

Ecobank Ghana Limited and its Subsidiaries

Condensed Consolidated and Separate Financial Statements for the year ended 31st December 2017

Key Ratios

	2017
Cost to Income	52.40%
Return on Average Assets	2.96%
Return on Average Equity	25.35%
Non Funded Income to Total Income	33.36%
Liquid Ratio	36.90%

Statements of comprehensive income

(All amounts are in thousands of Ghana cedis unless otherwise stated)

	The Group		The Bank	
	2017	2016	2017	2016
Interest income	904,577	905,304	885,483	878,974
Interest expense	(160,308)	(186,199)	(157,451)	(177,437)
Net interest income	744,269	719,105	728,032	701,477
Fees and commission income	202,276	160,489	202,070	160,503
Fees and commission expense	(3,521)	(3,267)	(3,471)	(3,253)
Net fees and commission income	198,755	157,222	198,599	157,270
Net trading income	144,006	130,274	143,689	129,934
Other operating income	25,895	18,062	25,580	17,691
Other revenue	3,921	4,140	19,931	16,942
Gains from derecognition of financial assets measured at amortised cost	-	177,854	-	177,854
	173,822	330,330	189,200	342,421
Revenue	1,116,846	1,206,657	1,115,831	1,201,168
Other income	267	291	267	291
Net impairment loss on financial assets	(173,940)	(178,597)	(173,939)	(178,570)
Personnel expenses	(343,672)	(316,359)	(343,108)	(315,993)
Depreciation and amortisation	(26,296)	(21,534)	(26,296)	(21,533)
Other expenses	(215,295)	(228,468)	(214,995)	(228,177)
Operating profit	357,990	461,990	357,760	457,186
Share of profit of associates (net of tax)	474	686	-	-
Profit before income tax	358,383	462,676	357,760	457,186
Income tax expense	(104,738)	(134,780)	(102,376)	(131,592)
Profits	253,645	327,896	255,384	325,594
Profit for the year	253,645	327,896	255,384	325,594
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Realised gain on securities disposed	-	2,221	-	1,100
Related tax	-	(555)	-	(275)
Items that will never be reclassified subsequently to profit or loss				
Gains on revaluation of property	79,537	-	79,537	-
Related tax	(19,884)	(8,927)	(19,884)	(8,927)
Other comprehensive income for the year, net of tax	59,653	(7,261)	59,653	(8,102)
Total comprehensive income for the year	313,298	320,635	315,037	317,492
Profit for the period attributable to:				
Equity holders of the Bank	253,645	327,896	255,384	325,594
Total comprehensive income for the period attributable to:				
Equity holders of the Bank	313,298	320,635	315,037	317,492
Earnings per share (Basic & diluted) in GH¢	0.87	1.12	0.87	1.11

Statements of financial position

(All amounts are in thousands of Ghana cedis unless otherwise stated)

	The Group		The Bank	
	2017	2016	2017	2016
Assets				
Cash and bank balances	2,952,753	3,193,202	2,969,557	3,191,866
Loans & advances to customers	2,685,468	3,480,544	2,685,759	3,480,471
Investment securities	2,518,542	641,010	2,462,208	578,985
Investment in subsidiaries	-	-	28,771	22,778
Investment in associates	8,547	8,073	4,861	4,841
Current tax asset	28,692	6,003	27,293	5,593
Other assets	409,463	342,262	425,591	355,200
Intangible assets	4,182	5,389	4,182	5,389
Non-current assets held for sale	34,487	63,726	34,487	63,726
Property and equipment	456,006	316,661	456,003	316,661
Total Assets	9,098,140	8,056,870	9,098,692	8,025,510
Liabilities				
Deposits from banks	606,452	542,856	714,888	630,288
Deposits from customers	6,541,648	5,416,916	6,447,818	5,316,625
Deferred tax liabilities	30,180	6,801	30,167	6,810
Borrowings	203,221	232,744	203,200	232,744
Other liabilities	679,732	893,477	675,821	886,835
Total liabilities	8,061,213	7,092,794	8,071,894	7,073,302
Equity and reserves				
Stated capital	226,641	226,641	226,641	226,641
Income surplus	208,393	271,445	198,782	260,078
Revolution reserve	109,762	50,129	109,782	50,129
Statutory reserve	353,004	323,124	354,546	322,623
Credit risk reserve	137,047	92,737	137,047	92,737
Total equity attributable to equity holders of the Bank	1,036,927	964,076	1,026,798	952,208
Total liabilities and equity	9,098,140	8,056,870	9,098,692	8,025,510

