ECOBANK TRANSNATIONAL INCORPORATED

Condensed Unaudited Consolidated Financial Statements

For the period ended 31 March 2022

Ecobank Transnational Incorporated
Condensed unaudited consolidated financial Statements
For the period ended 31 March 2022

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Press Release

Ecobank Group reports performance for 2022 first quarter

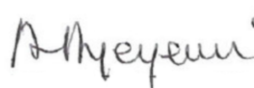
- Gross earnings up 11% $589.5 million (up 15% to NGN 245.4 billion)
- Revenue up 7% to $436.1 million (up 10% to NGN 181.5 billion)
- Operating income before impairment losses up 10% to $183.1 million (up 14% to NGN 76.2 billion)
- Profit before tax up 25% to $125.1 million (up 29% to NGN 52.1 billion)
- Profit after tax up 21% to $92.1 million (up 26% to NGN 38.3 billion)
- Total assets down 2% to $27.1 billion (down 4% to NGN 11,265.4 billion)
- Loans and advances to customers down 3% to $9.3 billion (down 5% to NGN 3,873.9 billion)
- Deposits from customers stable at $19.7 billion (down 2% to NGN 8,195.2 billion)
- Total equity down 2% to $2.1 billion (down 4% to NGN 881.3 billion)

Financial Highlights	Period ended 31 March 2022		Period ended 31 March 2021		% Change	
	US$'000	NGN'000	US$'000	NGN'000	US$	NGN
Income Statement:						
Gross Earnings	589,505	245,410,997	532,842	214,282,972	11%	15%
Revenue	436,080	181,540,152	409,389	164,636,218	7%	10%
Operating profit before impairment charges	183,094	76,222,053	166,628	67,009,626	10%	14%
Profit before tax	125,080	52,070,819	100,318	40,342,989	25%	29%
Profit after tax	92,059	38,324,171	75,827	30,493,907	21%	26%
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)	0.269	111.900	0.209	84.085	29%	33%
Diluted (cents and kobo)	0.269	111.900	0.209	84.085	29%	33%
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)	-	-	0.003	1.164	n/m	n/m
Diluted (cents and kobo)	-	-	0.003	1.164	n/m	n/m

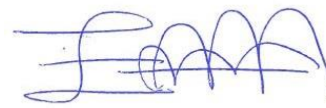
Financial Highlights	As at 31 March 2022		As at 31 December 2021		% Change	
	US$'000	NGN'000	US$'000	NGN'000	US$	NGN
Statement of Financial Position:						
Total assets	27,074,518	11,265,436,194	27,561,793	11,689,232,030	-2%	-4%
Loans and advances to customers	9,310,238	3,873,896,929	9,575,865	4,061,220,105	-3%	-5%
Deposits from customers	19,695,741	8,195,200,873	19,713,349	8,360,628,444	0%	-2%
Total equity	2,117,959	881,261,557	2,164,306	917,903,818	-2%	-4%

The unaudited financial statements were approved for issue by the board of directors on 22 April 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

	3 month period ended 31 March 2022	3 month period ended 31 March 2021	% Change
	US$'000	US$'000	
Interest Income	375,049	345,914	8%
Interest Expense	(136,502)	(108,820)	25%
Net Interest Income	**238,547**	**237,094**	**1%**
Fee and commission income	133,261	113,441	17%
Fee and commission expense	(16,923)	(13,294)	27%
Net trading income	71,751	64,158	12%
Net investment income	4,102	2,182	88%
Other operating income	5,342	5,808	-8%
Non-interest revenue	**197,533**	**172,295**	**15%**
Operating income	**436,080**	**409,389**	**7%**
Staff expenses	(112,656)	(107,939)	4%
Depreciation and amortisation	(25,665)	(26,152)	-2%
Other operating expenses	(114,665)	(108,670)	6%
Operating expenses	**(252,986)**	**(242,761)**	**4%**
Operating profit before impairment charges and taxation	**183,094**	**166,628**	**10%**
Impairment charges on financial assets	(50,439)	(56,693)	-11%
Operating profit after impairment cahrges	**132,655**	**109,935**	**21%**
Net monetary loss arising from hyperinflationary economies	(7,575)	(9,637)	-21%
Share of post-tax results of associates	-	20	n/m
Profit before tax	**125,080**	**100,318**	**25%**
Taxation	(33,021)	(25,810)	28%
Profit after tax from continuing operations	**92,059**	**74,508**	**24%**
Profit after tax from discontinued operations	-	1,319	n/m
Profit after tax	**92,059**	**75,827**	**21%**
Profit after tax attributable to:			
Ordinary shareholders	**66,104**	**52,132**	**27%**
- Continuing operations	66,104	51,420	29%
- Discontinued operations	-	712	n/m
Other equity instrument holder	**1,828**	**-**	**n/m**
Non-controlling interests	**24,127**	**23,695**	**2%**
- Continuing operations	24,127	23,088	5%
- Discontinued operations	-	607	n/m
	92,059	**75,827**	**21%**
Earnings per share from continuing operations attributable to owners of the parent during the period (expressed in United States cents per share):			
Basic (cents)	0.269	0.209	29%
Diluted (cents)	0.269	0.209	29%
Earnings per share from discontinued operations attributable to owners of the parent during the period (expressed in United States cents per share):			
Basic (cents)	-	0.003	n/m
Diluted (cents)	-	0.003	n/m
Unaudited consolidated statement of other comprehensive income			
Profit after tax	**92,059**	**75,827**	**21%**
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange difference on translation of foreign operations	(114,158)	(96,867)	18%
Fair value loss on debt instruments at FVOCI	(17,891)	(47,667)	-62%
Taxation relating to components of other comprehensive income that may be subsequently reclassed to profit or loss	4,320	2,930	47%
Other comprehensive loss for the period, net of taxation	(127,729)	(141,604)	-10%
Total comprehensive loss for the period	**(35,670)**	**(65,777)**	**-46%**
Total comprehensive loss attributable to:			
Ordinary shareholders	**(31,082)**	**(72,401)**	**-57%**
- Continuing operations	(31,082)	(73,113)	-57%
- Discontinued operations	-	712	n/m
Other equity instrument holder	1,828	-	n/m
Non-controlling interests	**(6,416)**	**6,624**	**-197%**
- Continuing operations	(6,416)	6,017	-207%
- Discontinued operations	-	607	n/m
	(35,670)	**(65,777)**	**-46%**

The above condensed unaudited consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.
"n/m" : not meaningful

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Unaudited consolidated statement of comprehensive Income - NGN

