

# Ecobank Ghana Limited and its Subsidiaries

Audited Summary Separate and Consolidated Financial Statements for the year ended 31 December 2018

## Summary statements of comprehensive income

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

	Group		Bank	
	2018	2017	2018	2017
Interest income	1,083,659	904,577	1,073,540	885,483
Interest expense	(205,973)	(160,308)	(212,588)	(157,451)
<b>Net interest income</b>	<b>877,686</b>	<b>744,269</b>	<b>860,952</b>	<b>728,032</b>
Fees and commission income	188,652	202,276	188,582	202,070
Fees and commission expense	(5,349)	(3,521)	(5,312)	(3,471)
<b>Net fees and commission income</b>	<b>183,303</b>	<b>198,755</b>	<b>183,270</b>	<b>198,599</b>
Net trading income	211,608	144,006	211,580	143,689
Other operating income	34,729	25,895	34,692	25,580
Dividend income	172	3,921	12,208	19,931
	<b>246,509</b>	<b>173,822</b>	<b>258,480</b>	<b>189,200</b>
<b>Revenue</b>	<b>1,307,498</b>	<b>1,116,846</b>	<b>1,302,702</b>	<b>1,115,831</b>
Gain on sale of equipment	454	267	454	267
Net impairment loss on financial assets	(129,365)	(173,940)	(129,499)	(173,939)
Personnel expenses	(379,411)	(343,672)	(378,839)	(343,108)
Depreciation and amortisation	(35,987)	(26,296)	(35,986)	(26,296)
Other operating expenses	(258,240)	(215,296)	(257,858)	(214,995)
<b>Operating profit</b>	<b>504,949</b>	<b>357,909</b>	<b>500,974</b>	<b>357,760</b>
<b>Share of profit of associates (net of tax)</b>	<b>1,302</b>	<b>474</b>	<b>-</b>	<b>-</b>
<b>Profit before income tax</b>	<b>506,251</b>	<b>358,383</b>	<b>500,974</b>	<b>357,760</b>
Income tax expense	(166,283)	(104,738)	(163,384)	(102,376)
<b>Profit for the year</b>	<b>339,968</b>	<b>253,645</b>	<b>337,590</b>	<b>255,384</b>
<b>Other Comprehensive Income</b>				
<i>Items that will never be reclassified subsequently to profit or loss:</i>				
Gains on revaluation of property	-	79,537	-	79,537
Related tax	-	(19,884)	-	(19,884)
<b>Other comprehensive income for the year, net of tax</b>	<b>-</b>	<b>59,653</b>	<b>-</b>	<b>59,653</b>
<b>Total comprehensive income for the year</b>	<b>339,968</b>	<b>313,298</b>	<b>337,590</b>	<b>315,037</b>
<b>Profit for the year attributable to:</b>				
Equity holders of the Bank	339,968	253,645	337,590	255,384
<b>Comprehensive income for the year attributable to:</b>				
Equity holders of the Bank	<b>339,968</b>	<b>313,298</b>	<b>337,590</b>	<b>315,037</b>
<b>Earnings per share</b>				
Basic & diluted (in Ghana Pesewas)	<b>110</b>	<b>87</b>	<b>109</b>	<b>87</b>

