

Ecobank Ghana Limited and its Subsidiaries

Consolidated Financial Statements (un-audited) for the period ended 30 September 2017

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	671,869	772,752	633,714	729,774
Interest expense	(118,850)	(146,582)	(94,018)	(119,716)
Net interest income	553,019	626,170	539,696	610,058
Fees and commission income	151,882	114,057	151,745	113,820
Fees and commission expense	(2,505)	(2,500)	(2,505)	(2,500)
Net fees and commission income	149,377	111,557	149,240	111,320
Net trading income	102,606	91,438	102,514	91,412
Other operating income	17,070	6,273	17,066	6,273
Other revenue	2,081	7,673	2,081	7,654
Revenue	824,153	843,111	810,597	826,717
Other income	191	-	191	-
Net Impairment loss on financial assets	(144,273)	(44,400)	(144,273)	(44,400)
Personnel expenses	(245,977)	(229,810)	(245,671)	(229,573)
Depreciation and amortisation	(18,029)	(12,650)	(18,029)	(16,187)
Other expenses	(156,364)	(151,372)	(156,090)	(147,657)
Operating profit	259,701	404,879	246,725	388,900
Share of profit of associates (net of tax)	522	583	-	-
Profit before income tax	260,223	405,462	246,725	388,900
Income tax expense	(76,060)	(121,137)	(73,963)	(115,132)
Profits after tax	184,163	284,325	172,762	273,768
Profit for the period	184,163	284,325	172,762	273,768
Other Comprehensive Income				
Total comprehensive income for the period	184,163	284,325	172,762	273,768
Profit for the period attributable to:				
Equity holders of the Bank	184,163	284,325	172,762	273,768
Comprehensive income for the period attributable to:				
Equity holders of the Bank	184,163	284,325	172,762	273,768
Earnings per share (annualised) :				
Basic & diluted in GH¢	0.84	1.29	0.79	1.24

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	2,763,281	3,271,459	2,757,293	3,294,176
Loans & advances to customers	3,549,463	3,457,927	3,579,780	3,480,082
Investment Securities	1,242,376	579,219	1,199,360	466,575
Investment in subsidiaries	-	-	19,179	19,179
Investment in associates	8,595	7,969	4,841	4,841
Deferred tax asset	9	431	9	431
Other assets	301,956	198,600	247,775	155,057
Intangible assets	4,848	6,143	4,848	6,143
Non-current assets held for sale	50,536	-	50,536	-
Property and equipment	387,567	359,680	387,663	359,680
Total Assets	8,308,631	7,881,428	8,251,284	7,786,164
Liabilities				
Deposits from banks	226,803	547,661	473,276	710,442
Deposits from customers	6,065,114	5,611,953	5,782,545	5,372,644
Deferred tax liabilities	6,810	-	6,810	-
Current tax liability	1,961	7,972	1,961	7,972
Borrowings	217,970	312,839	212,395	306,713
Other liabilities	882,281	471,571	906,576	479,082
Total liabilities	7,400,939	6,951,996	7,383,563	6,876,853
Equity and reserves				
Stated capital	226,641	226,641	226,641	226,641
Income surplus	192,129	300,425	158,695	280,793
Revaluation reserve	50,129	59,056	50,129	59,056
Statutory reserve	346,048	317,953	339,511	317,464
Credit risk reserve	92,745	25,357	92,745	25,357
Total equity attributable to equity holders of the Bank	907,692	929,432	867,721	909,311
Total liabilities and equity	8,308,631	7,881,428	8,251,284	7,786,164

Consolidated cashflow statement

(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	(115,546)	(144,837)	(93,047)	(118,291)
Interest received	684,731	772,742	625,679	664,327
Net fees and commissions	148,050	111,616	147,913	111,379
Other income received	19,151	13,946	19,147	13,927
Net trading income	92,630	81,728	92,615	81,769
Payments to employees and suppliers	(368,439)	(363,481)	(367,859)	(346,879)
Corporate tax and national stabilisation levy paid	(96,591)	(95,987)	(95,556)	(93,150)
Cashflow from operating activities before changes in operating assets and liabilities	363,986	375,727	328,892	313,082
Changes in operating assets and liabilities				
Loans and advances	209,065	(1,582,142)	161,898	(1,639,126)
Other assets	(120,306)	(288,423)	(110,871)	(100,807)
Customer deposits	644,894	772,258	463,576	706,706
Other liabilities	116,230	(58,198)	103,073	45,654
Mandatory Reserves	(37,142)	133,998	(37,142)	133,998
Net cash generated from operating activities	812,741	(1,022,507)	580,534	(853,575)
Cash flow from investing activities				
Purchase of property and equipment	(70,906)	(106,847)	(70,906)	(106,847)
Purchase of software	(2,270)	(830)	(2,270)	(830)
Proceeds from sale of equipment	191	196	191	196
Purchase of government securities	(2,804,170)	(4,588,100)	(2,316,461)	(4,453,514)
Proceeds from the sale of government securities	2,614,722	4,812,205	2,243,580	4,664,778
Net cash used in investing activities	(262,433)	116,624	(145,866)	103,783
Cash from financing activities				
Proceeds from borrowed funds	5,000	-	-	-
Repayment of borrowed funds	(28,922)	(45,216)	(27,464)	(45,216)
Dividend Paid	(240,447)	(246,312)	(240,447)	(246,312)
Net cash generated from/(used in) financing activities	(264,369)	(291,528)	(267,911)	(291,528)
Net gain on exchange rate changes on cash and cash equivalents				
Net increase (decrease) in cash and cash equivalents	649,925	(821,684)	495,649	(728,238)
Net increase (decrease) in cash and cash equivalents at beginning of year	2,248,528	1,511,559	2,104,237	1,322,256
Effect of exchange rate fluctuations on cash and cash equivalents	(600)	(1,942)	(600)	(1,942)
Cash and cash equivalents at end of the period	2,897,853	687,933	2,599,286	592,076

Disclosures

- The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards.
- The accounting policies applied in the preparation of these financial statements were consistent with those applied in the preparation of the annual consolidated statements of 31 December 2016.

3. Contingent liabilities	Group 2017 GHC 000	Group 2016 GHC 000	Bank 2017 GHC 000	Bank 2016 GHC 000
Guarantees, indemnities and letters of credit	1,135,057	571,520	1,135,057	571,520

4. Quantitative Disclosures

a) i. Capital Adequacy Ratio	10.23%	14.86%
ii. Non-performing loan Ratio	12.04%	18.30%
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 approve 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.

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
Daniel Sackey
Managing Director

Signed
Edward N. Botchway
Executive Director