	3 month period ended 31 March 2022	3 month period ended 31 March 2021	% Change
	NGN'000	NGN'000	
Interest Income	156,132,941	139,109,680	12%
Interest Expense	(56,825,798)	(43,762,078)	30%
Net Interest Income	**99,307,143**	**95,347,602**	**4%**
Fee and commission income	55,476,569	45,620,418	22%
Fee and commission expense	(7,045,047)	(5,346,196)	32%
Net trading income	29,869,949	25,801,207	16%
Net investment income	1,707,663	877,494	95%
Other operating income	2,223,875	2,335,693	-5%
Non-interest revenue	**82,233,009**	**69,288,616**	**19%**
Operating income	**181,540,152**	**164,636,218**	**10%**
Staff expenses	(46,898,705)	(43,407,783)	8%
Depreciation and amortisation	(10,684,342)	(10,517,054)	2%
Other operating expenses	(47,735,052)	(43,701,755)	9%
Operating expenses	**(105,318,099)**	**(97,626,592)**	**8%**
Operating profit before impairment charges and taxation	**76,222,053**	**67,009,626**	**14%**
Impairment charges on financial assets	(20,997,761)	(22,799,150)	-8%
Operating profit after impairment charges	**55,224,292**	**44,210,476**	**25%**
Net monetary loss arising from hyperinflationary economies	(3,153,473)	(3,875,530)	-19%
Share of post-tax results of associates	-	8,043	n/m
Profit before tax	**52,070,819**	**40,342,989**	**29%**
Taxation	(13,746,648)	(10,379,519)	32%
Profit after tax from continuing operations	**38,324,171**	**29,963,470**	**28%**
Profit after tax from discontinued operations	-	530,437	n/m
Profit after tax	**38,324,171**	**30,493,907**	**26%**
Profit after tax attributable to:			
Ordinary shareholders	**27,519,101**	**20,964,937**	**31%**
- Continuing operations	27,519,101	20,678,605	33%
- Discontinued operations	-	286,332	n/m
Other equity instrument holder	**760,997**	-	n/m
Non-controlling interests	**10,044,073**	**9,528,970**	**5%**
- Continuing operations	10,044,073	9,284,864	8%
- Discontinued operations	-	244,106	n/m
	38,324,171	**30,493,907**	**26%**
Earnings per share from continuing operations attributable to owners of the parent during the period (expressed in Naira kobo per share):			
Basic (kobo)	111.900	84.085	33%
Diluted (kobo)	111.900	84.085	33%
Earnings per share from discontinued operations attributable to owners of the parent during the period (expressed in Naira kobo per share):			
Basic (kobo)	-	1.164	n/m
Diluted (kobo)	-	1.164	n/m
Unaudited consolidated statement of other comprehensive income			
Profit after tax	**38,324,171**	**30,493,907**	**26%**
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange difference on translation of foreign operations	(64,871,986)	(24,552,808)	164%
Fair value loss on debt instruments at FVOCI	(7,448,025)	(19,726,961)	-62%
Taxation relating to components of other comprehensive income that may be subsequently reclassed to profit or loss	1,798,416	1,735,928	4%
Other comprehensive loss for the period, net of taxation	(70,521,595)	(42,543,841)	66%
Total comprehensive loss for the period	**(32,197,424)**	**(12,049,934)**	**167%**
Total comprehensive loss attributable to:			
Ordinary shareholders	**(25,816,490)**	**(18,556,594)**	**39%**
- Continuing operations	(25,816,490)	(18,842,926)	37%
- Discontinued operations	-	286,332	n/m
Other equity instrument holder	**760,997**	**-**	n/m
Non-controlling interests	**(7,141,931)**	**6,506,660**	**-210%**
- Continuing operations	(7,141,931)	6,262,554	-214%
- Discontinued operations	-	244,106	n/m
	(32,197,424)	**(12,049,934)**	**167%**

The above condensed unaudited consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

"n/m" : not meaningful

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Unaudited consolidated statement of financial position - USD

	As at 31 March 2022	As at 31 December 2021
ASSETS	**US$'000**	**US$'000**
Cash and balances with central banks	3,990,899	4,209,138
Trading financial assets	332,808	346,042
Derivative financial instruments	60,074	78,404
Loans and advances to banks	2,189,736	2,289,445
Loans and advances to customers	9,310,238	9,575,865
Treasury bills and other eligible bills	2,117,973	2,087,085
Investment securities	6,561,922	6,560,228
Pledged assets	200,691	206,001
Other assets	1,237,888	1,095,569
Investment in associates	3,748	4,863
Intangible assets	109,725	122,288
Property and equipment	724,751	750,615
Investment properties	10,441	11,019
Deferred income tax assets	200,133	201,996
	27,051,027	**27,538,558**
Assets held for sale and discontinued operations	23,491	23,235
Total Assets	**27,074,518**	**27,561,793**
LIABILITIES		
Deposits from banks	1,680,252	2,229,935
Deposits from customers	19,695,741	19,713,349
Derivative financial instruments	31,817	29,101
Borrowed funds	2,312,355	2,352,437
Other liabilities	1,044,540	821,264
Provisions	76,320	72,230
Current income tax liabilities	26,555	66,342
Deferred income tax liabilities	63,816	87,751
Retirement benefit obligations	25,163	25,078
Total Liabilities	**24,956,559**	**25,397,487**
EQUITY		
Share capital and premium	2,113,961	2,113,961
Retained earnings and reserves	(614,480)	(581,570)
Equity attributable to ordinary shareholders	**1,499,481**	**1,532,391**
Other equity instrument holder	**74,088**	**74,088**
Non-controlling interests	**544,390**	**557,827**
Total equity	**2,117,959**	**2,164,306**
Total liabilities and equity	**27,074,518**	**27,561,793**

The above 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 March 2022	As at 31 December 2021
ASSETS	**NGN'000**	**NGN'000**
Cash and balances with central banks	1,660,573,165	1,785,137,517
Trading financial assets	138,478,081	146,759,873
Derivative financial instruments	24,996,191	33,251,920
Loans and advances to banks	911,127,252	970,976,519
Loans and advances to customers	3,873,896,929	4,061,220,105
Treasury bills and other eligible bills	881,267,386	885,153,619
Investment securities	2,730,350,125	2,782,258,297
Pledged assets	83,505,518	87,367,084
Other assets	515,072,817	464,641,769
Investment in associates	1,559,505	2,062,447
Intangible assets	45,655,475	51,863,564
Property and equipment	301,561,644	318,343,328
Investment properties	4,344,396	4,673,268
Deferred income tax assets	83,273,340	85,668,524
	11,255,661,824	**11,679,377,834**
Assets held for sale and discontinued operations	9,774,370	9,854,196
Total Assets	**11,265,436,194**	**11,689,232,030**
LIABILITIES		
Deposits from banks	699,136,055	945,737,733
Deposits from customers	8,195,200,873	8,360,628,444
Derivative financial instruments	13,238,736	12,342,025
Borrowed funds	962,147,792	997,692,056
Other liabilities	434,622,650	348,306,275
Provisions	31,755,989	30,633,465
Current income tax liabilities	11,049,270	28,136,306
Deferred income tax liabilities	26,553,199	37,216,077
Retirement benefit obligations	10,470,073	10,635,831
Total Liabilities	**10,384,174,637**	**10,771,328,212**
EQUITY		
Share capital and premium	353,513,236	353,513,236
Retained earnings and reserves	269,811,624	296,389,111
Equity attributable to ordinary shareholders	**623,324,860**	**649,902,347**
Other equity instrument holder	**31,421,462**	**31,421,462**
Non-controlling interests	**226,515,235**	**236,580,009**
Total equity	**881,261,557**	**917,903,818**
Total liabilities and equity	**11,265,436,194**	**11,689,232,030**

