

CRITICAL ANALYSIS OF THE 2025 FINANCIAL STATEMENTS

For the Year Ended 31 December 2025

Prepared: May 2026

Presented by: Institute of Economic Research and Public Policy (IERPP)

⚠ EXECUTIVE WARNING

The Bank of Ghana recorded a NET LOSS of **GH¢15.63 billion in 2025**, a 64.7% increase from 2024. Negative equity now stands at **GH¢93.82 billion**. This analysis examines what the Annual Report does not say.

Section A

Critical Summary

Headline performance, key findings, auditor concerns

Section B

Directors' Report-Challenged

Going concern, policy solvency, gold losses, sterilisation costs, revaluation

Section C

Financial Statements Analysis

P&L breakdown, balance sheet structure, OMO explosion

Section D

Diagnostic Tests

Liquidity, net interest margin, gold depletion, expense ratio

Section E

Stress Tests & Conclusions

Dependency ratio, exchange rate stress, going concern test, reform agenda

SECTION A

Critical Summary of the 2025 Annual Report

The Bank of Ghana 2025 Annual Report presents a deeply troubling picture of a central bank in sustained financial distress. While the Report of the Directors attempts to frame the situation with optimism, a critical reading reveals systemic failures, policy-induced losses, and a deteriorating balance sheet.

A.1 | Headline Financial Performance

| Indicator | 2025 (GH¢'000) | 2024 (GH¢'000) | Change |
|--------------------------|-------------------|-------------------|----------------------|
| Total Operating Income | 22,280,412 | 9,400,893 | +136.9% |
| Total Operating Expenses | (37,910,534) | (18,888,355) | +100.7% |
| Net Loss for the Year | (15,630,122) | (9,487,462) | ▲ 64.7% |
| Total Assets | 237,229,232 | 215,060,478 | +10.3% |
| Total Liabilities | 333,505,611 | 276,384,482 | +20.7% |
| Total Equity (Deficit) | (96,276,379) | (61,324,004) | ▼ 56.9% WORSE |
| Negative Equity (Group) | (93,818,395) | (58,621,042) | ▼ 60.1% WORSE |

KEY FACT: Total liabilities (GH¢333.5bn) **EXCEED** total assets (GH¢237.2bn) by GH¢96.3 billion. This central bank is technically insolvent by any standard commercial definition.

GH¢15.63bn

Net Loss in 2025

+64.7% from 2024

GH¢93.82bn

Negative Equity (Group)

+GH¢35.2bn in ONE year

GH¢16.73bn

OMO Sterilisation Costs

Near-double from GH¢8.60bn
in 2024

GH¢9.05bn

Net Gold Deal Losses

DGPP/G4R programme
mismanagement

869,715 oz

Gold Reserves Sold

Down from 1,467,915 oz to
598,199 oz

GH¢5.47bn

Revaluation Losses

Exchange rate policy failure
(was gain GH¢2.17bn)

● **No dividend paid for TWO consecutive years | Bank requires taxpayer-funded government recapitalisation to survive**

KPMG ISSUED AN EMPHASIS OF MATTER PARAGRAPH

KPMG, the external auditors, flagged that the financial statements are prepared under the Bank of Ghana Act, which DEPARTS from IFRS in critical areas. The auditors' own admission is that these statements 'may not be suitable for another purpose.

01

Gold Revaluation

Treatment of gold revaluation gains/losses departs from IFRS, making the gold asset valuation opaque and unverifiable by international standards.

02

FX Gains/Losses

Foreign exchange gains/losses on SDRs and gold are treated differently from IFRS, distorting the true picture of exchange rate exposure.

03

Foreign Securities

Recognition of revaluation of foreign securities does not follow IFRS, impacting comparability with peer central banks and IMF norms.

CONCLUSION: These departures make **DIRECT COMPARISONS** with other central banks and international standards **IMPOSSIBLE**.

SECTION B

Critical Examination of the Directors' Report

The Directors' Report contains five major areas where the framing is challenged by the evidence. IERPP examines each.

