BUILDING AFRICA'S FINANCIAL FUTURE

ECOBANK GHANA ANNUAL REPORT

2018

Ecobank
The Pan African Bank

Ecobank Ghana Branches

ECOBANK GH ACCRA MAIN
2 Morocco Lane, Off The
Independence Avenue
(233) 0302-61 04 00
(233) 0302 68 08 66
ecobankgh@ecobank.com
P.O.Box AN 16746 Accra-North

ECOBANK GH TEMA
Ecobank Ghana Limited Tema
Branch Town Center Plot No.
TC/ MKT / A / 76.
(233) 0303 201053 - 6
(233) 0303 20 10 57
ecobankgh@ecobank.com
P.O Box co 3207 Tema

ECOBANK GH RING ROAD
Fidelity House, 20 Ring Road Central
PMB 43, Cantonments, Accra
(233) 0302 244007/8/9
(233) 0302 23 77 45
ecobankgh@ecobank.com
PMB 43,Cantonments, Accra

ECOBANK GH TUDU
Kimbu Road, opposite Accra
Central MTTU
(233) 0302 685587/685559
(233) 0302 68 55 85
ecobankgh@ecobank.com
P.O Box 16746 Accra North, Ghana

ECOBANK GH SST
Ground Floor Silver Star Tower,
Airport City
(233) 0302, 767404/ 778277
(233)0302 78 71 67
ecobankgh@ecobank.com
PMB KA 92, Kotoka International
Airport, Accra.

ECOBANK GH ABEKA LAPAZ
Meacham Hse Annex, Mallam-
Abeka Lapaz Highway
(233) 0302 230061
(233) 0302 23 17 36
ecobankgh@ecobank.com
PMB,GPO, Accra

ECOBANK GH MACC HILL
Kaneshie - Mallam Highway, Lower
Mccarthy Hill, Gbawe South
233) 0302 275375 / 028 910061 /
275375 (233) 0302- 27 5375
ecobankgh@ecobank.com
PMB, GPO, Accra

ECOBANK GH DANSOMAN
Plot No. 1A, High Street, Dansoman
Estate (233) 0302 326580/82
(233) 0302 326595
ecobankgh@ecobank.com
PMB, GPO, Accra

ECOBANK GH SOUTH IND
Old KBL Depot, near
Agbogbloshie Market
(233) 0302-670770,670745,670752
(233) 0302-670738
ecobankgh@ecobank.com
PMB, GPO Accra

ECOBANK GH ACCRA MALL
Ground Floor, Accra International
Mall,Tetteh Quarshie Interchange,
Accra
(233) 0302-823053/4/5
(233) 0302- 823056
ecobankgh@ecobank.com
PMB GPO, Accra

ECOBANK GH SPINTEX RD
Hse, No.56,Baatsona Highway
Extension(Spintex Road),Accra.
(233) 0302-815860
(233) 0302-815861
ecobankgh@ecobank.com
P.O.Box SR112, Tema

ECOBANK ROMAN RIDGE
Hse, No. C1222, Olusegun
Obasanjo Highway
(233) 0302 241883
(233) 0302 241889
ecobankgh@ecobank.com
PMB, GPO, Accra

ECOBANK GH DARKUMAN
Ground Floor, Ideal House,
Darkuman Junction, Kaneshie -
Mallam Highwa
(233) 0302 321950
(233) 0302 321940
ecobankgh@ecobank.com
PMB, GPO,Accra

ECOBANK GH TAFO
Tafo Mampoteng Road Tafo Kumasi
(233) 03220-40890
ecobankgh@ecobank.com
PMB GPO Kumasi

ECOBANK GH A AND C
Shopping Mall, No. 783, Jungle Rd,
East Legon (233) 028 9109407 /
0302 51 88 91 / 90
(233) 0302 518890
ecobankgh@ecobank.com
P.O. BOX 17506, East Legon

ECOBANK GH LEGON
Off Nuguchi Road Near
Legon Mosque,
(233) 0302 519835/6
(233) 0302 519837
ecobankgh@ecobank.com
P.O Box PMB GPO, Accra

ECOBANK GH TAKORADI
Plot no. 34 Axim Road Harbour
Commercial Area PMB Takoradi
(233) 03120-23870/ 21250 / 21258
(233) 03120 21 9 13
ecobankgh@ecobank.com
PMB Takoradi.

ECOBANK GH MKT CLE TDI
Adjacent Arvo Hotel
P. O. Box TD114, Takoradi
Tel: (233)312024158, 24190
Fax: (233)312024173
ecobankgh@ecobank.com

ECOBANK GH TARKWA
Ground floor SIC Tarkwa
office complex
(233) 03123 22022/4
(233) 03123 22 0 25
ecobankgh@ecobank.com
P.O Box 100 Tarkwa

ECOBANK GH OSU
Osu Oxford street adjacent
SSNIT hospital.
(233) 0302 912782/4/5/6
(233) 0302 76 31 20
ecobankgh@ecobank.com
PMB CT 443,Cantonments,Accra

ECOBANK GH KUMASI
Harper road, Prempeh II roundabout
Adum PMB Kumasi
(233) 03220 37804
(233) 03220 37 3 33
ecobankgh@ecobank.com

ECOBANK GH KUMASI ADUM
Oak Arcade, Opp. Agyekum Building,
Adum – Kumasi
(233) 03220-47948,47959,47969
(233) 03220-45872
ecobankgh@ecobank.com
PMB GPO,Kumasi

ECOBANK GH TEMA MALL
Ground Floor Tema Shopping Mall,
Heavy Industrial Area,Area Tema
(233) 0305-305175,305182,305183
(233) 0305 - 22305174
ecobankgh@ecobank.com
P.O.Box CO 3207 Tema

ECOBANK GH KENYASE
Newmont Bypass Road Kenyasi
Brong Ahafo Region
(233) 024 2209099 / 03220 47034
(233) 03220-47034
ecobankgh@ecobank.com
P.O.Box 91,Kenyasi

ECOBANK GH LONG ROOM
Ghana Ports and Harbours Head
Office Long Room, Tema
(233) 0303-202125 / 206789
(233) 0303 20 21 25
ecobankgh@ecobank.com
P.O.Box CO 3207 Tema

ECOBANK GH TEMA COMM 6
Vertical Plaza, Hospital Road,
Community 6,
(233) 0303 216605
(233) 0303 205822
ecobankgh@ecobank.com
P.O. Box Co 3207, Tema

ECOBANK GH KNUST
Commercial Area, KNUST
(233) 03220 63051/2/3
(233) 03220 63050
ecobankgh@ecobank.com
PMB, GPO, Kumasi

ECOBANK GH SUNYANI
Plot No.5 Block B House NO B 5/2
Sunyani Central
(233) 03520-25498,25495
(233) 03520-25490
ecobankgh@ecobank.com
PMB Ecobank Sunyani

ECOBANK GH ELUBO
Western Region ,
(233) 03122-22054/95/83
(233) 03122-22567
ecobankgh@ecobank.com
P.O.Box 48 Elubo

ECOBANK GH WEIJA
Ground Floor Aplaku Building,Old
Weija Barrier, Opp. National
Investment Bank, Winneba Road.
(233) 0302- 853202/3
(233) 0302-853204
ecobankgh@ecobank.com
PMB GPO, Accra

ECOBANK GH ABREPO MAIN
Ike 'O' Plaza ,Opposite the Neoplan
Bus Assembly Plant
(233) 03220-83835 / 83836/ 83837
(233) 03220-83838
ecobankgh@ecobank.com
PMB GPO Kumasi

ECOBANK GH HAATSO
Ebenezer Plaza Atomic Road haatso,
North Legon Residential Area
0302-520834 / 520831
021-520833
ecobankgh@ecobank.com
PMB GPO, Accra

ECOBANK GH WESTLANDS
Ground Flour of building situated at
Christain village opposite Golf
Channel, Kisseman
0302-920849
ecobankgh@ecobank.com
PMB GPO, Accra

ECOBANK TEMA MOTOR WAY ROUNDABOUT
Ground Floor of Gyau Towers on
Plot No.LI//5A/13A,Accra tema
Motorway Light Industrial Area
0303-305510/11/12/14
0303-305513
ecobankgh@ecobank.com
P.O.Box CO 3207 Tema

ECOBANK GH MADINA
Ground Floor and entire first floor of
the Agrimat Building on Plot No.389,
North Legon residential Area
(233) 0302 521876
(233) 0302 521878
ecobankgh@ecobank.com
PMB GPO, Accra

ECOBANK GH MILE 7 ACHIMOTA
Ground Floor of house No.AT/A39,
New Achimota
(233) 0302 416904/5 233)
0302 413807
ecobankgh@ecobank.com
PMB GPO, Accra

ECOBANK GH KOTOBABI
Nkansa-Gyane House, Opp
AMA-Ayawaso Central Sub-Metro
District Office, Kotobabi-New Town
Road, Accra, Ghana
(233) 0302 250325/7
(233) 0302 250330
ecobankgh@ecobank.com
PMB GPO, Accra

ECOBANK GH BANTAMA
Ground and First Floors of building
situated on Plot No.20,Bantama
High Street Kumasi
(233) 03220 49006
ecobankgh@ecobank.com
PMB GPO Kumasi

ECOBANK GH STADIUM AMAKOM
Ground Gloor of building formerly
known as Edward Nassar Building,
Kumasi Sports Stadium
(223) 03220-83841
(233) 03220 83844
ecobankgh@ecobank.com
PMB GPO Kumasi

ECOBANK GH TANOSO
First Floor of property on site with
Petrol Filling Station, No. 6,
Tanoso/Dekyemso Sunyani-Kumsai
Highway
(233) 03220-52043/52045/52056
(233) 03220-52094
ecobankgh@ecobank.com
PMB GPO Kumasi

ECOBANK GH SAFE BOND BRANCH
Ground floor safebond car
park Building
(233) 0302 200946/7
(233) 0302 200979
ecobankgh@ecobank.com
P.O.Box CO 3207 Tema

ECOBANK GH AFLAO BRANCH
Hse No. ASI-B-489 Aflao Along
Aflao Border Road
(233) 03625- 30890, 30893
(233) 03625 31028
ecobankgh@ecobank.com
P.O.Box CO 3207 Tema

ECOBANK GH LABONE BRANCH
Block No. B56 (Opposite Coffee
Shop) Labone
(233) 0302-933509 , 768132
(233) 0302-768133
ecobankgh@ecobank.com
PMB General Post Office Accra

ECOBANK GH TAMALE
Plot N0. 84 in Rice City Residential
Area, Tamale, lying along North East
of Tamale - Bolgatanga
Thrunk Road
(233) 03720-27933/34
(233) 03720-27936
ecobankgh@ecobank.com

BURMA CAMP BRANCH
Opposite the Burma Camp
Post Office
(233) 0302-767414 / 767645
ecobankgh@ecobank.com

ECOBANK REINSURANCE HOUSE BRANCH
Reinsurance House 68 Kwame
Nkrumah Avenue P.O. Box 1862
Accra
(233)0302-240049
(233)0302-240056/9
ecobankgh@ecobank.com

ECOBANK TESANO BRANCH
(233)0302-237317
(233)0302-237316
ecobankgh@ecobank.com
Tesano P.O.Box 1862

ECOBANK HOSPITAL ROAD BRANCH
Hospital Road, Com 11 Junction
(233)0303-300973
(233)0303-308460
ecobankgh@ecobank.com

ECOBANK KASOA BRANCH
BAWJIASE RAOD
(233)0302-862887
(233)0302-862886
ecobankgh@ecobank.com

ECOBANK KANTAMANTO BRANCH
Tarzan House near Hotel De Horses
(233)0302-678243
(233)0302-678246
ecobankgh@ecobank.com

ECOBANK MADINA CENTRAL BRANCH
Old Road Taxi Rank Near Randy
Pharmacy, Accra
(233)0302-513321/2
(233)0302-513321
ecobankgh@ecobank.com

ECOBANK SUAME BRANCH
Suame - Offinso Road, Kumasi
(233)03220-44414
233-3220-30229
ecobankgh@ecobank.com

ECOBANK SAKUMONO BRANCH
Sakumono Estates Junction,
near the Traffic Light
(233)0303-413617
(233)0302-413617/8
ecobankgh@ecobank.com

ECOBANK KWAME NKRUMAH AVE.
Ground Floor, Okofo House, Kwame
Nkrumah Avenue Adabraka
(233)0302-244835
(233)0302-254693
ecobankgh@ecobank.com

ASHTOWN EAST BRANCH
Dr. Mensah Traffic Light, Kumasi
(233)03220-80552/6
(233)03220-80699
ecobankgh@ecobank.com

ECOBANK KWASHIEMAN BRANCH
Kwashieman Road,
P.O.BOX 1862 ACCRA
(233)0302-7008751
ecobankgh@ecobank.com

ECOBANK EAST AIRPORT BRANCH
Dede Plaza Near Action Chapel
(233)0302-817061/2
(233)0302-817071
ecobankgh@ecobank.com

ECOBANK KWABENYA BRANCH
Adjacent Champion Oil near
Kwabenya Roundabout
(233)0302-409241
ecobankgh@ecobank.com

ECOBANK OKPONGLO BRANCH
Okponglo towards La Bawlashie
Traffic Light, Legon
P.O.BOX 1862
(233)0302922401/030-7008757
(233)-277-900125
ecobankgh@ecobank.com

ECOBANK ASHIAMAN BRANCH
Plot No. Ash/b58 Ashaiman Market
(233)03027051141
ecobankgh@ecobank.com

ECOBANK TWIFO BRANCH
Twifo Oil Palm Plantation Estate
Twifo Praso
0332 195513
ecobankgh@ecobank.com

ECOBANK BENSO BRANCH
Benso oil Plam Plantation(BOPP)
Estate Adum-Benso , Estates
Western Region
0322092185/03220 902055
ecobankgh@ecobank.com

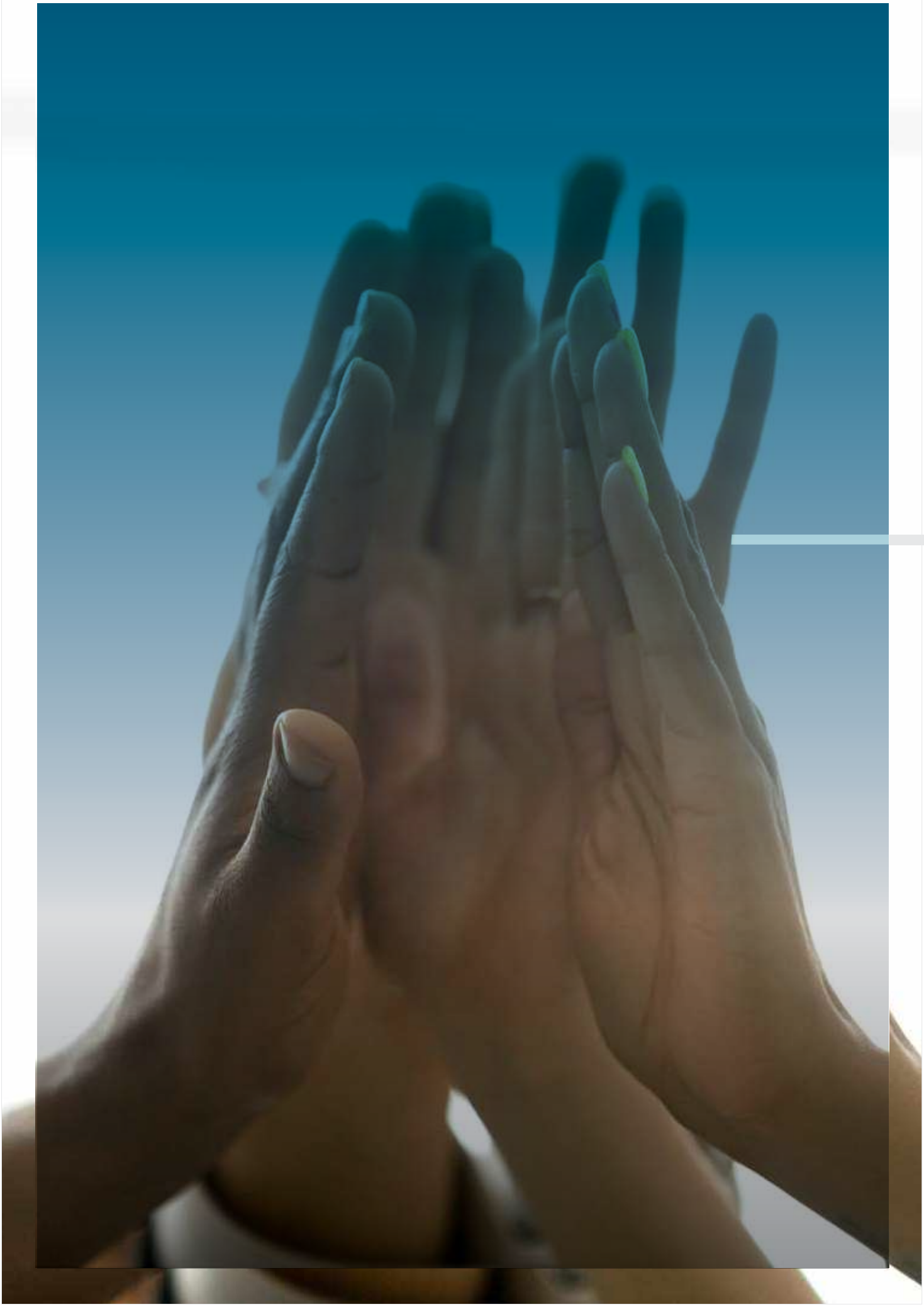
ECOBANK NEW ABEKA BRANCH
New Abeka Branch,
H/N B8/27 Flat Top - George Bush
Highway, Akweteman
0289559780
ecobankgh@ecobank.com

ECOBANK NEW ABIREM
No. 52 New Abirem Main Road
(233)0263-016719
ecobankgh@ecobank.com

ECOBANK ESIAMA BRANCH
Opposite Sunny Corner
Lodge, Esiama
(233) 0504753270 / 0504753267
ecobankgh@ecobank.com

ECOBANK DOME ST. JOHN'S AGENCY
Ground Floor, Twyford House, Accra
Nsawam Road. St. John's.
(233)0307010208
ecobankgh@ecobank.com

ECOBANK BUDUBURAM BRANCH
Buduburam Branch
P.O Box 1862Accra, Accra
(233)233-30220184
ecobankgh@ecobank.com



OUR MISSION AND VISION

Our mission is to provide all of our customers with convenient and reliable financial products and services.

Our vision, which steers us towards growth and success, is to build a world-class pan-African bank and contribute to the economic development and financial integration of Africa.

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NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the **Annual General Meeting (AGM)** of **Ecobank Ghana Limited** will be held at Ecobank **Ghana Limited, 2 Morocco Lane, Off Independence Avenue, Ministerial Area**, Accra on **Friday 17 day of May, 2019** at **10.30** am to transact the following business

Agenda

(Ordinary Business)

1. **TO CONSIDER AND ADOPT** the **Statement of Accounts** of the Company for the year ended the **31st day of December, 2018** together with the **Reports of the Directors and Auditors thereon.**
2. **TO RATIFY** the appointment of a Director.
3. **TO AUTHORISE** the Directors to fix the remuneration of the Auditors.
4. **TO FIX** the remuneration of the Directors.

A MEMBER entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his/her/its stead. A proxy need not be a member of the Company. The appointment of a proxy will not prevent a member from subsequently attending and voting at the meeting in person. A proxy form is on the last page of the Annual Report which should be completed and deposited with the Registrars at Ghana Commercial Bank, Registrars Office, Thorpe Road, High Street, Accra not later than 3.00pm on Thursday 16 May, 2019.

DATED AT ACCRA THIS 23RD DAY OF APRIL 2019.

BY ORDER OF THE BOARD

AWURAA ABENA ASAFO-BOAKYE (MRS.)
(COMPANY SECRETARY).

NOTICE
OF MEETING

BOARD
OF DIRECTORS

Corporate Information

Terence Ronald Darko (Chairman)

Daniel Sackey (Managing Director)

Felicity Acquah (Mrs)

Henry Dodoo- Amoo

Martin Eson-Benjamin

Ohene Aku-Kwapong

John Ofori-Tenkorang

Samuel Ashitey Adjei (Retired 30/4/2019)

Rosemary Yeboah (Mrs)

Morgan Fianko Asiedu (Retired 28/2/2019)

Edward Nartey Botchway

SECRETARY

Awuraa Abena Asafo-Boakye
2 Morocco Lane
Off The Independence Avenue
Ministerial Area,
Accra, Ghana

AUDITOR

PricewaterhouseCoopers
Chartered Accountants
No. 12 Airport City
Una Home, 3rd Floor
PMB CT42, Cantonments,
Accra, Ghana

REGISTERED OFFICE

Ecobank Ghana Limited
2 Morocco Lane
Off The Independence Ave.
Ministerial Area,
Accra, Ghana

REGISTRARS

GCB Bank Limited
Thorpe Road
High Street
Accra, Ghana

BOARD PROFILE

Mr. Terence Ronald Darko - Board Chairman

Mr. Terence Ronald Darko is the Managing Director of Mechanical Lloyd Plc, a position he has held since 1978. He is a seasoned business executive who has served on the Board of Directors of several institutions including the Board of Trustees of the Social Security and National Insurance (SSNIT). He has been the President of the Ghana Employers Association (GEA) from September, 2010 to date. Mr. Darko holds BA (HONS) in Business Studies from the University of London

Mr. Daniel Nii Kwei-Kumah Sackey - Managing Director

Mr. Daniel Nii Kwei-Kumah Sackey is the Managing Director of Ecobank Ghana Limited and Regional Executive for Anglophone West Africa region. He is an accomplished banker with extensive banking experience across East, West and Southern Africa. He has played various key roles within the Ecobank Group since he joined the Bank in 1995.

He previously served as Managing Director for Ecobank Zimbabwe and Cluster Head for the Southern Africa Development Community (SADC) zone comprising Zimbabwe, Zambia, Malawi, Mozambique and Democratic Republic of Congo. Other positions he has occupied include Managing Director of Ecobank Rwanda, Deputy Group Risk Manager and Regional Risk Manager. Mr. Sackey holds a Master's degree in Business Administration with specialization in International Banking and Finance from the University of Birmingham, U.K and a Bachelor of Science Degree in Administration (Accounting Option) from the University of Ghana.

Mrs. Felicity Acquah - Non-Executive Director

Mrs. Felicity Acquah, is a Project Analyst and Development Banker by profession. She was the former Managing Director of Eximguaranty Company (Gh) Limited. With over 35 years of banking and business experience, she served in senior positions at the Agricultural Development Bank, National Investment Bank, Merchant Bank and Women's World Banking. Mrs. Acquah was also a pioneer in establishing the Empretec Ghana Foundation where she worked for seven years. In 2005, the Kwame Nkrumah African Leadership Award was conferred on her by the West Africa magazine. She was also adjudged as the "Marketing Woman of the Year" in 2007 by the Chartered Institute of Marketing Ghana. Mrs. Acquah holds an Executive MBA (Finance) from GIMPA, a Bachelor of Arts Degree in Economics and Law from the Kwame Nkrumah University of Science and Technology and a Postgraduate Diploma in Project Appraisal and Management from the University of Connecticut, USA. She has served on numerous Boards in the past including Bayport Financial Services and is currently a member of the Board of Camelot Limited.

Mr. Martin Eson-Benjamin - Non-Executive Director

Mr. Martin Eson- Benjamin was reappointed CEO of the Millennium Development Authority (MiDA) on 5th December, 2017. He earlier held this position from November 2006 to May 2014. Prior to this, he was the CEO of Empretec Ghana Foundation, serving concurrently as a member of the Presidential Commission on Pensions, from 2004 to 2006. This was subsequent to a very successful career, spanning over thirty years (1972-2004), in Unilever Ghana's Lever Division, where he rose to become the Marketing Director. In the brewing industry, Mr. Eson-Benjamin served as the Chairman and first Ghanaian Managing Director of the Kumasi Brewery Limited (KBL) in 1995, a joint venture of Heineken and Unilever and then as Managing Director of the Ghana Breweries Limited (GBL), Heineken International's subsidiary, in 1997, bowing out as Chairman of the GBL Board in 2004. He currently chairs the Enterprise Insurance Company Limited, Enterprise Properties Limited and the Advisory Board of the University of Ghana's College of Health Sciences. He is also a member of the Board of CFAO Ghana Limited. He was named by the Chartered Institute of Marketing Ghana in 1994 as 'Marketing Man of the Year'. In 2008, he was honoured by the State as Officer of the Order of the Volta, for his contribution to Industry. He holds a Bachelor of Science Degree in Administration from the University of Ghana

Mr. Henry Dodoo-Amoo - Non-Executive Director

Mr. Henry Dodoo-Amoo is the Chief Executive Officer of IAF Management Consultancy with a focus on the areas of Governance, Risk and Compliance Management. He has held this position from 2013 to date. He is a seasoned former banker with over 30 years banking experience, having served in various capacities at the Standard Chartered Bank from 1978 to 2013. The positions he held included Corporate Banking Training Manager, West Africa; Senior Relationship Manager, Global and Multinational Corporates; Head of Sales and Credit Support; Credit Officer, Africa Regional Office; Area Credit Officer, West Africa; Senior Credit Officer in a number of African Countries, and Country Chief Risk Officer in Nigeria and South Africa. Mr. Dodoo- Amoo holds an MBA from the University of Reading, Henley Business School and a certificate from Oxford University, Said Business School for executive education in leadership.

Dr. Ohene Aku Kwapong - Non-Executive Director

Dr. Ohene Aku Kwapong is a Chemical / Financial Engineer by profession. He is currently with the Songhai Group in Sarasota Florida, a corporate development company focused on strategy implementation, sales and operational excellence. Over the years, he has served in various capacities including Senior Applications Engineer at Exxon Research and Engineering, Florham Park and Associate, Structured Credit Financing at the Deutsche Bank, London.

He later rose to become Vice President, Credit Trading, Structured Products at the Deutsche Bank. He also worked with Park Street Advisors, London, formerly in the capacity of Head, e-Trading Strategy & Business Development and then as the Chief Restructuring Officer. He has served on several boards such as the Nordicom A/S, Denmark and the New York City Economic Development Corporation, New York. Dr. Kwapong obtained a Bachelor of Science Degree and Master's Degree in Chemical Engineering from Massachusetts Institute of Technology (MIT) as well as a PhD in Chemical Engineering from Columbia University, New York. He also holds an MBA in Financial Engineering from the MIT Sloan School of Management

Dr. John Ofori-Tenkorang - Non-Executive Director

Dr. Ofori-Tenkorang is a seasoned Investment Banker and Engineer. He is currently the Director General of the Social Security and National Insurance Trust (SSNIT). Prior to his appointment, he worked in the office of the Vice President as a technical advisor. He has held various positions including serving as an instructor at MIT, Vice President with AIG Financial Products Corporation and subsequently as an Executive Director at Banque AIG. In this capacity, he was posted to South Africa, where he was responsible for AIGFP's investment banking activities in Africa. Dr. Tenkorang attended Massachusetts Institute of Technology (MIT), where he was awarded a Bachelor of Science Degree and Master of Science Degree in Engineering, as well as a PhD in Electrical Engineering and Computer Science. He is a member of Tau Beta Pi, Eta Kappa Nu, and Sigma Xi Engineering Honor societies. He is currently a board member of the National Identification Authority and Ghana International Bank (UK).

Mr. Samuel Ashitey Adjei - Non-Executive Director

Mr. Samuel Ashitey Adjei is currently the Managing Director of Ecobank Kenya with additional responsibilities as Regional Executive of the Central, Eastern and Southern region of the Ecobank Group. Prior to this, he served as the Managing Director of Ecobank Ghana Ltd and Cluster Head for the Anglophone West African (AWA) region for over ten years. Mr. Adjei is a seasoned banker with over 25 years' experience in the Ecobank Group. He holds a BSc in Mathematics & Statistics and an MBA (Finance) from the University of Ghana, Legon.

Mrs. Rosemary Yeboah - Non-Executive Director

Mrs. Rosemary Yeboah is an experienced Banker with over 23 years banking experience with international banks in the United Kingdom, Ghana and Southern Africa. These include Standard Chartered Bank and Credit Suisse First Boston. She has been with the Ecobank Group since 2008 and held various positions within the Group. She has served as Group Cluster Head; Corporate Banking-WAMZ region, Group Head, Multinational & Regional Corporates, with responsibility for managing the Networked Corporate Clients within the Bank and Regional Head, Corporate Banking, EAC. Mrs. Yeboah holds a BA (Hons) in Economics from the University of Kent, Canterbury, UK, an MA, Economics, from the Université De Grenoble, France and an MBA from the Laureate University of Liverpool, UK. She has also had executive education in leadership from the Centre for Creative Leadership and University of Oxford, SAID Business School, UK.

Mr. Morgan Fianko Asiedu - Executive Director

Mr. Morgan Fianko Asiedu has been with the Ecobank Group since February 1992. He was appointed Executive Director of Ecobank Ghana (EGH) with oversight responsibility for the Legal, Human Resource and Compliance Departments in September 2012. Prior to this appointment, he was the Group General Counsel and Company Secretary of Ecobank Transnational Incorporated (ETI),the parent company of the Ecobank Group. In this role Mr. Asiedu was Chief Legal Counsel to both the Board and Management of ETI. Before assuming the position of Group General Counsel in July 2010, he was Company Secretary and Head of the Legal Department for Ecobank Ghana. In this role, Mr. Asiedu was part of the Management team that transformed EGH from a two branch Merchant bank into a Universal Bank with several branches across the country. Other positions held at EGH include Head of Administration and Head, Legal & Credit Administration Department. An alumnus of Mfantsipim and Achimota Schools, Mr. Asiedu qualified as a lawyer in 1989 and is a member of both the Ghana Bar Association and the International Bar Association. He holds a Bachelor of Arts Degree (Law and Sociology) and an Executive MBA both from the University of Ghana.

Dr. Edward Nartey Botchway - Executive Director

Edward joined Ecobank Ghana in November 2004 and was appointed Executive Director (Finance) of Ecobank Ghana on 1st December 2016. He is also the Regional Chief Finance Officer for Anglophone West Africa comprising Ghana, Guinea, Liberia, Sierra Leone and Gambia. He held the position of Regional Chief Finance Officer for Central, Eastern, and Southern Africa from November 2016 to April 2018. Edward has over 24 years of experience in the Banking sector spanning Credit, Finance, Strategy and Branch Operations. Edward's 24 years in the banking sector includes the following roles: Head of Group loans (Citi Savings and Loans), Member of Credit Committee of GCB Bank, Acting Chairman of EximGuarantee Credit committee, Finance Director GCB Bank, Finance Manager (Citi Savings and Loans), Branch Operations Officer (Citi Savings and Loans), Budget and Planning Manager – Ecobank Transnational Incorporated (Lome).

Edward is a Fellow of the Association of Certified Chartered Accountants (ACCA) – United Kingdom and a member of the Institute of Chartered Accountants (ICA) Ghana. He holds a Doctorate in Business Administration and a Master's in Applied Business Research from the Swiss Business School – Zurich Switzerland. He also holds a Postgraduate degree in Contemporary Management from the Nobel Business School, Accra and a BA Economics from the University of Ghana. He also has executive education in Strategy and Leadership from the Columbia Business School, New York.

Awuraa Abena Asafo-Boakye - Company Secretary

Awuraa Abena Asafo-Boakye is the Company Secretary and Head of the Legal Department of Ecobank Ghana Limited. She also has additional responsibility for the Anglophone West Africa (AWA) region comprising Ghana, Guinea, Liberia, Sierra Leone and Gambia. She served previously as the Head of Human Resources of the Bank with oversight responsibility for the AWA region. Prior to joining Ecobank, she worked as a Legal Practitioner at Sena Chambers, a leading law firm in Ghana. An accomplished lawyer, Awuraa Abena was recognized in 2015 by Legal 500 as one of the top 100 in-house counsel in Africa.

Awuraa Abena is a member of the Ghana Bar Association as well as the International Bar Association. She serves on several Boards including Ecobank Capital Advisors Limited, Ecobank Venture Capital Fund 1 and the Board of Trustees for the Ecobank Ghana Tiers 2 & 3 Provident Fund Schemes. Awuraa Abena holds an LLB degree as well as an Executive MBA (finance) degree from the University of Ghana, Legon. She has also obtained executive education from the Harvard Business School, Boston MA and Columbia Business School, New York NY.