The above 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 instrument	Non-Controlling Interest	Total Equity
At 1 January 2021	**2,113,961**	**199,172**	**(809,737)**	**1,503,396**	**-**	**524,317**	**2,027,713**
Foreign currency translation differences	-	-	(79,796)	(79,796)	-	(17,071)	(96,867)
Net loss in debt instruments,net of taxes	-	-	(44,737)	(44,737)	-	-	(44,737)
Profit for the period	-	52,132	-	52,132	-	23,695	75,827
Total comprehensive loss for the period	**-**	**52,132**	**(124,533)**	**(72,401)**	**-**	**6,624**	**(65,777)**
Group reserve	-	-	(3,388)	(3,388)	-	-	(3,388)
Dividend relating to 2020	-	-	-	-	-	(3,832)	(3,832)
At 31 March 2021	**2,113,961**	**251,304**	**(937,658)**	**1,427,607**	**-**	**527,109**	**1,954,716**
At 31 December 2020	**2,113,961**	**199,172**	**(809,737)**	**1,503,396**	**-**	**524,317**	**2,027,713**
Foreign currency translation differences	-	-	(175,566)	(175,566)	-	(39,144)	(214,710)
Net gain in debt instruments,net of taxes	-	-	(62,238)	(62,238)	-	2,149	(60,089)
Net gain in equity instruments, net of taxes	-	-	509	509	-	-	509
Net gains on revaluation of property	-	-	12,182	12,182	-	-	12,182
Remeasurements of post-employment benefit obligations	-	-	(931)	(931)	-	-	(931)
Profit for the year	-	262,234	-	262,234	-	95,132	357,366
Total comprehensive profit for the year	**-**	**262,234**	**(226,044)**	**36,190**	**-**	**58,137**	**94,327**
Additional tier 1 capital	-	-	-	-	74,088	-	74,088
Group reserve	-	-	(7,195)	(7,195)	-	-	(7,195)
Transfer from general banking reserves	-	(23,935)	23,935	-	-	-	-
Transfer to statutory reserve	-	(3,052)	3,052	-	-	-	-
Dividend relating to 2020	-	-	-	-	-	(24,627)	(24,627)
At 31 December 2021	**2,113,961**	**434,419**	**(1,015,989)**	**1,532,391**	**74,088**	**557,827**	**2,164,306**
Net loss in debt instruments,net of taxes	-	-	(11,500)	(11,500)	-	(2,071)	(13,571)
Foreign currency translation differences	-	-	(85,686)	(85,686)	-	(28,472)	(114,158)
Profit for the period	-	66,104	-	66,104	1,828	24,127	92,059
Total comprehensive loss for the period	**-**	**66,104**	**(97,186)**	**(31,082)**	**1,828**	**(6,416)**	**(35,670)**
Distribution to other instrument equity holder	-	(1,828)	-	(1,828)	1,828	-	-
Dividend paid to other equity instrument holder	-	-	-	-	(3,656)	-	(3,656)
Dividend relating to 2021	-	-	-	-	-	(7,021)	(7,021)
At 31 March 2022	**2,113,961**	**498,695**	**(1,113,175)**	**1,499,481**	**74,088**	**544,390**	**2,117,959**

The above 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 instrument	Non-Controlling Interest	Total Equity
At 1 January 2021	**353,513,236**	**(8,276,310)**	**256,617,595**	**601,854,521**	-	**209,899,825**	**811,754,346**
Foreign currency translation differences	-	-	(21,530,499)	(21,530,499)	-	(3,022,310)	(24,552,809)
Net loss in debt instruments,net of taxes	-	-	(17,991,032)	(17,991,032)	-	-	(17,991,032)
Profit for the period	-	20,964,937	-	20,964,937	-	9,528,970	30,493,907
Total comprehensive loss for the period	-	**20,964,937**	**(39,521,531)**	**(18,556,594)**	-	**6,506,660**	**(12,049,934)**
Group reserve	-	-	(1,362,488)	(1,362,488)	-	-	(1,362,488)
Dividend relating to 2020	-	-	-	-	-	(1,541,043)	(1,541,043)
At 31 March 2021	**353,513,236**	**12,688,627**	**215,733,576**	**581,935,439**	**-**	**214,865,442**	**796,800,881**
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	-	-	(35,712,444)	(35,712,444)	-	(3,068,980)	(38,781,424)
Net gain in debt instruments,net of taxes	-	-	(25,484,192)	(25,484,192)	-	879,937	(24,604,255)
Net gain in equity instruments, net of taxes	-	-	208,417	208,417	-	-	208,417
Net gain on revaluation of property	-	-	4,988,085	4,988,085	-	-	4,988,085
Remeasurements of post-employment benefit obligations	-	-	(381,211)	(381,211)	-	-	(381,211)
Profit for the year	-	107,375,261	-	107,375,261	-	38,953,086	146,328,347
Total comprehensive profit for the year	**-**	**107,375,261**	**(56,381,345)**	**50,993,916**		**36,764,043**	**87,757,959**
Additional tier 1 capital	-	-	-	-	31,421,462	-	31,421,462
Group reserve	-	-	(2,946,090)	(2,946,090)		-	(2,946,090)
Transfer from general banking reserves	-	(9,800,510)	9,800,510	-	-	-	-
Transfer to statutory reserve	-	(1,249,683)	1,249,683	-	-	-	-
Dividend relating to 2020	-	-	-	-	-	(10,083,859)	(10,083,859)
At 31 December 2021	**353,513,236**	**88,048,758**	**208,340,353**	**649,902,347**	**31,421,462**	**236,580,009**	**917,903,818**
Net loss in debt instruments,net of taxes	-	-	(4,787,451)	(4,787,451)	-	(862,158.00)	(5,649,609.00)
Foreign currency translation differences	-	-	(48,548,140)	(48,548,140)	-	(16,323,846.00)	(64,871,986.00)
Profit for the period	-	27,519,101	**-**	27,519,101	760,997	10,044,073	38,324,171
Total comprehensive loss for the period	-	**27,519,101**	**(53,335,591)**	**(25,816,490)**	**760,997**	**(7,141,931)**	**(32,197,424)**
Distribution to other equity instrument holders	-	(760,997)	-	(760,997)	760,997	-	-
Dividend paid to other equity instrument holder	-	-	-	**-**	(1,521,994)	-	(1,521,994)
Dividend relating to 2021	-	-	-	**-**	-	(2,922,843)	(2,922,843)
At 31 March 2022	**353,513,236**	**114,806,862**	**155,004,762**	**623,324,860**	**31,421,462**	**226,515,235.0**	**881,261,557.0**

The above unaudited consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Ecobank
The Pan African Bank

Unaudited consolidated statement of cash flows - USD

	3 Month period ended 31 March 2022	3 Month period ended 31 March 2021
	US$'000	US$'000
Cash flows from operating activities		
Profit before tax	125,080	100,318
Adjusted for:		
Foreign exchange income	(38,082)	(74,215)
Net investment securities gain	(4,062)	(2,142)
Impairment losses on loans and advances	41,933	66,486
Impairment losses on other financial assets	8,506	8,989
Depreciation of property and equipment	18,344	18,069
Amortisation of software and other intangibles	7,321	8,083
Profit on sale of property and equipment	(1,839)	(594)
Share of post-tax results of associates	-	(20)
Income taxes paid	(83,211)	(40,186)
Changes in operating assets and liabilities		
Trading financial assets	13,234	16,054
Derivative financial instruments	18,330	45,327
Treasury bills and other eligible bills	(12,874)	(63,000)
Loans and advances to banks	(182,308)	22,459
Loans and advances to customers	242,872	256,783
Pledged assets	5,310	75,846
Other assets	(142,319)	27,283
Mandatory reserve deposits with central banks	19,482	(49,950)
Deposits from customers	(17,608)	(195,071)
Other deposits from banks	(234,027)	(161,381)
Derivative liabilities	2,716	(55,284)
Other liabilities	223,276	21,236
Provisions	4,090	14,801
Net cashflow from operating activities	**14,164**	**39,891**
Cash flows from investing activities		
Aquisition of software	(2,441)	(1,009)
Aquisition of property and equipment	(13,889)	(7,103)
Proceeds from sale of property and equipment	5,640	5,834
Aquisition of investment securities	(321,676)	(241,788)
Proceeds from sale and redemption of securities	74,586	321,580
Net cashflow (used in) / from investing activities	**(257,780)**	**77,514**
Cash flows from financing activities		
Repayment of borrowed funds	(122,373)	(180,850)
Proceeds from borrowed funds	92,209	442,682
Other equity instrument holder	(3,656)	-
Dividends paid to non-controlling shareholders	(7,021)	(3,832)
Net cashflow (used) / from financing activities	**(40,841)**	**258,000**
Net (decrease) / increase in cash and cash equivalents	**(284,457)**	**375,405**
Cash and cash equivalents at beginning of period	3,986,309	3,800,456
Effects of exchange differences on cash and cash equivalents	137,353	131,502
Cash and cash equivalents at end of the period	**3,839,205**	**4,307,363**

