ECOBANK TRANSNATIONAL INCORPORATED

Unaudited Consolidated Financial Statements

For year ended 31 December 2021

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Press Release

Ecobank Group reports unaudited results for year ended 31 December 2021

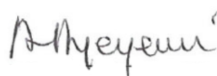
- Gross earnings up 6% to $2,327.3 million (up 13% to NGN 953.00 billion)
- Revenue up 4% to $1,741.1 million (up 11% to NGN 712.9 billion)
- Profit before tax and goodwill impairment up 41% to $478.0 million (up 52% to NGN 195.7 billion)
- Profit before tax up 174% to $478.0 million (up 194% to NGN 195.7 billion)
- Profit after tax up 296% to $349.5 million (up 324% to NGN 143.1 billion)
- Total assets up 5% to $27.3 billion (up 11% to NGN 11,560.3 billion)
- Loans and advances to customers up 4% to $9.6 billion (up 10% to NGN 4,066.4 billion)
- Deposits from customers up 7% to $19.5 billion (up 13% to NGN 8,283.2 billion)
- Total equity up 5% to $2.1 billion (up 11% at NGN 902.9 billion)

Financial Highlights	Year ended 31 December 2021		Year ended 31 December 2020		% Change	
	US$'000	NGN'000	US$'000	NGN'000	US$	NGN
Income Statement:						
Gross Earnings	2 327 317	952 951 456	2 201 659	841 142 704	6%	13%
Revenue	1 741 138	712 932 528	1 679 765	641 753 366	4%	11%
Operating profit before impairment losses	718 749	294 301 510	625 727	239 058 683	15%	23%
Profit before tax and goodwill impairment	477 992	195 720 297	337 882	129 087 648	41%	52%
Profit before tax	477 992	195 720 297	174 318	66 598 105	174%	194%
Profit after tax	349 504	143 109 145	88 319	33 742 229	296%	324%
Earnings per share from continuing operations attributable to owners of the parent during the period (expressed in United States cents / kobo per share):						
Basic (cents and kobo)	1,041	426,301	0,010	3,730	10564%	11329%
Diluted (cents and kobo)	1,041	426,301	0,010	3,730	10564%	11329%
Earnings per share from discontinued operations attributable to owners of the parent during the period(expressed in United States cents / kobo per share):						
Basic (cents and kobo)	0,004	1,488	0,007	2,798	-50%	-47%
Diluted (cents and kobo)	0,004	1,488	0,007	2,798	-50%	-47%

Financial Highlights	As at 31 December 2021		As at 31 December 2020		% Change	
	US$'000	NGN'000	US$'000	NGN'000	US$	NGN
Statement of Financial Position:						
Total assets	27 257 878	11 560 338 637	25 939 473	10 384 349 227	5%	11%
Loans and advances to customers	9 588 103	4 066 410 363	9 239 948	3 699 028 383	4%	10%
Deposits from customers	19 530 874	8 283 238 972	18 296 952	7 324 818 794	7%	13%
Total equity	2 128 906	902 890 322	2 027 713	811 754 346	5%	11%

The unaudited financial statements for the year ended 31 December 2021 have been approved by the Board of Directors on 27 January 2022.

Alain Nkontchou
Group Chairman
FRC/2020/003/00000021578



Ade Ayeyemi
Group Chief Executive Officer
FRC/2020/003/00000020528

Ayo Adepoju
Group Chief Financial Officer
FRC/2017/ICAN/00000017517

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Unaudited Consolidated Statement of Comprehensive Income - USD

	Year ended 31 December 2021	Year ended 31 December 2020	% Change
	US$'000	US$'000	
Interest Income	1 462 338	1 390 438	5%
Interest Expense	(536 834)	(483 212)	11%
Net Interest Income	**925 504**	**907 226**	**2%**
Fee and commission income	499 787	424 589	18%
Fee and commission expense	(48 495)	(35 643)	36%
Net trading income	307 488	346 276	-11%
Other operating income	56 854	37 317	52%
Non-interest revenue	**815 634**	**772 539**	**6%**
Operating income	**1 741 138**	**1 679 765**	**4%**
Staff expenses	(449 006)	(462 992)	-3%
Depreciation and amortisation	(109 722)	(104 206)	5%
Other operating expenses	(463 661)	(486 840)	-5%
Operating expenses	**(1 022 389)**	**(1 054 038)**	**-3%**
Operating profit before impairment charges and taxation	**718 749**	**625 727**	**15%**
Impairment charges on financial assets	(201 922)	(227 025)	-11%
Operating profit after impairment charges before taxation	**516 827**	**398 702**	**30%**
Net monetary loss arising from hyperinflationary economies	(38 030)	(60 523)	-37%
Share of post-tax results of associates	(805)	(297)	171%
Profit before tax and goodwill impairment	**477 992**	**337 882**	**41%**
Goodwill impairment	-	(163 564)	nm
Profit before tax	**477 992**	**174 318**	**174%**
Taxation	(130 143)	(89 335)	46%
Profit after tax from continuing operations	**347 849**	**84 983**	**309%**
Profit after tax from discontinued operations	1 655	3 336	-50%
Profit after tax	**349 504**	**88 319**	**296%**
Attributable to:			
Owners of the parent	**256 933**	**4 202**	**6015%**
- Continuing operations	256 039	2 401	10564%
- Discontinued operations	894	1 801	-50%
Non-controlling interests	**92 571**	**84 117**	**10%**
- Continuing operations	91 810	82 582	11%
- Discontinued operations	761	1 535	-50%
	349 504	**88 319**	**296%**
Earnings per share from continuing operations attributable to owners of the parent during the period (expressed in United States cents per share):			
Basic (cents)	1,041	0,010	10564%
Diluted (cents)	1,041	0,010	10564%
Earnings per share from discontinued operations attributable to owners of the parent during the period (expressed in United States cents per share):			
Basic (cents)	0,004	0,007	-50%
Diluted (cents)	0,004	0,007	-50%
Consolidated statement of other comprehensive income			
Profit after tax	**349 504**	**88 319**	**296%**
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange difference on translation of foreign operations	(214 715)	(8 553)	-2410%
Fair value (loss) / gain on debt instruments at FVTOCI	(88 798)	76 639	-216%
Taxation relating to components of other comprehensive income that may be subsequently reclassed to profit or loss	7 894	(2 025)	490%
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit obligations	1 199	(233)	615%
Fair value gain in equity instruments designated at FVTOCI	141	79	78%
Property and equipment - revaluation gain	2 752	29 208	-91%
Taxation relating to components of other comprehensive income that will not be subsequently reclassed to profit or loss	(2 944)	(9 605)	-69%
Other comprehensive (loss) /income for the year, net of taxation	**(294 471)**	**85 510**	**-444%**
Total comprehensive income for the year	**55 033**	**173 829**	**-68%**
Total comprehensive income attributable to:			
Owners of the parent	**2 044**	**69 446**	**-97%**
- Continuing operations	1 150	67 645	-98%
- Discontinued operations	894	1 801	-50%
Non-controlling interests	**52 989**	**104 383**	**-49%**
- Continuing operations	52 228	102 848	-49%
- Discontinued operations	761	1 535	-50%
	55 033	**173 829**	**-68%**

Unaudited consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

nm-not meaningful

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Unaudited Consolidated Statement of Comprehensive Income - NGN

	Year ended 31 December 2021	Year ended 31 December 2020	% Change
	NGN'000	NGN'000	
Interest Income	598 774 093	531 216 133	13%
Interest Expense	(219 813 950)	(184 610 900)	19%
Net Interest Income	**378 960 143**	**346 605 233**	**9%**
Fee and commission income	204 644 554	162 214 012	26%
Fee and commission expense	(19 856 934)	(13 617 390)	46%
Net trading income	125 905 125	132 294 570	-5%
Other operating income	23 279 640	14 256 941	63%
Non-interest revenue	**333 972 385**	**295 148 133**	**13%**
Operating income	**712 932 528**	**641 753 366**	**11%**
Staff expenses	(183 851 586)	(176 885 859)	4%
Depreciation and amortisation	(44 927 158)	(39 811 849)	13%
Other operating expenses	(189 852 274)	(185 996 975)	2%
Operating expenses	**(418 631 018)**	**(402 694 683)**	**4%**
Operating profit before impairment charges and taxation	**294 301 510**	**239 058 683**	**23%**
Impairment charges on financial assets	(82 679 697)	(86 734 785)	-5%
Operating profit after impairment charges before taxation	**211 621 813**	**152 323 898**	**39%**
Net monetary loss arising from hyperinflationary economies	(15 571 898)	(23 122 781)	-33%
Share of post-tax results of associates	(329 618)	(113 469)	190%
Profit before tax and goodwill impairment	**195 720 297**	**129 087 648**	**52%**
Goodwill impairment	-	(62 489 543)	nm
Profit before tax	**195 720 297**	**66 598 105**	**194%**
Taxation	(53 288 814)	(34 130 393)	56%
Profit after tax from continuing operations	**142 431 483**	**32 467 712**	**339%**
Profit after tax from discontinued operations	677 662	1 274 517	-47%
Profit after tax	**143 109 145**	**33 742 229**	**324%**
Attributable to:			
Owners of the parent	**105 204 695**	**1 605 372**	**6453%**
- Continuing operations	104 838 635	917 301	11329%
- Discontinued operations	366 060	688 071	-47%
Non-controlling interests	**37 904 450**	**32 136 857**	**18%**
- Continuing operations	37 592 848	31 550 411	19%
- Discontinued operations	311 602	586 446	-47%
	143 109 145	**33 742 229**	**324%**
Earnings per share from continuing operations attributable to owners of the parent during the period (expressed in Naira kobo per share):			
Basic (kobo)	426,301	3,730	11329%
Diluted (kobo)	426,301	3,730	11329%
Earnings per share from discontinued operations attributable to owners of the parent during the period (expressed in Naira kobo per share):			
Basic (kobo)	1,488	2,798	-47%
Diluted (kobo)	1,488	2,798	-47%
Consolidated statement of other comprehensive income			
Profit after tax	**143 109 145**	**33 742 229**	**324%**
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange difference on translation of foreign operations	(39 301 959)	66 517 228	-159%
Fair value (loss) /gain on debt instruments at FVTOCI	(36 359 543)	29 279 891	-224%
Taxation relating to components of other comprehensive income that may be subsequently reclassed to profit or loss	3 232 305	(773 650)	518%
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit obligations	490 947	(89 018)	652%
Fair value gain in equity instruments designated at FVTOCI	57 734	30 182	91%
Property and equipment - revaluation gain	1 126 844	11 158 902	-90%
Taxation relating to components of other comprehensive income that will not be subsequently reclassed to profit or loss	(1 205 461)	(3 669 585)	-67%
Other comprehensive (loss) / income for the year, net of taxation	**(71 959 133)**	**102 453 950**	**-170%**
Total comprehensive income for the year	**71 150 012**	**136 196 179**	**-48%**
Total comprehensive income attributable to:			
Owners of the parent	**36 569 287**	**79 634 526**	**-54%**
- Continuing operations	36 203 227	78 946 455	-54%
- Discontinued operations	366 060	688 071	-47%
Non-controlling interests	**34 580 725**	**56 561 653**	**-39%**
- Continuing operations	34 269 123	55 975 207	-39%
- Discontinued operations	311 602	586 446	-47%
	71 150 012	**136 196 179**	**-48%**

Unaudited consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.
nm-not meaningful

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Unaudited Consolidated Statement of Financial Position - USD

	As at 31 December 2021	As at 31 December 2020
	US$'000	US$'000
Cash and balances with central banks	4 199 359	3 752 596
Trading financial assets	364 518	156 490
Derivative financial instruments	81 956	115 162
Loans and advances to banks	2 207 429	2 011 343
Loans and advances to customers	9 588 103	9 239 948
Treasury bills and other eligible bills	2 085 800	1 730 845
Investment securities	6 356 403	6 074 244
Pledged assets	198 981	423 599
Other assets	1 084 600	1 128 200
Investment in associates	4 446	3 468
Intangible assets	114 157	151 870
Property and equipment	782 979	810 521
Investment properties	11 019	12 365
Deferred income tax assets	168 167	164 486
	27 247 917	**25 775 137**
Assets held for sale and discontinued operations	9 961	164 336
Total assets	**27 257 878**	**25 939 473**
Deposits from banks	2 312 391	2 386 747
Deposits from customers	19 530 874	18 296 952
Derivative financial instruments	32 846	78 908
Borrowed funds	2 090 501	1 923 182
Other liabilities	953 647	823 112
Provisions	55 100	60 462
Current income tax liabilities	58 426	68 534
Deferred income tax liabilities	69 208	76 528
Retirement benefit obligations	25 979	22 168
	25 128 972	**23 736 593**
Liabilities held for sale and discontinued operations	-	175 167
Total liabilities	**25 128 972**	**23 911 760**
Equity		
Share capital and premium	2 113 961	2 113 961
Retained earnings and reserves	(611 822)	(610 565)
Equity attributable to owners of the parents	**1 502 139**	**1 503 396**
Other equity instruments	**74 088**	-
Total equity excluding non-cotrolling interest	**1 576 227**	**1 503 396**
Non-controlling interests	**552 679**	**524 317**
Total equity	**2 128 906**	**2 027 713**
Total liabilities and equity	**27 257 878**	**25 939 473**

Unaudited consolidated statement of financial position should be read in conjunction with the accompanying notes

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Unaudited Consolidated Statement of Financial Position - NGN