MANAGEMENT TEAM (as at 31 December 2018)

Daniel Nii Kwei-Kumah Sackey
Managing Director

Morgan Asiedu
Executive Director, Legal, Compliance & Human Resource

Edward Botchway
Executive Director - Finance

Samuel Hiram Yaro
Head, Operations & Information Technology

Awuraa Abena Asafo-Boakye
Company Secretary & Head, Legal

Tara Squire
Head, Consumer Banking

Daphne Oppong
Head, Human Resource

Patrick Bleboo
Head, Internal Control

Alfred Sakyi
Head. Commercial Banking

Joana Mensah
Head, Risk Managemnt

Henry Ampong
Head, Corporate Banking

Albert Bartlett-Mingle
Head, Internal Audit

Rita Tsegah
Head, Corporate
Communication and Marketng

John Nyaaba
Head Treasury

Carl Asem
Business Manager

FINANCIAL

HIGHLIGHTS

	THE GROUP		THE BANK	
	2018 GH¢'000	2017 GH¢'000	2018 GH¢'000	2017 GH¢'000
At 31 December				
Total assets	10,454,765	9,098,038	10,457,596	9,098,692
Loans and advances to customers	4,149,511	2,685,468	4,123,153	2,685,759
Customer deposits	7,608,841	6,541,648	7,627,083	6,447,818
Shareholders' equity	1,326,219	1,036,825	1,313,814	1,026,798
For the year ended 31 December				
Revenue	1,307,498	1,116,846	1,302,702	1,115,831
Profit before tax	506,251	358,383	500,974	357,760
Profit after tax	339,968	253,645	337,590	255,384
Earnings per share (Ghana pesewas):				
- Basic	110	87	109	87
- Diluted	110	87	109	87
Return on average equity (%)	28	25	30	26
Return on average assets (%)	3.5	3.0	3.6	3.0
At 31 December				
Number of staff	**1,407**	**1,583**	**1,404**	**1,575**
Number of branches	**67**	**67**	**67**	**67**

CORPORATE & INVESTMENT BANK

The Corporate and Investment Bank (CIB) business delivered a profit before tax of GHS 293 million representing a 45% increase compared to GHS 202 million in 2017. Performance for the year was anchored on strong growth in Cash management funded by improved Customer deposits, increased Trade business driven by volumes and Net trading income.

Our Cash Management business provide bespoke domestic and cross boarder payments, collection solutions and liquidity management products to enable corporate clients better optimize their funds. Through our proprietary electronic banking channel, the Ecobank Omni, our Corporate banking customers can access online information on their accounts, for example, statements, balances and transaction details as well as initiate payments to suppliers, statutory bodies like tax revenue authorities, pension payments, dividends, healthcare contributions and salaries. In 2018, volume and value of transactions processed via Ecobank Omni grew by 17% and 33% respectively consolidating gains on the platform. Other digital channels such as BankCollect, PayWith, POS and Web acquiring also increased in collection volumes as the business expanded client acquisition and onboarding.

Net Trading income from our FICC business saw tremendous growth across the various business segments. The Client Sales business revenue grew by 55% with Trading and Balance Sheet Management growing by 38% and 12% respectively. The efficient management of Balance Sheet as well as strong sales performance resulted in 30% rise in overall FICC income. To accelerate operational efficiency and capabilities, appropriate technology has also been deployed to aid the business. In 2018, three new separate operating systems were deployed to boost our Custody business, Trading and Asset and Liability Management respectively. 2018 was a successful year for our Global Corporates Business. Income from operation grew by 28% from GHS 118million to GHS 151million as we increased focus on Structured Trade and Cash management led revenue growth. The aim was to deepen cross selling opportunities anchored on self-liquidating financing structures and increased digital product offering to mine the value chain around our Multinationals. We are well positioned to make Ecobank the partner of choice for leading multinationals operating in the country.

Our Public Sector business also grew by 11% supported by increased volumes of transactions across our product offering. Partnering with other financial institutions, the Business successfully structured syndicated facilities in excess of GHS 250million to support major Government projects within the Education and Road sector. We also witnessed increased adoption of our digital collection products by key state institutions. The International Organizations (IO) and Financial Institution business delivered a year-on-year revenue increase of more than 12% evidencing our strong ties with global development sector stakeholders, financial institutions and international correspondence. Our partnership with Global Fund positioned us as supplier of choice in digital channels for an extensive network of grant implementers collaborating with key NGOs.

In 2018 we also expanded and deepened our Local High Corporate business leading to an 18% increase in revenue from GHS 52.7million to GHS 67million. Despite tightening of credit in the market, the Business made significant inroad acquiring new businesses and strengthening existing relationships. Growth was largely driven by loans & liquidity, Cash management and improved Trade business.

Revenue

Profit before Tax

Loans

Deposit

COMMERCIAL BANKING (CMB)

Generally, 2018 was a momentous year with several extensive developments within the financial services sector. The foremost one was regulatory; encompassing reforms and enhanced supervision with the introduction of the Ghana Reference Rate (GRR) and the countdown to the new minimum capital requirement of 400 million Ghana cedis. The associated collapse of some banks and Microfinance institutions did not only rob the Commercial Banking unit of some high profile customers but also heavily dented trust within the industry, particularly, among the small to medium sized enterprises who constitute the biggest segment of the CMB customers. The coming into force of the International Financial Reporting Standard (IFRS) 9 significantly influenced asset selection, classification and facility structuring.

As a business unit focused on providing need based solutions and service suites aimed at supporting and encouraging the most critical segment of the Ghanaian business landscape comprising small and medium size enterprises (SMEs), medium local corporates and non-governmental public sector institutions; CMB implemented strategic initiatives designed to engineer superior capacity to deliver efficient performance in the face of strong headwinds. These initiatives included rationalization of the sales force to a leaner and more agile team, the reorganization of our branch distribution network into clusters and partnerships with the Ministry of Trade and Industry in relation to the One District One Factory programme.

The long term sustainability of our business hinges on grooming and nurturing our customers especially those within the SME segment. The Unit undertook a number of customer capacity building programmes during the year under review to boost the knowledge and skills of key personnel of a cross-section of our customers. Some of these programmes include; Succession planning workshop as well as financial planning and management seminars for educational and religious institutions.

CMB financial performance for 2018 reflected the successes of the strong foundation established in prior years, strategic initiatives undertaken in 2018, our customer engagement activities and the consistent provision of tailored solutions scoping transactional services including trade and cash management as well as treasury offerings.

The bottom line grew by 37% year on year to GHc81 million. This was anchored on a strong top line growth of 20% which overshadowed a 10% increase in operating expenses (GHc164 million). Total Unit revenue for 2018 closed at Ghc253 million. Particularly refreshing was the strengthening of transactional revenues as Trade Finance saw a 36% incremental revenue while Fixed Income, Currencies & Commodities (FICC) similarly closed 32% higher compared to 2017. Contribution from Non-interest income increased from 38% at the end of 2017 to 40% in 2018, a reflection of the agenda to diversify revenues and dilute reliance on funded income.

37%

GROWTH IN PROFIT BEFORE TAX

Commercial Banking business witnessed a healthy growth in its financial position as at end of 2018. Loan size of GHc498 million reflected an expansion of 32% year on year. With a non-performing loan (NPL) ratio of 8.6%, quality of the loan book is generally high relative to the overall industry trends in the particular customer segment of CMB.

On the liability side, customer deposit saw a remarkable growth of 25%, bringing the total to GHc1.3 million. Deposit mix is 74% non-interest bearing thus giving the Unit a strong leverage to competitively price its earning assets. The composition of the Unit's deposits reflects the success of collection solutions deployed by the Unit to its customers. Overall, CMB financial performance showed resilience in a difficult year.

Digital | Uptake & Utilization

Our bouquet of digital services is designed to offer payments and collections solutions that meet the needs and capabilities of all our customer segments and include EcobankPay, Omni, Omni Lite, Retail Internet Banking and the Ecobank Mobile App. As at close of 2018, 43% of CMB customers were on at least one of the digital channels. Uptake of EcobankPay increased by 83% while Omni grew by 67% in 2018 with utilization at 58%.

The remarkable growth in adoption was anchored on consistent marketing efforts and customer capacity building including weekly digital school for customers and specialized onsite training for relevant staff of clients.

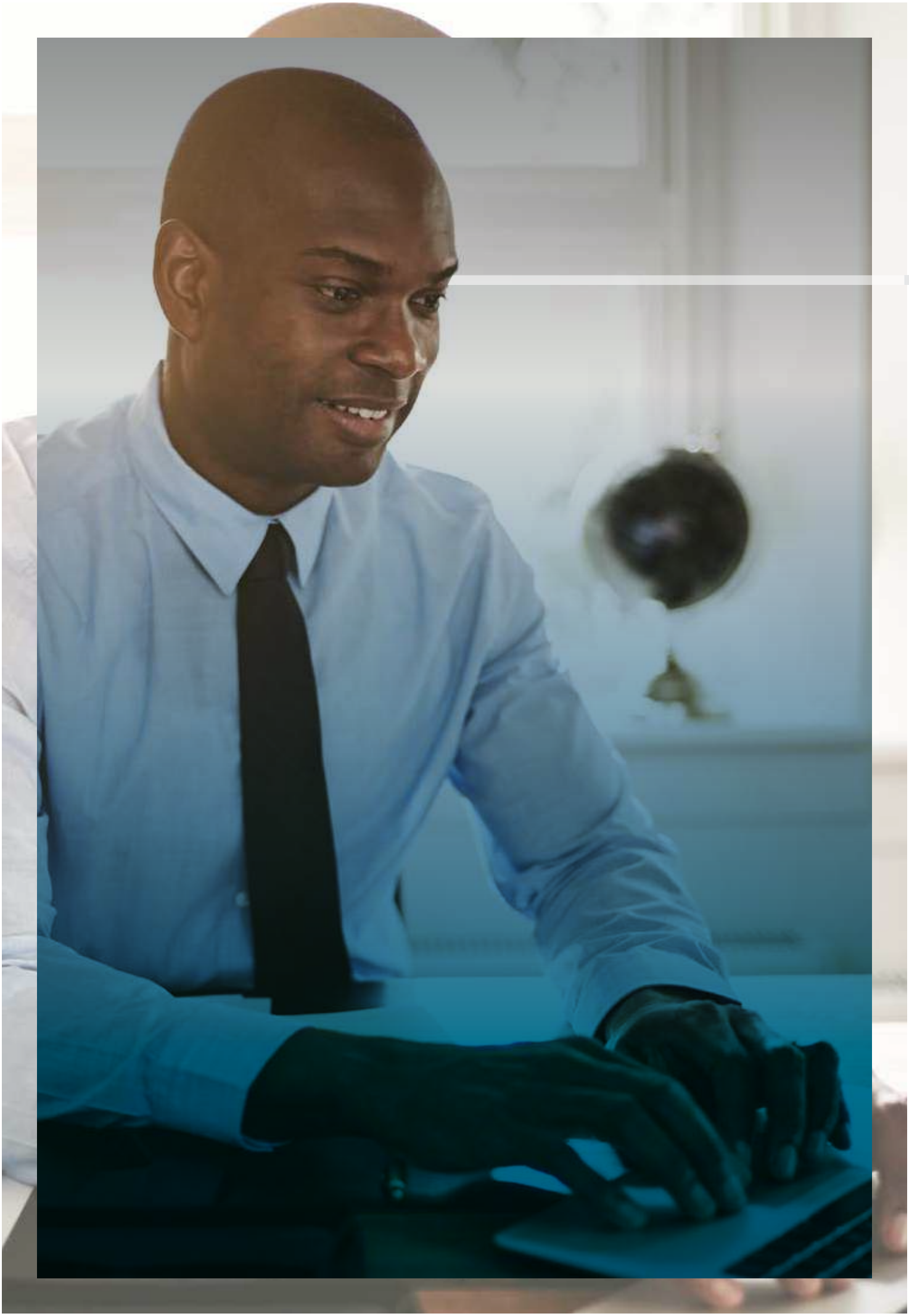
The way forward in delivering best in class solutions to all our customers especially the "table top entrepreneurs" is digital, hence the strategic focus of our digital agenda will particularly be not only on onboarding but also on utilization.

Looking Ahead

CMB is very optimistic about its ability to leverage on the foundation laid in past years to continuously push the agenda of strategically nurturing and supporting small to medium scale enterprises, medium local corporates as well as educational & faith-based organizations. This commitment is engrained in Ecobank's pan-African mission of contributing to the economic development of the continent of Africa and the role of small and local businesses in the development of the continent.

We are particularly excited about the opportunities offered by our top of the market digital offerings as they empower us to deliver efficient banking solutions to the critical mass of our target market. We are unwavering in providing our clients across Ghana, responsive solutions that endow entrepreneurs in Ghana to create measurable socioeconomic improvements across our dear country.

20% GROWTH	37% GROWTH	32% GROWTH	25% GROWTH
Revenue	Profit before Tax	Loans	Deposit



CONSUMER BANKING

Consumer Bank posted impressive results in 2018 despite a challenging economic environment and the regulatory changes in the banking sector. Our year end results demonstrate both the strength and potential of our business. We serve close to 1.9 million customers nationwide through three main business segments: Premier, Advantage and Direct banking with uniquely created value propositions for each segment. Our operating model support customers with tailored financial products and services as follows:

- Personal Loans
- Mortgages
- Remittances
- Cards & e-banking
- Current Account & Savings Accounts (CASA)
- Ecobank Mobile App
- Xpress Points

Our Digital Offerings

Our digital offerings are reliable accessible and convenient meeting customers at the point of their need.

Our flagship Ecobank Mobile App is a very unique mobile banking application which gives customers fast, simple, convenient and secure access to their bank accounts. Unlike most mobile banking applications available on the market, the Ecobank mobile app enables phone to among other things;

- open an Ecobank XpressAccount instantly on their mobile phone and provides an easy route to financial inclusion for the previously unbanked
- transfer money instantly free within Ecobank or at very low costs to other banks, and across Africa, using Ecobank Rapidtransfer and Ecobank mVisa P2P
- make payments using Ecobankpay Scan+Pay through Masterpass, mVisa and Mcash
- pay utility bills, school fees, subscriptions, make donations and buy airtime instantly • generate payment tokens using Ecobank Xpresscash to do cardless ATM withdrawals or at an Ecobank Xpresspoint
- manage accounts and investments transparently and conveniently

Agency Banking

During 2018, our Ecobank Agency Banking concept called Xpress Point was launched to offer banking services across the country. The Xpress Point initiative seeks to deliver financial services to the doorstep of every Ghanaian across the country in partnership with fueling stations, pharmacies, supermarkets and mobile money agents. Ecobank Xpresspoints provide convenient and fast cash-in and cash-out services to our customers in under-served urban communities; enabling them to embrace cashless banking. It also provides the unbanked and underbanked the opportunity to access banking services through retail outlets across the country.

Financial Performance

In 2018, Consumer banking made revenue of GHS 340m which was 16% above same period last year. Key drivers were Personal loans, Cards, Current and Savings Accounts and Remittance. The business closed the year with profits before tax of GHS 133 million. Compared to the prior year, profit increased by 36%. Increased revenues, lower impairment charges and a moderate increase in cost accounted for the growth in PBT for the year.

Customer Deposits grew by 20% to end the year at GHS1.82 billion compared to GHS1.52 billion in 2017. The increase was largely driven by growth in our savings and current deposits (CASA) anchored on our agency banking and our digital deposit mobilization drive.

Customer loans at the end of the year was GHS 384 million representing a 40% growth year on year. Remittance revenue was GHS 57 million representing an 18% year on year growth; Transactions were a total of 949,038 with FX Inflows of $313 million distributed through our 370 remittance points.

Cards and E-banking revenue was GHS 62 million representing 10% year on growth; transactions were a total of 9.9 million whilst value was GHS 5.7 billion. POS transactions grew by 170% for MasterCard and International Sales growth for Visa was 56%

Our range of products and services meet the day-to-day banking, financing, investment and transactional needs of our customers.

We remain focused on delivering on our commitment to be the leading consumer financial services franchise in Ghana

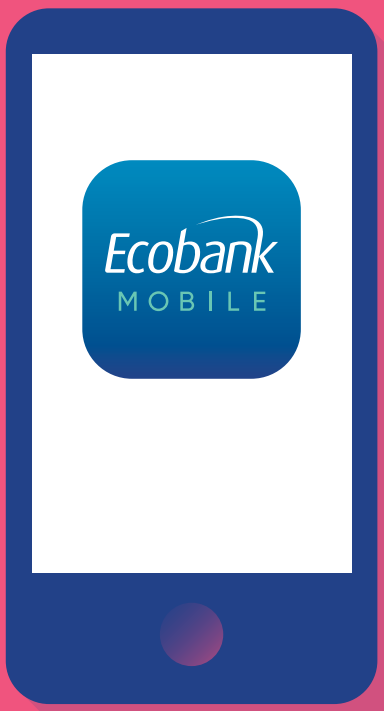
Revenue

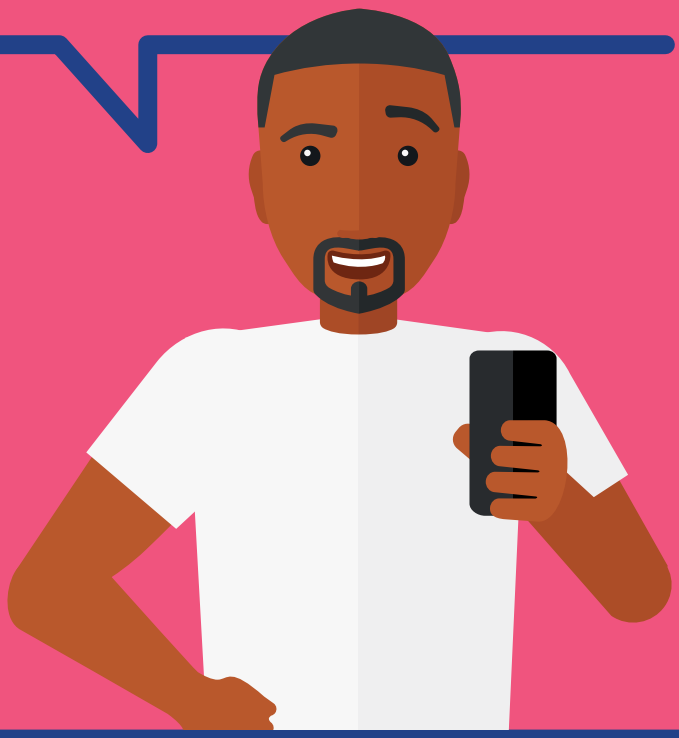
Profit before Tax

Loans

Deposit

I pay my bills on my mobile because it's much quicker and easier too





PAY

- Pay your bills on your mobile in and across 33 African countries
- For utilities, DSTV and more
- Safe, trusted and convenient

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ecobank.com

Ecobank
The Pan African Bank

Terence Darko
Board Chairman

A WORD FROM OUR CHAIRMAN

Dear Shareholders,

It is with great pleasure that I welcome you to our Annual General Meeting and present to you, on behalf of the Board of Directors of Ecobank Ghana Limited, our financial performance for the year ended December 31st 2018.

The Ghanaian banking sector, during the review period, has undergone significant changes, marked in part by the Central Bank's directive for banks to raise their minimum capital from GHC 120 million to GHC 400 million coupled with an industry wide clean up exercise aimed at strengthening the sector. As indicated during our last AGM, your bank successfully executed its plan to transfer part of its accumulated reserves to stated capital in order to ensure compliance with this directive. Other banks have sought to comply with the increased capitalization requirement through a combination of fresh capital injection, transfers from reserves, mergers, consolidation and in some cases voluntary exit from the banking sector. As a result, the number of banks in the country has reduced from 34 to 23 over the past one year. I will like to assure all shareholders that your bank is well positioned to execute on its strategy.

I will now update you on the operating environment before I delve into our financial performance for the year under review.

Operating Environment

On the economic front, the Government continued with its inflation targeting policy, with the rate of inflation closing the year at 9.4%, down from the prior year's 11.8%. Taking a cue from the above, interest rates remained subdued with the policy rate ending the year at 17%, from 20% at the start of the year. The benchmark lending rate, namely the Ghana Reference Rate, which directly impacts our revenues from lending, ended the year at 16.61%. The cedi maintained some stability in the first half of the year before taking a bearish turn from the second quarter to the end of the third quarter 2018, mainly due to unexpected profit taking activities of foreign portfolio investors. The cedi regained some stability in the fourth quarter and recorded a year to date depreciation rate of 8.4% as at December 2018.

Overall the economic environment was relatively stable and showed signs of recovery after a challenging 2017. The banking industry on the other hand is yet to fully recover from the aftershocks of the withdrawal of licenses, mergers, consolidation and the voluntary exit of about 11 banks. We are confident however that the sector is on a positive path and will ultimately be stronger and better placed to provide the needed services to all customers.

It is worth noting that Ecobank Ghana has weathered this storm due to our robust risk and capital management structures. We have built a strong bank anchored on our mission to provide our customers with convenient, reliable and easily accessible services, providing further confirmation that we are here to stay. Now let me tell you about our performance for the 2018 financial year.

2018 Performance

Ecobank Ghana delivered very strong profit before tax growth of 41% year- on-year to GHS506 as at December 2018. The increased profitability performance was anchored on strong revenue growth, lower impairment charges coupled with successful execution of our cost containment strategies. Revenues went up 17% to GHS1.3 billion with excellent contribution from all our business units. Corporate Banking led the performance with a contribution of 38%, Consumer Banking with 26%, Commercial Banking 19% and treasury 17% respectively.

Net interest income continues to be the largest revenue contributor at 67% while non-interest income chipped in with a 33% stake. The 18% growth in net interest income was driven by interest earned on the back of higher loan volumes. Despite a 28% increase in interest expense, which was reflective of the operating environment, revenue performance was shored up by a 15% growth in non-interest income, driven largely by the successful implementation of our trade and cash management initiatives. Our treasury business has continued the excellent growth trend witnessed last year with a turnout of GHS211.6 million from trading income, up 47% over last year's GHS144 million. This growth was driven by increased volumes from fixed income and trading activities as well as a favourable exchange rate environment.

Our operating costs were up by 15% on the back of general inflationary pressures and exchange rate depreciation. We expect our various cost management initiatives to impact positively on our cost base and efficiency levels in 2019.

Ladies and gentlemen, we have come a long way in our quest to address the asset quality concerns around our legacy Bulk Oil Distributor Company (BDC) loan book. I am happy to inform you that we have made significant progress on the troubled energy sector loan book with the part payment of the outstanding receivables from government. We are confident of a full resolution in 2019, following the completion of a government commissioned verification process for the outstanding amount attributable to government. In 2019, we expect to be able to term out the residual BDC exposure through series of bilateral negotiations with the companies involved. In line with the above, our impairment charges for 2018 reduced by 26% from GHS174 million to GHS129 million, largely driven by the above mentioned part-payment and the lower provisioning on a healthier loan book compared to the previous year. Our Cost-of-risk of figure of 3.0% for 2018 compared favorably to 6% at the end of 2017, a reflection of the lower impairments plus improvements in the quality of the credit portfolio.

Our customer deposits of GHS7.6 billion, was up 16%, on the back of improved product offering and increased customer confidence in the Ecobank brand. The increase in customer deposits was broad-based, driven mainly by active customer engagements, enhanced deposit products and supportive digital channels and offerings.

Overall, our performance generated a return on average equity of 28% to our shareholders.

Dividend

After meeting the statutory stated capital amount of GHS400 million, our total shareholder funds are currently stated at GHS1.32 billion making us one of the best capitalized banks in the industry. However, we believe that continued investment in our business is required going forward, partly due to the adoption by the central bank of the new Basel II and III requirements and the associated new capital requirements directives. As a result, we are unable to pay cash dividend for the 2018 year.

We are positive that we will return to dividend payment in the near future.

Communities

While delivering value for our shareholders and providing excellent returns on investment, it is essential that we achieve our goals in the right way as it ensures sustainability and continuous customer value creation. In this regard, we take our community responsibilities seriously. I am extremely proud of the work we have done in 2018 to support our communities and I would like to highlight some of these initiatives implemented by your bank during the year under review:

In the area of health, our blood donation exercise to support the annual "Blood is Life" campaign of the National Blood Bank, yielded a total of 800 pints of blood which was duly presented to the National Blood Bank. The exercise was

conducted across four centres in Tema, Accra, Kumasi, and Tamale, in collaboration with the National Blood Services. We also supported the National Diabetes Association to drive awareness and embarked on free health screening exercises at various locations across the country. Ecobank financed life-saving heart surgery for five underprivileged children with the "hole in heart" condition, in partnership with the Children's Heart Foundation.

Additionally, the bank continued to finance the education of 11 orphans in the Village of Hope Orphanage and over 50 under-privileged students through various second cycle and tertiary institutions, who were shortlisted by the National Partnership for Children's Trust.

Our annual Ecobank Day celebration in November was held under the theme "Supporting Young lives." In Ghana, we collaborated with the Department of Social Welfare, UNESCO and other key stakeholders to commemorate the day with a series of activities including a public forum to create awareness and address the need for sustainable childcare for vulnerable children. Six care centres for vulnerable children received various donations including well-stocked computer labs with internet access, food items, clothes, water tanks for storage in addition to the provision of a dozen full scholarships.

In June 2018, in commemoration of World Environment Day, Ecobank Ghana in partnership with the Forestry Commission of Ghana, Zoomlion, Environmental Protection Agency and the Multimedia Group, embarked on tree planting exercises in Accra, Tamale and Kumasi. Our staff joined students and faculties from the St. Thomas Aquinas Secondary School to promote a culture of environmental preservation. This activity was in addition to the donation of refuse bins and a series of environmentally focused lectures.

A year of Accolades

We received the following awards during the year:

- AGI Best Company in the Financial Services Sector (Banking)
- CIMG Marketing Oriented Company of the Year
- CIMG Hall of Fame Award
- Ghana Business Awards: Bank of the Year
- Ghana Business Awards: Excellence in Innovation and Technology
- Mobex Africa Innovation Award
- Mobex Africa Best in Banking Solutions
- Sustainability and Social Investment Awards: Best Company in Charitable Giving
- Sustainability and Social Investment Awards: Best Company in Project Supporting Educational Institutions
- West Africa Business Excellence Award in e-commerce and Digital Experience
- International Finance Awards Most Innovative Retail Bank - Ghana 2018.

Summing Up

We have made considerable progress during the past year, thanks to the efforts of our employees across the country. But we have more work ahead. Our goal is to be a more digitized, client-driven and innovative organization. We expect to deliver greater shareholder value growth through increased revenue generation and cost management. I firmly believe that we are on the right path and that the changes that we have seen in the banking industry will lead to sustainable growth in the future for all our stakeholders.

Your support, for which I am very grateful is critical to the long-term success of our bank. Thank you, once again fellow shareholders, and thank you colleague Board Members for your support throughout the year. I cannot end my address without also thanking the Managing Director, Management and Staff for their hard work and dedication to duty. We did push them very hard to deliver on the numbers and they rose to the occasion. My final thanks goes to God Almighty for yet another successful year. I look forward to seeing you all again next year.

God bless us all.

Thank you.

MANAGING DIRECTOR'S REMARKS

Dear Shareholders,

Welcome to our 2018 financial year annual general meeting. It is my pleasure to present the annual report of our activities and financial performance for the year ended 31 December 2018.

2018 was quite an eventful year for the Ghanaian banking industry. The Central Bank embarked on a major drive to streamline its activities and improve governance of the institutions operating in the sector. It introduced new guidelines covering Capital (Basel II & III), Corporate Governance and a Fit-and-Proper Requirement for board members of banks. Furthermore, the Bank's earlier directive for raising of banks minimum capital from GHC 120 million to GHC 400 million expired in December 2018. Consequently, these initiatives by the Central Bank resulted in the revocation of licenses and collapse of some banks thereby reducing the number of banks to 23 from 34 a year earlier.

Despite the challenging environment; Ecobank Ghana continues to be resilient. Indeed, we witnessed increasing customer confidence in our brand as evidenced by the growing customer numbers and deposit base. Your bank met the new minimum capital requirement ahead of schedule, and our liquidity and solvency ratios are well within the statutory requirement. This is a clear testament of our ability to continue growing in a challenging environment.

Dan Sackey
Managing Director

Update on our Digital Agenda

Over the last year 2 years, we have improved accessibility and convenience to our esteemed customers through our bank-wide digitization agenda. As a result, we have been recognized as industry leaders in digital innovation, setting the pace for others to follow.

Our flagship Ecobank Mobile App is being actively utilized by over 300,000 customers since its release on the Ghanaian market in 2016. Our Ecobank Scan and Pay product which enables merchants, particularly micro, small and medium enterprises to accept secured payments via mobile phones and avoid the need for costly point of sale devices continues to redefine payments in Ghana.

Our Ecobank XpressAccount, which allows the unbanked population to open accounts using simple mobile phones, is proving to be very popular since its launch.

Ecobank OMNI, our digital cash management solutions for Corporate and Commercial banking clients enables ease and efficiency in executing payments.

In line with our financial inclusion strategy to make banking services available to the under banked and unbanked population, we launched our agency banking service concept called "Xpress Point" to provide access to banking services through retail outlets across the country. The Xpress Point initiative seeks to deliver banking services to the doorstep of every Ghanaian across the country.

Ecobank Xpress Points have afforded the bank the opportunity to serve Ghanaians in areas where the bank has no physical presence including parts of the Eastern, Central, Volta, Northern and Upper Regions. Currently, we have over 800 agents across the country offering services ranging from opening Ecobank Xpress Account, cash withdrawals, deposits into Ecobank accounts, redeeming e-token and accessing remittances amongst others. Our partnership with Vivo Energy which was launched in August 2018 enabled our customers to access financial services at all Shell outlets across the country. An initial 16 outlets are fully operational, with an expanded rollout planned for 2019.

I am delighted that our products and services continue to provide greater convenience and accessibility to our customers.

Let me now turn to the highlights of our financial performance for the 2018 financial year.

Financial Performance

Our 2018 results demonstrate the resilience of the Ecobank brand. In 2018, Ecobank Ghana reported pre-tax earnings of GHS506 million compared to GHS358 million in 2017; a 41% increase year on year. All our business units remained profitable during the year under review.

We retained our market leadership in revenue in 2018, despite a subdued operating environment. Our total revenue grew by 17% to GHS1.3 billion in 2018. This performance was underpinned by an 18% and 15% growth in funded and non-funded income respectively.

Net interest income increased from GHS744 million in 2017 to GHS878 million driven largely by increased lending to customers in the corporate and SME space.

Non-interest revenue increased by 15%, over the prior year on the back of a 47% growth in trading income largely due to higher volumes and a favorable exchange rate environment.

Net fee and commission revenue was down by 8% impacted by margin compression. We expect ongoing success in our payments strategies; growth in client numbers as well as increasing patronage of our alternative channels to drive fee income growth in the future.

The bank's total impairment charges decreased by 26% to GHS129 million largely as a result of improved credit origination, better loan monitoring and proactive remedial management and remediation efforts. Operating expense growth was well contained at 15% due to robust and focused cost management initiatives, while ensuring continued investment for future growth.

Our balance sheet remained strong, with total assets of GHS 10.45 billion, a growth of 15% from prior year. Our customer deposits grew by 16% from GHS 6.5 billion in 2017 to GHS 7.6 billion in 2018. We continue to support business growth in Ghana as evidenced by our net loan book of GHS 4.1 billion which is the largest in the industry.

Your Bank maintained healthy capital ratios during the year. At 31 December 2018, our capital adequacy ratio was 16.35%, well above the regulatory requirement.

Fellow shareholders, I am extremely proud of what we have achieved this past year, notwithstanding the ensuing challenging environment.

I look forward to even more successful years ahead as we harness the benefits from the numerous initiatives discussed above.

People

Our employees remain key to our success story. At the heart of our accomplishments are our professionals who work tirelessly to ensure we deliver value on your investment. My special gratitude goes to each Ecobanker. On behalf of the board, we commit to remain focused on creating an environment where our people can improve their skill, gain new expertise, and develop their careers.

Looking Ahead

We are optimistic about the future of Ghana's banking industry. We believe the actions implemented by the Central Bank will improve business and consumer confidence, and drive growth across the sector.

At Ecobank, we will continue to support sustainable economic growth in Ghana. Amidst the growing competition, we maintain a relentless focus on providing customer-friendly and digitally-enabled services to our clients. We remain committed to improving operational efficiency through our continuous investments in various initiatives aimed at improving customer experience. We believe we are well placed for the years ahead and will continue to return profitability to you, our esteemed shareholders.

Conclusion

Let me close with profound thanks to God for seeing us through yet another successful year. To our shareholders who continue to invest in this great institution, I say thank you. I also thank our board members and parent company for their leadership and counsel. To all our customers we relish the opportunity to serve you.

Thank you all.