The above 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

	3 Month period ended 31 March 2022	3 Month period ended 31 March 2021
	NGN'000	NGN'000
Cash flows from operating activities		
Profit before tax	52,070,819	40,342,989
Adjusted for:		
Foreign exchange income	(15,853,541)	(29,845,641)
Net investment securities gain	(1,691,011)	(861,408)
Impairment losses on loans and advances	26,615,314	26,737,415
Impairment losses on other financial assets	3,541,049	3,614,936
Depreciation of property and equipment	7,636,609	7,266,467
Amortisation of software and other intangibles	3,047,733	3,250,587
Profit on sale of property and equipment	(765,576)	(238,878)
Share of post-tax results of associates	-	(8,043)
Income taxes paid	(34,640,749)	(16,160,842)
Changes in operating assets and liabilities		
Trading financial assets	5,509,316	6,456,133
Derivative financial instruments	7,630,781	18,228,301
Treasury bills and other eligible bills	(5,359,448)	(25,335,516)
Loans and advances to banks	(75,894,841)	9,031,911
Loans and advances to customers	101,107,641	103,265,646
Pledged assets	2,210,554	30,501,549
Other assets	(59,247,416)	10,971,887
Mandatory reserve deposits with central banks	8,110,359	(20,087,445)
Deposits from customers	(7,330,212)	(78,448,008)
Other deposits from banks	(97,425,466)	(64,899,539)
Derivative liabilities	1,130,671	(22,232,519)
Other liabilities	92,949,824	8,540,080
Provisions	1,702,667	5,952,238
Net cashflow from operating activities	**15,055,077**	**16,042,300**
Cash flows from investing activities		
Aquisation of software	(1,016,189)	(405,770)
Aquisation of property and equipment	(5,781,992)	(2,856,479)
Proceeds from sale of property and equipment	2,347,933	2,346,149
Purchase of investment securities	(133,913,755)	(97,235,299)
Proceeds from sale and redemption of securities	31,050,160	129,323,736
Net cashflow (used in) / from investing activities	**(107,313,843)**	**31,172,337**
Cash flows from financing activities		
Repayment of borrowed funds	(50,943,894)	(72,729,018)
Proceeds from borrowed funds	38,386,617	178,025,033
Other equity instrument holder	(1,521,993)	-
Dividends paid to non-controlling shareholders	(2,922,843)	(1,541,043)
Net cashflow (used in) / from financing activities	**(17,002,113)**	**103,754,972**
Net (decrease) / increase in cash and cash equivalents	**(109,260,879)**	**150,969,609**
Cash and cash equivalents at beginning of period	1,690,633,468	1,548,502,464
Effects of exchange differences on cash and cash equivalents	16,082,219	676,303,413
Cash and cash equivalents at end of the period	**1,597,454,808**	**2,375,775,486**

The above 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 presence in 39 countries and employed over 13,094 people as at 31 March 2022 (31 December 2021: 13,094) .

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 year ended 31 March 2022 have been approved by the Board of Directors on 22 April 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 condensed consolidated interim financial statements for the period ended 31 March 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). These Condensed Financial Statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the audited 31 December 2021 Annual Consolidated Financial Statements and the accompanying notes included of our 2021 Annual Report. The Condensed Financial Statements have been prepared on a going concern basis.

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

The condensed consolidated financial statements comprise condensed consolidated statement of comprehensive income (shown as two statements), condensed statement of financial position, condensed statement of changes in equity, condensed 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.

2.2 Going concern

At the time of approving the financial statements, nothing has come to the attention of the Directors to indicate that the group will not remain a going concern for at least twelve months from the date of these financial statements. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

2.3 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 2022 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

i) 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.

ii) 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.

iii) 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.

iv) 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.

v) Annual Improvements to IFRS Standards 2018–2020

The following improvements were finalised in May 2020:

- IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- IFRS 16 Leases – amendment to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.
- IFRS 1 First-time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.
- IAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The impact of this standard is not material to the Group.

2 Summary of significant accounting policies (continued)

2.4 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 2022.

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.

The impact of this standard is not material to the Group.

ii) 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.

iii) 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.

iv) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

• right-of-use assets and lease liabilities, and

• decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. The impact of this standard is not material to the Group.

2.5 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.

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 $7.6 million recorded in the income statement.

2 Summary of significant accounting policies (continued)

2.6 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.

2.7 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 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.

2.8 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.

2.9 Dividend income

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

2.10 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 and foreign exchange differences.

2.11 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.

2.12 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.

2.13 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.

2.14 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.

Notes

2.15 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.

2.16 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.

2.17 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.

2.17 Property and equipment (continued)

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.

2.18 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).

2.19 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.

2.20 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 more 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.

2.21 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.

b) Other post-retirement obligations

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.

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.

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.

2.22 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.

2.23 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.

2.24 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.

2.25 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.

2.26 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.The Group also segments 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).

2.27 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.

2.28 Discontinued operations:

A 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.

2.29 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.

2.30 Financial assets and liabilities

2.30.1 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 investment income. 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).

Notes

2 Summary of significant accounting policies (continued)

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.

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.

2.30.2 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.

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.

Notes

2 Summary of significant accounting policies (continued)

Expected Credit Loss Impairment Model

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.

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.

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

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.

Notes

2 Summary of significant accounting policies (continued)

Measuring ECL – Explanation of inputs, assumptions and estimation techniques

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.

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
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.

Notes

2 Summary of significant accounting policies (continued)

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.

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

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.

As can be seen above, a 5 per cent move in the forward looking information used in the computation of ECL would result in the impairment for the Group being

lower by $13.6 million or higher by $38.8 million

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.

2.30.3 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 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 used to discount the future cash flows for the purpose of measuring the impairment loss.

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.

2.30.4 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.

2.30.5 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.

Notes

2 Summary of significant accounting policies (continued)

2.30.5 Modification of financial assets (Continued)

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.

2.30.6 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.

2.30.7 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.

2.31 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 within "Other liabilities". 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.

2.32 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)

2.33 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.

Notes

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 post-tax cash flow projections based on financial budgets approved by management covering a five-year period. By adjusting the main estimates (growth rate and discount rates) by 1%, and also sensitizing some cashflow estimates, no impairment charge on goodwill arose in the year.

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 Liquidity risk management

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

4.1 Liquidity risk management process

The Group's liquidity management process, as carried out within the Group and monitored by a separate team in Group Treasury, includes:
- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers;
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring statement of financial position liquidity ratios against internal and regulatory requirements; and
- Managing the concentration and profile of debt maturities.

4.2 Undiscounted cash flows

The table below presents the cash flows payable by the Group by remaining contractual maturities at the statement of financial position date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Group manages the inherent liquidity risk based on expected undiscounted cash inflows.

