

SUMMARY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 GH¢	2017 GH¢
Interest income	130,451,576	107,759,480
Interest expense	(35,234,206)	(34,996,566)
Net interest income	95,217,370	72,762,914
Fees and commission income	21,656,990	22,308,919
Fees and commission expenses	(3,540,000)	(3,142,965)
Net fee and commission income	18,116,990	19,165,954
Net trading income	29,349,332	26,907,950
Other operating income	2,766,474	3,264,583
Operating income	145,450,166	122,101,401
Net impairment loss on financial instruments	(14,982,841)	(8,658,470)
Personnel expenses	(41,598,842)	(37,563,143)
Depreciation and amortisation	(6,174,075)	(5,793,143)
Other expenses	(45,319,703)	(36,740,658)
Profit before income tax	37,374,705	33,345,987
National fiscal stabilisation levy	(1,868,735)	(1,667,299)
Income tax expense	(10,932,612)	(7,759,168)
Profit for the year	24,573,358	23,919,520
Other comprehensive income, net of income tax items that may be reclassified to profit or loss	-	328,605
Net gain on available for sale investments (net of tax)	-	328,605
Changes in fair value of investments measured at fair value through other comprehensive income (FVOCI) (net of tax)	(1,600,697)	-
Total comprehensive income for the year	22,972,661	24,248,125
Earnings per share		
Basic and diluted earnings per share - GH¢	0.247	0.240

SUMMARY STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 GH¢	2017 GH¢
Assets		
Cash and cash equivalents	420,631,062	394,339,089
Non-pledged trading assets	158,413,375	166,060,315
Loans and advances to customers	565,057,955	495,750,311
Investment securities	8,884,361	135,410,947
Deferred income tax assets	2,200,795	1,335,338
Taxation	1,999,013	2,316,216
Intangible assets	2,402,399	1,296,298
Other assets	45,030,245	89,204,754
Property and equipment	53,756,909	55,333,527
Total assets	1,258,376,114	1,341,046,795
Liabilities		
Deposits from customers	790,270,010	884,659,078
Borrowings	207,226,955	215,107,939
Other liabilities	52,722,004	53,090,862
Total liabilities	1,050,218,969	1,152,857,879
Equity		
Stated capital	100,960,828	100,960,828
Income surplus account	(15,827,175)	(22,288,535)
Other reserves	(3,009)	1,597,688
Regulatory credit risk reserve	49,802,830	46,981,943
Statutory reserve	73,223,671	60,936,992
Total equity	208,157,145	188,188,916
Total liabilities and equity	1,258,376,114	1,341,046,795

The financial statements of the bank were approved by the board of directors on 28th March 2019 and were signed on its behalf by:


Kobby Andah
Managing Director


Stephan Ata
Chairman

SUMMARY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Stated capital	Income surplus account	Credit risk reserve	Statutory reserve	Other reserves	Total equity
Year ended 31 December 2018:						
Balance at 1 January 2018	100,960,828	(22,288,535)	46,981,943	60,936,992	1,597,688	188,188,916
Changes on initial application of IFRS 9						
Increase in impairment provisioning, net of deferred tax	-	(3,004,432)	-	-	-	(3,004,432)
Transfer between reserves	-	3,742,005	(3,742,005)	-	-	-
Restated balance at 1 January 2018	100,960,828	(21,550,962)	43,239,938	60,936,992	1,597,688	185,184,484
Profit for the year	-	24,573,358	-	-	-	24,573,358
Other comprehensive income	-	-	-	-	(1,600,697)	(1,600,697)
Total comprehensive income	-	24,573,358	-	-	(1,600,697)	22,972,661
Transfer to credit reserve	-	(6,562,892)	6,562,892	-	-	-
Transfer to statutory reserve	-	(12,286,679)	-	12,286,679	-	-
Balance at 31 December 2018	100,960,828	(15,827,175)	49,802,830	73,223,671	(3,009)	208,157,145

