.

Key among the contributors for ABSA's increase was a 58% decrease in administrative expenses and 36% decrease in interest expense from deposits with other banks. Across board, significant increase in interest income from investment securities was one of the major contributors to the general increase in profits for banks in this quartile.

Second Quartile

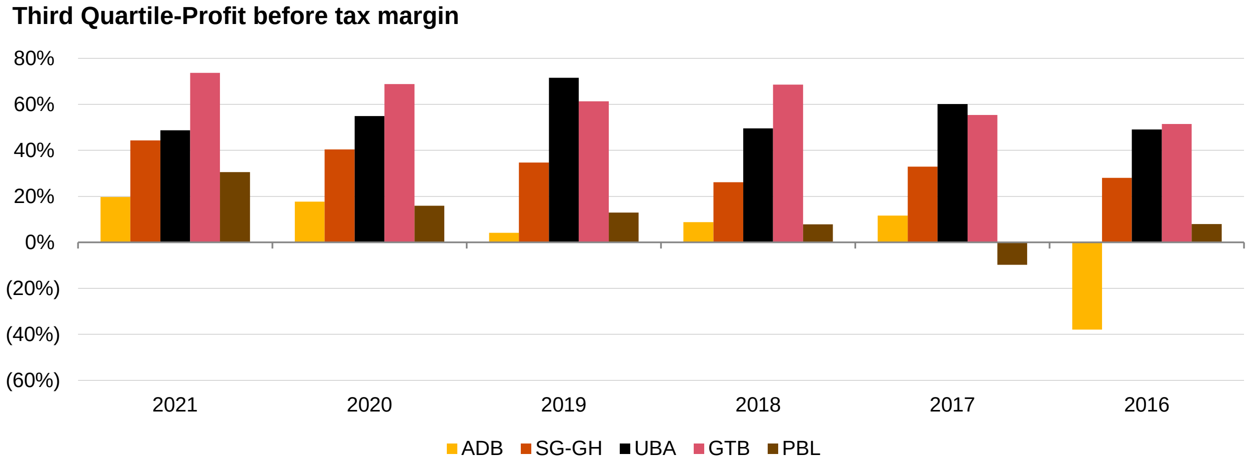


Average PBT margin declined from 48.6% in 2020 to 47.1% in 2021. SCB and ABG recorded marginal decreases of 0.8% and 0.6% respectively, with ZBL recording a significant decrease in PBT margin of 11.3%. Although CBG and CAL recorded an increase in PBT margin, these increases were largely marginal with CBG recording an increase of 1% and CAL an increase of 3.9%.

ZBL's decrease in its PBT margin was a result of a 223% decrease in other income coupled with a 95% increase in impairment charge. The steep deterioration of ZBL's PBT offset a significant improvement from the other banks in this tier.

The improved profit performance of CAL can be attributed to increase in net fees and commission income, a 69% increase in other income from 2020 and a marginal increase of 2% in operating expenses.

Third Quartile



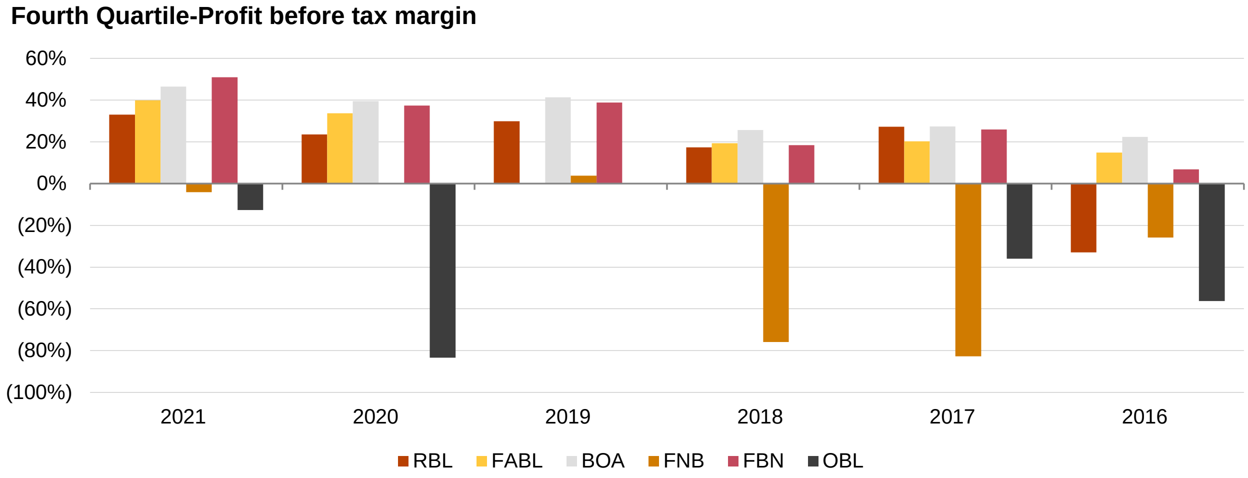
Average PBT margin for 2021 was 43.4% which was an increase over 2020's average of 39.5%. PBL recorded the largest increase of 15.9% from 2020 followed by GTB with 4.8%, SG-GH with 3.9% and ADB with 2.1%. UBA recorded a decrease in its PBT margin by 6.3% from 54.9% in 2020 to 48.7% in 2021.

PBL's growth in PBT was driven by improved performance in interest income with a marginal increase in interest expense resulting in a 21% increase in net interest income from 2020. Other drivers include a marginal increase in operating expense and a decrease of 26% in impairment charges.

GTB's improvement in income lines was largely supported by a 101% growth in loans and advances and a 99% increase in net trading income.

UBA's decrease in PBT margin stems from its 2% decrease in PBT and 10% increase in total income. The decrease in PBT was driven by a 4% decline in interest income.

Fourth Quartile

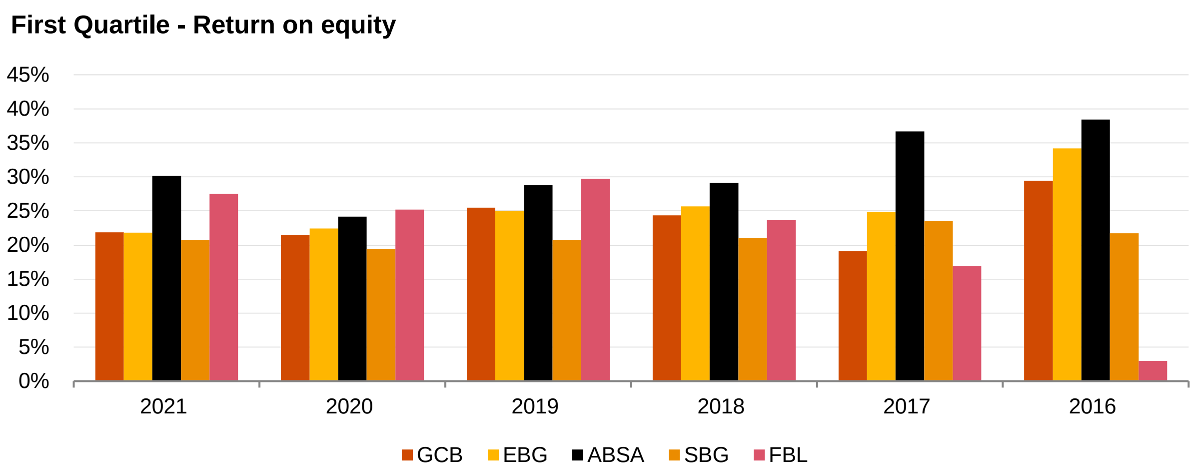


Average PBT margin for 2021 was 25.6% for banks in this quartile, compared to the 8.5% recorded in 2020. The major gainers for 2021 were OBL and FBN recording a 83% and 13.6% increases respectively.

Although OBL is still in a loss-making position, its PBT has increased by 83% largely as a result of a substantial increase in interest income. Increases in interest expense and impairment charge coupled with decreases in net fees and commission income and other income are key contributors for the loss position of OBL.

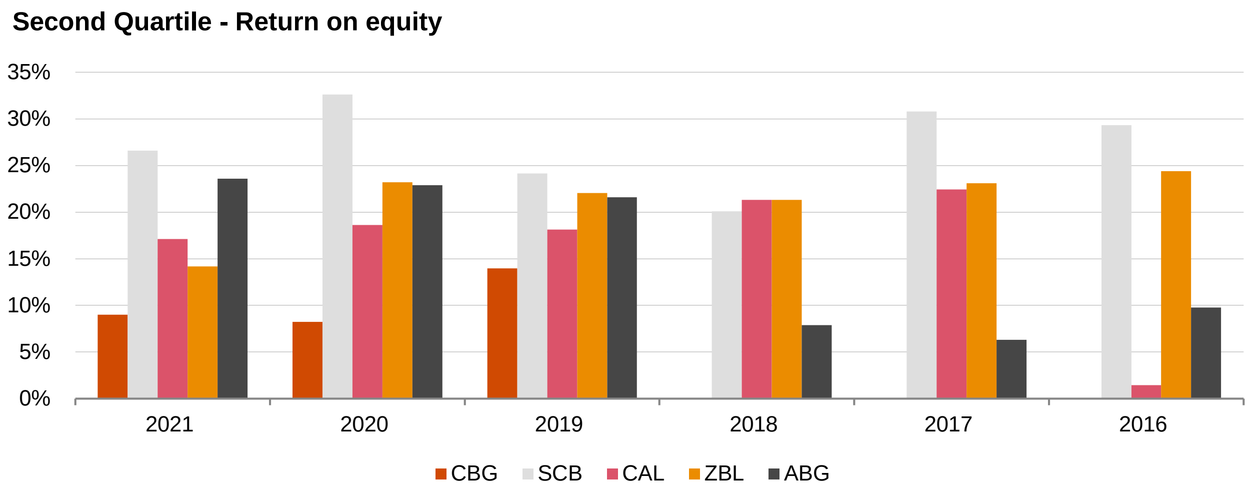
Return on equity

First Quartile



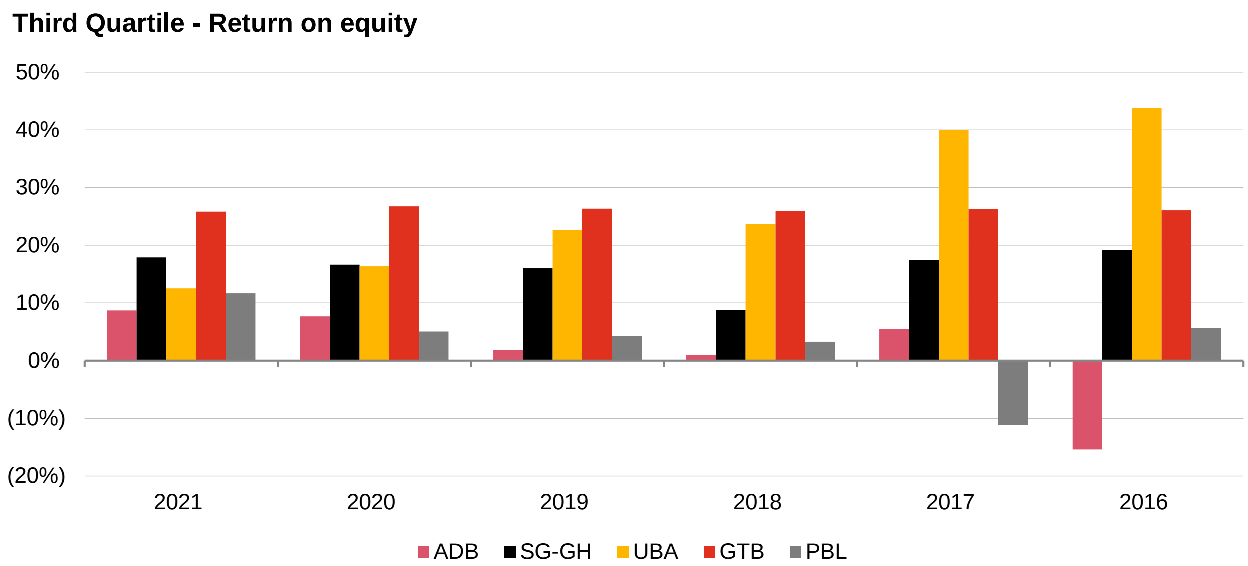
ROE for banks in the first quartile averaged 24.4%, an increase from the 22.5% recorded in 2020. ROE for all the banks increased, excerpt for EBG which recorded a marginal decrease of 0.6%. This is because the shareholders' funds increased at a greater percentage than the profit for the year. ABSA recorded the largest increase in ROE of 6% from 2020.

Second Quartile



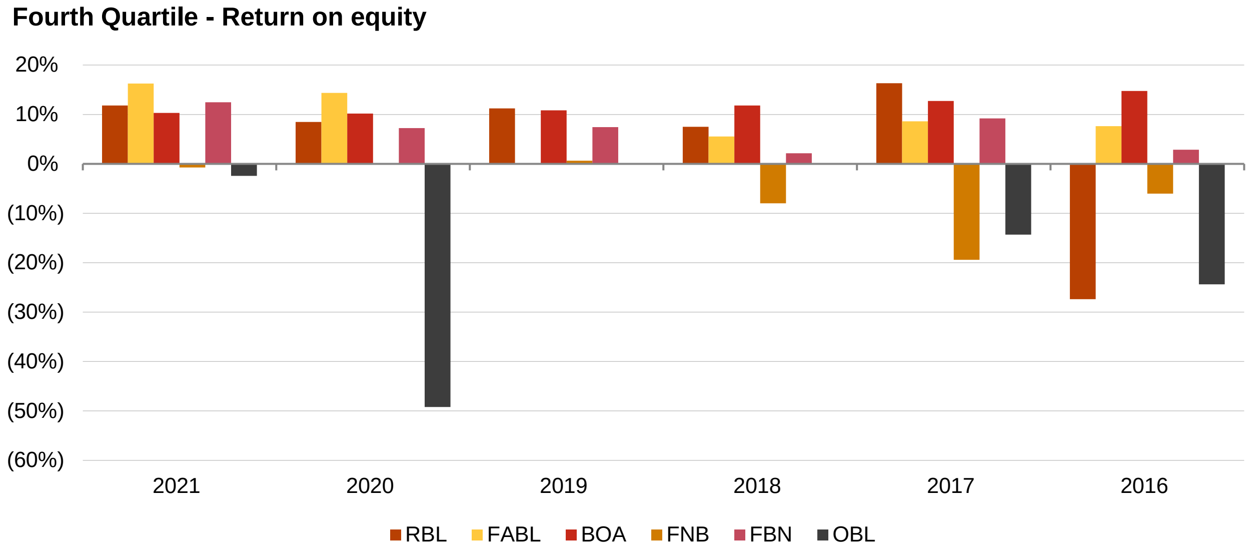
Banks in the second quartile recorded an average ROE of 18.1%, a decrease from 2020's figure of 21.1%. SCB and ZBL recorded a decrease of 6% and 9% respectively which is in line with their reduced profit for the year. CAL recorded a growth in profits but a greater proportional increase in shareholders' funds reduced CAL's ROE for 2021 by 1.5% from 2020.

Third Quartile



The average ROE in this quartile saw an increase in 2020's figure of 14.5% to 15.3% in 2021. PBL improved the most with an increase of 6.6% from 2020's ROE of 5.1% to 11.5% in 2021. The increase is because of the growth in profit for the year as reflected in its profit before tax margin. UBA's decrease in ROE by 3.8% is consistent with its reduction in profit before tax margin.

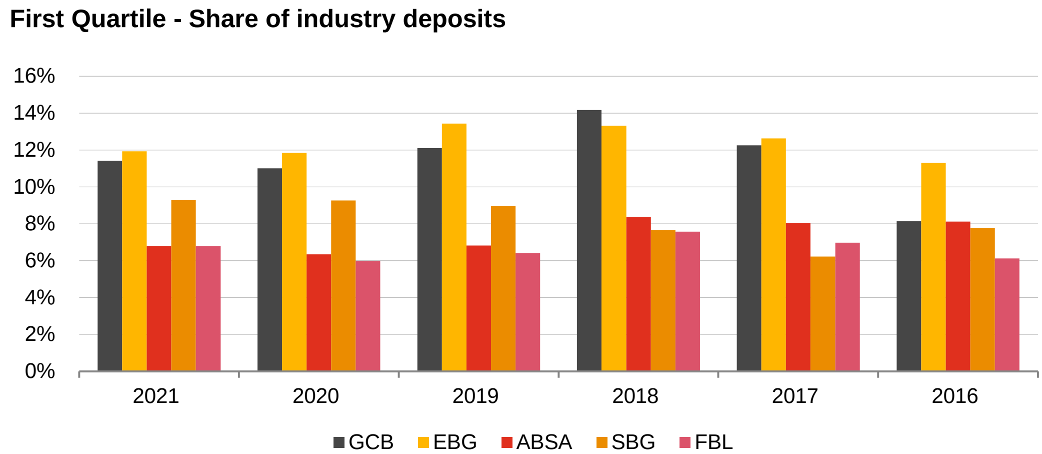
Fourth Quartile



The average ROE for banks in the fourth quartile for 2021 was 8% compared to the 2020 figure of -1.5%. This increase is as a result of all the banks in this quartile recording higher ROE except FNB which recorded a marginal decrease of 0.9%. The greatest gain in ROE was recorded by OBL which saw its ROE increase by 46.8% from -49.2% in 2020 to -2.4% in 2021. This is in line with OBL's increase in profit margin for the year.