- B.1 Going Concern Assertion*
- B.2 Policy Solvency Claim*
- B.3 Gold Purchase Programme*
- B.4 Sterilisation Costs*
- B.5 Revaluation Losses*

The Directors assert the Bank will remain a 'going concern' based on projected macroeconomic recovery and a recapitalisation MOU with the Ministry of Finance signed January 6, 2025. IERPP challenges this assertion on four grounds:

1

Negative Equity:

GH¢93.82 billion negative equity is NOT a going concern situation. Under IFRS/IAS 1, going concern requires assets to exceed liabilities, they do NOT.

2

Non-Binding MOU:

The recapitalisation plan (2026–2032) has NO legally binding commitment from government to transfer actual cash or assets by specific dates. An MOU is not an enforceable obligation.

3

Zero-Coupon Bonds:

The recapitalisation bonds are 'non-tradable, zero-coupon bonds.' They will generate NO cash flow for the Bank. The Bank remains income-poor while using taxpayers' paper to plug its balance sheet.

4

7-Year Horizon:

The plan projects 'positive net equity by 2032' ,SEVEN YEARS away. What happens to financial system confidence and monetary policy credibility in the interim?

DIRECTORS' CLAIM

| Policy Solvency Component | 2025 GH¢'000 | 2024 GH¢'000 |
|------------------------------------|------------------|-----------------|
| Income from Operations | 22,231,377 | 9,389,090 |
| Cost of Open Market Ops. | (16,730,526) | (8,595,549) |
| Net Policy Solvency Surplus | 5,500,851 | 793,541 |

The Directors present a GH¢5.5bn 'policy solvency surplus' and declare success.

IERPP CHALLENGE

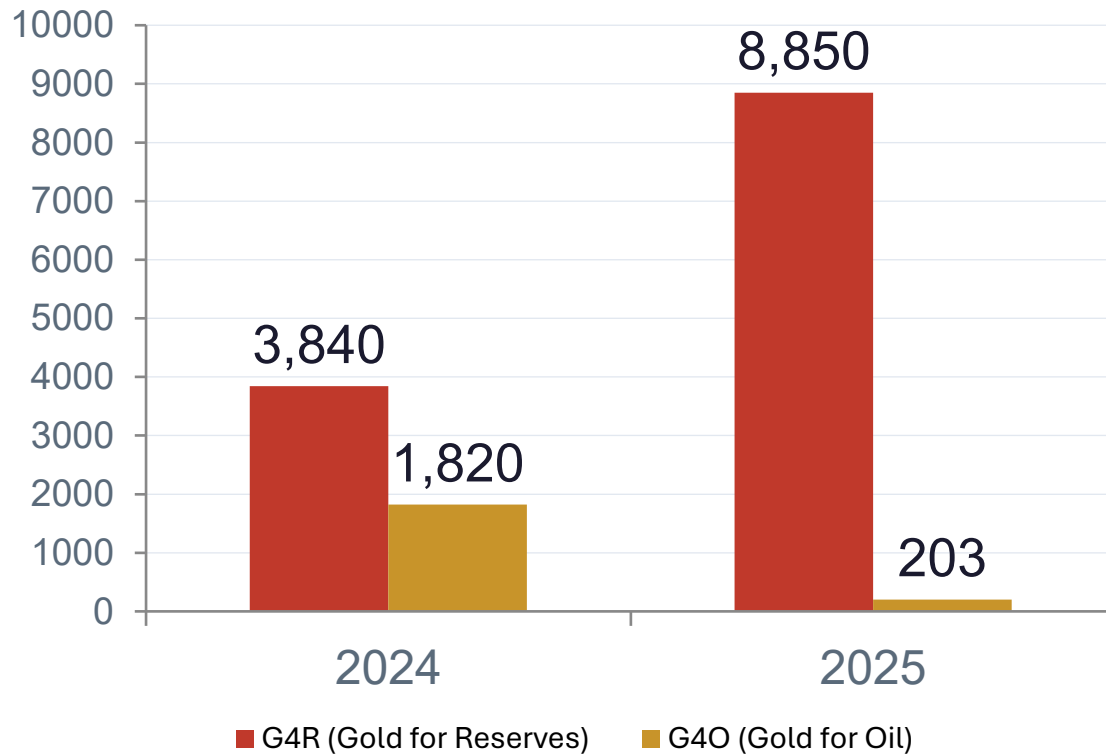
The GH¢9.57 billion gold sales income is a **ONE-OFF, non-recurring item. Remove it:**

- Sustainable income (ex-gold): GH¢12.66 billion
- **OMO sterilisation cost: GH¢16.73 billion**
- **REAL DEFICIT: GH¢4.07 billion**

This is equivalent to selling the family silver to pay the electricity bill. The Bank is 43% funded by disposing of strategic gold reserves — a pattern that **CANNOT** continue.

