



TESAH 2020 BANKING SECTOR PERFORMANCE REVIEW

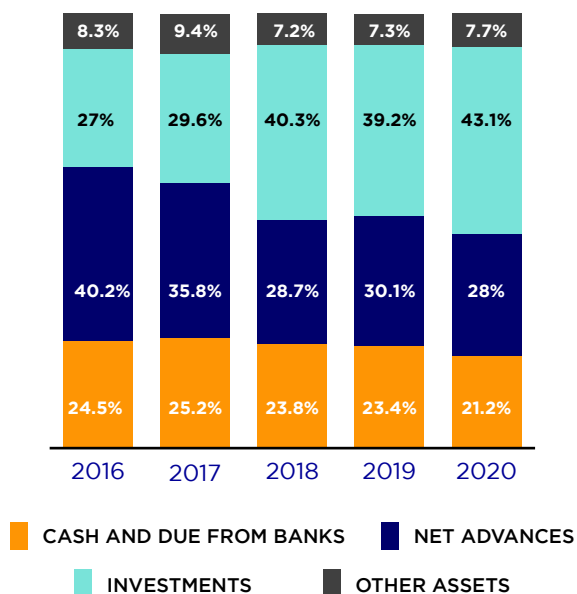
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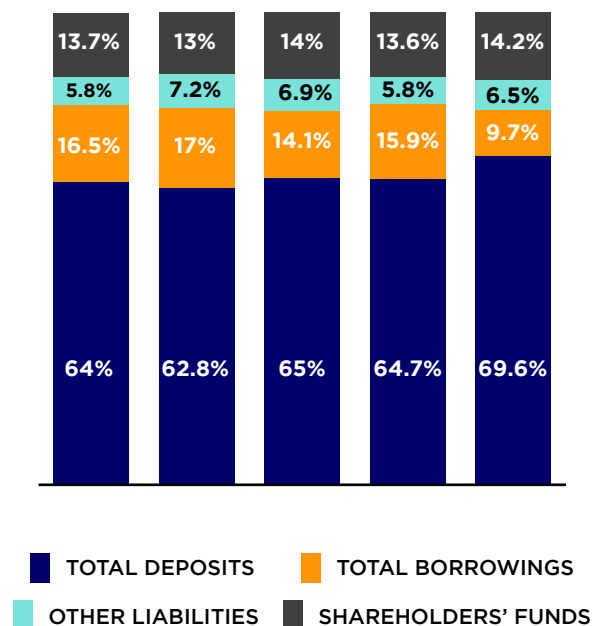
DEVELOPMENTS IN BANKS' BALANCE SHEET

ASSETS STRUCTURE (%)



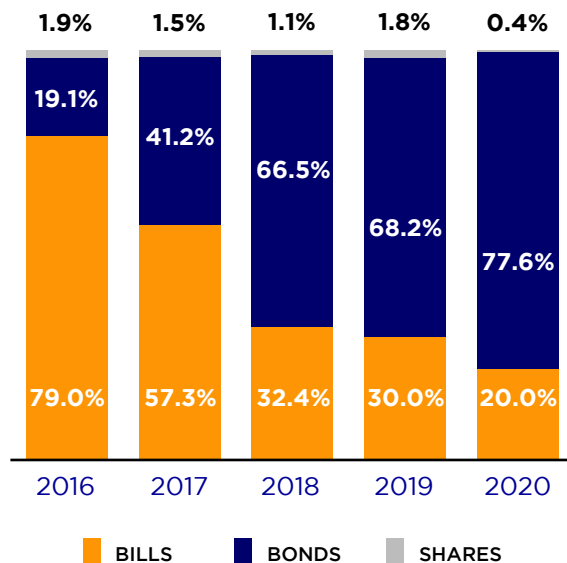
Total assets of the banking sector stood at GH¢ 149.3billion as at December 2020, indicating a y/y growth of 15.7% (2019: 20.2%). The lower growth in 2020 was due to adverse impact of Covid-19 pandemic on banking activities in 2020. Net advances formed the larger proportion of the asset mix until 2018 where investment began to dominate. The sharp growth in total investments in 2018 was largely due to the special resolution bonds issued to Consolidated Bank Ghana (CBG). Investment holdings increased in 2020 as banks move to less risky assets i.e. GoG securities as a result of the pandemic-induced elevated credit risks.