Share of industry deposits

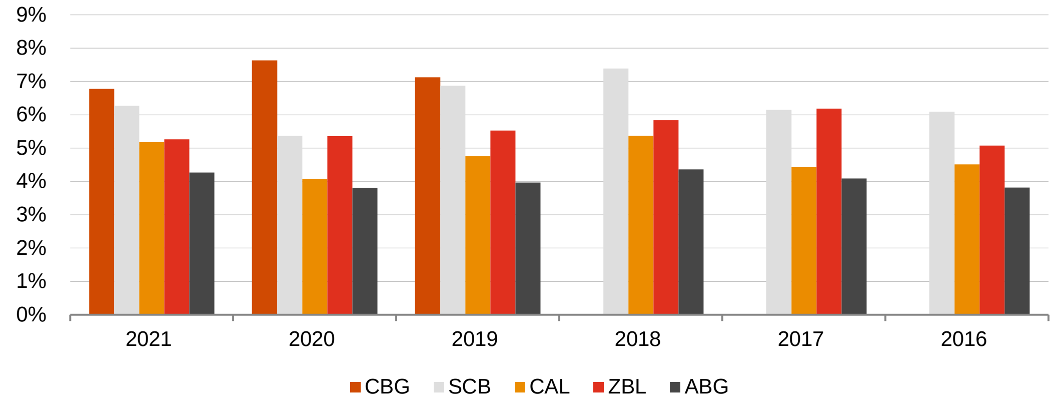
First Quartile



GCB, EBG, ABSA and SBG which have been in the first quartile since 2017, have a 39.4% share of industry deposits compared to their 38.5% in 2020. SBG did not increase their share of industry while the other three (3) banks increased their share by a total of 1%. FBL, a new entrant in this tier, increased its share of industry deposits by 0.8%, recording the largest increase in this tier. Banks in the first quartle have 46.2% of the market share of industry deposits.

Second Quartile

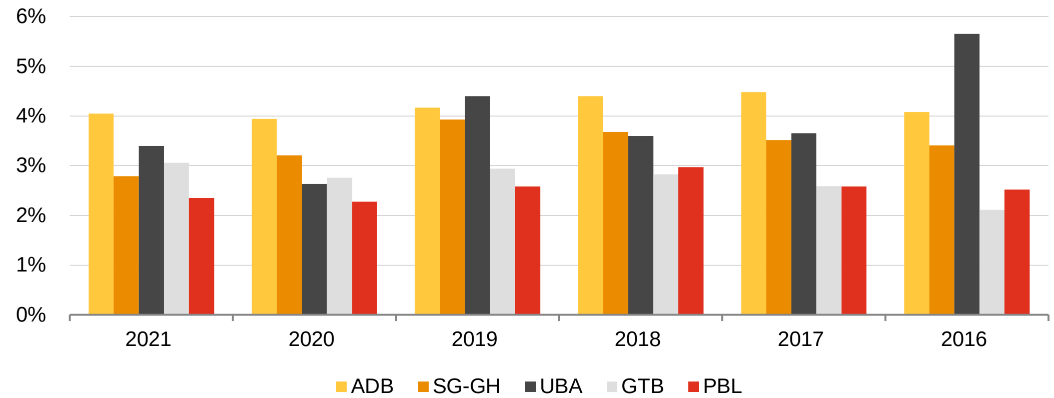
Second Quartile - Share of industry deposits



Banks in the second quartile held 27.8% share of industry deposits, an increase from the 2020 share of 26.2%. CAL increased its share the most with a 1.1% increase, making it the highest gainer of the industry deposit shares among all the banks for 2021. Within the second quartile, CBG and ZBL were the only banks to lose shares with 0.9% and 0.1% loss respectively.

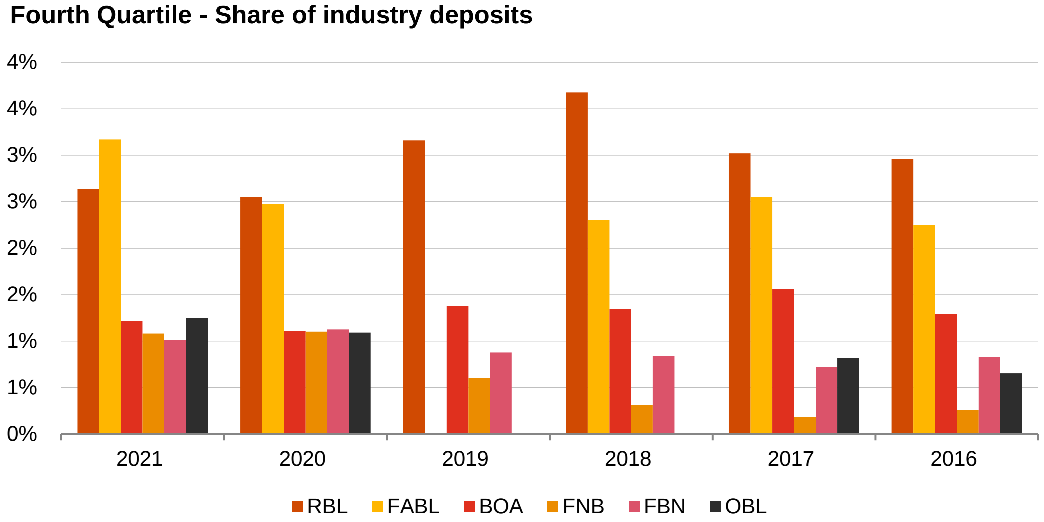
Third Quartile

Third Quartile - Share of industry deposits



Third quartile banks held 15.6% of share of industry deposits in 2021 which was an increase from the 14.8% held in 2020. All banks gained more shares except SG-GH which reduced its 2020 holdings by 0.4%.

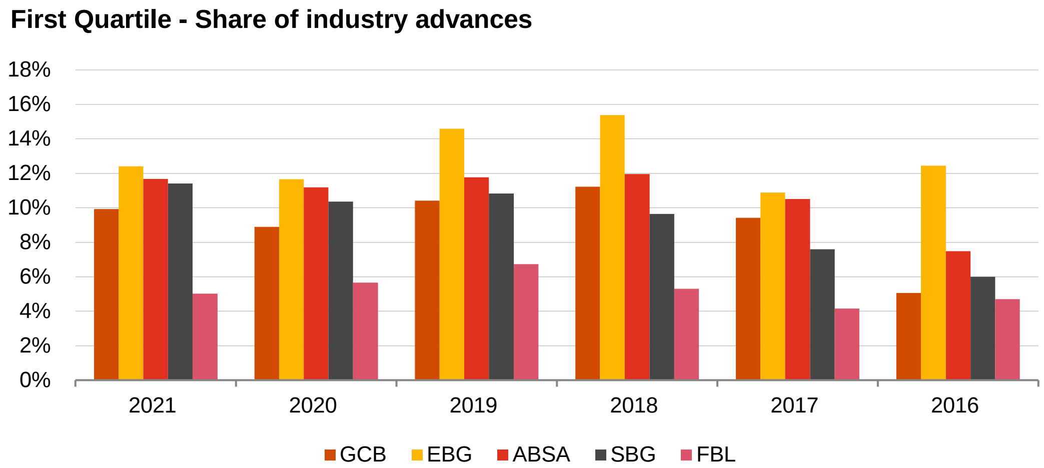
Fourth Quartile



Banks in the fourth quartile held 10.4% of industry deposits compared to the 9.5% held in 2020. The increase in this quartile represents the banks drive to gain more shares of industry deposits stemming from the competitive nature of the industry.

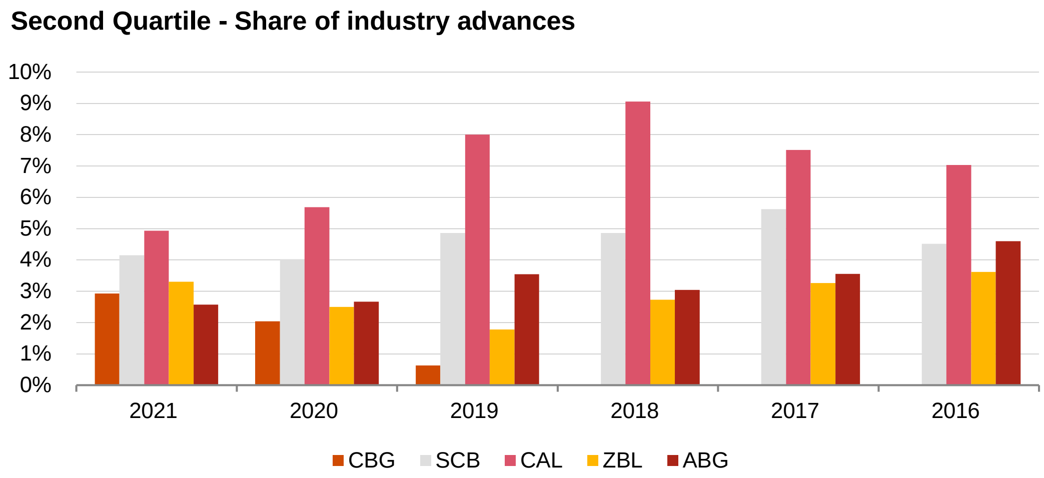
Share of industry advances

First Quartile



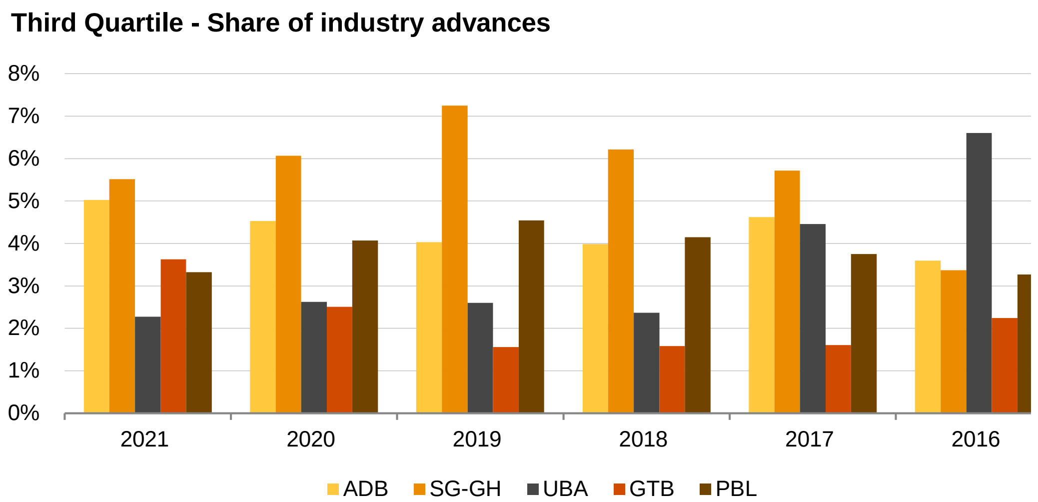
Total industry loans and advances for 2021 was GH₵49.41 billion which represents a 5% increase from 2020's total of GH₵46.86 billion. Banks in the first quartile take up a 50.4% share of the total market loans and advances with GCB, EBG, ABSA and SBG taking up more than 40% share over the last 4 years. These 4 banks increased their share in 2021 by a total of 3.3%. The only bank which lost some share of its industry loans and advances was FBL, with a loss of 0.6% from its 2020 figure.

Second Quartile



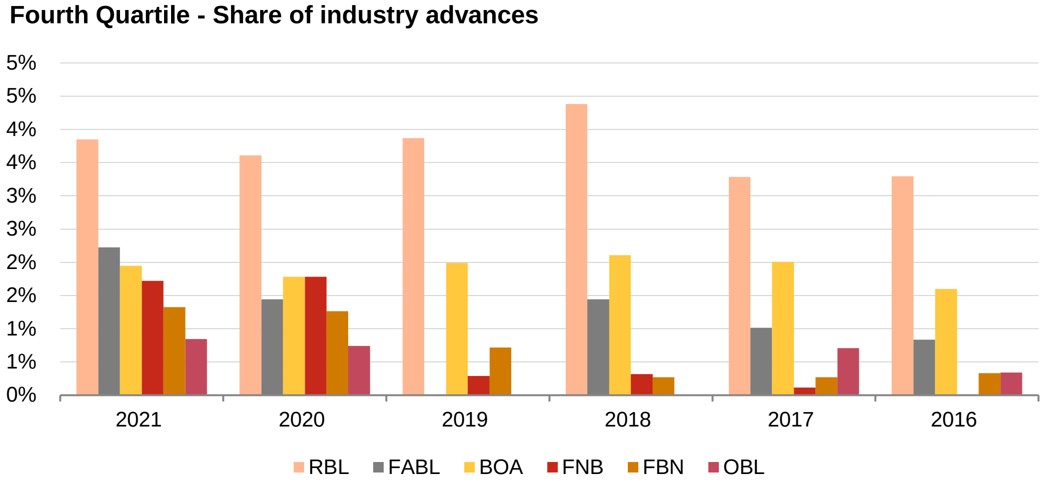
Banks in the second quartile held 17.9% of the industry's loans and advances, an increase from 2020's share of 16.9%. CBG, ZBL and SCB recorded increases in their shares from 2020 of 0.9%, 0.8% and 0.1% respectively. This can largely be attributed to aggressive growth in their retail loans.

Third Quartile



Banks in the third quartile plateaued in growth with a 19.8% share of industry advances for 2020 and 2021. GTB continued its increase in share by recording growth of 1.1% in 2021 putting its market share at 3.6%. SG-GH, PBL and UBA recorded losses in their market shares. The only other gainer in this quartile was ADB with a growth of 0.5%.

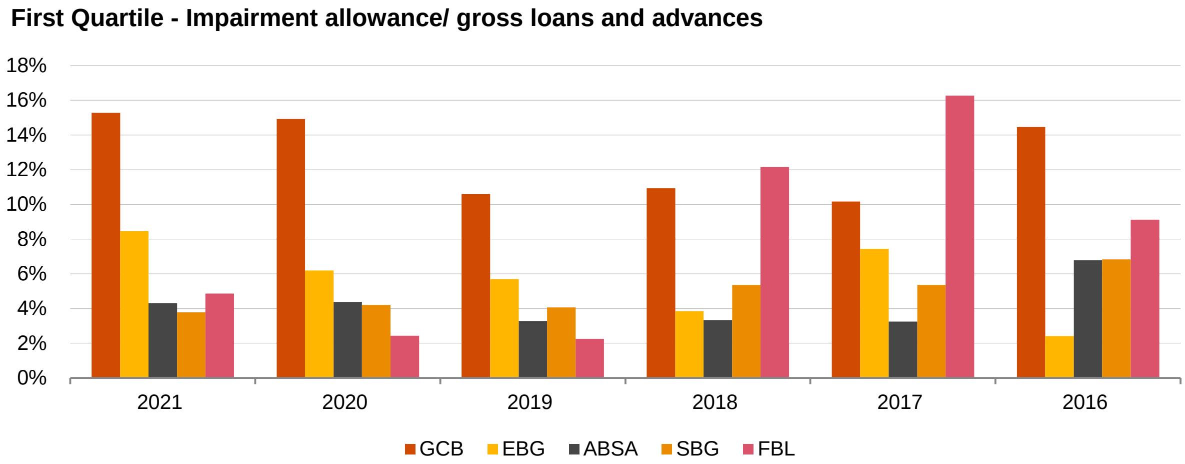
Fourth Quartile



Banks in the fourth quartile continued their steady progression in gaining market share by recording a 10.4% market share for 2021 compared to 9.5% for 2020 and 6.0% for 2019. All banks in this quartile gained market share except for FBN which recorded a decrease of 0.1% to bring its market share to 1% in 2021 from 1.1% in 2020.

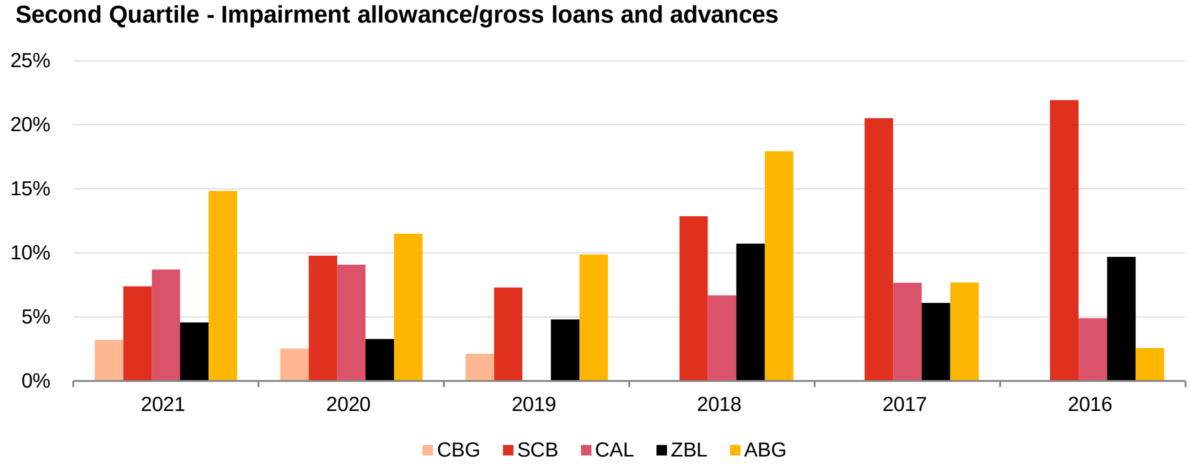
Impairment allowance/ gross loans and advances

First Quartile



On average, there was a 0.91% decline in the quality of the first quartile loan portfolio between 2020 and 2021 with EBG and FBL witnessing an increase in the impairment allowance by 2.27% and 2.43% respectively. Compared to 2020, there was an increase in downgraded facilities within the substandard and loss categories resulting in additional impairment charge, thus resulting in the decline in the quality of EBG's assets. A contributing factor is the general effects of the COVID-19 pandemic on businesses.

