

TESAH 2024 BANKING SECTOR PERFORMANCE REVIEW

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INTRODUCTION

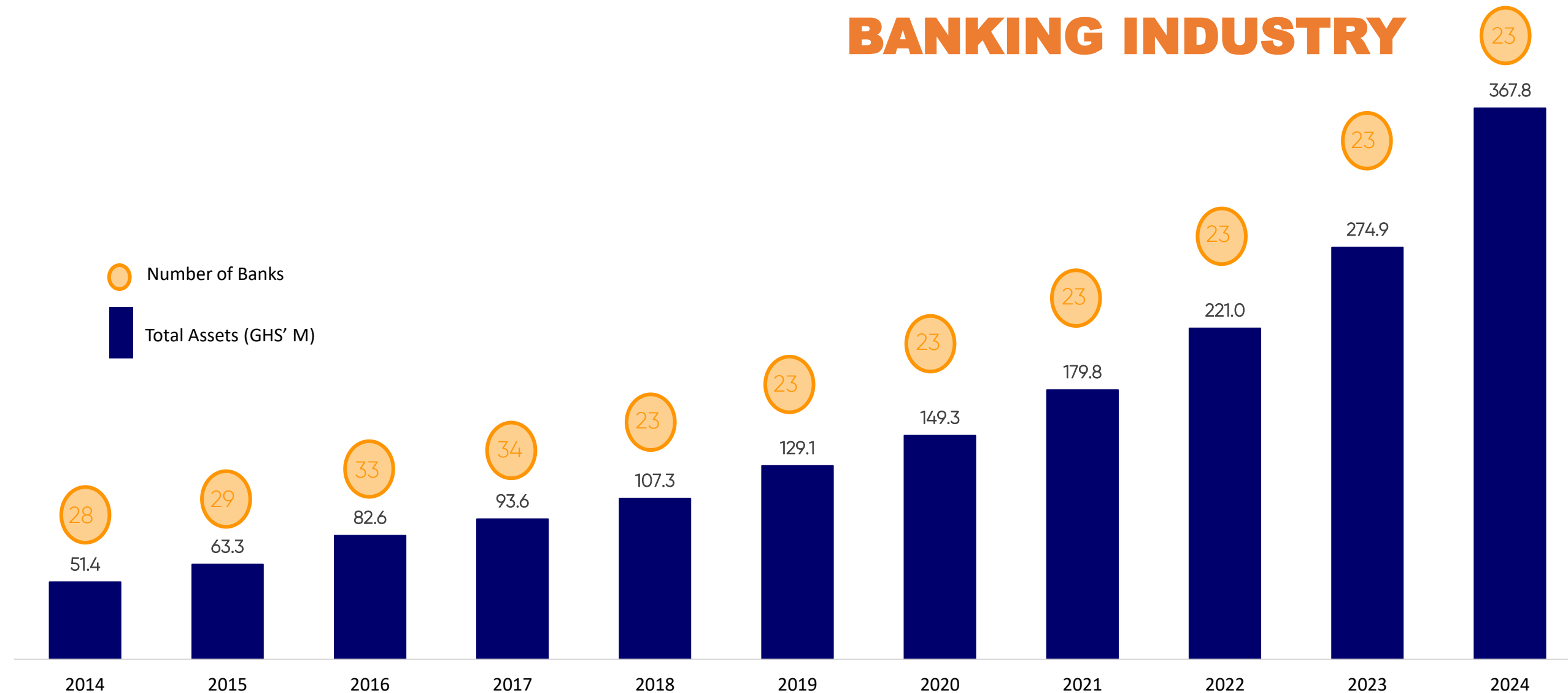
The banking sector's performance improved in 2024, signaling a continued recovery from the impact of the Domestic Debt Exchange Programme (DDEP) implemented in 2022. This resilience was supported by stronger domestic macroeconomic conditions, which underpinned robust balance sheet growth and profitability across the industry.

Total assets of the banking sector grew by 33.8% in 2024, largely financed through increased deposits, borrowings, and shareholders' equity. The sector's solvency position also strengthened, with the Capital Adequacy Ratio (CAR) with regulatory reliefs rising marginally to 14.0% in December 2024 from 13.9% in December 2023. Notably, the CAR without reliefs improved significantly to 11.3%, up from 8.3% a year earlier, reflecting the sector's improving capital buffers. Nonetheless, a few banks remain undercapitalized due to delays in shareholder capital commitments. Such banks are eligible for support under the World Bank-funded segment of the Ghana Financial Sector Stability Fund (GFSF).

During the year, banks remained profitable, with both Profit-Before-Tax (PBT) and Profit-After-Tax (PAT) exceeding 2023 levels. However, the pace of profit growth slowed, resulting in a moderation of key profitability indicators. Financial Soundness Indicators (FSIs) were generally positive, highlighting gains in solvency, liquidity, and operational efficiency compared to the previous year.

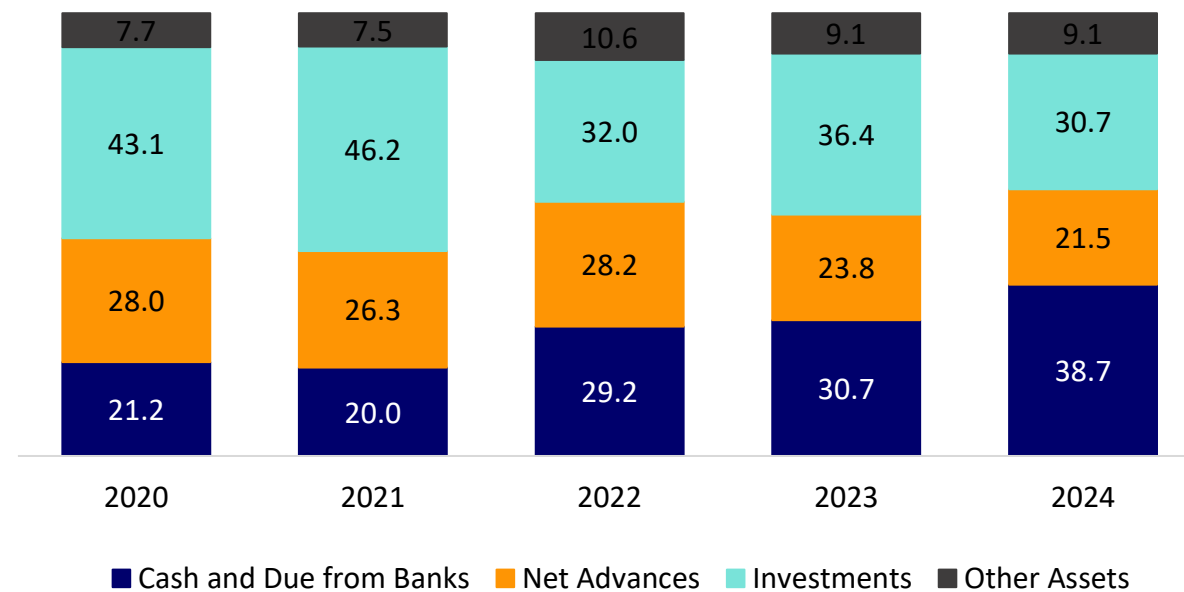
Despite these improvements, elevated credit risk remains the primary challenge to the sector's outlook. The industry's Non-Performing Loans (NPL) ratio increased to 21.8% in December 2024, from 20.6% in December 2023, driven by faster growth in the stock of NPLs relative to credit expansion. This underscores the need for sustained efforts to bolster the banking sector's resilience.