B.3 | Domestic Gold Purchase Programme – A Concealed Loss Centre

Net Gold Deal Losses (GH¢ millions)



GH¢8.85bn

G4R Net Loss (2025)

vs GH¢3.84bn in 2024, a 130% INCREASE

GH¢203m

G4O Net Loss (2025)

G4O was DISCONTINUED in March 2025

GH¢9.05bn

TOTAL Gold Deal Losses

In 2025 alone, structural programme failure

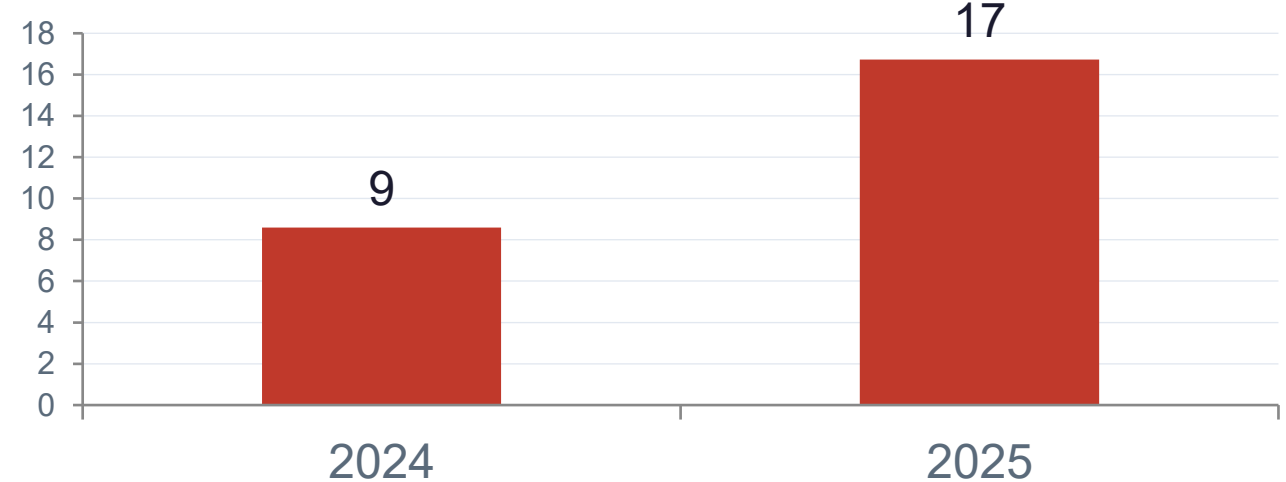
STRUCTURAL FAILURE: 2,914,305 oz purchased but only 2,895,426 oz sold, yet losses PERSIST. The Bank buys and sells gold at a net loss per transaction. This programme represents a structural subsidy to gold dealers and mining companies at taxpayers' expense.

GH¢16.73bn

OMO Sterilisation Cost in 2025

vs GH¢8.60bn in 2024
+94.7% in ONE YEAR

OMO Costs: 2024 vs 2025 (GH¢ billions)



HOW THE VICIOUS CIRCLE WORKS:

1. Bank injects US dollars into the economy (foreign exchange intervention)
2. This creates equivalent cedi liquidity in the banking system
3. Bank must 'sterilise' this excess liquidity by issuing OMO instruments
4. Commercial banks earn GH¢16.73bn in interest from these OMO instruments
5. Bank PAYS this cost with NO corresponding income generation → **MASSIVE LOSS**

B.5 | Revaluation Losses-Exchange Rate Policy Failure

GH¢5.47bn

Revaluation Loss (P&L)

2024 was a GAIN of GH¢2.17bn

GH¢23.62bn

Exchange Loss – OCI

Gold, IMF & SDR revaluation losses 2025

~GH¢29bn

TOTAL Exchange Rate Impact

OCI loss + P&L loss combined

WHAT THIS MEANS: The cedi's depreciation against major currencies caused GH¢23.62 billion in losses through Other Comprehensive Income (OCI), plus GH¢5.47 billion directly through the Profit & Loss account. Together, the total exchange rate impact is approximately GH¢29 billion, this reflects exchange rate management **FAILURE**.