As at 31 March 2022

	Up to 1 month	1 -3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Assets						
Cash and balances with central banks	2,411,111	-	-	-	1,579,788	3,990,899
Trading financial assets	20,493	39,278	109,070	80,318	96,882	346,041
Derivative financial instruments	-	-	66,074	-	-	66,074
Loans and advances to banks	1,509,429	472,318	353,779	-	-	2,335,526
Loans and advances to customers	2,290,963	1,486,320	1,950,204	3,052,448	1,352,248	10,132,183
Treasury bills and other eligible bills	133,399	492,261	1,484,334	36,313	20,891	2,167,198
Investment securities	1,107,780	349,837	1,115,723	2,905,444	1,209,562	6,688,346
Pledged assets	-	-	200,691	-	-	200,691
Other assets	577,366	335,652	61,728	41,266	42,453	1,058,465
Total assets (expected maturity dates)	**8,050,541**	**3,175,666**	**5,341,603**	**6,115,789**	**4,301,824**	**26,985,423**
Liabilities						
Deposits from banks	1,343,620	201,331	39,335	183,160	-	1,767,446
Deposit from customers	17,104,803	539,396	1,181,934	894,113	110,260	19,830,506
Other borrowed funds	77,953	117,071	235,777	695,909	903,650	2,030,360
Other liabilities	120,249	184,069	486,660	150,182	45,385	986,545
Derivative financial instruments	21,678	-	15,524	-	-	37,202
Total liabilities (contractual maturity dates)	**18,668,303**	**1,041,867**	**1,959,230**	**1,923,364**	**1,059,295**	**24,652,059**
Gap analysis	**(10,617,762)**	**2,133,799**	**3,382,373**	**4,192,425**	**3,242,529**	**2,333,364**

As at 31 December 2021	Up to 1 month	1 -3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Assets						
Cash and balances with central banks	2,532,201	-	-	-	1,676,937	4,209,138
Financial Asset held for trading	23,010	45,726	104,503	101,881	101,751	376,871
Derivative financial instruments	46,737	588	11,435	24,538	-	83,298
Loans and advances to banks	2,443,592	798,339	344,434	-	-	3,586,365
Loans and advances to customers	2,512,835	1,598,742	2,011,593	3,162,176	1,398,399	10,683,745
Treasury bills and other eligible bills	383,510	737,754	1,091,532	38,051	18,657	2,269,504
Investment securities	1,302,652	293,083	1,096,817	3,029,331	1,891,634	7,613,517
Pledged assets	-	-	148,299	71,299	-	219,598
Other assets	574,815	165,292	83,997	36,577	40,755	901,436
Total assets (expected maturity dates)	**9,819,352**	**3,639,524**	**4,892,610**	**6,463,853**	**5,128,133**	**29,943,472**
Liabilities						
Deposits from banks	2,713,500	230,735	562,501	273,048	-	3,779,784
Deposit from customers	17,300,643	523,032	1,172,884	844,892	109,320	19,950,771
Borrowed funds	162,176	409,982	278,383	1,155,906	892,390	2,898,837
Derivative financial instruments	405,669	207,047	606,073	150,780	44,129	1,413,698
Other liabilities	22,131	-	6,970	-	-	29,101
Total liabilities(contractual maturity dates)	**20,604,119**	**1,370,796**	**2,626,811**	**2,424,626**	**1,045,839**	**28,072,191**
Gap analysis	**(10,784,767)**	**2,268,728**	**2,265,799**	**4,039,227**	**4,082,294**	**1,871,281**

5 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 Mar 2022	31 Dec 2021	31 Mar 2022	31 Dec 2021
Financial assets:				
Cash and balances with central banks	3,990,899	4,209,138	3,990,899	4,209,138
Loans and advances to banks	2,189,736	2,289,445	2,837,659	2,988,638
Loans and advances to customers	9,310,238	9,575,865	9,417,790	9,720,135
Other assets (excluding prepayments)	1,052,263	901,436	1,052,263	901,436
Financial liabilities:				
Deposits from banks	1,680,252	2,229,935	1,880,733	2,412,243
Deposit from customers	19,695,741	19,713,349	19,926,822	19,950,771
Other liabilities (excluding deferred income)	982,267	756,924	982,267	756,924
Borrowed funds	2,312,355	2,352,437	2,501,045	2,898,837

(i) Cash and balances with central banks

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 March 2022			31 December 2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Treasury and other eligible bills	140,365	1,977,608	-	148,405	1,938,680	-
Trading Financial Assets	56,654	276,154	-	64,043	281,999	-
Derivative financial instruments	-	60,074	-	-	78,404	-
Pledged assets	-	200,691	-	-	206,001	-
Investment securities	361,715	6,031,821	168,386	369,775	6,070,554	119,899
Total financial assets	**558,733**	**8,546,349**	**168,386**	**582,223**	**8,575,638**	**119,899**
Derivative financial instruments	-	31,817	-	-	29,101	-
Total financial liabilities	**-**	**31,817**	**-**	**-**	**29,101**	**-**

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 March 2022	Amortised cost	FVTPL	FVTOCI - Debt Instruments	Equity Instruments at FVTPL	FVTOCI - Equity instruments	Liabilities at fair value through profit or loss	Liabilities at amortised cost	Total
Assets								
Cash and balances with central banks	3,990,899	-	-	-	-	-	-	3,990,899
Trading financial assets		332,808	-	-	-	-	-	332,808
Derivative financial instruments		60,074	-	-	-	-	-	60,074
Loans and advances to banks	2,189,736	-	-	-	-	-	-	2,189,736
Loans and advances to customers	9,310,238	-	-	-	-	-	-	9,310,238
Treasury bills and other eligible bills		-	2,117,973	-	-	-	-	2,117,973
Equity instruments		-	-	65,037	168,386	-	-	233,423
Investment securities - Debt instruments		-	6,328,499	-	-	-	-	6,328,499
Pledged assets	200,691	-	-	-	-	-	-	200,691
Other assets, excluding prepayments	1,052,263	-	-	-	-	-	-	1,052,263
Total	**16,743,827**	**392,882**	**8,446,472**	**65,037**	**168,386**	**-**	**-**	**25,816,604**
Liabilities								
Deposits from banks	-	-	-	-	-	-	1,680,252	1,680,252
Deposit from customers	-	-	-	-	-	-	19,695,741	19,695,741
Derivative financial instruments	-	-	-	-	-	31,817	-	31,817
Borrowed funds	-	-	-	-	-	-	2,312,355	2,312,355
Other liabilities, excluding non-financial liabilities	-	-	-	-	-	-	982,267	982,267
Total	**-**	**-**	**-**	**-**	**-**	**31,817**	**24,670,615**	**24,702,432**

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 amortised cost	Total
Assets								
Cash and balances with central banks	4,209,138	-	-	-	-	-	-	4,209,138
Trading financial assets	-	346,042	-	-	-	-	-	346,042
Derivative financial instruments	-	78,404	-	-	-	-	-	78,404
Loans and advances to banks	2,289,445	-	-	-	-	-	-	2,289,445
Loans and advances to customers	9,575,865	-	-	-	-	-	-	9,575,865
Treasury bills and other eligible bills	-	-	2,087,085	-	-	-	-	2,087,085
Equity instruments	-	-	-	78,413	119,899	-	-	198,312
Investment securities - Debt instruments	-	-	6,361,916	-	-	-	-	6,361,916
Pledged assets	206,001	-	-	-	-	-	-	206,001
Other assets, excluding prepayments	901,436	-	-	-	-	-	-	901,436
Total	**17,181,885**	**424,446**	**8,449,001**	**78,413**	**119,899**	**-**	**-**	**26,253,644**
Liabilities								
Deposits from banks	-	-	-	-	-	-	2,229,935	2,229,935
Deposit from customers	-	-	-	-	-	-	19,713,349	19,713,349
Derivative financial instruments	-	-	-	-	-	29,101	-	29,101
Borrowed funds	-	-	-	-	-	-	2,352,437	2,352,437
Other liabilities, excluding non-financial liabilities	-	-	-	-	-	-	756,924	756,924
Total	**-**	**-**	**-**	**-**	**-**	**29,101**	**25,052,645**	**25,081,746**

6 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
The Group's capital is divided into three tiers:

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

- Tier 1 capital is made up of Common Equity Tier `1 (CET1), instruments recognised as Additional Tier 1 by the regulator, and non-controlling interests allowed as Additional Tier 1 capital by the regulator; and

- Tier 2 capital is made up of subordinated debt and other loss-absorbing instruments, certain revaluation reserves, and non-controlling 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. 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 30 2022.

