ECOBANK TRANSNATIONAL INCORPORATED

Condensed Unaudited Consolidated Financial Statements

For period ended 30 June 2021

Ecobank Transnational Incorporated
Condensed Unaudited Consolidated Financial Statements
For the period ended 30 June 2021

CONTENTS

Condensed Unaudited Consolidated financial statements:

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Press Release

Ecobank Group reports performance for the first six months of 2021

- Gross earnings up 5% to $1,090.4 million (up 10% to GHC 6,263.2 billion)
- Revenue up 7% to $824.5 million (up 12% to GHC 4,735.7 billion)
- Operating profit before impairment charges up 23% to $340.4 million (up 29% to GHC 1,955.3 million)
- Profit before tax up 23% to $210.1 million (up 29% to GHC 1,206.6 million)
- Profit for the period up 20% to $154.0 million (up 25% to GHC 884.6 million)
- Total assets up 3% to $26.8 billion (up 4% to GHC 154.6 billion)
- Loans and advances to customers down 4% to $8.9 billion (down 4% to GHC 51.0 billion)
- Deposits from customers up 5% to $19.1 billion (up 5% to GHC 110.3 billion)
- Total equity down 4% to $2.0 billion (down 3% to GHC 11.3 billion)

Financial Highlights	Period ended 30 June 2021		Period ended 30 June 2020		% Change	
	US$'000	GHC'000	US$'000	GHC'000	US$	GHC
Income Statement:						
Gross Earnings	1,090,438	6,263,164	1,040,935	5,719,737	5%	10%
Revenue	824,505	4,735,721	770,885	4,235,865	7%	12%
Operating profit before impairment charges	340,418	1,955,264	276,811	1,521,024	23%	29%
Profit before tax	210,073	1,206,600	170,297	935,749	23%	29%
Profit for the period	154,010	884,590	128,877	708,154	20%	25%
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)	0.429	2.464	0.359	1.991	19%	24%
Diluted (cents and kobo)	0.429	2.464	0.359	1.991	19%	24%
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	0.020	0.003	0.015		
Diluted (cents and kobo)	0.003	0.020	0.003	0.013		

Financial Highlights	As at 30 June 2021		As at 31 December 2020		% Change	
	US$'000	GHC'000	US$'000	GHC'000	US$	GHC
Statement of Financial Position:						
Total assets	26,838,642	154,625,468	25,939,473	148,742,126	3%	4%
Loans and advances to customers	8,850,219	50,988,767	9,239,948	52,983,710	-4%	-4%
Deposits from customers	19,143,121	110,289,263	18,296,952	104,918,382	5%	5%
Total equity	1,955,825	11,268,096	2,027,713	11,627,311	-4%	-3%

Alain Nkontchou
Group Chairman

Ade Ayeyemi
Group Chief Executive Officer

Ayo Adepoju
Group Chief Financial Officer

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Condensed Unaudited Consolidated Statement of Comprehensive Income - USD

	6 Month period ended 30 June 2021	6 Month period ended 30 June 2020	% Change
	US$'000	**US$'000**	
Interest income	696,142	684,514	2%
Interest expense	(241,202)	(255,904)	-6%
Net Interest Income	**454,940**	**428,610**	**6%**
Fee and commission income	228,581	201,973	13%
Fee and commission expense	(23,139)	(13,022)	78%
Net trading income	132,694	136,099	-3%
Other operating income	31,429	17,225	82%
Non-interest revenue	**369,565**	**342,275**	**8%**
Operating income	**824,505**	**770,885**	**7%**
Staff expenses	(210,567)	(227,332)	-7%
Depreciation and amortisation	(48,843)	(47,701)	2%
Other operating expenses	(224,677)	(219,041)	3%
Operating expenses	**(484,087)**	**(494,074)**	**-2%**
Operating profit before impairment charges and taxation	**340,418**	**276,811**	**23%**
Impairment charges on financial assets	(107,266)	(96,873)	11%
Operating profit after impairment charges before taxation	**233,152**	**179,938**	**30%**
Net monetary loss arising from hyperinflationary economies	(23,116)	(9,490)	144%
Share of post-tax results of associates	37	(151)	125%
Profit before tax	**210,073**	**170,297**	**23%**
Taxation	(57,618)	(42,695)	35%
Profit after tax from continuing operations	**152,455**	**127,602**	**19%**
Profit after tax from discontinued operations	1,555	1,275	22%
Profit for the period	**154,010**	**128,877**	**20%**
Attributable to:			
Owners of the parent	**106,323**	**89,095**	**19%**
- Continuing operations	105,483	88,406	19%
- Discontinued operations	840	689	22%
Non-controlling interests	**47,687**	**39,782**	**20%**
- Continuing operations	46,972	39,195	20%
- Discontinued operations	715	587	22%
	154,010	**128,877**	**20%**
Earnings per share from continuing operations attributable to owners of the parent during the period (expressed in United States cents per share):			
Basic (cents)	0.429	0.359	19%
Diluted (cents)	0.429	0.359	19%
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	0.003	n/m
Diluted (cents)	0.003	0.003	n/m
Unaudited consolidated statement of comprehensive income			
Profit for the period	**154,010**	**128,877**	**20%**
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange difference on translation of foreign operations	(107,092)	(180,616)	-41%
Fair value (loss) / gain on debt instruments at FVTOCI	(91,323)	98,849	-192%
Taxation relating to components of other comprehensive income that may be subsequently reclassed to profit or loss	532	(1,543)	134%
Other comprehensive loss for the period, net of taxation	(197,883)	(83,310)	138%
Total comprehensive (loss) / income for the period	**(43,873)**	**45,567**	**-196%**
Total comprehensive (loss) / income attributable to:			
Owners of the parent	**(76,507)**	**4,456**	**1817%**
- Continuing operations	(77,347)	3,767	2153%
- Discontinued operations	840	689	22%
Non-controlling interests	**32,634**	**41,111**	**-21%**
- Continuing operations	31,919	40,524	-21%
- Discontinued operations	715	587	22%
	(43,873)	**45,567**	**-196%**

The above condensed unaudited consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.
nm-not meaningful