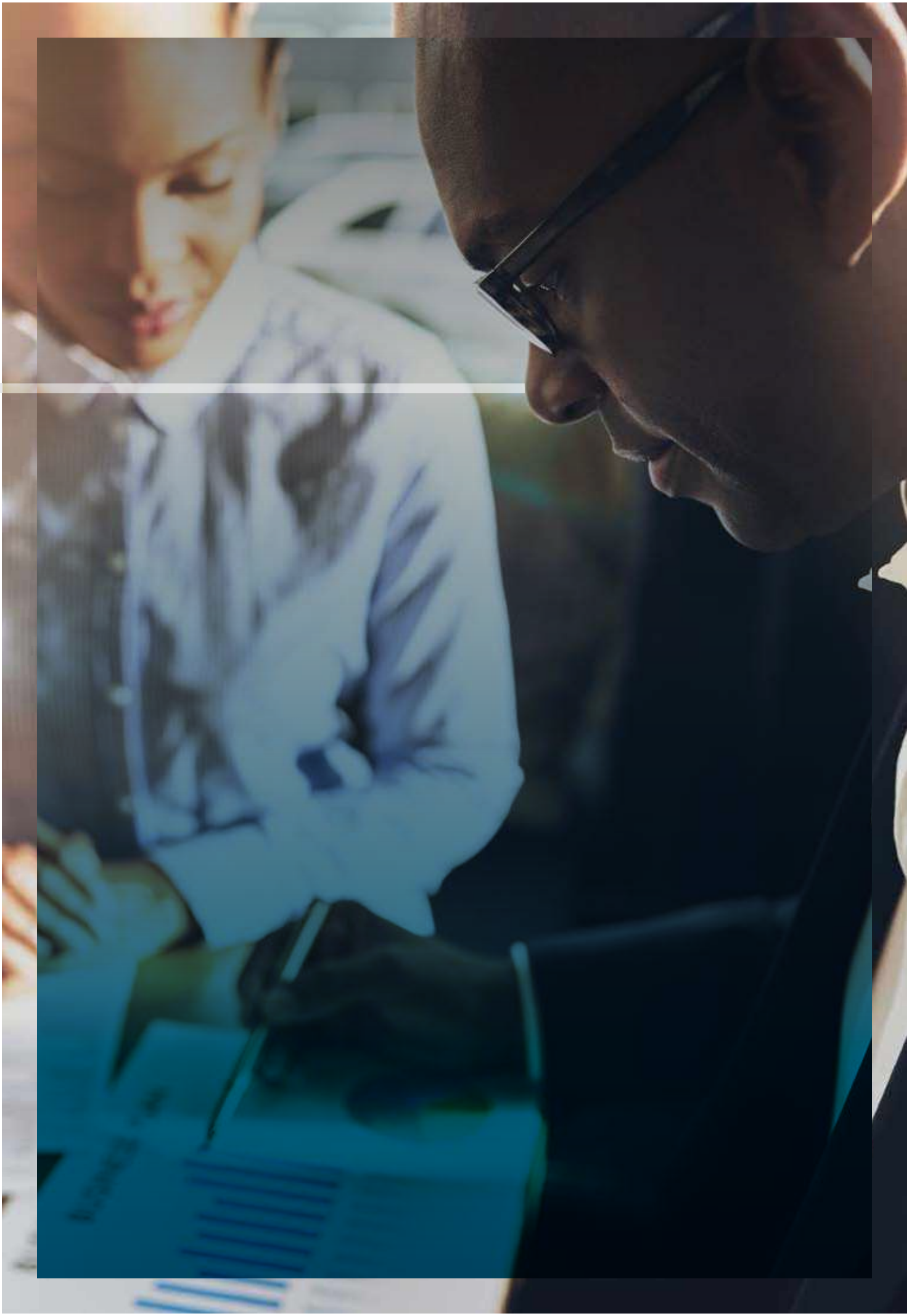
THE DIRECTORS' REPORT 2018

The Directors submit their report together with the consolidated and separate financial statements for the year ended 31 December 2018.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view of Ecobank Ghana Limited comprising the statements of financial position as at 31 December 2018 and the statements of comprehensive income, changes in equity and cash flows for the year then ended and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with 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).

The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management. The Directors have made an assessment of the ability of the Bank to continue as a going concern and have no reason to believe that the business will not be a going concern.



Principal activities

The Bank is registered to carry on the business of banking under the Banks and Specialised Deposit-Taking Institutions Act 2016, (Act 930). Its principal activities comprise Corporate, Commercial and Consumer banking. It also engages in investment and advisory services, management of investments on behalf of customers and provision of operating and finance lease facilities. There was no change in the nature of the Group's business during the year.

Financial statements and dividend

The highlights of the financial results of the Bank for the year ended 31 December 2018 are set out below:

	Group GH¢'000	Bank GH¢'000
Profit after tax (attributable to equity holders)	339,968	337,590
to which is added the balance brought forward on income surplus account of	208,291	198,782
IFRS 9 first day impact	(18,623)	(18,623)
	529,636	517,749
out of which is transferred to the statutory reserve fund in accordance with the Banks and Specialised Deposit-Taking Institutions Act an amount of	(84,407)	(84,397)
transfers to the credit risk reserve of	(38,902)	(38,902)
transfer to stated capital	(190,000)	(190,000)
tax on transfer to stated capital	(15,200)	(15,200)
	(328,509)	(328,499)
leaving a balance to be carried forward on the income surplus account of	201,127	189,250

In accordance with section 34(1b) of the Banks and Specialised Deposit-Taking Institutions Act 2016 (Act 930), an amount of GH¢84.407 million and GH¢84.397 million was transferred to the statutory reserve fund from the income surplus account for the Group and Bank respectively (Group 2017: GH¢31.940 million, Bank 2017: GH¢31.923 million). The cumulative balance on the statutory reserve fund at the reporting date of 31 December 2018 for the Group and Bank are GH¢439.471 million and GH¢438.943 million respectively (Group 2017: GH¢355.064 million, Bank 2017: GH¢354.546 million).

The Directors do not recommend any dividend payment (2017: Nil).

The Directors consider the state of the Bank's and the Group's affairs to be satisfactory.

Objectives of the Bank

The objective of the Bank is to build a world-class bank Pan-African seeking to provide its customers with convenient and reliable banking and financial products and services both locally and regionally.

Subsidiaries and associates

Subsidiaries

The Bank has the under-listed wholly owned subsidiaries, which are incorporated in Ghana and provide the following services:

• Ecobank Investments Managers Limited	-	Management of investments
• Ecobank Leasing Company Limited	-	Finance lease facilities
• Ecobank Venture Capital Fund 1 Limited	-	Venture capital
• Ecobank Capital Advisors Limited	-	Fund management

Associate

The Bank holds 49% interest in Pan African Savings and Loans Company Limited, a company incorporated in Ghana which provides microfinance to small and medium-sized enterprises.

Related party transactions

Information regarding Directors' interests in ordinary shares of the Bank is disclosed in Appendix I to the financial statements. Other than service contracts relating to appointment agreements, no Director had a material interest in any contract to which any member of the Ecobank Ghana Group was a party during the year. Related party transactions and balances are also disclosed in note 37 to the financial statements.

Auditor

The Audit & Compliance Committee has responsibility delegated from the Board of Directors for making recommendations on the appointment, reappointment, removal and remuneration of the external auditor. Messrs PricewaterhouseCoopers has been appointed as the auditor of the Bank and its subsidiaries commencing with the financial statements for the year ended 31 December 2018 in accordance with Section 134 (1) of the Companies Act, 1963 (Act 179) and Section 81 (1) of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

Board of Directors Profile

Non-Executive	Qualification	Outside Board and Management position	Position Held
Terence Ronald Darko	BA (Hons) Business Studies	Mechanical Lloyd Plc Private Enterprises Federation	Managing Director Director
Martin Eson-Benjamin	BSc Admin-Management	Advisory Board, College of Health Sciences, University of Ghana CFAO Ghana Limited Enterprise Group Limited Enterprise Properties Limited A&C Dev Company Limited Enterprise Insurance Co Limited Millennium Development Authority	Chairman Director Director Director Director Director Director
Felicity Acquah	BA (Hons) Economics & Law EMBA Finance	Camelot Company Limited	Director
Samuel Ashitey Adjei	BSc Mathematics & Statistics MBA Finance	Ecobank Kenya Ecobank Cameroon Ecobank Zimbabwe eProcess International SA	Managing Director Director Director Director
Rosemary Yeboah	BA (Hons) Economics MA, Economics MBA	EDC Stockbrokers Limited	Director
Henry Dodoo-Amo	MBA	Theovision International	Director
John Ofori-Tenkorang	BSc Engineering Msc Engineering Sc. D Electrical Engineering & Computer Science	Social Security and National Insurance Trust (SSNIT) National Identification Authority Ghana International Bank (UK)	Director Director Director
Ohene Aku Kwapong	BSc Chemical Engineering MSc Chemical Engineering MBA, Finance/Financial Engineering PhD Chemical Engineering	Nordicom A/S (NASDAQ OMX) New York City Economic Development Corporation	Director Director

Executive	Qualification	Outside Board and Management position	Position Held
Daniel Nii Kwei-Kumah Sackey	BSc Administration MBA	Ecobank Investment Managers Limited Ecobank Venture Capital Fund 1 Ecobank Capital Advisors Limited eProcess International SA Ecobank Guinea Ecobank Liberia Ghana Community Network Services Limited	Chairman Chairman Chairman Director Director Director Director
Morgan Fianko Asiedu	BA (Hons) Law & Sociology EMBA Entrepreneur	Pioneers Ghana Scripture Union Abba-Ponenna Limited	Chairman Director
Edward Nartey Botchway	Doctor of Business Admin M Phil (Applied Business Research) BA (Hons) Economics ICA (Ghana) FCCA (UK)	Ecobank Investment Managers Limited Ecobank Venture Capital Fund 1 Ecobank Capital Advisors Limited	Director Director Director

Biographical Information of Directors

Up to 40 Years	Age 41 - 60	Above 60 Years
N/A	8 Directors	3 Directors

			Board of Directors	
Directors	Role	Year Appointed	Number of Meetings	Attendance
Mr. Terence Darko	Chairman	2012	4	3
Mr. Daniel Sackey	Managing Director	2016	4	4
Mr. Samuel Ashitey Adjei	Non-Executive	2016	4	2
Mr. Henry Dodoo-Amoo	Non-Executive	2017	4	4
Mrs. Rosemary Yeboah	Non-Executive	2010	4	4
Dr. Ohene Aku Kwapong	Non-Executive	2017	4	4
Mr. Morgan Fianko Asiedu	Executive	2012	4	4
Dr. John Ofori-Tenkorang	Non-Executive	2017	4	4
Mrs. Felicity Acquah	Non-Executive	2016	4	4
Dr. Edward Nartey Botchway	Executive	2016	4	4
Mr. Martin Eson-Benjamin	Non-Executive	2015	4	4

			Governance Committee	
Directors	Role	Year Appointed	Number of Meetings	Attendance
Mr. Martin Eson-Benjamin	Committee Chairman	2015	4	2
Mr. Terence Darko	Non-Executive	2012	4	3
Mr. Henry Dodoo-Amoo	Non-Executive	2017	4	4
Dr. Ohene Aku Kwapong1	Non-Executive	2017	3	3
Dr. John Ofori-Tenkorang2	Non-Executive	2017	1	1
Mrs. Felicity Acquah	Non-Executive	2016	4	4

1. Dr. Ohene Aku Kwapong stepped down from the Committee in July 2018.
2. Dr. Ofori -Tenkorang became a member of the Committee in November 2018.

			Risk Management Committee	
Directors	Role	Year Appointed	Number of Meetings	Attendance
Mr. Henry Dodoo-Amoo	Committee Chairman	2017	4	4
Mrs. Rosemary Yeboah	Non-Executive	2010	4	4
Dr. Ohene Aku Kwapong	Non-Executive	2017	4	4

			Audit and Compliance Committee	
Directors	Role	Year Appointed	Number of Meetings	Attendance
Mrs. Felicity Acquah	Committee Chairperson	2016	4	4
Mr. Terence Darko	Non-Executive	2012	3	2
Dr. John Ofori-Tenkorang	Non-Executive	2017	3	3
Mr. Martin Eson-Benjamin	Non-Executive	2015	4	4
Dr. Ohene Aku Kwapong	Non-Executive	2018	1	1

Mr.Terence Darko stepped down from the Committee in July 2018 in accordance with the BOG Corporate Governance Directives.

Dr. John Ofori-Tenkorang stepped down from the Committee in July 2018 in accordance with the BOG Corporate Governance Directives.

Dr. Ohene Aku Kwapong joined the Committee in November, 2018.

ROLE OF THE BOARD

The Directors are responsible for the long term success of the Bank. They determine the strategic direction of the Bank and review operating, financial and risk performance. There is a formal schedule of matters reserved for the Board of Directors, including approval of the Bank's annual business plan, strategy, acquisitions, disposals and capital expenditure projects above certain thresholds. It also includes treasury policies, the financial statements, the Bank's dividend policy, transactions involving the issue or purchase of shares, borrowing powers, appointments to the Board, alterations to the regulations, legal actions brought by or against the Bank and the scope of delegations to the Board and Board committees. Responsibility for the development of policy and strategy and operational management is delegated to an executive management committee, which as at the date of this report includes three (3) executive directors and twelve (12) senior managers.

Internal Control Systems

The Directors have overall responsibility for the Bank's internal control systems. The Directors annually review the effectiveness of internal controls, including a review of financial, operational, compliance and risk management controls. The implementation and maintenance of the risk management and internal control systems are the responsibility of the Executive Committee. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and to provide reasonable, but not absolute, assurance against material misstatement or loss.

The Directors have reviewed the effectiveness of the internal control systems, including controls related to financial, operational and reputational risks identified by the Bank as of the reporting date and no significant failings or weaknesses were identified during this review.

Directors' Performance Evaluation

The Board has adopted standard evaluation tools that help assess the performance of the Board, its committees and individual members on an annual basis.

The Board and all Directors are also periodically evaluated by an independent external firm in order to assess the effectiveness of the Board as well as the contribution of the individual Directors. Overall, it was noted that the Board of Directors and its committees were operating in an effective manner and performing satisfactorily, with no major issues identified.

Professional Development and Training

On appointment to the Board, Directors are provided with a full, formal and tailored programme of induction to familiarise them with the Bank's businesses, the risks and strategic challenges the Bank faces, as well as the economic, competitive, legal and regulatory environment in which the Bank operates. A programme of strategic and other reviews, together with the other training provided during the year, ensures that Directors continually update their skills and knowledge of the Bank's businesses, and the sectors in which the Bank operates and familiarises themselves with risk, regulatory, legal, financial and other developments to enable them to fulfil effectively their role on the Board and its committees.

Conflicts of interest

The Bank has established appropriate conflicts authorisation procedures, whereby actual or potential conflicts are regularly reviewed and authorisations sought as appropriate. During the year, no such conflicts arose and no such authorisations were sought.

Board Balance and Independence

The composition of the Board of Directors and its committees is regularly reviewed to ensure that the balance and mix of skills, independence, knowledge and experience is maintained. The Board considers that the Chairman is independent on appointment and all non-Executive Directors are independent as it pertains to the management of the Bank. The continuing independent and objective judgement of the non-Executive Directors has been confirmed by the Board of Directors.

Corporate Social Responsibility

Corporate responsibility activities can be found on pages 53-57.

Holding Company

The Bank is a subsidiary of Ecobank Transnational Incorporated (ETI), a company incorporated in the Republic of Togo. ETI owns 68.93% of the issued ordinary shares of the Bank.

Approval of the Consolidated and Separate Financial Statements

The consolidated and separate financial statements of Ecobank Ghana Limited were approved by the Board of Directors on 19 February 2019 and signed on their behalf by:

SIGNED

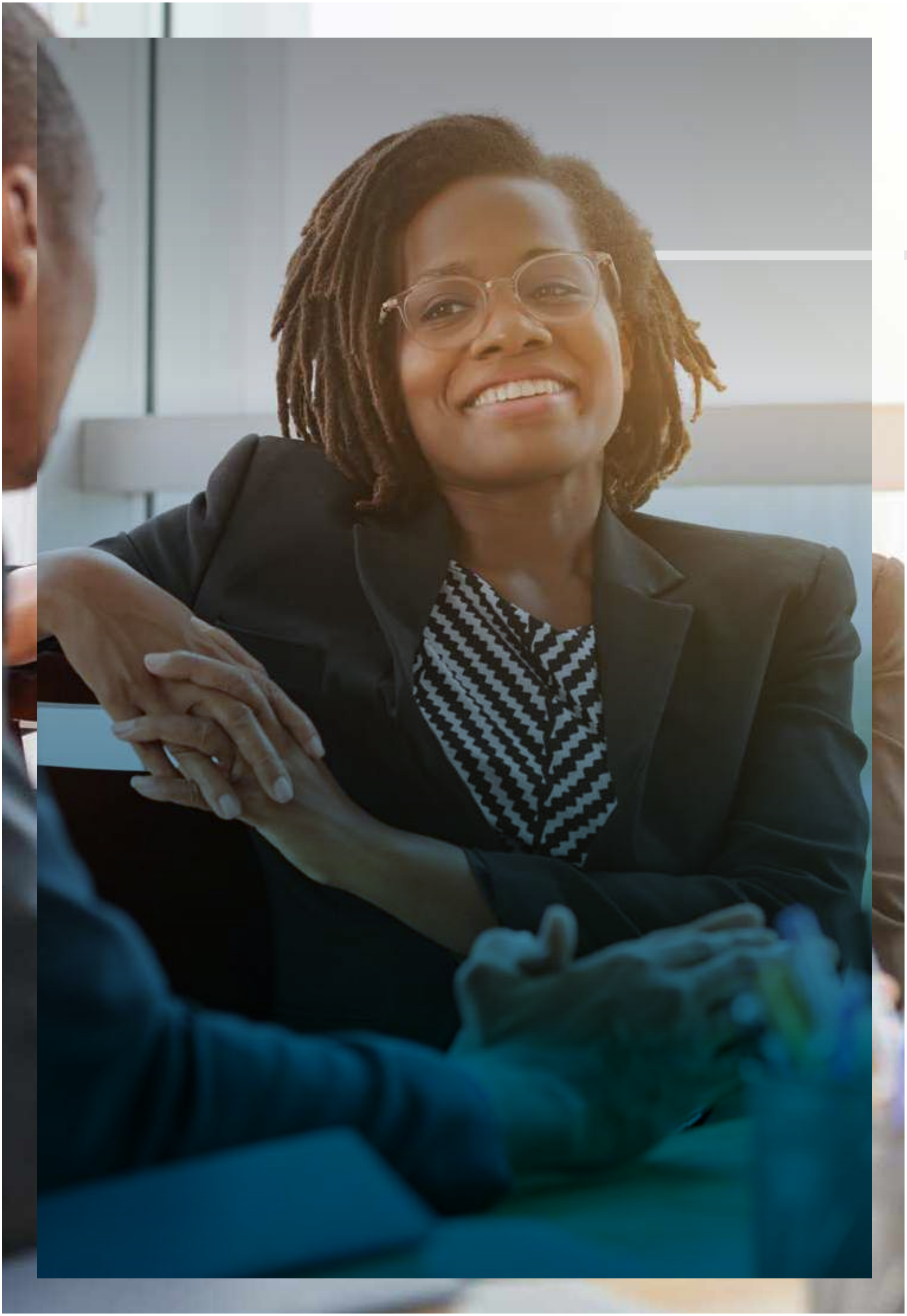
.....

CHAIRMAN

SIGNED

.....

MANAGING DIRECTOR



CORPORATE GOVERNANCE

CORPORATE GOVERNANCE FRAMEWORK

Corporate Governance is important to the Bank as it seeks to implement the ideals of fairness, transparency, accountability and responsibility in its dealings with all stakeholders. Ecobank also recognises, as a banking group, the critical nature of its relationships with its Regulators in executing its vision and safeguarding the deposits of the general public and other lenders. To this end, the Bank ensures that the interests of stakeholders are taken into account in a balanced and transparent manner. Ecobank believes that only good corporate governance can deliver sustainable good business performance. The Ecobank Group Corporate Governance Charter sets out the structures and processes that are followed by the Group to build credibility, ensure transparency and accountability across the group.

As members of the Ecobank Group, Ecobank Ghana and its subsidiaries operate in accordance with the Corporate Governance Directives issued by the Bank of Ghana as well as the Ecobank Transnational Incorporated (ETI) Group Principles and Practices on Corporate Governance. The principles and practices therein are based on the Basel Committee standards on corporate governance, which constitute the best of international practice in this area.

The Board of Directors

The Board is responsible for setting the institution's strategic direction, leading and controlling the Bank and monitoring activities of executive management. As of 31 December 2018, the Board of Directors of Ecobank Ghana consisted of eleven (11) members made up of an independent Non-Executive Chairman, seven (7) Non-executive Directors, five (5) of whom are independent and three (3) Executive Directors. These Board members have wide experience and in-depth knowledge of management, industry and the financial and capital markets, which enable them make informed decisions and valuable contributions to the Bank's business.

Regarding term limits, a Non-Executive director shall be elected for a period of three (3) years at a time and shall be eligible for re-election provided that no individual shall serve as a director for a cumulative period of more than nine (9) years. A person who is more than 70 years old shall, subject to local laws retire at the next Annual General Meeting following his/her 70th birthday. An Executive Director shall retire as Director upon attaining the mandatory retirement age for employees or on termination of their employment for whatever reason. The term of the Chairman shall not exceed six (6) years.

Board Meetings

The Board met four (4) times during the year. The Board has delegated various aspects of its work to the Governance, Audit and Compliance, Credit and Risk Management Committees.

Governance Committee

This Committee is chaired by Mr. Martin Eson-Benjamin (an independent non-executive Director) and has as its members, Mr. Terence Darko, Mrs. Felicity Acquah, and Dr. John Ofori-Tenkorang. The Committee met four times in the year ended 31 December 2018.

The role of the Committee includes:

- Handling relationships with regulators and third parties;
- Handling relationships with shareholders;
- Evaluating the performance of board members and various committees;
- Reviewing all issues relating to governance;
- Reviewing and recommending the appointment of Directors;
- Reviewing the organisational structure of the Bank to ensure it conforms to the standard Group structure;
- Setting criteria, in line with Group policies, for recruitment of staff;
- Ensuring human resource management policies align with the Group Human Resource policies;
- Evaluating the performance of management staff and making recommendations for approval by the Board;
- Recommending disciplinary actions against erring management staff;
- Recommending appropriate levels of remuneration and packages for staff;
- Reviewing succession plan for key positions; and
- Any other responsibilities as may be assigned by the Board.

Audit and Compliance Committee

The Audit and Compliance Committee has as its Chairperson, Mrs. Felicity Acquah, an independent Non-Executive Director. This Committee includes two (2) other non-executive members of the Board; Mr. Martin Eson-Benjamin and Dr. Ohene Aku Kwapong. The Managing Director, Finance Director, Internal Auditor and if need be, a representative of the external auditors, sit in attendance. The Committee met four (4) times in the year ended 31 December 2018.

The role of the Committee includes:

- Reviewing the internal audit function, its mandate and audit activities;
- Reviewing internal and external audit reports, particularly reports of regulatory and monetary authorities and supervising the implementation of recommendations;
- Facilitating dialogue between auditors and management on the outcome of audit activities;
- Proposing external auditors and their remuneration;
- Working with the external auditors to finalise the annual financial statements for Board approval;
- Reviewing the dividend policy and issues relating to the constitution of reserves;
- Reviewing quarterly, half-yearly and annual financial results before the Board's review and approval
- Setting up procedures for selecting suppliers, consultants and other service providers and ensuring compliance therewith;
- Organising periodic discussions with the Internal Audit and Finance departments;

- Defining appropriate measures to safeguard assets of the Bank;
- Ensuring compliance with all applicable laws and regulations and operating standards;
- Reviewing, approving and following up major contracts, procurement and capital expenditures;
- Reviewing actual spending against budget; and
- Reviewing and approving proposals for extra-budgetary spending.

External Auditors

External auditors are appointed through a bidding process and on a rotational basis for a period outlined by the Banks and Specialised Deposit-Taking Institutions Act 2016, Act 930. The external auditors present and discuss their audit findings with the Board and Audit & Compliance Committee.

Internal Auditors

The Internal Audit function of the Bank reports directly to the Board Audit Committee. Internal Audit provides independent, objective audit assurance designed to add value and improve the Bank's operations while ensuring the effectiveness of risk management, control, and governance processes.

The Internal Audit department presents its reports to the Board Audit and Compliance Committee.

Risk Management Committee

The Committee has Mr. Henry Dodoo-Amoo as its Chairman. Other members are Dr. Ohene Aku Kwapong and Mrs. Rosemary Yeboah. The role of the committee includes:

- Reviewing and approving risk policy changes initiated by Management;
- Ensuring compliance with the Bank's risk policies and statutory requirements prescribed by the regulatory or supervisory authorities;
- Reviewing periodic risk management portfolio reports and assess portfolio performance;
- Reviewing operational, market, reputational and legal risk management;
- Approving all credits within limits defined in Group Credit Policy and within the statutory requirements set by the respective regulatory and supervisory authorities;
- Reviewing and endorsing credits approved by executive management;
- Reviewing and recommending to the full Board, credit policy changes initiated by executive management;
- Ensuring compliance with the Bank's credit policies and statutory requirements prescribed by the regulatory and supervisory authorities;
- Reviewing periodic credit portfolio reports and assessing portfolio performance; and;
- Approving exceptions, write-offs and discounts of non-performing credit facilities.

Board Evaluation

The Board has adopted standard evaluation tools that help asses the performance of the board, its committees and individual members on an annual basis.

The Board and all Directors are also periodically evaluated by an independent external firm in order to assess the effectiveness of the board as well as the contribution of the individual Directors.

Business Continuity Plan

The Bank has a business continuity and disaster recovery plan that will enable it respond to unplanned significant interruptions in essential business functions that can lead to the temporary suspension of operations. It provides guidelines to fully recover operations and ensure coordinated processes of restoring systems, data and infrastructure to enable essential client needs to be met until normal operations are resumed. The plan is tested at least three times every year to assess the readiness of the Bank to respond to unplanned interruptions of operations.

Systems of Internal Control

The Bank has a well-established internal control system for identifying, managing and monitoring risks. These are designed to provide reasonable assurance that risks faced by the Bank are reasonably controlled. The corporate internal audit and compliance function of the Bank plays a key role in providing an objective view and continuing assessment of the effectiveness of the internal control systems in the business. The systems of internal control are implemented and monitored by appropriately trained personnel, with clearly defined duties and reporting lines.

Code of business ethics

Management has communicated principles in the Bank's Code of Conduct to its employees to provide guidance in the discharge of their duties. This code sets the standards of professionalism and integrity required for the Bank's operations. It covers compliance with applicable laws, conflicts of interest, environmental issues, reliability of financial reporting, bribery and strict adherence to laid down principles, so as to eliminate the potential for illegal practices.

Anti-money laundering

The Bank also has an established anti-money laundering system in place in compliance with requirements of Ghana's Anti-Money Laundering Act, 2008 (Act 749) as amended by Anti-Money Laundering (Amendment) Act, 2014 (Act 874).

These include due diligence for opening new accounts, customer identification, monitoring of high risk accounts, record keeping and training and sensitisation of staff on money laundering, which assist in reducing regulatory and reputational risks to its business. Staff members receive training on anti-money laundering policies and practices.

Whistle blowing policy

The Bank believes in and has adopted the highest standards of ethical behaviour to ensure that any form of malpractice is dealt with and mitigating action taken. Employees are therefore encouraged to uphold these virtues by always acting in good faith and also alerting the appropriate authority of any identified malpractice, concern or suspicious activity or behaviour within the Bank. In all cases, employees who blow the whistle in good faith about perceived malpractices or concerns within the Bank shall be protected by the Bank. The Bank shall blow the whistle whenever its business relationships or customers act in breach of local laws and regulations or they do not adopt the required ethics required in conducting banking activities. The process for whistle-blowing is well documented in a policy established by the Bank and made available to all staff.

Annual Certification on Corporate Governance

The Board of Directors hereby certifies as follows:

- Ecobank Ghana Limited has duly complied with the contents of the Bank of Ghana Corporate Governance Directives, 2018.
- The Board has independently assessed and documented that the corporate governance process of Ecobank Ghana Limited is effective and has successfully achieved its objectives.
- Members of the Board of Directors of Ecobank Ghana Limited are aware of their responsibilities to the Bank as persons charged with governance.

CORPORATE

SOCIAL RESPONSIBILITY REPORT

2018 EXPERIENCE

Background

At Ecobank Ghana our Corporate Social Responsibility (CSR) activities have had a positive impact on the environment, and the communities we serve. Within our defined focus areas of Health, Education and Financial Inclusion, we encourage diversity and provide opportunities that improve the quality of life.

We believe that our initiatives are best executed through collaboration and viable partnerships that allow us to holistically conduct business in a manner that creates value for the benefit of the communities we serve.

Ecobank Ghana and the Community

Capacity Building and Community Affinity

The bank partnered with the Non-formal division of the Ministry of Education to train students on financial literacy. In September 2018 on World Literacy Day the bank hosted the Non-formal Education department's press launch at the Ecobank ultra-modern Head Office facility in Accra.

These various partnership have led to an improvement in access to banking through the creation of Xpress points in varied third party channels such as shell outlets, ECG vending points and Kwese dealers across the country.

Other capacity building activities included a partnership with Ghana Revenue Authority to support the acquisition process of Tax Identification Numbers (TIN) for the youth.

Supporting the Environment

In June 2018, in commemoration of the World Environment Day, Ecobank Ghana in partnership with the Forestry Commission of Ghana, Zoomlion, Environmental Protection Agency, and the Multimedia Group, embarked on a tree planting exercise in Accra, Tamale and Kumasi.

In Accra, Ecobank staff and stakeholders joined students and faculty from the Aquinas Secondary School to promote a culture of environmental preservation. This activity was in addition to the donation of refuse bins and a series of environmentally focused lectures.

Blood Donation

Ecobank in February 2018 donated 800 pints of blood for the National Blood Bank during its annual blood donation exercise dubbed "Blood is Life." The exercise was conducted across four (4) centers in Tema, Accra, Kumasi, and Tamale in collaboration with the National Blood Services.

Ecobank Ghana and the Community (continued)

World Diabetes Day

In commemoration of World Diabetes Day in Ghana, Ecobank supported the National Diabetes Association with a donation to drive awareness and embark on free health screening at various locations within the country including Greater Accra, Eastern Region and parts of the Ashanti Region.

Student Medical Exchange Programs

In collaboration with Satguru, Woodin and Emirates, Ecobank Ghana in July 2018 supported 12 Medical students from the University of Ghana and the Kwame Nkrumah University of Science and Technology to facilitate their exchange programs in various countries including USA, Israel, Russia and the United Kingdom. With this activity Ecobank plays a major part in the enhancement of health care delivery in the country by assisting in the training of future doctors.

Children's Heart Foundation and Educational Support

Ecobank financed heart surgery for 5 underprivileged children with the “hole in heart” condition, shortlisted by the Children’s Heart Foundation in 2018. Additionally, the bank continued to finance the education of 11 orphans in the Village of Hope Orphanage and over 50 under privileged students through various second cycle and tertiary institutions, who were shortlisted by the National Partnership for Children’s Trust.

In November 2018, Ecobank Group also held its annual Ecobank Day celebration across the 33 countries it operates in under the theme “Supporting Young lives.” In Ghana, the bank collaborated with the Department of Social Welfare, UNESCO and other key stakeholders to commemorate the day with a series of activities including a public forum to create awareness and address the need for sustainable childcare for vulnerable children. Six (6) care centers for vulnerable children were selected to receive various donations including well-stocked computer labs with internet access, food items, clothes, water tanks for storage as well as full scholarship for twelve needy students. The project was valued at USD150, 000.00.

Support of the Ghana Red Cross

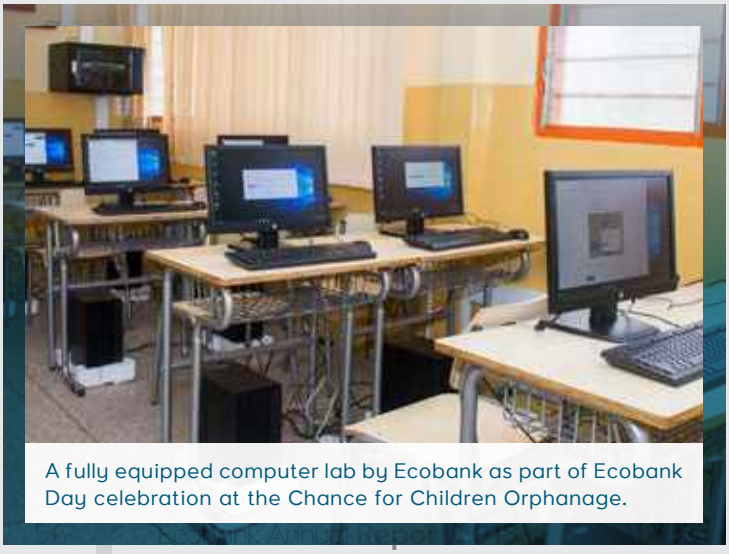
Ecobank Ghana, partnered with the Ghana Red Cross society in November 2018 to embark on the First Digital Fund-Raising Campaign. The program aimed at making the Ghana Red Cross emergency ready and financially sustainable. This event was an Ecobank Group initiative in partnership with the International Federation of Red Cross and Red Crescent societies. The project spanned across all 33 Ecobank affiliates. In Ghana staff members joined the Ghana Red Cross to visit the vulnerable, hand out donations to victims of flood and provide them with financial advisory services.

Other community based activities

The bank also supported other community based activities including the Ga, La Abafum, Adabraka-Otukpai community based projects and festivals.

Ecobank core values are reflected in our support for education, health, underprivileged groups, individuals and institutions. The social impact of our corporate social responsibility programs touch the lives of many people. Ecobank is committed to continually pursuing its corporate responsibility agenda to positively impact our societies in 2019 and the years ahead.

Sod-cutting for new computer lab at the Kumasi Children's Home by Mr. Abraham Adu-Kwarteng.



A fully equipped computer lab by Ecobank as part of Ecobank Day celebration at the Chance for Children Orphanage.