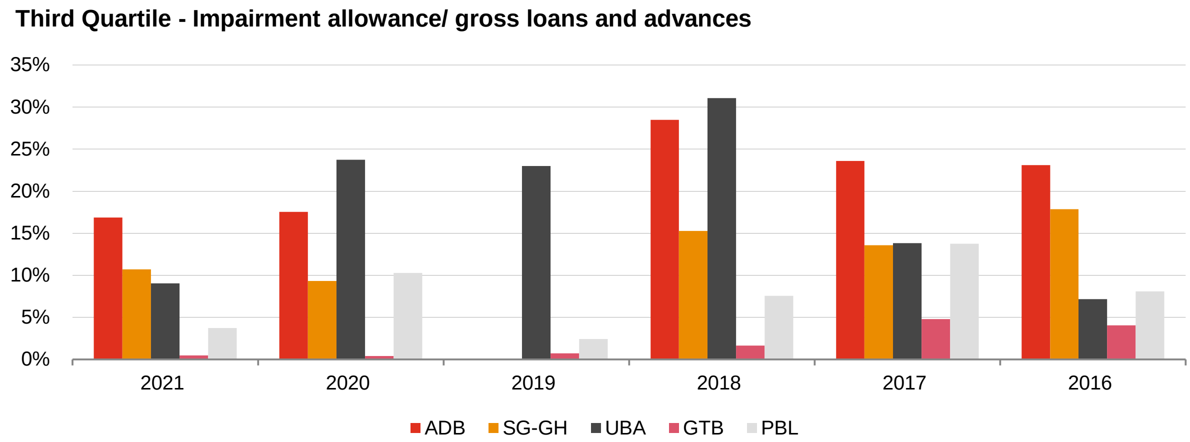
Second Quartile



Banks within this category had an average 7.74% drop in asset quality in 2021 compared to 7.23% in 2020, representing a 0.50% decline. Of the banks, ABG experienced a significant decline of 3.33% with an average impairment allowance to gross loans ratio of 14.84% at the end of 2021. However, ZBL improved marginally with an average ratio of 1.29% between 2021 and 2020. In 2020, ZBL took on an aggressive approach to clean its loan book by writing off non-performing loans and subsequently focused on disbursing loans to customers with cash backed collaterals leading to the improvement in the quality of asset.

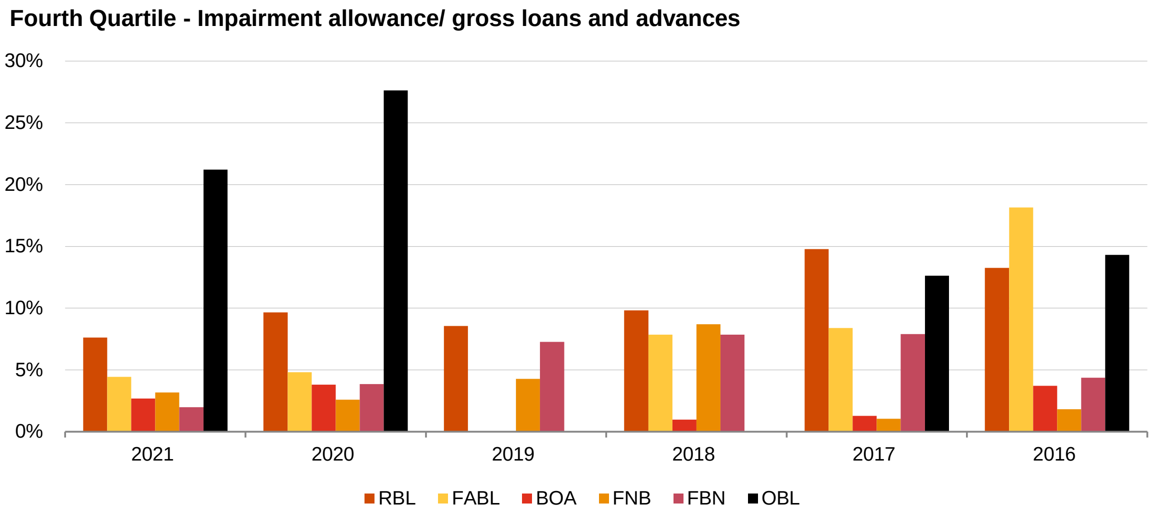
ABL's impairment allowance on stage 3 facilities significantly increased from the previous year by 138% with a corresponding decrease in the gross loans of facilities within that category thus accounting for the deterioration in asset quality.

Third Quartile



Overall, the third quartile average impairment allowance to gross loans ratio improved by 4.08% between 2020 and 2021. UBA topped the chart in this category with an improved average improvement of 14.68% from the previous year. The stellar performance is attributable to improving the quality of their credit assets through write offs of bad loans.

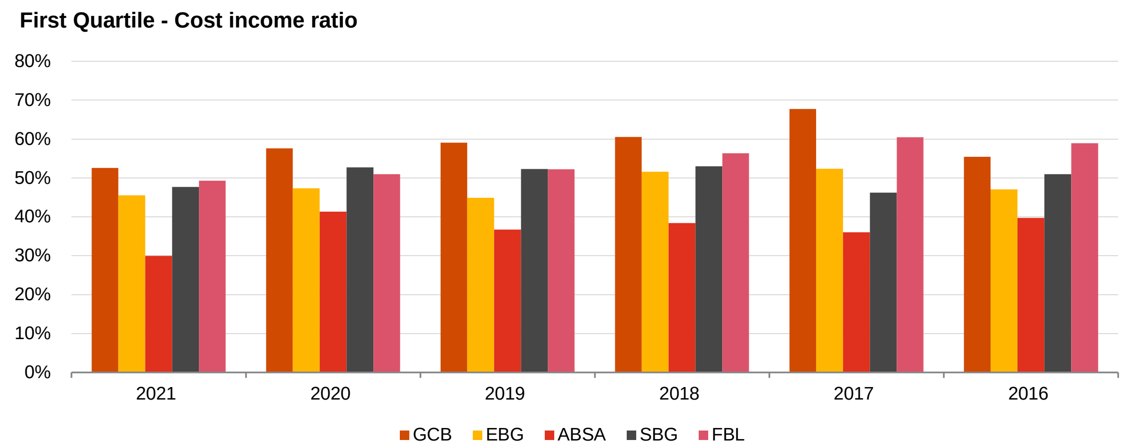
Fourth Quartile



Generally, the fourth quartile banks saw an average improvement in the quality of their assets from 8.73% in 2020 to 6.86% in 2021. Key banks accounting for this quality performance includes OBL and RBL which recorded a better impairment allowance to gross loans of 27.62% to 9.66% and 21.22% to 7.63% in 2020 to 2021 respectively.

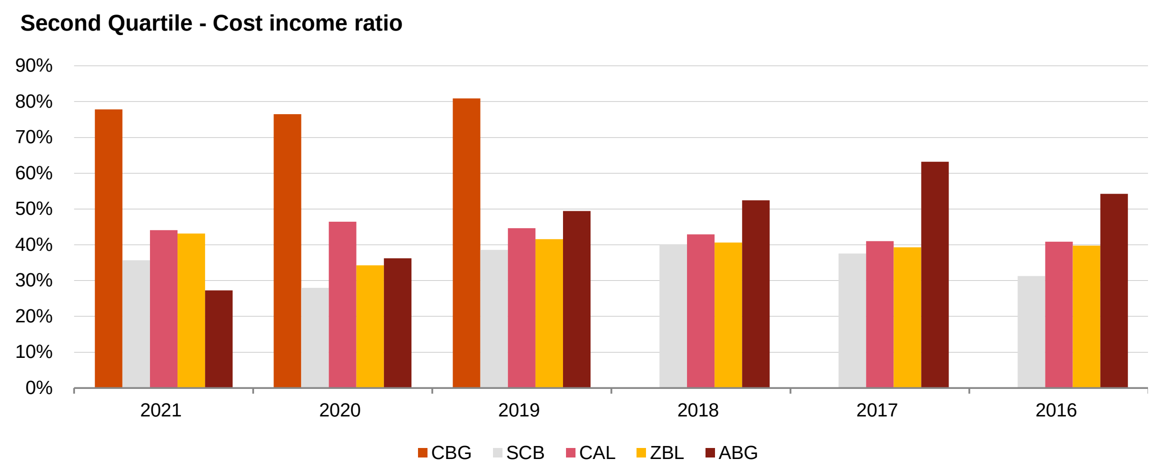
Cost income ratio

First Quartile



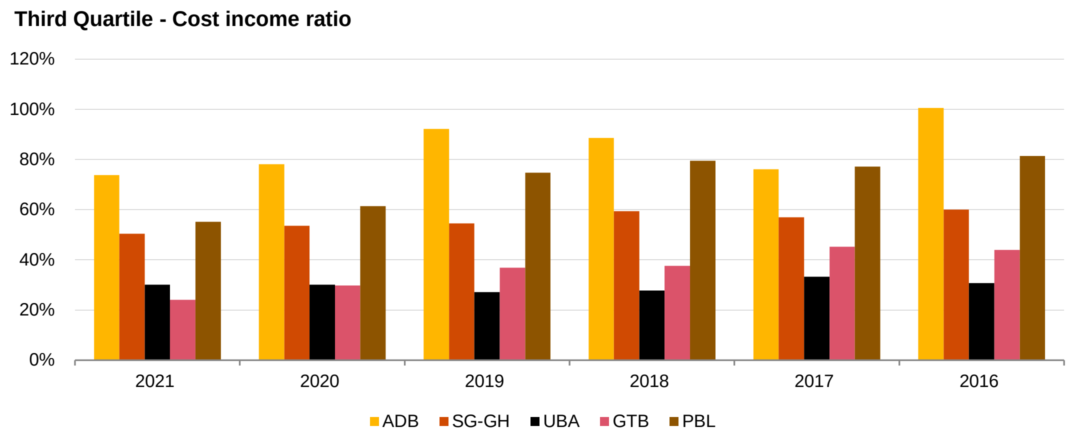
An analysis for cost to income ratio for the years 2021 and 2020 show a decrease implying an improved situation for the banks in this quartile. First quartile banks on average recorded a decrease in cost to income ratio by 4.96%. The general decrease in the quartile can mainly be attributed to ABSA as it recorded an 11% decrease in its ratio as a result of increased net interest income and fees and commission income by 12% and 21% respectively and a 15% decrease in operating costs. All other banks in this quartile also saw a decrease in the cost to income ratio driven by continuous strategy of reducing operating costs.

Second Quartile



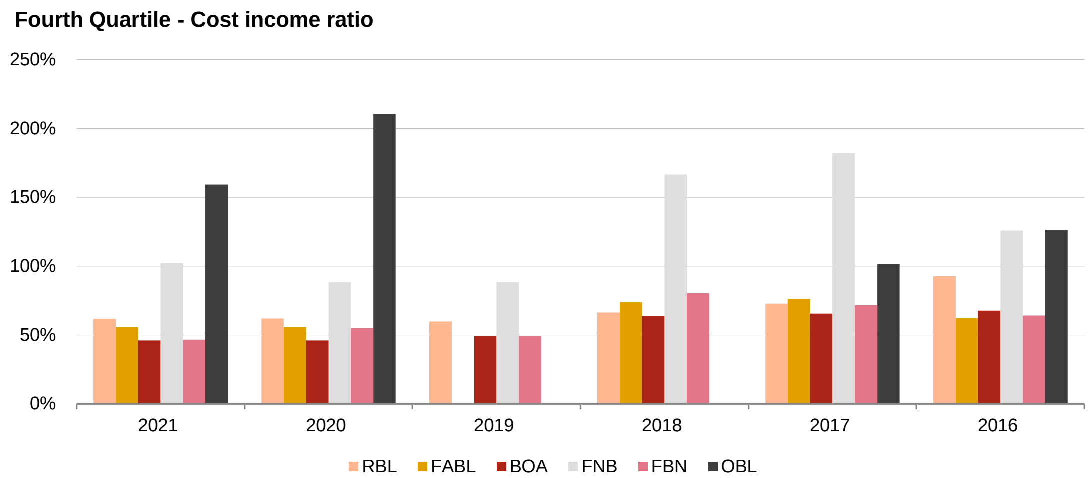
Unlike the other quartiles which recorded improved positions, cost to income ratio among the second quartile banks recorded an increase of 1%. There was an average cost to income ratio of 45.6% recorded in 2021 as compared to 44.6% in 2020. The banks in this quartile in aggregate increased their ratio with the exception of CAL which decreased from 46.4% to 44.1% and ABG from 36.2% to 27.3%. The increase in the cost to income ratio by ZBL, SCB and CBG was as a result of increased interest expense and increase in other operating expenses and impairment loss on financial assets for the year 2021.

Third Quartile



There was an average improvement of cost to income ratio for third quartile banks by 4% from previous year. GTB and PBL were the main contributors to the improved cost to income ratio recorded by this quartile. UBA recorded a stable cost to income ratio of 30.1% as per prior year. The enhanced position in the cost to income ratio recorded in the quartile was mainly as a result of the banks taking a conservative approach to spending.

Fourth Quartile



Generally, there was an improvement in the cost to income ratio from an average of 86.3% in 2020 to 78.6% in 2021 with the fourth quartile banks mainly attributable to a 59.8% improvement in the cost to income ratio for OBL and FBN. FNB however, recorded an increase in cost to income ratio of 14%. RBL, FABL and BOA maintained a stable cost to income ratio.

5

Market Share Analysis

Market Share Analysis

Share of industry deposits

The domestic economy's liquidity flows in previous years helped the banking sector maintain its strong and consistent deposit growth. However, compared to the 29.1% rise seen a year earlier, growth in deposits less than halved at 12.1% as at the end of 2021.

The observed increase in total deposits was influenced by the COVID-19 fiscal stimulus, payments to contractors, SDI depositors, and clients of SEC-licensed fund managers, as well as increased savings by people and businesses as a result of the pandemic-caused slowdown in consumer and investment spending in some sectors.

Over the past six years, GCB and EBG have maintained their dominance regarding the industry's deposits. The two Banks continue to hold more than a fifth of the deposits in the sector due to their combined branch network of over 250 branches, ongoing initiatives to advance digital and electronic banking, and a client-focused outlook.

However, during the previous three years, the market share of GCB and EBG has decreased from 25.5% in 2019 to 22.8% in 2020 and increased marginally to 23.6% in 2021. This could be attributable to the competition from the other banks.

SBG held its third place from the preceding year and increased its market share of customer deposits by 0.03%. The Bank's renewed emphasis on knowing and meeting the needs of its clients and on delivering consistent excellent customer service produced notable outcomes. These outcomes are reflected in the increase of their deposits by 12%.

Absa overtook CBG in fourth place and increased its market share by 0.46%, increasing its deposits by 20.2% in 2021. CBG dropped to 6th place by losing a market share of 0.85%.

The top 10 market share leaders in deposits include FBL, SCB, ZBL, CAL, ABG, and ADB. UBA rose to the 12th position in 2021 from the 15th position which is a commendable improvement from the previous year. All the banks in the top 10 gained market share except ZBL and CBG.

Share of industry deposits												
	2021	R	2020	R	2019	R	2018	R	2017	R	2016	R
EBG	11.93%	1	11.85%	1	13.4%	1	13.3%	2	12.6%	1	11.3%	1
GCB	11.43%	2	11.01%	2	12.1%	2	14.2%	1	12.3%	2	8.1%	2
SBG	9.29%	3	9.26%	3	9.0%	3	7.7%	4	6.2%	5	7.8%	4
ABSA	6.80%	4	6.34%	5	6.8%	6	8.4%	3	8.0%	3	8.1%	3
FBL	6.79%	5	5.99%	6	6.4%	7	7.6%	5	7.0%	4	6.1%	5
CBG	6.78%	6	7.63%	4	7.1%	4	0.0%	-	0.0%	-	0.0%	-
SCB	6.27%	7	5.37%	7	6.9%	5	7.4%	6	6.1%	7	6.1%	6
ZBL	5.26%	8	5.36%	8	5.5%	8	5.8%	7	6.2%	6	5.1%	8
CAL	5.18%	9	4.07%	9	4.8%	9	5.4%	8	4.4%	9	4.5%	10
ABG	4.27%	10	3.81%	11	4.0%	12	4.4%	10	4.1%	10	3.8%	12
ADB	4.05%	11	3.94%	10	4.2%	11	4.4%	9	4.5%	8	4.1%	11
UBA	3.40%	12	2.63%	15	4.4%	10	3.6%	13	3.7%	11	5.7%	7
FABL	3.17%	13	2.48%	17	0.0%	-	2.3%	16	2.6%	17	2.2%	17
GTB	3.06%	14	2.76%	14	2.9%	15	2.8%	15	2.6%	15	2.1%	18
SG-GH	2.79%	15	3.21%	12	3.9%	13	3.7%	11	3.5%	12	3.4%	13
RBL	2.64%	16	2.55%	16	3.2%	14	3.7%	12	3.0%	14	3.0%	14
PBL	2.35%	17	2.27%	18	2.6%	16	3.0%	14	2.6%	16	2.5%	16
OBL	1.25%	18	1.09%	23	0.0%	-	0.0%	-	0.8%	22	0.7%	25
BOA	1.21%	19	1.11%	21	1.4%	17	1.3%	17	1.6%	18	1.3%	19
FNB	1.08%	20	1.10%	22	0.6%	19	0.3%	19	0.2%	26	0.3%	28
FBN	1.01%	21	1.12%	20	0.9%	18	0.8%	18	0.7%	23	0.8%	24
NIB	0.00%	-	2.95%	13	0.0%	-	0.0%	-	0.0%	-	0.0%	-
UMB	0.00%	-	2.09%	19	0.0%	-	0.0%	-	3.4%	13	2.7%	15
TRB	0.00%	-	0.00%	-	0.0%	-	0.0%	-	1.2%	19	1.1%	21
BSIC	0.00%	-	0.00%	-	0.0%	-	0.0%	-	0.9%	20	0.9%	23
PRB	0.00%	-	0.00%	-	0.0%	-	0.0%	-	0.9%	21	1.0%	22
ECB	0.00%	-	0.00%	-	0.0%	-	0.0%	-	0.5%	24	0.5%	26
BOB	0.00%	-	0.00%	-	0.0%	-	0.0%	-	0.3%	25	0.3%	29
TCB	0.00%	-	0.00%	-	0.0%	-	0.0%	-	0.0%	27	0.0%	-
UGL	0.00%	-	0.00%	-	0.0%	-	0.0%	-	0.0%	-	5.0%	9
GNB	0.00%	-	0.00%	-	0.0%	-	0.0%	-	0.0%	-	1.2%	20
SBL	0.00%	-	0.00%	-	0.0%	-	0.0%	-	0.0%	-	0.5%	27
Industry	100.0%		100.0%		100.0%		100.0%		100.0%	100.0%	100.0%	100.0%

Share of industry loans

Regulatory reliefs and policy changes put in place during the pandemic in 2020 helped facilitate the substantial growth of new advances by banks during 2021. Net loans and advances increased by GH₵2.5 billion in 2021; signifying 5.4% growth from GH₵46.86 billion in 2020. Industry loans continue to be concentrated in the services, trade, and finance sectors.