THE ASSET BASE OF THE BANKING INDUSTRY

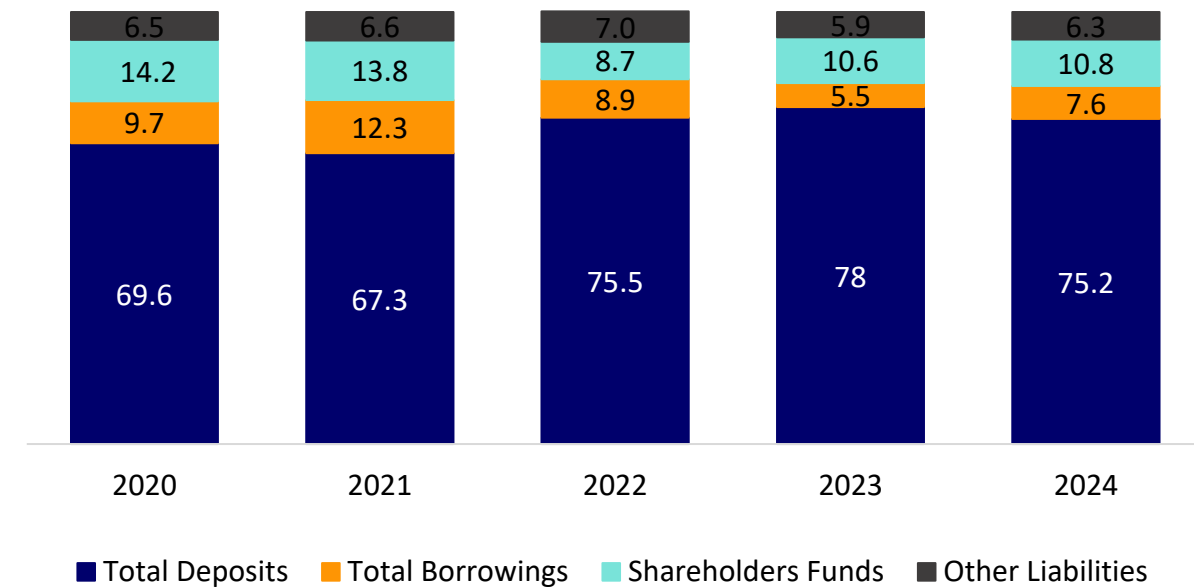


The total assets of Deposit Money Banks (DMBs) have grown significantly over the past decade, recording an average annual increase of 22%. In 2024, the banking industry's balance sheet showed further improvement, with total assets rising by 33.8% year-on-year to GH¢367.8 billion as of end-December 2024. This growth outpaced the 29.7% increase recorded in December 2023. The number of universal banks have remained the same since 2018.

ASSET STRUCTURE (%)



LIABILITY STRUCTURE (%)



The composition of banks' assets remained largely unchanged from the previous year. As at December 2024, investments accounted for a significant 30.7% of total assets, though still below the five-year average of 37.7%. This moderation in investment holdings was largely due to a decline in money market rates during the period.

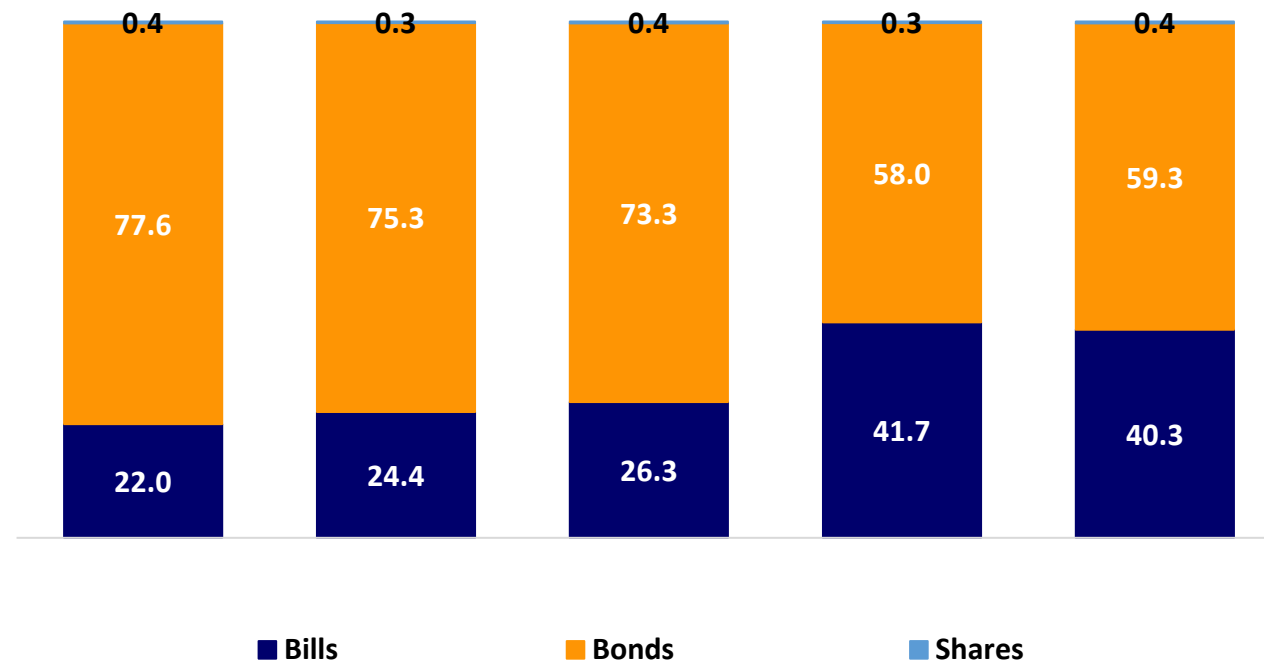
Throughout the year, banks also slowed the growth of advances, which made up 21.5% of the asset mix, while maintaining strong liquidity, with cash holdings representing 38.7%. Other assets constituted the remaining 9.1% of total assets.