	As at 31 December 2021	As at 31 December 2020
	NGN'000	NGN'000
Cash and balances with central banks	1 780 990 145	1 502 276 757
Trading financial assets	154 595 729	62 647 642
Derivative financial instruments	34 758 359	46 102 803
Loans and advances to banks	936 192 713	805 200 943
Loans and advances to customers	4 066 410 363	3 699 028 383
Treasury bills and other eligible bills	884 608 638	692 909 179
Investment securities	2 695 814 076	2 431 702 101
Pledged assets	84 389 832	169 579 388
Other assets	459 989 706	451 652 307
Investment in associates	1 885 593	1 388 344
Intangible assets	48 415 125	60 798 117
Property and equipment	332 069 224	324 475 872
Investment properties	4 673 268	4 950 242
Deferred income tax assets	71 321 306	65 848 680
	11 556 114 077	**10 318 560 758**
Assets held for sale and discontinued operations	4 224 560	65 788 469
Total assets	**11 560 338 637**	**10 384 349 227**
Deposits from banks	980 708 147	955 486 427
Deposits from customers	8 283 238 972	7 324 818 794
Derivative financial instruments	13 930 317	31 589 240
Borrowed funds	886 602 379	769 907 450
Other liabilities	404 451 229	329 516 427
Provisions	23 368 461	24 204 753
Current income tax liabilities	24 779 051	27 436 216
Deferred income tax liabilities	29 351 805	30 636 454
Retirement benefit obligations	11 017 954	8 874 515
	10 657 448 315	**9 502 470 276**
Liabilities held for sale and discontinued operations	-	70 124 605
Total liabilities	**10 657 448 315**	**9 572 594 881**
Equity		
Share capital and premium	353 513 236	353 513 236
Retained earnings and reserves	283 558 933	248 341 285
Equity attributable to owners of the parents	**637 072 169**	**601 854 521**
Other equity instruments	**31 421 462**	-
Total equity excluding non-cotrolling interest	**668 493 631**	**601 854 521**
Non-controlling interests	**234 396 691**	**209 899 825**
Total equity	**902 890 322**	**811 754 346**
Total liabilities and equity	**11 560 338 637**	**10 384 349 227**

Unaudited consolidated statement of financial position should be read in conjunction with the accompanying notes

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Unaudited Consolidated Statement of Changes in Equity - USD

Amounts in US$'000

	Share Capital	Retained Earnings	Other Reserves	Total equity and reserves attributable	Other equity	Non-Controlling Interest	Total Equity
At 1 January 2020	**2 113 957**	**245 563**	**(882 827)**	**1 476 693**	-	**409 084**	**1 885 777**
Foreign currency translation differences	-	-	(28 819)	(28 819)	-	20 266	(8 553)
Net changes in equity investment securities, net of taxes	-	-	79	79	-	-	79
Net changes in debt instruments,net of taxes	-	-	74 614	74 614	-	-	74 614
Net gains on revaluation of property	-	-	19 603	19 603	-	-	19 603
Remeasurements of post-employment benefit obligations	-	-	(233)	(233)	-	-	(233)
Profit for the year	-	4 202	-	4 202	-	84 117	88 319
Total comprehensive income for the year	-	**4 202**	**65 244**	**69 446**	-	**104 383**	**173 829**
Hyper-inflation reserve	-	-	(31 897)	(31 897)	-	-	(31 897)
Change in minority ownership	-	-	(10 850)	(10 850)	-	10 850	-
Adjustment to ordinary capital	4	-	-	4	-	-	4
Transfer to general banking reserves	-	(2 227)	2 227	-	-	-	-
Transfer to statutory reserve	-	(48 366)	48 366	-	-	-	-
At 31 December 2020	**2 113 961**	**199 172**	**(809 737)**	**1 503 396**	**-**	**524 317**	**2 027 713**
Foreign currency translation differences	-	-	(179 302)	(179 302)	-	(35 413)	(214 715)
Net changes in debt instruments,net of taxes	-	-	(76 735)	(76 735)	-	(4 169)	(80 904)
Fair value in equity instruments designated at FVTOCI	-	-	141	141	-	-	141
Property and equipment - revaluation gain	-	-	(192)	(192)	-	-	(192)
Remeasurements of defined benefit obligations	-	-	1 199	1 199	-	-	1 199
Profit for the period	-	256 933	-	256 933	-	92 571	349 504
Total comprehensive income for the year	-	**256 933**	**(254 889)**	**2 044**	**-**	**52 989**	**55 033**
Additional tier 1 capital	-	-	-	-	74 088	-	74 088
Group reserve	-	-	(3 301)	(3 301)	**-**	-	(3 301)
Dividend relating to 2020	-	-	-	**-**	-	(24 627)	(24 627)
At 31 December 2021	**2 113 961**	**456 105**	**(1 067 927)**	**1 502 139**	**74 088**	**552 679**	**2 128 906**

Unaudited consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

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Unaudited Consolidated Statement of Changes in Equity - NGN

Amounts in NGN '000

	Share Capital	Retained Earnings	Other Reserves	Total equity and reserves attributable	Other equity	Non-Controlling Interest	Total Equity
At 1 January 2020	**353 511 708**	**9 447 348**	**175 590 881**	**538 549 937**	-	**149 192 935**	**687 742 872**
Foreign currency translation differences	-	-	42 092 432	42 092 432	-	24 424 796	66 517 228
Net changes in equity instruments, net of taxes	-	-	30 182	30 182	-	-	30 182
Net changes in debt instruments,net of taxes		-	28 506 241	28 506 241	-	-	28 506 241
Net gains on revaluation of property	-	-	7 489 317	7 489 317	-	-	7 489 317
Remeasurements of post-employment benefit obligations	-	-	(89 018)	(89 018)	-	-	(89 018)
Profit for the year	-	1 605 372	-	1 605 372	-	32 136 857	33 742 229
Total comprehensive income for the year	-	**1 605 372**	**78 029 154**	**79 634 526**	**-**	**56 561 653**	**136 196 179**
Hyper-inflation reserve	-	-	(12 186 233)	(12 186 233)	-	-	(12 186 233)
Change in minority ownership	-	-	(4 145 237)	(4 145 237)	-	4 145 237	-
Adjustment to ordinary capital	1 528	-	-	1 528	-	-	1 528
Transfer from general banking reserves	-	(850 824)	850 824	-	-	-	-
Transfer to statutory reserve	-	(18 478 206)	18 478 206	-	-	-	-
At 31 December 2020	**353 513 236**	**(8 276 310)**	**256 617 595**	**601 854 521**	**-**	**209 899 825**	**811 754 346**
Foreign currency translation differences	-	-	(37 685 287)	(37 685 287)	-	(1 616 672)	(39 301 959)
Net changes in debt instruments,net of taxes	-	-	(31 420 185)	(31 420 185)	-	(1 707 053)	(33 127 238)
Fair value in equity instruments designated at FVTOCI	-	-	57 734	57 734	-	-	57 734
Property and equipment - revaluation gain	-	-	(78 617)	(78 617)	-	-	(78 617)
Remeasurements of defined benefit obligations	-	-	490 947	490 947	-	-	490 947
Profit for the period	-	105 204 695	-	105 204 695	-	37 904 450	143 109 145
Total comprehensive income for the year	**-**	**105 204 695**	**(68 635 408)**	**36 569 287**	**-**	**34 580 725**	**71 150 012**
Additional tier 1 capital	-	-	-	-	31 421 462		31 421 462
Group reserve	-	-	(1 351 639)	(1 351 639)	-	-	(1 351 639)
Transfer to general banking reserves	-	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	-	-	-	-
Dividend relating to 2020	-		-	-	-	(10 083 859)	(10 083 859)
At 31 December 2021	**353 513 236**	**96 928 385**	**186 630 548**	**637 072 169**	**31 421 462**	**234 396 691**	**902 890 322**

Unaudited consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

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Unaudited Consolidated Statement of Cash Flows - USD

	Year ended 31 December 2021	Year ended 31 December 2020
	US$'000	US$'000
Cash flows from operating activities		
Profit before tax	477 992	174 318
Adjusted for:		
Foreign exchange income	(200 115)	(205 585)
Net gain from investment securities	(14 386)	(16 617)
Fair value gain on investment properties	325	2 730
Impairment charges on loans and advances	152 335	181 555
Impairment charges on other financial assets	49 587	45 470
Goodwill Impairment	-	163 564
Depreciation of property and equipment	72 626	82 679
Amortisation of software and other intangibles	37 096	21 527
Profit on sale of property and equipment	(3 149)	(1 928)
Share of post-tax results of associates	805	297
Income taxes paid	(178 570)	(126 841)
Changes in operating assets and liabilities		
Trading financial assets	(208 028)	26 172
Derivative financial instruments	33 206	(49 703)
Treasury bills and other eligible bills	(437 823)	157 824
Loans and advances to banks	77 570	(66 269)
Loans and advances to customers	(448 855)	35 595
Pledged assets	224 618	(72 121)
Other assets	43 600	56 570
Mandatory reserve deposits with central banks	(7 873)	87 327
Deposits from customers	1 233 922	2 050 832
Other deposits from banks	(402 479)	100 129
Derivative liabilities	(46 062)	27 653
Other liabilities	130 535	(22 858)
Provisions	(5 362)	(8 020)
Net cashflow from operating activities	**581 515**	**2 644 300**
Cash flows from investing activities		
Purchase of software	(7 295)	(25 393)
Purchase of property and equipment	(53 494)	(298 027)
Proceeds from sale of property and equipment	26 457	255 842
Purchase of investment securities	(3 941 406)	(3 419 589)
Redemption of investment securities	2 460 353	2 547 499
Purchase of investment properties	-	(7 023)
Proceeds from sale of of investment properties	-	3 985
Cash payment for acquisition of Pan African Savings and Loans	(897)	-
Cash payment for disposal of subsidiary	(10 496)	-
Net cashflow used in investing activities	**(1 526 777)**	**(942 706)**
Cash flows from financing activities		
Repayment of borrowed funds	(270 887)	(510 646)
Proceeds from borrowed funds	747 443	396 644
Repayment of lease liabilities	-	(37 817)
Dividends paid to non-controlling shareholders	(24 627)	(24 322)
Net cashflow from / (used in) financing activities	**451 929**	**(176 141)**
Net (decrease) / increase in cash and cash equivalents	**(493 333)**	**1 525 453**
Cash and cash equivalents at beginning of year	3 800 456	2 559 766
Effects of exchange differences on cash and cash equivalents	(202 065)	(284 763)
Cash and cash equivalents at end of the year	**3 105 058**	**3 800 456**

Unaudited consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Ecobank
The Pan African Bank

Unaudited Consolidated Statement of Cash Flows - NGN

	Year ended 31 December 2021	Year ended 31 December 2020
	NGN'000	NGN'000
Cash flows from operating activities		
Profit before tax	195 720 297	66 598 105
Adjusted for:		
Foreign exchange income	(81 939 891)	(78 543 645)
Net loss from investment securities	(5 890 527)	(6 348 516)
Fair value loss on investment properties	133 064	1 042 995
Impairment charges on loans and advances	62 375 628	119 226 949
Impairment charges on other financial assets	20 304 069	17 371 790
Goodwill Impairment	-	62 489 543
Depreciation of property and equipment	29 737 699	31 587 470
Amortisation of software and other intangibles	15 189 459	8 224 379
Profit on sale of property and equipment	(1 289 401)	(736 591)
Share of (profit) / loss of associates	329 618	113 469
Income taxes paid	(73 117 904)	(48 459 540)
Changes in operating assets and liabilities		
Trading financial assets	(85 179 881)	9 998 999
Derivative financial instruments	13 596 646	(18 989 006)
Treasury bills and other eligible bills	(179 272 555)	60 296 579
Loans and advances to banks	31 762 087	(25 318 038)
Loans and advances to customers	(183 789 757)	13 599 052
Pledged assets	91 972 881	(27 553 791)
Other assets	17 852 610	21 612 540
Mandatory reserve deposits with central banks	(3 223 706)	33 363 236
Deposits from customers	505 246 069	783 519 326
Other deposits from banks	(164 800 476)	38 254 234
Derivative liabilities	(18 860 710)	10 564 815
Other liabilities	53 449 323	(8 732 887)
Provisions	(2 195 543)	(3 064 037)
Net cashflow from operating activities	**238 109 099**	**1 060 117 430**
Cash flows from investing activities		
Purchase of software	(2 987 202)	(9 701 383)
Purchase of property and equipment	(21 903 853)	(113 861 064)
Proceeds from sale of property and equipment	10 833 355	97 744 306
Purchase of investment securities	(1 613 861 918)	(1 306 452 244)
Redemption of investment securities	1 007 424 997	973 270 702
Purchase of investment properties	-	(2 683 134)
Proceeds from sale of of investment properties	-	1 522 467
Cash payment for acquisition of Pan African Savings and Loans	(367 189)	-
Cash payment for disposal of subsidiary	(4 297 729)	-
Net cashflow used in investing activities	**(625 159 539)**	**(360 160 350)**
Cash flows from financing activities		
Repayment of borrowed funds	(110 918 392)	(195 092 045)
Proceeds from borrowed funds	306 050 834	151 537 639
Repayment proceeds of lease liabilities	-	(14 447 966)
Dividends paid to non-controlling shareholders	(10 083 859)	(9 292 208)
Net cashflow from /(used in) financing activities	**185 048 583**	**(67 294 580)**
Net (decrease) / increase in cash and cash equivalents	**(202 001 857)**	**632 662 500**
Cash and cash equivalents at beginning of year	780 020 754	933 546 660
Effects of exchange differences on cash and cash equivalents	738 867 235	(44 772 610)
Cash and cash equivalents at end of the year	**1 316 886 132**	**1 521 436 550**

Unaudited consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes

1 General information

Ecobank Transnational Incorporated (ETI) and its subsidiaries (together, 'the Group') provide retail, corporate and investment banking services throughout sub Saharan Africa outside South Africa. The Group had operations in 39 countries and employed over 13,167 people as at 31 December 2021 (31 December 2020: 14,023) .