	31 Dec 2021	31 Dec 2020
Common Equity Tier 1 capital		
Share capital	2,113,961	2,113,961
Retained earnings	434,419	199,172
IFRS 9 transition adjustment	99,767	99,767
Statutory reserve	635,814	632,762
Other reserves	(1,848,142)	(1,688,385)
Non-controlling interests	220,170	233,108
Less: goodwill	(18,339)	(18,844)
Less: intangibles	(103,949)	(133,026)
Less: other deductions	-	-
Total CET 1 capital	**1,533,701**	**1,438,515**
Additional Tier 1 capital		
Additional Tier 1 instrument	75,000	-
Minority interests included in Tier 2 capital	22,931	24,415
Total Additional Tier 1 capital	**97,931**	**24,415**
Total qualifying Tier 1 capital	**1,631,632**	**1,462,930**
Tier 2 capital		
Subordinated debt and other instruments	481,362	285,405
Revaluation reserve	83,305	102,955
Minority interests included in Tier 2 capital	59,131	65,725
Total qualifying Tier 2 capital	**623,798**	**454,085**
Total regulatory capital	**2,255,430**	**1,917,015**
Risk-weighted assets:		
Credit risk weighted assets	12,059,454	12,334,703
Market risk weighted assets	77,745	103,260
Operational risk weighted assets	3,135,424	3,189,821
Total risk-weighted assets	**15,272,623**	**15,627,784**
CET 1 Capital Adequacy Ratio	**10.0%**	**9.2%**
Tier 1 Capital Adequacy Ratio	**10.7%**	**9.4%**
Total Capital Adequacy Ratio	**14.8%**	**12.3%**

		3 Month period ended 31 March 2022		3 Month period ended 31 March 2021	
		US$'000	NGN'000	US$'000	NGN'000
7	**Net interest income**				
	Interest income				
	Loans and advances to banks	10,013	4,168,413	15,268	6,140,042
	Loans and advances to customers	205,885	85,709,948	178,442	71,760,639
	Treasury bills and other eligible bills	56,804	23,647,512	46,756	18,802,975
	Investment securities	101,555	42,277,358	104,950	42,205,753
	Trading financial assets	57	23,729	8	3,217
	Others	735	305,981	490	197,054
		375,049	**156,132,941**	**345,914**	**139,109,680**
	Interest expense				
	Deposits from banks	11,568	4,815,760	13,880	5,581,857
	Due to customer	83,040	34,569,562	60,133	24,182,550
	Other borrowed funds	40,279	16,768,152	34,016	13,679,570
	Interest expense for lease liabilities	924	384,661	179	71,985
	Others	691	287,663	612	246,116
		136,502	**56,825,798**	**108,820**	**43,762,078**
8	**Net fee and commission income**				
	Fee and commission income:				
	Credit related fees and commissions	36,595	15,234,503	31,397	12,626,337
	Portfolio and other management fees	1,447	602,386	941	378,424
	Corporate finance fees	3,796	1,580,275	2,060	828,431
	Cash management and related fees	54,473	22,677,116	49,948	20,086,641
	Card management fees	23,627	9,835,923	18,129	7,290,596
	Brokerage fees and commissions	2,720	1,132,336	3,261	1,311,415
	Other fees	10,603	4,414,030	7,705	3,098,574
		133,261	**55,476,569**	**113,441**	**45,620,418**
	Fee and commission expense				
	Brokerage fees paid	632	263,102	336	135,123
	Other fees paid	16,291	6,781,945	12,958	5,211,073
		16,923	**7,045,047**	**13,294**	**5,346,196**
9	**Net trading income**				
	Foreign exchange	38,082	15,853,541	53,490	21,511,060
	Trading income on securities	33,669	14,016,408	10,668	4,290,147
		71,751	**29,869,949**	**64,158**	**25,801,207**
10	**Net investment income**				
	Net gains from investment securities	**4,102**	**1,707,663**	**2,182**	**877,494**
11	**Other operating income**				
	Lease income	100	41,630	83	33,379
	Dividend income	1,389	578,241	357	143,568
	Other	3,853	1,604,004	5,368	2,158,746
		5,342	**2,223,875**	**5,808**	**2,335,693**
12	**Impairment charges on loans and advances and other financial assets**				
	Impairment charge on loans and advances	63,933	26,615,314	66,486	26,737,415
	Recoveries	(22,000)	(9,158,602)	(18,782)	(7,553,201)
	Impairment charge on other financial assets	8,506	3,541,049	8,989	3,614,936
		50,439	**20,997,761**	**56,693**	**22,799,150**
13	**Operating expenses**				
	Staff expenses	112,656	46,898,705	107,939	43,407,783
	Depreciation and amortisation	25,665	10,684,342	26,152	10,517,054
	Other operating expenses	114,665	47,735,052	108,670	43,701,755
		252,986	**105,318,099**	**242,761**	**97,626,592**
14	**Taxation**				
	Current income tax	43,424	18,077,418	38,433	15,455,872
	Deferred income tax	(10,403)	(4,330,770)	(12,623)	(5,076,353)
		33,021	**13,746,648**	**25,810**	**10,379,519**

15 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 Mar. 2022	31 Mar. 2021
Profit attributable to equity holders of the Company from continuing operations	66,104	51,420
Profit attributable to equity holders of the Company from discontinued operations	-	712
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	0.269	0.209
Basic earnings per share (expressed in US cents per share) from discontinued operations	-	0.003

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 Mar 2022	31 Mar 2021
Profit attributable to equity holders of the company from continuing operations	66,104	51,420
Interest expense on dilutive convertible loans	-	-
	66,104	51,420
Profit attributable to equity holders of the company from discontinued operations	-	712
Interest expense on dilutive convertible loans	-	-
	-	712
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	0.269	0.209
Dilutive earnings per share (expressed in US cents per share) from discontinued operations	-	0.003

		As at 31 March 2022		As at 31 December 2021	
		US$'000	**NGN'000**	**US$'000**	**NGN'000**
16	**Cash and balances with central banks**				
	Cash in hand	672,127	279,665,323	667,347	283,028,536
	Balances with central banks other than mandatory reserve deposits	1,661,317	691,257,391	1,864,854	790,903,230
	Included in cash and cash equivalents	**2,333,444**	**970,922,714**	**2,532,201**	**1,073,931,766**
	Mandatory reserve deposits with central banks	1,657,455	689,650,451	1,676,937	711,205,751
		3,990,899	**1,660,573,165**	**4,209,138**	**1,785,137,517**
17	**Trading financial assets**				
	Debt securities measured at FVTPL				
	- Government bonds	332,808	138,478,081	346,042	146,759,873
		332,808	**138,478,081**	**346,042**	**146,759,873**
18	**Loans and advances to banks**				
	Items in course of collection from other banks	30,464	12,675,766	46,151	19,573,101
	Deposits with other banks	1,297,640	539,935,027	1,579,657	669,948,330
	Placements with other banks	861,632	358,516,459	663,637	281,455,088
		2,189,736	**911,127,252**	**2,289,445**	**970,976,519**
19	**Loans and advances to customers**				
	Analysis by type:				
	Overdrafts	963,227	400,789,122	1,096,933	465,220,255
	Credit cards	2,051	853,401	2,529	1,072,574
	Term loans	8,889,271	3,698,736,770	9,002,399	3,818,007,440
	Mortgage loans	130,820	54,432,894	126,380	53,599,022
	Gross loans and advances	**9,985,369**	**4,154,812,187**	**10,228,241**	**4,337,899,291**
	Less: allowance for impairment	(675,131)	(280,915,258)	(652,376)	(276,679,186)
		9,310,238	**3,873,896,929**	**9,575,865**	**4,061,220,105**
	Analysis by stage:				
	Gross Loans				
	Stage 1	8,332,544	3,467,088,233	8,546,550	3,624,677,321
	Stage 2	1,022,248	425,347,170	1,042,533	442,148,671
	Stage 3	630,577	262,376,784	639,158	271,073,299
	Total	**9,985,369**	**4,154,812,187**	**10,228,241**	**4,337,899,291**
20	**Treasury bills and other eligible bills**				
	Maturing within three months	625,660	260,330,869	607,646	257,708,745
	Maturing after three months	1,492,313	620,936,517	1,479,439	627,444,874
		2,117,973	**881,267,386**	**2,087,085**	**885,153,619**
21	**Investment securities**				
	Debt securities				
	- At FVTOCI listed	2,953,121	1,228,764,117	3,002,391	1,273,344,047
	- At FVTOCI unlisted	3,375,378	1,404,461,031	3,359,525	1,424,808,148
	Total	**6,328,499**	**2,633,225,148**	**6,361,916**	**2,698,152,195**
	Equity securities				
	- At FVTOCI unlisted	168,386	70,063,731	119,899	50,850,365
	- At FVTPL listed	2,553	1,062,278	2,148	910,988
	- At FVTPL unlisted	62,484	25,998,968	76,265	32,344,749
		233,423	**97,124,977**	**198,312**	**84,106,102**
	Total investment securities	**6,561,922**	**2,730,350,125**	**6,560,228**	**2,782,258,297**