Statements of cashflows

(All amounts are in thousands of Ghana cedis unless otherwise stated)

	The Group		The Bank	
	2017	2016	2017	2016
Cashflow from operating activities				
Interest paid	(150,778)	(206,986)	(149,521)	(184,657)
Interest received	864,910	927,255	848,008	894,554
Net fees and commissions	212,304	157,222	212,148	157,270
Other income received	51,387	22,202	47,082	34,633
Net trading income	178,332	194,123	177,994	193,783
Gains from derecognition of financial assets at amortised cost	-	177,854	-	177,854
Payments to employees and suppliers	(664,522)	(698,419)	(663,637)	(697,428)
Tax paid	(123,952)	(125,669)	(120,603)	(122,352)
Cash flows from operating activities before changes in operating assets and liabilities	347,581	647,580	351,471	653,647
Changes in operating assets and liabilities				
Loans and advances	(17,666)	(493,709)	(20,321)	(468,424)
Other assets	(65,282)	(4,907)	(68,473)	(5,009)
Customer deposits	1,066,817	349,372	1,073,278	422,518
Other liabilities	(170,931)	389,953	(186,620)	373,392
Mandatory reserves	(368,645)	(156,092)	(368,645)	(156,092)
Net cash generated from operating activities	791,874	732,197	800,690	800,032
Cash flow from investing activities				
Purchase of property and equipment	(82,857)	(83,094)	(82,854)	(83,094)
Purchase of software	(2,449)	(956)	(2,449)	(956)
Proceeds from sale of equipment	576	2,442	676	2,442
Proceeds from the sale of non-current assets held for sale	16,418	-	16,418	-
Government securities purchased	(1,668,168)	(3,750,837)	(1,456,854)	(3,515,475)
Proceeds from sale of Government securities	256,510	3,534,928	45,954	3,279,529
Investment in subsidiaries	-	-	(5,993)	-
Net cash used in investing activities	(1,479,870)	(297,517)	(1,485,102)	(317,554)
Cash flow from financing activities				
Dividend paid	(240,447)	(246,312)	(240,447)	(246,312)
Repayment of borrowed funds	(42,669)	(180,646)	(42,691)	(180,646)
Proceeds from borrowed funds	-	43,796	-	43,796
Net cash used in financing activities	(283,138)	(383,162)	(283,138)	(383,162)
Net increase in cash and cash equivalents	(971,134)	51,518	(967,549)	99,316
Cash and cash equivalents at beginning of year	2,248,528	2,078,094	2,104,237	1,886,005
Effect of exchange rate fluctuations on cash and cash equivalent	39,611	118,916	39,611	118,916
Cash and cash equivalents at end of year	1,317,005	2,248,528	1,176,299	2,104,237

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Ecobank Ghana Limited and its Subsidiaries

Condensed Consolidated and Separate Financial Statements for the year ended 31st December 2017

Independent Auditor's Report

To the Members of Ecobank Ghana Limited

Opinion

The condensed consolidated and separate financial statements, which comprise the statements of financial position at 31 December 2017, and the statements of comprehensive income and cash flows for the year then ended and related notes, are derived from the audited consolidated and separate financial statements of Ecobank Ghana Limited for the year ended 31 December 2017.

In our opinion, the accompanying condensed consolidated and separate financial statements are consistent, in all material respects, with the audited consolidated and separate financial statements, in accordance with the basis described in the notes.

Condensed Consolidated and Separate Financial Statements

The condensed consolidated and separate financial statements do not contain all the disclosures required by International Financial Reporting Standards and in the manner required by the Companies Act 1963, (Act 179) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) applied in the preparation of the audited consolidated and separate financial statements of Ecobank Ghana Limited. Reading the condensed consolidated and separate financial statements and our report thereon, therefore, is not a substitute for reading the audited consolidated and separate financial statements and our report thereon.