Ecobank Transnational Incorporated is a limited liability company and is incorporated and domiciled in the Republic of Togo. The address of its registered office is as follows: 2365 Boulevard du Mono, Lomé, Togo. The company has a primary listing on the Ghana Stock Exchange, the Nigerian Stock Exchange and the Bourse Regionale Des Valeurs Mobilieres (Abidjan) Cote D'Ivoire.

The consolidated financial statements for the period ended 31 December 2021 have been approved by the Board of Directors on 27 January 2022.

2 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed elsewhere. These policies have been consistently applied to all the periods presented, unless otherwise stated. The notes also highlight new standards and interpretations issued at the time of preparation of the consolidated financial statements and their potential impact on the Group. The financial statements are for the Group consisting of Ecobank Transnational Incorporated and its subsidiaries.

2.1 Basis of presentation and measurement

The Group's consolidated financial statements for the period ended 31 December 2021 have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared under the historical cost convention, except for the following:
- fair value through other comprehensive income and fair value through profit and loss, financial assets and financial liabilities (including derivative instruments) and investment properties measured at fair value
- assets held for sale - measured at fair value less cost of disposal; and
- the liability for defined benefit obligations recognized at the present value of the defined benefit obligation less the fair value of the plan assets and plan assets measured at fair value

The consolidated financial statements are presented in US Dollars, which is the group's presentation currency. The figures shown in the consolidated financial statements are stated in US Dollar thousands.

The consolidated financial statements comprise the consolidated statement of comprehensive income (shown as two statements), the statement of financial position, the statement of changes in equity, the statement of cash flows and the accompanying notes.

The consolidated statement of cash flows shows the changes in cash and cash equivalents arising during the period from operating activities, investing activities and financing activities. Included in cash and cash equivalents are highly liquid investments.

The cash flows from operating activities are determined by using the indirect method. The Group's assignment of the cash flows to operating, investing and financing category depends on the Group's business model.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires Directors to exercise judgment in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Group's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.

2.2 New and amended standards adopted by the group

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

a) Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:
- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate equivalent to a movement in a market rate of interest.
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

b) Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the Group has not received Covid-19-related rent concessions, as such there is no impact on the Group financial statements.

2 Summary of significant accounting policies (continued)

2.3 New and amended standards/ interpretation issued not yet adopted by the group

The following standards have been issued or amended by the IASB but are yet to become effective for annual periods beginning on or after 1 January 2021.

I) IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:
-A specific adaptation for contracts with direct participation features (the variable fee approach
-A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.
These amendments is not expected to have any impact on the consolidated financial statements of the Group

ii) Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
-What is meant by a right to defer settlement
-That a right to defer must exist at the end of the reporting period
-That classification is unaffected by the likelihood that an entity will exercise its deferral right
-That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification
The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

iii) Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively. There has been no business combinations for the reporting period.

iv) Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

v) Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group has no contracts as at the reporting dates to which the amendments apply.

vi) IFRS 9 Financial Instruments – Fees in the "10 per cent" test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

vii) Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group.

viii) Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary. The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

2 Summary of significant accounting policies (continued)

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 consolidated financial statements are presented in United States dollars, which is the Group's presentation currency.

b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the official 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 the income statement.

Changes in the fair value of monetary securities denominated in foreign currency classified as FVTOCI 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.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as FVTOCI, are included in other comprehensive income

c) Group companies
The results and financial position of all group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

ii) Income and expenses for each income statement are translated at average exchange rates; (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions) and

iii) All resulting exchange differences are recognised in other comprehensive income.

Exchange differences arising from the above process are reported in shareholders' equity as 'Foreign currency translation differences'.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to 'Other comprehensive income'. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Notes

2.4 Foreign currency translation (continued)

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

d) Classification of Zimbabwe and South Sudan as hyper-inflationary economies.

IAS 29 "Financial Reporting in Hyperinflationary Economies" requires that the financial statements of entities whose functional currency is that of a hyperinflationary economy to be adjusted for the effects of changes in a suitable general price index and to be expressed in terms of the current unit of measurement at the closing date of the reporting period. Accordingly, the inflation produced from the date of acquisition or from the revaluation date, as applicable, must be computed in the non-monetary items.
The Zimbabwe economy was designated as hyperinflationary from 1 July 2019. As a result, application of IAS 29 'Financial Reporting in Hyperinflationary Economies' has been applied to Ecobank Zimbabwe. In addition, South Sudan is also an hyperinflationary economy. IAS 29 has been applied to Eobank South Sudan.

IAS 29 requires that adjustments are applicable from the start of the relevant entity's reporting period.
• The income statement is translated at the period end foreign exchange rate instead of an average rate and ;
• Adjustment of the income statement to reflect the impact of inflation and exchange rate movement on holding monetary assets and liabilities in local currency.
• This resulted in a net monetary loss of $38.0 million recorded in the income statement.

2.5 Sale and repurchase agreements

Securities sold subject to repurchase agreements ('repos') are reclassified in the financial statements as pledged assets when the transferee has the right by contract or custom to sell or repledge the collateral; the counterparty liability is included in deposits from banks or deposits from customers, as appropriate. Securities purchased under agreements to resell ('reverse repos') are recorded as loans and advances to other banks or customers, as appropriate. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method. Securities lent to counterparties are also retained in the financial statements.

2.6 Determination of fair value

Fair value under IFRS 13, Fair Value Measurement ('IFRS 13') is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market condition (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on exchanges (for example, NSE, BVRM, GSE) and quotes from approved bond market makers.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer or broker, 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. Indications 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 existing at the dates of the consolidated statement of financial position.

The Group uses widely recognised valuation models for determining fair values of non-standardized 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.
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 Group 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, and related controls and procedures applied, management believes that these valuation adjustments are necessary and appropriate to fairly state the values of financial instruments carried at fair value in the consolidated statement of financial position. 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.

The fair value of over-the-counter (OTC) derivatives is determined using valuation methods that are commonly accepted in the financial markets, such as present value techniques and option pricing models. The fair value of foreign exchange forwards is generally based on current forward exchange rates. Structured interest rate derivatives are measured using appropriate option pricing models (for example, the Black-Scholes model) or other procedures such as Monte Carlo simulation.

In cases when the fair value of unlisted equity instruments cannot be determined reliably, the instruments are carried at cost less impairment. The fair value for loans and advances as well as liabilities to banks and customers are determined using a present value model on the basis of contractually agreed cash flows, taking into account credit quality, liquidity and costs.

2.7 Fee and commission income

The Group applies IFRS 15 to all revenue arising from contracts with clients, unless the contracts are in the scope of the standards on leases, insurance contracts and financial instruments. The Group recognises revenues to depict the transfer of promised service to customers in an amount that reflects the consideration the Group expects to be entitled in exchange for the service. Fees and commissions are generally recognised on an accrual basis when the service has been provided and considering the stage of completion. Fees charged for servicing a loan are recognised in revenue as the service is provided, which in most instances occurs monthly when the fees are levied. Loan syndication fees are recognised as part of fees and commissions income when the syndication has been completed and the Group has retained no part of the loan package for itself or has retained a part at the same effective interest rate as the other participants. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts, usually on a time-apportionment basis. This is especially so as is the case in most instances for the Group where the nature of the service provided is such that the client benefits as the services are provided. Where this is not the case and where the nature of the service provided is such that the customer only benefits on completion such fees are recognised at a point in time and usually when control transfers. Commission and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party – such as the arrangement of the acquisition of shares or other securities, or the purchase or sale of businesses – are recognised on completion of the underlying transaction. Asset management fees related to investment funds are recognised over the period in which the service is provided. Initial fees that exceed the level of recurring fees and relate to the future provision of services are deferred and amortised over the projected period over which services will be provided. The same principle is applied for wealth management, financial planning and custody services that are continuously provided over an extended period of time. Performance-linked fees or fee components are recognised when the performance criteria are fulfilled. 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 under interest income.

2.8 Dividend income

Dividends are recognised in the consolidated income statement in 'Dividend income' when the entity's right to receive payment is established which is generally when the shareholders approve the dividend.

2.9 Net gains on trading financial assets

Net trading income comprises gains less losses related to trading assets and liabilities, and it includes all fair value changes, dividends and foreign exchange differences.

Notes

2 Summary of significant accounting policies (continued)

2.10 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment at each reporting date. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash flows from other assets or group of assets (cash-generating units). The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.11 Share-based payments

The Group engages in equity settled share-based payment transactions in respect of services received from certain categories of its employees. The fair value of the services received is measured by reference to the fair value of the shares or share options granted on the date of the grant. The cost of the employee services received in respect of the shares or share options granted is recognised in the consolidated income statement over the period that the services are received, which is the vesting period.

The fair value of the options granted is determined using option pricing models, which take into account the exercise price of the option, the current share price, the risk free interest rate, the expected volatility of the share price over the life of the option and other relevant factors. Except for those which include terms related to market conditions, vesting conditions included in the terms of the grant are not taken into account in estimating fair value.

Non-market vesting conditions are taken into account by adjusting the number of shares or share options included in the measurement of the cost of employee services so that ultimately, the amount recognised in the consolidated income statement reflects the number of vested shares or share options.

2.12 Cash and cash equivalents

For purposes of presentation in the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

2.13 Repossessed collateral and properties

Repossessed collateral are equities, landed properties or other investments repossessed from customers and used to settle the outstanding obligations. Such investments and other assets are classified in accordance with the intention of the Group in the asset class which they belong. Repossessed properties acquired in exchange for loans as part of an orderly realisation are reported in 'other assets' as inventory as it is held for sale in the ordinary course of business. The repossessed properties are recognised when the risks and rewards of the properties have been transferred to the Group. The corresponding loans are derecognised when the Group becomes the holder of the title deed. The properties acquired are initially recorded at cost, which is the lower of their fair value less costs to sell and the carrying amount of the loan (net of impairment allowance) at the date of exchange. They are subsequently measured at the lower of the carrying amount or net realisable value. No depreciation is charged in respect of these properties. Any subsequent write-down of the acquired properties to net realisable value is recognised in the statement of comprehensive income, in 'Other impairments'. Any subsequent increase in net realisable value, to the extent that it does not exceed the cumulative write-down, is also recognised in 'Other impairments'. Gains or losses on disposal of repossessed properties are reported in 'Other operating income' or 'Operating expenses', as the case may be.

2.14 Leases

The group leases various offices, branches, houses, ATM locations, equipment and cars. Rental contracts are typically made for fixed periods of 1 to 65 years but may have extension options as described in (ii) below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:
- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the affiliate's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.
Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment, copiers and other small items of office furniture.

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

Notes

2 Summary of significant accounting policies (continued)

2.15 Investment properties

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the entities in the Group, are classified as investment properties. Investment properties comprise office buildings and Commercial Bank parks leased out under operating lease agreements.

Some properties may be partially occupied by the Group, with the remainder being held for rental income or capital appreciation. If that part of the property occupied by the Group can be sold separately, the Group accounts for the portions separately. The portion that is owner-occupied is accounted for under IAS 16, and the portion that is held for rental income or capital appreciation or both is treated as investment property under IAS 40. When the portions cannot be sold separately, the whole property is treated as investment property only if an insignificant portion is owner-occupied.

Recognition of investment properties takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost can be measured reliably. This is usually the day when all risks are transferred. Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing parts of an existing investment property at the time the cost has been incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the date of the consolidated statement of financial position. Gains or losses arising from changes in the fair value of investment properties are included in the consolidated income statement in the year in which they arise. Subsequent expenditure is included in the asset's carrying amount 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. All other repairs and maintenance costs are charged to the consolidated income statement during the financial period in which they are incurred.

Rental income from investment property is recognised in the income statement on a straight-line basis over the term of the lease.
The fair value of investment properties is based on the nature, location and condition of the specific asset. The fair value is calculated by discounting the expected net rentals at a rate that reflects the current market conditions as of the valuation date adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure. These valuations are performed annually by external appraisers.

Investment properties are derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The gain or loss on disposal is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised as income or expense in the income statement.

2.16 Property and equipment

Items of property and equipment are initially recognised at cost if it is probable that any future economic benefits associated with the items will flow to the group and they have a cost that can be measured reliably. Subsequent expenditure is capitalised to the carrying amount of items of property and equipment if it is measurable and it is probable that it increases the future economic benefits associated with the asset. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repair and maintenance costs are charged to other operating expenses during the financial period in which they are incurred.

Land and buildings comprise mainly branches and offices and are measured using the revaluation model. All other property and equipment used by the Group is stated at historical cost less depreciation. Subsequent to initial recognition, motor vehicles, furniture and equipment, installations and computer equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Land and buildings, the fair values of which can be reliably measured, are carried at revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. If an item of property, plant and equipment is revalued, the entire class of property, plant and equipment to which that asset belongs shall be revalued. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. If an asset's carrying amount is increased as a result of a revaluation, the increase shall be credited directly to other comprehensive income. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be debited directly to equity under the heading of revaluation reserve to the extent of any credit balance existing in the revaluation surplus in respect of that asset. For assets revalued, 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. Land and buildings are the class of items that are revalued on a regular basis. The other items are evaluated at cost

An independent valuation of the Group's land and buildings was performed by professionally qualified independent valuers to determine the fair value of the land and buildings as at year end. The revaluation surplus net of applicable deferred income taxes was credited to other comprehensive income and is shown in 'revaluation reserve – property and equipment' in shareholders equity (Note 40). Fair value is derived by applying internationally acceptable and appropriately benchmarked valuation techniques such as depreciated replacement cost or market value approach. The depreciated replacement cost approach involves estimating the value of the property in its existing use and the gross replacement cost. For these appropriate deductions are made to allow for age, condition and economic or functional obsolescence, environmental and other factors that might result in the existing property being worth less than a new replacement. The market value approach involves comparing the properties with identical or similar properties, for which evidence of recent transaction is available or alternatively identical or similar properties that are available in the market for sale making adequate adjustments on price information to reflect any differences in terms of actual time of the transaction, including legal, physical and economic characteristics of the properties.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Buildings	25 - 50 years
- Leasehold improvements	25 years, or over the period of the lease if less than 25 years
- Furniture , equipment Installations	3 - 5 years
- Motor vehicles	3 - 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Assets are subject to review for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

2.17 Intangible assets

a) Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiaries and associates at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units is represented by each primary reporting segment.

Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstance indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment is tested by comparing the present value of the expected future cash flows from a cash generating unit with the carrying value of its net assets, including attributable goodwill. Impairment losses on goodwill are not reversed.

b) Computer software licences

Acquired computer software licences are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful lives.
Costs associated with maintaining computer software programs are recognised as an expense incurred. Development costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives (not exceeding three years).

Notes

2 Summary of significant accounting policies (continued)

2.18 Income tax

a) Current income tax

Income tax payable (receivable) is calculated on the basis of the applicable tax law in the respective jurisdiction and is recognised as an expense (income) for the period except to the extent that current tax related to items that are charged or credited in other comprehensive income or directly to equity. In these circumstances, current tax is charged or credited to other comprehensive income or to equity (for example, current tax on debt instruments at FVOCI).

Where the Group has tax losses that can be relieved against a tax liability for a previous year, it recognises those losses as an asset, because the tax relief is recoverable by refund of tax previously paid. This asset is offset against an existing current tax balance. Where tax losses can be relieved only by carry-forward against taxable profits of future periods, a deductible temporary difference arises. Those losses carried forward are set off against deferred tax liabilities carried in the consolidated statement of financial position. The Group does not offset income tax liabilities and current income tax assets.

b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from the initial recognition of an asset or liability in transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the consolidated statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The principal temporary differences arise from depreciation of property, plant and equipment, revaluation of certain financial assets and liabilities, provisions for pensions and other post-retirement benefits and carry-forwards; and, in relation to acquisitions, on the difference between the fair values of the net assets acquired and their tax base, fair value changes on investment securities (available for sale financial assets under IAS 39), tax loss carried forward, revaluation on property and equipment. Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred income tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the difference will not reverse in the foreseeable future.

The tax effects of carry-forwards of unused losses or unused tax credits are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Deferred tax related to fair value re-measurement of investment securities (available for sale financial assets under IAS 39), which are recognised in other comprehensive income, is also recognised in the other comprehensive income and subsequently in the consolidated income statement together with the deferred gain or loss.

2.19 Provisions

Provisions for restructuring costs and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. The Group recognises no provisions for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class 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 management's best estimate of the expenditures required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2.20 Employee benefits

a) Pension obligations

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in income.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

b) Other post-retirement obligations

The Group also provides gratuity benefits to its retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Notes

2 Summary of significant accounting policies (continued)

d) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

e) Short term benefits

The Group seeks to ensure that the compensation arrangements for its employees are fair and provide adequate protection for current and retiring employees. Employee benefits are determined based on individual level and performance within defined salary bands for each employee grade. Individual position and job responsibilities will also be considered in determining employee benefits. Employees will be provided adequate medical benefits and insurance protection against disability and other unforeseen situations. Employees shall be provided with retirement benefits in accordance with the Separation and Termination policies. Details of employee benefits are available with Group or Country Human Resources

2.21 Borrowings

Borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowing using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contracts is discharged, cancelled or expired. The difference between the carrying amount of financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the income statement as other operating income.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.22 Compound financial instruments

Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

2.23 Fiduciary activities

Group companies commonly act as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. An assessment of control has been performed and this does not result in control for the group. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Group.

2.24 Share capital

Financial instruments issued are classified as equity when there is no contractual obligation to transfer cash, other financial assets, or issue available number of own equity instruments. Incremental costs directly attributable to the issue of this new financial instrument are shown in equity as a deduction from the proceeds.

Securities that carry a discretionary coupon and have no fixed maturity or redemption date are classified as other equity instruments. Interest payments on these securities are recognized as distributions from equity in the period in which they are paid.

a) Share issue costs

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

b) Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by Ecobank Transnational Incorporated's shareholders. Dividends for the year that are declared after the reporting date are disclosed in the subsequent events note.

c) Treasury shares

Where the company purchases its equity share capital, the consideration paid is deducted from total shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

2.25 Segment reporting

The Group's segmental reporting is in accordance with IFRS 8, Operating Segments ("IFRS 8"). Operating segments are reported in a manner consistent with the internal reporting provided to the Group Executive Committee, which is responsible for allocating resources and assessing performance of the operating segments and has been identified by the Group as the Chief Operating Decision Maker (CODM).

All transactions between business segments are conducted on an arm´s length basis, with intra-segment revenue and costs being eliminated in head office. Income and expenses directly associated with each segment are included in determining business segment performance.

In accordance with IFRS 8, the Group has the following business segments: Corporate & Investment Banking, Commercial Banking and Consumer Banking.

2.26 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter the assets (or disposal group) are measured at the lower of their carrying amount or fair value less cost to sell. Any impairment loss on a disposal group is first allocated to reduce goodwill and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to financial assets, deferred tax assets, investment properties, insurance assets and employee benefit assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss until finally sold. Property, equipment and intangible assets, once classified as held for sale, are not depreciated or amortised.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interests in its former subsidiary after the sale.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

Notes

2 Summary of significant accounting policies (continued)

2.27 Discontinued operations:

As discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operation, is part of single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with the with a view to resale. The Group presents discontinued operations in a separate line in the income statement.

Net profit from discontinued operations includes the net total of operating profit and loss before tax from operations, including net gain or loss on sale before tax or measurement to fair value less costs to sell and discontinued operations tax expense. A component of an entity comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group´s operations and cash flows. If an entity or a component of an entity is classified as a discontinued operation, the Group restates prior periods in the Income statement.

2.28 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

Where IAS 8, Accounting policies ("IAS 8"), changes in accounting estimates and errors' applies, comparative figures have been adjusted to conform with changes in presentation in the current year.

2.29 Financial assets and liabilities

2.29.1 Financial assets - Classification and Measurement Policies

Financial assets are measured at initial recognition at fair value, and are classified and subsequently measured at fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVTOCI) or amortized cost based on our business model for managing the financial instruments and the contractual cash flow characteristics of the instrument. For non-revolving facilities, origination date is the date the facility is disbursed while origination date for revolving facilities is the date the line is availed. Regular-way purchases and sales of financial assets are recognized on the settlement date. All other financial assets and liabilities, including derivatives, are initially recognized on the trade date at which the Bank becomes a party to the contractual provisions of the instrument.

a) A financial asset is measured at amortized cost if it meets both of the following conditions:

(i) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

(ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, debt instruments in this category are carried at amortized cost using the effective interest rate method. Amortized cost is calculated taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate. Impairment on financial assets measured at amortized cost is calculated using the expected credit loss approach. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised. Interest income from these financial assets is included in 'Interest and similar income' using the effective interest rate method.

b) A debt instrument is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVTPL:

(i) the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial asset; and

(ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- Debt instruments are those instruments that meet the definition of a financial liability from the holder's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse. Movements in the carrying amount of these assets 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 Net Losses/Income from investment securities '. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

c) A debt instrument is measured at FVTPL

- Debt instruments measured at FVTPL include assets held for trading purposes, assets held as part of a portfolio managed on a fair value basis and assets whose cash flows do not represent payments that are solely payments of principal and interest. Financial assets may also be designated at FVTPL if by so doing eliminates or significantly reduces an accounting mismatch which would otherwise arise. These instruments are measured at fair value in the Consolidated Statement of Financial Position, with transaction costs recognized immediately in the Consolidated Income Statement as part of Net trading income. Realized and unrealized gains and losses are recognized as part of Net trading income in the Consolidated Income Statement.

d) Equity Instruments

Equity instruments are instruments that meet the definition of equity from the holder'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. Equity instruments are measured at FVTPL. However, on initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect for strategic or long term investment reasons to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. On adoption of the standard, the Group did designate some of it equity instruments as FVTOCI. Gains and losses on these instruments including when derecognized/sold are recorded in OCI and are not subsequently reclassified to the Consolidated Income Statement. For equity instruments measured at FVTPL, changes in fair value are recognized in the Consolidated Income Statement. Dividends received are recorded in Interest income in the Consolidated Income Statement. Any transaction costs incurred upon purchase of the security are added to the cost basis of the security and are not reclassified to the Consolidated Income Statement on sale of the security (this only apply for equity instruments measured at FVTOCI).

e) 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 FVTPL. 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. For example the liquidity portfolio of assets, which is held by Ecobank Ghana (subsidiary of the Group) as part of liquidity management and is generally classified within the hold to collect and sell business model. 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 FVTPL. 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.

Notes

2 Summary of significant accounting policies (continued)

2.29 Financial assets and liabilities (continued)

The Group may decide to sell financial instruments held 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 cashflows 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: The following reasons outlined below may constitute 'Other Reasons' that may necessitate selling financial assets from the portfolio held with the sole objective of collecting cashflows category that will not constitute a change in business model:

- Selling the financial asset to realize 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 FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

f) Assessment of 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.

2.29.2 Financial liabilities

The accounting for financial liabilities remains largely unchanged, except for financial liabilities designated at fair value through profit or loss (FVTPL). Gains and losses on such financial liabilities are now required to be presented in other comprehensive income (OCI), to the extent that they relate to changes in own credit risk. The Group did not hold any such assets at year end.

Derivative liabilities are classified as at FVTPL and are measured at fair value with the gains and losses arising from changes in their fair value included in the consolidated income statement and are reported as 'Net trading income'. These financial instruments are recognised in the consolidated statement of financial position as 'Derivative financial instruments.

Financial liabilities that are not classified as at fair value through profit or loss are measured at amortised cost. Financial liabilities measured at amortised cost are deposits from banks and customers, other deposits, financial liabilities in other liabilities, borrowed funds for which the fair value option is not applied, convertible bonds and subordinated debts.

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 FVTPL, together with lease receivables loan commitments and financial guarantee contracts. No impairment loss is recognized 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.

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.

Notes

2 Summary of significant accounting policies (continued)

Measuring ECL – Explanation of inputs, assumptions and estimation techniques

a) 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.

b) 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 derecognized 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.

c) Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt financial assets carried at FVTOCI 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.
Evidence that a financial asset is credit-impaired includes the following observable data:

• significant financial difficulty of the borrower or issuer;
• a breach of contract such as a default or past due event;
• the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
• it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
• the disappearance of an active market for a security because of financial difficulties;

• observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio.

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. In addition, a retail loan that is overdue for 90 days or more is considered impaired.

In making an assessment of whether an investment in debt securities is credit-impaired, the Group considers the following factors.
• The market's assessment of creditworthiness as reflected in the bond yields.
• The rating agencies' assessments of creditworthiness.
• The issuer's ability to access the capital markets for new debt issuance.
• The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.

d) 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:

e) Write-off

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. The average write-off period is between 1 year. However, in some cases this might be constrained by existing legal or regulatory requirements and thus could take much longer than the stated year. 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.

f) Definition of default

The Group considers a financial asset to be in default which is fully aligned with the credit-impaired, when it meets one or 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 the borrower is in significant financial difficulty. These are instances where:
- The borrower is in long-term forbearance
- The borrower is deceased
- The borrower is insolvent
- 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 lender relating to the borrower's 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.

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.

Notes

2 Summary of significant accounting policies (continued)

Measuring ECL – Explanation of inputs, assumptions and estimation techniques

g) 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:

(i) The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default (2.29.6f above) and credit-impaired financial assets" (2.29.6c 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.

(ii) 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.

(iii) 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:

(i) 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.

(ii) 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.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type:

(i) For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.

(ii) For unsecured products, LGD's are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGD's are influenced by collection strategies, including contracted debt sales and price.

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-
There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

h) 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.

i) Forward-looking information incorporated in the ECL models

The assessment of Expected Credit Losses incorporates the use of forward-looking information. The Group has identified the key economic variables impacting its credit risk and expected credit losses and performed historical analysis to determine the significance and impact of these economic variables on its credit risk and expected credit losses. Significant economic variables and the impact of these variables on credit losses vary by clusters and affiliates within the Group. The key drivers for credit risk for the Group are: commodity prices, oil export, foreign exchange rates and prime lending rate. The impact of these economic variables on the expected credit losses has been determined by performing principal component analysis to understand the significant variables and estimate the impact that changes in these variables have had historically on default rates and on the components on expected credit losses.
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, the forecast of the forecast for the fifth year is held constant to reduce the impact of estimation uncertainty in the long run. 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 Economics team also provide other possible scenarios along with scenario weightings. The number 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 represents. The Group measures expected credit losses as a probability weighted expected credit losses. These probability-weighted expected credit losses are determined by running each of the scenarios through the relevant expected credit loss model and multiplying it by the appropriate scenario weighting (as opposed to weighting the inputs). For the current reporting dates, the weighting attached to the Base case, Optimistic and Downturn scenarios were 55%, 25% and 20% respectively.

The assessment of SICR is performed using the changes in credit risk rating (as a proxy for lifetime PD) 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).
As with any economic forecasts, the projections and likelihood of occurrence are subject to high degree of inherent uncertainty and therefore the actual outcomes may significantly differ from those projected. The Group considers these forecasts to represent its best estimate of possible outcomes and has analysed the non-linearities an asymmetry within the Group's different portfolios to establish that the chosen scenarios are appropriately representative of the range of scenarios.