LIABILITY STRUCTURE (%)



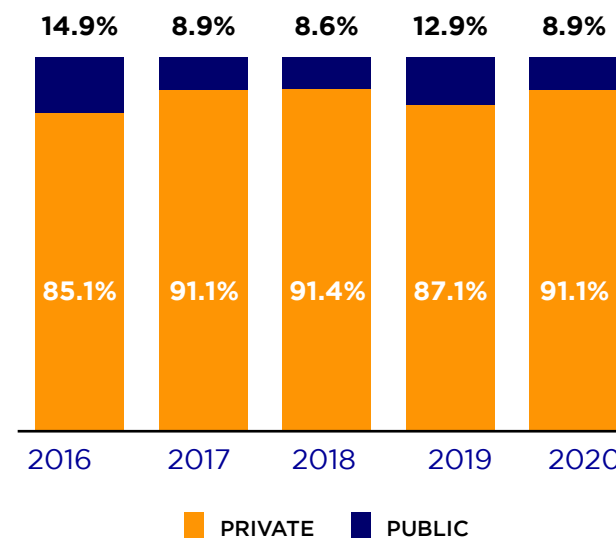
Deposits remained the main source of funding for the industry, with its share increasing from 64.7% to 69.6% between 2019 and 2020

COMPONENTS OF BANKS' INVESTMENTS



Although investment holdings of banks increased in 2020, the structure of their investment portfolio remained largely the same. The movement towards longer dated instruments which led to an increase in the share of securities in total investments from 1.1% in 2018 to 1.8% 2019 was reversed in 2020 to 0.4%. Banks' appetite for GoG securities remain strong as they reduce the size of their loan books in response to the risks presented by the pandemic on banking activities.

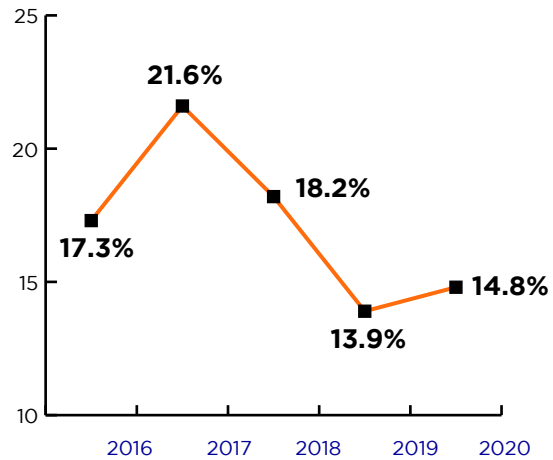
COMPONENTS OF BANKS' LOAN PORTFOLIO



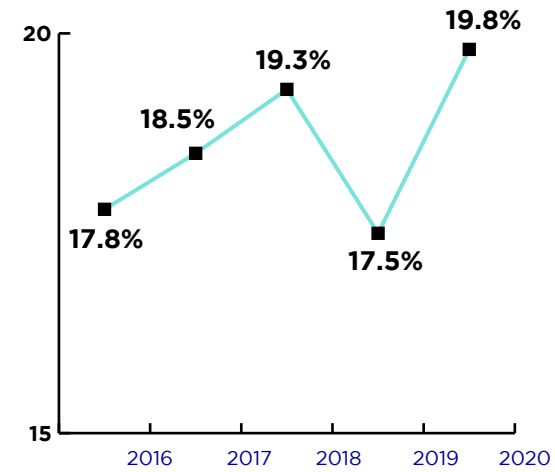
Credit growth slowed in 2020 from 25.7% in 2019 to 4.6%. This was occasioned by the outbreak of the pandemic and its resultant effect on businesses and loan repayments. Private sector credit still constitutes the larger proportion of credit in the banking sector. Its share increased to 91.1% in 2020 from 87.1% in 2019, while the share of public sector decreased to 8.9% from 12.6% over the same period.

KEY FINANCIAL SOUNDNESS INDICATORS AND MARKET SHARE ANALYSIS

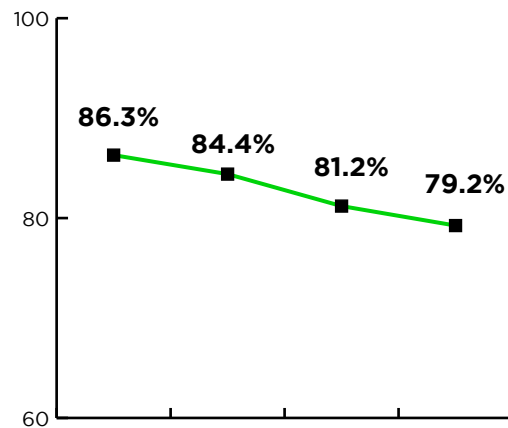
NPR (ASSET QUALITY)