ECOBANK SUPPORTS

YOUNG LIVES ON ECOBANK DAY

Ecobank MD and Executives presenting items to the Chance for Children Orphanage.

Ecobank celebrates Ecobank Day, across 31 footprints in Africa. In Ghana the day was marked with a stakeholders' forum, held at the bank's Head Office, under the theme; "Supporting Young Lives", with a special focus on orphaned children.

The forum allowed stakeholders to dialogue on various issues regarding vulnerable children in Ghana and how the private sector can collaborate with the government and other partners to support these children in a sustainable manner.

Donations were made to six centres licensed by the Department of Social Welfare and located in five regions of Ghana namely; the Village of Hope located at Gomoa Feteh, Father Home Care in Takoradi, Tamale Children's Home, Kumasi Children's Home, Chance for Children Orphanage, at Medie in Accra, and Osu Children's Home, also in Accra.

The bank and its employees with support of partnering institutions such as, the Mohinani Group and Ostec undertook various charitable activities in these care centres with the aim of improving the educational, health and social wellbeing of the children.

Head of Client Engagement, Mr. Isaac Baah donating computers to the Village of Hope at Gomoa-Feteh.

Projects included; refurbishing computer laboratories, and equipping them with computers, chairs and tables, renovation of infirmaries, provision of medical supplies, donation of computers, provision of scholarship schemes and supply of assorted consumables in the form of toiletries, clothing and grocery among others.

Mr Daniel Sackey urged caregivers and management of residential homes and family based structures to ensure the help they receive from the private sector and individual donors benefit children under their care. Ecobank Day 2018 projects was valued at cedi equivalent of USD150,000.

SUSTAINABILITY REPORT 2018

Introduction

Ecobank Ghana as a subsidiary of the Ecobank Group is a strong supporter of transformative initiatives toward the socio-economic development of Africa, including the United Nations' (UN) Sustainable Development Goals (SDGs) Agenda. Particularly, the bank has aligned its internal sustainability framework with the SDGs, with a view to contributing to the achievement of the UN's 2030 global goals. In 2018, Ecobank Ghana reaffirmed its commitment to the promotion of sustainability within our operations, whilst seeking to balance profitability with sustainable results for our businesses and operations.

Understanding of sustainability principles amongst staff has been enhanced and accelerated by serialization of information on the sustainable development goals to all staff. Similarly, the Ecobank Day community outreach programme, together with other sustainability-related activities carried out by Ecobank Ghana in line with the Ecobank Group, further underscore our desire to promote sustainable banking practices.

Switch to sustainable and modern energy

Ecobank Ghana has embarked on a project to install solar power to provide renewable energy for branch operations, this is aimed at reducing the reliance on the grid and diesel operated power generators. The pilot phase is completed with impressive results. The target has been to install the largest possible capacity of renewable energy for all the branches. The state of deployment as at end of December 2018 is provided below.

PILOT	DEPLOYED	IN PROGRESS	NEXT PHASE
• Roman Ridge • Mile 7 • Kumasi Harper Road	• Kwabenya • Kwashieman • Tudu	• Tamale • Tema Main	• Darkuman • McCarthy Hills • Safebond • Osu • Tesano

Feasibility studies on a fourth set of sites is underway and expected to be completed by 2019 prior to award of formal contracts for execution.

Mr. Daniel Sackey seated fourth from left facing camera participating in the panel discussion

Global Partnership for Sustainable Development

Our participation in global sustainability initiatives is aimed at leveraging best practice to improve our internal programmes for the implementation of sustainability. In line with Ecobank Ghana's commitment to the United Nations Global Compact and in collaboration with the Alliance for Integrity. The MD of the bank participated in a panel discussion at the 18th International Anti-Corruption Conference high-level segment on 22 October 2018, at the Bella Centre in Copenhagen. This was at the initiation of the ministry of Foreign Affairs in Denmark. The topics discussed covered the following:

- Money Laundering and illicit financial flows, trafficking in drugs, arms and people
- The private sector's fight against corruption

The theme for the conference was “Standing Together for Peace, Security and Development”.
Leading experts, innovators and activists from civil society, government, business and academia participated in more than 50 workshops and 6 high-level plenaries. The discussions centered on how stakeholders can work together towards sustainable development, peace and security in today's increasingly polarised world where democracy is being weakened in several countries.

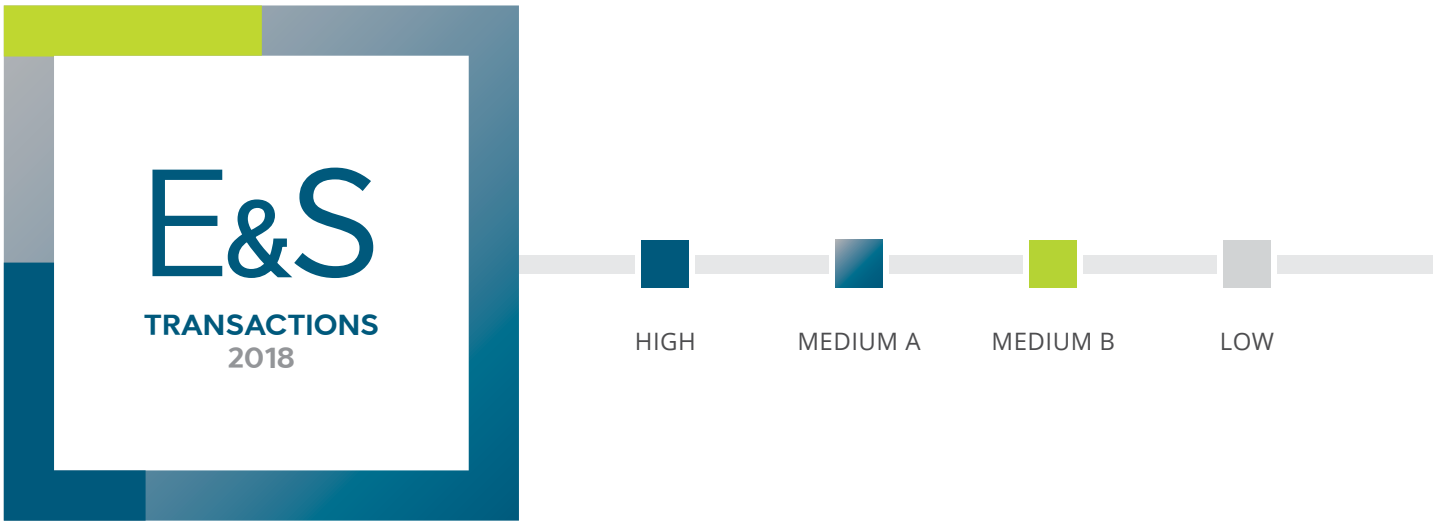
On the local scene, Ecobank Ghana continued with its collaboration with the Ministry of Finance in the pursuit of accreditation as a direct access entity to the Green Climate Fund (GCF). Furthermore in partnership with the Alliance for Integrity, compliance training was organised at Accra and Koforidua to train SME's to establish compliance systems to curb corruption in their operations.

Promoting Environmentally Sustainable Business

Ecobank Ghana has been implementing environmental and social risk management (ESRM) on credit transactions in the environmental and socially sensitive segments since 2012. Realising that climate change and sustainability challenges facing the world are real and can no longer be addressed through non-core activities we ensure that our clients are carrying out their business in an environmentally friendly and socially acceptable manner. This also helps to protect Ecobank's reputation, whilst supporting the natural resources and communities in the country, with the ultimate goal of advancing sustainable development.

In Ecobank Environmental and Social (ES), policy and procedures offer a consistent approach to the identification, screening, classification, mitigation and compliance monitoring of our decision making processes. The ES policy defines the nature and level of risk that Ecobank is willing to take in pursuit of its strategic and business objectives. Our engagement with clients in the ES eligible sectors, such as the extractive industries, heavy construction, manufacturing, real estate and utilities (including energy generation, transmission and distribution), continues to enlarge and develop. Eligible transactions are regularly reviewed in line with International Performance Standards on Environmental and Social Sustainability, as well as the Equator Principles, where applicable. The review is followed by recommendations to improve the orientation and integration of our clients' business practices with sustainable development priorities.

A summary of our ES activities in 2018 is presented below:



From the chart above, the percentage concentration of the ES eligible transactions in the Medium A and Medium B risk categories signifies that Ecobank's exposure to potentially ES sensitive activities remained within operational containment limits and, hence, largely manageable.

Sustainability and Business Growth

At Ecobank, our unique Pan African focus places us in an ideal position to achieve our vision of contributing to the financial integration and economic development of Africa. We cannot achieve this vision or make the desired impact without providing support to the drivers of food production and agribusiness. In line with SDG 2, to end hunger, achieve food security, improve nutrition and promote sustainable agriculture, Ecobank pledged in 2013 under the "Feed the future" project to ensure food sustainability in Ghana. To this end, the bank committed to invest in the maize, rice, and soyabean value chains there-by creating financial empowerment for the value chain actors including but not limited to small holder farmers, outgrowers, aggregators, processors, input dealers, and warehouse operators.

The Annual Pre-Harvest Conference promotes dialogue and forge Sustainable business partnerships amongst value chain actors, especially farmers, buyers, processors, transporters, input and equipment dealers, financial institutions (FIs) and telecom companies. The event provided a platform for commodity buyers and farmers to establish business relationships and discuss contracts for the 2018 harvest of maize, rice and soyabean. It also provided an opportunity for FIs within the USAID network to exhibit their products/ services, build the capacity of value chain actors, and identify deals for financing.

Over the last couple of years, Ecobank has leveraged on the Pre Harvest Conference and the Technical Support of the USAID FINGAP (Financing Ghanaian Agriculture Project) to increase lending to the three Northern Regions of the Country (SADA Zone). Ecobank has financed projects in excess of USD16, 000,000.00 to various companies which were introduced at the event.

Ecobank Ghana Representatives with some clients at the pre-harvest Forum

Annual Pre-harvest Forum 3rd – 5th October 2018

The event under the theme "Transforming Agribusiness in Northern Ghana: The Future Starts Now" encapsulated dialogues with the purpose-driven value chain actors and provided an interactive platform for commodity buyers (processors and aggregators) and smallholder farmers to discuss and establish prospective purchase and sale terms for future dealings.

The sessions also provided Ecobank an opportunity to build the capacity of the actors on new sources and mechanisms for agribusiness financing and exposed the participants to new developments in the area of Digitization (i.e. Ecobank Digital Cash Management solutions such as the EcobankPay, Mobile App, and Agency/Xpress Point) and how they can take full advantage of such opportunities to strengthen their value chains and help facilitate swift and informed business deals during and after the event.

Key Impact after Forum

Along with Ecobank's digital cash management solution promoted during the event coupled with financing support for the 2019 season, a key client of Ecobank operating in the agriculture sector signed agreements with 10 major aggregators and Co-operatives of Smallholder farmers with membership numbering 2300 to undertake a backward integration programme facilitating the cultivation of 4,000 acres of maize and 3,000 acres of Soya Bean in the Northern, Brong Ahafo and Eastern (Afram) Plains Regions. This was to ensure ready and quality traceable raw material sources for the manufacturing of key client's products.

Invariably all 10 Aggregators are now accounts holders of Ecobank and have also signed up to the EcobankPay and MobileApp solutions. Additionally, all the related smallholder famers including the 2300 co-operative farmers have been trained on the use of the Mobile App to facilitate the programme. This contributes to the Sustainable Development Goal (SDG) 2 of ending hunger, achieving food security, improved nutrition and promoting sustainable agriculture.

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INDEPENDENT AUDITORS REPORT

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Ecobank Ghana Limited (the "Bank") and its subsidiaries (together the "Group") as at 31 December 2018, and of the financial performance and the cash flows of the Bank standing alone and the Group for the year then ended in accordance with 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).

What we have audited

We have audited the financial statements of Ecobank Ghana Limited (the "Bank") and its subsidiaries (together the "Group") for the year ended 31 December 2018.

The financial statements on pages 71 to 172 comprise:

- the separate and consolidated statements of financial position as at 31 December 2018;
- the separate and consolidated statements of comprehensive income for the year then ended;
- the separate and consolidated statements of changes in equity for the year then ended;
- the separate and consolidated statements of cash flows for the year then ended; and
- the notes to the separate and consolidated financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Bank's and the Group's financial statements of the current period. These matters were addressed in the context of our audit of the Bank's and the Group's financial statements as a whole, and in forming our opinions thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Impairment provision on credit exposures – GHS220,376,000	
At 31 December 2018, the Group's credit exposures and respective impairment provision amounts, where applicable, were as follows:	We updated our understanding of the key controls within the loan origination, approval, monitoring and recovery processes and tested relevant controls.

Financial instruments assessed for IFRS 9 expected credit loss	Amounts outstanding	Impairment
	GHS'000	GHS'000
Balances with banks	2,443,822	-
Investment in government securities	3,117,039	-
Loans and advances to customers	4,314,151	(165,440)
Other financial assets	139,160	(4,455)
Letters of credit	1,056,149	(17,207)
Letters of guarantee	739,281	(22,392)
Loan commitments	341,418	(10,882)
		(220,376)

The impairment requirements under IFRS 9 are based on expected credit losses (ECL) model. The ECL model estimates the credit losses over the life of financial instruments which are recognised as impairment provisions on the respective financial assets. The amount of ECL recognised is dependent on the risk of default on the part of the counterparty taking into account:

- probability-weighted outcomes based on qualitative and quantitative considerations;
- forward-looking information;
- loss given default; and
- the time value of money.

We tested the assumptions adopted in the forward and backward transitions in staging credit exposures for reasonableness.

We tested the adequacy of qualitative and quantitative factors applied in assessing significant increase in credit risk.

We checked that the applied definition of default used is consistent with IFRS 9 qualitative default criteria and days past due backstop indicator.

We applied a risk based targeted testing approach in selecting a sample of credit facilities for detailed reviews in order to identify quantitative and qualitative factors resulting in SICR or default per management's definition.

We checked the completeness and accuracy of the respective credit exposures assessed for ECL and other inputs including collaterals.

We checked that the projected EAD over the remaining lifetime of on-balance sheet exposures based on the behavioural life of revolving facilities was in compliance with the requirements of IFRS 9.

We checked the EAD modelling for off-balance exposures, considered expected future draw down over the expected life of the asset based on the credit conversion factors (CCF) and assessed the appropriateness of CCF used in estimating future draw downs.

We checked that contract specific Effective Interest Rates (EIRs) were used to discount all relevant cash flows to the reporting date.

Financial assets measured at amortised	How our audit addressed the key audit matter
The determination of ECL is complex and requires significant management judgement in areas such as: • the criteria for assessing significant increase in credit risk (SICR); • the definition of default adopted by the Group; • methodologies adopted by the Group in modelling the probability of default (PD) and the loss given default (LGD); • exposure at default (EAD) on off-balance sheet exposures such as loan commitments and financial guarantees; • forward looking information and the determination of multiple economic scenarios used in the ECL model. The estimation of EAD for off balance sheet items are based on credit conversion factors. The determination of the expected credit loss is therefore considered as a key audit matter for the Group and the Bank based on the level of complexity and significant management judgement involved. The accounting policies, critical estimates and judgements and impairment charge are set out in notes 2.9.1, 5, 12 and 19 to the financial statements.	We checked the forward-looking elements, which translate into an allowance for changes in macro-economic conditions and forecasts when estimating lifetime ECLs. We tested the methodology used in determining the multi-scenario for 12-month and lifetime Probability of Default. We tested the reasonableness of the Loss Given Default (LGD) by reviewing collateral values along with assumptions on haircut and recovery rates and time to realisation. We checked appropriateness of IFRS 9 ECL disclosures.

Other information

The directors are responsible for the other information. The other information comprises Financial Highlights, Report of the Directors, Corporate Governance Framework, Shareholders' Information, Five Year Financial Summary, Value Added Statement, but does not include the separate and consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report and the Chairman's Address, Sustainability Report, Corporate Social Responsibility, Managing Director's Statement and Business Review, which are expected to be made available to us after that date.

Our opinion on the separate and consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this audit report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Chairman's Address, Sustainability Report, Corporate Social Responsibility, Managing Director's Statement and Business Review, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with 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), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, the directors are responsible for assessing the Bank's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Bank and/or the Group or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements.

We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and have communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Companies Act, 1963 (Act 179) requires that in carrying out our audit we consider and report on the following matters. We confirm that:

i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii. in our opinion proper books of account have been kept by the Bank, so far as appears from our examination of those books; and

iii. the Group's balance sheet (statement of financial position) and Group's profit and loss account (part of the statement of comprehensive income) are in agreement with the books of account.

In accordance with section 85(2) of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) we hereby confirm that:

i. the accounts give a true and fair view of the state of affairs of the Bank and the results of operations for the period under review;

ii. we were able to obtain all the information and explanations required for the efficient performance of our duties as auditor;

iii. the Bank's transactions were within its powers; and

iv. except as indicated in Note 43, the Bank has, in all material respects, complied with the provisions of this Act.

With respect to the provisions of the Anti-Money Laundering Act, 2008 (Act 749) (as amended), the Anti-Terrorism Act, 2008, (Act 762) and the Regulations made under these enactments, we did not identify any instances of non-compliance based on procedures we performed.

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

STATEMENTS OF COMPREHENSIVE INCOME

		Group		Bank	
	Note	2018 GH¢'000	2017 GH¢'000	2018 GH¢'000	2017 GH¢'000
Interest income	6	1,083,659	904,577	1,073,540	885,483
Interest expense	7	(205,973)	(160,308)	(212,588)	(157,451)
Net interest income		877,686	744,269	860,952	728,032
Fee and commission income	8	188,652	202,276	188,582	202,070
Fee and commission expense	9	(5,349)	(3,521)	(5,312)	(3,471)
Net fee and commission income		183,303	198,755	183,270	198,599
Net trading income	10	211,608	144,006	211,580	143,689
Other operating income	11	34,729	25,895	34,692	25,580
Dividend income		172	3,921	12,208	19,931
		246,509	173,822	258,480	189,200
Revenue		1,307,498	1,116,846	1,302,702	1,115,831
Gain on sale of equipment	25(b)	454	267	454	267
Net impairment charge	12	(129,365)	(173,940)	(129,499)	(173,939)
Personnel expenses	13	(379,411)	(343,672)	(378,839)	(343,108)
Depreciation and amortisation	14	(35,987)	(26,296)	(35,986)	(26,296)
Other operating expenses	15	(258,240)	(215,296)	(257,858)	(214,995)
Operating profit		504,949	357,909	500,974	357,760
Share of profit of associates (net of tax)	35	1,302	474	-	-
Profit before tax		506,251	358,383	500,974	357,760
Income tax expense	16	(166,283)	(104,738)	(163,384)	(102,376)
Profit after tax		339,968	253,645	337,590	255,384

The notes on pages 81 to 172 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

		Group		Bank	
	Note	2018 GH¢'000	2017 GH¢'000	2018 GH¢'000	2017 GH¢'000
Profit after tax		339,968	253,645	337,590	255,384
Other comprehensive income					
Items that will never be reclassified Subsequently to profit or loss					
Gains on revaluation of property	25(a)	-	79,537	-	79,537
Related tax	17	-	(19,884)	-	(19,884)
Other comprehensive income for the year, net of tax		-	59,653	-	59,653
Total comprehensive income for the year		339,968	313,298	337,590	315,037
Profit for the year attributable to Equity holders		339,968	253,645	337,590	255,384
Comprehensive income for the year attributable to: Equity holders		339,968	313,298	337,590	315,037
Earnings per share					
Basic and diluted (in Ghana pesewas)	40	110	87	109	87

The notes on pages 81 to 172 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

		Group		Bank	
	Note	2018 GH¢'000	2017 GH¢'000	2018 GH¢'000	2017 GH¢'000
Cash and balances with banks	18	2,443,686	2,952,753	2,482,151	2,969,557
Loans and advances to customers	19	4,149,511	2,685,468	4,123,153	2,685,759
Non pledged trading assets	20	594,244	2,148	594,244	2,148
Non-trading assets	20	2,530,104	2,516,394	2,483,327	2,460,060
Investment in subsidiaries	21	-	-	28,871	28,871
Investment in associates	35	9,849	8,547	4,841	4,841
Current tax assets	16	-	28,692	-	27,293
Other assets	22	230,859	409,361	244,507	425,491
Deferred tax assets	17	538	-	531	-
Intangible assets	23	26,583	4,182	26,583	4,182
Non-current asset held for sale	24	26,375	34,487	26,375	34,487
Property and equipment	25	443,016	456,006	443,013	456,003
Total assets		10,454,765	9,098,038	10,457,596	9,098,692
Liabilities					
Deposits from banks	26	204,495	606,452	204,495	714,888
Deposits from customers	27	7,608,841	6,541,648	7,627,083	6,447,818
Borrowings	28	162,943	203,200	162,943	203,200
Current tax liabilities	16	6,502	-	7,804	-
Deferred tax liabilities	17	-	30,160	-	30,167
Other liabilities	29	1,145,765	679,753	1,141,457	675,821
Total liabilities		9,128,546	8,061,213	9,143,782	8,071,894
Equity and reserves					
Stated capital	30	416,641	226,641	416,641	226,641
Income surplus	31	201,127	208,291	189,250	198,782
Revaluation reserve	32	109,782	109,782	109,782	109,782
Statutory reserve	33	439,471	355,064	438,943	354,546
Credit risk reserve	34	159,198	137,047	159,198	137,047
Total equity attributable to equity holders		1,326,219	1,036,825	1,313,814	1,026,798
Total liabilities and equity		10,454,765	9,098,038	10,457,596	9,098,692

The notes on pages 81 to 172 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 19 February 2019 and signed on its behalf by:

SIGNED

CHAIRMAN

SIGNED

MANAGING DIRECTOR

STATEMENTS OF CHANGES IN EQUITY

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
At 1 January 2018	226,641	208,291	109,782	355,064	137,047	1,036,825
IFRS 9 related adjustments- 1 Jan 2018						
Impairment provision on other financial assets	-	(7,876)	-	-	-	(7,876)
Impairment provisions on loans and contingents	-	(39,289)	-	-	-	(39,289)
Release of credit risk reserve due to IFRS 9 adoption	-	16,751	-	-	(16,751)	-
Current income tax effect on IFRS 9 first day (Note 16)	-	6,439	-	-	-	6,439
Deferred tax impact on IFRS 9 first day (Note 17)	-	5,352	-	-	-	5,352
Restated balance as at 1 January 2018	226,641	189,668	109,782	355,064	120,296	1,001,451
Profit for the year	-	339,968	-	-	-	339,968
Total comprehensive income for the year	-	339,968	-	-	-	339,968
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	-	(84,407)	-	84,407	-	-
Credit risk reserve	-	(38,902)	-	-	38,902	-
	-	(123,309)	-	84,407	38,902	-
At 31 December 2018	416,641	201,127	109,782	439,471	159,198	1,326,219

The notes on pages 81 to 172 form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

Group (continued)	Stated capital GH¢'000	Income surplus GH¢'000	Revaluation reserve GH¢'000	Statutory reserve GH¢'000	Credit risk reserve GH¢'000	Total GH¢'000
At 1 January 2017	226,641	271,343	50,129	323,124	92,737	963,974
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)
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	-
At 31 December 2017	226,641	208,291	109,782	355,064	137,047	1,036,825

The notes on pages 81 to 172 form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

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
At 1 January 2018	226,641	198,782	109,782	354,546	137,047	1,026,798
IFRS 9 related adjustments- 1 Jan 2018						
Impairment provision on other financial assets	-	(7,876)	-	-	-	(7,876)
Impairment provisions on loans and contingents	-	(39,289)	-	-	-	(39,289)
Release of credit risk reserve due to IFRS 9 adoption	-	16,751	-	-	(16,751)	-
Current income tax effect on IFRS 9 first day (Note 16)	-	6,439	-	-	-	6,439
Deferred tax impact on IFRS 9 first day (Note 17)	-	5,352	-	-	-	5,352
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	-
At 31 December 2018	416,641	189,250	109,782	438,943	159,198	1,313,814

The notes on pages 81 to 172 form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

Bank (continued)	Stated capital GH¢'000	Income surplus GH¢'000	Revaluation reserve GH¢'000	Statutory reserve GH¢'000	Credit risk reserve GH¢'000	Total GH¢'000
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)	-	-	-	(240,477)
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	-
At 31 December 2017	226,641	198,782	109,782	354,546	137,047	1,026,798

The notes on pages 81 to 172 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

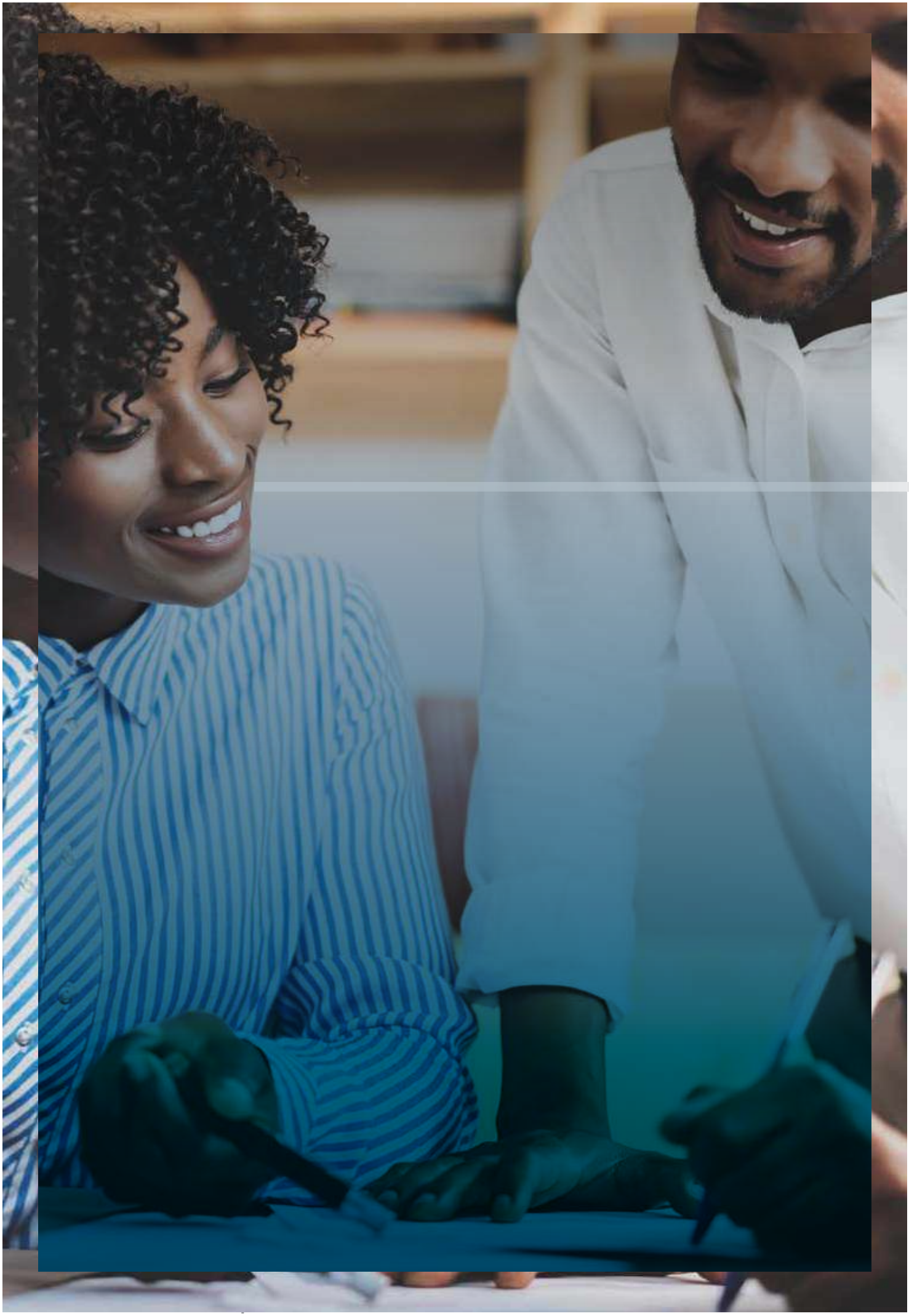
		Group		Bank	
	Note	2018 GH¢'000	2017 GH¢'000	2018 GH¢'000	2017 GH¢'000
Cash flows from operating activities					
Interest paid		(270,582)	(150,778)	(213,530)	(149,521)
Interest received		885,458	864,810	799,964	848,008
Net fees and commissions		183,303	212,304	183,270	212,148
Other income received		26,277	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)
Cash flows from operating activities before changes in operating assets and liabilities		207,399	347,560	182,597	351,471
Changes in operating assets and liabilities					
Loans and advances		(1,648,027)	(17,666)	(1,550,398)	(20,321)
Other assets		250,131	(65,282)	252,512	(68,472)
Customer 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)
Net cash generated from operating activities		1,210,490	791,874	1,288,958	800,691
Cash flow from investing activities					
Purchase of property and equipment	25	(18,373)	(82,857)	(18,372)	(82,854)
Purchase of software	23	(27,025)	(2,449)	(27,025)	(2,449)
Proceeds from sale of equipment	24	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)
Net cash used in investing activities		(497,070)	(1,479,870)	(631,681)	(1,485,102)

The notes on pages 81 to 172 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

		Group		Bank	
	Note	2018 GH¢'000	2017 GH¢'000	2018 GH¢'000	2017 GH¢'000
Cash flow from financing activities					
Repayment of borrowed funds	28	(26,602)	(42,691)	(26,602)	(42,691)
Financing of bonus share issued		(12,350)	-	(12,350)	-
Dividend paid		-	(240,447)	-	(240,447)
Net cash used in financing activities		(38,952)	(283,138)	(38,952)	(283,138)
Net increase in cash and cash equivalents		674,468	(971,134)	618,325	(967,549)
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
Cash and cash equivalents at end of the year	39	1,991,473	1,317,005	1,794,624	1,176,299

The notes on pages 81 to 172 form an integral part of these financial statements.



NOTES

TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1. General information

Ecobank Ghana Limited is a limited liability company, incorporated and domiciled in Ghana. These financial statements comprise the consolidated financial statements of the Bank and its subsidiaries (together the Group) and its interest in associates as well as the separate financial statements of the Bank. The Group provides Consumer, Commercial, Corporate and Investment banking and other financial services in Ghana.

The Bank is listed on the Ghana Stock Exchange.

The consolidated and separate financial statements were authorised for issue in accordance with a resolution of the directors on 19 February 2019.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the Group's financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

2.1 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 and the International Financial Reporting Standards Interpretations Committee (IFRIC) interpretations. Additional information required by the Companies Act, 1963 (Act 179) and the Banks and Specialised Deposit- Taking Institution Act, 2016 (Act 930) have been included, where appropriate. The financial statements have been prepared under the historical cost convention, unless otherwise stated.

The Group's financial statements comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flow and related notes. The financial statements of the Bank standing alone comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flow and related notes.

Items included in the financial statements are measured using the currency of the primary economic environment in which the entities operate ("the functional currency").

The financial statements are presented in Ghana cedis, which is the Group's functional and presentation currency. The figures shown in the financial statements are stated in thousands of Ghana cedis unless otherwise stated.

The disclosures on risks from financial instruments are presented in the financial risk management section in Note 3.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Bank's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

2.2 Changes in accounting policy and disclosures

(a) New standards, amendments and interpretations adopted by the Group

(i) IFRS 9 – Financial Instruments

The Group has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. The Group did not early adopt IFRS 9 in previous periods.

As permitted by the transitional provisions of IFRS 9, the Group elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening income surplus and other reserves of the current period. Consequently, for notes disclosures, the consequential amendments to IFRS 7 disclosures have also only been applied to the current period. The comparative period notes disclosures repeat those disclosures made in the prior year.

2.2 Changes in accounting policy and disclosures (continued)

(a) New standards, amendments and interpretations adopted by the Group (continued)

(i) IFRS 9 – Financial Instruments (continued)

The adoption of IFRS 9 has resulted in changes in accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 'Financial Instruments: Disclosures'.

Set out below are disclosures relating to the impact of the adoption of IFRS 9 on the Group. Further details of the specific IFRS 9 accounting policies applied in the current period (as well as the previous IAS 39 accounting policies applied in the comparative period) are described in more detail in note 2.9

Classification and measurement of financial instruments

IFRS 9 replaces the multiple classification and measurement models in IAS 39 with a single model that has two main categories – amortised cost and fair value.

The measurement category and the gross amount of financial assets and liabilities in accordance with IAS 39 and IFRS 9 at 1 January 2018 are compared as follows:

Group	IAS 39		IFRS 9	
Financial assets	**Measurement category**	**Carrying amount (GH¢000)**	**Measurement category**	**Carrying amount (GH¢000)**
Cash and balances with banks	Amortised cost (Loans and receivables)	2,952,753	Amortised cost (Hold to collect)	2,952,753
Government securities	Amortised cost (Held to maturity)	2,516,394	Amortised cost (Hold to collect)	2,516,394
Equity securities	FVPL (Held for trading)	2,148	FVPL (Hold to sell)	2,148
Loans and advances to customers	Amortised cost (Loans and receivables)	2,901,303	Amortised cost (Hold to collect)	2,901,303
Other financial assets	Amortised cost (Loans and receivables)	375,174	Amortised cost (Hold to collect)	375,174

There was no change in the classification and measurement category for the Group's financial liabilities.