The Audited Consolidated and Separate Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated and separate financial statements in our report dated 26 February 2018. That report also includes the communication of key audit matters. Key audit matters are those matters that in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements for the current period.

Directors' Responsibility for the Condensed Consolidated and Separate Financial Statements

The directors are responsible for the preparation of the condensed consolidated and separate financial statements in accordance with the basis described in the notes.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the condensed consolidated and separate financial statements are consistent, in all material respects, with the audited consolidated and separate financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

The engagement partner on the audit resulting in this independent auditor's report is Anthony Kwasi Sarpong (ICAG/P/1369).

KPMG

For and on behalf of:
KPMG (ICAG/F/2018/038)
CHARTERED ACCOUNTANTS
13 YIWA DRIVE, ABELENKPE
P O BOX GP 242
ACCRA

26 February, 2018

Disclosures

1. General Information: Ecobank Ghana Limited (The Bank) and its subsidiaries (together the Group) provides retail, corporate and investment banking and other financial services in Ghana. Ecobank Transnational Incorporated (ETI), the parent company, holds 68.93% of the issued ordinary shares of the Bank.

The Bank is a limited liability company, incorporated and domiciled in Ghana. The address of its registered office is, 2 Morocco Lane, Off Independence Avenue, Ministerial Area, Accra, Private Mail Bag, General Post Office, Accra.

The Bank is listed on the Ghana Stock Exchange.

The consolidated and separate financial statements were authorised for issue by the Board of Directors on 26 February 2018.

2. Summary of Significant Accounting Policies: The principal accounting policies of the Group have been applied consistently to all periods in these financial statements.

Basis of Presentation

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Additional information required by the Companies Act, 1963 (Act 179) and the Banking Act, 2004 (Act 673) as amended by the Banking Amendment Act, 2007 (Act 738) have been included, where appropriate. The consolidated financial statements have been prepared under the historical cost convention, except for buildings which are measured at revalued amounts and available-for-sale financial assets carried at fair values.

The financial statements of the subsidiaries used to prepare the consolidated financial statements were prepared as of the Bank's reporting date. The consolidation principles are unchanged as against the previous year.

The financial statements in this publication is an extract from the financial statements for the year ended December 31, 2017. The full set of the financial statements are available for inspection at the Bank's Head Office at 2 Morocco Lane, Off Independence Avenue, Ministerial Area, Accra.

The financial statements are presented in Ghana Cedis, which is the Group's functional and presentation currency. Except otherwise indicated, financial information presented in Ghana Cedis has been rounded to the nearest thousand.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period or in the period of revision and future periods, if the revision affects both current and future periods.

3. Contingent liabilities	Group 2017	Group 2016	Bank 2017	Bank 2016
	GHC 000	GHC 000	GHC 000	GHC 000
Guarantees and indemnities	368,789	397,413	368,789	397,413
Documentary and commercial letters of credit	999,868	213,842	999,868	213,842
	1,368,657	611,255	1,368,657	611,255

4. Quantitative Disclosures

a) i. Capital Adequacy Ratio	13.76%	15.29%	12.57%	14.74%
ii. Non-performing loan Ratio				
Per Bank of Ghana	20.04%	11.90%	20.04%	11.90%
Per IFRS	15.29%	15.87%	15.29%	15.87%
b) i. Default in statutory liquidity (times)			Nil	Nil
ii. Default in statutory liquidity sanction (GHC000)			Nil	Nil

5. Qualitative Disclosures: Risk Management Concept and Framework: The bank's Risk Management Concept and Framework is outlined in our Strategy, Policies, Processes and Governance structure and is based on core principles designed to ensure that we achieve our mission and serve our customers efficiently and effectively. Our Risk Appetite is defined within this framework. Policies and Processes are in place to guide our conduct of business within set risk appetite thresholds and guide effective corrective measures to deviations. Our Board of Directors approves this policy annually. The Risk Committee, the Managing Director and Risk Management Department, coordinate, facilitate, and oversee the effectiveness and integrity of the risk management framework. The internal and external audit functions in turn provide timely and objective assurance regarding the continuing appropriateness and adequacy of compliance with this framework, and report to the Audit and Risk sub-committee of the Board.

The principal risks faced by the bank are categorized into three; Credit, Market and Operational Risk.