Condensed Unaudited Consolidated Statement of Comprehensive Income - USD

	Quarter ended 30 June 2021	Quarter ended 30 June 2020	% Change
	US$'000	**US$'000**	
Interest income	350,228	344,403	2%
Interest expense	(132,382)	(125,136)	6%
Net Interest Income	**217,846**	**219,267**	**-1%**
Fee and commission income	115,140	96,800	19%
Fee and commission expense	(9,845)	(4,884)	102%
Net trading income	68,536	55,857	23%
Other operating income	23,439	11,187	110%
Non-interest revenue	**197,270**	**158,960**	**24%**
Operating income	**415,116**	**378,227**	**10%**
Staff expenses	(102,628)	(108,982)	-6%
Depreciation and amortisation	(22,691)	(24,348)	-7%
Other operating expenses	(116,007)	(101,438)	14%
Operating expenses	**(241,326)**	**(234,768)**	**3%**
Operating profit before impairment charges and taxation	**173,790**	**143,459**	**21%**
Impairment charges on financial assets	(50,573)	(54,639)	-7%
Operating profit after impairment charges before taxation	**123,217**	**88,820**	**39%**
Net monetary loss arising from hyperinflationary economies	(13,479)	(8,709)	55%
Share of post-tax results of associates	17	(70)	124%
Profit before tax	**109,755**	**80,041**	**37%**
Taxation	(31,808)	(18,881)	68%
Profit after tax from continuing operations	**77,947**	**61,160**	**27%**
Profit after tax from discontinued operations	236	230	3%
Profit for the period	**78,183**	**61,390**	**27%**
Attributable to:			
Owners of the parent	**54,191**	**40,723**	**33%**
- Continuing operations	54,063	40,598	33%
- Discontinued operations	128	125	2%
Non-controlling interests	**23,992**	**20,667**	**16%**
- Continuing operations	23,884	20,561	16%
- Discontinued operations	108	106	2%
	78,183	**61,390**	**27%**

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

nm-not meaningful

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Condensed Unaudited Consolidated Statement of Comprehensive Income - GHC

	6 Month period ended 30 June 2021	6 Month period ended 30 June 2020	% Change
	GHC'000	GHC'000	
Interest income	3,998,441	3,761,272	6%
Interest expense	(1,385,395)	(1,406,143)	-1%
Net Interest Income	**2,613,046**	**2,355,129**	**11%**
Fee and commission income	1,312,904	1,109,803	18%
Fee and commission expense	(132,904)	(71,553)	86%
Net trading income	762,156	747,838	2%
Other operating income	180,519	94,648	91%
Non-interest revenue	**2,122,675**	**1,880,736**	**13%**
Operating income	**4,735,721**	**4,235,865**	**12%**
Staff expenses	(1,209,437)	(1,249,145)	-3%
Depreciation and amortisation	(280,540)	(262,108)	7%
Other operating expenses	(1,290,480)	(1,203,588)	7%
Operating expenses	**(2,780,457)**	**(2,714,841)**	**2%**
Operating profit before impairment charges and taxation	**1,955,264**	**1,521,024**	**29%**
Impairment charges on financial assets	(616,105)	(532,299)	16%
Operating profit after impairment charges before taxation	**1,339,159**	**988,725**	**35%**
Net monetary loss arising from hyperinflationary economies	(132,772)	(52,146)	155%
Share of post-tax results of associates	213	(830)	126%
Profit before tax	**1,206,600**	**935,749**	**29%**
Taxation	(330,941)	(234,601)	41%
Profit after tax from continuing operations	**875,659**	**701,148**	**25%**
Profit after tax from discontinued operations	8,931	7,006	27%
Profit for the period	**884,590**	**708,154**	**25%**
Attributable to:			
Owners of the parent	**610,689**	**489,560**	**25%**
- Continuing operations	605,864	485,774	25%
- Discontinued operations	4,825	3,786	27%
Non-controlling interests	**273,901**	**218,594**	**25%**
- Continuing operations	269,794	215,369	25%
- Discontinued operations	4,107	3,225	27%
	884,590	**708,154**	**25%**
Earnings per share from continuing operations attributable to owners of the parent during the period (expressed in Naira kobo per share):			
Basic (kobo)	2.464	1.991	24%
Diluted (kobo)	2.464	1.991	24%
Earnings per share from discontinued operations attributable to owners of the parent during the period (expressed in Naira kobo per share):			
Basic (kobo)	0.020	0.015	
Diluted (kobo)	0.020	0.013	
Unaudited consolidated statement of comprehensive income			
Profit for the period	**884,590**	**708,154**	**25%**
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange difference on translation of foreign operations	(561,418)	(742,067)	-24%
Fair value (loss) / gain on debt instruments at FVTOCI	(524,533)	543,156	197%
Taxation relating to components of other comprehensive income that may be subsequently reclassed to profit or loss	3,056	(8,478)	136%
Other comprehensive loss for the period, net of taxation	(1,082,895)	(207,389)	422%
Total comprehensive (loss) / income for the period	**(198,305)**	**500,765**	**-140%**
Total comprehensive (loss) / income attributable to:			
Owners of the parent	**(400,094)**	**216,635**	**285%**
- Continuing operations	(404,919)	212,849	290%
- Discontinued operations	4,825	3,786	27%
Non-controlling interests	**201,789**	**284,130**	**-29%**
- Continuing operations	197,682	280,905	-30%
- Discontinued operations	4,107	3,225	27%
	(198,305)	**500,765**	**-140%**

The above condensed unaudited consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.
nm-not meaningful

Condensed Unaudited Consolidated Statement of Comprehensive Income -GHC

	Quarter ended 30 June 2021	Quarter ended 30 June 2020	% Change
	GHC'000	GHC'000	
Interest income	2,009,885	1,924,530	4%
Interest expense	(759,821)	(699,941)	9%
Net Interest Income	**1,250,064**	**1,224,589**	**2%**
Fee and commission income	660,766	541,825	22%
Fee and commission expense	(56,481)	(27,604)	105%
Net trading income	393,331	314,498	25%
Other operating income	134,587	62,040	117%
Non-interest revenue	**1,132,203**	**890,759**	**27%**
Operating income	**2,382,267**	**2,115,348**	**13%**
Staff expenses	(588,928)	(610,005)	-3%
Depreciation and amortisation	(130,200)	(135,992)	-4%
Other operating expenses	(665,769)	(568,483)	17%
Operating expenses	**(1,384,897)**	**(1,314,480)**	**5%**
Operating profit before impairment charges and taxation	**997,370**	**800,868**	**25%**
Impairment charges on financial assets	(290,194)	(304,217)	-5%
Operating profit after impairment charges before taxation	**707,176**	**496,651**	**42%**
Net monetary loss arising from hyperinflationary economies	(77,372)	(47,928)	61%
Share of post-tax results of associates	98	(393)	125%
Profit before tax	**629,902**	**448,330**	**40%**
Taxation	(182,567)	(105,995)	72%
Profit after tax from continuing operations	**447,335**	**342,335**	**31%**
Profit after tax from discontinued operations	1,348	1,363	-1%
Profit for the period	**448,683**	**343,698**	**31%**
Attributable to:			
Owners of the parent	**310,997**	**228,335**	**36%**
- Continuing operations	310,265	227,595	36%
- Discontinued operations	732	740	-1%
Non-controlling interests	**137,686**	**115,363**	**19%**
- Continuing operations	137,068	114,736	19%
- Discontinued operations	618	627	-1%
	448,683	**343,698**	**31%**