## Summary statements of cashflows

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

	Group		Bank	
	2018	2017	2018	2017
<b>Cash flows from operating activities</b>				
Interest paid	(270,582)	(150,778)	(213,530)	(149,521)
Interest received	885,458	864,810	799,964	848,008
Net fees and commissions	183,303	212,304	183,270	212,148
Other income received	26,277	31,387	26,192	47,082
Net trading income	180,420	178,311	180,420	177,994
Payments to employees and suppliers	(647,481)	(664,522)	(646,524)	(663,637)
Tax paid	(149,996)	(123,952)	(147,195)	(120,603)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>	<b>207,399</b>	<b>347,560</b>	<b>182,597</b>	<b>351,471</b>
<b>Changes in operating assets and liabilities</b>				
Loans and advances	(1,648,027)	(17,666)	(1,550,398)	(20,321)
Other assets	250,131	(65,282)	252,512	(68,472)
Deposits	665,236	1,066,817	668,872	1,073,278
Other liabilities	438,069	(170,910)	437,693	(166,620)
Mandatory reserves	1,297,682	(368,645)	1,297,682	(368,645)
<b>Net cash generated from operating activities</b>	<b>1,210,490</b>	<b>791,874</b>	<b>1,288,958</b>	<b>800,691</b>
<b>Cash flows from investing activities</b>				
Purchase of property and equipment	(18,373)	(82,857)	(18,372)	(82,854)
Purchase of software	(27,025)	(2,449)	(27,025)	(2,449)
Proceeds from sale of equipment	454	676	454	676
Proceeds from the sale of non-current assets held for sale	4,350	16,418	4,350	16,418
Investment securities	(456,476)	(1,411,658)	(591,088)	(1,410,900)
Investment in subsidiaries	-	-	-	(5,993)
<b>Net cash used in investing activities</b>	<b>(497,070)</b>	<b>(1,479,870)</b>	<b>(631,681)</b>	<b>(1,485,102)</b>
<b>Cash from financing activities</b>				
Repayment of borrowed funds	(26,602)	(42,691)	(26,602)	(42,691)
Financing of bonus share issued	(12,350)	-	(12,350)	-
Dividend Paid	-	(240,447)	-	(240,447)
<b>Net cash used in financing activities</b>	<b>(38,952)</b>	<b>(283,138)</b>	<b>(38,952)</b>	<b>(283,138)</b>
<b>Net increase in cash and cash equivalents</b>	<b>674,468</b>	<b>(971,134)</b>	<b>618,325</b>	<b>(967,549)</b>
Cash and cash equivalents at beginning of year	1,317,005	2,248,528	1,176,299	2,104,237
Effect of exchange rate fluctuations on cash and cash equivalents	-	39,611	-	39,611
<b>Cash and cash equivalents at end of the period</b>	<b>1,991,473</b>	<b>1,317,005</b>	<b>1,794,624</b>	<b>1,176,299</b>

## Summary statements of financial position

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

	Group		Bank	
	2018	2017	2018	2017
<b>Assets</b>				
Cash and cash equivalents	2,443,686	2,952,753	2,482,151	2,969,557
Loans and advances to customers	4,149,511	2,685,468	4,123,153	2,685,759
Non pledged trading assets	594,244	2,148	594,244	2,148
Investment securities	2,530,104	2,516,394	2,483,327	2,460,060
Investment in subsidiaries	-	-	28,871	28,871
Investment in associates	9,849	8,547	4,841	4,841
Current tax asset	-	28,692	-	27,293
Other assets	230,859	409,361	244,507	425,491
Deferred tax asset	538	-	531	-
Intangible assets	26,583	4,182	26,583	4,182
Non-current assets held for sale	26,375	34,487	26,375	34,487
Property and equipment	443,016	456,006	443,013	456,003
<b>Total Assets</b>	<b>10,454,765</b>	<b>9,098,038</b>	<b>10,457,596</b>	<b>9,098,692</b>
<b>Liabilities</b>				
Deposits from banks	204,495	606,452	204,495	714,888
Deposits from customers	7,608,841	6,541,648	7,627,083	6,447,818
Borrowings	162,943	203,200	162,943	203,200
Current tax liabilities	6,502	-	7,804	-
Deferred tax liabilities	-	30,160	-	30,167
Other liabilities	1,145,765	679,753	1,141,457	675,821
<b>Total liabilities</b>	<b>9,128,546</b>	<b>8,061,213</b>	<b>9,143,782</b>	<b>8,071,894</b>
<b>Equity and reserves</b>				
Stated capital	416,641	226,641	416,641	226,641
Income surplus	201,127	208,291	189,250	198,782
Revaluation reserve	109,782	109,782	109,782	109,782
Statutory reserve	439,471	355,064	438,943	354,546
Credit risk reserve	159,198	137,047	159,198	137,047
<b>Total equity attributable to equity holders of the Bank</b>	<b>1,326,219</b>	<b>1,036,825</b>	<b>1,313,814</b>	<b>1,026,798</b>
<b>Total liabilities and equity</b>	<b>10,454,765</b>	<b>9,098,038</b>	<b>10,457,596</b>	<b>9,098,692</b>