SECTION C

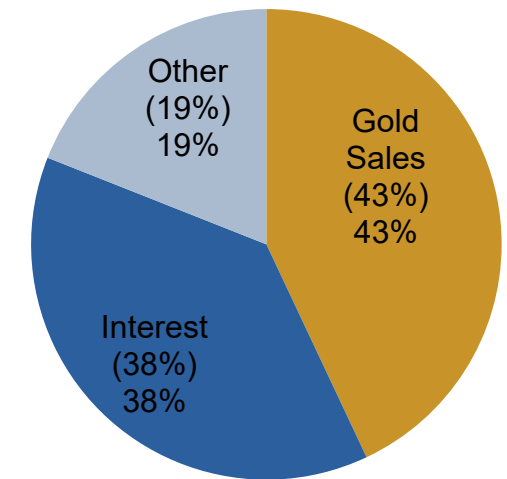
Reproduced Financial Statements with Percentage Analysis

A detailed decomposition of the P&L and Balance Sheet reveals where the losses originate, what drives the balance sheet, and why the numbers are structurally alarming.

C.1 | Statement of Profit or Loss-Year Ended 31 December 2025

| Line Item | 2025 GH¢'000 | % Total |
|--|---------------------|---------------|
| Interest income (EIM) | 8,457,241 | 38.0% |
| Net income FVPL | 1,125,659 | 5.1% |
| Fees and commission income | 704,322 | 3.2% |
| Other operating income | 2,373,061 | 10.7% |
| FV change – investment property | 32,850 | 0.1% |
| Net gain – SALE OF GOLD RESERVES ⚠ | 9,571,094 | 43.0% |
| Dividend income | 16,185 | 0.1% |
| TOTAL OPERATING INCOME | 22,280,412 | 100.0% |
| Cost of open market operations | (16,730,526) | 44.1% |
| Other interest charges | (794,093) | 2.1% |
| Revaluation loss & exchange diff. | (5,474,044) | 14.4% |
| Net loss on gold deals | (9,052,774) | 23.9% |
| Other operating expenses | (5,217,158) | 13.8% |
| Currency issue / premises / other | (1,543,566) | 4.1% |
| Impairment (net) | (366,321) | 1.0% |
| TOTAL OPERATING EXPENSES | (37,910,534) | 100.0% |
| NET LOSS FOR THE YEAR | (15,630,122) | |

Income Breakdown 2025



■ Gold Sales (43%) ■ Interest (38%) ■ Other (19%)

KEY OBSERVATION

Gold sales (GH¢9.57bn) = 43% of total income. Remove this ONE-TIME item:
 Total income → GH¢12.71bn
 Total expenses → GH¢37.91bn
 RESIDUAL LOSS → GH¢25.2bn

C.2 | Statement of Financial Position-As at 31 December 2025

| ASSETS | | |
|--------------------------|--------------------|-------------|
| Cash & balances | 45,125,130 | 19.0% |
| Gold holdings (monetary) | 27,029,289 | 11.4% |
| Balances with IMF | 10,699,551 | 4.5% |
| Securities | 95,423,479 | 40.2% |
| IMF on-lent to Govt. | 21,210,209 | 8.9% |
| Loans and advances | 1,922,532 | 0.8% |
| Other assets | 35,819,042 | 15.1% |
| TOTAL ASSETS | 237,229,232 | 100% |

| LIABILITIES & EQUITY | | |
|--------------------------------|---------------------|--------------|
| Deposits from Government | 12,080,424 | 3.6% |
| Deposits from Financial Insts. | 77,057,811 | 23.1% |
| OMO Liabilities ⚠ | 93,563,332 | 28.0% |
| SDR Allocations | 15,256,481 | 4.6% |
| Liabilities to IMF | 21,763,080 | 6.5% |
| Currency in circulation | 83,824,595 | 25.1% |
| Other liabilities | 29,959,888 | 9.0% |
| TOTAL LIABILITIES | 333,505,611 | 100% |
| EQUITY (DEFICIT) | (96,276,379) | |