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

nm-not meaningful

Condensed Unaudited Consolidated Statement of Financial Position - USD

	As at 30 June 2021	As at 31 December 2020
	US$'000	**US$'000**
Assets		
Cash and balances with central banks	4,234,660	3,752,596
Trading financial assets	205,440	156,490
Derivative financial instruments	97,259	115,162
Loans and advances to banks	2,544,686	2,011,343
Loans and advances to customers	8,850,219	9,239,948
Treasury bills and other eligible bills	1,769,145	1,730,845
Investment securities	6,364,063	6,074,244
Pledged assets	302,126	423,599
Other assets	1,166,153	1,128,200
Investment in associates	5,600	3,468
Intangible assets	131,757	151,870
Property and equipment	826,880	810,521
Investment properties	6,751	12,365
Deferred income tax assets	150,413	164,486
	26,655,152	**25,775,137**
Assets held for sale and discontinued operations	183,490	164,336
Total assets	**26,838,642**	**25,939,473**
Liabilities		
Deposits from banks	1,749,503	2,386,747
Deposits from customers	19,143,121	18,296,952
Derivative financial instruments	31,952	78,908
Borrowed funds	2,286,947	1,923,182
Other liabilities	1,256,458	823,112
Provisions	76,242	60,462
Current income tax liabilities	67,095	68,534
Deferred income tax liabilities	54,409	76,528
Retirement benefit obligations	25,206	22,168
	24,690,933	**23,736,593**
Liabilities held for sale and discontinued operations	191,884	175,167
Total liabilities	**24,882,817**	**23,911,760**
Equity		
Share capital and premium	2,113,961	2,113,961
Retained earnings and reserves	(690,460)	(610,565)
Equity attributable to owners of the parents	**1,423,501**	**1,503,396**
Non-controlling interests	**532,324**	**524,317**
Total equity	**1,955,825**	**2,027,713**
Total liabilities and equity	**26,838,642**	**25,939,473**

The above condensed unaudited consolidated statement of financial position should be read in conjunction with the accompanying notes

Condensed Unaudited Consolidated Statement of Financial Position - GHC

	As at 30 June 2021	As at 31 December 2020
	GHC'000	**GHC'000**
Assets		
Cash and balances with central banks	24,397,147	21,518,136
Trading financial assets	1,183,601	897,345
Derivative financial instruments	560,338	660,362
Loans and advances to banks	14,660,699	11,533,443
Loans and advances to customers	50,988,767	52,983,710
Treasury bills and other eligible bills	10,192,575	9,925,011
Investment securities	36,665,276	34,830,930
Pledged assets	1,740,639	2,429,001
Other assets	6,718,557	6,469,324
Investment in associates	32,263	19,886
Intangible assets	759,092	870,853
Property and equipment	4,763,904	4,647,690
Investment properties	38,895	70,906
Deferred income tax assets	866,574	943,196
	153,568,327	**147,799,793**
Assets held for sale and discontinued operations	1,057,141	942,333
Total Assets	**154,625,468**	**148,742,126**
Liabilities		
Deposits from banks	10,079,412	13,686,085
Deposits from customers	110,289,263	104,918,382
Derivative financial instruments	184,085	452,474
Borrowed funds	13,175,788	11,027,910
Other liabilities	7,238,830	4,719,889
Provisions	439,253	346,701
Current income tax liabilities	386,554	392,988
Deferred income tax liabilities	313,467	438,827
Retirement benefit obligations	145,219	127,116
	142,251,871	**136,110,372**
Liabilities held for sale and discontinued operations	1,105,501	1,004,443
Total liabilities	**143,357,372**	**137,114,815**
Equity		
Share capital and premium	4,536,400	4,536,400
Retained earnings and reserves	3,664,818	4,084,372
Equity attributable to owners of the parents	**8,201,218**	**8,620,772**
Non-controlling interests	**3,066,878**	**3,006,539**
Total equity	**11,268,096**	**11,627,311**
Total liabilities and equity	**154,625,468**	**148,742,126**

The above condensed unaudited consolidated statement of financial position should be read in conjunction with the accompanying notes

Condensed Unaudited Consolidated Statement of Changes in Equity - USD

Amounts in US$'000

	Share Capital	Retained Earnings	Other Reserves	Total equity and reserves attributable	Non-Controlling Interest	Total Equity
At 1 January 2020	**2,113,957**	**245,563**	**(882,827)**	**1,476,693**	**409,084**	**1,885,777**
Changes in Equity for 1 January to 30 June 2020						
Foreign currency translation differences	-	-	(181,945)	(181,945)	1,329	(180,616)
Net changes in debt instruments,net of taxes	-	-	97,306	97,306	-	97,306
Profit for the period	-	89,095	-	89,095	39,782	128,877
Total comprehensive income for the period	-	**89,095**	**(84,639)**	**4,456**	**41,111**	**45,567**
Dividend relating to 2019	-	-	-	-	(10,891)	(10,891)
At 30 June 2020	**2,113,957**	**334,658**	**(967,466)**	**1,481,149**	**439,304**	**1,920,453**
At 31 December 2019 / January 2020	**2,113,957**	**245,563**	**(882,827)**	**1,476,693**	**409,084**	**1,885,777**
Changes in Equity for 1 January to 31 December 2020:						
Foreign currency translation differences	-	-	(28,819)	(28,819)	20,266	(8,553)
Net changes in equity investment securities, net of taxes	-	-	79	79	-	79
Net changes in debt instruments,net of taxes	-	-	74,614	74,614	-	74,614
Net gains on revaluation of property	-	-	19,603	19,603	-	19,603
Remeasurements of post-employment benefit obligations	-	-	(233)	(233)	-	(233)
Profit for the period	-	4,202	-	4,202	84,117	88,319
Total comprehensive income for the period	**-**	**4,202**	**65,244**	**69,446**	**104,383**	**173,829**
Hyper-inflation reserve	-	-	(31,897)	(31,897)	-	(31,897)
Change in minority ownership	-	-	(10,850)	(10,850)	10,850	-
Adjustment to ordinary capital	4	-	-	4	-	4
Dividend relating to 2019	-	-	-	-	-	-
Transfer to general banking reserves	-	(2,227)	2,227	-	-	-
Transfer to statutory reserve	-	(48,366)	48,366	-	-	-
At 31 December 2020 / January 2021	**2,113,961**	**199,172**	**(809,737)**	**1,503,396**	**524,317**	**2,027,713**
Changes in Equity for 1 January to 30 June 2021:						
Foreign currency translation differences	-	-	(93,453)	(93,453)	(13,639)	(107,092)
Net changes in debt instruments,net of taxes	-	-	(89,377)	(89,377)	(1,414)	(90,791)
Profit for the period	-	106,323	-	106,323	47,687	154,010
Total comprehensive loss for the period	**-**	**106,323**	**(182,830)**	**(76,507)**	**32,634**	**(43,873)**
Group reserve	-	-	(3,388)	(3,388)	-	(3,388)
Dividend relating to 2020	-	-	-	-	(24,627)	(24,627)
At 30 June 2021	**2,113,961**	**305,495**	**(995,955)**	**1,423,501**	**532,324**	**1,955,825**