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policy and disclosures (continued)

(a) New standards, amendments and interpretations adopted by the Group (continued)

(i) IFRS 9 – Financial Instruments (continued)

Classification and measurement of financial instruments (continued)

Bank	IAS 39		IFRS 9	
Financial assets	**Measurement category**	**Carrying amount (GH¢000)**	**Measurement category**	**Carrying amount (GH¢000)**
Cash and balances with banks	Amortised cost (Loans and receivables)	2,969,557	Amortised cost (Hold to collect)	2,969,557
Government securities	Amortised cost (Held to maturity)	2,460,060	Amortised cost (Hold to collect)	2,460,060
Equity securities	FVPL (Held for trading)	2,148	FVPL (Hold to sell)	2,148
Loans and advances to customers	Amortised cost (Loans and receivables)	2,901,288	Amortised cost (Hold to collect)	2,901,288
Other financial assets	Amortised cost (Loans and receivables)	391,220	Amortised cost (Hold to collect)	391,220

There were no changes to the classification or measurement of the Bank's financial liabilities.

Reconciliation of statement of financial position balances from IAS 39 to IFRS 9

The Group performed a detailed analysis of its business models for managing financial assets and analysis of cash flow characteristics.

The following table reconciles the carrying amounts of financial assets, from their previous measurement category in accordance with IAS 39 to their new measurement categories upon transition to IFRS 9 on 1 January 2018:

Group	IAS 39 carrying amount	Reclassifications	Remeasurement of impairment allowance	IFRS 9 carrying amount
	31-Dec-17 GH¢000	GH¢000	GH¢000	1-Jan-18 GH¢000
On-balance sheet items				
Balances with banks	2,722,692	-	-	2,722,692
Government securities	2,516,394	-	-	2,516,394
Equity securities	2,148	-	-	2,148
Loans and advances to customers	2,685,468	-	(16,751)	2,668,717
Other financial assets	375,174	-	(7,876)	367,298
Total financial assets	**8,301,876**	-	**(24,627)**	**8,277,249**
Off-balance sheet items	**2,346,161**	-	**(22,538)**	**2,323,623**
Total financial instruments	**10,648,037**	-	**(47,165)**	**10,600,872**

Bank	IAS 39 carrying amount	Reclassifications	Remeasurement of impairment allowance	IFRS 9 carrying amount
	31-Dec-17 GH¢000	GH¢000	GH¢000	1-Jan-18 GH¢000
On-balance sheet items				
Balances with banks	2,739,496	-	-	2,739,496
Government securities	2,460,060	-	-	2,460,060
Equity securities	2,148	-	-	2,148
Loans and advances to customers	2,685,759	-	(16,751)	2,669,008
Other financial assets	391,220	-	(7,876)	383,344
Total financial assets	**8,278,683**	-	**(24,627)**	**8,254,056**
Off-balance sheet items	**2,346,161**	-	**(22,538)**	**2,323,623**
Total financial instruments	**10,624,844**	-	**(47,165)**	**10,577,679**

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policy and disclosures (continued)

(a) New standards, amendments and interpretations adopted by the Group (continued)

(i) IFRS 9 – Financial Instruments (continued)

Reconciliation of statement of financial position balances from IAS 39 to IFRS 9 (continued)

The total remeasurement loss of GH¢47,165,000 was recognised in opening reserves at 1 January 2018 for the Group and Bank.

The impact of IFRS 9 impairment on loans and advances resulted in the release of GH¢16,751,000 from the credit risk reserve.

Reclassification from retired categories with no change in measurement

The following debt instruments have been reclassified to new categories under IFRS 9, as their previous categories under IAS 39 were 'retired', with no changes to their measurement basis:

(i) Those previously classified as loans and receivables and now classified as measured at amortised cost.

(ii) Those previously classified as held to maturity and now classified as measured at amortised cost.

Impairment

IFRS 9 introduces a revised impairment model which requires entities to recognise expected credit losses ('ECL') on loans, debt securities and loan commitments not held at fair value through profit or loss based on unbiased forward-looking information. The measurement of expected loss involves increased complexity and judgment including estimation of lifetime probabilities of default, loss given default, a range of unbiased future economic scenarios, estimation of expected lives, estimation of exposures at default and assessing increases in credit risk. This change has led to an increased impairment charge of GHS 47.165 million compared to that recognised under IAS 39 as at 31 December 2017

The increase in impairment charge is driven by:

- The removal of the emergence period that was necessitated by the incurred loss model of IAS 39. All stage 1 assets carry a 12-month expected credit loss provision. This differs from IAS 39 where unidentified impairments were typically measured with an emergence period of between three to twelve months;
- The provisioning for lifetime expected credit losses on stage 2 assets; where some of these assets would not have attracted a lifetime expected credit loss measurement under IAS 39;
- The inclusion of forecasted macroeconomic scenarios e.g. growth rates, unemployment in the determination of the ECL in components such as Probability of Default (PD); and
- The inclusion of expected credit losses on items that would not have been impaired under IAS 39, such as loan commitments and financial guarantees.

(ii) IFRS 15 – Revenue from contracts with customers

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, effective for periods beginning on 1 January 2018 with early adoption permitted. IFRS 15 defines principles for recognising revenue and will be applicable to all contracts with customers. However, interest and fee income integral to financial instruments and leases will continue to fall outside the scope of IFRS 15 and will be regulated by the other applicable standards (e.g., IFRS 9, and IFRS 16 Leases).

Revenue under IFRS 15 needs to be recognised as goods and services are transferred, to the extent that the transferor anticipates entitlement to payment for goods and services. The standard also specifies a comprehensive set of disclosure requirements regarding the nature, extent and timing as well as any uncertainty of revenue and the corresponding cash flows with customers. Adoption of the new Standard did not have any significant impact on the Group.

These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licenses of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard. Adoption of the standard did not have a significant impact on the Group and the IFRS 15 impact assessment on the Group's main revenue streams are as follows:

Interest income is within the scope of IFRS 9. The Group continually assesses fees earned that are an integral component of the effective interest rate ('EIR') of financial assets measured at amortised cost. Those that are an integral component of the EIR calculation are within the scope of IFRS 9, and therefore outside the scope of IFRS 15.

Fee and commission income is earned on simple, unbundled products which are transaction based. There was no impact assessed on fee and commission income.

Net trading income is recognised in respect of foreign currency transaction and translation gains and losses as well as fair value changes on financial assets measured at FVPL. There was no IFRS 15 impact assessed in respect of net trading income.

(b) Standards issued but not yet effective

(i) IFRS 16 – Leases

The International Accounting Standards Board (IASB) published International Financial Reporting Standard (IFRS) 16 a new accounting standard on leases will replace International Accounting Standard (IAS) 17 on Leases. IFRS 16 takes effect on January 1, 2019 and is envisaged to improve the quality of financial reporting for companies with material off balance sheet leases. The new standard does not significantly change the accounting for leases for lessors. However it requires lessees to recognise most leases on their balance sheets as lease liabilities, with the corresponding right-of-use assets. Lessees must apply a single model for all recognised leases, but will have the option not to recognise 'short-term' leases and leases of 'low-value' assets. Generally, the profit or loss recognition pattern for recognised leases will be similar to today's finance lease accounting, with interest and depreciation expense recognised separately in the statement of profit or loss.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted provided the new revenue standard, IFRS 15, is applied on the same date. Lessees must adopt IFRS 16 using either a full retrospective or a modified retrospective approach.

The Group applies IFRS 16 using the modified retrospective approach. The application of IFRS 16 does not have a significant impact on the Group.

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policy and disclosures (continued)

(b) Standards issued but not yet effective (continued)

(ii) IFRS 17 – Insurance Contracts

IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 – Insurance contracts as of 1 January 2021.

The application of IFRS 17 does not have an impact on the Group.

(iii) Annual improvements to IFRS Standards 2015 – 2017 Cycle

The following improvements were finalised in December 2017:

IFRS 3 – clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages. The adoption of this amendment did not have an impact on the Group's financial statements.

IFRS 11 – clarified that the party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation. The adoption of this amendment did not have an impact on the Group's financial statements.

IAS 12 – clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. The adoption of this amendment did not have a material impact on the Group's financial statements.

IAS 23 – clarified that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings. The adoption of this amendment did not an impact on the Group's financial statements.

The amendments to IAS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must:

Calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change any reduction in a surplus should be recognised immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling separately recognise any changes in the asset ceiling through other comprehensive income.

The adoption of this amendment did not have an impact on the Group's financial statements.

2.3 Consolidation

The financial statements of subsidiaries used to prepare the consolidated financial statements were prepared as of the parent company's reporting date. The accounting policies of subsidiaries that are consolidated by the group conform to these policies.

(a) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date - i.e. when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired.

Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if they are related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(b) Subsidiaries

Subsidiaries are investees controlled by the Group. The Group controls an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases. The financial statements of the subsidiary used to prepare the consolidated financial statements were prepared as of the Bank's reporting date.

(c) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any retained interest in the entity is measured at fair value with the change in carrying amount recognised in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(d) Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealised income and expenses (except foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2. Summary of significant accounting policies (continued)

2.3 Consolidation (continued)

(e) Associates

Associates are all entities over which the Group has significant influence but not control. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

Profits and losses resulting from transactions between the Group and its associate are recognised in the group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(f) Separate financial statements

In the separate financial statements, investments in subsidiaries and associates are accounted for at cost less impairment. Cost also includes direct attributable costs of investment.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'Ghana cedi' (GH¢), rounded to the nearest thousand.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in other comprehensive income. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented within 'Other (losses)/gains – net'.

Changes in the fair value of monetary securities denominated in foreign currency classified as fair value through other comprehensive income (FVOCI)/available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as fair value through other comprehensive income (FVOCI), are included in other comprehensive income.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) are measured and presented in 'Ghana cedi' (GH¢).

2.5 Interest income and expenses

Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' and 'interest expense' in profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument, including prepayment options, but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

2.6 Fee and commission income

Fees and commissions are generally recognised on an accrual basis when the service has been provided. The Group reviews its contracts within different revenue streams to identify, separate and measure the components within the scope of IFRS 15.

Loan commitment fees for loans that are likely to be drawn down are deferred, together with related direct costs, and recognised as an adjustment to the effective interest rate on the loan.

Loan syndication fees are recognised as revenue when the syndication has been completed and the Group has retained no part of the loan package for itself or retained a part at the same effective interest rate as the other participants.

2.7 Dividend income

Dividends are recognised when the entity's right to receive payment is established.

2.8 Net trading income

Net trading income comprises gains less losses relating to trading assets and liabilities, including realised and unrealised fair value changes and foreign exchange differences, and fair value gains and losses on financial assets measured fair value through profit and loss.

2. Summary of significant accounting policies (continued)

2.9 Financial assets and liabilities

2.9.1 Measurement methods

Amortised cost and effective interest rate

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. For purchased or originated credit-impaired ('POCI') financial assets – assets that are credit-impaired at initial recognition – the Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

When the Group revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

(a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

(b) In all other cases, the differences is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

(i) Financial assets

From 1 January 2018, the Group has applied IFRS 9 and classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans and investment securities.
Classification and subsequent measurement of debt instruments depend on:

- the Group's business model for managing the asset; and
- the cash flow characteristics of the asset.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represents solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'other operating income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement within 'Net trading income' in the period in which it arises. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

2. Summary of significant accounting policies (continued)

2.9 Financial assets and liabilities (continued)

Debt instruments (continued)

Business model assessment: Business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Group in determining the business model for a Group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVPL. The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

Other factors considered in the determination of the business model include:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

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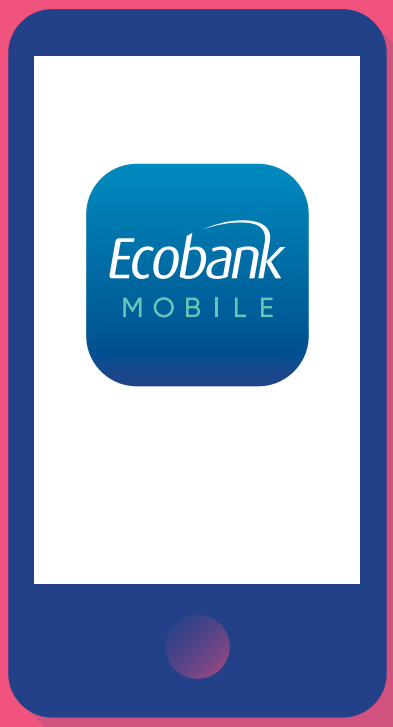

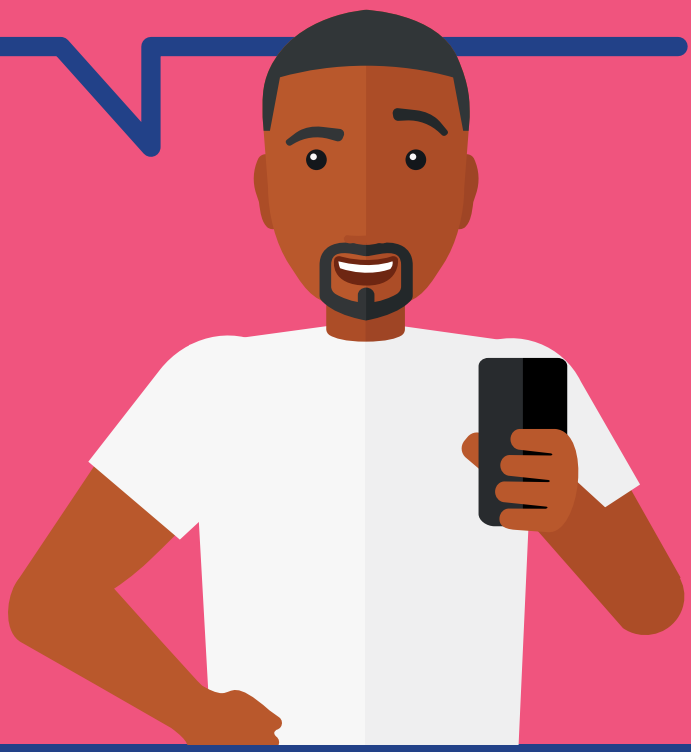

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2.9 Summary of significant accounting policies (continued)

(i) Financial assets (continued)

Debt instruments (continued)

Business model assessment (continued)

The Group may decide to sell financial instruments held under the hold to collect category with the objective to collect contractual cash flows without necessarily changing its business model if one or more of the following conditions are met:

i. When the Group sells financial assets to reduce credit risk or losses because of an increase in the assets''credit risk. The Group considers sale of financial assets that may occur in assets held with the sole objective of collecting cash flows to be infrequent if the sales is one-off during the Financial Year and/or occurs at most once during the quarter or at most three (3) times within the Financial Year.

ii. Where these sales are infrequent even if significant in value. A sale of financial assets is considered infrequent if the sale is one-off during the financial year and/or occurs at most once during the quarter or at most three (3) times within the financial year.

iii. Where these sales are insignificant in value both individually and in aggregate, even if frequent. A sale is considered insignificant if the portion of the financial assets sold is equal to or less than five (5) per cent of the carrying amount (book value) of the total assets within the business model.

iv. When these sales are made close to the maturity of the financial assets and the proceeds from the sales approximates the collection of the remaining contractual cash flows. A sale is considered to be close to maturity if the financial assets has a tenor to maturity of not more than one (1) year and/or the difference between the remaining contractual cash flows expected from the financial asset does not exceed the cash flows from the sales by ten (10) per cent.

Other reasons that may necessitate selling financial assets from the portfolio held with the sole objective of collecting cash flows category that will not constitute a change in business model:

- Selling the financial asset to realise cash to deal with unforeseen need for liquidity (infrequent).
- Selling the financial asset to manage credit concentration risk (infrequent).
- Selling the financial assets as a result of changes in tax laws or due to a regulatory requirement e.g. comply with liquidity requirements (infrequent).
- Other situations also depends upon the facts and circumstances which need to be judged by the management

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

SPPI assessment: The Group assesses whether contractual cash flows are solely payments of principal and interest. For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. Principal may change over the life of the instruments due to repayments. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g. nonrecourse asset arrangements); and
- features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Group subsequently measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

(ii) Impairment of financial assets

The adoption of IFRS 9 has fundamentally changed the Group's accounting for loan loss impairments by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL, together with lease receivables loan commitments and financial guarantee contracts. No impairment loss is recognised on equity investments.

The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination. If the financial asset meets the definition of purchased or originated credit impaired (POCI), the allowance is based on the change in the ECLs over the life of the asset.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

Loss allowances for lease receivables are always measured at an amount equal to lifetime. The Group generally considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

2. Summary of significant accounting policies (continued)

2.9 Financial assets and liabilities (continued)

2.9.1 Measurement methods (continued)

(iii) Modification of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.

If the terms are substantially different, the Group derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

(iv) Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

Financial guarantees contracts and loan commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance; and

- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

Loan commitments provided by the Group are measured as the amount of the loss allowance. The Group has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

Policy before 1 January 2018

2.9.2 Initial recognition of financial instruments – IAS 39

The classification of financial instruments at initial recognition depends on the purpose for which the financial instruments were acquired and their characteristics. All financial instruments are measured initially at their fair value plus, in the case of financial assets and financial liabilities not at fair value through profit or loss, any directly attributable incremental costs of acquisition or issue.

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale financial assets. The directors determine the classification of financial assets at initial recognition. The Group uses trade date accounting for regular way contracts when recording financial asset transactions.

(i) Financial assets and liabilities held for trading

Financial assets or financial liabilities held for trading other than derivatives are recorded in the consolidated statement of financial position at fair value. Changes in fair value are recognised in 'Net trading income' according to the terms of the contract or when the right to the payment has been established.

Included in this classification are debt securities, equities and short position in debt securities which have been acquired principally for the purpose of selling or repurchasing in the future.

(ii) Held to maturity financial instruments

Held to maturity financial instruments are those which carry fixed determinable payments and have fixed maturities and which the Bank has the intention and ability to hold to maturity. After initial measurement, held-to-maturity financial investments are subsequently measured at amortised cost using the effective interest rate method, less allowances for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortisation is included in 'interest income' in the statement of comprehensive income. The losses arising from impairment of such investments are recognised in the statement of comprehensive income line 'Impairment losses on financial investments'.

(iii) Loans and advances

Loans and advances are financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. These are not entered into with the intention of immediate or short-term resale and are not classified as 'Financial assets held for trading', designated as 'Financial investments – available-for-sale' or 'Financial assets designated at fair value through profit or loss'. After initial measurement, loans and advances are subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment. The amortised cost is calculated by taking into account any discount on acquisition and fees and costs that are integral part of the effective interest rate. The amortisation is included in 'Interest income' in the statement of comprehensive income. The losses arising from impairment are recognised in the statement of comprehensive income in 'Impairment charge on loans and advances'.

2. Summary of significant accounting policies (continued)

2.9 Financial assets and liabilities (continued)

2.9.2 Initial recognition of financial instruments – IAS 39 (continued)

(iv) Available for sale financial investments

Available-for-sale financial investments are those which are designated as such or do not qualify to be classified as designated at fair value through profit or loss, held-to-maturity or loans and advances. It includes equity investments, investments in mutual funds and money market and other debt instruments. After initial measurement, available-for-sale financial instruments are subsequently measured at fair value. Unrealised gains and losses are recognised directly in equity in the 'Available-for-sale reserve'. When the security is disposed of, the cumulative gain or loss previously recognised in equity is recognised in the statement of comprehensive income in 'Other operating income' or 'Other operating expenses'.

Where the Bank holds more than one investment in the same security, it is deemed to be disposed off on a first-in first-out basis. Interest earned, whilst holding available-for-sale financial investments, is recognised in the statement of comprehensive income as 'Interest income' when the right of the payment has been established. The losses arising from impairment of such investments are recognised in the statement of comprehensive income in 'Impairment losses on financial investments' and removed from the available-for-sale reserve.

Financial liabilities

The Bank's holding in financial liabilities represents mainly deposits from banks and customers, and other liabilities. Such financial liabilities are initially recognised at fair value and subsequently measured at amortised cost.

2.9.3 Determination of fair value

For financial instruments traded in active markets, the determination of fair values of financial instruments is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indicators that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, LIBOR yield curve, FX rates, volatilities and counterparty spreads) existing at the reporting dates.

The Bank uses widely recognised valuation models for determining fair values of non-standardised financial instruments of lower complexity, such as options or interest rate and currency swaps. For these financial instruments, inputs into models are generally market-observable.

For more complex instruments, the Bank uses internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models such as present value

techniques are used primarily to value derivatives transacted in the over-the-counter market, unlisted debt securities (including those with embedded derivatives) and other debt instruments for which markets were or have become illiquid. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The Bank uses its own credit risk spreads in determining the current value for its derivative liabilities and all other liabilities for which it has elected the fair value option. When the Bank's credit spreads widen, the Bank recognises a gain on these liabilities because the value of the liabilities has decreased. When the Bank's credit spreads narrow, the Bank recognises a loss on these liabilities because the value of the liabilities has increased.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Bank holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risks, liquidity risk and counterparty credit risk.

Based on the established fair value model governance policies, related controls and procedures applied, the directors believe that these valuation adjustments are necessary and appropriate to fairly state the values of financial instruments carried at fair value. Price data and parameters used in the measurement procedures applied are generally reviewed carefully and adjusted, if necessary – particularly in view of the current market developments.

In cases when the fair value of unlisted equity instruments cannot be determined reliably, the instruments are carried at cost less impairment.

The fair values of contingent liabilities and irrevocable loan commitments correspond to their carrying amounts.

2.9.4 De-recognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired; or
- the Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- either (a) the Bank has transferred substantially all the risks and rewards of the asset, or (b) the Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Bank has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Bank's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. Summary of significant accounting policies (continued)

2.9 Financial assets and liabilities (continued)

2.9.5 Reclassification of financial assets

The Group may choose to reclassify a non-derivative financial asset held for trading out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near-term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the fair value through profit or loss (FVPL)/held-for-trading or fair value through other comprehensive income (FVOCI)/available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

On reclassification of a financial asset out of the 'at fair value through profit or loss' category, all embedded derivatives are re-assessed, and if necessary separately accounted for.

2.9.6 Repurchase and reverse repurchase agreements

Securities may be lent subject to a commitment to repurchase it at a specified date ('a repo'). Such securities are not derecognised but retained on the statement of financial position when substantially all the risks and rewards of ownership remain with the Bank. Any cash received, including accrued interest, is recognised on the statement of financial position reflecting its economic substance as a loan to the Bank.

Conversely, securities borrowed or purchased securities subject to a commitment to resell at a specified date (a 'reverse repo') is not recognised on the statement of financial position as the transactions are treated as collateralised loans. However, where the securities borrowed is sold to third parties, the obligation to repurchase the securities is recorded as a trading liability at fair value and any subsequent gain or loss included in net trading income.

2.9.7 Impairment of financial assets

The Group assesses at each reporting date whether objective evidence of impairment exists for any financial asset. A financial asset is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (loss event), and the loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include indications that the borrower is experiencing significant difficulty, default or delinquency in interest or principal payments, the probability that it will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(i) Money market placements and loans and advances to customers

For money market placements and advances to customers carried at amortised cost, the Group first assesses whether

objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant (identified impairment). If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment (unidentified impairment). Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

Where there is objective evidence of impairment, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income.

If a loan has a variable interest rate, the discount rate for measuring impairment loss is the current effective interest rate. The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflect the cash flows that may result from foreclosure costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar risk characteristics, taking into account asset type, industry, geographical location, collateral type, past-due status and other relevant factors. These characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the counterparty's ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted based on current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist. The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Where possible, the Group seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, the loan is no longer considered past due. Management continuously reviews such renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective assessment, calculated using the loan's original effective interest rate. The Group did not reclassify any renegotiated loan during the period.

(ii) Held-to-maturity financial instruments

For held-to-maturity instruments the Group assesses individually whether there is objective evidence of impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income.

If in a subsequent year the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognised, any amounts formerly charged are credited to the 'Impairment losses on financial investments'.

(iii) Available-for-sale financial instruments

For available-for-sale financial instruments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity instruments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered objective evidence in determining whether impairment exists. Where such evidence exists, the cumulative net loss that has been previously recognised directly in equity is removed from equity and recognised in the profit or loss. Reversals of impairment of equity shares are not recognised in profit or loss. Increases in the fair value of equity shares after impairment are recognised directly in equity.

2. Summary of significant accounting policies (continued)

2.9 Financial assets and liabilities (continued)

2.9.7 Impairment of financial assets (continued)

(iii) Available-for-sale financial instruments (continued)

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as all other financial assets. Interest continues to be accrued at the original effective interest rate on the reduced carrying amount of the asset and is recorded as part of Interest Income. Reversals of impairment of debt securities are recognised in the statement of comprehensive income if in a subsequent year, the fair value of the debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

2.9.8 Offsetting financial instruments

Netting, where financial assets and liabilities are offset and the net amount reported in the statement of financial position, occurs if, and only if, there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise an asset and settle the liability simultaneously. In many cases, even though master netting agreements are in place, the lack of an intention to settle on a net basis results in the related assets and liabilities being presented gross in the statement of financial position.

2.10 Collateral

The Group obtains collateral in respect of customer liabilities where this is considered appropriate. The collateral normally takes the form of cash or securities in respect of other credit instruments or a lien over the customer's assets and gives the Group a claim on these assets for both existing and future liabilities. Collateral received in the form of securities is not recorded on the statement of financial position. Collateral received in the form of cash is recorded on the statement of financial position with a corresponding liability. These items are assigned to deposits received from banks or other counterparties. Any interest payable or receivable arising is recorded as interest payable or interest income respectively except for funding costs relating to trading activities which are recorded in net trading income.

2.11 Leases

(i) Lease assets – Lessee

Leases that the Group assumes substantially all the risks and rewards of ownership of the underlying asset are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and present value of minimum lease payments. Subsequent to initial recognition, the leased asset is accounted for in accordance with the accounting policy applicable to that asset. All other leases are classified as operating leases.

(ii) Lease payments-lessee

Payments made under operating leases are charged to profit or loss on a straight line basis over the period of the lease. When an operating lease is terminated before the lease has expired, any payment required to be made by

the lessor by way of penalty is recognised as an expense in the period in which termination takes place.
Minimum lease payments under finance leases are apportioned between finance expense and the outstanding lease liability. The finance expense is allocated to each period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(iii) Lease assets – Lessor

If the Group is the lessor in a lease agreement that transfers substantially all of the risks and rewards incidental to ownership of the asset to the lessee, then the arrangement is classified as a finance lease and a receivable equal to the net investment in the lease is recognised and presented within loans and advances

2.12 Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with the Central Bank and highly liquid financial assets with original maturities of three (3) months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost.

2.13 Property and equipment

(i) Recognition and measurement

Except for land and buildings which are stated at revalued amounts, all other property and equipment are stated at cost less depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items.

Buildings are shown at their revalued amount less subsequent depreciation. The fair values are determined every three (3) years by external, independent, professional valuers. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

The revaluation increase arising on the revaluation of property is credited to the revaluation surplus in shareholders' equity. Decreases that offset previous increases of the same asset are charged against the non-distributable reserve. All other decreases are charged to profit or loss.

(ii) Subsequent costs

Subsequent expenditures are included in the asset's carrying amount or are recognised as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of a replaced part is derecognised. All other repair and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight line basis to write off the gross value less residual amounts over their estimated useful lives. The estimated useful lives for the current and comparative periods are as follows

Buildings	-	40 years
Motor vehicles	-	4 years
Furniture and equipment	-	5 years
Computers	-	3 years

2. Summary of significant accounting policies (continued)

2.13 Property and equipment (continued)

(iii) Depreciation (continued)

Freehold land is not depreciated.

Depreciation methods, residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

(iv) Capital work in progress

Property and equipment under construction is stated at initial cost and depreciated from the date the asset is made available for use over its estimated useful life. Assets are transferred from capital work in progress to an appropriate class of property and equipment when commissioned and ready for its intended use.

(v) Derecognition

Property and equipment are derecognised upon disposal or when no future economic benefits are expected to flow to the Group from either their use or disposal. Gains or losses on derecognition of an item of property and equipment are determined by comparing the proceeds from disposal, if applicable, with the carrying amount of the item and are recognised directly in profit or loss.

2.14 Intangible assets

Computer software

Intangible assets comprise computer software licences. Intangible assets are recognised at cost. Intangible assets with a definite useful life are amortised using the straight-line method over their estimated useful life. At the end of each reporting period, intangible assets are reviewed for indications of impairment or changes in estimated future economic benefits. If such indications exist, the intangible assets are analysed to assess whether their carrying amount is fully recoverable. An impairment loss is recognised if the carrying amount exceeds the recoverable amount.

2.15 Non-current assets held for sale

Non-current assets are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets are generally measured at lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, property and equipment are no longer amortised or depreciated.

2.16 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash generating unit (CGU) exceeds its recoverable amount.

The recoverable amount is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rates that reflect current market assessments of the time value of money and risks specific to the asset.

A previously recognised impairment loss is reversed where there has been a change in circumstances or in the basis of estimation used to determine the recoverable value, but only to the extent that the asset's net carrying amount does not exceed the carrying amount of the asset that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.17 Income tax

(a) Current income tax

Income tax payable on taxable profits is recognised as an expense in the period in which the profits arise. Income tax recoverable on tax allowable losses is recognised as an asset only to the extent that it is regarded as recoverable by offset against current or future taxable profits.

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered or paid to the Ghana Revenue Authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the statement of financial position date.

(b) Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised except;

- where deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2. Summary of significant accounting policies (continued)

2.17 Income tax (continued)

(b) Deferred tax (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current tax and deferred tax relating to items recognised directly in equity are also recognised in the statement of changes in equity and not in the statement of comprehensive income.

Deferred and current tax assets and liabilities are only offset when they arise in the same tax reporting entity and the same taxation authority, and where there is both the legal right to set off current tax assets against current tax liabilities and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.18 Provisions and contingent liabilities

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events that can be reliably estimated and it is probable that an outflow of resources will be required to settle the obligation. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations which are likely to result in an outflow to settle related classes of obligations as a whole, a provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of expenditures expected to be required to settle obligations using pre-tax rates that reflect current market assessments of the time value of money and risks specific to the obligation. The unwinding of the discount due to the passage of time should be included as part of interest expense in profit or loss.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

2.19 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.20 Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in profit or loss when they are due.

Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.21 Stated capital

i. Ordinary shares

Ordinary shares are classified as 'stated capital' in equity.

ii. Dividend on ordinary shares

Dividends on the Group's ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Group's shareholders.

2.22 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the number of ordinary shares outstanding during the period. The Group has no convertible notes and share options, which could potentially dilute its EPS and therefore the Group's Basic and diluted EPS are essentially the same.

2. Summary of significant accounting policies (continued)

2.23 Post balance sheet events

Events subsequent to the reporting date are reflected in the financial statements only to the extent that they relate to the year under consideration and the effect is material.

3. Financial risk management

The Group's business involves taking on risks in a targeted manner and managing them professionally. The core functions of the Group's risk management are to identify all key risks for the Group, measure these risks, manage the risk positions and determine capital allocations.

The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practices. The Group's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors.

Risk management is carried out by the risk department under policies approved by the Board of Directors. The department identifies and evaluates financial risks in close co-operation with the Group's operating units. The Board provides guiding principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments. In addition, internal audit is responsible for the independent review of risk management and the control environment.

The risks arising from financial instruments to which the Group is exposed are financial risks; which includes credit risk, liquidity risk and market risk (which are discussed below).

Credit risk

Credit risk is the risk of suffering financial loss, should any of the Group's customers, market counterparties fail to fulfil their contractual obligations to the Group. Credit risk arises mainly from commercial and consumer loans and advances, credit cards, and loan commitments arising from such lending activities, but can also arise from credit enhancement provided, such as financial guarantees, letters of credit, endorsements and acceptances.

The Group is also exposed to other credit risks arising from investments in debt securities and other exposures arising from trading activities ('trading exposures'), including non-equity trading portfolio assets and settlement balances with market counterparties. Credit risk is the single largest risk for the Group's business; management therefore carefully manages the exposure to credit risk. Credit risk management and control are centralised in a credit risk management team, which reports to the Board of Directors and heads of each business unit regularly.

Credit concentration risk

Credit concentration risk is the risk of loss to the Group arising from excessive concentration of exposure to a single counterparty, industry sector, product or geographic area. Large exposure limits have been established under the Group's credit policy in order to avoid excessive losses from any single counter-party who is unable to fulfill its payment obligations. These risks are monitored on an ongoing basis and subject to annual or more frequent reviews when considered necessary.

Credit related commitments

Documentary and commercial letters of credit are written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions. The primary purpose of these instruments is to ensure that funds are available to a customer as required.

Guarantees and standby letters of credit carry less risk than direct loans. These arrangements are collateralised by the underlying shipments of goods. The likelihood of loss amounts is far less than the entire commitment as most commitments to extend credit of this nature are contingent upon the customer maintaining specific cash in margin accounts. The Group monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

Credit limit control and mitigation

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product, industry sector and country are approved annually by the Board of Directors.