## Summary statements of changes in equity

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

	Stated Capital	Income Surplus	Revaluation Reserve	Statutory Reserve	Credit Risk Reserve	Total
<b>GROUP 2018</b>						
<b>Balance at 1 January 2018</b>	<b>226,641</b>	<b>208,291</b>	<b>109,782</b>	<b>355,064</b>	<b>137,047</b>	<b>1,036,825</b>
<b>IFRS 9 ADJUSTMENTS - 1 Jan 2018</b>						
Impact of IFRS 9 adoption (net of tax)	-	(35,374)	-	-	-	(35,374)
Release on credit risk reserve due to IFRS 9 adoption	-	16,751	-	-	(16,751)	-
<b>Restated balance as at 1 January 2018</b>	<b>226,641</b>	<b>189,668</b>	<b>109,782</b>	<b>355,064</b>	<b>120,296</b>	<b>1,001,451</b>
Profit for the year	-	339,968	-	-	-	339,968
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>339,968</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>339,968</b>
<b>Transactions with equity holders</b>						
Additional shares issued and transferred from income surplus to stated capital	190,000	(190,000)	-	-	-	-
Tax on transfer to stated capital	-	(15,200)	-	-	-	(15,200)
<b>Total contribution by and distribution to equity holders</b>	<b>190,000</b>	<b>(205,200)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(15,200)</b>
<b>Regulatory transfers</b>						
Statutory reserve	-	(84,407)	-	84,407	-	-
Credit risk reserve	-	(38,902)	-	-	38,902	-
	-	(123,309)	-	84,407	38,902	-
<b>Balance as at 31 December 2018</b>	<b>416,641</b>	<b>201,127</b>	<b>109,782</b>	<b>439,471</b>	<b>159,198</b>	<b>1,326,219</b>
<b>GROUP 2017</b>						
<b>Balance at 1 January 2017</b>	<b>226,641</b>	<b>271,343</b>	<b>50,129</b>	<b>323,124</b>	<b>92,737</b>	<b>963,974</b>
Total comprehensive income	-	253,645	-	-	-	253,645
Profit for the year	-	253,645	-	-	-	253,645
Revaluation gains net of tax	-	-	59,653	-	-	59,653
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>253,645</b>	<b>59,653</b>	<b>-</b>	<b>-</b>	<b>313,298</b>
<b>Transactions with equity holders</b>						
Dividends paid	-	(240,447)	-	-	-	(240,447)
<b>Total contribution by and distribution to equity holders</b>	<b>-</b>	<b>(240,447)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(240,447)</b>
<b>Regulatory transfers</b>						
Statutory reserve	-	(31,940)	-	31,940	-	-
Credit risk reserve	-	(44,310)	-	-	44,310	-
	-	(76,250)	-	31,940	44,310	-
<b>Balance as at 31 December 2017</b>	<b>226,641</b>	<b>208,291</b>	<b>109,782</b>	<b>355,064</b>	<b>137,047</b>	<b>1,036,825</b>

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# Ecobank Ghana Limited and its Subsidiaries

Audited Summary Separate and Consolidated Financial Statements for the year ended 31 December 2018