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

Condensed Unaudited Consolidated Statement of Changes in Equity - GHC

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Amounts in GHC '000

	Share Capital	Retained Earnings	Other Reserves	Total equity and reserves attributable	Non-Controlling Interest	Total Equity
At 1 January 2020	**4,536,378**	**(423,537)**	**4,064,789**	**8,177,630**	**2,265,425**	**10,443,055**
Changes in Equity for 1 January to 30 June 2020:						
Foreign currency translation differences	-	-	(807,603)	(807,603)	65,536	(742,067)
Net changes in debt investment securities, net of taxes	-	-	534,678	534,678	-	534,678
Profit for the period	-	489,560	-	489,560	218,594	708,154
Total comprehensive income for the period	**-**	**489,560**	**(272,925)**	**216,635**	**284,130**	**500,765**
Change in minority ownership	-	-	-	-	-	-
Dividend relating to 2019	-	-	-	-	(59,844)	(59,844)
At 30 June 2020	**4,536,378**	**66,023**	**3,791,864**	**8,394,265**	**2,489,711**	**10,883,976**
At 31 December 2019 / January 2020	**4,536,378**	**(423,537)**	**4,064,789**	**8,177,630**	**2,265,425**	**10,443,055**
Changes in Equity for 1 January to 31 December 2020:						
Foreign currency translation differences	-	-	132,406	132,406	209,620	342,026
Net changes in equity instruments, net of taxes	-	-	442	442	-	442
Net changes in debt instruments,net of taxes	-	-	417,587	417,587	-	417,587
Net gains on revaluation of property	-	-	109,711	109,711	-	109,711
Remeasurements of post-employment benefit obligations	-	-	(1,304)	(1,304)	-	(1,304)
Profit for the period	-	23,517	-	23,517	470,771	494,288
Total comprehensive income for the period	-	**23,517**	**658,842**	**682,359**	**680,391**	**1,362,750**
Hyper-inflation reserve	-	-	(178,516)	(178,516)	-	(178,516)
Change in minority ownership	-	-	(60,723)	(60,723)	60,723	-
Adjustment to ordinary capital	22	-	-	22	-	22
Dividend relating to 2019	-	-	-	-	-	-
Change in minority interest	-	-	-	-	-	-
Transfer from general banking reserves	-	(12,464)	12,464	-	-	-
Transfer to statutory reserve	-	(270,686)	270,686	-	-	-
At 31 December 2020 / January 2021	**4,536,400**	**(683,170)**	**4,767,542**	**8,620,772**	**3,006,539**	**11,627,311**
Changes in Equity for 1 January to 30 June 2021:						
Foreign currency translation differences	-	-	(497,428)	(497,428)	(63,990)	(561,418)
Net changes in debt instruments,net of taxes	-	-	(513,355)	(513,355)	(8,122)	(521,477)
Profit for the period	-	610,689	-	610,689	273,901	884,590
Total comprehensive loss for the period	**-**	**610,689**	**(1,010,783)**	**(400,094)**	**201,789**	**(198,305)**
Group reserve	-	-	(19,460)	(19,460)	-	(19,460)
Dividend relating to 2020	-	-	-	-	(141,450)	(141,450)
At 30 June 2021	**4,536,400**	**(72,481)**	**3,737,299**	**8,201,218**	**3,066,878**	**11,268,096**

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

Condensed Unaudited Consolidated Statement of Cash Flows - USD

	6 Month period ended 30 June 2021	6 Month period ended 30 June 2020
	US$'000	**US$'000**
Cash flows from operating activities		
Profit before tax	210,073	170,297
Adjusted for:		
Foreign exchange income	(138,401)	(68,391)
Impairment losses on loans and advances	86,541	83,107
Impairment losses on other financial assets	20,725	13,766
Depreciation of property and equipment	35,738	37,141
Net interest income	(454,940)	(428,610)
Amortisation of software and other intangibles	13,105	10,560
Profit on sale of property and equipment	(771)	(2,017)
Share of post-tax results of associates	(37)	151
Income taxes paid	(74,270)	(62,545)
Changes in operating assets and liabilities		
Trading financial assets	(48,950)	(121,899)
Derivative financial instruments	17,903	(2,056)
Treasury bills and other eligible bills	(95,021)	(255,405)
Loans and advances to banks	(270,979)	(497,259)
Loans and advances to customers	344,462	622,145
Pledged assets	121,473	79,606
Other assets	(37,953)	(102,204)
Mandatory reserve deposits with central banks	(209,702)	(146,497)
Deposits from customers	846,169	461,000
Other deposits from banks	(866,774)	(706,597)
Derivative liabilities	(46,956)	1,567
Other liabilities	433,346	188,883
Provisions	15,780	5,268
Interest received	696,142	684,514
Interest paid	(241,202)	(255,904)
Net cashflow from / (used in) operating activities	**355,501**	**(291,379)**
Cash flows from investing activities		
Purchase of software	(3,215)	(20,847)
Purchase of property and equipment	(51,468)	(11,181)
Proceeds from sale of property and equipment	18,810	5,344
Purchase of investment securities	(350,061)	(214,615)
Redemption of investment securities	80,342	137,117
Net cashflow used in investing activities	**(305,592)**	**(104,182)**
Cash flows from financing activities		
Repayment of borrowed funds	(351,768)	(308,482)
Proceeds from borrowed funds	656,736	190,612
Dividends paid to non-controlling shareholders	(24,627)	(10,891)
Net cashflow from / (used in) financing activities	**280,341**	**(128,761)**
Net increase / (decrease) in cash and cash equivalents	**330,250**	**(524,322)**
Cash and cash equivalents at beginning of period	3,800,456	2,559,766
Effects of exchange differences on cash and cash equivalents	(81,776)	(94,970)
Cash and cash equivalents at end of the period	**4,048,930**	**1,940,474**