CRITICAL NOTE: OMO liabilities TRIPLED from GH¢32.68bn to GH¢93.56bn in ONE year, rising from 15.2% to 28% of total liabilities. This reflects the massive sterilisation burden. Total liabilities (GH¢333.5bn) exceed assets (GH¢237.2bn) by GH¢96.3 billion.

SECTION D

Diagnostic Tests Denting Credibility

Four independent diagnostic tests are applied to the BoG's financials, each returning a verdict that contradicts the upbeat framing in the Directors' Report.

D.1 Liquidity Quality Test

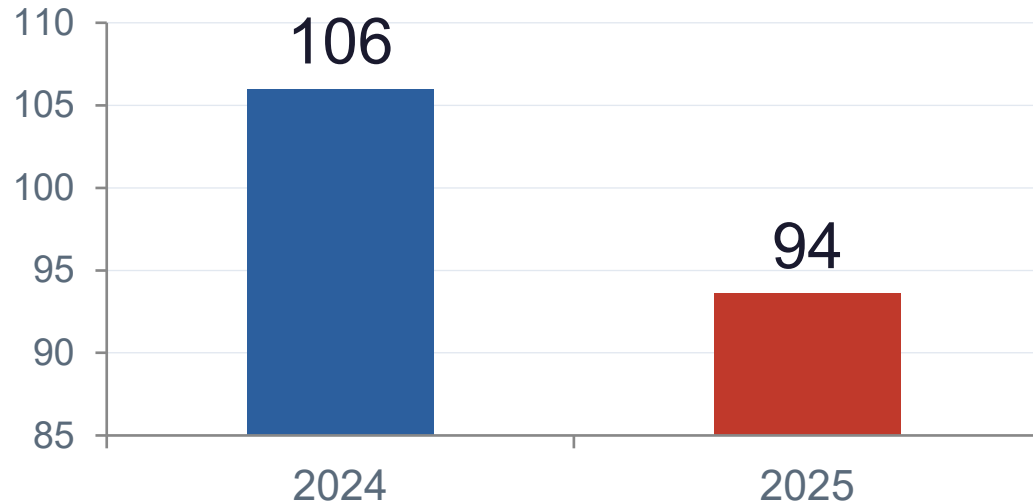
D.2 Net Interest Margin Test

D.3 Gold Reserve Depletion Test

D.4 Expense Ratio Test

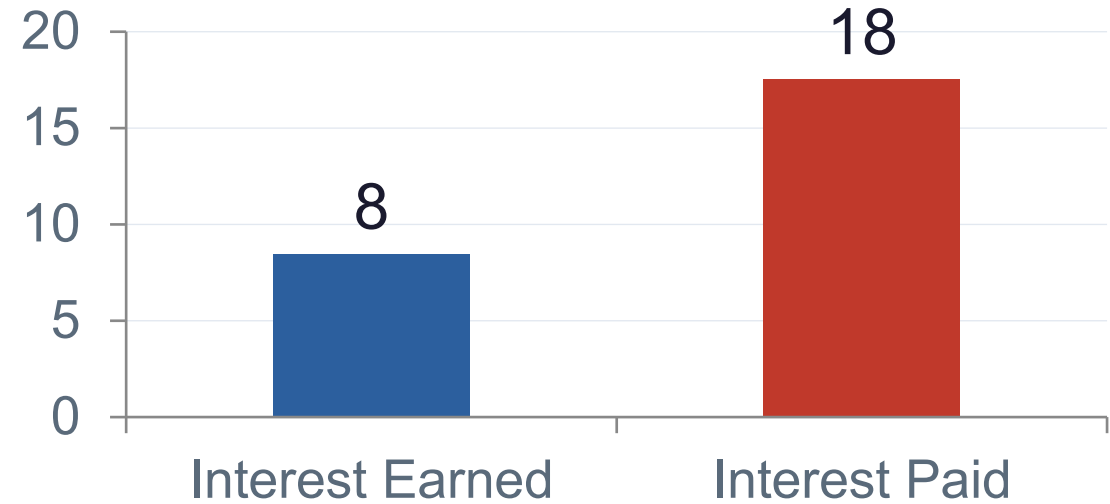
D.1 Liquidity Quality Test & D.2 Net Interest Margin Test