Deposits remained the primary funding source for the industry, maintaining a dominant share of 75.2% of the total liability structure, largely supported by a strong increase in domestic deposits.

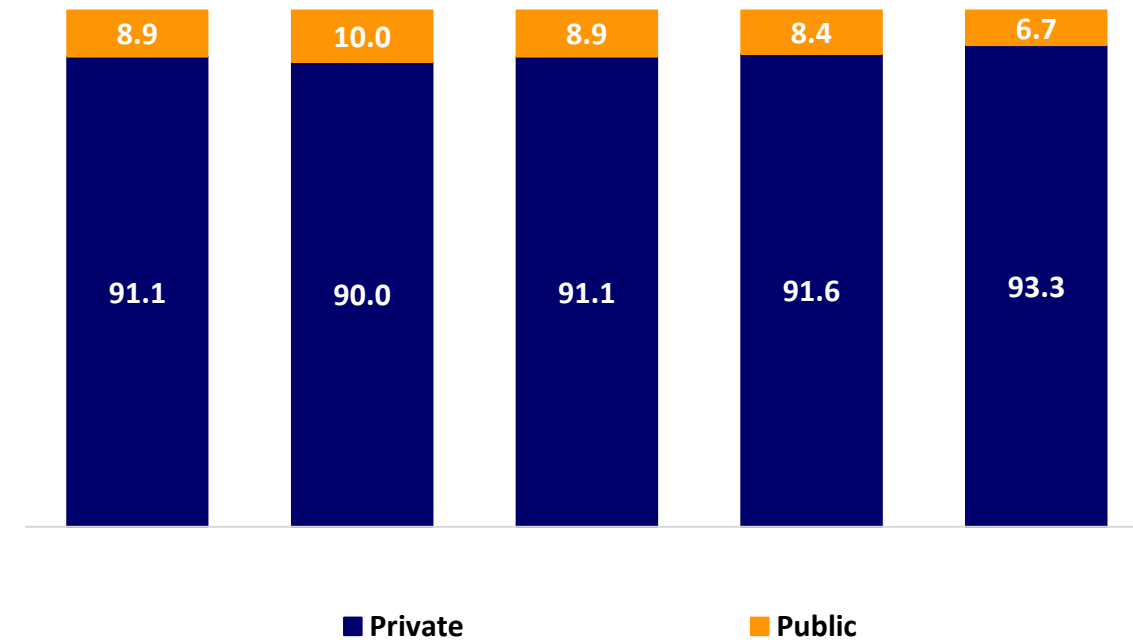
Shareholders' funds accounted for 10.8%, reflecting continued recovery after the significant erosion seen in December 2022 due to impairments from the DDEP-restructured bonds. This improvement was driven by the rebound in banks' profitability over 2023 and 2024, alongside ongoing recapitalisation efforts within the sector.

As at end-2024, borrowings made up 7.6% of total liabilities, while other liabilities represented 6.3%.

COMPONENTS OF BANKS' INVESTMENTS (%)



COMPONENTS OF BANKS' LOAN PORTFOLIO (%)

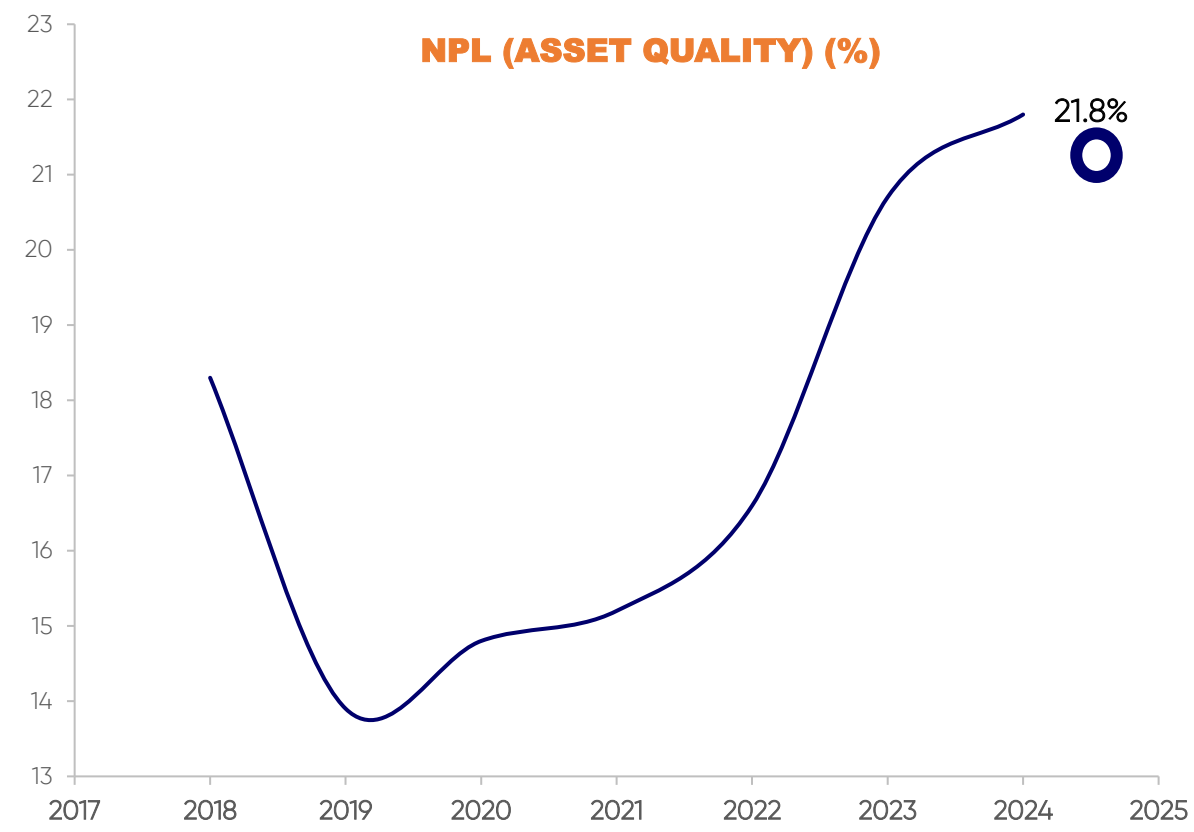


There was no significant change in the industry's investment pattern in 2024 compared to 2023. Bills accounted for 40.3% of the investment mix by year-end, slightly down from 41.7% in 2023. Bonds, predominantly Government of Ghana instruments, made up 59.3%, while shares constituted the remaining 0.4% in 2024.

