

Ecobank Ghana Limited

Condensed Consolidated and Separate Financial Statements (Audited) for the year ended 31 December 2016

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

Key ratios

Cost to Income	46.94%
Return on Average Assets	4.45%
Return on Average Equity	35.37%

Statements of comprehensive income

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

For the year ended 31st December	Group 2016	Group 2015	Bank 2016	Bank 2015
Interest income	905,304	843,564	878,914	790,961
Interest expense	(186,199)	(161,323)	(177,437)	(125,529)
Net interest income	719,105	682,241	701,477	665,432
Fees and commission income	160,489	189,245	160,503	189,253
Fees and commission expense	(3,267)	(3,883)	(3,233)	(3,883)
Net fees and commission income	157,222	185,362	157,270	185,370
Net trading income	130,274	138,857	129,934	138,351
Other Operating Income	18,062	13,182	17,691	13,174
Other revenue	4,140	3,487	16,942	23,438
Gains from derecognition of financial assets measured at amortised cost	177,854	-	177,854	-
	330,330	155,526	342,421	174,963
Revenue	1,206,657	1,023,129	1,201,168	1,025,765
Other income	291	184	291	184
Net impairment loss on financial assets	(178,597)	(115,795)	(178,570)	(115,753)
Personnel expenses	(316,359)	(246,124)	(315,993)	(245,796)
Depreciation and ammortisation	(21,534)	(19,648)	(21,533)	(19,633)
Other expenses	(228,468)	(184,034)	(228,177)	(183,688)
Operating profit	461,990	457,712	457,186	461,079
Share of profit of associates (net of tax)	686	848	-	-
Profit before income tax	462,676	458,560	457,186	461,079
Income tax expense	(134,780)	(137,294)	(131,592)	(133,556)
Profits for the year (profit after tax)	327,896	321,266	325,594	327,523
Other Comprehensive Income				
Items that may be reclassified subsequently to profit or loss:				
Change in value of available for sale investment securities	2,221	2,285	1,100	1,712
Income tax relating to components of other comprehensive income	(9,482)	(571)	(9,202)	(428)
Other comprehensive income for the year net of tax	(7,261)	1,714	(8,102)	1,284
Total comprehensive income for the year	320,635	322,980	317,492	328,807
Profit for the year attributable to:				
Equity holders of the Bank	327,896	321,266	325,594	327,523
Comprehensive income for the year attributable to:				
Equity holders of the Bank	320,635	322,980	317,492	328,807
Earnings per share				
Earnings per share Basic and Diluted (in Ghana pesewas)	112	110	111	112

Statements of Cashflows

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

For the year ended 31st December	Group 2016	Group 2015	Bank 2016	Bank 2015
Cashflow from operating activities				
Interest paid	(206,986)	(160,395)	(184,667)	(124,601)
Interest received	927,253	843,564	894,554	790,961
Net fees and commissions	157,222	185,362	157,270	185,370
Other income received	22,202	16,669	34,633	36,612
Net trading income	194,123	173,636	193,783	173,130
Gains from derecognition of financial assets at amortised cost	177,854	-	177,854	-
Payments to employees and suppliers	(498,419)	(470,854)	(497,428)	(470,193)
Tax paid	(125,669)	(153,079)	(122,352)	(148,923)
Cashflow from operating activities before changes in operating assets and liabilities	647,580	434,903	653,647	442,356
Changes in operating assets and liabilities				
Loans and advances	(429,983)	(297,700)	(424,698)	(298,958)
Other assets	(4,907)	(232,631)	996	(252,243)
Customer deposits	349,372	234,910	422,518	267,783
Other liabilities	389,953	99,446	373,392	98,311
Mandatory reserves	(156,092)	(122,709)	(156,092)	(122,709)
Net cash generated from operating activities	795,923	116,219	869,763	134,540
Cash flow from investing activities				
Purchase of property and equipment	(80,943)	(134,026)	(80,943)	(134,026)
Purchase of software	(956)	(7,677)	(956)	(7,677)
Proceeds from sale of equipment	291	184	291	184
Purchase of non-current assets held for sale	(63,726)	-	(63,726)	-
Government securities purchased	(3,750,837)	(1,567,240)	(3,515,475)	(1,340,338)
Proceeds from the sale of government securities	3,534,928	1,799,344	3,279,529	1,567,873
Purchase of AFS investment	-	(626)	-	(626)
Investment in subsidiaries	-	-	(6,005)	-
Net cash used in investing activities	(361,243)	89,959	(387,285)	85,390
Cash from financing activities				
Dividend paid	(246,312)	(231,650)	(246,312)	(231,650)
Repayment of borrowed funds	(180,646)	(95,326)	(180,646)	(95,326)
Proceeds from borrowed funds	43,796	150,990	43,796	150,990
Net cash used in financing activities	(383,162)	(175,986)	(383,162)	(175,986)
Net increase in cash and cash equivalents	51,518	30,192	99,316	43,944
Cash and cash equivalents at beginning of year	2,078,094	1,857,687	1,886,005	1,651,846
Effect of exchange rate fluctuations on cash and cash equivalents	118,916	190,215	118,916	190,215
Cash and cash equivalents at end of year	2,248,528	2,078,094	2,104,237	1,886,005