The exposure to any one borrower including banks and brokers is further restricted by sub-limits covering on- and off-balance sheet exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily.

Lending limits are reviewed in the light of changing market and economic conditions and periodic credit reviews and assessments of probability of default.

The Group also employs a range of policies and practice to mitigate credit risk.

(a) Master netting arrangements

The Group further restricts its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of assets and liabilities of the statement of financial position, as transactions are either usually settled on a gross basis or under most netting agreements the right of set off is triggered only on default. However, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis.

(b) Financial covenants (for credit related commitments and loan books)

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions – are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards (often referred to as financial covenants).

The Group monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments

3. Financial risk management (continued)

(c) Collateral and other credit enhancements

The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential properties.
- Charges over business assets such as premises, inventory and accounts receivable.
- Charges over financial instruments such as debt securities and equities.

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured. In addition, in order to minimise the credit loss, the Group will seek additional collateral from the counterparty as soon as impairment indicators are identified for the relevant individual loans and advances.

The Group's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Group since the prior year.

The Group closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Group will take possession of collateral to mitigate potential credit losses.

(d) Impairment and provisioning policies

A provision for expected credit losses is established for all financial assets, except for financial assets classified or designated as FVPL and equity securities designated as FVOCI, which are not subject to impairment assessment. Assets subject to impairment assessment include loans and advances to customers, non-trading debt securities and other financial assets. These are carried at amortised cost and presented net of the provision for expected credit losses on the consolidated and separate statements of financial position.

Off-balance sheet items subject to impairment assessment include financial guarantees and undrawn loan commitments. The provision for expected credit losses for off-balance sheet products subject to impairment assessment is separately calculated and recognised as provisions in other liabilities.

The Group measures the provision for expected credit losses at each reporting date according to a three-stage expected credit loss impairment model (outlined in note 3.1) which is based on changes in credit risk of financial assets since initial recognition.

(e) Write-off policy

The Group writes off a loan balance (and any related allowances for impairment losses) when the Group determines that the loans are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

3.1 Expected credit loss measurement

Expected credit loss impairment model

The Group's allowance for credit losses calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The expected credit loss impairment model reflects the present value of all cash shortfalls related to default events either over the following twelve months or over the expected life of a financial instrument depending on credit deterioration from inception. The allowance for credit losses reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts.

The Group adopts a three-stage approach for impairment assessment based on changes in credit quality since initial recognition:

i. Stage 1 – Where there has not been a significant increase in credit risk (SICR) since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to remaining term to maturity is used.

ii. Stage 2 – When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.

iii. Stage 3 – Financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

The guiding principle for ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments since initial recognition. The ECL allowance is based on credit losses expected to arise over the life of the asset (life time expected credit loss), unless there has been no significant increase in credit risk since origination.

Measuring ECL – Explanation of inputs, assumptions and estimation techniques

(i) Measurement

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

3. Financial risk management (continued)

3.1 Expected credit loss measurement (continued)

Expected credit loss impairment model (continued)

(ii) Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

(iii) Definition of default and credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one of more of the following criteria:

Quantitative criteria

The borrower is more than 90 days past due on its contractual payments.

Qualitative criteria

The borrower meets unlikeliness to pay criteria, which indicates that the borrower is in significant financial difficulty. These are instances where:

- The borrower is in long-term forbearance, insolvent or deceased;
- The borrower is in breach of financial covenant(s);
- An active market for that financial asset has disappeared because of financial difficulties
- Concessions have been made by the Group relating to the borrower's financial difficulty,
- It is becoming probable that the borrower will enter financial difficulty;
- It is becoming probable that the borrower will enter bankruptcy;
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the Group's expected loss calculations.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six months. This period of six months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.

(iv) Presentation of allowance for ECL in the statement of financial position

Loan allowances for ECL are presented in the statement of financial position as follows:

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- Loan commitments and financial guarantee contracts: generally, as a provision;
- Where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- Debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

(v) Write-offs

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(vi) Explanation of inputs, assumptions and estimation techniques: Exposure at Default (EAD), Probability of Default (PD) and Loss Given Default (LGD)

ECL is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the PD, EAD, and LGD, defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. This 12M PD is used to calculate 12-month ECLs. The Lifetime PD is used to calculate lifetime ECLs for stage 2 and 3 exposures.
- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

3. Financial risk management (continued)

3.1 Expected credit loss measurement (continued)

(vi) Explanation of inputs, assumptions and estimation techniques: Exposure at Default (EAD), (continued)

Probability of Default (PD) and Loss Given Default (LGD) (continued)

- Loss Given Default (LGD) represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type:

- For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayment/refinance assumptions are also incorporated into the calculation.
- For revolving products, the exposure at default is predicted by taking current drawn balance and adding a "credit conversion factor" which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilisation band, based on analysis of the Group's recent default data. The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type. The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs and how collateral values change etc. – are monitored and reviewed on a semi-annual basis. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

(vii) Significant Increase in Credit Risk (SICR)

At each reporting date, the Group assesses whether there has been a significant increase in credit risk (SICR) for exposures since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. The assessment considers borrower-specific quantitative and

qualitative information without consideration of collateral, and the impact of forward-looking macroeconomic factors. The common assessments for SICR on retail and non-retail portfolios include macroeconomic outlook, management judgement, and delinquency and monitoring. Forward looking macroeconomic factors are a key component of the macroeconomic outlook. The importance and relevance of each specific macroeconomic factor depends on factors such as the type of product, industry, borrower, geographical region etc.

The Group adopts a multi factor approach in assessing changes in credit risk. This approach considers: Quantitative, Qualitative and Back stop indicators which are critical in allocating financial assets into stages. The quantitative models considers deterioration in the credit rating of obligor/counterparty based on the Group's internal rating system or External Ratings while qualitative factors considers information such as expected forbearance, restructuring, exposure classification by licensed credit bureau etc. A backstop is typically used to ensure that in the (unlikely) event that the quantitative indicators do not change and there is no trigger from the qualitative indicators, an account that has breached the 30 days past due criteria for SICR and 90 days past due criteria for default is transferred to stage 2 or stage 3 as the case may be except where there is a reasonable and supportable evidence available without undue cost to rebut the presumption.

(viii) Forward-looking information incorporated in the ECL models

The assessment of significant increase in credit risk (SICR) and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgment has also been applied in this process. Forecasts of these economic variables (the "base economic scenario") are provided by Ecobank Group's Economics team (as well as from other credible external sources such as Business Monitor International (BMI), International Monetary Fund (IMF), World Bank, respective Central Banks etc.) on a quarterly basis and provide the best estimate view of the economy over the next five years. After five years, to project the economic variables out for the full remaining lifetime of each instrument, a mean reversion approach has been used, which means that economic variables tend to either a long run average rate (e.g. for unemployment) or a long run average growth rate (e.g. GDP) over a period of two to five years. The impact of these economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

In addition to the base economic scenario, the Group's Risk Management team also provide other possible scenarios along with scenario weightings. The number of other scenarios used is set based on the analysis of each major product type to ensure non-linearities are captured. The number of scenarios and their attributes are reassessed at each reporting date. At 1 January 2018 and 31 December 2018, the Group concluded that three scenarios appropriately captured non-linearities. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of. The assessment of SICR is performed using the Lifetime PD under each of the base, and the other scenarios, multiplied by the associated scenario weighting, along with qualitative and backstop indicators.

This determines whether the whole financial instrument is in Stage 1, Stage 2, or Stage 3 and hence whether 12-month or lifetime ECL should be recorded. Following this assessment, the Group measures ECL as either a probability weighted 12 month ECL (Stage 1), or a probability weighted lifetime ECL (Stages 2 and 3). These probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting (as opposed to weighting the inputs).

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within Group's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

3. Financial risk management (continued)

3.1 Expected credit loss measurement (continued)

(viii) Forward-looking information incorporated in the ECL models (continued)

The weightings assigned to each economic scenario were as follows:

Group and Bank	31 January 2018	1 January 2018
Base	55%	55%
Upside	25%	25%
Downside	20%	20%

The scenarios base, upside and downside were used for all portfolios.

Sensitivity analysis

The sensitivity of the ECL provision as at 31 December 2018 to a 5% change in the upside and downside weightings determined for each of the economic scenarios is set out below:

Group	Base	Upside	Downside	ECL
				GH¢'000
5% increase in upside	55%	20%	30%	220,177
No change	55%	25%	20%	220,377
5% increase in downside	55%	20%	30%	220,520

Bank	Base	Upside	Downside	ECL
				GH¢'000
5% increase in upside	55%	20%	30%	220,005
No change	55%	25%	20%	220,205
5% increase in downside	55%	20%	30%	220,348

3.2 Credit risk exposure

3.2.1 Maximum exposure to credit risk

The following table shows an analysis of the credit risk exposure of financial instruments. The Group's maximum exposure to credit risk is represented by the net carrying amounts of the financial assets with the exception of financial and other guarantees issued by the Group for which the maximum exposure to credit risk is represented by the maximum amount the Group would have to pay if the guarantees are called on.

Credit risk exposures relating to on-balance sheet assets are as follows:

	Group		Bank	
	2018 GH¢'000	2017 GH¢'000	2018 GH¢'000	2017 GH¢'000
Financial instruments subject to impairment				
Balances with banks	2,208,725	2,722,690	2,247,190	2,739,496
Investment securities – Non-trading assets	2,530,104	2,516,394	2,483,327	2,460,060
Loans and advances to customers	4,149,511	2,685,468	4,123,153	2,685,759
Other financial assets	205,985	375,072	219,649	391,220
	9,094,325	8,299,624	9,073,319	8,276,535
Financial instruments not subject to impairment				
Investment securities – Non-pledged trading assets	594,244	2,148	594,244	2,148
	9,688,569	8,301,772	9,667,563	8,278,683
Loans exposure to total exposure	43%	32%	43%	32%
Investment securities exposure to total exposure	32%	30%	32%	30%
Other assets exposure to total exposure	2%	5%	2%	5%

Credit risk exposures relating to off-balance sheet assets are as follows:

	Group		Bank	
	2018 GH¢'000	2017 GH¢'000	2018 GH¢'000	2017 GH¢'000
Letters of guarantee	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
	2,136,848	2,346,161	2,136,848	2,346,161

3. Financial risk management (continued)

3.2 Credit risk exposure (continued)

3.2.2 Credit quality per class of financial instrument

The credit quality of financial asset is managed by the Group using internal credit ratings.

The Group's credit exposures were categorised under IAS 39 as follows:

- Exposures that are neither past due nor impaired;
- Exposures that are past due but not impaired; and
- Individually impaired facilities.

At 31 December 2018, the Group's credit exposures were categorised under IFRS 9 as follows:

- Stage 1 – At initial recognition and no significant increase in credit risk after initial recognition
- Stage 2 – Significant increase in credit risk since initial recognition
- Stage 3 – Credit impaired

The tables below show the credit quality by class of financial assets and the allowance for impairment losses held by the group against those assets as at 31 December 2018.

Financial instruments subject to impairment

	Stage 1	Stage 2	Stage 3	2018	2017
Group	**12-month ECL GH¢'000**	**Lifetime ECL GH¢'000**	**Lifetime ECL GH¢'000**	**Total GH¢'000**	**Total GH¢'000**
Balances with banks	2,208,725	-	-	2,208,725	2,722,690
Non-trading assets	2,530,104	-	-	2,530,104	2,516,394
Loans and advances to customers	3,464,634	125,388	724,929	4,314,951	2,901,303
Other financial assets	205,988	116	4,336	210,440	375,174
Gross carrying amount	8,409,451	125,504	729,265	9,264,220	8,515,561
Loss allowance	(71,886)	(3,481)	(94,528)	(169,895)	(215,835)
Carrying amount	8,337,565	122,023	634,737	9,094,325	8,299,726
Letters of guarantee	739,281	-	-	739,281	368,789
Letters of credit	1,056,149	-	-	1,056,149	999,868
Loan commitments	341,418	-	-	341,418	977,504

Group (Continued)	Stage 1 12-month ECL GH¢'000	Stage 2 Lifetime ECL GH¢'000	Stage 3 Lifetime ECL GH¢'000	2018 Total GH¢'000	2017 Total GH¢'000
Gross carrying amount	2,136,848	-	-	2,136,848	2,346,161
Loss allowance	(50,481)	-	-	(50,481)	-
Carrying amount	2,086,367	-	-	2,086,367	2,346,161

Bank	Stage 1 12-month ECL GH¢'000	Stage 2 Lifetime ECL GH¢'000	Stage 3 Lifetime ECL GH¢'000	2018 Total GH¢'000	2017 Total GH¢'000
Balances with banks	2,247,190	-	-	2,247,190	2,739,496
Non-trading assets	2,483,327	-	-	2,483,327	2,460,060
Loans and advances to customers	3,443,209	125,388	719,824	4,288,421	2,901,288
Other financial assets	219,652	116	4,336	224,104	391,220
Gross carrying amount	8,393,378	125,504	724,160	9,243,042	8,492,064
Loss allowance	(71,714)	(3,481)	(94,528)	(169,723)	(215,529)
Carrying amount	8,321,664	122,023	629,632	9,073,319	8,276,535
Letters of guarantee	739,281	-	-	739,281	368,789
Letters of credit	1,056,149	-	-	1,056,149	999,868
Loan commitments	341,418	-	-	341,418	977,504
Gross carrying amount	2,136,848	-	-	2,136,848	2,346,161
Loss allowance	(50,481)	-	-	(50,481)	-
Carrying amount	2,086,367	-	-	2,086,367	2,346,161

3. Financial risk management (continued)

3.2 Credit risk exposure (continued)

3.2.2 Credit quality per class of financial instrument (continued)

The tables below show the credit quality by class of financial assets and the allowance for impairment losses held by the group against those assets as at 31 December 2017.

Group	Loans and advances GH¢'000	Non-trading assets GH¢'000	Balances with banks GH¢'000	Commitments and financial guarantees GH¢'000
Neither past due or impaired	2,259,769	2,516,394	2,722,690	2,346,161
Past due but not impaired	198,053	-	-	-
Individually impaired	443,481	-	-	-
Gross	2,901,303	2,516,394	2,722,690	2,346,161
Less: allowance for impairment	(215,835)	-	-	-
Carrying amount	2,685,759	2,516,394	2,722,690	2,346,161

Bank	Loans and advances GH¢'000	Non-trading assets GH¢'000	Balances with banks GH¢'000	Commitments and financial guarantees GH¢'000
Neither past due or impaired	2,259,754	2,460,060	2,739,496	2,346,161
Past due but not impaired	198,053	-	-	-
Individually impaired	443,481	-	-	-
Gross	2,901,288	2,460,060	2,739,496	2,346,161
Less: allowance for impairment	(215,529)	-	-	-
Carrying amount	2,685,759	2,460,060	2,739,496	2,346,161

The table below shows the analysis of the credit quality of loans and advances allowance for impairment losses held by the Group.

	Stage 1	Stage 2	Stage 3	2018	2017
Group	**12-month ECL GH¢'000**	**Lifetime ECL GH¢'000**	**Lifetime ECL GH¢'000**	**Total GH¢'000**	**Total GH¢'000**
Overdrafts	493,290	47,231	550,102	1,090,623	567,610
Term loans	2,971,344	78,157	174,827	3,224,328	2,333,693
Gross carrying amount	3,464,634	125,388	724,929	4,314,951	2,901,303
Loss allowance	(71,886)	(3,362)	(90,192)	(165,440)	(215,835)
Carrying amount	3,392,748	122,026	634,737	4,149,511	2,685,468
Fair value of collateral	1,143,306	104,403	382,138	1,629,847	1,353,289

The table below shows the analysis of the credit quality of loans and advances allowance for impairment losses held by the Bank.

	Stage 1	Stage 2	Stage 3	2018	2017
Bank	**12-month ECL GH¢'000**	**Lifetime ECL GH¢'000**	**Lifetime ECL GH¢'000**	**Total GH¢'000**	**Total GH¢'000**
Overdrafts	493,290	47,231	550,102	1,090,623	567,610
Term loans	2,950,219	78,157	169,422	3,197,798	2,333,678
Gross carrying amount	3,443,509	125,388	719,524	4,288,421	2,901,288
Loss allowance	(71,714)	(3,362)	(90,192)	(165,268)	(215,529)
Carrying amount	3,371,795	122,026	629,332	4,123,153	2,685,759
Fair value of collateral	1,143,306	104,403	382,138	1,629,847	1,353,289

3. Financial risk management (continued)

3.2 Credit risk exposure (continued)

3.2.2 Credit quality per class of financial instrument (continued)

The table below shows the analysis of the credit quality of loans and advances allowance for impairment losses held by the Bank.

	Group GH¢'000	Bank GH¢'000
At 31 December 2017		
Neither past due not impaired		
Overdrafts	548,817	548,817
Term loans	1,710,952	1,710,937
	2,259,769	2,259,754
Past due but not impaired		
Overdrafts (60 - 90 days)	18,793	18,793
Term loans (60 - 90 days)	179,260	179,260
	198,053	198,053
Individually impaired loans		
Term loans	443,481	443,481
Impairment allowance	(163,807)	(163,807)
	279,674	279,674
Fair value of collateral	50,216	50,216

3.2.3 Loss allowance

The loan impairment provision amounts recognised in the period is impacted by a variety of factors as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" of ("step down") between 12-month and Lifetime ECL.
- Financial assets derecognised during the period and write-offs of allowances related to the assets that were written off during the period.
- Additional allowances for new financial instruments recognised during the period as well as for financial instruments derecognised during the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs;

The following tables explain the changes in loss allowances between the beginning and end of the annual period for loans and advances due to these factors:

	Stage 1	Stage 2	Stage 3	
Group	**12-month ECL GH¢'000**	**Lifetime ECL GH¢'000**	**Lifetime ECL GH¢'000**	**Total GH¢'000**
At 1 January 2018	41,466	3,959	187,161	232,586
Transfer from Stage 1 to Stage 2	1,883	(255)	-	1,628
Transfer from Stage 2 to Stage 1	-	(607)	-	(607)
Transfer from Stage 1 to Stage 2	-	(3,309)	3,778	469
Transfer from Stage 3 to Stage 1	-	-	(102)	(102)
Maturities and write-offs	(13,366)	(6)	(176,919)	(190,291)
New financial assets originated	44,963	1,479	41,003	87,445
Changes in PDs, LGDs and EADs	(3,232)	2,101	35,443	34,312
At 31 December 2018	71,714	3,362	90,364	165,440

	Stage 1	Stage 2	Stage 3	
Bank	**12-month ECL GH¢'000**	**Lifetime ECL GH¢'000**	**Lifetime ECL GH¢'000**	**Total GH¢'000**
At 1 January 2018	41,160	3,959	187,161	232,580
Transfer from Stage 1 to Stage 2	1,883	(255)	-	1,628
Transfer from Stage 2 to Stage 1	-	(607)	-	(607)
Transfer from Stage 1 to Stage 2	-	(3,309)	3,778	469
Transfer from Stage 3 to Stage 1	-	-	(102)	(102)
Maturities and write-offs	(13,060)	(6)	(176,919)	(189,985)
New financial assets originated	44,791	1,479	41,003	87,273
Changes in PDs, LGDs and EADs	(3,232)	2,101	35,443	34,312
At 31 December 2018	71,542	3,362	90,364	165,268

3. Financial risk management (continued)

3.2.3 Loss allowance (continued)

The following table explains the changes in loss allowances between the beginning and end of the annual period for other financial assets:

	Stage 1	Stage 2	Stage 3	
Group and Bank	**12-month ECL GH¢'000**	**Lifetime ECL GH¢'000**	**Lifetime ECL GH¢'000**	**Total GH¢'000**
At 1 January 2018	1,542	3,932	2,402	7,876
Transfer from Stage 2 to Stage 3	-	(1,934)	1,934	-
Maturities and write-offs	(1,542)	(1,999)	-	(3,541)
New financial assets originated	-	120	-	120
At 31 December 2018	-	119	4,336	4,455

The following table explains the changes in loss allowances between the beginning and end of the annual period for off-balance sheet exposures:

	Stage 1	Stage 2	Stage 3	
Group and Bank	**12-month ECL GH¢'000**	**Lifetime ECL GH¢'000**	**Lifetime ECL GH¢'000**	**Total GH¢'000**
At 1 January 2018	22,538	-	-	22,538
Maturities and derecognitions	(21,330)	-	-	(21,330)
New credit exposures	50,472	-	-	50,472
Changes in PDs, LGDs and EADs	(1,199)	-	-	(1,199)
At 31 December 2018	50,481	-	-	50,481

3.2.4 Loans and advances renegotiated

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue.

These policies are kept under continuous review. Restructuring is most commonly applied to term loans.

Loans and advances to customers

Group and Bank	2018 GH¢'000	2017 GH¢'000
Continuing to be impaired after restructuring (included innon-performing loans)	144,818	124,659
Non-impaired after restructuring – would otherwise have been impaired	74,195	53,197

3.2.5 Repossessed collateral

The type and carrying amount of collateral that the Group has taken possession of in the period are measured at the lower of its carrying amount and fair value less costs to sell. Repossessed collateral held by the Group as at the reporting sheet date was:

	2018		2017	
Group and Bank	Collateral GH¢'000	Related loan GH¢'000	Collateral GH¢'000	Related loan GH¢'000
Commercial property	26,375	63,726	34,487	68,187

Repossessed properties are sold as soon as practicable and the proceeds used to reduce outstanding indebtedness. The Group does not generally use the non-cash collateral for its own operations.

3.2.6 Loans and advances per Bank of Ghana Classification

Set out below is an analysis of the gross (allowance for impairment) amounts of individually impaired loans and advances by risk grade.

At 31 December	2018 GH¢'000	2017 GH¢'000
Current	3,796,513	2,312,884
Olem (Other loans especially mentioned)	-	6,896
Substandard	2,004	3,272
Doubtful	419,874	496,408
Loss	70,030	81,828
	4,288,421	2,901,288

3. Financial risk management (continued)

3.3 Market risk

Market risk is the risk of loss arising from adverse changes in market conditions (interest rates, exchange rates and equity prices) during the year. Positions that expose the Group to market risk can be trading or non-trading related. Trading risk comprises positions that the Group holds as part of its trading or market-making activities, whereas non-trading risk includes discretionary positions that the Group undertake for liquidity.

3.3.1 Risk identification

The Group identifies market risk through daily monitoring of levels and profit or loss balances of trading and non-trading positions. The Market Risk Controller together with the risk department monitor daily trading activities to ensure that risk exposures taken are within approved limits and overall risk tolerance levels set by the Board. In addition, Assets and Liabilities Committee (ALCO) members, the Treasurer, the Chief Finance Officer and the Country Risk Manager monitor market risk factors that affect the value of trading and non-trading positions as well as income streams on non-trading portfolios on a daily basis. They also track liquidity indicators to ensure that Group subsidiaries meet their financial obligations at all times.

3.3.2 Interest rate risk

Interest rate risk is the exposure of current and future earnings and capital to adverse changes in the level of interest rates. Exposure to interest rate risk can result from a variety of factors, including:

i. Differences between the timing of market interest rate changes and the timing of cash flows (repricing risk);

ii. Changes in the market interest rates producing different effects on yields on similar instruments with different maturities (yield curve risk); and

iii. Changes in the level of market interest rates producing different effects on rates received or paid on instruments with similar repricing characteristics (basis risk).

The Asset and Liability Management ("ALM") process, managed through ALCO, is used to manage interest rate risks associated with the non-trading book. Gap analysis is used in measuring interest rate risk. It compares the values of interest rate sensitive assets and liabilities that mature or are re-priced at various time periods in the future. Subjective judgment/assumptions are made about the behavior of assets and liabilities which do not have specific contractual maturity or re-pricing dates.

Interest rate risk evaluates potential volatility to net interest income caused by changes in market interest rates and represents the most significant market risk exposure to the Group's non-trading book.

The Group uses gap analysis to measure its exposure to interest rate risk. Through this analysis, it compares the values of interest rate sensitive assets and liabilities that mature or reprice at various time periods in the future. The Group may make judgmental assumptions about the behaviour of assets and liabilities which do not have specific contractual maturity or repricing dates.

The table below summarises the repricing profiles of the Group's financial instruments and other assets and liabilities at 31 December 2018. Items are allocated to time periods with reference to the earlier of the next contractual interest rate re-pricing and maturity dates.

Group At 31 December 2018	Up to 1 months GH¢'000	1-3 months GH¢'000	3-12 months GH¢'000	Over 1 year GH¢'000	Non-interest bearing GH¢'000	Total GH¢'000
Assets						
Cash and bank balances	1,040,491	-	-	-	1,403,195	2,443,686
Government securities	41,321	55,305	427,678	2,592,735	-	3,117,039
Loans and advances to customers	744,174	364,189	733,218	2,307,930	-	4,149,511
Other assets	-	-	-	-	205,985	205,985
Total financial assets	1,825,986	419,494	1,160,896	4,900,665	1,609,180	9,916,221
Liabilities						
Deposits from banks	204,495	-	-	-	-	204,495
Customer deposits	2,393,986	721,895	917,763	276,468	3,298,729	7,608,841
Borrowings	-	-	2,122	160,821	-	162,943
Other liabilities	-	-	-	-	1,145,765	1,145,765
Total financial liabilities	2,598,481	721,895	919,885	437,289	4,444,494	9,122,044
Total interest re-pricing gap	(772,495)	(302,401)	241,011	4,463,376	(2,835,314)	794,177
At 31 December 2017						
Assets						
Cash and bank balances	373,414	641,150	2,073	-	1,936,116	2,952,753
Government securities	31,887	36,322	173,207	2,274,978	-	2,516,394
Loans and advances to customers	416,714	207,352	329,391	1,425,531	306,480	2,685,468
Other assets	-	-	-	-	375,174	375,174
Total financial assets	822,015	884,824	504,671	3,700,509	2,617,770	8,529,789
Liabilities						
Deposits from Banks	396,366	23,177	157,669	-	29,240	606,452
Customer deposits	227,218	51,562	322	353,106	5,909,440	6,541,648
Borrowings	-	-	42,677	160,523	-	203,200
Other liabilities	-	-	-	-	679,753	679,753
Total financial liabilities	623,584	74,739	200,668	513,629	6,618,433	8,031,053
Total interest re-pricing gap	198,431	810,085	304,003	3,186,880	(4,000,663)	498,736

3. Financial risk management (continued)

3.3 Market risk (continued)

3.3.2 Interest rate risk (continued)

Bank At 31 December 2018	Up to 1 months GH¢'000	1-3 months GH¢'000	3-12 months GH¢'000	Over 1 year GH¢'000	Non-interest bearing GH¢'000	Total GH¢'000
Assets						
Cash and bank balances	1,078,956	-	-	-	1,403,195	2,482,151
Government securities	66,025	42,972	423,518	2,537,747	-	3,070,262
Loans and advances to customers	744,174	364,189	733,218	2,281,572	-	4,123,153
Other assets	-	-	-	-	219,649	219,649
Total financial assets	1,889,155	407,161	1,156,736	4,819,319	1,622,844	9,895,215
Liabilities						
Deposits from banks	204,495	-	-	-	-	204,495
Customer deposits	2,393,986	721,895	917,763	276,468	3,316,971	7,627,083
Borrowings	-	-	2,122	160,821	-	162,943
Other liabilities	-	-	-	-	1,141,457	1,141,457
Total financial liabilities	2,598,481	721,895	919,885	437,289	4,458,428	9,135,978
Total interest re-pricing gap	(709,326)	(314,734)	236,851	4,382,030	(2,835,584)	759,237
At 31 December 2017						
Assets						
Cash and bank balances	381,816	647,598	4,027	-	1,936,116	2,969,557
Government securities	5,319	13,385	166,982	2,274,374	-	2,460,060
Loans and advances to customers	417,005	207,352	329,391	1,425,531	306,480	2,685,759
Other assets	-	-	-	-	391,320	391,320
Total financial assets	804,140	868,335	500,400	3,699,905	2,633,916	8,506,696
Liabilities						
Deposits from Banks	504,802	23,177	157,669	-	29,240	714,888
Customer deposits	227,218	51,562	322	353,106	5,815,610	6,447,818
Borrowings	-	-	42,677	160,523	-	203,200
Other liabilities	-	-	-	-	675,821	675,821
Total financial liabilities	732,020	74,739	200,668	513,629	6,520,671	8,041,727
Total interest re-pricing gap	72,120	793,596	299,732	3,186,276	(3,886,755)	464,969

3.3.3 Foreign exchange risk

Foreign exchange risk is measured through the statement of comprehensive income. The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. Management sets limits on the level of exposure by currency and in total for both overnight and intra-day positions. The table below summarises the Group's exposure by currency exchange rates on its financial position and cash flows.

At 31 December 2018

Group	EUR GH¢'000	USD GH¢'000	GBP GH¢'000	GH¢ GH¢'000	Others GH¢'000	Total GH¢'000
Assets						
Cash and balances with banks	169,449	490,628	76,306	1,695,442	11,861	2,443,686
Investment securities	370	1,176,074	-	1,947,904	-	3,124,348
Loans and advances to customers	35,146	1,663,520	3	2,496,842	-	4,195,511
Other assets	3	12,108	29	193,845	-	205,985
Total	204,968	3,342,330	76,338	6,334,033	11,861	9,969,530
Liabilities						
Deposits from banks	7,894	33,080	-	163,485	36	204,495
Customer deposits	409	264,750	579	7,342,898	205	7,608,841
Other liabilities	9,892	772,891	5,141	350,886	6,955	1,145,765
Borrowings	-	-	2,122	160,821	-	162,943
Total	18,195	1,233,517	5,720	7,857,229	7,383	9,122,044
Net on balance sheet exposure	186,773	2,108,813	70,618	(1,523,196)	4,478	847,486
Increase in currency rate (cedi depreciation)	3%	3%	3%	-	3%	-
Effect on profit before tax	(5,603)	(63,264)	(2,119)	-	(134)	71,120

3. Financial risk management (continued)

3.3 Market risk (continued)

3.3.3 Foreign exchange risk (continued)

At 31 December 2017

Group (continued)	EUR GH¢'000	USD GH¢'000	GBP GH¢'000	GH¢ GH¢'000	Others GH¢'000	Total GH¢'000
Assets						
Cash and balances with banks	171,642	1,487,906	84,140	1,200,149	8,916	2,952,753
Investment securities	-	1,087,009	-	1,431,533	-	2,518,542
Loans and advances to customers	1,868	849,203	9	1,834,388	-	2,685,468
Other assets	60,989	19,127	-	295,057	1	375,174
Total	234,499	3,443,245	84,149	4,761,127	8,917	8,531,937
Liabilities						
Deposits from banks	19,595	233,243	394	351,884	1,336	606,452
Customer deposits	152,218	2,814,909	83,029	3,487,568	3,924	6,541,648
Other liabilities	2,202	193,929	491	481,073	2,058	679,753
Borrowings	-	201,116	-	2,084	-	203,200
Total	174,015	3,443,197	83,914	4,322,609	7,318	8,031,053
Net on balance sheet exposure	60,484	48	235	438,518	1,599	500,884
Increase in currency rate (cedi depreciation)	2%	2%	2%	-	2%	-
Effect on profit before tax	(1,210)	(1)	(5)	-	(32)	(1,248)

3. Financial risk management (continued)

3.3 Market risk (continued)

3.3.3 Foreign exchange risk (continued)

At 31 December 2018

Bank	EUR GH¢'000	USD GH¢'000	GBP GH¢'000	GH¢ GH¢'000	Others GH¢'000	Total GH¢'000
Assets						
Cash and balances with banks	169,449	497,449	76,316	1,727,076	11,861	2,482,151
Investment securities	370	1,176,074	-	1,901,127	-	3,077,571
Loans and advances to customers	35,146	1,663,520	3	2,424,484	-	4,123,153
Other assets	3	12,108	29	207,509	-	219,649
Total	204,968	3,349,151	76,348	6,260,196	11,861	9,902,524
Liabilities						
Deposits from banks	7,894	33,080	-	163,485	36	204,495
Customer deposits	409	264,750	579	7,361,140	205	7,627,083
Other liabilities	3,790	219,304	678	917,600	85	1,141,457
Borrowings	-	162,796	-	147	-	162,943
Total	12,093	679,930	1,257	8,442,372	326	9,135,978
Net on balance sheet exposure	192,875	2,669,221	75,091	(2,182,176)	11,535	766,546
Increase in currency rate (cedi depreciation)	3%	3%	3%	-	3%	-
Effect on profit before tax	(5,786)	(80,077)	(2,253)	-	(346)	88,462

3. Financial risk management (continued)

3.3 Market risk (continued)

3.3.3 Foreign exchange risk (continued)

At 31 December 2017

Bank	EUR GH¢'000	USD GH¢'000	GBP GH¢'000	GH¢ GH¢'000	Others GH¢'000	Total GH¢'000
Assets						
Cash and balances with banks	171,642	1,487,906	84,140	1,216,954	8,915	2,969,557
Investment securities	-	1,087,009	-	1,375,199	-	2,462,208
Loans and advances to customers	1,868	849,203	9	1,834,679	-	2,685,759
Other assets	60,989	19,127	-	311,103	1	391,220
Total	234,499	3,443,245	84,149	4,737,935	8,916	8,508,744
Liabilities						
Deposits from banks	19,595	233,243	394	460,320	1,336	714,888
Customer deposits	152,218	2,814,909	83,029	3,393,738	3,924	6,447,818
Other liabilities	2,202	193,929	491	477,141	2,058	675,821
Borrowings	-	201,116	-	2,084	-	203,200
Total	174,015	3,443,197	83,914	4,333,283	7,318	8,041,727
Net on balance sheet exposure	60,484	48	235	404,652	1,598	467,017
Increase in currency rate (cedi depreciation)	2%	2%	2%	-	2%	-
Effect on profit before tax	(1,210)	(1)	(5)	-	(32)	(1,248)

3.3.4 Market risk measurement techniques

The Group applies the 'value at risk' methodology (VAR) to its trading and non-trading portfolios, to estimate exposure to market risk of positions held and maximum losses expected, based on a number of assumptions for various changes in market conditions. The Board sets limits on the value of risk that may be accepted for the Group, trading and non-trading separately, which are monitored on a daily basis by Group Treasury.