SUMMARY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 GH¢	2017 GH¢
Cash flows from operating activities	37,374,705	33,345,987
Profit before income tax		
Adjustments for:		
Depreciation and amortisation	6,174,075	5,793,143
Net impairment loss on financial instruments	14,982,841	8,658,470
Exchange losses on short-term borrowings	21,255,850	29,098,063
Interest expense on short-term borrowing	5,291,267	4,556,287
Gains on disposal of property and equipment	(343)	(102,678)
Exchange gains on cash and cash equivalents	(12,402,305)	(2,229,700)
Operating cash flows before changes in working capital	72,676,090	79,119,572
Changes in non-pledged trading assets	7,646,940	(166,060,315)
Changes in loans and advances to customers	(87,973,764)	(57,322,200)
Changes in other assets	44,174,509	(1,001,718)
Changes in mandatory reserve cash with Bank of Ghana	11,774,559	(25,505,222)
Changes in deposits from customers	(94,389,068)	204,678,907
Changes in deposits from banks and other financial institutions	-	(30,235,217)
Changes in other liabilities	(493,042)	2,522,462
Cash flows (used in)/generated from operations	(46,583,776)	6,196,269
National fiscal stabilisation levy paid	(2,128,634)	(1,522,433)
Income tax paid	(9,685,924)	(7,201,674)
Net cash flows used in operating activities	(58,398,334)	(2,527,838)
Cash flows from investing activities		
Purchase of investment securities	(718,756,656)	(1,641,675,690)
Proceeds from sale of investment securities	843,148,979	1,703,368,834
Purchase of property and equipment	(3,598,127)	(13,238,624)
Proceeds from sale of property and equipment	6,749	168,647
Purchase of intangible assets	(2,111,836)	(1,199,441)
Net cash flows generated from investing activities	118,689,109	47,423,726
Cash flows from financing activities		
Draw downs on short-term borrowings	780,544,190	771,868,544
Repayment of short-term borrowings	(814,972,291)	(810,172,245)
Net cash flows used in financing activities	(34,428,101)	(38,303,701)
Net increase in cash and cash equivalents	25,862,674	6,592,187
Cash and cash equivalents at 1 January	298,795,909	289,974,022
Expected credit losses on cash and cash equivalents	(198,447)	-
Effect of exchange rate fluctuations on cash held	12,402,305	2,229,700
Cash and cash equivalents at 31 December	336,862,441	298,795,909

REPORT OF THE DIRECTORS TO THE MEMBERS OF BANK OF AFRICA GHANA LIMITED

The Directors have the pleasure in presenting their report and the summary financial statements for the year ended 31 December 2018.

Statement of directors' responsibilities

The Bank's Directors are responsible under the Companies Act, 1963 (Act 179) and Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) for the preparation of the financial statements for each financial year, which gives a true and fair view of the state of affairs of the company and of the profit and loss and cash flows for that year. In preparing these financial statements, the Directors have selected suitable accounting policies and applied them consistently, made judgments and estimates that are reasonable and prudent; stated whether applicable accounting standards have been followed, disclosed and explained in the financial statements; prepared the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business and that the financial statement is prepared in accordance with International Financial Reporting Standards.

The Directors are responsible for ensuring that the Bank keeps proper accounting records that disclose with reasonable accuracy at any time, the financial position of the Bank. The Directors are also responsible for safeguarding the assets of the Bank and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activities

The principal activities carried out by the Bank during the year under review are within the limits permitted by its regulations which continued to be banking and finance. These represent no change from the activities carried out in the previous year.


Minimum capital requirement

To comply with the new minimum capital requirement of GH¢400 million, the majority shareholder lodged additional capital of GH¢282,767,707 on 4 January 2019 in addition to its previous deposits of GH¢38,560,000. The post year end stated capital of the Bank is GH¢422,288,535.

Approval of the financial statements

The financial statements of the Bank were approved by the Board of Directors on 28 March 2019 and were signed on their behalf by:

Kobby Andah
Managing Director



Stephan Ata
Chairman



Notes to the Financial Statements

1. Reporting Entity

Bank of Africa Ghana Limited (the 'Bank') is a financial institution engaged in universal banking. The Bank is a limited liability company incorporated and domiciled in Ghana. The registered office of the Bank is at The Octagon, First Floor, Block A & B, Independence Avenue. The Bank operates under the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

The Bank is a subsidiary of the Bank of Africa (BOA) Group. Its majority shareholder is Bank of Africa (BOA) West Africa S.A, a holding company incorporated in Cote d'Ivoire. The ultimate parent is Banque Marocaine du Commerce Extérieur (BMCE), a company incorporated in Morocco.