Notes

2 Summary of significant accounting policies (continued)

j) Expected Life

For instruments in Stage 2 or Stage 3, loss allowances reflect expected credit losses over the expected remaining lifetime of the instrument. For most instruments, the expected life is limited to the remaining contractual life. An exemption is provided for certain instruments with the following characteristics: (a) the instrument includes both a loan and undrawn commitment component; (b) we have the contractual ability to demand repayment and cancel the undrawn commitment; and (c) our exposure to credit losses is not limited to the contractual notice period. For products in scope of this exemption, the expected life may exceed the remaining contractual life and is the period over which our exposure to credit losses is not mitigated by our normal credit risk management actions. This period varies by product and risk category and is estimated based on our historical experience with similar exposures and consideration of credit risk management actions taken as part of our regular credit review cycle. Products in scope of this exemption include credit cards, overdraft balances and certain revolving lines of credit. Judgment is required in determining the instruments in scope for this exemption and estimating the appropriate remaining life based on our historical experience and credit risk mitigation practices.

2.29.7 Interest income

Interest income and expense for all interest-bearing financial instruments are recognized within 'interest income' and 'interest expense' in the consolidated income statement using the effective interest method. The Group calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired (as set out in Note 2.29.5) and is, therefore, regarded as 'Stage 3', the Group calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

Under both IFRS 9 and IAS 39, interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost, financial instruments designated at FVTPL. Interest income on interest bearing financial assets measured at FVTOCI under IFRS 9, similarly to interest bearing financial assets classified as available-for-sale or held to maturity under IAS 39 are also recorded by using the EIR method. The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the 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 (for example, 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.

Once a financial asset or a Group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest
For purchased or originated credit-impaired financial assets, the Group calculates interest income by calculating the credit-adjusted EIR and applying that rate to the amortised cost of the asset. The credit-adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows to the amortised cost of the assets.

Interest income on all trading assets and financial assets mandatorily required to be measured at FVTPL is recognised using the contractual interest rate in net trading income.

2.29.9 Reclassification of financial assets

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

A change in the Group's business model will occurs only when the Group either begins or ceases to perform an activity that is significant to its operations such as:
- Significant internal restructuring or business combinations;
- Disposal of a business line i.e. disposal of a business segment
- Any other reason that might warrant a change in the Group's business model as determined by management based on facts and circumstances

The following are not considered to be changes in the business model:
- A change in intention related to particular financial assets (even in circumstances of significant changes in market conditions)
- A temporary disappearance of a particular market for financial assets.
- A transfer of financial assets between parts of the Group with different business models.

When reclassification occurs, the Group reclassifies all affected financial assets in accordance with the new business model. Reclassification is applied prospectively from the 'reclassification date'. Reclassification date is 'the first day of the first reporting period following the change in business model. Gains, losses or interest previously recognised are not be restated when reclassification occurs.

There were no changes to any of the Group's business models during the current period.

Notes

2 Summary of significant accounting policies (continued)

2.29.11 Modification of financial assets

The Group sometimes renegotiates or otherwise modifies the terms of loans provided to customers. This may be due to commercial renegotiations, or for distressed loans, with a view to maximising recovery.
Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. 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.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset. The Group monitors the subsequent performance of modified assets. The Group may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for six consecutive months or more.

The Group continues to monitor if there is a subsequent significant increase in credit risk in relation to such assets through the use of specific models for modified assets.

When the contractual terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. 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.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognised at fair value. Any difference between the amortized cost and the present value of the estimated future cash flows of the modified asset or consideration received on derecognition is recorded as a separate line item in profit or loss in the Other operating income item.

Quantitative criteria

A modification would lead to derecognition of existing financial asset and recognition of a new financial asset, i.e. substantial modification, if the discounted present value of the cash flows under the new terms, including any fees received net of any fees paid and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset.

In addition to the above, the bank shall also consider qualitative factors as detailed below.

Qualitative criteria

Scenarios where modifications will lead to derecognition of existing loan and recognition of a new loan, i.e. substantial modification, are:

- The exchange of a loan for another financial asset with substantially different contractual terms and conditions such as the restructuring of a loan to a bond; conversion of a loan to an equity instrument of the borrower
- Roll up of interest into a single bullet payment of interest and principal at the end of the loan term
- Conversion of a loan from one currency to another currency

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss as part of impairment charge for the year.

2.29.13 Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

2.29.14 Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial assets that are transferred to a third party but do not qualify for derecognition are presented in the statement of financial position as 'Pledged Assets', if the transferee has the right to sell or repledge them.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

2.30 Financial guarantee 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.

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.

2.31 Offsetting financial instruments

In accordance with IAS 32, the Group reports financial assets and liabilities on a net basis on the statement of financial position 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 realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in event of default, insolvency or bankruptcy of the company or the counterparty.

Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions such as in the trading activity.

Notes

2 Summary of significant accounting policies (continued)

2.32 Classes of financial instruments

The Group classifies the financial instruments into classes that reflect the nature of information and take into account the characteristics of those financial instruments. The classification made can be seen in the table below:

Financial assets

Category (as defined by IFRS9)	Class (as determined by the Group)
Fair Value Through Profit or Loss (FVTPL)	Trading financial assets
	Derivative financial instruments
Amortised Cost	Cash and balances with central banks
	Loans and advances to banks
	Loans and advances to customers
	Other assets excluding prepayments
Fair Value Through Other Comprehensive Income (FVTOCI)	Treasury bills and other eligible bills
	Investment securities
	Pledged assets

Financial liabilities

Category (as defined by IFRS9)	Class (as determined by the Group)
Financial liabilities at fair value through profit or loss	Derivative financial instruments
Financial liabilities at amortised cost	Deposits from banks
	Deposits from customers
	Borrowed funds
	Other liabilities, excluding non-financial liabilities

Off balance sheet financial instruments

Category (as defined by IFRS9)	Class (as determined by the Group)
Loan commitments	Loan commitments
Guarantees, acceptances and other financial facilities	Guarantees, acceptances and other financial facilities

3 Critical accounting estimates, and judgements in applying accounting policies

The preparation of financial statements requires the use of accounting estimates, which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

This note provides an overview of the areas that involve a higher degree of judgement or complexity, and major sources of estimation uncertainty. Detailed information about each of these estimates and judgements is included in the related notes together with information about the basis of calculation for each affected line item in the financial statements.

a) Impairment losses on loans and advances

The Group reviews its loan portfolios to assess impairment at least monthly. Where impairment has been identified, an allowance for impairment is recorded. 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 in which case loss allowance is measured at an amount equal to lifetime ECL. 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 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’. Loss allowances on such low credit risk instrument are recognised at the equivalent of 12-month ECL.
The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVTOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as the expected life of the instrument, determination of significant increase in credit risk, selection of appropriate macro-economic variables and other forward-looking information etc.

(i) Determining criteria for significant increase in credit risk and choosing appropriate models and assumptions for the measurement of ECL

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. In assessing SICR, 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 been applied in this process.

(ii) Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL

The scenario weightings applied in the incorporation of the forward-looking information into the calculation of ECL 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 forward-looking information used in ECL are based on forecasts. 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 the Group’s different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

(iii) Establishing groups of similar financial assets for the purposes of measuring ECL

In determining whether an impairment loss should be recorded in the income statement, the Group makes judgements as to movement in the level of credit risk on the instrument since origination. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

b) Fair value of financial instruments

The fair value of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. To the extent practical, models use only observable data; however, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of 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 existing at the dates of the consolidated statement of financial position.

Notes

3 Critical accounting estimates, and judgements in applying accounting policies (Continued)

c) Goodwill impairment

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.17. These calculations require the use of estimates. The recoverable amount of all CGUs has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period are extrapolated using the estimated growth rates. By adjusting the three main estimates (cashflows, growth rate and discount rates) by 10%, no impairment charge on goodwill will arise.

d) Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

e) Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (please see financial assets sections of Note 2.29.1). The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group’s continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

f) Hyper-inflationary accounting

Beginning July 1, 2019, the Group has designated Zimbabwe as a hyper-inflationary economy in accordance with IAS 29, Financial Reporting in Hyper-Inflationary Economies, and has therefore employed the use of the hyper-inflationary accounting to consolidate and report its Zimbabwe operating subsidiary. South Sudan is also a hyperinflationary company. The determination of whether an economy is hyper-inflationary requires the Group to make certain estimates and judgements, such as assessment of historic inflation rates and anticipation of future trends. In addition, the application of hyperinflationary accounting in accordance with IAS 29 requires the selection and use of price indices to estimate the impact of inflation on the non-monetary assets and liabilities, and results of operations of the Group. The selection of price indices is based on the Group’s assessment of various available price indices on the basis of reliability and relevance. Changes in any such estimates may significantly impact the carrying value of those nonmonetary assets or liabilities, and results of operations, which are subject to hyper-inflationary adjustments, and the related gains and losses within the consolidated statements of loss and comprehensive loss.

4 Fair value of financial assets and liabilities

(a) Financial instruments not measured at fair value

The table below summarises the carrying amounts and fair values of those financial assets and liabilities not measured at fair value on the group's consolidated statement of financial position.

	Carrying value		Fair value	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	'31 Dec 2020
Financial assets:				
Cash and balances with central banks	4 199 359	3 752 596	4 199 359	3 752 596
Loans and advances to banks	2 207 429	2 011 343	2 376 317	3 556 162
Loans and advances to customers	9 588 103	9 239 948	9 735 726	9 377 201
Other assets (excluding prepayments)	908 219	921 567	908 219	921 567
Financial liabilities:				
Deposits from banks	2 312 391	2 386 747	2 388 148	2 467 491
Deposit from customers	19 530 874	18 296 952	19 673 855	18 413 959
Other liabilities (excluding deferred income)	888 103	754 944	888 103	754 944
Borrowed funds	2 090 501	1 923 182	2 247 056	2 450 727

(i) Cash

The carrying amount of cash and balances with banks is a reasonable approximation of fair value

(ii) Loans and advances to banks

Loans and advances to banks include inter-bank placements and items in the course of collection. The carrying amount of floating rate placements and overnight deposits is a reasonable approximation of fair value. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity.

(iii) Loans and advances to customers

Loans and advances are net of charges for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

(iv) Deposit from banks, due to customers and other deposits

The estimated fair value of deposits with no stated maturity, which includes non-interest bearing deposits, is the amount repayable on demand.

The estimated fair value of fixed interest-bearing deposits not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity. For those notes where quoted market prices are not available, a discounted cash flow model is used based on a current yield curve appropriate for the remaining term to maturity.

(v) Other assets

The bulk of these financial assets have short term (less than 12 months) maturities and their amounts are a reasonable approximation of fair value

(vi) Other liabilities

The carrying amount of financial liabilities in other liabilities is a reasonable approximation of fair value as these are short term in nature

(b) Fair value hierarchy

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.

ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

iii) Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

	31 December 2021			31 December 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Treasury and other eligible bills	1 339 395	746 405	-	449 241	1 281 604	-
Trading Financial Assets	343 426	21 092	-	-	156 490	-
Derivative financial instruments	-	81 956	-	-	115 162	-
Pledged assets	-	198 981	-	-	423 599	-
Investment securities	770 015	5 472 952	113 436	860 572	5 096 953	117 051
Total financial assets	**2 452 836**	**6 521 386**	**113 436**	**1 309 813**	**7 073 808**	**117 051**
Derivative financial instruments	-	32 846	-	-	78 908	-
Total financial liabilities	**-**	**32 846**	**-**	**-**	**78 908**	**-**

There are no movements between Level 1 and Level 2. The following table presents the changes in Level 3 instruments for the available for sale securities:

4 Fair value of financial assets and liabilities (continued)

(c) Financial instrument classification

At 31 December 2021	Amortised cost	FVTPL	FVTOCI - Debt Instruments	Equity Instruments at FVTPL	FVTOCI - Equity instruments	Liabilities at fair value through profit or loss	Liabilities at amortized cost	Total
Assets								
Cash and balances with central banks	4 199 359	-	-	-	-	-	-	4 199 359
Trading financial assets	-	364 518	-	-	-	-	-	364 518
Derivative financial instruments	-	81 956	-	-	-	-	-	81 956
Loans and advances to banks	2 207 429	-	-	-	-	-	-	2 207 429
Loans and advances to customers	9 588 103	-	-	-	-	-	-	9 588 103
Treasury bills and other eligible bills	-	-	2 085 800	-	-	-	-	2 085 800
Equity instruments	-	-	-	152 719	712	-	-	153 431
Investment securities - Debt instruments	-	-	6 202 972	-	-	-	-	6 202 972
Pledged assets	198 981	-	-	-	-	-	-	198 981
Other assets, excluding prepayments	908 219	-	-	-	-	-	-	908 219
Total	**17 102 091**	**446 474**	**8 288 772**	**152 719**	**712**	**-**	**-**	**25 990 768**
Liabilities								
Deposits from banks	-	-	-	-	-	-	2 312 391	2 312 391
Deposit from customers	-	-	-	-	-	-	19 530 874	19 530 874
Derivative financial instruments	-	-	-	-	-	32 846	-	32 846
Borrowed funds	-	-	-	-	-	-	2 090 501	2 090 501
Other liabilities, excluding non-financial liabilities	-	-	-	-	-	-	888 103	888 103
Total	**-**	**-**	**-**	**-**	**-**	**32 846**	**24 821 869**	**24 854 715**

31 December 2020	Amortised cost	FVTPL	FVTOCI - Debt Instruments	Equity Instruments at FVTPL	FVTOCI - Equity instruments	Liabilities at fair value through profit or loss	Liabilities at amortized cost	Total
Assets								
Cash and balances with central banks	3 752 596	-	-	-	-	-	-	3 752 596
Trading financial assets	-	156 490	-	-	-	-	-	156 490
Derivative financial instruments	-	115 162	-	-	-	-	-	115 162
Loans and advances to banks	2 011 343	-	-	-	-	-	-	2 011 343
Loans and advances to customers	9 239 948	-	-	-	-	-	-	9 239 948
Treasury bills and other eligible bills	-	-	1 730 845	-	-	-	-	1 730 845
Equity instruments	-	-	-	160 882	749	-	-	161 631
Investment securities - Debt instruments	-	-	5 912 613	-	-	-	-	5 912 613
Pledged assets	423 599	-	-	-	-	-	-	423 599
Other assets, excluding prepayments	921 567	-	-	-	-	-	-	921 567
Total	**16 349 053**	**271 652**	**7 643 458**	**160 882**	**749**	**-**	**-**	**24 425 794**
Liabilities								
Deposits from banks	-	-	-	-	-	-	2 386 747	2 386 747
Deposit from customers	-	-	-	-	-	-	18 296 952	18 296 952
Derivative financial instruments	-	-	-	-	-	78 908	-	78 908
Borrowed funds	-	-	-	-	-	-	1 923 182	1 923 182
Other liabilities, excluding non-financial liabilities	-	-	-	-	-	-	754 944	754 944
Total	**-**	**-**	**-**	**-**	**-**	**78 908**	**23 361 825**	**23 440 733**

5 Capital Management

The Group's objectives in managing capital are:

• To comply with the capital requirements set by regulators in the markets where the Group's entities operate and safeguard the Group's ability to continue as a going concern;

• To maintain a strong capital base that supports the development of the business; and
• To sustain a sufficient level of returns for the Group's shareholders.