This investment structure was largely driven by the yields on government treasury bills and collateralized repos secured by these same bills.

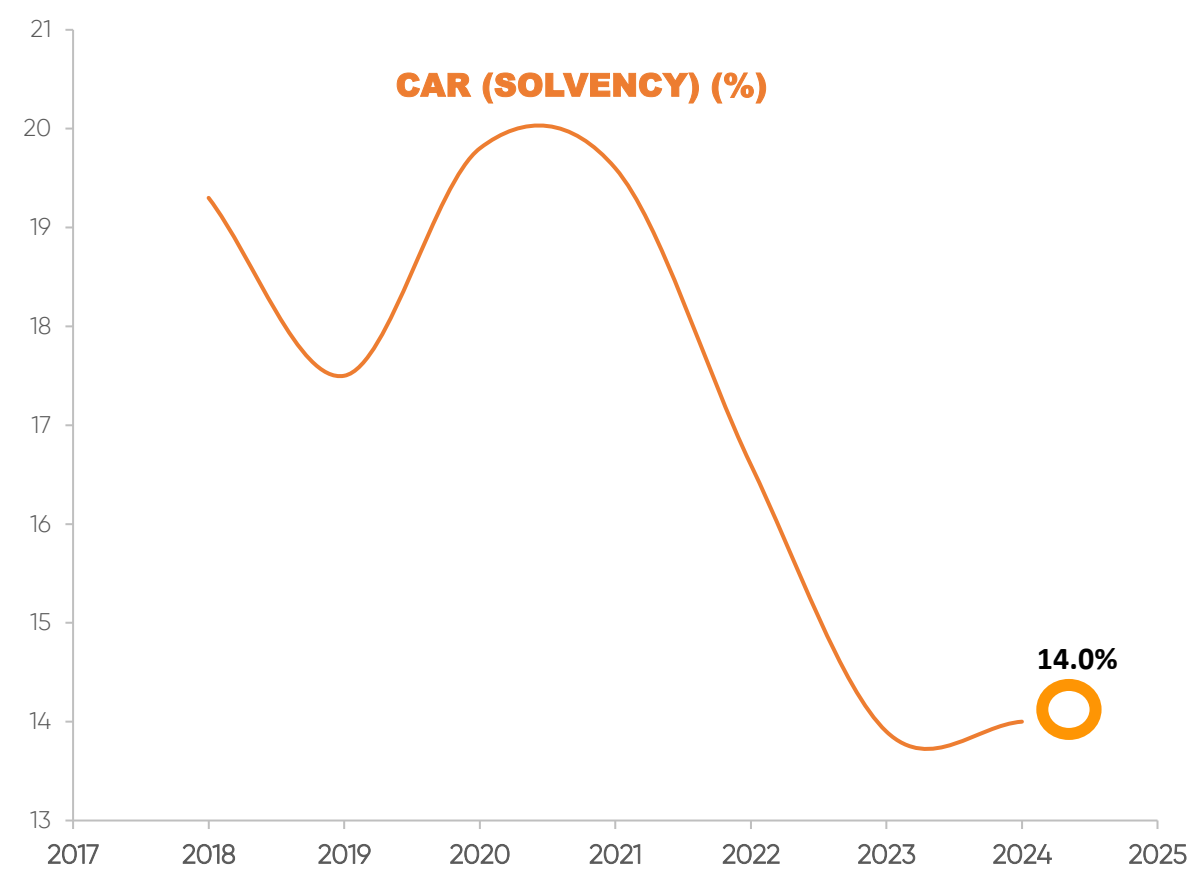
Credit to the private sector continued to dominate banks' lending portfolios, with its share increasing slightly from 91.6% of total lending in 2023 to 93.3% in 2024. This growth was primarily driven by higher domestic currency lending, supported by a recovery in real sector activities.