VAR is a statistically based estimate of the potential loss on the current portfolio from adverse market movements. It expresses the 'maximum' amount the Group might lose, but only to a certain level of confidence (98%).

There is therefore a specified statistical probability (2%) that actual loss could be greater than the VAR estimate. The VAR model assumes a certain 'holding period' until positions can be closed (10 days). It also assumes that market movements occurring over this holding period will follow a similar pattern to those that have occurred over

the preceeding10-day period in the past.

The Group's assessment of past movements is based on data for the past five years. The Group applies these historical changes in rates, prices, indices, etc. directly to its current positions – a method known as historical simulation. Actual outcomes are monitored regularly to test the validity of assumptions and parameters/factors used in the VAR calculation.

The use of this approach does not prevent losses outside of these limits in the event of more significant market movements. The table below shows a summary statistics of VAR for the Group's trading portfolio during 2018 and 2017.

	2018			2017		
Group and Bank	**Low GH¢'000**	**Average GH¢'000**	**High GH¢'000**	**Low GH¢'000**	**Average GH¢'000**	**High GH¢'000**
Foreign exchange risk	28	169	614	10	23	36
Interest rate risk	199	664	1,618	258	337	408

3.3.5 Risk monitoring and control

The Risk Management department is responsible for reviewing exposure to market risk. The Treasury department monitors interest rate and liquidity risks through daily, weekly, and monthly reviews of the structure and pricing of assets and liabilities. Assets and Liability Committee (ALCO) meetings are also held monthly.

The Group analyses the impact of unlikely, but not impossible events by means of scenario analysis, which enables management gain a better understanding of risks that it could be exposed to in extreme conditions. Both historical and hypothetical events are tested.

3.3.6 Risk reporting

Reports on the Group's positions are reviewed daily by the Internal Audit and Compliance Unit. Reports include foreign currency positions and liquidity positions in all currencies. Variations to expectations are reviewed and corrected if need be.

3. Financial risk management (continued)

3.4 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet payment obligations associated with financial liabilities when they fall due and replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfill commitments to lend. It is the policy of the Group to maintain adequate liquidity at all times and to be in a position to meet all obligations, repay depositors, fulfill commitments to lend and meet any other commitments as and when they fall due.

The management of liquidity risk is governed by the Group's liquidity policy. Responsibility for the management of liquidity risk lies with the Bank's Assets and Liability Management Committee (ALCO), which is chaired by an Executive Director. ALCO is responsible for both statutory and prudential liquidity as well as compliance with regulatory requirements.

The primary objective of liquidity risk management is to provide a planning mechanism for unanticipated changes in demand or needs for liquidity created by customer behavior or abnormal market conditions. ALCO emphasises the maximisation and preservation of customer deposits and other funding sources. ALCO also monitors deposit rates, levels, trends and significant changes.

Liquidity is managed on a short to medium-term basis. In the short term, the focus is on ensuring that cash flow demands can be met as and when required. The focus, in the medium term, is on ensuring that the balance sheet remains structurally sound and aligned to the Group's strategy.

A substantial portion of the Group's assets are funded by customer deposits made up of current and savings accounts and other deposits. These customer deposits, which are widely diversified by type and maturity, represent a stable source of surplus funds. Lending is normally funded by liability in the same currency.

The Group also maintains significant levels of marketable securities to meet compliance with prudential investment of surplus funds. ALCO oversees structural foreign currency and interest rate exposures that arise within the Group. These responsibilities are coordinated by ALCO during monthly meetings. The Group places low reliance on interbank funding and foreign markets.

The table below presents the cash flows payable under non-derivative financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Group manages the inherent liquidity risk based on expected undiscounted cash inflows.

Group At 31 December 2018	Up to 1 months GH¢'000	1-3 months GH¢'000	3-12 months GH¢'000	Over 1 year GH¢'000	Total GH¢'000
Liabilities					
Deposits from banks	126,450	73,529	5,959	-	205,938
Customer deposits	5,694,439	730,827	962,357	291,508	7,679,131
Other liabilities	1,095,284	-	-	-	1,095,284
Borrowings	-	-	8,581	171,618	180,199
	6,916,173	804,356	976,897	463,126	9,160,552

Group (continued) At 31 December 2018 (continued)	Up to 1 months GH¢'000	1-3 months GH¢'000	3-12 months GH¢'000	Over 1 year GH¢'000	Total GH¢'000
Assets					
Cash and balances with banks	2,317,915	374,137	-	-	2,692,052
Government securities	52,538	80,065	791,270	4,191,499	5,115,372
Loans and advances to customers	690,393	648,088	1,121,717	3,564,772	6,024,970
Other assets	205,958	-	-	-	205,958
Assets held for managing liquidity risk	3,266,804	1,102,290	1,912,987	7,756,271	14,038,352
Liquidity gap	(3,649,369)	297,934	936,090	7,293,145	4,877,800
At 31 December 2017					
Liabilities					
Deposits from banks	425,606	23,177	157,669	-	606,452
Customer deposits	6,136,658	51,562	322	353,106	6,541,648
Other liabilities	679,753	-	-	-	679,753
Borrowings	-	-	42,677	160,523	203,200
	7,242,017	74,739	200,668	513,629	8,031,053
Assets					
Cash and balances with banks	2,309,530	641,150	2,073	-	2,952,753
Government securities	34,035	36,322	173,207	2,274,978	2,518,542
Loans and advances to customers	518,824	217,141	352,478	1,597,025	2,685,468
Other assets	375,174	-	-	-	375,174
Assets held for managing liquidity risk	3,237,563	894,613	527,758	3,872,003	8,531,937
Liquidity gap	(4,004,454)	819,874	327,090	3,358,374	500,884

3. Financial risk management (continued)

3.4 Liquidity risk (continued)

Bank At 31 December 2018	Up to 1 months GH¢'000	1-3 months GH¢'000	3-12 months GH¢'000	Over 1 year GH¢'000	Total GH¢'000
Liabilities					
Deposits from banks	126,450	73,529	5,959	-	205,938
Customer deposits	5,712,726	730,826	962,357	291,508	7,697,417
Other liabilities	1,090,976	-	-	-	1,090,976
Borrowings	-	-	8,581	171,618	180,199
	6,930,152	804,355	976,897	463,126	9,174,530
Assets					
Cash and balances with banks	2,317,733	374,137	-	-	2,691,870
Government securities	41,531	67,526	784,365	4,170,817	5,064,239
Loans and advances to customers	689,044	645,390	1,109,831	3,537,378	5,981,643
Other assets	219,649	-	-	-	219,649
Assets held for managing liquidity risk	3,267,957	1,087,053	1,894,196	7,708,195	13,957,401
Liquidity gap	(3,662,195)	282,698	917,299	7,245,069	4,782,871
At 31 December 2017					
Liabilities					
Deposits from banks	534,042	23,177	157,669	-	714,888
Customer deposits	6,042,827	51,562	322	353,107	6,447,818
Other liabilities	675,821	-	-	-	675,821
Borrowings	-	-	42,677	160,523	203,200
	7,252,690	74,739	200,668	513,630	8,041,727
Assets					
Cash and balances with banks	2,317,932	647,598	4,027	-	2,969,557
Government securities	7,467	13,385	166,982	2,274,374	2,462,208
Loans and advances to customers	519,115	217,141	352,478	1,597,025	2,685,759
Other assets	391,320	-	-	-	391,320
Assets held for managing liquidity risk	3,235,834	878,124	523,487	3,871,399	8,508,844
Liquidity gap	(4,016,856)	803,385	322,819	3,357,769	467,117

3.5 Country analysis

The assets and liabilities of the Group held inside and outside Ghana are analysed below:

Group	In Ghana 2018 GH¢'000	Outside Ghana 2018 GH¢'000	In Ghana 2017 GH¢'000	Outside Ghana 2017 GH¢'000
Assets				
Cash and bank balances	2,047,462	396,224	1,528,291	1,424,462
Investment securities	3,124,348	-	2,518,542	-
Loans and advances to customers	4,149,511	-	2,685,468	-
Total assets	9,321,321	396,224	6,732,301	1,424,462
Liabilities				
Deposits from banks	92,459	112,036	486,655	119,797
Customer deposits	7,608,841	-	6,541,648	-
Borrowings	147	162,796	4,661	198,539
Total liabilities	7,701,447	274,832	7,032,964	318,336
Bank				
Assets				
Cash and bank balances	2,085,927	396,224	2,839,287	130,270
Investment securities	3,077,571	-	2,462,208	-
Loans and advances to customers	4,123,153	-	2,685,759	-
Total assets	9,286,651	396,224	7,987,254	130,270
Liabilities				
Deposits from banks	92,459	112,036	595,091	119,797
Customer deposits	7,627,083	-	6,447,818	-
Borrowings	147	162,796	4,661	198,539
Total liabilities	7,719,689	274,832	7,047,570	318,336

3. Financial risk management (continued)

3.6 Fair value of financial assets and liabilities

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

(a) Valuation models

The Group measures fair values using the following fair value hierarchy, which reflects the significance of inputs used in making the measurements.

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk free and benchmark interest rates, credit spreads and other premiums used in estimating discount rates and foreign currency exchange rates and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Group uses widely recognised valuation models for determining the fair value of common and more simple financial instruments that use only observable market data and require little management judgment and estimation.

Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

(b) Financial instruments measured at fair value – fair value hierarchy

The following table analyses financial assets measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position.

Group and Bank At 31 December 2018	Level 1 GH¢'000	Level 2 GH¢'000	Level 3 GH¢'000	Total fair value GH¢'000
Non-pledged trading assets				
Government securities	-	1,649,074	-	1,649,074
Equity securities	-	-	7,309	7,309
	-	1,649,074	7,309	1,656,383

The Group did not have any financial instruments measured at fair value as at 31 December 2017.

The following table presents the changes in level 3 instruments during the year. Level 3 instruments are all investment securities (unquoted equities).

Group and Bank	2018	2017	2018	2017
Equity securities				
At 1 January	2,148	2,148	2,148	2,148
Fair value gain	5,161	-	5,161	-
At 31 December	7,309	2,148	7,309	2,148

3. Financial risk management (continued)

3.6 Fair value of financial assets and liabilities (continued)

(c) Financial instruments not measured at fair value

The following table sets out the fair values of financial instruments not measured at fair value in the statement of financial position, analysed by reference to levels in the fair value hierarchy into which each fair value measurement is categorised:

Group At 31 December 2018	Level 1 GH¢'000	Level 2 GH¢'000	Level 3 GH¢'000	Total fair value GH¢'000	Total carrying amount GH¢'000
Government securities – non-trading	-	1,502,644	-	1,502,644	1,467,965
Loans and advances to customers	-	4,001,617	-	4,014,375	4,267,783
Cash and balances with banks	-	1,624,652	1,411,059	2,573,400	2,573,400
Other assets	-	-	205,485	205,485	205,985
	-	7,128,913	1,616,544	8,295,904	8,515,133
Deposits from banks	-	321,120	-	321,120	204,495
Customer deposits	-	7,510,639	-	7,510,639	7,608,841
Borrowings	-	-	136,449	136,449	162,943
Other liabilities	-	-	1,138,920	1,138,920	1,145,765
	-	7,831,759	1,275,369	9,107,128	9,122,044
At 31 December 2017					
Government securities – non-trading	-	2,228,036	-	2,228,036	2,516,394
Loans and advances to customers	-	-	2,327,589	2,327,589	2,685,468
Cash and balances with banks	-	1,431,661	1,520,396	2,952,057	2,952,753
Other assets	-	-	375,072	375,072	375,072
	-	3,659,697	4,223,057	7,882,754	8,529,687
Deposits from banks	-	600,448	-	600,448	606,452
Customer deposits	-	6,229,956	-	6,229,956	6,541,648
Borrowings	-	-	199,480	199,480	203,200
Other liabilities	-	-	679,753	679,753	679,753
	-	6,830,404	879,233	7,709,637	8,031,053

Bank At 31 December 2018	Level 1 GH¢'000	Level 2 GH¢'000	Level 3 GH¢'000	Total fair value GH¢'000	Total carrying amount GH¢'000
Government securities – non-trading	-	1,457,466	-	1,457,466	1,421,188
Loans and advances to customers	-	3,949,879	-	3,949,879	4,123,153
Cash and balances with banks	-	1,076,373	1,411,059	2,487,432	2,482,151
Other assets	-	-	219,649	219,649	219,649
	-	6,483,718	1,630,708	8,114,426	8,246,141
Deposits from banks	-	321,120	-	321,120	204,495
Customer deposits	-	7,595,252	-	7,595,252	7,627,083
Borrowings	-	-	136,449	136,449	162,943
Other liabilities	-	-	1,138,612	1,138,612	1,141,457
	-	7,916,372	1,275,061	9,191,433	9,135,978
At 31 December 2017					
Government securities – non-trading	-	2,171,745	-	2,171,745	2,460,060
Loans and advances to customers	-	-	2,327,589	2,327,589	2,685,759
Cash and balances with banks	-	1,431,661	1,537,132	2,968,793	2,969,557
Other assets	-	-	391,320	391,320	391,220
	-	3,603,406	4,256,041	7,859,447	8,506,596
Deposits from banks	-	707,810	-	707,810	714,888
Customer deposits	-	6,140,779	-	6,140,779	6,447,818
Borrowings	-	-	199,480	199,480	203,200
Other liabilities	-	-	675,821	675,821	675,821
	-	6,848,589	875,301	7,723,890	8,041,727

There were no transfers of financial instruments between levels during the year.

The fair value of government securities is based on market prices or broker/dealer price quotations. Where this information is not available, fair value is determined using quoted market prices for securities with similar credit, maturity and yield characteristics.

3. Financial risk management (continued)

3.6 Fair value of financial assets and liabilities (continued)

(c) Financial instruments not measured at fair value (continued)

Where applicable, the fair value of loans and advances to customers is based on observable market transactions. Where observable market transactions are not available, fair value is estimated using valuation models such as discounted cash flow techniques which represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine the fair value. For collateral-dependent impaired loans, the fair value is measured based on the value of the underlying collateral.

The fair value of advances to and from banks is based on discounted cash flow techniques applying the rates of similar maturities and terms.

The fair value of term deposits by customers is estimated using discounted cash flow techniques, applying the rates that are offered for deposits of similar maturities and terms. The fair value of deposits payable on demand is the amount payable at the reporting date.

Fair values of borrowings are estimated using discounted cash flow techniques, applying rates that are offered for borrowings of similar maturities and terms.

3.7 Fair value of non-financial assets and liabilities

Land and buildings

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's property. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Group and Bank At 31 December 2018	Level 1 GH¢'000	Level 2 GH¢'000	Level 3 GH¢'000
2018			
Land and building	-	-	403,047
Bank 2017			
Land and building	-	-	403,695

There were no transfers of assets between any levels during the year.

4. Capital management

The Group's objectives when managing capital include:

- Complying with capital requirements set by the Bank of Ghana
- Safeguarding the Group's ability to continue as a going concern to enable it continue providing returns for shareholders and benefits for other stakeholders
- Maintaining a strong capital base to support the development of its business

Capital adequacy and the use of regulatory capital are monitored daily by management, employing techniques based on guidelines developed by the Basel Committee as implemented by Bank of Ghana for supervisory purposes. The required information is filed with Bank of Ghana on a monthly basis. Bank of Ghana requires each bank to:

(a) hold a minimum regulatory capital of GH¢400 million; and

(b) maintain a ratio of total regulatory capital to risk-weighted assets plus risk weighted off balance sheet assets above a required minimum of 10%.

The Group's regulatory capital is divided into two tiers:

- **Tier 1** capital: includes shareholders' equity and disclosed reserves after deducting specified assets such as intangibles and certain classes of investments.
- **Tier 2** capital: includes qualifying subordinated loan capital, collective impairment allowances and unrealised gains arising on the fair valuation of equity instruments held as available for sale.

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature and reflecting an estimate of credit, market and other risks associated with each asset and counterparty. A similar treatment is adopted for off-balance sheet exposures, with some adjustments to reflect the more contingent nature of potential losses.

Implementation of Basel

Bank of Ghana (BoG) in June 2018 rolled out the Capital Requirements Directive (CRD) which requires banks to implement Pillar 1 principles of Basel II. Banks commenced the implementation of the directive from 1 July 2018 with an effective compliance date of 1 January 2019.

The Capital Requirement Directive has four main parts. The first part provides principles for capital management and the constituents of eligible regulatory capital. The second, third and fourth parts provide guidance on the role of the board in the management of credit, operational and market risk respectively. Guidelines for the computation of credit risk weighted asset, operational and market risk capital charges are also detailed in the CRD document.

4. Capital management (continued)

The table below summarises the composition of regulatory capital adequacy ratios of the Group and Bank for the years ended 31 December 2018 and 2017. During these two years, the individual entities within the Group and the Bank itself complied with all externally imposed capital requirements that they are subject to.

	Group		Bank	
	2018 GH¢'000	2017 GH¢'000	2018 GH¢'000	2017 GH¢'000
Tier 1 Capital				
Share capital	416,641	226,641	416,641	226,641
Statutory reserves	439,471	355,064	438,943	354,546
Income surplus	201,127	208,393	189,250	198,782
	1,057,239	790,098	1,044,834	779,969
Other regulatory adjustments	(119,907)	(120,072)	(148,762)	(181,072)
Total qualifying tier 1 capital	937,332	670,026	896,072	598,897
Tier 2 Capital				
Subordinated debt	162,796	95,594	162,796	95,594
Revaluation reserves	54,903	54,891	54,903	54,891
Total qualifying tier 2 capital	217,699	150,485	217,699	150,485
Total qualifying regulatory capital	1,155,031	820,511	1,113,771	749,382
Risk weighted assets				
On balance sheet	3,776,950	3,478,396	3,797,703	3,479,033
Off balance sheet	1,795,430	1,368,657	1,795,430	1,368,657
Total risk weighted assets	5,572,380	4,847,053	5,593,133	4,847,690
Other regulatory adjustments	1,220,812	1,115,791	1,217,012	1,113,704
Adjusted asset base	6,793,192	5,962,844	6,810,145	5,961,394
Capital adequacy ratio	17.00%	13.76%	16.35%	12.57%

The Group complied with all external capital requirements.

5. Critical accounting estimates and judgments

The Group's financial statements and financial results are influenced by accounting policies, assumptions, estimates and management judgement, which necessarily have to be made in the course of preparing the financial statements.

The Group makes estimates and assumptions that affect reported amounts of assets and liabilities. All estimates and assumptions required in conformity with IFRS are based on best estimates undertaken in accordance with applicable standards. Estimates and judgements are evaluated on a continuous basis, based on past experience and other factors, including expectations with regard to future events.

(a) Impairment losses on loans and advances

The Group reviews its loan portfolio to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in profit or loss, the Group considers observable data that may indicate measurable decreases in estimated future cash flows from a portfolio of loans before decreases can be identified with individual loans in that portfolio. This evidence may include observable data indicating adverse changes in the payment status of borrowers in a group, or economic conditions that correlate with defaults on assets in a group. Management uses estimates based on historical loss experience for assets with similar credit risk characteristics and objective evidence

(b) Fair value of financial instruments

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined using valuation techniques. In these cases, fair values are estimated from observable data in respect of similar financial instruments or using models. Models are calibrated to ensure that outputs reflect actual data and comparative market prices.

(c) Income taxes

Significant estimates are required in determining provisions for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences are adjusted in the period in which such determination is made.

	Group		Bank	
	2018 GH¢'000	2017 GH¢'000	2018 GH¢'000	2017 GH¢'000
6. Interest income				
Placements and short-term funds	73,697	131,942	77,651	131,931
Government securities – Trading	56,870	205,891	56,870	193,285
Government securities – Non-trading	245,149	-	234,849	-
Loans and advances	707,943	566,744	704,170	560,267
	1,083,659	904,577	1,073,540	885,483

	Group		Bank	
	2018 GH¢'000	2017 GH¢'000	2018 GH¢'000	2017 GH¢'000
7. Interest expense				
Demand deposits	62,256	56,791	139,193	79,921
Time deposits	98,169	57,969	27,847	31,982
Borrowed funds	14,434	14,555	14,434	14,555
Savings accounts	31,114	30,993	31,114	30,993
	205,973	160,308	212,588	157,451
8. Fee and commission income				
Trade finance fees	50,140	52,543	50,140	52,543
Credit related fees and commission	14,910	38,727	14,910	38,479
Cash management fees	72,746	66,151	72,746	66,151
Other fees and commission	50,856	44,855	50,786	44,897
	188,652	202,276	188,582	202,070
9. Fee and commission expense				
Transaction and interchange fees	5,349	3,521	5,312	3,471
10. Net trading income				
Foreign exchange:				
- translation gains less losses	22,639	14,763	22,674	14,678
- transaction gains less losses	180,420	119,301	180,420	119,301
Fair value gains less losses	8,549	9,942	8,486	9,710
	211,608	144,006	211,580	143,689
11. Other operating income				
Other revenue	25,140	15,215	25,103	14,900
Finance lease	9,589	10,680	9,589	10,680
	34,729	25,895	34,692	25,580

	Group		Bank	
	2018 GH¢'000	2017 GH¢'000	2018 GH¢'000	2017 GH¢'000
12. Net impairment charge				
Changes in impairment charges:				
- Loans and advances to customers (Note 19)	109,773	202,443	109,907	202,442
- Other assets (Note 22)	(3,421)	-	(3,421)	-
- Contingent liabilities (Note 36)	27,943	-	27,943	-
Recoveries on loans previously written off	(4,930)	(28,503)	(4,930)	(28,503)
	129,365	173,940	129,499	173,939
13. Personnel expenses				
Personnel expenses comprise:				
Wages and salaries	176,223	183,273	175,908	182,962
Social security fund contribution	15,846	16,804	15,810	16,768
Other allowances	187,342	143,595	187,121	143,378
	379,411	343,672	378,839	343,108

The number of persons employed by the Group and the Bank at the end of the year was 1,407 (2017:1,583) and 1,404 (2017: 1,575) respectively.

14. Depreciation and amortisation				
Amortisation (Note 23)	4,624	3,656	4,624	3,656
Depreciation (Note 25)	31,363	22,640	31,362	22,640
	35,987	26,296	35,986	26,296

	Group		Bank	
	2018 GH¢'000	2017 GH¢'000	2018 GH¢'000	2017 GH¢'000
15. Other operating expenses				
Technology and communication	91,967	76,520	91,967	76,517
Business promotion	8,225	9,275	8,225	9,275
Advertising	2,272	3,733	2,272	3,733
Training	2,091	3,065	2,091	3,065
Audit fees	1,314	786	1,160	635
Directors' emoluments	1,572	1,554	1,572	1,550
Loss on sale of non-current asset held for sale	111	1,571	111	1,571
Corporate social responsibility (Note 42)	1,359	1,716	1,359	1,716
Other expenses	149,329	117,076	149,101	116,933
	258,240	215,296	257,858	214,995

Other expenses include rent, utilities, repairs , maintenance, insurance, printing, fuel, legal fees, cash in transit, overheads and travel etc.

16. Current income tax				
Income tax expense				
Current tax	161,808	83,796	159,377	81,815
National Fiscal Stabilisation Levy	29,821	17,467	29,353	17,088
Deferred tax (Note 17)	(25,346)	3,475	(25,346)	3,473
	166,283	104,738	163,384	102,376

The tax on the Group's and the Bank's profit before tax differs from the theoretical amount that would arise using the basic tax rate.

The numerical reconciliation of income tax expense is as follows:

Profit before tax	506,251	358,383	500,974	357,760
Corporate tax rate at 25% (2017: 25%). Tax using the bank's domestic tax rate (25%)	126,563	89,596	125,243	89,440
Tax incentives	-	(67)	-	(67)
Non-deductible	25,854	4,849	23,135	965
Tax exempt income	(15,955)	(7,107)	(14,347)	(5,050)
National Fiscal Stabilisation Levy	29,821	17,467	29,353	17,088
Income tax expense	166,283	104,738	163,384	102,376
Effective tax rates	33%	29%	33%	29%

16. Current income tax (continued)

The movement on corporate tax payable was as follows:

Group	At 1 January GH¢'000	IFRS 9 impact GH¢'000	Tax charge GH¢'000	Payment GH¢'000	At 31 December GH¢'000
Year of assessment					
2017	(24,214)	-	-	-	(24,214)
2018	-	(6,439)	161,808	(124,309)	31,060
	(24,214)	(6,439)	161,808	(124,309)	6,846
NFSL 2017	(4,478)	-	-	-	(4,478)
NFSL 2018	-	-	29,821	(25,687)	4,134
	(28,692)	(6,439)	191,629	(149,996)	6,502
Bank					
Year of assessment					
2017	(22,989)	-	-	-	(22,989)
2018	-	(6,439)	159,378	(121,962)	30,977
	(22,989)	(6,439)	159,378	(121,962)	7,988
NFSL 2017	(4,304)	-	-	-	(4,304)
NFSL 2018	-	-	29,353	(25,233)	4,120
	(27,293)	(6,439)	188,731	(147,195)	7,804

Under the NFSL Act, 2009 (Act 185) a 5% levy is charged on profit before tax and payable quarterly. The levy is not allowable for tax deduction.

17. Deferred tax

2018	Group At 1 January GH¢'000	Group Movement during the year GH¢'000	Group At 31 December GH¢'000	Bank At 1 January GH¢'000	Bank Movement during the year GH¢'000	Bank At 31 December GH¢'000
Gross value						
Recognised in OCI						
Revaluation of property	36,594	-	36,594	36,594	-	36,594
Gross value						
Recognised in reserves						
IFRS 9 Day 1 Impact	-	(5,352)	(5,352)	-	(5,352)	(5,352)
Gross value						
Recognised in profit & loss						
Other provisions	-	(7,549)	(7,549)	-	(7,548)	(7,548)
Provision for loan impairment	(12,931)	(19,573)	(32,504)	(12,931)	(19,573)	(32,504)
Accelerated tax depreciation	6,497	1,776	8,273	6,504	1,775	8,279
At 31 December 2018	(6,434)	(25,346)	(31,780)	(6,427)	(25,346)	(31,773)
Net deferred tax (asset)/liability)	30,160	(30,698)	(538)	30,167	(30,698)	(531)
2017						
Gross value						
Recognised in OCI						
Revaluation of property	16,710	19,884	36,594	16,710	19,884	36,594
Gross value						
Recognised in profit & loss						
Provision for loan impairment	(10,705)	(2,226)	(12,931)	(10,705)	(2,226)	(12,931)
Accelerated tax depreciation	796	5,701	6,497	805	5,699	6,504
At 31 December 2017	(9,909)	3,475	(6,434)	(9,900)	3,473	(6,427)
Net deferred tax (asset)/liability)	6,801	23,359	30,160	6,810	23,357	30,167

17. Deferred tax (continued)

The change on the deferred tax account was as follows:

	Group		Bank	
	2018 GH¢'000	2017 GH¢'000	2018 GH¢'000	2017 GH¢'000
Profit or loss expense	25,346	3,475	25,346	3,473
Other comprehensive income	-	19,884	-	19,884
Income surplus	5,352	-	5,352	-

18. Cash and balances with banks

	Group		Bank	
	2018 GH¢'000	2017 GH¢'000	2018 GH¢'000	2017 GH¢'000
Cash on hand and balances with banks	901,091	1,268,678	901,091	1,268,678
Unrestricted balances with the Central Bank	-	432,172	-	432,172
Restricted balances with the Central Bank	501,968	664,782	501,968	664,782
Money market placements	1,040,627	587,121	1,079,092	603,925
	2,443,686	2,952,753	2,482,151	2,969,557

For the purposes of the statement of cash flow, cash and cash equivalents comprise the following:

Cash on hand and balances with banks	901,091	230,063	901,091	231,063
Unrestricted balances with the Central Bank	-	432,172	-	432,172
Money market placements	873,394	587,112	873,394	494,480
Investment securities maturing within 91 days of acquisition	216,988	67,658	20,139	18,584
As shown in the statement of cash flows	1,991,473	1,317,005	1,794,624	1,176,299

Cash and cash equivalents comprise balances with less than three months maturity from the date of acquisition, including cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

19. Loans and advances to customers

	Group		Bank	
	2018 GH¢'000	2017 GH¢'000	2018 GH¢'000	2017 GH¢'000
Overdrafts	1,090,623	567,610	1,090,623	567,610
Staff loans	106,923	116,172	106,923	116,172
Finance leases	87,411	118,138	87,411	118,138
Mortgage loans	51,952	37,482	51,952	37,482
Term loans	2,978,042	2,061,901	2,951,512	2,061,886
Gross loans and advances to customers	4,314,951	2,901,303	4,288,421	2,901,288
Allowances for impairment	(165,440)	(215,835)	(165,268)	(215,529)
Net loans and advances to customers	4,149,511	2,685,468	4,123,153	2,685,759
The movement on impairment allowance on loans and advances is as follows:				
At 1 January	215,835	86,565	215,529	86,260
IFRS 9 first time impact	16,751	-	16,751	-
Amounts written off as uncollectible	(176,919)	(44,670)	(176,919)	(44,670)
Change in impairment	109,773	173,940	109,907	173,939
At 31 December	165,440	215,835	165,268	215,529
Analysis of gross loans by industry				
Construction	86,102	76,657	86,102	76,657
Agriculture, forestry and fishing	8,210	7,103	8,210	7,103
Mining and quarrying	107,415	90,596	107,415	90,596
Manufacturing	282,803	286,659	282,803	286,659
Electricity, gas and water	121,109	109,109	121,109	109,109
Commerce and finance	951,827	809,696	951,827	809,696
Transport, storage and communication	425,111	319,019	425,111	319,019
Services	2,332,374	1,202,464	2,305,844	1,202,449
	4,314,951	2,901,303	4,288,421	2,901,288
Loan loss provision ratio	3.83%	7.44%	3.85%	7.43%
Ratio of 50 largest exposures to gross loans	80.26%	67.42%	80.76%	67.42%

20. Investment securities

	Group		Bank	
	2018 GH¢'000	2017 GH¢'000	2018 GH¢'000	2017 GH¢'000
(a) Non-pledged trading assets				
Government securities	586,935	-	586,935	-
Equity securities	7,309	2,148	7,309	2,148
	594,244	2,148	594,244	2,148
(b) Non-trading assets				
Government securities	2,530,104	2,516,394	2,483,327	2,460,060
(c) Details of government securities				
At 1 January	2,516,394	638,862	2,460,060	576,837
Additions	4,412,738	2,460,533	4,380,015	2,200,145
Redeemed on maturity	(3,829,652)	(583,001)	(3,787,372)	(316,922)
Fair value gain	17,559	-	17,559	-
At 31 December	3,117,039	2,516,394	3,070,262	2,460,060
(d) Classification of government securities				
Government securities – Trading				
Hold to sell (FVPL)	586,935	-	586,935	-
Government securities – Non-trading				
Hold to collect (Amortised cost)	1,467,965	2,516,394	1,421,188	2,460,060
Hold to collect and sell (FVOCI)	1,062,139	-	1,062,139	-
	3,117,039	2,516,394	3,070,262	2,460,060

There were no investments securities pledged as at 31 December 2018 (2017: Nil).

(e) Equity securities				
At 1 January	2,148	2,148	2,148	2,148
Fair value gain	5,161	-	5,161	-
At 31 December	7,309	2,148	7,309	2,148

All investments in unlisted equity securities are non-current.