On a consolidated basis, the Group is required to comply with capital requirements set by the BCEAO for banks headquartered in the UEMOA zone. On a standalone basis, banking subsidiaries are required to maintain minimum capital levels and minimum capital adequacy ratios which are determined by their national or regional regulators.

The Group's capital is divided into two tiers:

- Tier 1 capital share capital (net of treasury shares), retained earnings, reserves created by appropriations of retained earnings, and non-controlling interests allowed as Tier 1 capital by the regulator. Certain intangibles and goodwill are deducted in calculating Tier 1 capital; and

- Tier 2 capital subordinated debt and other loss-absorbing instruments, certain revaluation reserves, and noncontrolling interests allowed as Tier 2 capital by the regulator.

Risk-weighted assets are calculated in accordance with regulatory guidelines. Credit risk-weighted assets are measured by applying a hierarchy of risk weights related to the nature of the risks associated with each of the Group's on- and off-balance sheet asset classes. Operational risk weighted assets are calculated by applying a scaling factor to the Group's average gross income over the last three years. Market risk-weighted assets are calculated by applying factors to the Group's trading exposures to foreign currencies, interest rates, and prices.

The table below summarises the composition of regulatory capital and the ratios of the Group. In June 2020, the UEMOA regulator delayed the region's Basel II/III transition schedule by one year; therefore, 2020 prudential requirements remain as they were in 2019. Final UEMOA requirements will go up to 8.5% Tier 1 CAR and 11.5% Total CAR in 2023. The Group has remained compliant with the UEMOA minimum regulatory capital adequacy ratio requirements (7.875% Tier 1 CAR and 10.375% Total CAR in 2021). Regulatory capital ratios are submittted to our regulator every 6 months.The ratios for December 2021 are expected to be filed with regulator by April 2022.

	30 June 2021	31 Dec 2020
Tier 1 capital		
Share capital	2 113 961	2 113 961
Retained earnings	305 494	199 172
IFRS 9 transition adjustment	99 767	99 767
Statutory reserve	632 762	632 762
Other reserves	(1 779 343)	(1 688 385)
Non-controlling interests	231 897	257 884
Less: goodwill	(18 548)	(18 844)
Less: intangibles	(113 209)	(133 026)
Less: other deductions	-	-
Total qualifying Tier 1 capital	**1 472 781**	**1 463 291**
Tier 2 capital		
Subordinated debt and other instruments	563 679	285 405
Revaluation reserve	97 189	102 955
Minority interests included in Tier 2 capital	64 439	65 725
Total qualifying Tier 2 capital	**725 307**	**454 085**
Total regulatory capital	**2 198 088**	**1 917 376**
Risk-weighted assets:		
Credit risk weighted assets	11 645 824	12 334 703
Market risk weighted assets	77 312	103 260
Operational risk weighted assets	3 189 821	3 189 821
Total risk-weighted assets	**14 912 957**	**15 627 784**
Tier 1 Capital Adequacy Ratio	**9,9%**	**9,4%**
Total Capital Adequacy Ratio	**14,7%**	**12,3%**

		Year ended 31 December 2021		Year ended 31 December 2020	
		US$'000	NGN'000	US$'000	NGN'000
6	**Net interest income**				
	Interest income				
	Loans and advances to banks	34 377	14 076 128	34 567	13 206 305
	Loans and advances to customers:				
	- Corporate	513 267	210 164 122	507 136	193 751 051
	- Commercial	139 887	57 278 626	125 653	48 005 665
	- Consumer	130 577	53 466 521	123 826	47 307 661
	Treasury bills and other eligible bills	201 120	82 351 307	222 003	84 816 134
	Investment securities	430 961	176 462 816	358 100	136 811 923
	Trading financial assets	7 317	2 996 045	16 442	6 281 658
	Others	4 832	1 978 528	2 711	1 035 736
		1 462 338	**598 774 093**	**1 390 438**	**531 216 133**
	Interest expense				
	Deposits from banks	47 027	19 255 842	77 758	29 707 404
	Due to customers:				
	- Corporate	191 776	78 525 281	140 200	53 563 340
	- Commercial	40 984	16 781 454	39 142	14 954 181
	- Consumer	100 286	41 063 460	109 333	41 770 617
	Other borrowed funds	150 327	61 553 425	108 308	41 379 017
	Interest expense for lease liabilities	3 580	1 465 879	4 425	1 690 569
	Others	2 854	1 168 609	4 046	1 545 772
		536 834	**219 813 950**	**483 212**	**184 610 900**
7	**Net fee and commission income**				
	Fee and commission income:				
	Credit related fees and commissions	144 456	59 149 466	127 099	48 558 109
	Corporate finance fees	12 263	5 021 251	16 264	6 213 653
	Portfolio and other management fees	5 454	2 233 214	10 900	4 164 339
	Brokerage fees and commissions	10 174	4 165 882	3 418	1 305 845
	Cash management and related fees	212 228	86 899 628	187 226	71 529 598
	Card management fees	78 177	32 010 631	64 553	24 662 441
	Other fees	37 035	15 164 482	15 129	5 780 027
		499 787	**204 644 554**	**424 589**	**162 214 012**
	Fee and commission expense				
	Brokerage fees paid	2 692	1 102 276	1 911	730 097
	Other fees paid	45 803	18 754 658	33 732	12 887 293
		48 495	**19 856 934**	**35 643**	**13 617 390**
8	**Net trading income**				
	Foreign exchange	262 521	107 492 778	265 459	101 418 476
	Trading income on securities	44 967	18 412 347	80 817	30 876 094
		307 488	**125 905 125**	**346 276**	**132 294 570**
9	**Other operating income**				
	Net investment income	14 346	5 874 164	16 617	6 348 516
	Lease income	420	171 975	206	78 702
	Dividend income	4 839	1 981 394	5 667	2 165 074
	Net gains from investment securities	-	-	(2 730)	(1 042 995)
	Other	37 249	15 252 107	17 557	6 707 644
		56 854	**23 279 640**	**37 317**	**14 256 941**
10	**Impairment charges on loans and advances and other financial assets**				
	Impairment charges on loans and advances	356 842	146 113 788	312 072	119 226 949
	Recoveries and release of provisions	(204 507)	(83 738 160)	(130 517)	(49 863 954)
	Impairment charges on other financial assets	49 587	20 304 069	45 470	17 371 790
		201 922	**82 679 697**	**227 025**	**86 734 785**
11	**Operating expenses**				
	Staff expenses	449 006	183 851 586	462 992	176 885 859
	Depreciation and amortisation	109 722	44 927 158	104 206	39 811 849
	Other operating expenses	463 661	189 852 274	486 840	185 996 975
		1 022 389	**418 631 018**	**1 054 038**	**402 694 683**
12	**Taxation**				
	Current income tax	168 462	68 979 047	140 619	53 723 419
	Deferred income tax	(38 319)	(15 690 233)	(51 284)	(19 593 026)
		130 143	**53 288 814**	**89 335**	**34 130 393**

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13 Earnings per share

Basic

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue outstanding during the period.

	31 Dec. 2021	31 Dec. 2020
Profit attributable to equity holders of the Company from continuing operations	256 039	2 401
Profit attributable to equity holders of the Company from discontinued operations	894	1 801
Weighted average number of ordinary shares in issue (in thousands)	24 592 619	24 592 619
Basic earnings per share (expressed in US cents per share) from continuing operations	1,041	0,010
Basic earnings per share (expressed in US cents per share) from discontinued operations	0,004	0,007

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has two categories of dilutive potential ordinary shares: convertible debts and share options granted to employees. The dilution impact of share options granted are immaterial in the computation of dilutive earnings per share.

The convertible debt is assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less the tax effect. For the share options, a calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	31 Dec. 2021	31 Dec. 2020
Profit attributable to equity holders of the company from continuing operations	256 039	2 401
Interest expense on dilutive convertible loans	-	-
	256 039	2 401
Profit attributable to equity holders of the company from discontinued operations	894	1 801
Interest expense on dilutive convertible loans	-	-
	894	1 801
Weighted average number of ordinary shares in issue (in thousands)	24 592 619	24 592 619
Adjustment for dilutive convertible loans		
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	24 592 619	24 592 619
Dilutive earnings per share (expressed in US cents per share) from continuing operations	1,041	0,010
Dilutive earnings per share (expressed in US cents per share) from discontinued operations	0,004	0,007

		As at 31 December 2021		As at 31 December 2020	
		US$'000	NGN'000	US$'000	NGN'000
14	**Cash and balances with central banks**				
	Cash in hand	665 948	282 435 206	716 391	286 792 809
	Balances with central banks other than mandatory reserve deposits	1 874 944	795 182 500	1 385 611	744 151 820
	Included in cash and cash equivalents	**2 540 892**	**1 077 617 706**	**2 102 002**	**1 030 944 629**
	Mandatory reserve deposits with central banks	1 658 467	703 372 439	1 650 594	471 332 128
		4 199 359	**1 780 990 145**	**3 752 596**	**1 502 276 757**
15	**Trading financial assets**				
	Debt securities :				
	- Government bonds	364 518	154 595 729	156 490	62 647 642
		364 518	**154 595 729**	**156 490**	**62 647 642**
16	**Loans and advances to banks**				
	Items in course of collection from other banks	58 751	24 916 887	56 031	22 430 890
	Deposits with other banks	1 553 428	658 824 348	1 279 772	512 331 125
	Placements with other banks	595 250	252 451 478	675 540	270 438 928
		2 207 429	**936 192 713**	**2 011 343**	**805 200 943**
17	**Loans and advances to customers**				
	Analysis by type:				
	Overdrafts	1 066 600	452 355 726	1 168 566	467 812 027
	Credit cards	2 529	1 072 574	3 961	1 585 707
	Term loans	9 047 214	3 837 013 930	8 486 112	3 397 245 217
	Mortgage loans	130 575	55 378 163	139 424	55 815 610
	Gross loans and advances	**10 246 918**	**4 345 820 393**	**9 798 063**	**3 922 458 561**
	Less: allowance for impairment	(658 815)	(279 410 030)	(558 115)	(223 430 178)
		9 588 103	**4 066 410 363**	**9 239 948**	**3 699 028 383**
	Analysis by stage:				
	Gross Loans				
	Stage 1	8 569 696	3 634 493 771	7 808 277	3 125 887 531
	Stage 2	1 039 470	440 849 622	1 240 732	496 702 242
	Stage 3 (impaired)	637 752	270 477 001	749 054	299 868 788
		10 246 918	**4 345 820 394**	**9 798 063**	**3 922 458 561**
18	**Treasury bills and other eligible bills**				
	Maturing within three months	554 496	235 167 300	637 364	255 155 930
	Maturing after three months	1 531 304	649 441 338	1 093 481	437 753 249
		2 085 800	**884 608 638**	**1 730 845**	**692 909 179**
19	**Investment securities**				
	Debt securities				
	- At FVTOCI listed	2 805 628	1 189 894 891	2 654 410	1 062 639 956
	- At FVTOCI unlisted	3 398 679	1 441 413 751	3 259 519	1 304 883 241
	Total	**6 204 307**	**2 631 308 642**	**5 913 929**	**2 367 523 197**
	Equity securities				
	- At FVTOCI unlisted	712	301 966	749	34 028
	- At FVTPL listed	2 148	910 988	1 797	719 393
	- At FVTPL unlisted	150 571	63 858 667	159 085	63 952 317
		153 431	**65 071 621**	**161 631**	**64 705 738**
	Total investment securities	**6 357 738**	**2 696 380 263**	**6 075 560**	**2 432 228 935**
	Allowance for impairment	(1 335)	(566 187)	(1 316)	(526 834)
		6 356 403	**2 695 814 076**	**6 074 244**	**2 431 702 101**

		As at 31 December 2021		As at 31 December 2020	
		US$'000	**NGN$'000**	**US$'000**	**NGN$'000**
20	**Other assets**				
	Fees receivable	8 716	3 696 543	10 642	4 260 312
	Accounts receivable	699 184	296 530 926	733 769	293 749 744
	Repossessed assets from customers	159 682	67 722 733	198 647	79 524 354
	Prepayments	176 381	74 804 946	206 633	82 721 389
	Sundry receivables	184 243	78 139 299	150 342	60 186 413
		1 228 206	**520 894 447**	**1 300 033**	**520 442 212**
	Impairment provision on receivables	(143 606)	(60 904 741)	(171 833)	(68 789 905)
		1 084 600	**459 989 706**	**1 128 200**	**451 652 307**
21	**Deposits from banks**				
	Operating accounts with banks	1 020 040	432 609 164	691 917	276 995 133
	Other deposits from banks	1 292 351	548 098 983	1 694 830	678 491 294
		2 312 391	**980 708 147**	**2 386 747**	**955 486 427**
22	**Deposit from customers**				
	Current accounts	12 592 847	5 340 752 341	11 549 431	4 623 583 712
	Term deposits	3 427 722	1 453 731 177	3 210 879	1 285 411 190
	Savings deposits	3 510 305	1 488 755 454	3 536 642	1 415 823 892
		19 530 874	**8 283 238 972**	**18 296 952**	**7 324 818 794**
23	**Other liabilities**				
	Accrued income	65 544	27 797 866	68 168	27 289 695
	Unclaimed dividend	11 650	4 940 882	4 503	1 802 686
	Accruals	317 894	134 822 024	226 042	90 491 394
	Obligations under customers' letters of credit	57 313	24 307 016	60 465	24 205 953
	Bankers draft	14 164	6 007 094	29 151	11 670 020
	Accounts payable	56 353	23 899 871	61 339	24 555 842
	Other liabilities	430 729	182 676 476	373 444	149 500 837
		953 647	**404 451 229**	**823 112**	**329 516 427**

Note 24: GEOGRAPHICAL REGION FINANCIAL PERFORMANCE - USD

Ecobank groups its business in Africa into four geographical regions. These reportable operating segments are Nigeria, Francophone West Africa (UEMOA), Anglophone West Africa (AWA), Central, Eastern and Southern, Africa (CESA).