D.1 LIQUIDITY QUALITY TEST



| Metric | 2025 | 2024 |
|---------------------------|--------------------|-----------------|
| Cash + Monetary Gold | GH¢72.15bn | GH¢71.74bn |
| Deposits from Fin. Insts. | GH¢77.06bn | GH¢67.68bn |
| Coverage Ratio | 93.6% ⚠ | 106.0% ✓ |
| VERDICT | DANGER ZONE | Adequate |

D.2 NET INTEREST MARGIN TEST

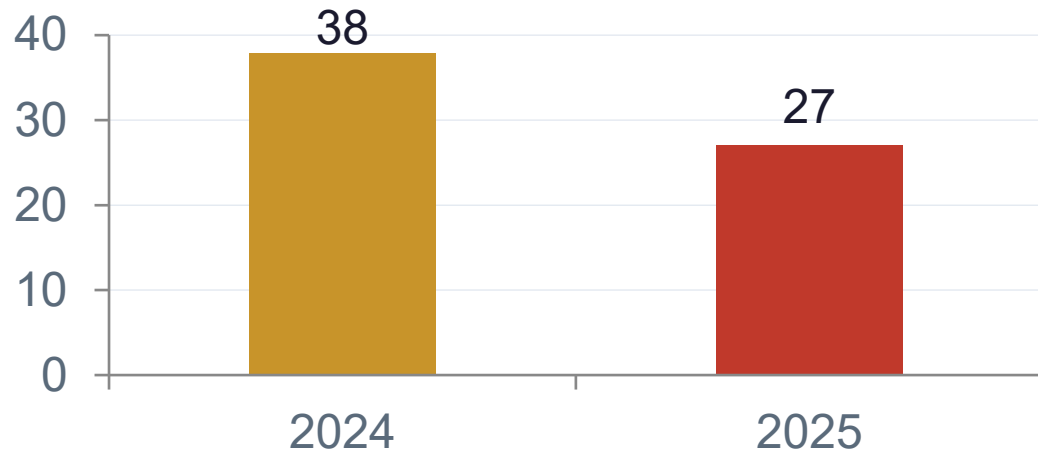


FINDING: For every GH¢1 of interest EARNED, the Bank pays GH¢2.07 in interest costs.

Interest earned: GH¢8.46bn vs Interest paid: GH¢17.52bn
 Net interest LOSS: GH¢9.07 billion, a fundamental structural problem.

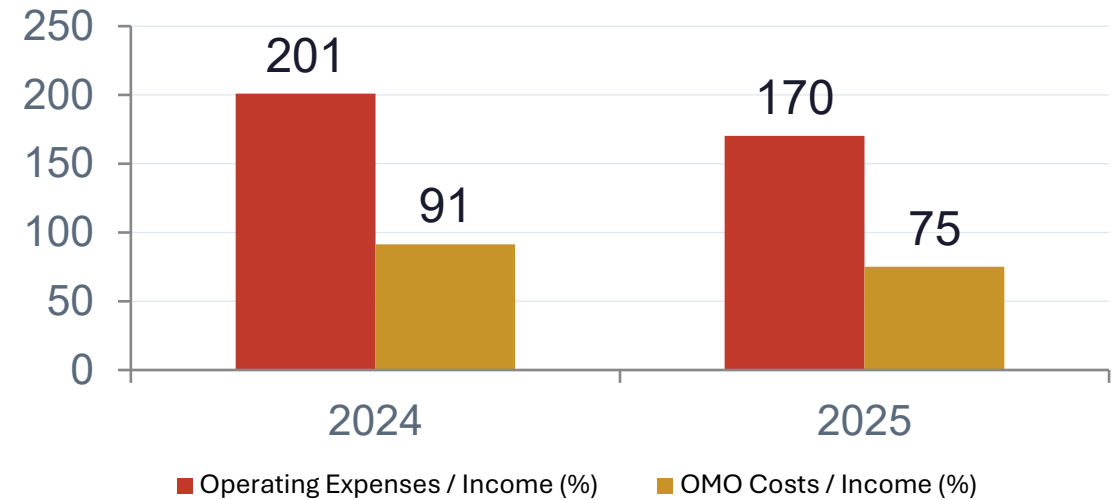
D.3 Gold Reserve Depletion Test & D.4 Expense Ratio Test