The market share for both EBG and ABSA were 12.4% and 11.7% respectively. Market share of loans and advances for both banks increased by 0.7 % and 0.5 % respectively.
EBG experienced a 17.2% increase in the value of their gross loans and advances. This growth evidences the Bank's confidence in the post-pandemic economy.

ABSA sustained its strong trend of increasing its gross loans and advances portfolio year-on-year with an increase of 12.2% in 2021 compared to 10.1% in 2020.

SBG and GCB held their third and fourth places from the previous year while increasing market share by 1% respectively. Their gross loans and advances increased by 18.6% and 18.2% respectively as the commerce & finance and miscellaneous sectors concentrated on assisting general trading and commercial activities to recover from the effects of the COVID-19 pandemic.

As part of the Bank's ongoing effort to strengthen its competitive position, CBG improved its position of loans and advances by moving from the 17th position in 2020 to the 14th position in 2021. The highest loans disbursed by the Bank originated from the construction and services sectors making for 32.0% of the Bank's loan portfolio, which saw a 54.0% growth.

Although the economy is still in the recovery phase from the negative impacts of the pandemic in the prior year, the sectors that continue to receive the majority of advances are those related to services, trade and finance.

Share of industry loans

	2021	R	2020	R	2019	R	2018	R	2017	R	2016	R
EBG	12.4%	1	11.7%	1	14.6%	1	15.4%	1	10.9%	1	12.5%	1
ABSA	11.7%	2	11.2%	2	11.8%	2	12.0%	2	10.5%	2	7.5%	3
SBG	11.4%	3	10.4%	3	10.8%	3	9.6%	4	7.6%	4	6.0%	6
GCB	9.9%	4	8.9%	4	10.4%	4	11.2%	3	9.4%	3	5.1%	7
SG-GH	5.5%	5	6.1%	5	7.3%	6	6.2%	6	5.7%	6	3.4%	14
ADB	5.0%	6	4.5%	8	4.0%	10	4.0%	11	4.6%	8	3.6%	13
FBL	5.0%	7	5.7%	7	6.7%	7	5.3%	7	4.2%	11	4.7%	8
CAL	4.9%	8	5.7%	6	8.0%	5	9.1%	5	7.5%	5	7.0%	4
SCB	4.2%	9	4.0%	10	4.9%	8	4.9%	8	5.6%	7	4.5%	10
RBL	3.8%	10	3.6%	11	3.9%	11	4.4%	9	3.3%	14	3.3%	15
GTB	3.6%	11	2.5%	15	1.6%	16	1.6%	16	1.6%	18	2.2%	18
PBL	3.3%	12	4.1%	9	4.5%	9	4.1%	10	3.8%	12	3.3%	16
ZBL	3.3%	13	2.5%	16	1.8%	15	2.7%	13	3.3%	15	3.6%	12
CBG	2.9%	14	2.0%	17	0.6%	18	0.0%	-	0.0%	-	0.0%	-
ABG	2.6%	15	2.7%	13	3.5%	12	3.0%	12	3.6%	13	4.6%	9
UBA	2.3%	16	2.6%	14	2.6%	13	2.4%	14	4.5%	9	6.6%	5
FABL	2.2%	17	1.4%	20	0.0%	-	1.4%	17	1.0%	20	0.8%	21
BOA	1.9%	18	1.8%	19	2.0%	14	2.1%	15	2.0%	17	1.6%	19
FNB	1.7%	19	1.8%	18	0.3%	19	0.3%	18	0.1%	26	0.0%	-
FBN	1.3%	20	1.3%	22	0.7%	17	0.3%	19	0.3%	25	0.3%	25
OBL	0.8%	21	0.7%	23	0.0%	-	0.0%	-	0.7%	21	0.3%	24
NIB	0.0%	-	1.3%	21	0.0%	-	0.0%	-	0.0%	-	0.0%	-
UMB	0.0%	-	3.6%	12	0.0%	-	0.0%	-	4.4%	10	3.7%	11
TRB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	3.1%	16	2.4%	17
BSIC	0.0%	-	0.0%	-	0.0%	-	0.0%	-	1.1%	19	0.9%	20
BOB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.6%	22	0.4%	23
PRB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.4%	23	0.2%	27
ECB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.4%	24	0.3%	26
TCB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	27	0.0%	-
UGL	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	10.3%	2
GNB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.6%	22
Industry	100.0%		100.0%		100.0%		100.0%		100.0%		100.0%	100.0%

Share of industry operating assets

Growth in industry operating assets increased steadily at a rate of 13.6%. Due to the weak credit demand and supply conditions and banks' heightened interest for government securities as a result of the elevated credit risks brought by the pandemic, liquid assets increased by GH₵18.4 billion.
Bank portfolio reallocation in favour of these less risky assets as at year-end shows that investments in Treasury bills and securities continue to be the banks' preferred asset option during the pandemic.

EBG and GCB continue to dominate the banking sector in terms of operating assets. These two banks have contributed to at least 20 % of the operating assets in the sector over the previous years. EBG had a 12.2% increase in operating assets. An increase in loans and advances and new investments in bonds and bills totalling 14.0% and 35.0%, respectively, were the main drivers of this expansion. Cash holdings at the Bank decreased by 25%.

The mobilisation of cash from customer deposits contributed to a 19.8 % rise in liquid assets of GCB, which strengthened the Bank's operating assets.

ABSA reclaimed its third position from 2019 at a market share of 9.4%. This was fuelled by growth in cash assets and liquid assets of 89.3% and 19%, respectively. Deposit growth is the catalyst of ABSA's rise in liquid and cash assets.

Share of industry operating assets

	2021	R	2020	R	2019	R	2018	R	2017	R	2016	R
GCB	10.7%	1	10.3%	2	10.6%	2	12.1%	1	11.4%	1	8.2%	2
EBG	10.2%	2	10.6%	1	10.8%	1	12.0%	2	11.3%	2	10.5%	1
ABSA	9.4%	3	8.6%	4	10.3%	3	10.9%	3	7.9%	3	7.4%	4
SBG	8.1%	4	8.6%	3	7.5%	5	7.0%	5	6.7%	5	7.2%	5
FBL	8.0%	5	6.4%	6	9.2%	4	8.3%	4	7.1%	4	5.8%	7
CBG	6.5%	6	6.9%	5	6.0%	7	0.0%	-	0.0%	-	0.0%	-
SCB	5.9%	7	5.3%	8	6.4%	6	6.9%	6	6.0%	6	5.9%	6
CAL	5.8%	8	5.3%	9	5.8%	8	6.0%	8	5.3%	8	4.6%	9
ZBL	5.2%	9	5.5%	7	5.8%	9	6.6%	7	5.9%	7	4.6%	10
ABG	4.3%	10	3.9%	10	4.0%	11	4.0%	11	4.0%	11	3.5%	13
ADB	3.8%	11	3.8%	11	3.9%	12	4.2%	10	4.5%	9	4.0%	11
SG-GH	3.2%	12	3.4%	12	3.7%	13	3.8%	12	3.4%	13	3.4%	14
UBA	3.0%	13	2.7%	13	4.0%	10	4.3%	9	4.0%	10	5.3%	8
GTB	2.8%	14	2.7%	14	2.8%	15	2.7%	14	2.5%	16	2.2%	17
PBL	2.6%	15	2.7%	15	2.6%	16	2.6%	15	2.7%	14	2.2%	16
RBL	2.5%	16	2.5%	16	2.9%	14	3.4%	13	2.7%	15	2.5%	15
FABL	2.1%	17	2.0%	18	0.0%	-	2.0%	16	2.1%	17	1.9%	18
BOA	1.9%	18	1.4%	21	1.7%	17	1.4%	17	1.6%	19	1.5%	20
FNB	1.4%	19	1.6%	20	0.8%	19	0.7%	19	0.3%	26	0.4%	29
FBN	1.2%	20	1.3%	22	1.1%	18	1.2%	18	0.7%	23	0.8%	23
OBL	1.1%	21	0.9%	23	0.0%	-	0.0%	-	0.8%	22	0.6%	25
PRB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	1.8%	18	1.3%	21
UMB	0.0%	-	2.0%	17	0.0%	-	0.0%	-	3.8%	12	3.7%	12
NIB	0.0%	-	1.8%	19	0.0%	-	0.0%	-	0.0%	-	0.0%	-
TRB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	1.4%	20	1.5%	19
BSIC	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.8%	21	0.8%	24
BOB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.5%	24	0.4%	28
ECB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.4%	25	0.5%	27
TCB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.1%	27	0.0%	-
UGL	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	8.0%	3
GNB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	1.0%	22
SBL	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.5%	26
Industry	100.0%		100.0%		100.0%		100.0%		100.0%		100.0%	

6

Profitability and Efficiency

Profit before tax margin

The overall profit before tax margin of the banking industry in Ghana grew by 45% which is 5% higher than the growth rate achieved in 2020. The growth rate of 45% is the highest recorded margin in the last five years in line with the recovery of the economy from the impact of COVID and the banking sector clean up.

The industry's net interest income increased from GH₵10.7 billion in 2020 to GH₵11.8 billion in 2021 representing a 10% growth. The increase is mainly attributable to a rise in interest income on investment securities. This is explained by the increase in total liquid assets from GH₵66 billion in 2020 to GH₵82 billion in 2021 representing a 24% growth. The average interest rate on investment securities increased from 14% in 2020 to 15.5% in 2021.

Whereas the average interest rate on investment securities in 2021 was comparable to rates in 2020, improved liquidity within the industry coupled with the post-pandemic cautious approach lending resulted in increased investments in government securities. Interest income from the cash and short-term funds and loans and advances decreased by 52% and 6% respectively while interest income on government securities increased by 22%.

Net fees and commission income grew year on year by 16% growth from GH₵1.9 billion to GH₵2.2 billion. The growth rate is lower than 2020 growth rate of 47%. This is as result of the high number of onboarding and introduction of new and various digital channel in 2020 when the pandemic was at its highest levels with lockdowns as compared to 2021. There were regulatory reforms with regards to unfair fees, charges and other practices which curtailed some revenue streams from fees and commissions.

All participating banks recorded an increase in profit before tax margin except for ZBL, UBA, FNB and SCB which recorded a decrease of 11.30%, 6.20%, 4.40% and 0.7% respectively. GTB and SCB recorded the highest profit before tax margins for a second consecutive time with a rate of 74% and 65%. ZBL on other hand lost its place amongst the top 3 and was replaced by ABSA as the third bank with profit before tax margin of 65%.

The profit before tax margin for GTB increased as result of the growth in operating income for the period. Net interest income recorded a significant increase of 30% with interest on loans and advance contributing significantly. Interest income on loans and advances grew by 100% during the period which is in line with the growth of its loan portfolio by 64%. Other income increased by 40% with growth in trading income accounting for 99% of the growth.

SCB and ABSA both recorded a profit before tax margin of 65%. Their profit before tax margin is explained by the increase in interest income on investment securities for SCB and ABSA of 30% and 20% respectively. This aligns with the increase in total liquid assets for these banks.

ZBL and UBA recorded the largest decline of 11% and 6% respectively. ZBL and UBA increased their operating income for the period from GH₵657 million in 2020 to GH₵729 million in 2021 and GH₵359 million in 2020 to GH₵391 million in 2021 respectively. This was eroded by the decrease in other income from GH₵74 million to a loss of GH₵91million for ZBL and an increase in impairment charge on financial assets from GH₵61 million to GH₵95 million in 2021 for UBA.

Profit before tax margin												
	2021	R	2020	R	2019	R	2018	R	2017	R	2016	R
GTB	73.6%	1	68.8%	1	61.3%	2	68.6%	1	55.4%	6	51.5%	5
SCB	64.9%	2	65.6%	2	49.7%	6	45.7%	5	62.4%	2	55.7%	4
ABSA	64.6%	3	48.8%	6	58.1%	3	58.2%	2	62.0%	3	59.2%	2
ABG	60.2%	4	60.9%	4	57.4%	4	20.8%	13	21.7%	17	25.3%	11
ZBL	52.5%	5	63.8%	3	56.8%	5	49.4%	4	58.9%	5	56.6%	3
FBN	50.9%	6	37.3%	13	38.9%	11	18.4%	15	25.8%	15	6.8%	19
SBG	49.3%	7	41.9%	8	42.2%	7	42.2%	7	45.9%	8	37.5%	9
UBA	48.7%	8	54.9%	5	71.5%	1	49.5%	3	60.1%	4	49.1%	6
BOA	46.5%	9	39.4%	11	41.3%	8	25.7%	12	27.3%	12	22.4%	12
FBL	45.6%	10	39.0%	12	35.6%	13	35.1%	9	25.9%	14	4.0%	20
CAL	44.6%	11	40.7%	9	41.2%	9	44.3%	6	46.7%	7	3.4%	21
EBG	44.4%	12	42.8%	7	41.1%	10	38.4%	8	32.1%	10	38.1%	8
SG-GH	44.3%	13	40.4%	10	34.7%	14	26.2%	11	32.9%	9	28.0%	10
FABL	39.9%	14	33.7%	14	0.0%	-	19.3%	14	20.3%	18	14.9%	15
GCB	33.9%	15	31.1%	15	36.1%	12	34.8%	10	27.6%	11	42.0%	7
RBL	33.1%	16	23.6%	16	29.9%	15	17.4%	16	27.3%	13	-33.0%	26
PBL	30.5%	17	15.9%	18	12.9%	17	7.9%	18	-9.7%	22	7.9%	18
ADB	19.7%	18	17.6%	17	4.2%	18	8.8%	17	11.6%	20	-38.0%	27
CBG	13.2%	19	12.2%	20	18.2%	16	0.0%	-	0.0%	-	0.0%	-
FNB	-4.1%	20	0.3%	22	3.8%	19	-75.9%	19	-82.8%	26	-25.8%	24
OBL	-12.7%	21	-83.3%	23	0.0%	-	0.0%	-	-36.0%	24	-56.3%	29
NIB	0.0%	-	7.0%	21	0.0%	-	0.0%	-	0.0%	-	0.0%	-
UMB	0.0%	-	12.2%	19	0.0%	-	0.0%	-	23.9%	16	14.2%	16
BOB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	83.4%	1	87.1%	1
BSIC	0.0%	-	0.0%	-	0.0%	-	0.0%	-	13.3%	19	17.2%	13
ECB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	4.0%	21	1.9%	22
PRB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	-25.9%	23	10.4%	17
TRB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	-42.4%	25	-47.0%	28
TCB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	-508.8%	27	0.0%	-
GNB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	-9.6%	23
SBL	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	-31.6%	25
UGL	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	15.2%	14
Industry	45.2%		40.2%		41.6%		38.1%		36.4%		29.5%	

Net interest margin

The industry's net interest margin decreased marginally from 7.9% in 2020 to 7.4% in 2021. Although net interest income increased by GH₵1.1 billion, total assets on the other hand increased by GH₵2 billion which is higher than the increase in net interest income. This explains the decline in net interest margin. GCB, FBN and EBG recorded the highest net interest margin for a second consecutive time of 11.2%, 9.4% and 8.9% respectively.

GCB has the highest growth in NIM year on year from 10.8% in 2020 to 11.2% in 2021. This is explained by the increase in net interest income of GH₵384 million. The increase in net interest income is attributable to interest income from investment securities. Income from investment securities increased from GH₵ 1.1 billion in 2020 to GH₵1.5 billion in 2021. This is in line with the increase in total liquid asset of the bank which also increased by 16% year on year.

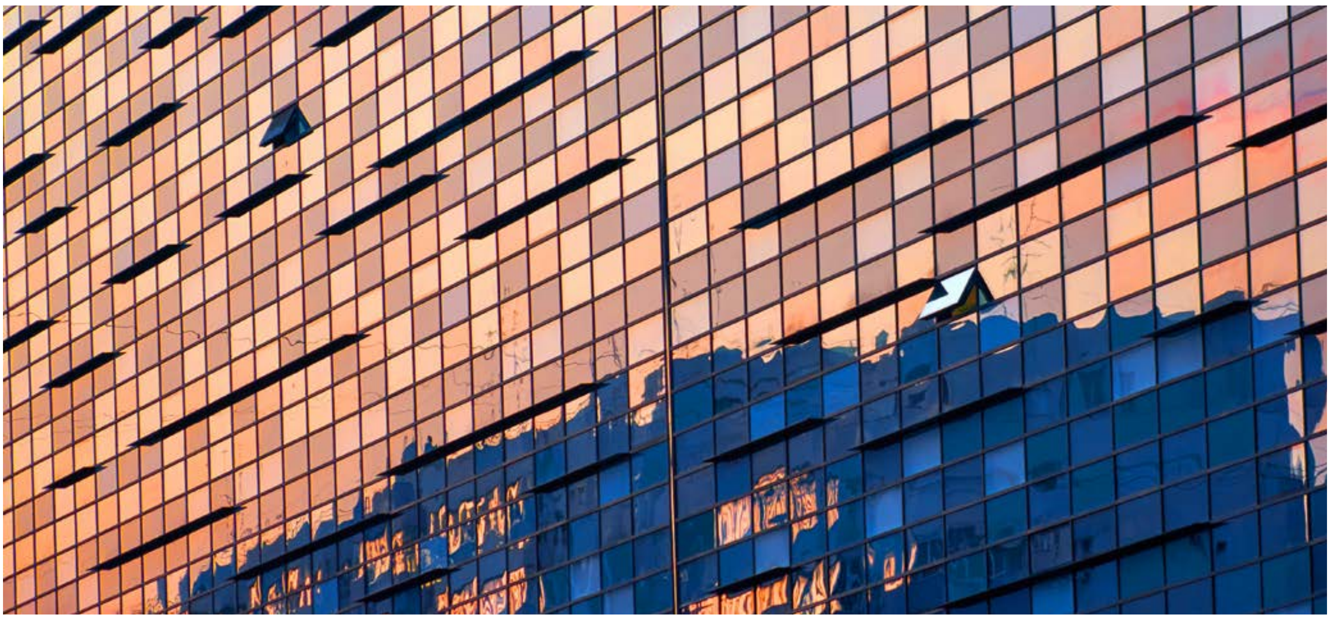
FBN and EBG recorded 9.4% and 8.9% in NIM for 2021, a marginal decrease from the 2020 rates of 9.7% and 9.1% respectively.