In 000 of $	NIGERIA	UEMOA	AWA	CESA	OTHERS AND CONSO ADJUSTMENT(1)	Ecobank Group
Income Statement Highlights for the period ended 31 December 2021						
Net interest income	84 542	344 714	333 839	275 072	(112 663)	925 504
Net fees and commission income	45 389	129 378	116 488	154 372	5 665	451 292
Other income	92 648	84 635	63 334	88 342	35 383	364 342
Operating income	**222 579**	**558 727**	**513 661**	**517 786**	**(71 615)**	**1 741 138**
Impairment charges on financial assets	(11 018)	62 613	40 145	24 197	85 985	201 922
Total operating expenses	179 625	303 013	241 754	263 951	34 046	1 022 389
Operating profit after impairment charges	**53 972**	**193 101**	**231 762**	**229 638**	**(191 646)**	**516 827**
Net monetary loss arising from hyperinflationary economy	-	-	-	(31 030)	(7 000)	(38 030)
Share of profit from associates	-	-	-	73	(878)	(805)
Profit before tax and goodwill impairment	**53 972**	**193 101**	**231 762**	**198 681**	**(199 524)**	**477 992**
Goodwill impairment	-	-	-	-	-	-
Profit before tax	**53 972**	**193 101**	**231 762**	**198 681**	**(199 524)**	**477 992**
Balance Sheet Highlights as at 31 December 2021						
Total assets	6 012 144	10 040 349	4 772 724	6 473 674	(41 013)	**27 257 878**
Total Liabilities	5 576 496	9 202 929	4 122 620	5 794 790	432 137	**25 128 972**

In 000 of $	NIGERIA	UEMOA	AWA	CESA	OTHERS AND CONSO ADJUSTMENT(1)	Ecobank Group
Income Statement Highlights for the period ended 31 December 2020						
Net interest income	160 608	310 815	317 349	210 713	(92 259)	907 226
Net fees and commission income	35 222	119 055	91 469	130 636	12 564	388 946
Other income	73 607	81 545	67 121	116 631	44 689	383 593
Operating income	**269 437**	**511 415**	**475 939**	**457 980**	**(35 006)**	**1 679 765**
Impairment charges on financial assets	12 197	55 642	39 706	28 857	90 623	227 025
Total operating expenses	222 064	304 042	235 077	249 059	43 796	1 054 038
Operating profit after impairment charges	**35 176**	**151 731**	**201 156**	**180 064**	**(169 425)**	**398 702**
Net monetary loss arising from hyperinflationary economy	-	-	-	(60 523)	-	(60 523)
Share of profit from associates	-	-	-	(103)	(194)	(297)
Profit before tax and goodwill impairment	**35 176**	**151 731**	**201 156**	**119 438**	**(169 619)**	**337 882**
Goodwill impairment	-	-	-	-	(163 564)	(163 564)
Profit before tax	**35 176**	**151 731**	**201 156**	**119 438**	**(333 183)**	**174 318**
Balance Sheet Highlights as at 31 December 2020						
Total assets	5 629 754	9 969 419	4 303 693	5 961 280	75 327	**25 939 473**
Total Liabilities	5 124 621	9 147 215	3 718 862	5 366 479	554 583	**23 911 760**

Others & Conso adjustments comprise of ETI, the Holdco, eProcess (the Group's technology service company), the International business in Paris, the impact of other affiliates and structured entities of ETI. The impact of consolidation eliminations is also included in ' Others & Conso adjustments'

Note 25: BUSINESS FINANCIAL PERFORMANCE - USD

The group operating segments are described below:

a) **Corporate & Investment Bank:** Focuses on providing one-stop banking services to multinationals, regional companies, government and government agencies, financial institutions and international organizations across the network. This unit provides also Treasury activities.

b) **Commercial banking:** Focuses on serving local corporates, small and medium corporates ,SMEs, Schools, Churches and local NGOs and Public Sector.

c) **Consumer:** Focuses on serving banking customers that are individuals

In 000 of $	CIB	Commercial	Consumer	Others	Consolidation Adjustments	Ecobank Group
Income Statement Highlights for the period ended 31 December 2021						
Net interest income	538 473	199 077	239 912	(52 760)	802	925 504
Net fees and commission income	175 554	122 267	154 085	34 050	(34 664)	451 292
Other income	225 614	87 743	31 543	222 265	(202 823)	364 342
Operating income	**939 641**	**409 087**	**425 540**	**203 555**	**(236 685)**	**1 741 138**
Impairment charges on financial assets	107 272	51 216	20 523	22 911	-	201 922
Total operating expenses	419 791	277 476	312 522	107 335	(94 735)	1 022 389
Operating profit after impairment charges	**412 578**	**80 395**	**92 495**	**73 309**	**(141 950)**	**516 827**
Net monetary loss arising from hyperinflationary economy	(11 216)	(13 614)	(5 856)	(7 344)	-	(38 030)
Share of profit from associates	3	-	70	(516)	(362)	(805)
Profit before tax and goodwill impairment	**401 365**	**66 781**	**86 709**	**65 449**	**(142 312)**	**477 992**
Goodwill impairment	-	-	-	-	-	-
Profit before tax	**401 365**	**66 781**	**86 709**	**65 449**	**(142 312)**	**477 992**
Balance Sheet Highlights as at 31 December 2021						
Total assets	15 087 872	1 948 480	1 124 679	3 981 489	5 115 358	**27 257 878**
Total Liabilities	14 187 995	4 976 076	6 301 858	1 843 942	(2 180 899)	**25 128 972**

In 000 of $	CIB	Commercial	Consumer	Others	Consolidation Adjustments	Ecobank Group
Income Statement Highlights for the period ended 31 December 2020						
Net interest income	550 319	179 047	229 307	(16 795)	(34 652)	907 226
Net fees and commission income	149 533	98 793	135 162	(107)	5 565	388 946
Other income	248 816	94 047	35 508	185 225	(165 139)	383 593
Operating income	**948 668**	**371 886**	**399 977**	**168 323**	**(209 089)**	**1 679 765**
Impairment charges on financial assets	126 214	52 345	21 681	42 723	(15 938)	227 025
Total operating expenses	426 713	280 181	326 274	109 168	(88 298)	1 054 038
Operating profit after impairment charges	**395 741**	**39 360**	**52 022**	**16 432**	**(104 853)**	**398 702**
Net monetary loss arising from hyperinflationary economy	(31 464)	(16 294)	(9 678)	(2 195)	(892)	(60 523)
Share of profit from associates	(103)	-	-	-	(194)	(297)
Profit before tax and goodwill impairment	**364 175**	**23 066**	**42 344**	**14 237**	**(105 940)**	**337 882**
Goodwill impairment	-	-	-	-	(163 564)	(163 564)
Profit before tax	**364 175**	**23 066**	**42 344**	**14 237**	**(269 504)**	**174 318**
Balance Sheet Highlights as at 31 December 2020						
Total assets	14 594 715	1 587 584	1 075 198	3 893 508	4 788 468	**25 939 473**
Total Liabilities	12 251 226	4 509 393	6 416 268	1 802 357	(1 067 484)	**23 911 760**

Note 26: GEOGRAPHICAL REGION FINANCIAL PERFORMANCE - NGN

Ecobank groups its business in Africa into four geographical regions. These reportable operating segments are Nigeria, Francophone West Africa (UEMOA), Anglophone West Africa (AWA), Central, Eastern and Southern, Africa (CESA).

In 000,000 of NGN

	NIGERIA	UEMOA	AWA	CESA	OTHERS AND CONSO ADJUSTMENT(1)	Ecobank Group
Income Statement Highlights for the period ended 31 December 2021						
Net interest income	34 617	141 148	136 695	112 632	(46 132)	378 960
Net fees and commission income	18 585	52 976	47 698	63 210	2 319	184 788
Other income	37 936	34 655	25 933	36 173	14 488	149 185
Operating income	**91 138**	**228 779**	**210 326**	**212 015**	**(29 325)**	**712 933**
Impairment losses on financial assets	(4 511)	25 638	16 438	9 908	35 207	82 680
Total operating expenses	73 550	124 073	98 989	108 078	13 941	418 631
Operating profit after impairment charges	**22 099**	**79 068**	**94 899**	**94 029**	**(78 473)**	**211 622**
Net monetary loss arising from hyperinflationary economy	-	-	-	(12 706)	(2 866)	(15 572)
Share of profit from associates	-	-	-	30	(360)	(330)
Profit before tax and goodwill impairment	**22 099**	**79 068**	**94 899**	**81 353**	**(81 699)**	**195 720**
Goodwill impairment	-	-	-	-	-	-
Profit before tax	**22 099**	**79 068**	**94 899**	**81 353**	**(81 699)**	**195 720**
Balance Sheet Highlights as at 31 December 2021						
Total assets	2 549 810	4 258 212	2 024 160	2 745 550	(17 393)	**11 560 339**
Total Liabilities	2 365 048	3 903 054	1 748 444	2 457 628	183 274	**10 657 448**

In 000,000 of NGN

	NIGERIA	UEMOA	AWA	CESA	OTHERS AND CONSO ADJUSTMENT(1)	Ecobank Group
Income Statement Highlights for the period ended 31 December 2020						
Net interest income	61 360	118 747	121 243	80 503	(35 248)	346 605
Net fees and commission income	13 457	45 485	34 946	49 909	4 800	148 597
Other income	28 122	31 154	25 644	44 559	17 073	146 552
Operating income	**102 939**	**195 386**	**181 833**	**174 971**	**(13 375)**	**641 754**
Impairment losses on financial assets	4 660	21 258	15 170	11 025	34 622	86 735
Total operating expenses	84 839	116 159	89 811	95 153	16 733	402 695
Operating profit after impairment charges	**13 440**	**57 969**	**76 852**	**68 793**	**(64 730)**	**152 324**
Net monetary loss arising from hyperinflationary economy	-	-	-	(23 123)	-	(23 123)
Share of profit from associates	-	-	-	(39)	(74)	(113)
Profit before tax and goodwill impairment	**13 440**	**57 969**	**76 852**	**45 631**	**(64 804)**	**129 088**
Goodwill impairment	-	-	-	-	(62 490)	(62 490)
Profit before tax	**13 440**	**57 969**	**76 852**	**45 631**	**(127 294)**	**66 598**
Balance Sheet Highlights as at 31 December 2020						
Total assets	2 253 759	3 991 058	1 722 897	2 386 479	30 156	**10 384 349**
Total Liabilities	2 051 540	3 661 905	1 488 772	2 148 363	222 015	**9 572 595**

Others & Conso adjustments comprise of ETI, the Holdco, eProcess (the Group's technology service company), the International business in Paris, the impact of other affiliates and structured entities of ETI. The impact of consolidation eliminations is also included in ' Others & Conso adjustments'

Note 27: BUSINESS FINANCIAL PERFORMANCE - NGN

The group operating segments are described below:

a) **Corporate & Investment Bank:** Focuses on providing one-stop banking services to multinationals, regional companies, government and government agencies, financial institutions and international organizations across the network. This unit provides also Treasury activities.

b) **Commercial banking:** Focuses on serving local corporates, small and medium corporates ,SMEs, Schools, Churches and local NGOs and Public Sector.