2. Summary of Significant Accounting Policies

The significant accounting policies adopted by the Bank in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Basis of preparation

2.1.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 1963 (Act 179), and the Banks and Specialised Deposit Taking Institutions Act, 2016 (Act 930).

2.1.2 Basis of measurement

The financial statements have been prepared under the historical cost convention except for the following:

- Financial instruments at fair value through profit or loss are measured at fair value;
- Trading assets are measured at fair value;
- Available-for-sale financial assets are measured at fair value (applicable before 1 January 2018); and
- Financial assets measured at fair value through other comprehensive income are measured at fair value (applicable from 1 January 2018).

2.1.3 Use of estimates and judgement

The preparation of the 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. 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 3.

2.1.4 Going concern

These financial statements have been prepared on the basis that the Bank will continue to operate as a going concern.

2.2 Change in Accounting Policies

The Bank applied IFRS 9 Financial Instruments for the first time for reporting period commencing 1 January 2018. The adoption of IFRS 9 as issued by IASB in July 2014 with a date of transition of 1 January 2018, resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. The Bank did not early adopt IFRS 9 in previous periods.

As permitted by the transitional provisions of IFRS 9, the Bank 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 credit risk reserve 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.

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.

3. Risk Management Disclosures

Taking risk is core in the business of Banking. In the performance of its statutory duties, the Bank analyses, evaluates and assumes

SUMMARY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Stated capital	Income surplus account	Credit risk reserve	Statutory reserve	Other reserves	Total equity
Year ended 31 December 2017:						
Balance at 1 January 2017	100,960,828	(28,924,879)	41,658,527	48,977,232	1,269,083	163,940,791
Profit for the year	-	23,919,520	-	-	-	23,919,520
Other comprehensive income	-	-	-	-	328,605	328,605
Total comprehensive income	-	23,919,520	-	-	328,605	24,248,125
Transfer to credit reserve	-	(5,323,416)	5,323,416	-	-	-
Transfer to statutory reserve	-	(11,959,760)	-	11,959,760	-	-
Balance at 31 December 2017	100,960,828	(22,288,535)	46,981,943	60,936,992	1,597,688	188,188,916

positions of taking calculated risks. The Bank's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on its financial performance. The most significant risks faced by the Bank include but not limited to:

- Credit Risk
- Liquidity Risk
- Market Risk (Risks related to currency trading, interest rate etc.)
- Operational Risk
- Compliance Risk

3.1 Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board has established a Risk and Compliance Committee for the management of risk in the Bank. The arm of the committee within management is the Risk Management Department which assists it in the discharge of this responsibility. The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered.

Through the compliance department, the Bank ensures it complies with all prudential and regulatory guidelines in the pursuit of profitable banking opportunities while avoiding excessive, unnecessary and uncontrollable risk exposures. Being an inherent feature in the business of the Bank, various mitigating measures are put in place to better manage risk.

All risk management policies are formulated at the board level through the Board Committee Risk and Compliance. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations. The Risk and Compliance Committee is responsible among other things for authorising the scope of the risk management function and reviewing and assessing the integrity of the risk control systems, ensuring that the risk policies and strategies are effectively managed.

4. Quantitative and Qualitative Disclosures

	2018	2017
Capital Adequacy Ratio	19.43%	17.06%
Non-Performing Loan Ratio	12.61%	18.80%
Liquid ratio	264.72%	356.11%
Statutory Default (number)	Nil	Nil
Statutory Default Sanction	Nil	Nil

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BANK OF AFRICA GHANA LIMITED

Opinion

In our opinion, the accompanying summary financial statements of Bank of Africa Ghana Limited (the "Bank"), are consistent, in all material respects, with the audited financial statements of the Bank for the year ended 31 December 2018, on the basis described in the notes.

The summary financial statements

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

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

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

The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 28 March 2019. That report also includes the communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the audited financial statements of the current period.

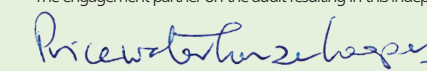
Directors' responsibility for the summary financial statements

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

Auditor's responsibility

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

The engagement partner on the audit resulting in this independent auditor's report is Oseini Amui (ICAG/P/1139).


PricewaterhouseCoopers (ICAG/P/2019/028)
Chartered Accountants
Accra, Ghana
29 March 2019