21. Investment in subsidiaries

The Bank has the following wholly owned subsidiaries, which are incorporated in Ghana and provide the following services:

		Number of shares	
Subsidiary	**Nature of business**	**2018**	**2017**
Ecobank Investments Managers Limited	Management of investments	11,350	11,350
Ecobank Leasing Company Limited	Finance lease facilities	1,000	1,000
Ecobank Venture Capital Fund 1 limited	Venture capital	16,420	16,420
Ecobank Capital Advisors Limited	Fund management	101	101
		28,871	28,871

22. Other assets

	Group		Bank	
	2018 GH¢'000	**2017 GH¢'000**	**2018 GH¢'000**	**2017 GH¢'000**
Financial assets	205,985	375,174	219,649	391,220
Non-financial assets	24,874	34,187	24,858	34,271
	230,859	409,361	244,507	425,491
Financial assets				
Fees receivable	25,095	40,088	36,995	56,065
Due from affiliates	43,130	24,763	43,130	24,763
Sundry receivables	142,215	310,323	143,979	310,392
	210,440	375,174	224,104	391,220
Allowance for impairment	(4,455)	-	(4,455)	-
	205,985	375,174	219,649	391,220
Non-financial assets				
Prepayments	24,874	34,187	24,858	34,271
The movement in impairment allowance on other financial assets is as follows:				
At 1 January	-	-	-	-
IFRS 9 first time impact	7,876	-	7,876	-
Change in impairment	(3,421)	-	(3,421)	-
At 31 December	4,455	-	4,455	-

23. Intangible assets

	Group		Bank	
	2018 GH¢'000	2017 GH¢'000	2018 GH¢'000	2017 GH¢'000
Cost				
At 1 January	34,870	32,421	34,870	32,421
Additions	9,400	2,449	9,400	2,449
Capital work in progress	17,625	-	17,625	-
At 31 December	61,895	34,870	61,895	34,870
Accumulated amortisation				
At 1 January	30,688	27,032	30,688	27,032
Charge for the year	4,624	3,656	4,624	3,656
At 31 December	35,312	30,688	35,312	30,688
Net book value	26,583	4,182	26,583	4,182

24. Non-current asset held for sale

(a) In 2016, management committed to a plan to sell off landed properties taken over from borrowers as part settlement of their outstanding loan balances with the Bank. Accordingly, two of the landed properties have been sold as at 31 December 2018 (2017: 2). The total value of the remaining landed properties is presented as non-current asset held for sale. The Bank remains committed to its plan to sell off the landed properties and the sale is expected to be completed by 31 December 2019.

	Group		Bank	
	2018 GH¢'000	2017 GH¢'000	2018 GH¢'000	2017 GH¢'000
At 1 January	34,487	63,726	34,487	63,726
Disposals	(4,461)	(29,239)	(4,461)	(29,239)
Impairment	(3,651)	-	(3,651)	-
At 31 December	26,375	34,487	26,375	34,487
(b) Disposal of non-current asset held for sale				
Carrying amount	4,461	29,239	4,461	29,239
Sale proceeds	(4,350)	(27,668)	(4,350)	(27,668)
Loss on disposal	111	1,571	111	1,571

25. Property and equipment

(a) Movement for the year

Group	Land & buildings GH¢'000	Furniture & equipment GH¢'000	Computers GH¢'000	Motor vehicles GH¢'000	Capital work in progress GH¢'000	Total GH¢'000
Cost						
At 1 January 2018	403,695	77,242	63,410	21,923	4,105	570,375
Additions	-	4,769	3,770	1,489	8,345	18,373
Transfers	10,715	588	-	-	(11,303)	-
Disposals	-	(2)	-	(1,711)	-	(1,713)
At 31 December 2018	414,410	82,597	67,180	21,701	1,147	587,035
Accumulated depreciation						
At 1 January 2018	1,949	54,481	43,977	13,962	-	114,369
Charge for the year	9,414	8,216	9,465	4,268	-	31,363
Disposals	-	(2)	-	(1,711)	-	(1,713)
At 31 December 2018	11,363	62,695	53,442	16,519	-	144,019
Net book value	403,047	19,902	13,738	5,182	1,147	443,016
Cost						
At 1 January 2017	91,145	66,286	45,915	22,356	190,307	416,009
Additions	171	2,872	17,493	1,929	60,392	82,857
Transfers	238,508	8,084	2	-	(246,594)	-
Disposals	-	-	-	(2,362)	-	(2,362)
Released on Revaluation	(5,666)	-	-	-	-	(5,666)
Revaluation Surplus	79,537	-	-	-	-	79,537
At 31 December 2017	403,695	77,242	63,410	21,923	4,105	570,375
Accumulated depreciation						
At 1 January 2017	3,739	46,907	37,016	11,686	-	99,348
Charge for the year	3,876	7,574	6,961	4,229	-	22,640
Disposals	-	-	-	(1,953)	-	(1,953)
Released on Revaluation	(5,666)	-	-	-	-	(5,666)
At 31 December 2017	1,949	54,481	43,977	13,962	-	114,369
Net book value	401,746	22,761	19,433	7,961	4,105	456,006

25. Property and equipment (continued)

(a) Movement for the year (continued)

Group	Land & buildings GH¢'000	Furniture & equipment GH¢'000	Computers GH¢'000	Motor vehicles GH¢'000	Capital work in progress GH¢'000	Total GH¢'000
Cost						
At 1 January 2018	403,695	77,047	61,935	21,924	4,006	568,607
Additions	-	4,779	3,759	1,489	8,345	18,372
Transfers	10,715	588	-	-	(11,303)	-
Disposals	-	(2)	-	(1,711)	-	(1,713)
At 31 December 2018	414,410	82,412	65,694	21,702	1,048	585,266
Accumulated depreciation						
At 1 January 2018	1,949	53,606	43,088	13,961	-	112,604
Charge for the year	9,414	8,419	9,261	4,268	-	31,362
Disposals	-	(2)	-	(1,711)	-	(1,713)
At 31 December 2018	11,363	62,023	52,349	16,518	-	142,253
Net book value	403,047	20,389	13,345	5,184	1,048	443,013
Cost						
At 1 January 2017	91,145	66,091	44,440	22,357	190,207	414,240
Additions	171	2,872	17,493	1,929	60,393	82,858
Transfers	238,508	8,084	2	-	(246,594)	-
Disposals	-	-	-	(2,362)	-	(2,362)
Released on Revaluation	(5,666)	-	-	-	-	(5,666)
Revaluation Surplus	79,537	-	-	-	-	79,537
At 31 December 2017	403,695	77,047	61,935	21,924	4,006	568,607
Accumulated depreciation						
At 1 January 2017	3,739	46,033	36,126	11,685	-	97,583
Charge for the year	3,876	7,573	6,962	4,229	-	22,640
Disposals	-	-	-	(1,953)	-	(1,953)
Released on Revaluation	(5,666)	-	-	-	-	(5,666)
At 31 December 2017	1,949	53,606	43,088	13,961	-	112,604
Net book value	401,746	23,441	18,847	7,963	4,006	456,003

25. Property and equipment (continued)

(a) Cost component of revalued property

If land and buildings were stated on the historical cost basis, the amounts would be as follows:

	Group		Bank	
	2018 GH¢'000	2017 GH¢'000	2018 GH¢'000	2017 GH¢'000
Cost	86,603	75,888	86,603	75,888
Accumulated depreciation	(7,563)	(5,666)	(7,563)	(5,666)
Net book value	79,040	70,222	79,040	70,222

(b) Disposal of equipment

Cost	1,713	2,362	1,713	2,362
Accumulated depreciation	(1,713)	(1,953)	(1,713)	(1,953)
Net book value	-	409	-	409
Sale proceeds	(454)	(676)	(454)	(676)
Gain on sale of equipment	(454)	(267)	(454)	(267)

26. Deposits from banks and financial institutions

	Group		Bank	
	2018 GH¢'000	2017 GH¢'000	2018 GH¢'000	2017 GH¢'000
Money market deposits from local banks and financial institutions	92,459	486,655	92,459	595,091
Money market deposits from foreign banks	112,036	119,797	112,036	119,797
	204,495	606,452	204,495	714,888

27. Customer deposits

	Group		Bank	
	2018 GH¢'000	2017 GH¢'000	2018 GH¢'000	2017 GH¢'000
Current accounts	5,393,986	4,799,063	5,402,621	4,824,817
Cash collateral	473,495	393,102	473,495	393,102
Savings account	1,050,681	879,534	1,050,681	879,534
Time deposit	346,901	350,401	356,510	350,365
Private placements	343,778	119,548	343,776	-
	7,608,841	6,541,648	7,627,083	6,447,818
Current	6,188,613	6,188,613	7,245,728	6,125,427
Non-current	1,420,228	353,035	381,355	322,391
	7,608,841	6,541,648	7,627,083	6,447,818

The twenty largest depositors constituted 22.34% of the total deposits at the year-end (2017: 19.56%).

28. Borrowings

2018 - Group and Bank	At 1 Jan 2018 GH¢'000	Drawdown GH¢'000	Interest GH¢'000	Repayment GH¢'000	Exchange differences GH¢'000	At 1 Dec 2018 GH¢'000
International Finance Corporation	88,830	-	7,166	(7,118)	7,903	96,781
Ghana Export – Import Bank	2,084	-	26	(1,963)	-	147
European Investment Bank	74,394	-	3,551	(3,567)	(8,363)	66,015
Ecobank Transnational Bank	37,892	-	1,841	(39,733)	-	-
	203,200	-	12,584	(52,381)	(460)	162,943
Current						37,566
Non-current						125,377
						162,943

28. Borrowings (continued)

2017 - Group and Bank	At 1 Jan 2018 GH¢'000	Drawdown GH¢'000	Interest GH¢'000	Repayment GH¢'000	Exchange differences GH¢'000	At 1 Dec 2018 GH¢'000
International Finance Corporation	84,657	-	516	(653)	4,310	88,830
Export Development Investment Fund	4,725	-	1	(2,642)	-	2,084
European Investment Bank	72,621	-	572	(2,476)	3,677	74,394
Ecobank Transnational Bank (IFC)	46,923	-	931	(24,229)	1,663	25,288
Ecobank Transnational Bank (EIB)	23,818	-	578	(12,691)	899	12,604
	232,744	-	2,598	(42,691)	10,549	203,200
Current						42,677
Non-current						160,523
						203,200

A loan of US$20 million was made available to the Bank by International Finance Corporation (IFC) under an agreement dated 15 June 2015 for 8 years. This loan is to be used as tier II capital, and attracts interest at LIBOR plus a margin of 5.5% per annum. The loan is unsecured.

A total partially drawn loan amount of USD $ 17.116 million was obtained from the European Investment Bank in 2015. The borrowings are unsecured and attract a rate of LIBOR plus a spread of 2.31% and would expire in August 2022 and June 2023 respectively.

The borrowing from Export Development Fund (EDIF) was made available for the purposes of on-lending to small scale enterprises, export insurance re-financing and credit guarantee. This is a revolving fund, which attracts interest at a rate of 2.5% per annum. The loan is unsecured.

Borrowings totaling US$29 million from International Finance Corporation and European Investment Bank were obtained through Ecobank Transnational Incorporated. These borrowings are unsecured subordinated debts which were paid off during the course of 2018.

29. Other liabilities

	Group		Bank	
	2018 GH¢'000	2017 GH¢'000	2018 GH¢'000	2017 GH¢'000
Collections on behalf of customers	799,471	437,879	799,471	437,879
Bankers drafts and managers cheques	21,535	16,718	21,535	16,718
Point of sale terminals	2,866	3,483	2,866	3,483
Accruals	112,433	47,434	113,367	47,266
Payables and sundry liabilities	137,796	160,855	132,554	157,091
Provisions	71,664	13,384	71,664	13,384
	1,145,765	679,753	1,141,457	675,821
Current	314,426	314,450	401,787	237,833
Non-current	831,339	365,303	739,670	437,988
	1,145,765	679,753	1,141,457	675,821
Provisions comprise:				
Legal proceedings	21,183	13,384	21,183	13,384
Impairment allowance on off balance sheet contracts	50,481	-	50,481	-
	71,664	13,384	71,664	13,384

30. Stated capital

	No. of shares		Proceeds	
	2018	2017	2018 GH¢'000	2017 GH¢'000
Bank				
Authorised:				
Ordinary shares of no par value	500,000,000	500,000,000		
Issued and fully paid				
Ordinary shares of no par value	322,551,209	293,228,372	416,641	226,641

30. Stated capital (continued)

	Ordinary shares		Stated capital	
	2018	2017	2018 GH¢'000	2017 GH¢'000
Movement				
At 1 January	293,228,372	293,228,372	226,641	226,641
Transfer from income surplus	29,292,837	-	190,000	-
At 31 December	322,521,209	293,228,372	416,641	226,641

The Bank issued ordinary bonus shares of 29,228,372 to existing shareholders at a ratio of one (1) ordinary share to each existing shareholder for every ten (10) ordinary shares held, to be credited as fully paid for to enable the Bank increase its minimum stated capital to GHS 400 million as required by the Bank of Ghana.

31. Income surplus

The income surplus account represents the profit retained after appropriations. The balance is available for distribution to shareholders.

32. Revaluation reserve

The revaluation reserve account is unrealised appreciation in the value of landed property arising from revaluation. The revaluation reserve is not available for distribution.

33. Statutory reserve

Statutory reserve account represents cumulative amounts set aside from annual profits after tax in accordance with the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). The movements are included in the statements of changes in equity.

34. Credit risk reserve

Credit risk reserve is the amount set aside from the income surplus account to meet the minimum regulatory requirements in respect of allowance for credit losses for loans and advances to customers in accordance with the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). The movement in credit risk reserve is included in the statement of changes in equity.

The movement in credit risk reserve is as follows:

	Group		Bank	
	2018 GH¢'000	2017 GH¢'000	2018 GH¢'000	2017 GH¢'000
Bank of Ghana provision	324,638	352,882	324,466	352,576
IFRS impairment allowance	(165,440)	(215,835)	(165,268)	(215,529)
At 31 December	159,198	137,047	159,198	137,047

35. Investment in associate

The Bank holds 49% interest in Pan African Savings and Loans Company Limited, a company incorporated in Ghana which provides microfinance to small and medium-sized enterprises.

The results of Pan African Savings and Loans Company Limited are incorporated into its financial statements using equity accounting.

	Group		Bank	
	2018 GH¢'000	2017 GH¢'000	2018 GH¢'000	2017 GH¢'000
Movement in investment				
At 1 January	8,547	8,073	4,841	4,841
Share of associate profit	1,302	474	-	-
At 31 December	9,849	8,547	4,841	4,841
Financial statements extract of associates				
Revenue			35,179	27,181
Profit from continuing operations			3,543	1,910
Other comprehensive income			-	-
Total comprehensive income			3,543	1,910
Attributable to Group			1,302	702
Summarised statement of financial position				
Assets				
Cash and bank balances			18,438	10,377
Other current assets			58,153	51,053
Non-current assets			2,484	3,509
Total assets			79,075	64,939
Liabilities				
Financial liabilities			65,592	51,744
Other current liabilities			2,723	1,434
Total liabilities			68,315	53,178
Net assets			10,760	11,761

36. Contingent liabilities and commitments

Legal proceedings

There are legal proceedings against the Bank. Except as indicated in Note 30, there are no contingent liabilities as at 31 December 2018 associated with legal actions as professional advice indicates that it is unlikely that any significant loss will arise (2017: Nil).

Capital commitments

At the balance sheet date, the Group and Bank had no capital commitments (2017: Nil) in respect of authorised and contracted projects.

Loan commitments, guarantees and other financial facilities

At 31 December 2018, the contractual amounts of the Group and Bank's off balance sheet financial instruments that commit it to extend credit to customers, guarantees and other facilities are as follows:

	Group		Bank	
	2018 GH¢'000	2017 GH¢'000	2018 GH¢'000	2017 GH¢'000
Letters of guarantee	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	50,481	-	50,481	-
	2,095,634	2,346,161	2,095,634	2,346,161
The movement on impairment allowance on contingent liabilities and commitments is as follows:				
At 1 January				
IFRS 9 first time impact	22,538	-	22,538	-
Change in impairment	27,943	-	27,943	-
At 31 December	50,481	-	50,481	-

37. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The Bank is a subsidiary of Ecobank Transnational Incorporation (ETI).

	2018 GH¢'000	2017 GH¢'000
(a) Transactions carried out with related parties (continued)		
Interest income on placements		
- Placements with ETI	-	11,859
- Placements with ETI affiliates	41,162	45,207
- Placements with subsidiaries	3,948	28,275
	45,110	85,341
Loans to subsidiaries	3,547	25,821
	48,657	111,162
Interest expense on borrowings		
- Borrowings from ETI	1,760	6,532
- Borrowings from ETI affiliates	7,075	2,331
- Borrowings from subsidiaries	76,620	28,209
	85,455	37,072
Interest expense on deposits	-	-
	85,455	37,072
(b) Due from related parties		
Placements with ETI	-	-
Placements with ETI affiliates	334,871	478,414
Placements with subsidiaries	12,006	-
Loans to subsidiaries	26,459	-
Expenses paid on behalf of ETI affiliates	43,130	-
	416,466	478,414

37. Related party transactions (continued)

	2018 GH¢'000	2017 GH¢'000
(c) Due to related parties		
Borrowings from ETI	-	36,922
Borrowings from ETI affiliates	87,724	66,266
Borrowings from subsidiaries	348,339	-
Expenses incurred on behalf of Ecobank Ghana	54,564	-
	490,627	103,188

(d) Transactions with Non-Executive Directors

Remuneration paid to non-executive directors in the forms of fees, allowances and other related expenses are disclosed in Note 15.

(e) Loans to Non-Executive Directors

At the reporting date, loan balances due from non-executive directors was GH¢ 1,118.840 (2017:1,197,259).

38. Regulatory disclosures

(i) Non-performing loans ratio

The percentage of gross non-performing loans ("substandard to loss") was 11.47% (2017: 20.04%)

(ii) Compliance with statutory liquidity requirement

(a) There was no default in statutory liquidity during the year (2017: Nil).
(b) There was no sanction for default in statutory liquidity during the year (2017: Nil).

(iii) Capital adequacy ratio

The capital adequacy ratio as at 31 December 2018 was calculated as stated below:

Group	17.00%	(2017: 13.76%)
Bank	16.35%	(2017: 12.57%)

(iv) Liquid ratio

The key measure used by the Bank or Group for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose net liquid assets are considered as including cash and cash equivalents and investment grade debt securities for which there is an active and liquid market less any deposits from banks, debt securities issued, other borrowings and commitments maturing within the next month. Details of the Bank's ratio of net liquid assets to deposits from customers at the reporting date period were as follows:

Bank	60.77%	67.70%

39. Business segments

The Group's operating segments are reported in a manner consistent with internal reporting to management, which has responsibility for allocating resources and measuring performance of operating segments. The Group's operating segments offer different products and services and are managed separately based on the Group's management and internal reporting structure. The three operating segments as described below:

(a) Consumer banking - This is personal banking and specialises in serving the Premier, Advantage, Classic and Direct customers

(b) Commercial Banking - This is Business Banking and Medium Local Corporates with the following sub-segments SMEs, Medium Local corporates and Non-government public sector (schools, faith, NGOs & professional bodies)

(c) Corporate banking - Specialises in serving the public sector, multinational institutions, financial institutions/ international organisations and the Regional Corporate segment of the market.

Management monitors the operating results of these business units separately for the purposes of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss. All transactions between business segments are conducted on an arm's length basis, with intra-segment revenue and costs being eliminated on consolidation. Income and expenses directly associated with each segment are included in determining business segment performance in accordance with IFRS 8.

The segment information provided for the reportable segments for the year ended 31 December 2018 is as follows:

	Consumer GH¢'000	Commercial GH¢'000	Corporate GH¢'000	Group GH¢'000
At 31 December 2018				
Net interest income	220,051	151,740	505,895	877,686
Net fees and commission income	88,657	47,589	47,057	183,303
Net trading income	27,319	46,758	137,531	211,608
Other operating income	4,471	7,396	22,862	34,729
Other revenue	-	-	172	172
Revenue	340,498	253,483	713,517	1,307,498
Other income	-	-	454	454
Net impairment loss on financial assets	(1,262)	(8,961)	(119,142)	(129,365)
Net operating income	339,236	244,522	594,829	1,178,587
Personnel expenses	(111,628)	(89,759)	(178,024)	(379,411)
Depreciation and amortisation	(10,077)	(7,856)	(18,054)	(35,987)
Other operating expense	(84,857)	(66,077)	(107,306)	(258,240)
Operating profit	132,674	80,830	291,445	504,949
Share of profit of associate (net of tax)	-	-	1,302	1,302

39. Business segments (continued)

	Consumer GH¢'000	Commercial GH¢'000	Corporate GH¢'000	Group GH¢'000
At 31 December 2018 (continued)				
Profit before income tax	132,674	80,830	292,747	506,251
Tax expense	(27,854)	(16,902)	(121,527)	(166,283)
Profit for the year	104,820	63,928	171,220	339,968
Segment Loans	383,819	497,982	3,267,709	4,149,511
Segment Deposits	1,821,462	1,632,942	4,154,437	7,608,841

The Group's operations are based in Ghana. There are no separately distinguishable geographical segments

At 31 December 2017				
Net interest income	190,331	131,777	422,161	744,269
Net fees and commission income	76,636	38,749	83,370	198,755
Net trading income	21,503	35,474	87,029	144,006
Other operating income	4,276	5,909	15,710	25,895
Other revenue	-	-	3,921	3,921
Revenue	292,746	211,909	612,191	1,116,846
Other income	-	-	267	267
Loan impairment loss	(1,446)	(3,432)	(169,062)	(173,940)
Net operating income	291,300	208,477	443,396	943,173
Personnel expenses	(110,352)	(88,471)	(144,849)	(343,672)
Depreciation and amortisation	(7,127)	(5,462)	(13,707)	(26,296)
Other operating expense	(76,554)	(55,524)	(83,218)	(215,296)
Operating profit	97,267	59,020	201,622	357,909
Share of profit of associate (net of tax)	-	-	474	474
Profit before income tax	97,267	59,020	202,096	358,383
Tax expense	(27,854)	(16,902)	(59,982)	(104,738)

39. Business segments (continued)

	Consumer GH¢'000	Commercial GH¢'000	Corporate GH¢'000	Group GH¢'000
At 31 December 2017 (continued)				
Profit for the year	69,413	42,118	142,114	253,645
Segment Loans	273,487	377,696	2,034,286	2,685,468
Segment Deposits	1,522,157	1,306,648	3,712,843	6,541,648

40. Earnings per share

Basic and diluted earnings per share is calculated by dividing the net profit attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue during the year.

	Group		Bank	
	2018 GH¢'000	2017 GH¢'000	2018 GH¢'000	2017 GH¢'000
Profit attributable to equity holders of the Bank	339,968	253,645	337,590	255,384
Weighted average number of ordinary shares	309,501	293,228	309,501	293,228
Basic earnings per share (expressed in Ghana pesewas per share)	110	87	109	87
Diluted earnings per share (expressed in Ghana pesewas per share)	110	87	109	87

There is no potential dilution on basic earnings per share.

41. Dividend per share

At the forthcoming meeting, the directors do not recommend any dividend payment (2017: Nil).

42. Corporate social responsibility

Ecobank recognises the role the communities play in ensuring the Group remains in business. Giving back to these communities is a core objective for the Group at both the corporate and individual levels. During the year, the Group continued with its corporate social responsibility (CSR) programs with a key focus on education, health, financial inclusion and others. A total of GH¢1.36million (2017: GH¢1.7million) was committed to CSR activities this year.

43. Non-compliance with sections of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (act 930)

Section 64(2) of Act 930 prohibits a bank, specialised deposit-taking institution or financial holding company from taking an aggregation financial exposure in respect of its affiliates in excess of twenty-five percent (25%) of its net own funds. The Bank had placements with its affiliates exceeding this prescribed exposure limit as at the end of the year.

Section 69(3) of the Act also states that the aggregate amount of loans on preferential terms, both secured and unsecured by a bank or specialised deposit-taking institution to its employees shall not exceed twenty percent (20%) of the net own funds of that bank or specialised deposit-taking institution. As at the end of the year, the Bank's ratio was 23.64% which is a significant reduction from the previous high of 34%.

APPENDICES

- Shareholders' information
- Five year financial summary
- Value added statement
- Resolution
- Proxy Form

Shareholders' information

Number of shareholders

The Bank's shareholders are distributed as follows:

	2018		2017	
	No. of holders	% of shares held	No. of holders	% of shares held
Category				
1 – 1,000	12,175	1.09	12,261	1.14
1,001 – 5,000	1,164	0.69	1,081	0.70
5,001 – 10,000	168	0.35	168	0.39
10,000 and over	224	97.87	194	97.77
Total	13,731	100.00	13,704	100.00

Directors' shareholding

The Directors named below held the following number of shares in the Bank at 31 December 2018:

	No. of shares	% holding
Terence Ronald Darko	88,000	0.027
Samuel Ashitey Adjei	45,386	0.014
Daniel Nii Kwei Kumah Sackey	32,777	0.010
Martin Eson-Benjamin	2,849	0.001
Edward Nartey Botchway	2,516	0.001
Morgan Fianko Asiedu	2,227	0.001
Rosemary Yeboah	834	0.000
Total	174,589	0.054

Shareholders' information

20 largest shareholders

No.	Name	No. of shares	% holding
1	ECOBANK TRANSNATIONAL INCORPORATED	222,342,927	68.93
2	SOCIAL SECURITY AND NATIONAL INSURANCE TRUST	52,280,644	16.21
3	COMPAGNIE AFRICAINE DE FINANCEMENT ET DE PARTICIPTION-HOLDING COFIPA-SA	7,587,168	2.35
4	STD NOMS/BNYM RE SQM FRONTIER AFRICA MASTER FUND LTD	7,535,780	2.34
5	AFRICAN TIGER MUTUAL FUND	4,847,783	1.50
6	GHANA REINSURANCE COMPANY LTD GENERAL BUSINESS	4,291,309	1.33
7	TEACHERS FUND	1,990,711	0.62
8	SCGN/CITIBANK LONDON HOLBERG RURIK VERDIPAPIRFONDET	1,288,870	0.40
9	SCGN / ENTERPRISE LIFE ASS. CO. POLICY HOLDERS SCGN / E.L.A.C.P.H.	1,189,146	0.37
10	SCGN/ENTERPRISE TIER 2 OCCUPATIONAL PENSION SCHEME	1,131,286	0.35
11	SCGN/'EPACK INVESTMENT FUND LIMITED TRANSACTION E I F L	361,200	0.11
12	HFCN/ COCOBOD TIER 3 PENSION SCHEME - ALLOCA ICAM HFCN/ COCO T3 ICAM	343,533	0.11
13	HFCN/ EDC GHANA BALANCED FUND LIMITED HFCN/ EDB GH BALA FD	330,096	0.10
14	STRATEGIC INITIATIVES LIMITED	309,266	0.10
15	ENTERPRISE TIER 2 OCCUPATIONAL PENSION SCHEME	279,526	0.09
16	SCGN/DATABANK BALANCED FUND LIMITED	274,120	0.08
17	SCGN/ENTERPRISE TIER 2 OCCUPATIONAL PENSION SCHEME	271,235	0.08
18	GES OCCUPATIONAL PENSION SCHEME	266,310	0.08
19	SIC INSURANCE COMPANY LIMITED	255,863	0.08
20	SCGN/CACEIS BANK LUX BRANCH / TCM INV. FUNDS LUXE.	247,060	0.08
		307,423,833	95.31

Five year financial summary

	2018 GH¢'000	2017 GH¢'000	2016 GH¢'000	2015 GH¢'000	2014 GH¢'000
Income statement					
Revenue	1,307,498	1,116,845	1,206,657	1,023,129	857,737
Profit before tax	506,251	358,383	462,676	458,560	446,941
Profit after tax	339,968	253,645	327,896	321,266	319,965
Dividend	-	-	240,447	246,312	231,650
Statement of financial position					
Loans and advances to customers	4,149,511	2,685,468	3,480,544	3,117,873	2,709,517
Customer deposits	7,608,841	6,541,648	5,416,916	4,837,950	4,234,434
Total assets	10,454,765	9,098,038	8,056,870	6,691,810	5,767,608
Shareholders' equity	1,326,219	1,036,825	964,076	889,753	798,423
Statistics					
Dividend per share in pesewas	-	-	82	84	79
Earnings per share in pesewas	110	87	112	110	109
ROAE (%)	28	25	35	38	47
ROAA (%)	3.5	3.0	4.4	5.2	6.1

Value added statement for the year ended 31 December 2018

	Group		Bank	
	2018 GH¢'000	2017 GH¢'000	2018 GH¢'000	2017 GH¢'000
Interest earned and other operating income	912,415	770,163	895,644	753,613
Direct cost of services	(258,240)	(214,295)	(257,858)	(213,997)
Value added by banking services	654,175	555,868	637,786	539,616
Non-banking income	396,839	347,423	407,512	362,486
Impairments	(129,365)	(173,940)	(129,499)	(173,939)
Value added	921,649	729,351	915,799	728,163
To employees				
Directors (without executives)	1,572	1,554	1,572	1,550
Employees (including directors)	377,839	343,118	377,267	342,557
To Government				
Income tax	166,283	104,738	163,384	102,376
To providers of capital				
Dividends to shareholders	-	-	-	-
To expansion and growth				
Depreciation	31,363	22,640	31,362	22,640
Amortisation	4,624	3,656	4,624	3,656
Retained earnings	339,968	253,645	337,590	255,384

Draft Resolutions of Annual General Meeting of Ecobank Ghana Limited

ORDINARY RESOLUTIONS

1. The General Meeting hereby adopts the Statement of Accounts of the company for the year ended the 31st day of December, 2018 together with the reports of the Directors and auditors thereon.

2. The General Meeting hereby ratifies the appointment of Mrs. Patience Enyonam Akyianu as a Director for a 3 year term.

3. The General Meeting hereby authorises the Directors to fix the remuneration of the Auditors.

4. The General Meeting hereby approves payment of remuneration not exceeding the sum of **GH¢ 2,000,000.00** per annum to the Directors.

****

PROXY FORM

I/WE, _____ being a Member of the above-named Company hereby appoint _____ or failing him/her the Chairman of the Meeting as my/our Proxy to vote on my/our behalf at the **Annual General Meeting (AGM)** of the Company to be held on Friday, **17th May, 2019 at 10:30 am prompt**.

DATED THE _____ **DAY OF** _____**, 2019**.

_____

MEMBER

This Form is to be used in favour of/against the Resolution set out in the Agenda.

ORDINARY RESOLUTIONS

		FOR	AGAINST
1.	**TO ADOPT** ACCOUNTS		
2.	**TO RATIFY** the appointment of the following Director for a 3 year term; **MRS. PATIENCE ENYONAM AKYIANU**.		
2.	**TO AUTHORISE** Directors to fix remuneration of the Auditors		
3.	**TO FIX** the remuneration of the Directors.		

Please indicate with an "**X**" in the spaces above how you wish your vote to be cast. Unless otherwise instructed, the Proxy will vote as he thinks fit.

If executed by a body corporate, this Proxy Form should be completed by the signature of a duly authorized Officer and should be accompanied by a resolution in accordance with Section 165 of the Companies Act, 1963 (Act 179).

To be valid, this Proxy Form must be filled up, signed and lodged (together with any authority under which it is signed) with the Registrars at Ghana Commercial Bank, Registrars Office, Thorpe Road, High Street, Accra no later than 3.00pm on Thursday, the 16th day of May, 2019.

Holding Company and Subsidiaries

Group Office: Ecobank Transnational Incorporated
2, Avenue Sylvanus Olympio
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Tél. : (228) 221 03 03 / 221 31 68
Fax : (228) 221 51 19

1. Bénin
Rue du Gouverneur Bayol
01 B.P. 1280, Cotonou – Bénin
Tél. : (229) 21 31 30 69 / 21 31 40 23
Fax : (229) 21 31 33 85

2. Burkina Faso
49, Rue de l'Hôtel de Ville
01 B.P. 145
Ouagadougou 01 – Burkina Faso
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Fax : (226) 50 31 89 81

3. Burundi
6, Rue de la Science
B.P. 270, Bujumbura – Burundi
Tél. : (257) 22 22 63 51
Fax : (257) 22 22 54 37

4. Cameroun
Boulevard de la Liberté
B.P. 582
Douala – Cameroun
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(237) 33 43 84 88 – 89
Fax : (237) 33 43 86 09

5. Centrafrique
Place de la République
B.P. 910
Bangui – République Centrafricaine
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Fax : (236) 21 61 61 36

6. Cape Verde
Praça Infante D. Henrique, Nº 18
C.P. 374 / c Praia
Santiago – Cabo Verde
Tel: (238) 260 36 60
Fax: (238) 261 10 90

7. Congo
Rond point de la Coupole
B.P. 2485, Brazzaville – Congo
Tél. : (242) 600 04 04 / 547 00 35

8. Congo (République Démocratique)
Immeuble Future Tower
3642 Boulevard du 30 Juin
B.P. 7515, Kinshasa
Gombe – RD Congo
Tél. : (243) 99 60 16 000
Fax : (243) 99 60 17 070

9. Côte d'Ivoire
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10. Gabon
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11. The Gambia
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Fax: (220) 439 90 34

12. Ghana
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Accra North – Ghana
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Fax: (233) 0302 68 04 28

13. Guinée
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Conakry – Guinée
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14. Guinée-Bissau
Avenue Amilcar Cabral
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Fax : (245) 320 73 63

15. Kenya
Ecobank Towers
Muindi Mbingu Street
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Nairobi – Kenya
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Fax: (254) 20 224 9670

16. Liberia
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P.O. Box 4825
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18. Mali
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Quartier du Fleuve
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Fax : (223) 20 23 33 05

19. Niger
Angle Boulevard de la Liberté
et Rue des Bâtisseurs
B.P. 13804, Niamey – Niger
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20. Nigeria
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Lagos – Nigeria
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21. Rwanda
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22. São Tomé e Principe
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25. Tanzania
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35. EDC Stockbrokers Limited
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