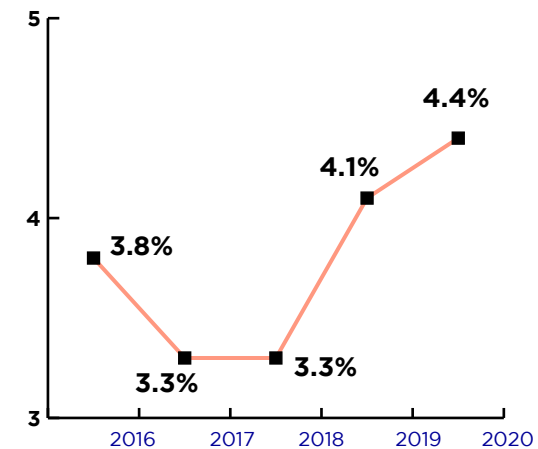
CAR (LIQUIDITY)



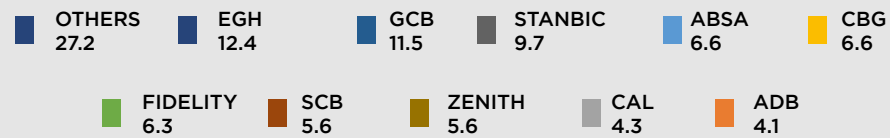
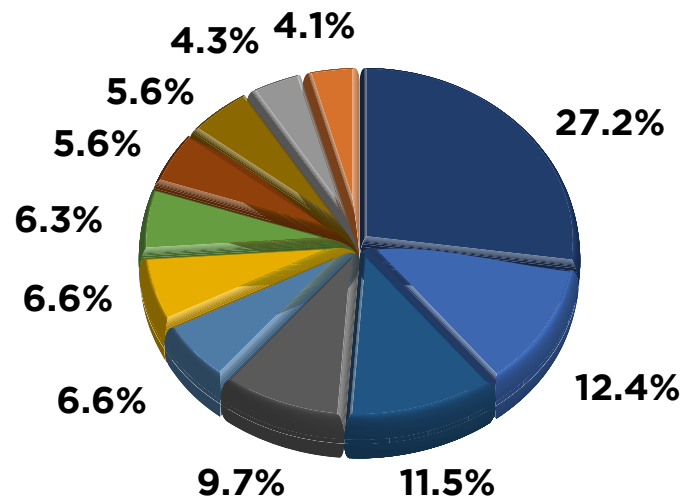
TOTAL COST TO GROSS INCOME RATIO (EFFICIENCY)



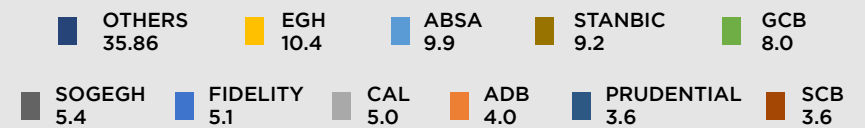
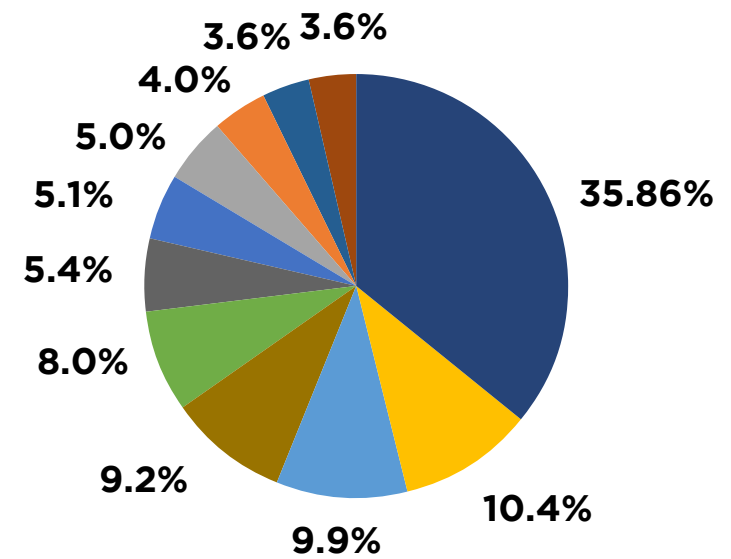
RETURN ON ASSETS (PROFITABILITY)