## Summary statements of changes in equity

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

BANK 2018	Stated Capital	Income Surplus	Revaluation Reserve	Statutory Reserve	Credit Risk Reserve	Total
Balance at 1 January 2018	226,641	198,782	109,782	354,546	137,047	1,026,798
IFRS 9 ADJUSTMENTS - 1 Jan 2018						
Impact of IFRS 9 adoption (net of tax)		(35,374)				(35,374)
Release on credit risk reserve due to IFRS 9 adoption		16,751			(16,751)	
Restated balance as at 1 January 2018	226,641	180,159	109,782	354,546	120,296	991,424
Profit for the year		337,590				337,590
Total comprehensive income for the year		337,590				337,590
Transactions with equity holders						
Additional shares issued and transferred from income surplus to stated capital	190,000	(190,000)				
Tax on transfer to stated capital		(15,200)				(15,200)
Total contribution by and distribution to equity holders	190,000	(205,200)				(15,200)
Regulatory transfers						
Statutory reserve		(84,397)		84,397		
Credit risk reserve		(38,902)			38,902	
		(123,299)		84,397	38,902	
Balance as at 31 December 2018	416,641	189,250	109,782	438,943	159,198	1,313,814
<b>BANK 2017</b>						
Balance at 1 January 2017	226,641	260,078	50,129	322,623	92,737	952,208
Total comprehensive income						
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)
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 as at 31 December 2017	226,641	198,782	109,782	354,546	137,047	1,026,798

## Disclosures

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

**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 19 February 2019.

**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 financial instruments measured 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, 2018. The full set of the financial statements are available for inspection at the Bank's Head Office at 2 Morocco Lane, 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 judgements, 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 2018	Group 2017	Bank 2018	Bank 2017
Letters of guarantees	739,281	368,789	739,281	368,789
Letters of credit	1,056,149	999,868	1,056,149	999,868
Loan commitments	341,418	977,504	341,418	977,504
Foreign exchange contracts	9,267	-	9,267	-
Gross	2,146,115	2,346,161	2,146,115	2,346,161
Provision for impairment	50,482	-	50,482	-
	<b>2,095,633</b>	<b>2,346,161</b>	<b>2,095,633</b>	<b>2,346,161</b>

### 4. Quantitative Disclosures

a) i. Capital Adequacy ratio	16.89%	13.76%	14.62%	12.57%
ii. Non-performing loan ratio - BOG			11.50%	20.04%
iii. Non-performing loan ratio - IFRS			13.34%	15.29%
iv. Liquid ratio			68.05%	67.70%
b) i. Default in statutory liquidity (times)			Nil	Nil
ii. 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:** 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

## Independent Auditor's Report

On the summary financial statements to the members of Ecobank Ghana Limited

### Our opinion

In our opinion, the accompanying summary financial statements of Ecobank Ghana Limited "the Bank" and its subsidiaries (together the "Group"), are consistent, in all material respects, with the audited financial statements of the Bank standing alone and the Group for the year ended 31 December 2018, on the basis described in the notes.

### The summary financial statements

The summary financial statements derived from the audited financial statements for the year ended 31 December 2018 comprise:

- the summary separate and consolidated statements of financial position as at 31 December 2018;
- the summary separate and consolidated statements of comprehensive income for the year then ended;
- the summary separate and consolidated statements of changes in equity for the year then ended;
- the summary statements of cash flows for the year then ended; and
- the related notes to the summary separate and consolidated financial statements.

The summary separate and consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards, the Companies Act, 1963 (Act 179) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). Reading the summary separate and consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited separate and consolidated financial statements and the auditor's report thereon. The audited financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on the audited separate and consolidated financial statements.

### The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited separate and consolidated financial statements in our report dated 28 February 2019. That report also include 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 audited separate and consolidated financial statements of the current period.

### Directors' responsibility for the summary financial statements

The directors are responsible for the preparation of the summary separate and consolidated financial statements on the basis described in the notes.

### Auditor's responsibility

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

The engagement partner on the audit resulting in this independent auditor's report is Michael Asiedu-Antwi (ICAG/P/1138).

PricewaterhouseCoopers (ICAG/F/2019/028)  
Chartered Accountants  
Accra, Ghana



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