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

Ecobank
The Pan African Bank

Condensed Unaudited Consolidated Statement of Cash Flows - GHC

	6 Month Period ended 30 June 2021	6 Month Period ended 30 June 2020
	GHC'000	GHC'000
Cash flows from operating activities		
Profit before tax	1,206,600	935,749
Adjusted for:		
Foreign exchange income	(794,934)	(375,795)
Impairment losses on loans and advances	497,067	456,657
Impairment losses on other financial assets	119,038	75,642
Depreciation of property and equipment	205,269	204,083
Net interest income	(2,613,045)	(2,355,129)
Amortisation of software and other intangibles	75,271	58,025
Profit on sale of property and equipment	(4,428)	(11,083)
Share of profit of associates	(213)	830
Income taxes paid	(426,586)	(343,673)
Changes in operating assets and liabilities		
Trading financial assets	(281,155)	(669,811)
Derivative financial instruments	102,830	(11,297)
Treasury bills and other eligible bills	(545,773)	(1,403,401)
Loans and advances to banks	(1,556,426)	(2,732,342)
Loans and advances to customers	1,978,491	3,418,566
Pledged assets	697,706	437,420
Other assets	(217,991)	(561,591)
Mandatory reserve deposits with central banks	(1,204,468)	(804,973)
Deposits from customers	4,860,153	2,533,106
Other deposits from banks	(4,978,502)	(3,882,614)
Derivative liabilities	(269,702)	8,610
Other liabilities	2,489,015	1,037,876
Provisions	90,636	28,947
Interest received	3,998,441	3,761,272
Interest paid	(1,385,395)	(1,406,143)
Net cashflow from / (used in) operating activities	**2,041,899**	**(1,601,069)**
Cash flows from investing activities		
Purchase of software	(18,466)	(114,550)
Purchase of property and equipment	(295,617)	(61,437)
Proceeds from sale of property and equipment	108,039	29,364
Purchase of investment securities	(2,010,650)	(1,179,268)
Proceeds from sale and redemption of securities	461,461	753,431
Net cashflow used in investing activities	**(1,755,233)**	**(572,460)**
Cash flows from financing activities		
Repayment of borrowed funds	(2,020,457)	(1,695,049)
Proceeds from borrowed funds	3,772,105	1,047,376
Dividends paid to non-controlling shareholders	(141,450)	(59,844)
Net cashflow from / (used in) financing activities	**1,610,198**	**(707,517)**
Net increase / (decrease) in cash and cash equivalents	**1,896,864**	**(2,881,046)**
Cash and cash equivalents at beginning of period	21,792,575	14,175,472
Effects of exchange differences on cash and cash equivalents	(362,339)	(296,984)
Cash and cash equivalents at end of the period	**23,327,100**	**10,997,442**

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

Notes

1 General information

Ecobank Transnational Incorporated (ETI) and its subsidiaries (together, 'the Group') provide retail, corporate and investment banking services throughout sub Saharan Africa outside South Africa. The Group had operations in 39 countries and employed over 13,551 people as at 30 June 2021 (31 December 2020: 14,023) .

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

The consolidated financial statements for the period ended 30 June 2021 have been approved by the Board of Directors on 23 July 2021.

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 unaudited condensed consolidated interim financial statements ('Condensed Financial Statements') for the period ended 30 June 2021 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 2020 Annual Consolidated Financial Statements and the accompanying notes included of our 2020 Annual Report. The Condensed Financial Statements have been prepared on a going concern basis.
Except as indicated below, the Condensed Financial Statements have been prepared using the same accounting policies and methods used in preparation of our audited 2020 Annual Consolidated Financial Statements. Our significant accounting policies and future changes in accounting policies and disclosures that are not yet effective for us are described in our audited 2020 Annual Consolidated Financial Statements.
The condensed consolidated financial statements have been prepared under the historical cost convention, except for the following:
- fair value through other comprehensive income and fair value through profit and loss, financial assets and financial liabilities (including derivative instruments)

The condensed consolidated financial statements are presented in US Dollars, which is the group's presentation currency. The figures shown in the condensed consolidated financial statements are stated in US Dollar thousands.
The condensed consolidated financial statements comprise the condensed consolidated statement of comprehensive income (shown as two statements), the condensed statement of financial position, the condensed statement of changes in equity, the condensed statement of cash flows and the accompanying notes.
The condensed 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 condensed 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 condensed 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 condensed consolidated financial statements.

2.2 New and amended standards adopted by the group

There were no new standards and amendments, which are effective for annual periods beginning on or after 1 January 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

2 Summary of significant accounting policies (continued)

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

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

I) IFRS 17 Insurance Contracts
In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.
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) Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
• What is meant by a right to defer settlement
• That a right to defer must exist at the end of the reporting period
• That classification is unaffected by the likelihood that an entity will exercise its deferral right
• That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification
The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively.
The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

III) 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.

Significant accounting policies

2.4 Foreign currency translation

a) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').
The consolidated financial statements are presented in United States dollars, which is the Group's presentation currency.

b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the official exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.
Changes in the fair value of monetary securities denominated in foreign currency classified as FVTOCI are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.
Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as FVTOCI, are included in other comprehensive income

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

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

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

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

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

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

Notes

2.4 Foreign currency translation (continued)

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

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

IAS 29 "Financial Reporting in Hyperinflationary Economies" requires that the financial statements of entities whose functional currency is that of a hyperinflationary economy to be adjusted for the effects of changes in a suitable general price index and to be expressed in terms of the current unit of measurement at the closing date of the reporting period. Accordingly, the inflation produced from the date of acquisition or from the revaluation date, as applicable, must be computed in the non-monetary items.

The Zimbabwe economy was designated as hyperinflationary from 1 July 2019. As a result, application of IAS 29 'Financial Reporting in Hyperinflationary Economies' has been applied to Ecobank Zimbabwe. In addition, South Sudan is also an hyperinflationary economy. IAS 29 has been applied to Eobank South Sudan.

IAS 29 requires that adjustments are applicable from the start of the relevant entity's reporting period.

• The income statement is translated at the period end foreign exchange rate instead of an average rate and ;
• Adjustment of the income statement to reflect the impact of inflation and exchange rate movement on holding monetary assets and liabilities in local currency.
• This resulted in a net monetary loss of $23.1 million recorded in the income statement.

2.5 Sale and repurchase agreements

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

2.6 Determination of fair value

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

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

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

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs existing at the dates of the consolidated statement of financial position.