c) **Consumer:** Focuses on serving banking customers that are individuals

In 000,000 of NGN

	CIB	Commercial	Consumer	Others	Consolidation Adjustments	Ecobank Group
Income Statement Highlights for the period ended 31 December 2021						
Net interest income	220 485	81 515	98 235	(21 603)	328	378 960
Net fees and commission income	71 883	50 064	63 092	13 942	(14 193)	184 788
Other income	92 381	35 928	12 916	91 009	(83 049)	149 185
Operating income	**384 749**	**167 507**	**174 243**	**83 348**	**(96 914)**	**712 933**
Impairment losses on financial assets	43 924	20 971	8 403	9 381	1	82 680
Total operating expenses	171 889	113 616	127 966	43 950	(38 790)	418 631
Operating profit after impairment charges	**168 936**	**32 920**	**37 874**	**30 017**	**(58 125)**	**211 622**
Net monetary loss arising from hyperinflationary economy	(4 593)	(5 574)	(2 398)	(3 007)	-	(15 572)
Share of profit from associates	1	-	70	(516)	115	(330)
Profit before tax and goodwill impairment	**164 344**	**27 346**	**35 546**	**26 494**	**(58 009)**	**195 720**
Goodwill impairment	-	-	-	-	-	-
Profit before tax	**164 344**	**27 346**	**35 546**	**26 494**	**(58 009)**	**195 720**
Balance Sheet Highlights as at 31 December 2021						
Total assets	6 398 917	826 370	476 988	1 688 589	2 169 475	**11 560 339**
Total Liabilities	6 017 271	2 110 404	2 672 681	782 034	(924 942)	**10 657 448**

In 000,000 of NGN

	CIB	Commercial	Consumer	Others	Consolidation Adjustments	Ecobank Group
Income Statement Highlights for the period ended 31 December 2020						
Net interest income	210 249	68 405	87 607	(6 416)	(13 240)	346 605
Net fees and commission income	57 129	37 744	51 639	(41)	2 126	148 597
Other income	95 060	35 930	13 566	70 765	(68 769)	146 552
Operating income	**362 438**	**142 079**	**152 812**	**64 308**	**(79 883)**	**641 754**
Impairment losses on financial assets	48 220	19 999	8 283	16 322	(6 089)	86 735
Total operating expenses	163 025	107 043	124 653	41 708	(33 734)	402 695
Operating profit after impairment charges	**151 193**	**15 037**	**19 876**	**6 278**	**(40 060)**	**152 324**
Net monetary loss arising from hyperinflationary economy	(12 021)	(6 225)	(3 698)	(839)	(340)	(23 123)
Share of profit from associates	(39)	-	-	-	(74)	(113)
Profit before tax and goodwill impairment	**139 133**	**8 812**	**16 178**	**5 439**	**(40 474)**	**129 088**
Goodwill impairment	-	-	-	-	(62 490)	(62 490)
Profit before tax	**139 133**	**8 812**	**16 178**	**5 439**	**(102 964)**	**66 598**
Balance Sheet Highlights as at 31 December 2020						
Total assets	5 842 702	635 558	430 434	1 558 688	1 916 967	**10 384 349**
Total Liabilities	4 904 533	1 805 245	2 568 625	721 538	(427 346)	**9 572 595**

28 Contingent liabilities and commitments

a) Legal proceedings

The Group is a party to various legal actions arising out of its normal business operations. The Directors believe that, based on currently available information and advice of counsel, none of the outcomes that result from such proceedings will have a material adverse effect on the financial position of the Group, either individually or in the aggregate.

a) Capital commitments

At 31 December 2021,the Group had capital commitments of $9 m (December2020:$6.1m) inrespect of buildings and equipment purchases.The Group's management is confident that future net revenues and funding will be sufficient to cover this commitment.

b) Loan commitments, guarantee and other financial facilities

At 31 December 2021 the Group had contractual amounts of the off-statement of financial position financial instruments that commit it to extend credit to customers guarantees and other facilities are as follows:

	31 December 2021	31 December 2020
Guaranteed commercial papers and bank acceptances	26 554	55 025
Documentary and commercial letters of credit	2 007 203	1 256 562
Performance bond, guarantees and indemnities	1 687 171	1 591 212
Loan commitments	992 456	1 096 718
	4 713 383	**3 999 517**

c) Tax exposures

The Group is exposed to ongoing tax reviews in some subsidiary entities. The Group considers the impact of tax exposures, including whether additional taxes may be due. This assessment relies on estimates and assumptions and may involve series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities would impact tax expense in the period in which such a determination is made. The total amount of tax exposure as at 31 December 2021 is $ 136 million (December 2020 : $ 138 million). Based on Group’s assessment, the probable liability is not likely to exceed $ 6 million (December 2020 : $ 9 million) which provisions have been made in the books in Note 23.

29 Insider trading and market abuse prohibition

The Ecobank Group has in place a dealing policy of financial instruments which is applicable to all Ecobank employees (ETI and its affiliates), Directors, contractors (Staff) and in-house staff of outsourced service providers. The policy sets standard terms and conditions similar to the standards set out by the Nigeria Stock Exchange, the Ghana Stock Exchange and the BRVM (UEMOA Regional Stock Exchange) on Insider Trading. The Group ensures that all Directors and Staff are kept informed about the policy as it is periodically circulated to serve as a reminder of their obligations under it.

Staff Members, Directors, Executive management and their Connected Persons, must not deal in Ecobank Securities at any time during a “Close Period” the period from the end of the relevant financial year or period up to and including the time of announcement and released to the public or any other period as defined by the Group.

The Ecobank Group commits itself to making necessary disclosures in compliance with the Securities and Exchange Commission (“SEC”) Rules and Regulations which stipulates that Directors and top Management employees and other insiders of public companies shall notify the SEC of any sale or purchase of shares in the company, not later than forty-eight (48) hours after such activity.

“Shareholding Structure for Shares Listed on the Nigerian Stock Exchange”

Shareholding Structure for Shares Listed

		31st December 2021		31st December 2020	
No	**Shareholders**	**Number of Ordinary shares**	**Percentage Holdings**	**Number of Ordinary shares**	**Percentage Holdings**
1	Strategic Shareholding	8 582 347 883	47,27%	8 582 347 883	47,27%
2	Directors Direct Shareholding	266 809 332	1,47%	31 841 001	0,18%
3	Government Shareholding	41 896 610	0,23%	41 896 610	0,23%
4	Staff Schemes	-		0	-
5	Free Float	9 265 850 034	51,03%	9 500 818 365	52,33%
	Total	**18 156 903 859**	**100,00**	**18 156 903 859**	**100,00**

Stanbic Nominees holds 36.79% en bloc for various shareholders including QNB. The shares are available for trade on the floor of the exchange.

STRATEGIC	**31st December 2021**			**31st December 2020**			**31st December 2021**		**31st December 2020**	
NAME	**HOLDING**	**% HOLDING**	**Holding in other markets**	**HOLDING**	**% HOLDING**	**Holding in other markets**	**Aggregate holding in the 3 markets**	**Aggregate % holding in the 3 markets**	**Aggregate holding in the 3 markets**	**Aggregate % holding in the 3 markets**
NEDBANK GROUP LIMITED	5 249 014 550	28,91	0	5 249 014 550	28,91%	0	5 249 014 550	21,22%	5 249 014 550	21,22%
GOVERNMENT EMPLOYEES PENSION FUND	3 333 333 333	18,36	0	3 333 333 333	18,36%	0	3 333 333 333	13,48%	3 333 333 333	13,48%
	8 582 347 883	**47,27**	0	**8 582 347 883**	**47,27%**	0	8 582 347 883	34,70%	**8 582 347 883**	34,70%
							-		-	
DIRECTORS							-		-	
NKONTCHOU ALAIN FRANCIS	261 714 332	1,44	0	26 746 001	0,15%	0	261 714 332	1,06%	26 746 001	0,11%
AYEYEMI ADEMOLA	5,095,000	0,03	16 418 000	5 095 000	0,03%	16 418 000	21 513 000	0,09%	21 513 000	0,09%
	266 809 332	**1,47**		**31 841 001**	**0,18%**		**283 227 332**	1,15%	**48 259 001**	0,20%
							-		-	
GOVERNMENT							-		-	
OSUN STATE FINANCE INVESTMENT COMPANY LIMITED	21 333	0,00		21 333	0,00%		21 333	0,00%	21 333	
OSUN STATE GOVERNMENT OF NIGERIA	340 000	0,00		340 000	0,00%		340 000	0,00%	340 000	
OSUN STATE INVESTMENT CO LTD	7 911	0,00		7 911	0,00%		7 911	0,00%	7 911	
BAYELSA STATE MIN. OF FINANCE INCORP.	8 649 068	0,05		8 649 068	0,05%		8 649 068	0,03%	8 649 068	
DELTA STATE MINISTRY OF FINANCE INC.	28 640 682	0,16		28 640 682	0,16%		28 640 682	0,12%	28 640 682	
MINISTRY IF FINANCE INCORPORATED ILORIN KWARA STATE	4 040 403	0,02		4 040 403	0,02%		4 040 403	0,02%	4 040 403	
ONDO STATE MINISTRY OF FINANCE & ECO DEV	197 213	0,00		197 213	0,00%		197 213	0,00%	197 213	
	41 896 610	**0,23**		**41 896 610**	**0,23%**		**41 896 610**	**0,17%**	**41 896 610**	

Shares on other markets	6 573 450 584
Ghana	4 787 508 128
BRVM	1 785 942 456
Total share issued	**24 730 354 443**

FIVE-YEAR SUMMARY FINANCIALS

	2021	2020	2019	2018	2017
				Restated	
	US$'000	US$'000	US$'000	US$'000	US$'000
At the year end					
Total assets	27 257 878	25 939 473	23 641 184	22 502 727	22 431 604
Loans and advances to customers	9 588 103	9 239 948	9 276 608	9 089 200	9 357 864
Deposits from customers	19 530 874	18 296 952	16 246 120	15 935 999	15 203 271
Total equity	2 128 906	2 027 713	1 885 777	1 733 022	2 172 083
For the year					
Revenue	1 741 138	1 679 765	1 622 259	1 825 171	1 831 202
Profit / (loss) before tax	477 992	174 318	405 079	356 508	288 340
Profit / (loss) for the Year	349 504	88 319	274 934	249 180	228 534
Profit / (loss) attributable to owners of the parent	256 933	4 202	193 958	182 178	178 585
Earnings per share-basic(cents)	1,041	0,010	0,778	0,740	0,720
Earnings per share-diluted (cents)	1,041	0,010	0,778	0,740	0,720
Cost to income ratio	58,72%	62,75%	66,20%	61,50%	61,80%
NPL Ratio	6,22%	7,64%	9,70%	9,60%	10,70%
NPL Cover	103,30%	74,71%	58,30%	66,63%	52,40%
Return on Average Assets	1,30%	0,40%	1,20%	1,10%	1,10%
Return on Tangible Equity (ROTE)	18,76%	0,33%	13,20%	10,90%	11,60%
Cost of Risk	1,52%	1,85%	1,12%	3,24%	3,30%
Loans/Deposits	52,47%	53,55%	60,20%	60,98%	65,20%

Ecobank
The Pan African Bank

STATEMENT OF VALUE ADDED

	Year ended 31 December 2021				Year ended 31 December 2020			
	US$'000	**%**	**NGN'000**	%	**US$'000**	%	**NGN'000**	%
Gross income	2 327 317		952 951 455		2 201 659		841 142 705	
Interest expenses paid	(536 834)		(219 813 950)		(483 212)		(184 610 900)	
Fee and commission expenses	(48 495)		(19 856 934)		(35 643)		(13 617 390)	
	1 741 988		**713 280 571**		**1 682 804**		**642 914 415**	
Impairment loss on financial assets	(201 922)		(82 679 697)		(227 025)		(86 734 788)	
	1 540 066		**630 600 874**		**1 455 779**		**556 179 627**	
Bought in material & services	(463 661)		(189 852 274)		(486 840)		(185 996 975)	
Value Added	**1 076 405**	**100%**	**440 748 600**	**100%**	**968 939**	**100%**	**370 182 652**	100%
Distributions								
Employees								
Staff salaries and benefits	449 006	42%	183 851 586	42%	462 992	48%	176 885 859	48%
Hyper inflation								
Net monetary loss arising from hyperinflationary economy	38 030	4%	15 571 898	4%	60 523	6%	23 122 781	6%
Impairment of intangible assets								
Goodwill Impairment	-	0%	-	0%	163 564	17%	62 489 543	17%
Government								
Income tax	130 143	12%	53 288 813	12%	89 335	9%	34 130 391	9%
Retained in the group								
Asset replacement (depreciation and amortisation)	109 722	10%	44 927 158	10%	104 206	11%	39 811 849	11%
Expansion(transfer to reserves and non-controlling interest)	349 504	32%	143 109 145	32%	88 319	9%	33 742 229	9%
	1 076 405	**100%**	**440 748 600**	**100%**	**968 939**	**100%**	**370 182 652**	**100%**

About Ecobank:

Incorporated in Lomé, Togo, Ecobank Transnational Incorporated (ETI) is the parent company of the leading independent pan-African banking Group, Ecobank, present in 35 African countries. The Ecobank Group is also represented in France through its subsidiary EBI SA in Paris. ETI also has representative offices in Dubai-United Arab Emirates, London-UK, Beijing-China, Johannesburg-South Africa, and Addis Ababa-Ethiopia.

ETI is listed on the stock exchanges in Lagos, Accra, and the West African Economic and Monetary Union (UEMOA) – the BRVM – in Abidjan.

The Group is owned by more than 600,000 local and international institutional and individual shareholders. It employs 13,167 people in 39 different countries in 733 branches and offices. Ecobank is a full-service bank, providing wholesale, retail, investment and transaction banking services and products to governments, financial institutions, multinationals, international organisations, medium, small and micro businesses and individuals. Additional information may be found on the Group's corporate website at: www.ecobank.com.

Investor Relations :

Ecobank is committed to continuous improvement in its investor communications. For further information, including any suggestions as to how we can communicate more effectively, please contact Ecobank Investor Relations via ir@ecobank.com. Full contact details below:

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