FINANCIAL SOUNDNESS INDICATORS



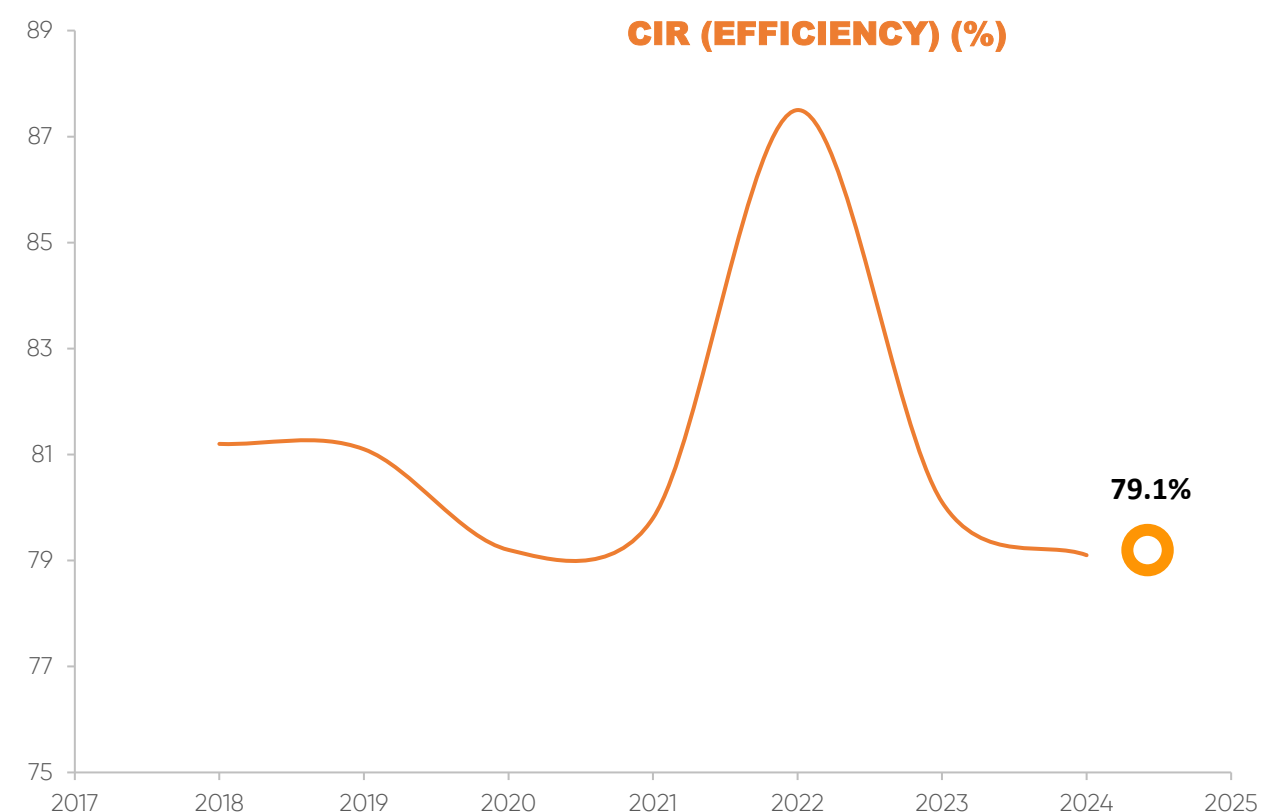
Asset quality risks remain a concern for the industry, underscoring the lingering impact of the 2022 macroeconomic challenges on the banking sector.

The Non-Performing Loans (NPL) ratio rose slightly to 21.8% in 2024, up from 20.7% in the previous year, marking the highest level since 2017. A breakdown of the NPLs indicates that the private sector accounted for the largest share of non-performing loans, reflecting its dominant position in total credit.

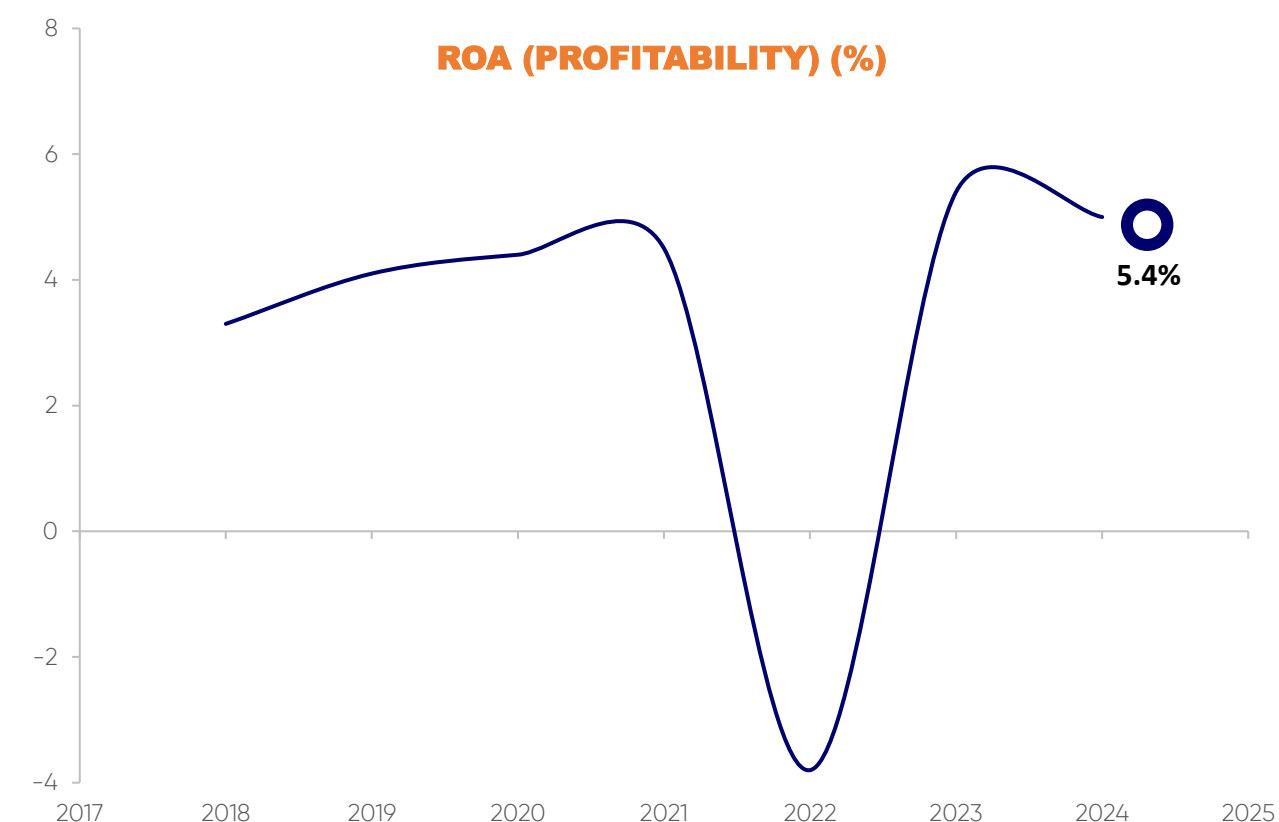


The industry's solvency position, as measured by the Capital Adequacy Ratio (CAR), improved slightly from 13.9% a year ago to 14.0%, remaining well above the revised prudential minimum of 13%. This strengthening of the sector's solvency was driven by a rebound in profitability across banks and ongoing recapitalisation efforts by undercapitalised institutions. Additionally, as part of measures to mitigate the impact of the DDEP, banks were permitted to spread derecognition losses on restructured bonds through to the end of 2025.