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

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Group holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risks, liquidity risk and counterparty credit risk. Based on the established fair value model governance policies, and related controls and procedures applied, management believes that these valuation adjustments are necessary and appropriate to fairly state the values of financial instruments carried at fair value in the consolidated statement of financial position. Price data and parameters used in the measurement procedures applied are generally reviewed carefully and adjusted, if necessary – particularly in view of the current market developments.

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

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

2.7 Fee and commission income

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

2.8 Dividend income

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

2.9 Net gains on trading financial assets

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

Notes

2 Summary of significant accounting policies (continued)

2.10 Impairment of non-financial assets

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

2.11 Share-based payments

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

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

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

2.12 Cash and cash equivalents

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

2.13 Repossessed collateral and properties

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

2.14 Leases

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

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

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

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

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the affiliate's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

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

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

Notes

2 Summary of significant accounting policies (continued)

2.15 Investment properties

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

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

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

Rental income from investment property is recognised in the income statement on a straight-line basis over the term of the lease.

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

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

2.16 Property and equipment

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

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

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

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

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

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

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

2.17 Intangible assets

a) Goodwill

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

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

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

b) Computer software licences

Acquired computer software licences are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful lives.

Costs associated with maintaining computer software programs are recognised as an expense incurred. Development costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include software development employee costs and an appropriate portion of relevant overheads.

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

Notes

2 Summary of significant accounting policies (continued)

2.18 Income tax

a) Current income tax

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

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

b) Deferred income tax

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

The principal temporary differences arise from depreciation of property, plant and equipment, revaluation of certain financial assets and liabilities, provisions for pensions and other post-retirement benefits and carry-forwards; and, in relation to acquisitions, on the difference between the fair values of the net assets acquired and their tax base, fair value changes on investment securities (available for sale financial assets under IAS 39), tax loss carried forward, revaluation on property and equipment. Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred income tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the difference will not reverse in the foreseeable future.
The tax effects of carry-forwards of unused losses or unused tax credits are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.
Deferred tax related to fair value re-measurement of investment securities (available for sale financial assets under IAS 39), which are recognised in other comprehensive income, is also recognised in the other comprehensive income and subsequently in the consolidated income statement together with the deferred gain or loss.

Notes

2 Summary of significant accounting policies (continued)

d) Profit-sharing and bonus plans

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

e) Short term benefits

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

2.21 Borrowings

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

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

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

2.22 Compound financial instruments

Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder.
The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.
Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

2.23 Fiduciary activities

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

2.24 Share capital

a) Share issue costs

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

b) Dividends on ordinary shares

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

c) Treasury shares

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

2.25 Segment reporting

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

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

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

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

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

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

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

Notes

2 Summary of significant accounting policies (continued)

2.27 Discontinued operations:

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

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

2.28 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.
Where IAS 8, Accounting policies ("IAS 8"), changes in accounting estimates and errors' applies, comparative figures have been adjusted to conform with changes in presentation in the current year.

2.29 Financial assets and liabilities

2.29.1 Financial assets - Classification and Measurement Policies

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

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

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

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

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

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

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

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

- Debt instruments are those instruments that meet the definition of a financial liability from the holder's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse. Movements in the carrying amount of these assets are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in Net Losses/Income from investment securities '. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

c) A debt instrument is measured at FVTPL

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

d) Equity Instruments

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

e) Business model assessment

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

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

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

Notes

2 Summary of significant accounting policies (continued)

2.29 Financial assets and liabilities (continued)

The Group may decide to sell financial instruments held with the objective to collect contractual cash flows without necessarily changing its business model if one or more of the following conditions are met:
(i) When the Group sells financial assets to reduce credit risk or losses because of an increase in the assets' credit risk. The Group considers sale of financial assets that may occur in assets held with the sole objective of collecting cashflows to be infrequent if the sales is one-off during the financial year and/or occurs at most once during the quarter or at most three (3) times within the financial year.

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

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

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

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

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

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

f) Assessment of whether contractual cash flows are solely payments of principal and interest

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

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

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

2.29.2 Financial liabilities

The accounting for financial liabilities remains largely unchanged, except for financial liabilities designated at fair value through profit or loss (FVTPL). Gains and losses on such financial liabilities are now required to be presented in other comprehensive income (OCI), to the extent that they relate to changes in own credit risk. The Group did not hold any such assets at year end.
Derivative liabilities are classified as at FVTPL and are measured at fair value with the gains and losses arising from changes in their fair value included in the consolidated income statement and are reported as 'Net trading income'. These financial instruments are recognised in the consolidated statement of financial position as 'Derivative financial instruments.
Financial liabilities that are not classified as at fair value through profit or loss are measured at amortised cost. Financial liabilities measured at amortised cost are deposits from banks and customers, other deposits, financial liabilities in other liabilities, borrowed funds for which the fair value option is not applied, convertible bonds and subordinated debts.

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

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

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:
• debt investment securities that are determined to have low credit risk at the reporting date; and
• other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

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

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

Expected Credit Loss Impairment Model

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

The Group adopts a three-stage approach for impairment assessment based on changes in credit quality since initial recognition:
(i) Stage 1 – Where there has not been a significant increase in credit risk (SICR) since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to remaining term to maturity is used.
(ii) Stage 2 – When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.
(iii) Stage 3 – Financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected
credit losses.

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

Notes

2 Summary of significant accounting policies (continued)

Measuring ECL – Explanation of inputs, assumptions and estimation techniques

a) Measurement

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

b) Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognized and ECL are measured as follows.
• If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
• If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

c) Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt financial assets carried at FVTOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.
Evidence that a financial asset is credit-impaired includes the following observable data:
• significant financial difficulty of the borrower or issuer;
• a breach of contract such as a default or past due event;
• the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
• it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
• the disappearance of an active market for a security because of financial difficulties;

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

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered impaired.

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

d) Presentation of allowance for ECL in the statement of financial position

Loan allowances for ECL are presented in the statement of financial position as follows:
- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- Loan commitments and financial guarantee contracts: generally, as a provision;
- Where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- Debt instruments measured at 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.

f) Definition of default

The Group considers a financial asset to be in default which is fully aligned with the credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria

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

Qualitative criteria

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

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

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

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

Notes

2 Summary of significant accounting policies (continued)

Measuring ECL – Explanation of inputs, assumptions and estimation techniques

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

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

(i) The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default (2.29.6f above) and credit-impaired financial assets" (2.29.6c above)), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. This 12M PD is used to calculate 12-month ECLs. The Lifetime PD is used to calculate lifetime ECLs for stage 2 and 3 exposures.