Statements of financial position

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

At 31st December	Group 2016	Group 2015	Bank 2016	Bank 2015
Cash and cash equivalents	3,193,202	2,222,949	3,191,866	2,221,872
Loans and advances to customers	3,480,544	3,117,873	3,480,471	3,116,749
Investment securities	641,010	728,874	578,985	594,255
Investment in subsidiaries	-	-	22,778	16,773
Investment in associates	8,073	7,387	4,841	4,841
Deferred tax asset	-	986	-	701
Current tax asset	6,003	16,809	5,593	16,524
Other assets	342,262	335,247	355,200	354,088
Intangible assets	5,389	8,852	5,389	8,852
Non-current assets held for sale	63,726	-	63,726	-
Property and equipment	316,661	252,833	316,661	252,832
Total Assets	8,056,870	6,691,810	8,025,510	6,587,487
Deposits from banks	542,856	205,123	630,288	286,934
Deposits from customers	5,416,916	4,837,950	5,316,625	4,664,513
Deferred tax liabilities	6,801	-	6,810	-
Borrowings	232,744	321,976	232,744	321,976
Other liabilities	893,477	437,008	886,835	433,036
Total liabilities	7,092,794	5,802,057	7,073,302	5,706,459
Equity and reserves				
Stated capital	226,641	226,641	226,641	226,641
Income surplus	271,445	272,852	260,078	263,775
Revaluation reserve	50,129	57,390	50,129	58,231
Statutory reserve	323,124	282,412	322,623	281,923
Credit risk reserve	92,737	50,458	92,737	50,458
Total equity attributable to equity holders of the Bank	964,076	889,753	952,208	881,028
Total liabilities and equity	8,056,870	6,691,810	8,025,510	6,587,487

Ecobank Ghana Limited

Condensed Consolidated and Separate Financial Statements (Audited) for the year ended 31 December 2016

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

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 2016, 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 2016.

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 Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738), 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 23 February 2017. 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)

For and on behalf of:
KPMG: (ICAG/F/2017/038)
CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE, ABELANKPE
P O BOX GP 242
ACCRA

23 February 2017

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, 19 Seventh Avenue, Ridge West, 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 23 February 2017.

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 carried at revalued amounts and available-for-sale financial assets carried at fair values.

The financial statements comprise the statements of financial position, comprehensive income, changes in equity and cash flows and notes to the financial statements.

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 2016 GHS 000	Group 2015 GHS 000	Bank 2016 GHS 000	Bank 2015 GHS 000
Guarantees and indemnities	397,413	265,905	397,413	265,905
Documentary and commercial letters of credit	213,842	334,870	213,842	334,870
	611,255	600,775	611,255	600,775

4. Quantitative disclosures

	2016	2015	2016	2015
i. Capital Adequacy ratio	15.29%	17.78%	14.74%	17.13%
ii. Non-performing loan ratio (Bank of Ghana):	11.90%	16.56%	11.90%	18.01%
iii. Liquid ratio	76.39%	74.46%	73.44%	69.86%
iv. Default in statutory liquidity (times)			Nil	Nil
v. Default in statutory liquidity sanction (GHC'000)			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 my knowledge.

Signed

Terence Ronald Darko
Chairman

Signed

Daniel Sackey
Managing Director