This is explained by the increase in total assets of the banks not compensated by an increase in the net interest income in 2021. Total assets of FBN and EBG increased by 5% and 13.4% respectively while net interest income 13.1% and 16%.

EBG's high NIM is as result of a decrease in interest expense year on year from GH₵229 million to GH₵194 million. The bank increased its mobilisation efforts with regards to current deposits while offering lower rate on its time deposits.

OBL has recorded the lowest NIM of 3.1% amongst the participating banks. However, this represented an increase in its year on year from 1.7% to 3.1%. None of the participating institutions declined above 1.5%. The growth rate has been steady and appreciable.

Net interest margin												
	2021	R	2020	R	2019	R	2018	R	2017	R	2016	R
GCB	11.2%	1	10.8%	2	10.1%	1	9.6%	2	12.6%	3	16.6%	2
FBN	9.4%	2	9.7%	3	9.3%	3	5.6%	17	10.5%	10	10.5%	8
EBG	8.9%	3	9.1%	4	8.7%	7	8.8%	5	9.3%	13	9.6%	12
PBL	8.2%	4	7.9%	11	6.6%	18	6.5%	16	8.6%	18	7.8%	20
ADB	7.9%	5	8.1%	9	7.3%	13	7.4%	12	10.7%	9	7.1%	24
SG-GH	7.6%	6	8.5%	6	9.3%	4	8.9%	4	10.9%	8	8.9%	14
ZBL	7.6%	7	7.9%	12	7.6%	10	8.3%	8	8.7%	16	8.8%	15
ABSA	7.6%	8	7.9%	10	7.6%	11	8.7%	6	11.1%	6	10.4%	9
GTB	7.5%	9	7.8%	13	9.7%	2	7.7%	11	8.9%	15	9.2%	13
FBL	7.5%	10	8.1%	8	7.3%	14	8.1%	10	8.6%	17	8.6%	16
FABL	7.4%	11	6.4%	19	0.0%	-	4.8%	19	5.9%	24	7.9%	18
BOA	7.3%	12	8.8%	5	8.8%	5	7.3%	13	5.8%	25	9.8%	11
RBL	7.3%	13	7.4%	16	7.1%	15	7.2%	14	8.5%	19	7.0%	25
UBA	7.2%	14	7.4%	15	7.5%	12	10.5%	1	16.8%	1	12.3%	6
SCB	7.1%	15	8.2%	7	8.8%	6	9.1%	3	11.6%	5	11.9%	7
ABG	6.9%	16	7.1%	17	4.4%	19	6.5%	15	7.6%	21	7.8%	19
CBG	6.0%	17	6.1%	20	6.6%	17	0.0%	-	0.0%	-	0.0%	-
CAL	5.2%	18	7.0%	18	8.3%	9	8.6%	7	9.1%	14	7.1%	23
SBG	4.9%	19	5.6%	22	6.9%	16	8.1%	9	8.3%	20	7.3%	22
FNB	4.3%	20	5.7%	21	8.6%	8	4.8%	18	10.3%	11	13.9%	3
OBL	3.1%	21	1.7%	23	0.0%	-	0.0%	-	11.9%	4	17.7%	1
NIB	0.0%	-	7.4%	14	0.0%	-	0.0%	-	0.0%	-	0.0%	-
UMB	0.0%	-	11.4%	1	0.0%	-	0.0%	-	9.7%	12	6.8%	26
BOB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	12.7%	2	12.4%	5
TRB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	11.0%	7	8.3%	17
PRB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	6.9%	22	5.1%	29
BSIC	0.0%	-	0.0%	-	0.0%	-	0.0%	-	6.4%	23	7.7%	21
ECB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	5.6%	26	5.5%	28
TCB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	3.6%	27	0.0%	-
SBL	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	13.3%	4
GNB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	10.4%	10
UGL	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	6.3%	27
Industry	7.4%		7.9%		7.9%		8.0%		9.4%		9.2%	



Cost to income ratio

With the economy recovering from the impact of COVID, total operating expenses of banks increased by 3% to GH₵7.94 billion and total income increased by 12% to GH₵16.82 billion. The industry's cost to income ratio improved from 0.51 in 2020 to 0.47 in 2021. Most of the participating banks recorded a marginal improvement in cost to income ratio, however, FNB, ZBL and SCB were the participating banks whose cost to income ratio worsened. OBL and ABSA were the banks with the most improved cost to income ratio.

OBL cost efficiency improved from 2.11 in 2020 to 1.59 in 2021. In 2021, the bank embarked on various cost cutting programs including staff layoffs and putting hold on some capex expenditure. The bank's expenditures in all categories decreased during the period. Employee cost, depreciation and amortisation and general and administrative costs reduced by 9%, 2% and 14% respectively.

Total income on the other hand increased from GH₵ 61 million to GH₵71 million with net interest income being the significant contributor for the increase. NIM increased from GH₵19 million 2020 to GH₵52 million in 2021. The significant increase of GH₵33 million was eroded by GH₵16.6 million increase in impairment charge on financial assets.

ABSA recorded an improved cost to income ratio from 41% in 2020 to 30% 2021. Total expenses reduced from GH₵578 million to GH₵492 million. This was largely driven by a decrease in administrative expenses despite an increase in the expenses relating to employees cost and depreciation and amortisation. Staff cost increased significantly by GH₵41 million however administrative cost reduced by GH₵131 million eroding the increase in employee cost. Total income increased from GH₵1.4 billion to GH₵1.6 billion representing a GH₵200 million increase.

FNB and ZBL cost efficiency worsened from 0.88 and 0.34 respectly in 2020 to 1.02 and 0.43 respectively in 2021. Total expenses for FNB increased from GH₵129 million to GH₵187 million representing a 44% increase. Total income for FNB on the other hand increased from GH₵146 million to GH₵182 million representing a 24% increase. Though total income increased, the increment could not offset the rise in expense. ZBL's total expenses increased from GH₵251 million to GH₵275 million. The underlining expenditure for this increase is mainly other expenses which increased by 29%. Though the bank's NIM increased from GH₵578 million in 2020 to GH₵640 million cost efficiency worsened.

Cost to income ratio												
	2021	R	2020	R	2019	R	2018	R	2017	R	2016	R
GTB	0.24	1	0.30	2	0.37	3	0.38	2	0.45	7	0.44	7
ABG	0.27	2	0.36	5	0.49	10	0.52	8	0.63	12	0.54	10
ABSA	0.30	3	0.41	6	0.37	2	0.38	3	0.36	3	0.40	4
UBA	0.30	4	0.30	3	0.27	1	0.28	1	0.33	2	0.31	2
SCB	0.36	5	0.28	1	0.39	4	0.40	4	0.38	4	0.31	3
ZBL	0.43	6	0.34	4	0.42	5	0.41	5	0.39	5	0.40	5
CAL	0.44	7	0.46	8	0.45	6	0.43	6	0.41	6	0.41	6
EBG	0.46	8	0.47	9	0.45	7	0.52	7	0.52	9	0.47	8
BOA	0.46	9	0.46	7	0.49	9	0.64	13	0.66	13	0.68	17
FBN	0.47	10	0.55	13	0.49	8	0.80	17	0.72	17	0.64	15
SBG	0.48	11	0.53	11	0.52	12	0.53	9	0.46	8	0.51	9
FBL	0.49	12	0.51	10	0.52	11	0.56	10	0.60	11	0.59	12
SG-GH	0.50	13	0.54	12	0.55	13	0.59	11	0.57	10	0.60	13
GCB	0.53	14	0.58	15	0.59	14	0.61	12	0.68	15	0.55	11
PBL	0.55	15	0.61	16	0.75	16	0.80	16	0.77	21	0.81	21
FABL	0.56	16	0.56	14	0.00	-	0.74	15	0.76	19	0.62	14
RBL	0.62	17	0.62	17	0.60	15	0.66	14	0.73	18	0.93	24
ADB	0.74	18	0.78	19	0.92	19	0.89	18	0.76	20	1.01	25
CBG	0.78	19	0.77	18	0.81	17	0.00	-	0.00	-	0.00	-
FNB	1.02	20	0.88	21	0.88	18	1.67	19	1.82	26	1.26	27
OBL	1.59	21	2.11	23	0.00	-	0.00	-	1.01	24	1.26	28
NIB	0.00	-	1.02	22	0.00	-	0.00	-	0.00	-	0.00	-
UMB	0.00	-	0.80	20	0.00	-	0.00	-	0.66	14	0.80	20
BOB	0.00	-	0.00	-	0.00	-	0.00	-	0.14	1	0.13	1
TRB	0.00	-	0.00	-	0.00	-	0.00	-	0.70	16	0.88	23
BSIC	0.00	-	0.00	-	0.00	-	0.00	-	0.79	22	0.71	18
ECB	0.00	-	0.00	-	0.00	-	0.00	-	0.81	23	0.75	19
PRB	0.00	-	0.00	-	0.00	-	0.00	-	1.05	25	0.86	22
TCB	0.00	-	0.00	-	0.00	-	0.00	-	6.09	27	0.00	-
UGL	0.00	-	0.00	-	0.00	-	0.00	-	0.00	-	0.64	16
GNB	0.00	-	0.00	-	0.00	-	0.00	-	0.00	-	1.08	26
SBL	0.00	-	0.00	-	0.00	-	0.00	-	0.00	-	1.31	29
Industry	0.47		0.51		0.51		0.53		0.54		0.54	

7

Return to Shareholders' Funds

Return to Shareholders' Funds

Return on Assets

Three years after the banking sector clean-up and in a year where the economy was still recovering from the effects of COVID-19, banks in Ghana demonstrated strong resilience by efficiently deploying their assets for profitable growth as compared to the last 4 years. The industry's ROA has seen a steady improvement from 2.3% in 2016 to 2.9% in 2021. Industry total assets and profitability increased by 15% and 18% respectively further demonstrating the financial soundness of the industry post the clean-up.

A third of banks in the industry recorded ROA above the industry average. GTB continued to post the highest ROA in the industry of 6.3%, although it declined from 6.6% in 2020. GTB's performance is as a result of a profit before tax margin of 73.6% against the industry average of 45.2%. The ROA of ABSA increased from 3.8% in 2020 to 4.3% in 2021 on account of increased profitability of 55% with its total assets increasing by 28%. Similarly, SG-GH, EBG, FNB, ABG and GCB recorded ROA above the industry average as a result of higher interest income and fees and commission margins as compared to increases in operating costs.

Even though SCB maintained an ROA above the industry average, it reported an 8% decline in profit for the year and a 26% growth in its asset base. This can be largely attributed to the doubling of its administrative expenses which eroded positive growth margins in fees and commission income and interest income from investments. Consequently, the bank recorded a 28% decrease in its ROA from 6% in 2020 to 4.3% 2021.

With its total assets increasing by 43%, OBL recorded an improved loss margin from (85)% in 2020 to (12.7)% in 2021, demonstrating the bank's commitment to a turnaround.

Although ZBL and UBA grew their asset base by 10% and 36% respectively, dropped from the banks with ROA above the industry average as a result of reduced profit margins of 34.5% and 31.5% respectively in 2021 from 46.2% and 39.8% respectively in 2020. This is largely attributable to increases in operational cost of the two banks. ZBL's operating expenses increased by 9.5% while UBA's increased by 10.5% within the same period.

Overall, the banking sector continues to be strong and profitable amid the global challenges with improved returns on their assets. 34% of the banks recorded ROA at or above the industry average of 2.9%. Of the 66% of the banks which recorded ROA below the industry average, two banks recorded negative ROAs.

Return on assets												
	2021	R	2020	R	2019	R	2018	R	2017	R	2016	R
GTB	6.3%	1	6.6%	1	6.4%	1	6.6%	1	4.7%	5	4.8%	5
ABSA	4.3%	2	3.8%	6	4.0%	3	4.3%	2	6.5%	3	5.8%	2
SCB	4.3%	3	6.0%	2	3.7%	4	3.5%	5	5.9%	4	5.1%	3
ABG	4.3%	4	4.1%	4	3.7%	5	1.4%	13	0.9%	19	1.6%	13
FBN	3.8%	5	2.1%	15	2.8%	12	0.9%	16	2.1%	12	0.6%	17
SG-GH	3.4%	6	3.0%	9	2.9%	11	1.8%	12	3.2%	9	2.6%	10
EBG	3.2%	7	3.4%	7	3.3%	8	3.2%	7	2.8%	10	4.1%	7
GCB	3.0%	8	2.9%	10	3.4%	7	3.0%	8	2.2%	11	4.9%	4
SBG	2.9%	9	2.6%	13	3.0%	10	3.6%	4	4.1%	6	2.8%	9
UBA	2.6%	10	4.1%	5	4.2%	2	4.3%	3	7.4%	1	3.8%	8
FBL	2.6%	11	2.7%	11	2.5%	13	2.3%	10	1.7%	15	0.4%	19
FABL	2.5%	12	2.6%	14	0.0%	-	1.0%	15	1.2%	18	1.1%	14
ZBL	2.5%	13	4.2%	3	3.7%	6	3.3%	6	3.7%	7	4.1%	6
BOA	2.3%	14	3.2%	8	3.2%	9	2.0%	11	1.8%	13	2.1%	11
CAL	2.1%	15	2.6%	12	2.5%	14	3.0%	9	3.4%	8	0.2%	21
PBL	2.0%	16	0.8%	18	0.8%	17	0.5%	17	-1.2%	23	0.5%	18
RBL	1.9%	17	1.4%	16	1.9%	15	1.3%	14	1.8%	14	-2.1%	24
ADB	1.3%	18	1.1%	17	0.3%	18	0.2%	18	0.7%	20	-2.3%	26
CBG	0.7%	19	0.5%	20	1.0%	16	0.0%	-	0.0%	-	0.0%	-
FNB	-0.2%	20	0.0%	21	0.3%	19	-5.4%	19	-10.2%	27	-2.9%	27
OBL	-0.5%	21	-3.7%	23	0.0%	-	0.0%	-	-2.2%	24	-5.8%	29
UMB	0.0%	-	0.7%	19	0.0%	-	0.0%	-	1.6%	16	0.7%	15
NIB	0.0%	-	-0.2%	22	0.0%	-	0.0%	-	0.0%	-	0.0%	-
BOB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	6.6%	2	7.9%	1
BSIC	0.0%	-	0.0%	-	0.0%	-	0.0%	-	1.2%	17	1.8%	12
ECB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.2%	21	0.2%	22
PRB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	-0.9%	22	0.2%	20
TRB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	-4.0%	25	-3.5%	28
TCB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	-9.2%	26	0.0%	-
GNB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	-1.0%	23
SBL	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	-2.2%	25
UGL	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.7%	16
Industry	2.9%		2.8%		3.0%		2.9%		2.8%		2.3%	

Return on Equity

ROE continued to increase from 17.2% recorded in 2018 to 19.2% in 2021, representing 11% growth, and demonstrating a strong and well capitalised industry generating profitable returns to their equity holders. This is in line with the market's expectation after the recapitalisation efforts to increase the minimum capital requirements to GH¢400 million in 2018.

In 2021, eight out of the twenty-one surveyed banks recorded ROE above the industry average of 19.2%. Growth in revenue drivers such as fees and commission and interest income, and a 58% containment of administrative costs enabled ABSA to maintain a commanding lead in the industry with a ROE of 30.1% in 2021 compared to 24.2% in 2020. The Bank's profits grew by 47% from GH¢471.1 million in 2020.

Even though SCB and GTB recorded ROEs of 26.6% and 25.8% respectively, well above industry average, the decline in profits after tax for both banks resulted in a decline in ROE by 18.6% and 3% respectively. EBG, GCB, SBG, GTB, FBL, ABG continued to post ROE above the industry average demonstrating their consistency with regards to profitable growth.

About 50% of banks in the industry recorded ROE below the industry benchmark. ZBL for the first time since 2018 recorded ROE below the industry average as a result of reduced profit margins of 34.5% mainly arising out of a 13% decline in the bank's operating income. CAL recorded its lowest ROE since 2017 of 17.1%. Despite some growth year on year in interest and fees and commission incomes, the increase in the bank's operational costs more than offset the increase in income within the same period.

Despite suffering a dip in ROE in 2019, CBG has, over the last two years, continued to make positive strides to grow its ROE to 9% in 2021. The bank grew its operating income by 24% from the previous year in the midst of intense market competition for clientele in the industry. Similarly, ADB improved its ROE to 8.7% from ROE of 7.7%, a 13% growth from 2020 mainly as a result of a 21% growth in fees and commission income.

Overall, banks have maintained a strong equity buffer over the past year. Across the industry, banks continually grew their streams of income to increase profitability. 35% of banks in the industry recorded ROE above industry average of 19.2% while 65% of banks recorded ROE below the industry average. However, two banks within this group recorded a negative ROE.