(ii) EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

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

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

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

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

(i) For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayment/refinance assumptions are also incorporated into the calculation.

(ii) For revolving products, the exposure at default is predicted by taking current drawn balance and adding a "credit conversion factor" which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilisation band, based on analysis of the Group's recent default data. The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.

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

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

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

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

h) Significant Increase in Credit Risk (SICR)

At each reporting date, the Group assesses whether there has been a significant increase in credit risk (SICR) for exposures since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. The assessment considers borrower-specific quantitative and qualitative information without consideration of collateral, and the impact of forward-looking macroeconomic factors. The common assessments for SICR on retail and non-retail portfolios include macroeconomic outlook, management judgement, and delinquency and monitoring. Forward looking macroeconomic factors are a key component of the macroeconomic outlook. The importance and relevance of each specific macroeconomic factor depends on factors such as the type of product, industry, borrower, geographical region etc.

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

i) Forward-looking information incorporated in the ECL models

The assessment of Expected Credit Losses incorporates the use of forward-looking information. The Group has identified the key economic variables impacting its credit risk and expected credit losses and performed historical analysis to determine the significance and impact of these economic variables on its credit risk and expected credit losses. Significant economic variables and the impact of these variables on credit losses vary by clusters and affiliates within the Group. The key drivers for credit risk for the Group are: commodity prices, oil export, foreign exchange rates and prime lending rate. The impact of these economic variables on the expected credit losses has been determined by performing principal component analysis to understand the significant variables and estimate the impact that changes in these variables have had historically on default rates and on the components on expected credit losses.
Forecasts of these economic variables (the "base economic scenario") are provided by Ecobank Group's Economics team (as well as from other credible external sources such as Business Monitor International (BMI), International Monetary Fund (IMF), World Bank, respective Central Banks etc) on a quarterly basis and provide the best estimate view of the economy over the next five years. After five years, to project the economic variables out for the full remaining lifetime of each instrument, the forecast of the forecast for the fifth year is held constant to reduce the impact of estimation uncertainty in the long run. The impact of these economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

In addition to the base economic scenario, the Group's Economics team also provide other possible scenarios along with scenario weightings. The number scenarios used is set based on the analysis of each major product type to ensure non-linearities are captured. The number of scenarios and their attributes are reassessed at each reporting date. At 1 January 2018 and 31 December 2018, the Group concluded that three scenarios appropriately captured non-linearities. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario represents. The Group measures expected credit losses as a probability weighted expected credit losses. These probability-weighted expected credit losses are determined by running each of the scenarios through the relevant expected credit loss model and multiplying it by the appropriate scenario weighting (as opposed to weighting the inputs). For the current reporting dates, the weighting attached to the Base case, Optimistic and Downturn scenarios were 55%, 25% and 20% respectively.

The assessment of SICR is performed using the changes in credit risk rating (as a proxy for lifetime PD) along with qualitative and backstop indicators. This determines whether the whole financial instrument is in Stage 1, Stage 2, or Stage 3 and hence whether 12-month or lifetime ECL should be recorded. Following this assessment, the Group measures ECL as either a probability weighted 12-month ECL (Stage 1), or a probability weighted lifetime ECL (Stages 2 and 3).
As with any economic forecasts, the projections and likelihood of occurrence are subject to high degree of inherent uncertainty and therefore the actual outcomes may significantly differ from those projected. The Group considers these forecasts to represent its best estimate of possible outcomes and has analysed the non-linearities an asymmetry within the Group's different portfolios to establish that the chosen scenarios are appropriately representative of the range of scenarios.

Notes

3 Critical accounting estimates, and judgements in applying accounting policies

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

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

a) Impairment losses on loans and advances

The Group reviews its loan portfolios to assess impairment at least monthly. Where impairment has been identified, an allowance for impairment is recorded. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination in which case loss allowance is measured at an amount equal to lifetime ECL. If the financial asset meets the definition of purchased or originated credit impaired (POCI), the allowance is based on the change in the ECLs over the life of the asset.

The Group generally considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'. Loss allowances on such low credit risk instrument are recognised at the equivalent of 12-month ECL.

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVTOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as the expected life of the instrument, determination of significant increase in credit risk, selection of appropriate macro-economic variables and other forward-looking information etc.

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

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. In assessing SICR, the Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgment has been applied in this process.

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

The scenario weightings applied in the incorporation of the forward-looking information into the calculation of ECL are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of. The forward-looking information used in ECL are based on forecasts. As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Group's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

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

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

b) Fair value of financial instruments

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

c) Goodwill impairment

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

d) Taxes

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

e) Business model assessment

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

Notes

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

f) Hyper-inflationary accounting

Beginning July 1, 2019, the Group has designated Zimbabwe as a hyper-inflationary economies 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 the economies are 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.

(All amounts in thousands of US dollar unless otherwise stated)

5 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.

5.1 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.

5.2 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 30 June 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	2,961,307	-	-	-	1,273,345	4,234,652
Trading financial assets	49,581	58,870	60,682	39,464	35,968	244,565
Derivative financial instruments	33,355	18,527	78,732	-	-	130,614
Loans and advances to banks	1,516,126	601,952	490,922	-	-	2,609,000
Loans and advances to customers	1,285,461	1,208,272	2,079,030	3,840,639	1,453,489	9,866,891
Treasury bills and other eligible bills	414,213	439,928	759,064	207,216	-	1,820,421
Investment securities	474,176	283,892	1,365,547	2,141,241	2,217,283	6,482,139
Pledged assets	-	-	307,549	-	-	307,549
Other assets	268,147	68,130	320,983	263,329	48,561	969,150
Total assets (expected maturity dates)	**7,002,365**	**2,679,571**	**5,462,510**	**6,491,889**	**5,028,646**	**26,664,980**
Liabilities						
Deposits from banks	1,007,075	38,085	473,851	275,066	-	1,794,077
Deposit from customers	15,473,732	997,383	1,762,481	841,401	168,723	19,243,720
Other borrowed funds	38,223	144,194	335,115	1,567,777	310,597	2,395,906
Other liabilities	59,216	86,755	819,693	181,031	38,321	1,185,016
Derivative financial instruments	-	33,486	-	-	-	33,486
Total liabilities (contractual maturity dates)	**16,578,245**	**1,299,902**	**3,391,140**	**2,865,276**	**517,641**	**24,652,204**
Gap analysis	**(9,575,880)**	**1,379,669**	**2,071,369**	**3,626,614**	**4,511,005**	**2,012,776**