D.3 GOLD RESERVE DEPLETION TEST



| Metric | 2025 | 2024 |
|----------------------------|----------------------|------------|
| Gold Holdings (GH¢'000) | 27,029,289 | 37,872,276 |
| Decline in one year | -28.6% | — |
| Ounces SOLD in 2025 | 869,915 oz | Nil |
| Revenue (~USD) | ~US\$3.6bn | Nil |
| This income is... | NON-RECURRING | — |

D.4 EXPENSE RATIO TEST (COST EFFICIENCY)



FINDING: Poor cost discipline during a financial crisis.

- Staff GREW by 12.9%
(2,368 → 2,672 employees)
- Personnel costs UP 44.4%
(GH¢2.28bn → GH¢3.29bn)

Even as the Bank suffered RECORD LOSSES.

SECTION E

Stress Tests & Final Remarks

Three stress tests, dependency ratio, exchange rate shock, and going concern, reveal the depth of the Bank's institutional vulnerability.

The Bank has become CRITICALLY dependent on three pillars, each representing profound institutional fragility:

43%

Gold Sales for Income

Gold sales as % of Total Income 2025 (was 0% in 2024). The entire income buffer depends on selling irreplaceable strategic reserves.

44%

OMO for Monetary Ops.

OMO costs as % of Total Expenses. The Bank's primary monetary tool creates its largest cost centre, a structural contradiction.

MOU

Govt. Recapitalisation

The Bank cannot survive without government bailout. A non-binding MOU is all that stands between the Bank and insolvency recognition.

OMO liabilities share of total liabilities: 11.8% (2024) → 28.1% (2025) | Gold holdings as % of assets: 17.6% (2024) → 11.4% (2025) | Govt. deposits: 10.8% → 3.6%

SCENARIO: If the Cedi depreciates by a further 20% in 2026:

Additional revaluation losses on IMF liabilities (GH¢21.76bn × 20%) **~GH¢4.35bn**