FINANCIAL SOUNDNESS INDICATORS

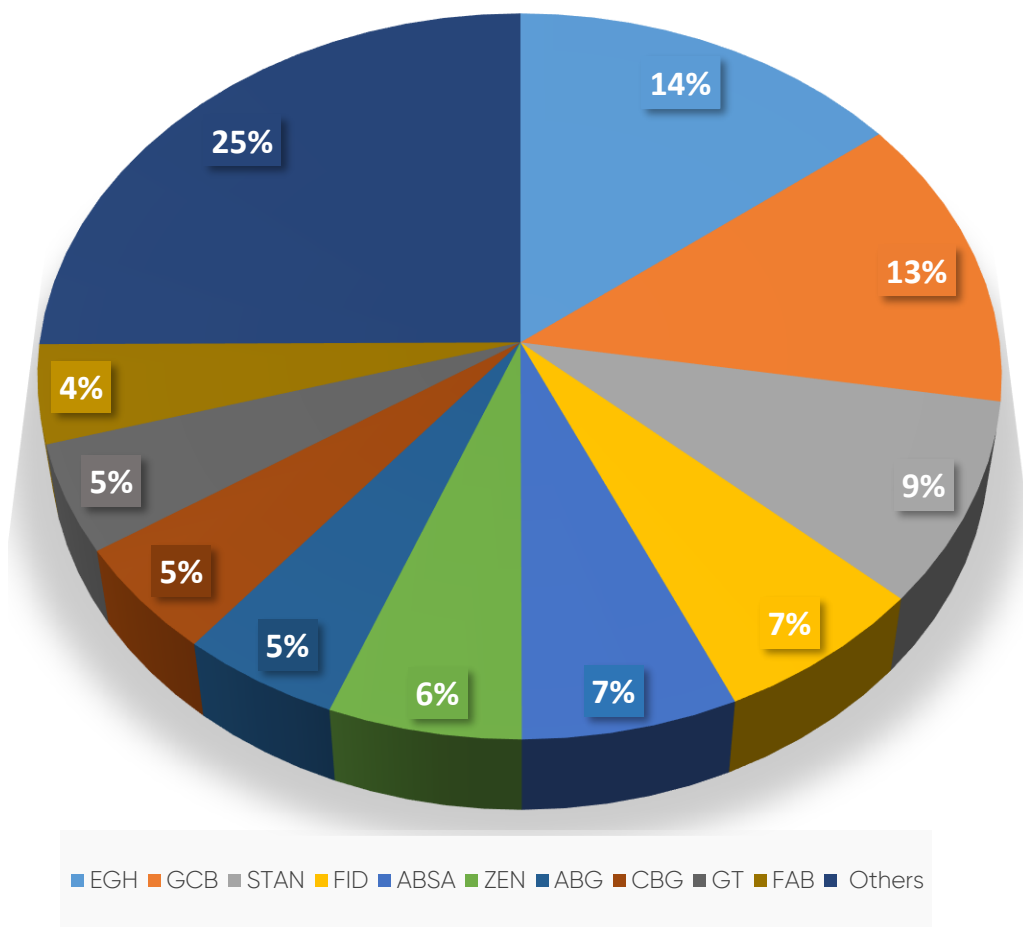


The banking sector demonstrated improved cost efficiency during the period under review, largely due to a slowdown in the growth of operating expenses. Key efficiency indicators returned to levels observed before the DDEP, with the cost-to-income ratio declining from 80.1% in December 2023 to 79.1% by December 2024.



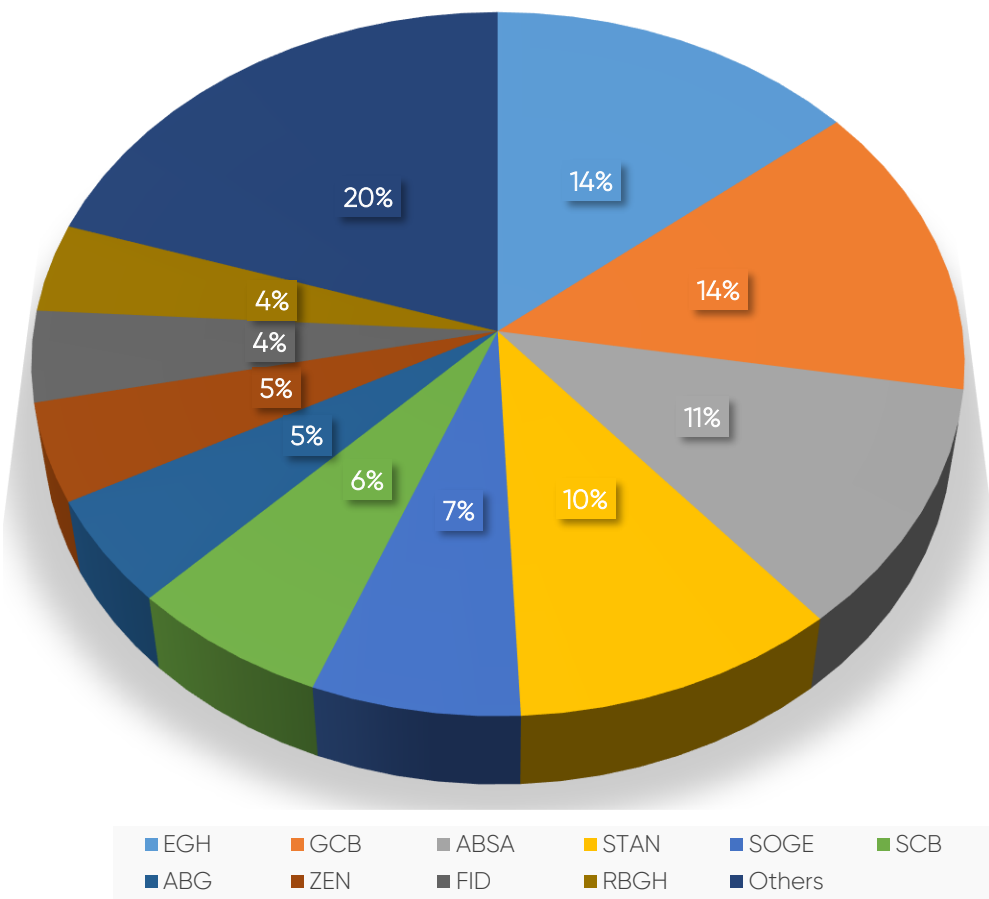
During the review period, the banking sector experienced a decline in profitability growth, with key indicators reflecting this moderation. Return on Assets (ROA) fell from 5.4% to 5.0% by the end of 2024, driven by a slowdown in both profit-before-tax and profit-after-tax recorded during the year.