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Ecobank
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		As at 31 March 2022		As at 31 December 2021	
		US$'000	NGN'000	US$'000	NGN'000
22	**Other assets**				
	Fees receivable	7,335	3,052,020	8,758	3,714,355
	Accounts receivable	820,112	341,240,402	790,098	335,088,463
	Repossessed assets from customers	158,378	65,899,502	168,480	71,454,053
	Prepayments	185,625	77,236,706	194,133	82,333,747
	Sundry receivables	230,079	95,733,571	143,421	60,826,280
		1,401,529	**583,162,201**	**1,304,890**	**553,416,898**
	Impairment allowance on receivables	(163,641)	(68,089,384)	(209,321)	(88,775,129)
		1,237,888	**515,072,817**	**1,095,569**	**464,641,769**
23	**Deposits from banks**				
	Operating accounts with banks	417,539	173,733,803	733,195	310,955,332
	Other deposits from banks	1,262,713	525,402,252	1,496,740	634,782,401
		1,680,252	**699,136,055**	**2,229,935**	**945,737,733**
24	**Deposit from customers**				
	Current accounts	12,568,216	5,229,508,995	12,592,727	5,340,701,448
	Term deposits	3,655,695	1,521,098,133	3,616,909	1,533,967,276
	Savings deposits	3,471,830	1,444,593,745	3,503,713	1,485,959,720
		19,695,741	**8,195,200,873**	**19,713,349**	**8,360,628,444**
25	**Other liabilities**				
	Accrued income	62,273	25,911,173	64,340	27,287,237
	Unclaimed dividend	11,664	4,853,274	11,650	4,940,882
	Accruals and collections accounts	525,317	218,579,151	222,734	94,463,717
	Obligations under customers' letters of credit	55,963	23,285,645	72,230	30,633,465
	Bankers draft	51,809	21,557,207	57,313	24,307,016
	Accounts payable	10,387	4,321,927	48,913	20,744,492
	Other liabilities	327,127	136,114,273	344,084	145,929,466
		1,044,540	**434,622,650**	**821,264**	**348,306,275**

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Note 26: GEOGRAPHICAL REGION FINANCIAL PERFORMANCE - USD

Ecobank segments 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 March 2022						
Net interest income	34,210	82,999	80,393	69,198	(28,253)	238,547
Non interest income	22,187	52,547	46,467	68,316	8,016	197,533
Operating income	**56,397**	**135,546**	**126,860**	**137,514**	**(20,237)**	**436,080**
Impairment charges on financial assets	2,013	7,430	8,807	5,428	26,761	50,439
Total operating expenses	47,786	72,736	60,561	65,474	6,429	252,986
Operating profit after impairment charges	**6,598**	**55,380**	**57,492**	**66,612**	**(53,427)**	**132,655**
Net monetary loss arising from hyperinflationary economy	-	-	-	(7,575)	-	(7,575)
Share of loss from associates	-	-	-	-	-	-
Profit before tax	**6,598**	**55,380**	**57,492**	**59,037**	**(53,427)**	**125,080**
Balance Sheet Highlights as at 31 March 2022						
Total assets	6,381,009	9,162,956	4,540,563	6,850,143	139,847	**27,074,518**
Total Liabilities	5,900,964	8,256,003	3,811,030	6,195,824	792,738	**24,956,559**

In 000 of $

	NIGERIA	UEMOA	AWA	CESA	OTHERS AND CONSO ADJUSTMENT(1)	ECOBANK GROUP
Income Statement Highlights for the period ended 31 March 2021						
Net interest income	29,090	82,945	82,570	64,563	(22,074)	237,094
Non interest income	27,323	50,506	37,918	52,052	4,496	172,295
Operating income	**56,413**	**133,451**	**120,488**	**116,615**	**(17,578)**	**409,389**
Impairment charges on financial assets	4,525	13,738	8,597	11,377	18,456	56,693
Total operating expenses	43,954	74,761	52,446	61,218	10,382	242,761
Operating profit after impairment charges	**7,934**	**44,952**	**59,445**	**44,020**	**(46,416)**	**109,935**
Net monetary loss arising from hyperinflationary economies	-	-	-	(9,637)	-	(9,637)
Share of loss from associates	-	-	-	20	-	20
Profit before tax	**7,934**	**44,952**	**59,445**	**34,403**	**(46,416)**	**100,318**
Balance Sheet Highlights as at 31 December 2021						
Total assets	5,985,460	10,072,445	4,812,643	6,695,297	(4,052)	**27,561,793**
Total Liabilities	5,551,776	9,178,558	4,163,432	6,005,531	498,190	**25,397,487**

(1) Others & Consolidation 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 & Consolidation adjustments'

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Note 27: 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 March 2022						
Net interest income	144,585	52,334	58,927	(17,456)	157	238,547
Net fees and commission income	46,160	32,359	39,890	5,539	(7,610)	116,338
Other income	46,124	22,262	8,525	63,827	(59,543)	81,195
Operating income	**236,869**	**106,955**	**107,342**	**51,910**	**(66,996)**	**436,080**
Impairment charges on financial assets	24,038	15,203	5,909	5,289	-	50,439
Total operating expenses	103,818	70,604	77,419	39,075	(37,930)	252,986
Operating profit after impairment charges	**109,013**	**21,148**	**24,014**	**7,546**	**(29,066)**	**132,655**
Net monetary loss arising from hyperinflationary economies	(3,129)	(3,074)	(1,361)	(11)	-	(7,575)
Share of loss from associates	-	-	-	-	-	-
Profit before tax	**105,884**	**18,074**	**22,653**	**7,535**	**(29,066)**	**125,080**
Balance Sheet Highlights as at 31 March 2022						
Total assets	14,784,295	1,883,910	1,232,368	3,927,785	5,246,160	**27,074,518**
Total Liabilities	13,822,749	5,143,704	6,235,543	1,814,765	(2,060,202)	**24,956,559**

In 000 of $	CIB	Commercial	Consumer	Others	Consolidation Adjustments	ECOBANK GROUP
Income Statement Highlights for the period ended 31 March 2021						
Net interest income	138,600	50,181	56,313	(8,179)	179	237,094
Net fees and commission income	36,255	27,507	35,456	7,829	(6,900)	100,147
Other income	43,640	18,331	6,409	39,389	(35,621)	72,148
Operating income	**218,495**	**96,019**	**98,178**	**39,039**	**(42,342)**	**409,389**
Impairment charges on financial assets	28,188	14,698	6,053	7,754	-	56,693
Total operating expenses	94,556	64,846	72,735	40,849	(30,225)	242,761
Operating profit after impairment charges	**95,751**	**16,475**	**19,390**	**(9,564)**	**(12,117)**	**109,935**
Net monetary loss arising from hyperinflationary economies	(2,035)	(5,108)	(1,382)	(1,112)	-	(9,637)
Share of loss from associates	20	-	-	-	-	20
Profit before tax	**93,736**	**11,367**	**18,008**	**(10,676)**	**(12,117)**	**100,318**
Balance Sheet Highlights as at 31 December 2021						
Total assets	15,301,941	1,930,386	1,105,350	4,036,776	5,187,340	**27,561,793**
Total Liabilities	14,680,738	4,981,533	6,374,166	1,889,906	(2,528,856)	**25,397,487**