Credit Risk: Our Credit Risk Management model has four elements: Portfolio Planning and Target Marketing; Credit Origination and Maintenance; Problem Recognition and Remedial Management; and Portfolio Management.

Our credit exposures are within a defined target market and capital constraints. Individual transactions are assessed by an internal credit rating system. The portfolio is managed by respecting concentration limits in industry, currency tenors etc. Credits with signs of delinquency are taken through our various processes of Collections and Remedial Management.

Market Risk: Our market risk management policy is to ensure that all significant market risks are identified, measured, and managed in a consistent and effective manner in order to stabilize earnings and protect capital under a broad range of market conditions. It is also to ensure that we possess adequate sources of liquidity under the supervision of the Asset and Liability Committee (ALCO).

Under market risk, the Trading Book is monitored by setting limits on Position Size, Factor Sensitivities, Stop Loss Limits, Management Action Triggers and Value at Risk (VaR). The Banking Book is monitored using Re-pricing Maturity Gap analysis, Currency Mismatch Analysis and Liquidity Gap Analysis.

Liquidity Risk: This is to ensure that we possess adequate sources of liquidity to meet the Bank's financial liabilities when they fall due and be able to replace funds when they are withdrawn. This falls under the supervision of the Assets and Liabilities Committee.

Operational Risk: We record all loss events. This enables us to learn from such occurrences over time, test and model our exposure to similar loss occurrences and improve ways of preventing such loss events in the future using internal models. In managing operational risk and losses, the bank establishes procedures to be employed in the handling of each situation. These procedures, prior approved by the Board, have been well disseminated and explained to staff. These broad policy directives cover among others areas like internal/external fraud, employment practices and work safety, clients' products and business practices, use of physical assets, business disruptions and system failures etc.

The financial statements do not contain any untrue statement, misleading facts or omit material facts, to the best of our knowledge.

Signed
Terence Ronald Darko
Chairman

Signed
Daniel Sackey
Managing Director

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ECOBANK GHANA LIMITED
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

The Group	Stated capital GH¢'000	income surplus GH¢'000	Revaluation reserve GH¢'000	Statutory reserve GH¢'000	Credit risk reserve GH¢'000	Total GH¢'000
Balance at 1 January 2017	226,641	271,445	50,129	323,124	92,737	964,076
Total comprehensive income						
Profit for the year	-	253,645	-	-	-	253,645
Revaluation gains net of tax	-	-	59,653	-	-	59,653
Total comprehensive income for the year	-	253,645	59,653	-	-	313,298
Transactions with equity holders						
Dividends paid	-	(240,447)	-	-	-	(240,447)
Additional shares issued	-	-	-	-	-	-
Total contribution by and distribution to equity holders	-	(240,447)	-	-	-	(240,447)
Regulatory transfers						
Statutory reserve	-	(31,940)	-	31,940	-	-
Credit risk reserve	-	(44,310)	-	-	44,310	-
	-	(76,250)	-	31,940	44,310	-
	-	-	-	-	-	-
Balance at 31 December 2017	226,641	208,393	109,782	355,064	137,047	1,036,927

ECOBANK GHANA LIMITED
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

The Bank	Stated capital GH¢'000	Income surplus GH¢'000	Revaluation reserve GH¢'000	Statutory reserve GH¢'000	Credit risk reserve GH¢'000	Total GH¢'000
Balance at 1 January 2017	226,641	260,078	50,129	322,623	92,737	952,208
Total comprehensive income for the year						
Profit for the year	-	255,384	-	-	-	255,384
Revaluation gains net of tax	-	-	59,653	-	-	59,653
Total comprehensive income for the year	-	255,384	59,653	-	-	315,037
Transactions with equity holders						
Dividends paid	-	(240,447)	-	-	-	(240,447)
Revaluation	-	-	-	-	-	-
Total contribution by and distribution to equity holders	-	(240,447)	-	-	-	(240,447)
Regulatory transfers						
Statutory reserve	-	(31,923)	-	31,923	-	-
Credit risk reserve	-	(44,310)	-	-	44,310	-
	-	(76,233)	-	31,923	44,310	-
	-	-	-	-	-	-
Balance at 31 December 2017	226,641	198,782	109,782	354,546	137,047	1,026,798