Return on equity												
	2021	R	2020	R	2019	R	2018	R	2017	R	2016	R
ABSA	30.1%	1	24.2%	4	28.8%	2	29.1%	1	36.7%	2	38.4%	2
FBL	27.5%	2	25.2%	3	29.8%	1	23.7%	5	16.9%	12	3.0%	18
SCB	26.6%	3	32.6%	1	24.2%	6	20.1%	10	30.8%	3	29.3%	5
GTB	25.8%	4	26.7%	2	26.4%	3	25.9%	2	26.3%	4	26.0%	6
ABG	23.6%	5	22.9%	6	21.6%	9	7.9%	13	6.3%	18	9.8%	13
GCB	21.9%	6	21.4%	8	25.5%	4	24.4%	4	19.1%	10	29.5%	4
EBG	21.8%	7	22.4%	7	25.0%	5	25.7%	3	24.9%	5	34.2%	3
SBG	20.7%	8	19.4%	9	20.7%	10	21.0%	9	23.5%	6	21.7%	8
SG-GH	17.9%	9	16.7%	11	16.0%	12	8.8%	12	17.4%	11	19.2%	9
CAL	17.1%	10	18.6%	10	18.1%	11	21.3%	8	22.4%	9	1.4%	21
FABL	16.3%	11	14.3%	13	0.0%	-	5.5%	15	8.6%	17	7.7%	16
ZBL	14.2%	12	23.2%	5	22.0%	8	21.3%	7	23.1%	7	24.4%	7
UBA	12.5%	13	16.4%	12	22.7%	7	23.7%	6	40.0%	1	43.7%	1
FBN	12.5%	14	7.2%	18	7.4%	16	2.1%	17	9.2%	16	2.8%	19
RBL	11.8%	15	8.5%	15	11.2%	14	7.5%	14	16.3%	13	-27.4%	28
PBL	11.6%	16	5.1%	19	4.2%	17	3.3%	16	-11.1%	24	5.7%	17
BOA	10.3%	17	10.2%	14	10.9%	15	11.8%	11	12.7%	15	14.7%	11
CBG	9.0%	18	8.2%	16	14.0%	13	0.0%	-	0.0%	-	0.0%	-
ADB	8.7%	19	7.7%	17	1.9%	18	0.9%	18	5.5%	20	-15.4%	26
FNB	-0.7%	20	0.1%	22	0.6%	19	-8.0%	19	-19.4%	26	-6.0%	23
OBL	-2.4%	21	-49.2%	23	0.0%	-	0.0%	-	-14.3%	25	-24.4%	27
NIB	0.0%	-	1.2%	21	0.0%	-	0.0%	-	0.0%	-	0.0%	-
UMB	0.0%	-	4.9%	20	0.0%	-	0.0%	-	22.4%	8	12.4%	12
BOB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	15.3%	14	16.3%	10
BSIC	0.0%	-	0.0%	-	0.0%	-	0.0%	-	6.3%	19	8.8%	14
ECB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	1.2%	21	0.9%	22
TCB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	-10.0%	22	0.0%	-
PRB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	-10.1%	23	1.7%	20
TRB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	-70.0%	27	-58.7%	29
GNB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	-6.2%	24
SBL	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	-6.7%	25
UGL	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	8.8%	15
Industry	19.2%		19.1%		20.0%		17.9%		19.7%		17.3%	

8

Liquidity

Liquidity

The banking sector reported an improved liquidity position which enhances financial freedom to embark on a wide array of investment opportunities. However, given the current economic strain and the lingering impact of the COVID-19 pandemic, banks continue to remain cautious in pursuit of growth strategies.

Liquid funds to total deposits

Liquid funds to total deposits increased by 5% from 88% in 2020 to 93% in 2021. The increase is explained by a more than proportionate surge in the industry's liquid funds of 19%, from GH₵95 billion in 2020 to GH₵113.5 billion in 2021, compared to the relative 12% growth in total deposits from GH₵108.7 billion to GH₵121.8 billion for the same period. This further asserts the banks' position to continue providing security for depositor funds in the unlikely event of any significant withdrawals from mainly institutional and corporate customers.

Liquid funds to total deposits												
	2021	R	2020	R	2019	R	2018	R	2017	R	2016	R
BOA	1.40	1	0.95	10	1.05	7	0.74	14	0.79	19	0.82	13
FBL	1.27	2	0.98	8	1.46	2	1.17	5	1.03	6	0.81	15
ABSA	1.16	3	1.02	6	1.25	5	1.13	6	0.69	22	0.70	21
FNB	1.14	4	1.16	1	1.65	1	2.81	1	1.89	3	1.86	1
ABG	1.10	5	1.02	5	0.94	10	0.93	9	0.87	11	0.57	25
CAL	1.10	6	1.07	3	0.89	12	0.77	13	0.79	18	0.52	27
CBG	1.09	7	1.04	4	1.10	6	0.00	-	0.00	-	0.00	-
ZBL	1.07	8	1.12	2	1.26	4	1.34	3	0.96	7	0.82	14
FBN	1.00	9	0.98	7	1.32	3	1.78	2	1.10	5	1.01	6
SCB	0.99	10	0.95	9	0.93	11	0.98	8	0.86	14	0.87	11
UBA	0.92	11	0.93	11	0.97	9	1.33	4	0.87	12	0.62	23
OBL	0.92	12	0.73	19	0.00	-	0.00	-	0.88	10	0.99	8
PBL	0.90	13	0.79	15	0.59	17	0.57	19	0.70	21	0.45	29
GCB	0.90	14	0.87	13	0.79	14	0.80	12	0.85	15	0.99	7
ADB	0.77	15	0.79	14	0.83	13	0.89	10	0.84	16	0.83	12
GTB	0.76	16	0.90	12	1.03	8	1.05	7	0.96	8	0.78	18
SG-GH	0.76	17	0.62	21	0.45	19	0.65	18	0.53	26	0.77	19
EBG	0.73	18	0.74	17	0.59	16	0.71	16	0.76	20	0.63	22
RBL	0.71	19	0.70	20	0.69	15	0.72	15	0.66	23	0.49	28
SBG	0.68	20	0.74	18	0.58	18	0.66	17	0.83	17	0.81	16
FABL	0.62	21	0.77	16	0.00	1	0.88	11	0.89	9	0.89	10
NIB	0.00	-	0.59	22	0.00	-	0.00	-	0.00	-	0.00	-
UMB	0.00	-	0.54	23	0.00	-	0.00	-	0.86	13	1.09	5
TCB	0.00	-	0.00	-	0.00	-	0.00	-	20.29	1	0.00	-
PRB	0.00	-	0.00	-	0.00	-	0.00	-	2.43	2	1.63	2
BOB	0.00	-	0.00	-	0.00	-	0.00	-	1.34	4	1.45	3
ECB	0.00	-	0.00	-	0.00	-	0.00	-	0.65	24	0.79	17
BSIC	0.00	-	0.00	-	0.00	-	0.00	-	0.60	25	0.60	24
TRB	0.00	-	0.00	-	0.00	-	0.00	-	0.41	27	0.55	26
SBL	0.00	-	0.00	-	0.00	-	0.00	-	0.00	-	1.39	4
UGL	0.00	-	0.00	-	0.00	-	0.00	-	0.00	-	0.94	9
GNB	0.00	-	0.00	-	0.00	-	0.00	-	0.00	-	0.72	20
Industry	0.93		0.88		0.89		0.91		0.84		0.77	

With a record high of 140%, BoA is well ahead of the curve by 47% above the sector's average. This phenomenal growth is attributable to the increase in tradeable government securities held by the bank from GH₵783.9 million in 2020 to GH₵1.5 billion in 2021, bringing its total liquid funds to GH₵2.1 billion in 2021 as compared to GH₵1.1 billion in the previous year. The source of growth in the BoA's liquid assets is supported by the relative increased short-term borrowings of 424% from GH₵169 million in 2020 to GH₵887 million in 2021.

Looking over the past 5 years, FBL's ratio of liquid funds to total deposits has consistently been above the industry's average. This suggests a conservative strategy inclined towards liquidity as against profitability and other key performance indicators. At a 127% liquid funds to total deposits ratio, the bank is holding up an excess of GH₵2.2 billion liquid assets over total deposits.

ABSA's ratio of total liquid funds to total deposits indicates a 14% rise from the prior year's results. Total liquid funds increased by 27%, from GH₵7 billion in 2020 to GH₵9.6 billion in 2021, with a 20% increase in total deposit from GH₵6.9 billion in 2020.

FBN maintained a very strong liquidity position relative to deposits. Although there is a continuous downward trend from its record high in 2018 of 281%, the bank's ratio of liquid funds to total deposit has been well above the sector's average for 5 years consecutively. In 2021, the bank shedded only 2% of its 116% results in 2020. This marginal dip is explained by the slight growth in total deposits from GH₵1.22 billion in 2020 to GH₵1.23 billion in 2021 as total liquid assets on the other hand improved marginally by 4% from prior year's liquid assets of GH₵930 million.

ABG and CAL experienced a similar growing trend in liquid funds to deposits ratio from 2019 to 2021. At year end, ABG held total liquid funds of GH₵5.7 billion against total deposits of GH₵5.2 billion whereas CAL held GH₵6.9 billion of liquid funds against total deposits of GH₵6.3 billion.

CBG, ZBL, FBN and SCB also demonstrated resilient positions in maintaining liquidity to deposit levels above the industry's ratio. This is consistent over the past three years and especially so in the case of CBG, coming from the collapse and merger of seven banks and the need to restore customer confidence by staying highly liquid. Total liquid assets held against total deposits by CBG grew by 3% from GH₵8.7 billion in 2020 to GH₵9 billion in 2021, while total deposits remained steady at GH₵8.3 billion for both periods.

Interestingly, some banks increase their risk appetite in terms of holding lower liquid assets to pursue higher profits. FABL held the least position, with a ratio of 62% in 2021, which is a significant drop from 77% in 2020 and a trade-off between liquidity and investment in its loan portfolio as loans grew by GH₵460 million between 2020 and 2021. GTB also adopted a similar strategy, shedding off more than 10% of liquidity against total deposits to increase its loan asset portfolio by GH₵590 million in 2021. This strategy can be sustainable on the back of a resilient economy and agile risk management framework.

Liquid funds to total assets

Liquid funds to total assets ratio displayed a steady growth over the past 5 years. The marginal industry's growth of 2% implies a very strong commitment towards maintaining financial stability within the industry. The growth in liquidity flowed from customer deposits, increasing from GH₵109 billion in 2020 to GH₵121 billion in 2021, and additional contribution from the increase in borrowings from GH₵11 billion in 2020 to GH₵16 billion in 2021.

Liquid funds to total assets												
	2021	R	2020	R	2019	R	2018	R	2017	R	2016	R
CBG	0.84	1	0.87	1	0.91	1	0.00	-	0.00	-	0.00	-
FBL	0.78	2	0.69	5	0.73	7	0.75	6	0.76	4	0.63	11
ZBL	0.77	3	0.81	2	0.85	2	0.83	2	0.72	8	0.64	9
ABG	0.76	4	0.73	3	0.65	9	0.67	8	0.63	9	0.43	24
SCB	0.75	5	0.69	4	0.69	8	0.71	7	0.63	10	0.64	10
UBA	0.71	6	0.68	7	0.77	4	0.79	4	0.61	14	0.49	20
OBL	0.70	7	0.63	11	0.00	-	0.00	-	0.62	12	0.69	7
CAL	0.69	8	0.60	14	0.49	16	0.45	17	0.47	24	0.34	28
GCB	0.68	9	0.68	6	0.62	10	0.63	11	0.62	13	0.70	6
BOA	0.65	10	0.55	19	0.57	13	0.47	16	0.52	22	0.49	21
FBN	0.65	11	0.66	8	0.74	6	0.89	1	0.82	3	0.78	4
FNB	0.61	12	0.59	16	0.82	3	0.81	3	0.75	6	0.89	2
ABSA	0.60	13	0.56	18	0.59	12	0.62	12	0.53	20	0.57	16
EBG	0.60	14	0.60	13	0.49	15	0.53	14	0.60	16	0.47	23
PBL	0.59	15	0.49	21	0.39	18	0.42	18	0.47	25	0.36	27
ADB	0.58	16	0.59	15	0.62	11	0.64	10	0.60	15	0.59	14
GTB	0.56	17	0.66	9	0.75	5	0.76	5	0.75	7	0.56	18
SBG	0.55	18	0.59	17	0.45	17	0.48	15	0.56	18	0.61	13
RBL	0.54	19	0.53	20	0.53	14	0.55	13	0.54	19	0.41	26
FABL	0.52	20	0.62	12	0.00	-	0.65	9	0.76	5	0.73	5
SG-GH	0.47	21	0.42	22	0.32	19	0.41	19	0.38	26	0.57	17
NIB	0.00	-	0.65	10	0.00	-	0.00	-	0.00	-	0.00	-
UMB	0.00	-	0.38	23	0.00	-	0.00	-	0.56	17	0.55	19
PRB	0.00	-	0.00	-	0.00	-	0.00	-	0.89	1	0.87	3
TCB	0.00	-	0.00	-	0.00	-	0.00	-	0.86	2	0.00	-
BOB	0.00	-	0.00	-	0.00	-	0.00	-	0.63	11	0.65	8
ECB	0.00	-	0.00	-	0.00	-	0.00	-	0.52	21	0.62	12
BSIC	0.00	-	0.00	-	0.00	-	0.00	-	0.48	23	0.47	22
TRB	0.00	-	0.00	-	0.00	-	0.00	-	0.24	27	0.30	29
SBL	0.00	-	0.00	-	0.00	-	0.00	-	0.00	-	0.91	1
GNB	0.00	-	0.00	-	0.00	-	0.00	-	0.00	-	0.59	15
UGL	0.00	-	0.00	-	0.00	-	0.00	-	0.00	-	0.43	25
Industry	0.66		0.64		0.62		0.62		0.60		0.55	

Almost 50% of the banks reported above the industry average liquid funds to total assets ratio of 66%. CBG maintained its first position since incorporation in 2018 only dropping 3% from its prior year's 87% liquid funds to total assets. The change is indicative of a slight divestment of liquid assets for higher yields in loans and advances, which grew from GH₵844 million in 2020 to GH₵1.4 billion in 2021.

FBL's position increased significantly by 9% from 69% in 2020 to 78% in 2021. This was driven by the significant investment in treasury bills, from GH₵4.9 billion in 2020 to GH₵7.7bilion in 2021, while its loan portfolio remained at GH₵2.4 billion. ZBL on the other hand, dropped 4% from 81% in 2020, ranking third in the current period at 77%. This confirms the bank's move to grow profitability by investing GH₵478 million in loans and advances to customers in 2021.

ABG, SCB, UBA, OBL and CAL reported a growing trend in the proportion of liquid funds as a percentage of total assets. SCB, OBL and CAL showed the most drastic change, increasing by 6%, 7% and 9% respectively from their prior period positions. However, ABG and UBA reported a slight change of 3% increment in liquid funds to total assets. The move towards increasing safety buffer levels in the form of cash and highly marketable securities reinforces the banks' liquidity position to secure depositors' and creditors' funds and promote financial soundness.

Notwithstanding, some banks reported a lower than 66% of the industry's liquid funds to total assets. BOA, FBN, FNB, ABSA and EBG performance fell moderately between 1% and 4%. SG-GH's liquid funds to total assets ratio continues to remain significantly below the industry's average and consistently so over the past 5 years, which is the result of a rather aggressive investment in higher risk assets in the form of loans and advances with higher returns than money market instruments.

Liquid funds to total interest-bearing liabilities

The growth in liquidity against interest-bearing liabilities has been very marginal over the last three years, averaging 3% growth year on year. Interest-bearing liabilities consist of 88% short-term customer deposits, which increased by 12%, from GH₵108.6 billion in 2020 to GH₵121.8 billion in 2021. Other interest-bearing liabilities such as borrowings and lease liabilities constitute 11% and 1% respectively.

As banks tend to match interesting-bearing liabilities against interest bearing assets. Liquid investments in money market instruments also grew by 24% from GH₵66.5 billion in 2020 to GH₵82.4 billion in 2021, providing interest cover of 59% for interest-bearing liabilities and 67% cover for deposits without considering the impact of cash assets.

Liquid funds to total interest bearing liabilities												
	2021	R	2020	R	2019	R	2018	R	2017	R	2016	R
ZBL	1.03	1	1.05	1	1.08	3	1.04	4	0.88	9	0.78	11
FBN	0.99	2	0.96	3	1.28	2	1.78	2	1.10	4	1.01	5
CBG	0.98	3	1.01	2	1.08	4	0.00	-	0.00	-	0.00	-
ABG	0.95	4	0.92	5	0.79	10	0.83	9	0.76	13	0.52	24
SCB	0.93	5	0.91	6	0.86	7	0.92	6	0.84	10	0.85	9
UBA	0.92	6	0.93	4	0.97	6	1.00	5	0.77	12	0.56	23
FBL	0.88	7	0.80	11	0.81	9	0.85	8	0.88	8	0.73	13
OBL	0.87	8	0.69	18	0.00	-	0.00	-	0.75	14	0.92	6
BOA	0.87	9	0.82	8	0.81	8	0.59	16	0.63	22	0.60	22
GCB	0.84	10	0.81	9	0.75	12	0.77	11	0.75	15	0.88	8
FNB	0.81	11	0.81	10	1.56	1	2.81	1	1.89	2	1.86	1
CAL	0.80	12	0.71	16	0.57	16	0.54	18	0.58	24	0.42	27
ABSA	0.76	13	0.73	15	0.73	13	0.76	12	0.69	18	0.70	18
GTB	0.75	14	0.88	7	1.03	5	1.04	3	0.94	6	0.71	16
EBG	0.73	15	0.74	13	0.58	15	0.70	13	0.74	16	0.61	20
PBL	0.73	16	0.60	20	0.49	18	0.52	19	0.55	25	0.41	28
ADB	0.70	17	0.71	17	0.76	11	0.80	10	0.71	17	0.71	17
RBL	0.68	18	0.67	19	0.65	14	0.67	14	0.64	21	0.46	26
SBG	0.68	19	0.73	14	0.57	17	0.65	15	0.80	11	0.78	12
SG-GH	0.65	20	0.56	22	0.43	19	0.56	17	0.51	26	0.70	19
FABL	0.62	21	0.77	12	0.00	-	0.88	7	0.89	7	0.88	7
NIB	0.00	-	0.57	21	0.00	-	0.00	-	0.00	-	0.00	-
UMB	0.00	-	0.47	23	0.00	-	0.00	-	0.66	19	0.71	15
TCB	0.00	-	0.00	-	0.00	-	0.00	-	20.29	1	0.00	-
BOB	0.00	-	0.00	-	0.00	-	0.00	-	1.12	3	1.29	3
PRB	0.00	-	0.00	-	0.00	-	0.00	-	0.97	5	1.02	4
ECB	0.00	-	0.00	-	0.00	-	0.00	-	0.65	20	0.79	10
BSIC	0.00	-	0.00	-	0.00	-	0.00	-	0.60	23	0.60	21
TRB	0.00	-	0.00	-	0.00	-	0.00	-	0.26	27	0.32	29
SBL	0.00	-	0.00	-	0.00	-	0.00	-	0.00	-	1.39	2
GNB	0.00	-	0.00	-	0.00	-	0.00	-	0.00	-	0.72	14
UGL	0.00	-	0.00	-	0.00	-	0.00	-	0.00	-	0.49	25
Industry	0.82		0.79		0.76		0.79		0.75		0.68	