MARKET SHARE OF TOTAL DEPOSIT



Ecobank Ghana maintained its position as the market leader in the banking sector, accounting for approximately 14% of total industry deposits by the end of 2024. GCB Bank followed closely with a 13% share, reflecting the continued effectiveness of both banks’ deposit mobilization strategies. Stanbic, Fidelity, and Absa rounded out the top positions, securing the 3rd, 4th, and 5th spots respectively.

MARKET SHARE OF TOTAL LOANS



The top five banks maintained their market dominance in loan disbursements. Ecobank led the market with a 14% share, followed closely by GCB Bank at 13.6%. Absa, Stanbic, and Société Générale accounted for 11.2%, 10.4%, and 6.6% of total loans disbursed, respectively.

BANK PERFORMANCE EVALUATION AND RANKING

The bank performance evaluation rankings were based on the financial statements published by the banks for the 2024 financial year. The analysis covered twenty (20) of the twenty-three (23) commercial banks operating in Ghana, as the financial statements of National Investment Bank (NIB), Agricultural Development Bank (ADB), and Universal Merchant Bank (UMB) were not available at the time of the review.

The rankings employed a comprehensive assessment of critical financial ratios across liquidity, asset quality, management efficiency, and profitability, with appropriate weights assigned to each area.

Using this methodology, GT Bank, Fidelity Bank, Ecobank, Zenith Bank, and Stanbic emerged as the top five performers during the period under review. In contrast, Republic Bank, Bank of Africa, First National Bank, and Prudential Bank ranked lowest in the evaluation.

The table below presents the various proxies assessed along with the key weights assigned under the first methodology.

Proxies Used		
Key Aspect	Proxy	Weight
Liquidity	CAR	
	Loans-to Deposits	37.5%
	Core Liquid Assets to Deposits	
Asset Quality	Asset Size	
	NPL	25.0%
	Cost-to-Income (CIR)	
Management Efficiency	ROA	12.5%
	ROE	15.0%
	Net Interest Margin	
Business Diversification Risk	Non-Interest Income to Operating Income	10.0%

BANK PERFORMANCE EVALUATION AND RANKING FOR 2024



Bank	Score 2024	Rank
Guranty Trust Bank Limited	2.10	1
Fidelity Bank Ghana Limited	2.10	1
Ecobank Ghana Limited	2.35	3
Zenith Bank Ghana Limited	2.35	3
Stanbic Bank Ghana Limited	2.40	5
GCB Bank Limited	2.55	6
Access Bank Ghana PLC	2.65	7
Standard Chartered Bank Ghana Limited	2.70	8
ABSA Bank Ghana Limited	2.85	9
First Atlantic Bank Limited	3.15	10
FirstBank Ghana Limited	3.15	10
Consolidated Bank Ghana Limited	3.20	12
Societe Generale Ghana Limited	3.35	13
United Bank for Africa Ghana Limited	3.40	14
OmniBSIC Bank Ghana Limited	3.40	14
Republic Bank Ghana Limited	3.65	16
Bank of Africa Ghana Limited	3.65	16
First National Bank Ghana Limited	3.75	18
CalBank Limited	3.75	18
Prudential Bank Limited	4.50	20

**The lower scores indicates better performance*

2024 AND 2023 PERFORMANCES COMPARED

Bank	Score 2024	Rank	Score 2023	Rank	Position Difference
Guranty Trust Bank Limited	2.10	1	1.95	1	0
Fidelity Bank Ghana Limited	2.10	1	2.50	8	+7
Ecobank Ghana Limited	2.35	3	2.85	10	+7
Zenith Bank Ghana Limited	2.35	3	2.00	2	-1
Stanbic Bank Ghana Limited	2.40	5	2.20	3	-2
GCB Bank Limited	2.55	6	2.45	5	-1
Access Bank Ghana PLC	2.65	7	2.45	5	-2
Standard Chartered Bank Ghana Limited	2.70	8	2.25	4	-4
ABSA Bank Ghana Limited	2.85	9	2.55	7	-2
First Atlantic Bank Limited	3.15	10	3.25	12	+2
FirstBank Ghana Limited	3.15	10	3.20	11	+1
Consolidated Bank Ghana Limited	3.20	12	2.75	9	-3
Societe Generale Ghana Limited	3.35	13	3.45	15	+2
United Bank for Africa Ghana Limited	3.40	14	3.35	14	0
OmniBSIC Bank Ghana Limited	3.40	14	3.30	13	-1
Republic Bank Ghana Limited	3.65	16	3.45	15	-1
Bank of Africa Ghana Limited	3.65	16	3.90	18	+2
First National Bank Ghana Limited	3.75	18	3.80	17	-1
CalBank Limited	3.75	18	3.90	19	+1
Prudential Bank Limited	4.50	20	4.10	21	+1

PROXY DETAILS

	ABSA	ABG	ADB	BOA	CAL	CBG	EGH	FABL	FID	FBN
Asset Size (in billion GHS)	27.34	16.56	4.60	11.66	16.64	46.00	13.32	22.11	6.25	6.18
NPL ratio (%)	15.50	2.08	15.21	47.51	12.50	21.14	19.14	9.87%	15.81	13.50
Cost -to- Income ratio (%)	38.00	31.56	48.96	72.46	91.76	36.24	50.68	46.96%	54.34	87.10
Capital Adequacy Ratio (%)	20.77	19.22	30.88	-6.38	14.82	17.18	16.98	22.55%	47.93	24.68
Return on Assets (%)	1.32	3.72	3.44	2.49	0.58	4.24	2.83	3.93%	4.18	0.37
Return on Equity (%)	33.78	30.55	15.18	362.93	6.85	31.24	21.08	37.28%	20.27	3.00
Net Interest Margin (%)	4.49	10.08	20.13	7.16	10.10	37.11	15.32	16.66%	39.04	10.18
Loans to Deposits (%)	47.08	28.11	41.46	21.70	15.84	27.57	16.60	18.07%	15.33	32.70
Liquid Asset to Deposit (%)	87.22	76.20	88.87	79.33	98.57	82.32	62.42	102.15%	121.56	85.03
Non-Interest Income to Revenue (%)	30.72	57.21	21.67	43.26	28.83	31.59	47.24	26.36%	-5.91	47.81