Additional SDR allocation losses (GH¢15.26bn × 20%) **~GH¢3.05bn**

Additional foreign loan revaluation losses **Significant**

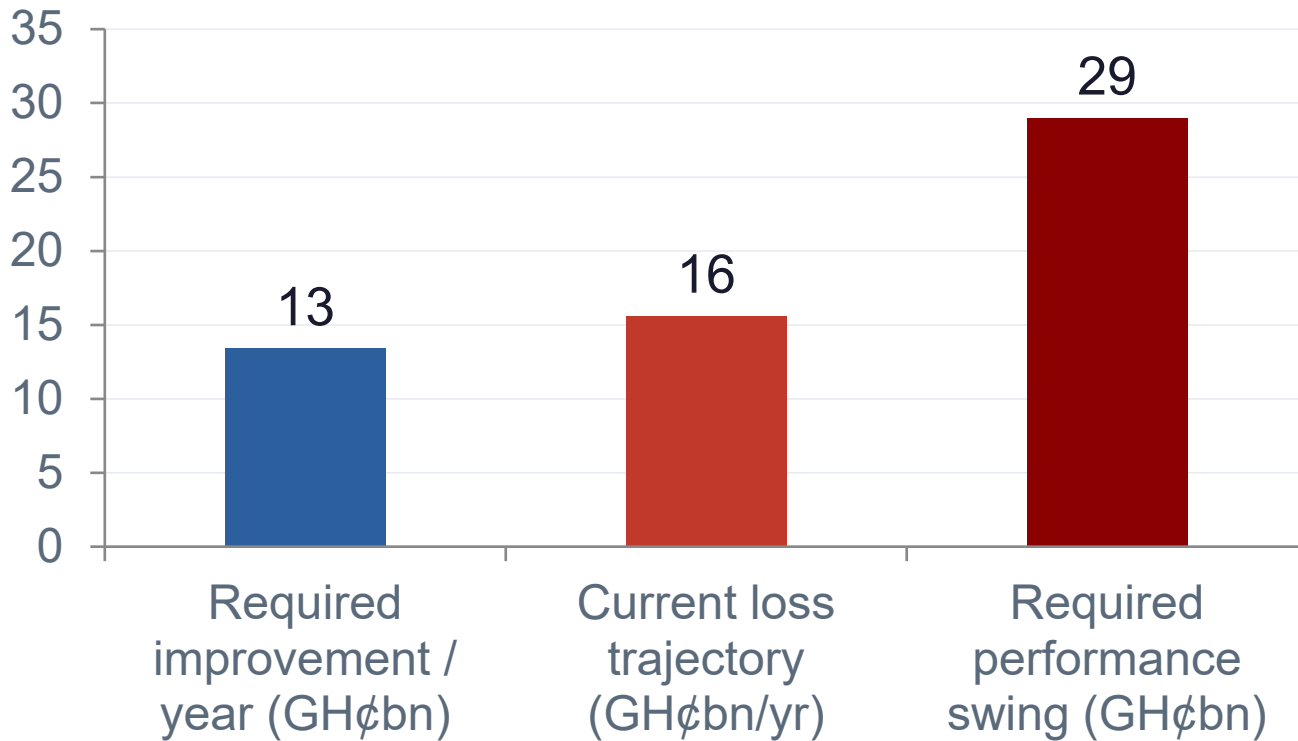
ESTIMATED ADDITIONAL LOSS FROM EXCHANGE ALONE:

GH¢7 – 10 BILLION

This stress test illustrates that a further exchange rate shock, entirely plausible given Ghana's external position, could add GH¢7-10bn to losses already running at GH¢15.63bn per year, without any corresponding policy response.

E.3 | The Going Concern Stress Test

For the Bank to achieve positive equity by 2032 as projected by the Directors:



| |
|--|
| Required annual improvement: GH¢13.4bn/year for 7 years |
| Current loss trajectory: GH¢15.6bn/year (WORSENING) |
| Required performance swing: GH¢29bn/year — an extraordinary turnaround |
| Likelihood without reform? HIGHLY DOUBTFUL |

CONCLUSION: The Bank's own recovery timeline is SEVEN years away and depends on: (i) cedi stabilisation, (ii) OMO cost reduction, (iii) elimination of gold deal losses, (iv) legally binding government recapitalisation, AND (v) profit generation, all simultaneously.

01

Legally Binding Recapitalisation

The MOU must be converted to a legally enforceable instrument with defined cash transfer dates and amounts. Parliament should approve a Recapitalisation Act.

02

End Gold Programme Losses

The DGPP structure must be reformed. Buying doré gold at market and selling at a loss is not policy, it is a transfer. A full cost-benefit review of G4R is urgent.

03

Reduce OMO Dependence

The Bank must develop alternative monetary instruments that do not create GH¢16.73bn annual cost burdens. OMO at this scale is unsustainable and self-defeating.

04

IFRS-Compliant Reporting

The departure from IFRS makes auditing, comparison and accountability impossible. Ghana should adopt IFRS for the BoG's financial statements as a matter of urgency.

05

Halt Strategic Reserve Sales

Gold sales to fund operations is fiscally reckless. The Bank should immediately cease using gold reserve liquidation to fund recurrent operational costs.

06

Cost Discipline & Accountability

Growing staff by 12.9% while posting record losses is unacceptable. An independent operational review should precede any further headcount growth.



THE BOTTOM LINE

The Bank of Ghana is not a bank in temporary difficulty. It is a central bank with structurally broken finances: negative equity of GH¢93.82 billion, record losses of GH¢15.63 billion, gold reserves being sold to fund operations, OMO costs doubling annually, and a recovery plan that is aspirational rather than legally enforceable.