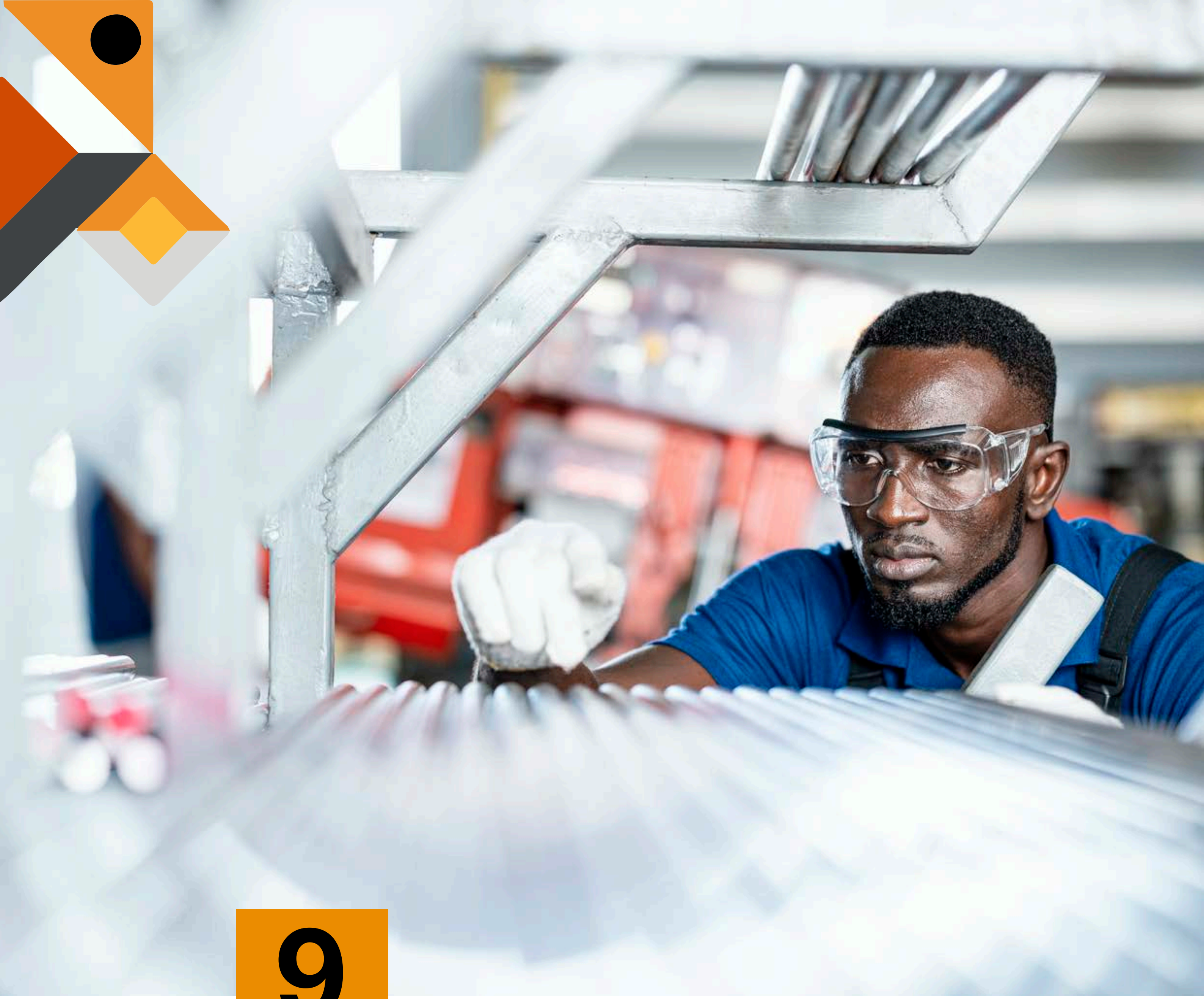
The improved position of liquid funds to total interest-bearing liabilities ratio puts banks in the better position to settle their interest-bearing liabilities as and when they fall due within the short-term and long-term.

Ten out of the twenty-one banks demonstrated above industry average performance with liquid funds to total interest-bearing liabilities ratios above 82%. ZBL, FBN, CBG, ABG, SCB, UBA and FBL consistently displayed above average performance for the last three years, the highest being ZBL with a ratio of over 103%.

OBL's liquidity position toward interest-bearing liabilities increased by 18% from prior year's 69%; followed by CAL's 9% increment to 80% in 2021, while that of other banks inched marginally upward by 1% to 5% in the current period. This goes to show an improvement in interest risk management over short-term and long-term interest-bearing liabilities as evidenced by the increased participation in money market instruments to offset liabilities when they fall due.

FABL reduced liquidity towards interest-bearing liabilities by 15% from its prior position of 77% whereas GTB shedded 13% of its prior period's position. SBG also reduced its liquidity position to interest-bearing liabilities by 5% in the current period. The shift to diversify asset portfolios by some banks through loans and advances to achieve profitability levels implies an opportunity cost of holding liquidity against interest bearing obligations.

The 2022 economic situation and the resultant depreciation of the cedi and inflationary pressure pose a major business risk and uncertainty for the banking industry. It is expected that most banks will maintain higher levels of liquidity while pursuing cautious lending strategies until the economic environment begins to show significant signs of recovery.



9

Asset Quality

Asset Quality

Globally, the services sector showed signs of post-pandemic recovery in 2021 and Ghana's banking sector followed suit with improvements in return on assets, profitability and total operating assets. Net loans and advances contributed 15% of the growth in total operating assets.

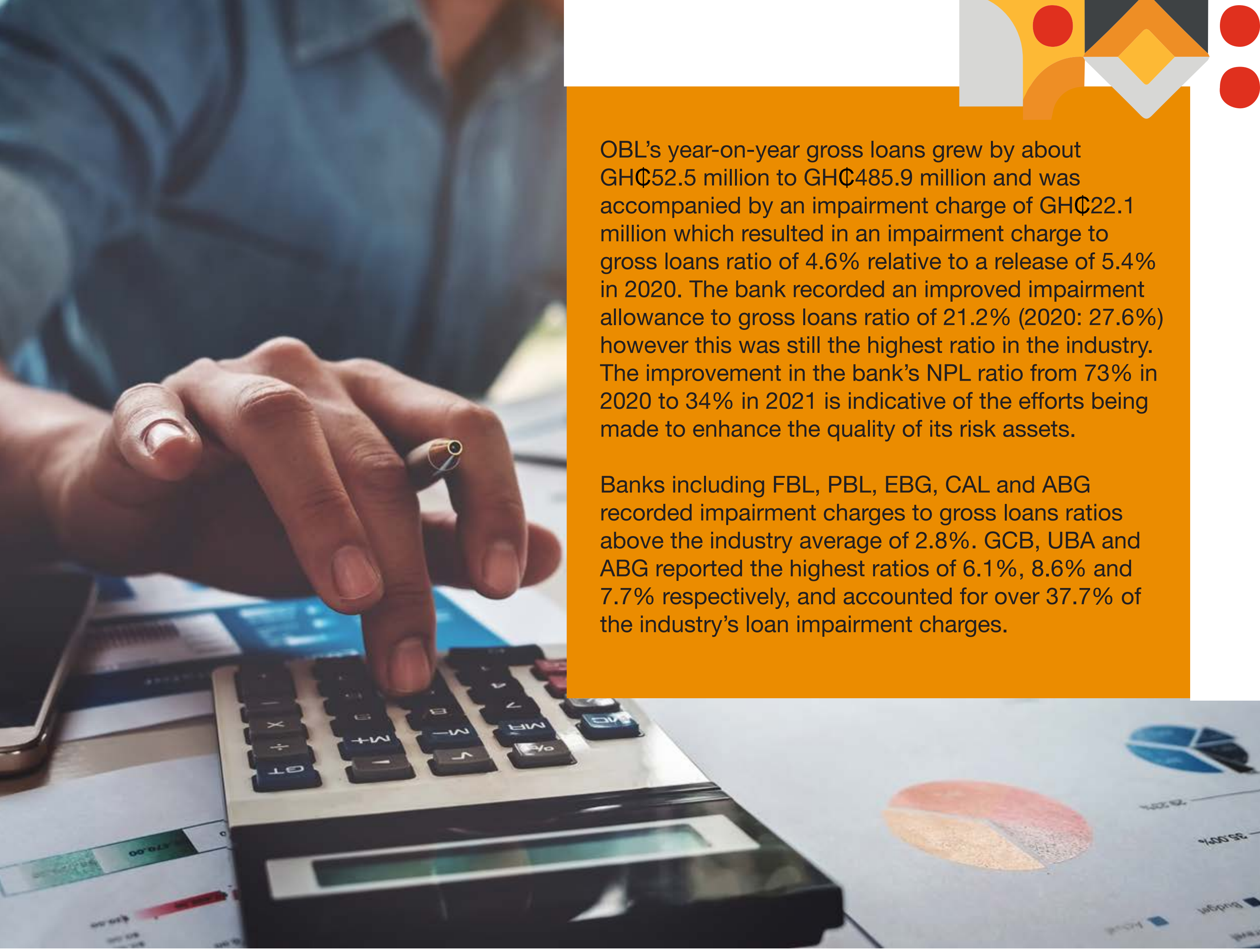
The Bank of Ghana played a role in guiding economic recovery as it employed measures such as cutting policy rates from 14.5% to 13.5% in the first half of the year in order to stimulate economic activities. Despite increased demand for loans and advances from customers, banks maintained a more cautious approach to lending in order to manage credit risk associated with the post-pandemic economy as they looked to clean up their risk assets.

This approach to lending and overall management of loan portfolios resulted in an industry loan write-off of GH₵1.03 billion in 2021 which represented a 52% increase between the comparative periods with four (4) banks accounting for over 68% of the loans written-off. GH₵3.6 billion was added to gross loans and advances, with the industry growth in loans and advances driven by the commerce and finance, services, manufacturing and construction industries. All other industries realised a decline in their portfolio sizes.

Impairment charge to gross loans for 2021 deteriorated marginally from 2.7% to 2.8%. However the industry's reduction in impairment allowance to gross loans and advances from 9.9% to 7.8% and NPL ratio which improved from 15% in 2020 to 10% in 2021 reflected the efforts made by banks to enhance the quality of their risk assets post-pandemic.

The overall quality of SCB's loan portfolio improved, resulting in an impairment release of GH₵21.6 million relative to a GH₵157.4 million increase in its gross loans and advances. The improvement in the bank's impairment charge to gross loans and advances is attributable to the enhanced performance of legacy exposures and its selective approach to extending credit facilities during the year. The performance of SCB's loan portfolio in response to this approach to lending resulted in an improved impairment allowance to gross loans and advances ratio of 7.4% in 2021 compared to 9.8% in 2020.

GTB grew its loan portfolio by GH₵593.6 million from GH₵1.1 billion in 2020 to GH₵1.7 billion in 2021, with 89% of the growth directed to the services industry. Despite the bank having its loan portfolio growing by more than 50% for the second consecutive year (55.9% in 2021, 85.1% in 2020), it maintained its position as best ranked in respect of impairment allowance to gross loans and advances ratio and improved its impairment charge to gross loans and advances ratio. The bank's impairment charge between the comparative years declined by 53.8% to GH₵3.6 million and this was driven by enhancements in the value of collaterals which are considered in the estimation of loan allowances. GTB also recorded the best NPL ratio of 0.2% which was an improvement from 0.6% in 2020. Improvements in the bank's credit risk metrics are indicators of the continuous improvement in the performance of its credit function.

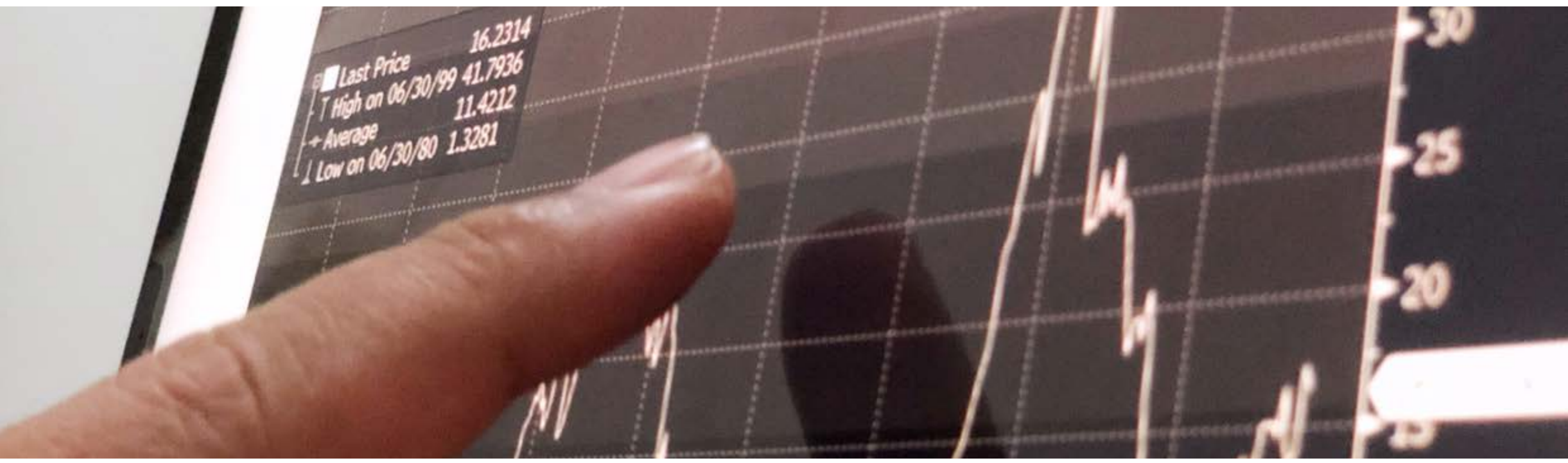


OBL's year-on-year gross loans grew by about GH₵52.5 million to GH₵485.9 million and was accompanied by an impairment charge of GH₵22.1 million which resulted in an impairment charge to gross loans ratio of 4.6% relative to a release of 5.4% in 2020. The bank recorded an improved impairment allowance to gross loans ratio of 21.2% (2020: 27.6%) however this was still the highest ratio in the industry. The improvement in the bank's NPL ratio from 73% in 2020 to 34% in 2021 is indicative of the efforts being made to enhance the quality of its risk assets.

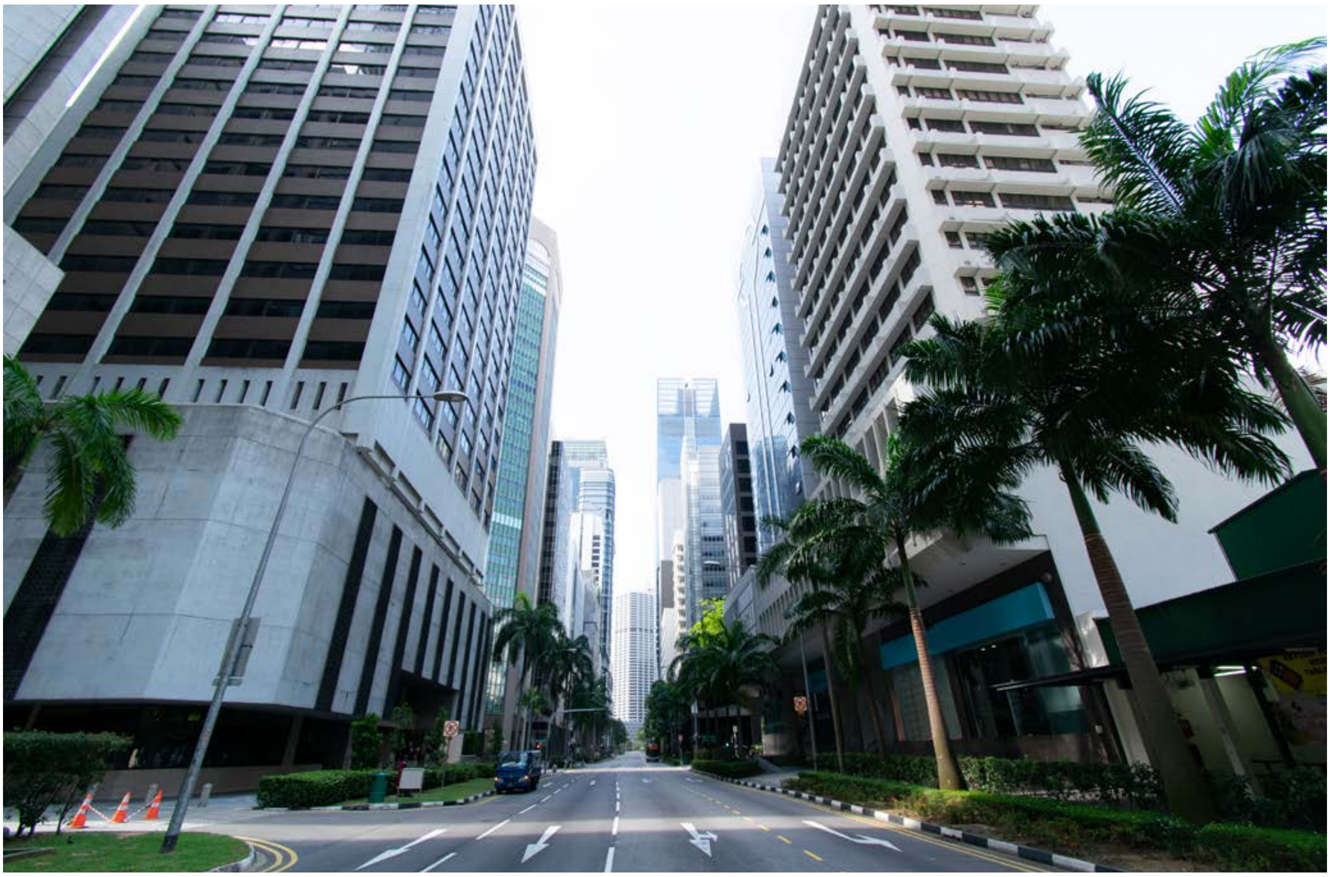
Banks including FBL, PBL, EBG, CAL and ABG recorded impairment charges to gross loans ratios above the industry average of 2.8%. GCB, UBA and ABG reported the highest ratios of 6.1%, 8.6% and 7.7% respectively, and accounted for over 37.7% of the industry's loan impairment charges.