PROXY DETAILS

BANK	ABSA	ABG	ADB	BOA	CAL	CBG	EGH	FABL	FID	FBN
Asset Size (in billion GHS)	42.58	15.37	9.37	6.59	9.55	14.30	10.40	32.59	9.85	19.13
NPL ratio (%)	15.06	2.42	26.99	74.03	15.66	24.77	16.56	17.08	12.50	1.00
Cost -to- Income ratio (%)	46.37	21.14	57.13	157.58	57.47	39.18	35.31	41.42	63.38	32.52
Capital Adequacy Ratio (%)	17.47	37.01	13.66	-17.70	18.20	24.01	19.81	19.00	17.25	24.14
Return on Assets (%)	3.48	5.59	2.65	-4.32	2.28	5.03	9.39	4.06	1.85	2.74
Return on Equity (%)	29.83	36.06	28.80	-404.49	19.16	34.51	22.54	28.15	11.02	22.02
Net Interest Margin (%)	16.00	15.49	11.10	8.39	14.99	19.16	24.93	18.39	11.62	9.57
Loans to Deposits (%)	29.54	20.04	12.23	15.02	49.94	20.17	80.18	32.72	15.25	21.68
Liquid Asset to Deposit (%)	82.56	89.70	91.20	77.10	73.11	73.35	57.49	96.46	110.39	81.18
Non-Interest Income to Revenue (%)	24.11	34.87	27.62	29.62	21.27	23.16	26.42	33.97	28.51	38.87

FOREIGN BANKS



ABSA



BOA



ABG



EGH



STB



FAB



FBN



FNB



Guaranty Trust Bank

GTB



United Bank for Africa

UBA



OMNI



RBG



SCB



SOGÉ



ZEN

LOCAL BANKS



ADB



CAL



CBG



FID



GCB



UMB

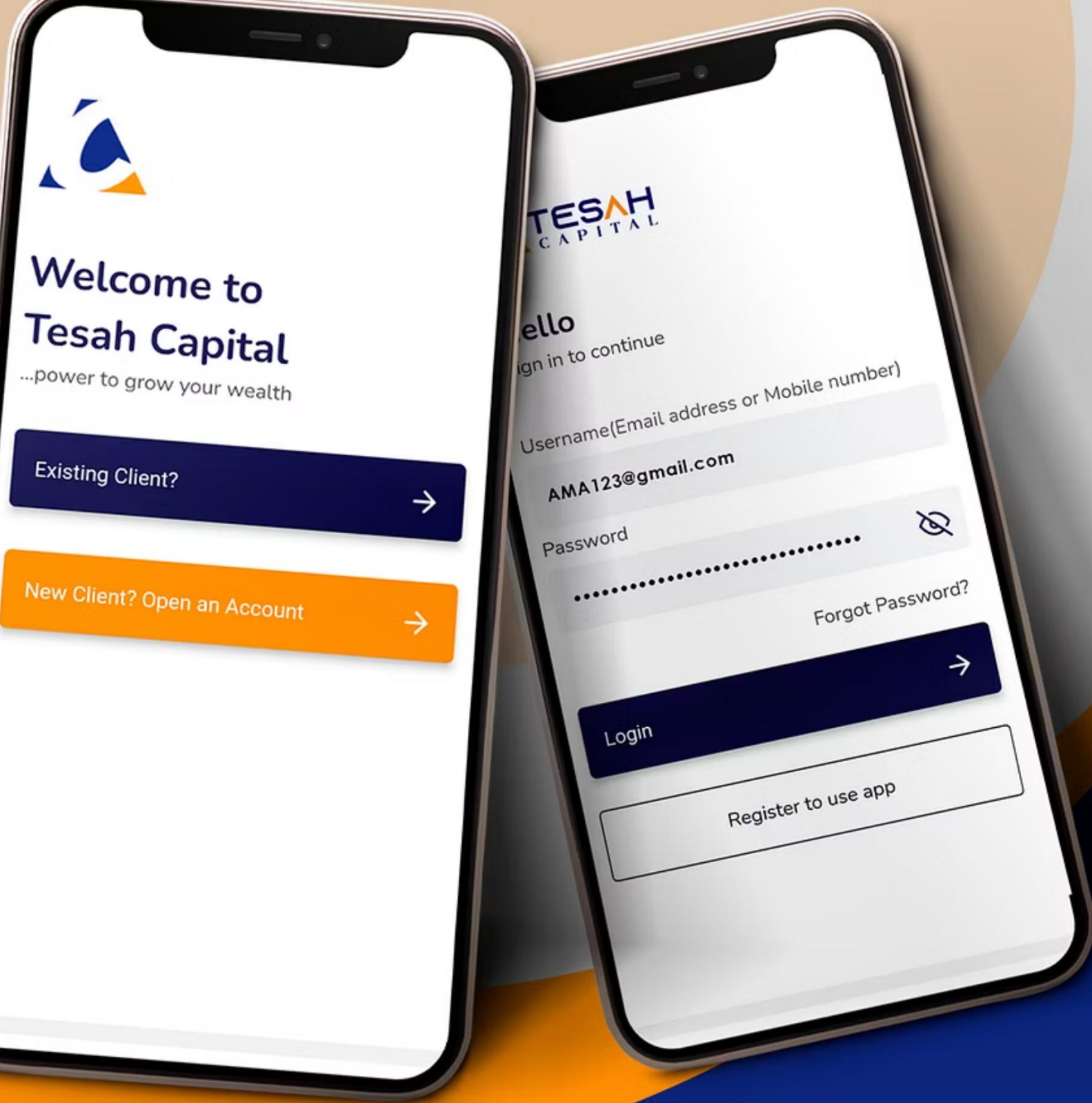


PRB



NIB

ABSA- ABSA Bank Ghana Limited, ABG –Access Bank Ghana PLC, ADB- Agricultural Development Bank of Ghana, BOA – Bank of Africa Ghana Limited, CAL- CalBank Limited, CBG – Consolidated Bank Ghana Limited, EGH – EcoBank Ghana Limited, FAB – First Atlantic Bank Limited, FID – Fidelity Bank Ghana Limited, FBN –FirstBank Bank Ghana, FNB – First National Bank Limited, GCB- GCB Bank Limited, GT – Guaranty Trust Bank Limited, OMNI – OmniBSIC Bank Ghana Limited, PRB – Prudential Bank Limited, RBG – Republic Bank Ghana Limited, SCB – Standard Chartered Bank Ghana Limited, SOGE – Société Générale Ghana Limited, STB – Stanbic Bank Ghana Limited, UBA – United Bank for Africa Limited, UMB – Universal Merchant Bank Limited, ZEN – Zenith Bank Ghana Limited



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with us!**