**MARKET SHARE OF
TOTAL DEPOSIT**



**MARKET SHARE OF
TOTAL LOANS**



2020 PERFORMANCE EVALUATION AND RANKING

BANK	SCORE	2020 RANKING	2019 RANKING
Zenith Bank Ghana	1.10	1	1
Standard Chartered Bank	1.35	2	5
EcoBank Ghana	1.55	3	2
GCB Bank	1.65	4	4
Fidelity Bank Ghana	1.75	5	7
Guaranty Trust Bank	1.80	6	6
Access Bank Ghana	2.15	7	12
Stanbic Bank	2.15	8	9
ABSA Ghana	2.35	9	8
Consolidated Bank Ghana	2.55	10	10
Cal Bank	2.65	11	2
Société Générale Bank Ghana	2.65	11	15
First Atlantic Bank Ghana	3.00	13	18
Agricultural Development Bank	3.10	14	17
Republic Bank Ghana	3.15	15	11
United Bank of Africa	3.40	16	13
First National Bank	3.45	17	16
Bank of Africa	3.55	18	14
First Bank of Nigeria	3.70	19	20
Universal Merchant Bank	3.90	20	19
Prudential Bank	4.06	21	21
OmniBSIC	N/A	N/A	N/A
National Investment Bank	N/A	N/A	N/A

The bank performance evaluation rankings were based on the financial statements released by the banks for FY 2020. The rankings focused on twenty-one (21) out of the twenty-three (23) commercial banks in Ghana, as the financials of OMNIBSIC and National Investment Bank were unavailable at the time of the analysis. The rankings emanated from an assessment of the credit worthiness and performance of the banks using the CAMEL framework ie; capital adequacy, assets size, management capability, earnings and liquidity. Zenith Bank, Standard Chartered Bank and EcoBank Ghana were the top three (3) banks with strong performances in the year under review. On the contrary, First Bank of Nigeria, Universal Merchant Bank and Prudential Bank were the least ranked banks based on the CAMEL components.

DETAILS OF BANKS

	ABSA	ABG	ADB	BOA	CAL	CBG	EGH	FABL	FBN	FID	FND
CAR	22.7%	36.4%	14.9%	46.4%	22.3%	19.8%	19.6%	27.0%	74.6%	21.4%	37.2%
Asset Size (in billion GHS)	12.55	5.82	5.72	2.06	7.92	9.96	15.95	3.36	1.80	9.28	2.35
NPL ratio	7.7%	18.5%	34.4%	15.5%	13.5%	0.1%	5.7%	14.0%	7.6%	8.1%	3.5%
Cost -to- Income ratio	41.3%	36.2%	78.2%	46.0%	46.1%	76.5%	47.9%	55.6%	55.0%	51.0%	88.3%
Shareholders fund Gr.	19.3%	30.9%	4.1%	8.5%	16.2%	14.1%	37.2%	18.4%	7.8%	14.5%	23.7%
Return on Assets (ROA)	3.8%	4.1%	1.1%	3.2%	2.7%	0.5%	3.5%	2.6%	2.1%	2.8%	0.0%
Return on Equity (ROE)	24.2%	22.9%	7.7%	10.2%	18.9%	8.2%	22.5%	14.3%	7.2%	25.0%	0.1%
Loans to Deposit Ratio	65.0%	27.2%	44.7%	62.4%	57.7%	10.2%	42.2%	22.6%	69.5%	38.1%	62.9%

	GCB	GT	PRUD	RBGH	SCB	SOGE	STAN	UBA	UMB	ZEN	FND
CAR	20.7%	43.9%	19.7%	26.7%	18.0%	17.1%	18.5%	24.4%	18.0%	43.2%	37.2%
Asset Size (in billion GHS)	15.45	4.08	3.97	3.67	8.03	5.12	12.74	3.95	3.26	8.03	2.35
NPL ratio	8.7%	1.0%	16.1%	19.0%	7.2%	6.7%	7.5%	44.3%	13.8%	6.2%	3.5%
Cost -to- Income ratio	50.2%	29.8%	84.1%	64.1%	28.2%	53.6%	52.7%	30.1%	79.1%	34.3%	88.3%
Shareholders fund Gr.	23.4%	27.8%	4.5%	9.8%	25.7%	15.4%	23.9%	19.5%	5.1%	30.2%	23.7%
Return on Assets (ROA)	2.9%	6.6%	0.8%	2.4%	6.0%	3.0%	2.6%	4.1%	0.7%	7.4%	0.0%
Return on Equity (ROE)	20.4%	26.7%	5.1%	16.9%	32.6%	16.7%	19.4%	16.4%	4.9%	45.1%	0.1%
Loans to Deposit Ratio	31.8%	35.3%	69.5%	55.4%	29.5%	73.6%	43.5%	38.8%	66.6%	18.2%	62.9%

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