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Note 28: 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 March 2022						
Net interest income	14,242	34,552	33,468	28,807	(11,762)	99,307
Non interest income	9,236	21,875	19,344	28,440	3,338	82,233
Operating income	**23,478**	**56,427**	**52,812**	**57,247**	**(8,424)**	**181,540**
Impairment charges on financial assets	838	3,093	3,666	2,260	11,141	20,998
Total operating expenses	19,893	30,280	25,212	27,257	2,676	105,318
Operating profit after impairment charges	**2,747**	**23,054**	**23,934**	**27,730**	**(22,241)**	**55,224**
Net monetary loss arising from hyperinflationary economy	-	-	-	(3,153)	-	(3,153)
Share of loss from associates	-	-	-	-	-	-
Profit before tax	2,747	23,054	23,934	24,577	(22,241)	52,071
Balance Sheet Highlights as at 31 March 2022						
Total assets	2,655,074	3,812,614	1,889,283	2,850,276	58,189	**11,265,436**
Total Liabilities	2,455,332	3,435,240	1,585,731	2,578,020	329,852	**10,384,175**

In 000,000 of NGN	NIGERIA	UEMOA	AWA	CESA	OTHERS AND CONSO ADJUSTMENT(1)	ECOBANK GROUP
Income Statement Highlights for the period ended 31 March 2021						
Net interest income	11,699	33,356	33,206	25,964	(8,877)	95,348
Non interest income	10,988	20,311	15,249	20,933	1,808	69,289
Operating income	**22,687**	**53,667**	**48,455**	**46,897**	**(7,069)**	**164,636**
Impairment charges on financial assets	1,820	5,525	3,457	4,575	7,422	22,799
Total operating expenses	17,676	30,065	21,091	24,619	4,176	97,627
Operating profit after impairment charges	**3,191**	**18,077**	**23,907**	**17,703**	**(18,668)**	**44,210**
Net monetary loss arising from hyperinflationary economy	-	-	-	(3,876)	-	(3,876)
Share of loss from associates	-	-	-	8	-	8
Profit before tax	**3,191**	**18,077**	**23,907**	**13,835**	**(18,668)**	**40,343**
Balance Sheet Highlights as at 31 December 2021						
Total assets	2,538,493	4,271,825	2,041,090	2,839,542	(1,718)	**11,689,232**
Total Liabilities	2,354,564	3,892,718	1,765,753	2,547,006	211,287	**10,771,328**

(1) Others & Consolidation 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 & Consolidation adjustments'

Note 29: 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 March 2022						
Net interest income	60,191	21,787	24,531	(7,267)	-	99,307
Net fees and commission income	19,216	13,471	16,606	2,306	(58,589)	(6,990)
Other income	19,201	9,268	3,549	26,571	(56,335)	2,254
Operating income	**98,608**	**44,526**	**44,686**	**21,610**	**(27,890)**	**181,540**
Impairment charges on financial assets	10,007	6,329	2,460	2,202	-	20,998
Total operating expenses	43,219	29,392	32,230	16,267	(15,790)	105,318
Operating profit after impairment charges	**45,382**	**8,805**	**9,996**	**3,141**	**(12,100)**	**55,224**
Net monetary loss arising from hyperinflationary economy	(1,303)	(1,279)	(567)	(5)	1	(3,153)
Share of loss from associates	-	-	-	-	-	-
Profit before tax	**44,079**	**7,526**	**9,429**	**3,136**	**(12,099)**	**52,071**
Balance Sheet Highlights as at 31 March 2022						
Total assets	6,151,597	783,876	512,776	1,634,312	2,182,875	**11,265,436**
Total Liabilities	5,751,508	2,140,244	2,594,547	755,106	(857,230)	**10,384,175**

In 000,000 of NGN

	CIB	Commercial	Consumer	Others	Consolidation Adjustments	ECOBANK GROUP
Income Statement Highlights for the period ended 31 March 2021						
Net interest income	55,738	20,180	22,646	(3,288)	72	95,348
Net fees and commission income	14,580	11,062	14,259	3,148	(2,775)	40,274
Other income	17,550	7,372	2,577	15,840	(15,202)	28,137
Operating income	**87,868**	**38,614**	**39,482**	**15,700**	**(17,028)**	**164,636**
Impairment charges on financial assets	11,336	5,911	2,434	3,117	1	22,799
Total operating expenses	38,026	26,078	29,250	16,427	(12,154)	97,627
Operating profit after impairment charges	**38,506**	**6,625**	**7,798**	**(3,844)**	**(4,875)**	**44,210**
Net monetary loss arising from hyperinflationary economy	(818)	(2,054)	(556)	(447)	(1)	(3,876)
Share of loss from associates	8	-	-	(1)	1	8
Profit before tax	**37,696**	**4,571**	**7,242**	**(4,292)**	**(4,874)**	**40,343**
Balance Sheet Highlights as at 31 December 2021						
Total assets	6,489,706	818,696	468,790	1,712,037	2,200,003	**11,689,232**
Total Liabilities	6,226,248	2,112,718	2,703,348	801,528	(1,072,514)	**10,771,328**

30 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.

b) Loan commitments, guarantee and other financial facilities	**31 Mar 2022**	**31 Dec 2021**
At 31 March 2022 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:		
Guaranteed commercial papers and bank acceptances	63,630	55,811
Documentary and commercial letters of credit	2,142,926	1,977,046
Performance bond, guarantees and indemnities	1,621,926	1,624,740
Loan commitments	1,409,855	1,072,569
	5,238,337	**4,730,166**

d) 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 March 2022 is $ 109 million (December 2021: $ 131 million). Based on Group's assessment, the probable liability is not likely to exceed $ 6 million (December 2021 : $ 6 million) which provisions have been made in the books .

31 *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.

Ecobank
The Pan African Bank

STATEMENT OF VALUE ADDED

	Period ended 31 March 2022				Period ended 31 March 2021			
	US$'000	**%**	**NGN'000**	%	**US$'000**	%	**NGN'000**	%
Gross income	589,505		245,410,997		532,842		214,282,972	
Interest expenses paid	(136,502)		(56,825,798)		(108,820)		(43,762,078)	
Fee and commission expenses	(24,498)		(10,198,520)		(22,931)		(9,221,726)	
	428,505		**178,386,679**		**401,091**		**161,299,168**	
Impairment loss on financial assets	(50,439)		(20,997,761)		(56,693)		(22,799,150)	
Goodwill impairment	-		-		-		-	
	378,066		**157,388,918**		**344,398**		**138,500,018**	
Bought in material & services	(114,665)		(47,735,052)		(108,670)		(43,701,755)	
Value Added	**263,401**	**100%**	**109,653,866**	**100%**	**235,728**	**100%**	**94,798,263**	100%
Distributions								
Employees								
Staff salaries and benefits	112,656	43%	46,898,705	43%	107,939	46%	43,407,783	46%
Government								
Income tax	33,021	13%	13,746,646	13%	25,810	11%	10,379,519	11%
Retained in the group								
Asset replacement (depreciation and amortisation)	25,665	10%	10,684,342	10%	26,152	11%	10,517,054	11%
Expansion(transfer to reserves and non-controlling interest)	92,059	35%	38,324,173	35%	75,827	32%	30,493,907	32%
	263,401	**100%**	**109,653,866**	**100%**	**235,728**	**100%**	**94,798,263**	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 13,094 people in 39 different countries in 671 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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