Impairment charges for RBL, FNB and BOA improved by over 50% each and was reflected in their impairment charges to gross loans ratios which were below the industry average. The improvements in these banks' impairment charges to gross loans ratios was driven by clean-up activities undertaken which saw over GH₵58.3 million of non-performing loans written off by the three banks.

The banking sector has shown positive signs of post-pandemic recovery based on the growth in the industry loan portfolio and improvements in the quality of risk assets as indicated by the NPL ratio and impairment allowance to gross loans ratio. Loan portfolio profitability however needs to be improved to ensure that the credit activities positively contribute to overall industry growth.



Impairment allowance to gross loans and advances												
	2021	R	2020	R	2019	R	2018	R	2017	R	2016	R
GTB	0.5%	1	0.4%	1	0.7%	5	1.6%	2	4.8%	6	4.0%	8
FBN	2.0%	2	3.8%	7	7.3%	14	7.9%	9	7.9%	13	4.4%	10
BOA	2.7%	3	3.8%	6	0.0%	1	1.0%	1	1.3%	3	1.6%	3
FNB	3.2%	4	2.6%	4	4.3%	11	8.7%	10	1.1%	2	1.8%	4
CBG	3.2%	5	2.5%	3	2.1%	6	0.0%	-	0.0%	-	0.0%	-
PBL	3.7%	6	10.3%	17	2.4%	8	7.6%	7	13.7%	19	8.1%	16
SBG	3.8%	7	4.2%	8	4.1%	10	5.4%	5	5.4%	7	6.8%	14
ABSA	4.3%	8	4.4%	9	3.3%	9	3.3%	3	3.3%	5	6.8%	13
FABL	4.4%	9	4.8%	10	0.0%	-	7.8%	8	8.4%	14	18.2%	27
ZBL	4.6%	10	3.3%	5	4.8%	12	10.7%	12	6.1%	8	9.7%	20
FBL	4.9%	11	2.4%	2	2.3%	7	12.2%	14	16.3%	22	9.1%	18
SCB	7.4%	12	9.8%	16	7.3%	15	12.9%	15	20.5%	25	21.9%	28
RBL	7.6%	13	9.7%	15	8.6%	16	9.8%	11	14.8%	21	13.3%	22
EBG	8.5%	14	6.2%	11	5.7%	13	3.9%	4	7.4%	10	2.4%	5
CAL	8.7%	15	9.1%	12	0.0%	1	6.7%	6	7.7%	11	4.9%	12
UBA	9.0%	16	23.7%	21	23.0%	19	31.1%	19	13.8%	20	7.2%	15
SG-GH	10.7%	17	9.3%	14	0.0%	1	15.3%	16	13.6%	18	17.8%	26
ABG	14.8%	18	11.5%	18	9.9%	17	17.9%	17	7.7%	12	3.9%	7
GCB	15.3%	19	14.9%	19	10.6%	18	10.9%	13	10.2%	15	14.5%	24
ADB	16.9%	20	17.5%	20	0.0%	1	28.5%	18	23.6%	27	23.1%	29
OBL	21.2%	21	27.6%	22	0.0%	-	0.0%	-	12.6%	17	14.3%	23
UMB	0.0%	1	9.1%	13	0.0%	-	0.0%	-	6.9%	9	4.6%	11
NIB	0.0%	1	59.0%	23	0.0%	-	0.0%	-	0.0%	-	0.0%	-
TCB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	1	0.0%	-
BOB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	1.4%	4	1.0%	2
BSIC	0.0%	-	0.0%	-	0.0%	-	0.0%	-	11.6%	16	9.6%	19
TRB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	17.7%	23	8.6%	17
ECB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	18.4%	24	15.0%	25
PRB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	21.9%	26	10.4%	21
SBL	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.3%	1
GNB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	2.9%	6
UGL	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	4.1%	9
Industry	7.8%		9.9%		9.5%		9.8%		10.7%		8.6%	



Impairment charge to gross loans and advances												
	2021	R	2020	R	2019	R	2018	R	2017	R	2016	R
SCB	-1.1%	1	1.5%	8	5.2%	17	6.7%	16	0.0%	3	5.0%	20
GTB	0.2%	2	0.7%	5	1.5%	10	-4.5%	1	-0.4%	1	1.4%	9
FNB	0.8%	3	2.2%	12	6.4%	19	4.9%	15	0.8%	7	0.8%	4
SBG	0.9%	4	1.2%	6	1.3%	7	1.4%	5	2.7%	17	3.8%	16
RBL	1.0%	5	2.9%	15	2.1%	13	3.3%	13	0.0%	2	6.6%	21
SG-GH	1.1%	6	1.2%	7	0.0%	2	2.9%	11	2.4%	13	3.4%	15
FABL	1.5%	7	-2.6%	2	0.0%	-	2.9%	10	1.9%	11	13.2%	28
ABSA	1.6%	8	2.7%	14	1.4%	8	1.0%	3	0.7%	5	0.4%	3
CBG	1.6%	9	2.0%	10	2.1%	14	0.0%	-	0.0%	-	0.0%	-
BOA	1.6%	10	4.5%	20	0.0%	2	2.6%	9	1.7%	10	2.5%	12
ZBL	2.3%	11	0.5%	4	1.5%	9	6.9%	17	0.9%	8	1.2%	7
ADB	2.3%	12	0.4%	3	0.0%	2	0.7%	2	3.3%	19	8.0%	23
FBN	2.4%	13	2.3%	13	5.5%	18	1.1%	4	2.4%	14	19.5%	29
FBL	3.2%	14	4.4%	19	4.4%	16	3.7%	14	5.8%	22	11.8%	26
PBL	3.7%	15	6.3%	23	2.0%	12	2.4%	7	6.3%	24	1.7%	11
EBG	4.2%	16	3.6%	17	3.8%	15	3.0%	12	6.0%	23	5.0%	19
CAL	4.3%	17	3.2%	16	0.0%	2	2.6%	8	2.7%	18	9.6%	25
OBL	4.6%	18	-5.4%	1	0.0%	-	0.0%	-	8.1%	25	12.6%	27
GCB	6.1%	19	5.1%	22	1.8%	11	1.8%	6	1.9%	12	1.6%	10
ABG	7.7%	20	1.7%	9	-1.8%	1	9.3%	18	4.3%	20	4.2%	17
UBA	8.6%	21	4.2%	18	0.5%	6	10.6%	19	2.7%	16	4.4%	18
NIB	0.0%	NA	4.7%	21	0.0%	-	0.0%	-	0.0%	-	0.0%	-
UMB	0.0%	NA	2.1%	11	0.0%	-	0.0%	-	2.6%	15	1.0%	6
TCB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	3	0.0%	-
BOB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.7%	6	0.0%	1
BSIC	0.0%	-	0.0%	-	0.0%	-	0.0%	-	1.5%	9	2.5%	13
ECB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	4.7%	21	7.2%	22
PRB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	8.7%	26	1.2%	8
TRB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	10.8%	27	8.2%	24
SBL	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.3%	2
GNB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	1.0%	5
UGL	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	2.7%	14
Industry	2.8%		2.7%		2.9%		3.0%		3.0%		4.5%	

Loan portfolio profitability												
	2021	R	2020	R	2019	R	2018	R	2017	R	2016	R
SCB	16.7%	1	20.3%	3	11.0%	15	8.6%	17	15.7%	13	12.0%	22
ABSA	15.0%	2	15.3%	9	15.2%	4	15.4%	6	14.1%	20	15.2%	15
SG-GH	14.7%	3	16.5%	5	13.7%	5	14.6%	9	15.1%	17	19.7%	6
GTB	14.7%	4	10.8%	16	13.6%	8	21.0%	2	24.7%	4	18.5%	10
FABL	14.1%	5	19.5%	4	0.0%	-	10.6%	13	15.4%	14	13.8%	19
FNB	13.3%	6	7.7%	21	13.7%	7	6.5%	19	9.8%	24	19.3%	9
FBN	13.3%	7	7.4%	22	4.6%	18	55.6%	1	31.8%	1	10.7%	24
CBG	13.3%	8	9.9%	18	1.2%	19	0.0%	-	0.0%	-	0.0%	-
BOA	12.7%	9	12.9%	12	11.1%	14	15.5%	5	15.4%	15	11.7%	23
ADB	12.4%	10	16.2%	7	27.9%	1	15.0%	8	13.0%	21	9.3%	26
RBL	11.9%	11	11.7%	14	12.4%	10	11.6%	12	22.1%	5	14.4%	18
PBL	11.6%	12	10.0%	17	11.6%	12	13.3%	11	11.3%	22	18.2%	11
SBG	11.5%	13	13.2%	11	12.4%	11	15.2%	7	15.1%	16	14.4%	17
ZBL	11.4%	14	11.3%	15	17.7%	2	9.2%	16	21.1%	7	17.8%	12
FBL	10.9%	15	9.0%	20	7.0%	17	7.2%	18	7.9%	26	7.0%	27
CAL	10.6%	16	16.3%	6	13.7%	6	16.9%	4	21.6%	6	-5.9%	29
GCB	9.2%	17	12.8%	13	15.7%	3	17.4%	3	15.8%	12	26.9%	2
EBG	8.9%	18	15.8%	8	11.6%	13	13.9%	10	14.4%	19	12.1%	20
OBL	3.7%	19	23.8%	1	0.0%	-	0.0%	-	18.6%	10	17.3%	13
ABG	2.7%	20	9.8%	19	13.0%	9	9.7%	15	26.4%	2	19.5%	7
UBA	2.3%	21	6.0%	23	9.9%	16	9.9%	14	17.4%	11	12.0%	21
NIB	0.0%	NA	21.2%	2	0.0%	-	0.0%	-	0.0%	-	0.0%	-
UMB	0.0%	NA	13.5%	10	0.0%	-	0.0%	-	14.8%	18	14.7%	16
ECB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	24.7%	3	15.3%	14
TRB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	21.0%	8	25.0%	3
BSIC	0.0%	-	0.0%	-	0.0%	-	0.0%	-	19.3%	9	20.0%	4
PRB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	11.1%	23	19.8%	5
BOB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	8.4%	25	10.6%	25
TCB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	1.6%	27	0.0%	-
UGL	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	36.4%	1
GNB	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	19.5%	8
SBL	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	6.3%	28
Industry	11.5%		13.7%		13.2%		14.1%		16.3%		15.9%	

Appendices

Appendices

Banks in Ghana

The banks operating or issued with universal banking license as at December 2021 are presented in the table below.

Bank	Year bank commenced business	Majority ownership	Number of branches/locations
1 Absa Bank Ghana Limited	1917	Foreign	95
2 Access Bank (Ghana) Plc	2009	Foreign	53
3 ADB Bank Limited	1965	Local	82
4 Bank of Africa Ghana Limited	1997	Foreign	26
5 CALBank Limited	1990	Local	32
6 Consolidated Bank Ghana Limited	2018	Local	113
7 Ecobank Ghana Limited	1990	Foreign	67
8 FBNBank Ghana Limited	1996	Foreign	21
9 First National Bank Ghana Limited	2015	Foreign	11
10 Fidelity Bank Ghana Limited	2006	Local	73
11 First Atlantic Bank Limited	1994	Foreign	35
12 GCB Bank Limited	1953	Local	196
13 Guaranty Trust Bank (Ghana) Limited	2004	Foreign	34
14 National Investment Bank Limited	1963	Local	51
15 OmniBSIC Bank Ghana Limited	2019	Local	42
16 Prudential Bank Limited	1993	Local	44
17 Republic Bank Ghana Limited	1990	Foreign	42
18 Société Générale Ghana Limited	1975	Foreign	49
19 Stanbic Bank Ghana Limited	1999	Foreign	40
20 Standard Chartered Bank Ghana Limited	1896	Foreign	23
21 United Bank for Africa (Ghana) Limited	2005	Foreign	30
22 Universal Merchant Bank Ghana Limited	1972	Local	37
23 Zenith Bank Ghana Limited	2005	Foreign	40

Glossary of key financial, terms, equations and ratios

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 pay-out 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 investments in subsidiaries and associated companies

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 noninterest operating expenses + Depreciation and amortisation - Loan loss adjustment + Exceptional credits

Glossary of key financial, terms, equations and ratios

Net operating (or intermediation) margin
[(Total interest income + Total non-interest operating revenue)/ Total operating assets] - [Total interest expense/ Total interest-bearing liabilities]

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
Includes employee related expenses, occupancy charges or rent, depreciation and amortisation, directors' emoluments, fees for professional advice and services, publicity and marketing expenses

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 prepayments, sundry debtors and accounts receivable

Operating assets
Includes cash and liquid assets, loans and advances, and any other asset that directly generates interest or fee income

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, and capital surplus or revaluation reserves

Total assets
Total operating assets + Total non-operating assets

Total debt ratio
Total liabilities/Total assets

Abbreviations

ABG	Access Bank Ghana Plc
ABSA	ABSA Bank Ghana Limited
ADB	Agricultural Development Bank Limited
AfCFTA	Africa Continental Free Trade Area
AFI	Alliance for Financial Inclusion
AML	Anti-money Laundering
BBGL	Barclays Bank Ghana Limited
BCM	Banking and Capital Market
BDC	Bulk Distribution Company
BOA	Bank of Africa Ghana Limited
BOB	Bank of Baroda Ghana Limited
BoG	Bank of Ghana
BSIC	Sahel Sahara Bank Ghana Limited
CAL	CalBank Limited
CBG	Consolidated Bank Ghana Limited
CSP	Country Senior Partner
DFI	Development Financial Institutions
EBG	Ecobank Ghana limited
EBRD	European Bank for Reconstruction and Development
ECEDI	Electronic Cedi
ECB	Energy Commercial Bank Limited
EPA	Environmental Protection Agency
ESG	Environmental, Social and Governance
ESRM	Environmental and Social Risk Management
EUR	Euro
FABL	First Atlantic Bank Limited
FBL	Fidelity Bank Ghana Limited
FBN	First Bank of Nigeria
FNB	First National Bank
FX	Foreign Exchange
GAB	Ghana Association of Bankers
GBP	Great Britain Pound
GCB	GCB Bank Limited
GDP	Gross Domestic Product
GHL	GHL Bank Limited
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
GSBP	Ghana Sustainable Banking Principles
GH₵	Ghana Cedi
SBG	Stanbic Bank Ghana Limited
SBL	Sovereign Bank Limited
GNB	GN Bank Limited
GRA	Ghana Revenue Authority
GTB	Guaranty Trust Bank (Ghana) Limited
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
ISSB	International Sustainability Standards Board
IT	Information Technology
KPI	Key Performance Indicators
KYC	Know Your Customer
MPC	Monetary Policy Committee
MPR	Monetary Policy Rate
NIB	National Investment Bank Limited
NIM	Net Interest Margin
NPL	Non-Performing Loans
OBL	OmniBank Ghana Limited
PBL	Prudential Bank Limited
PBT	Profit Before Tax
PRB	Premium Bank Ghana Limited
RBL	Republic Bank Ghana Limited
RFI	Regulated Financial Institutions

Abbreviations

ROA	Return on Assets
ROE	Return on Equity
SASB	Sustainability Accounting Standards Board
SCB	Standard Chartered Bank Ghana Limited
SDG	Sustainable Development Goal
SG-GH	Société General Ghana Limited
SME	Small and Medium Scale Enterprises
T-bills	Treasury Bills
TCB	The Construction Bank (Gh) Limited
TCFD	Task Force Climate-Related Financial Disclosures
TRB	The Royal Bank Limited
UBA	United Bank for Africa (Ghana) Limited
UN	United Nations
UGL	UniBank Ghana Limited
UMB	Universal Merchant Bank Limited
US	United States
US$	United States Dollars
VAT	Value Added Tax
WHT	Withholding Tax
WHO	World Health Organization
ZBL	Zenith Bank (Ghana) Limited

Our Business School

For PwC, developing people and sharing knowledge are central to how we do business.

We believe it is pivotal to the achievement of growth in our firm, our clients' businesses, industries and the broader economy.

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- Enhance the skills of our people;
- Provide relevant development offerings to our clients;
- Contribute to our profession; and
- Help uplift the communities we are embedded in.

PwC's Business School is not a traditional learning institution. Due to our deep experience within our industry and our knowledge of our clients and the industries in which they operate, we are subject matter experts in a variety of areas.

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For more information on the Business School please visit our website
http://www.pwc.com/gh/en/business-school.html

Our Leadership

Vish Ashiagbor
Country Senior Partner
vish.ashiagbor@pwc.com

George Arhin
Leader, Assurance
george.arhin@pwc.com

Ayesha Bedwei Ibe
Leader, Tax
ayesha.a.bedwei@pwc.com

Eric Nipah
Leader, Advisory
eric.nipah@pwc.com

Michael Asiedu Antwi
Partner, Assurance
michael.asiedu-antwi@pwc.com

Maxwell Darkwa
Partner, Assurance
maxwell.darkwa@pwc.com

Nelson B. Opoku
Partner, Internal Firm Services
nelson.b.opoku@pwc.com

Edward Eyram Gomado
Partner, Assurance
edward.gomado@pwc.com

Abeku Gyan-Quansah
Partner, Tax
abeku.gyan-quansah@pwc.com

Hayfron Aboagye
Partner, Assurance
hayfron.aboagye@pwc.com

Kingsley Owusu-Ewli
Partner, Tax
kingsley.owusu-ewli@pwc.com

Richard Ansong
Partner, Assurance
richard.ansong@pwc.com

Kingsford Arthur
Partner, Advisory
kingsford.arthur@pwc.com

Lydia Pwadura
Partner, Tax
lydia.p.pwadura@pwc.com