As at 31 December 2020	Up to 1 month	1 -3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Assets						
Cash and balances with central banks	2,732,831	-	-	-	1,177,359	3,910,190
Financial Asset held for trading	12,940	36,350	37,088	26,196	93,562	206,136
Derivative financial instruments	27,799	-	63,478	-	-	91,277
Loans and advances to banks	2,734,366	485,218	336,578	-	-	3,556,162
Loans and advances to customers	1,249,742	1,178,480	2,045,565	3,307,366	1,596,048	9,377,201
Treasury bills and other eligible bills	651,724	237,142	770,479	160,323	-	1,819,668
Investment securities	346,970	346,887	1,307,147	2,613,078	2,033,527	6,647,609
Pledged assets	-	-	423,600	-	-	423,600
Other assets	221,270	151,318	250,622	111,852	186,505	921,567
Total assets (expected maturity dates)	**7,977,642**	**2,435,395**	**5,234,557**	**6,218,815**	**5,087,001**	**26,953,410**
Liabilities						
Deposits from banks	2,875,823	43,844	637,485	220,514	-	3,777,666
Deposit from customers	15,047,313	801,335	1,621,283	749,645	194,383	18,413,959
Borrowed funds	27,062	180,694	103,608	1,719,708	419,655	2,450,727
Derivative financial instruments	11,069	-	67,839	-	-	78,908
Other liabilities	179,698	106,670	130,997	311,915	25,664	754,944
Total liabilities(contractual maturity dates)	**18,140,965**	**1,132,543**	**2,561,212**	**3,001,782**	**639,702**	**25,476,204**
Gap analysis	**(10,163,323)**	**1,302,852**	**2,673,345**	**3,217,033**	**4,447,299**	**1,477,206**

(All amounts in thousands of US dollar unless otherwise stated)

6 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	
	30 Jun. 2021	**31 Dec. 2020**	**30 Jun. 2021**	**31 Dec. 2020**
Financial assets:				
Cash and balances with central banks	4,234,660	3,752,596	4,234,660	3,752,596
Loans and advances to banks	2,544,686	2,011,343	2,653,149	3,556,162
Loans and advances to customers	8,850,219	9,239,948	8,955,844	9,377,201
Other assets (excluding prepayments)	969,150	921,567	969,150	921,567
Financial liabilities:				
Deposits from banks	1,749,503	2,386,747	1,830,666	2,467,491
Deposit from customers	19,143,121	18,296,952	19,256,279	18,413,959
Other liabilities (excluding deferred income)	1,185,016	754,944	1,185,016	754,944
Borrowed funds	2,286,947	1,923,182	2,403,495	2,450,727

(i) Cash

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

(ii) Loans and advances to banks

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

(iii) Loans and advances to customers

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

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

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

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

(v) Other assets

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

(vi) Other liabilities

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

(b) Fair value hierarchy

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

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

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

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

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

	30 June 2021			31 December 2020		
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Treasury and other eligible bills	481,315	1,287,830	-	449,241	1,281,604	-
Trading financial assets	36,080	169,360	-	-	156,490	-
Derivative financial instruments	-	97,259	-	-	115,162	-
Pledged assets	-	302,126	-	-	423,599	-
Investment securities	872,206	5,491,772	85	860,572	5,213,587	85
Total financial assets	**1,389,601**	**7,348,348**	**85**	**1,309,813**	**7,190,442**	**85**
Derivative financial instruments	-	31,952	-	-	78,908	-
Total financial liabilities	**-**	**31,952**	**-**	**-**	**78,908**	**-**

(All amounts in thousands of US dollar unless otherwise stated)

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:

6 Fair value of financial assets and liabilities (continued)

	30 Jun. 2021 Level 3	31 Dec 2020 Level 3
Opening balance	85	90
Disposal		(5)
Transfer from level 3 to level 2	-	-
Gains & losses recognised in other comprehensive income	85	85
Closing balance	-	-
Total gains or losses for the period included in profit orloss for assets held at the end of the reporting period		

The table below sets out information about significant unobservable value inputs used at year end in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Type of financial instrument	Fair value as at 30 June 2021	Valuation technique	Significant unobservable input	Change in unobservable input by 10 basis point	Change in unobservable input by 50 basis point
OCEANIC HEALTH MANAGEMENT	85	Discounted cash flow	Weighted average cost of capital	-	-

(c) Financial instrument classification

30 June 2021	**Amortised cost**	**FVTPL**	**FVTOCI - Debt Instruments**	**Equity Instruments at FVTPL**	**FVTOCI - Equity instruments**	**Liabilities at fair value through profit or loss**	**Liabilities at amortized cost**	**Total**
Assets								
Cash and balances with central banks	4,234,660	-	-	-	-	-	-	4,234,660
Trading financial assets	-	205,440	-	-	-	-	-	205,440
Derivative financial instruments	-	97,259	-	-	-	-	-	97,259
Loans and advances to banks	2,544,686	-	-	-	-	-	-	2,544,686
Loans and advances to customers	8,850,219	-	-	-	-	-	-	8,850,219
Treasury bills and other eligible bills	-	-	1,769,145	-	-	-	-	1,769,145
Investment securities - Equity instruments	-	-	-	201,745	85	-	-	201,830
Investment securities - Debt instruments	-	-	6,162,233	-	-	-	-	6,162,233
Pledged assets	302,126	-	-	-	-	-	-	302,126
Other assets, excluding prepayments	969,150	-	-	-	-	-	-	969,150
Total	**16,900,841**	**302,699**	**7,931,378**	**201,745**	**85**	**-**	**-**	**25,336,748**
Liabilities								
Deposits from banks	-	-	-	-	-	-	1,749,503	1,749,503
Deposit from customers	-	-	-	-	-	-	19,143,121	19,143,121
Derivative financial instruments	-	-	-	-	-	31,952	-	31,952
Borrowed funds	-	-	-	-	-	-	2,286,947	2,286,947
Other liabilities, excluding non-financial liabilities	-	-	-	-	-	-	1,185,016	1,185,016
Total	**-**	**-**	**-**	**-**	**-**	**31,952**	**24,364,587**	**24,396,539**

31 December 2020	**Amortised cost**	**FVTPL**	**FVTOCI - Debt Instruments**	**Equity Instruments at FVTPL**	**FVTOCI - Equity instruments**	**Liabilities at fair value through profit or loss**	**Liabilities at amortized cost**	**Total**
Assets								
Cash and balances with central banks	3,752,596	-	-	-	-	-	-	3,752,596
Trading financial assets	-	156,490	-	-	-	-	-	156,490
Derivative financial instruments	-	115,162	-	-	-	-	-	115,162
Loans and advances to banks	2,011,343	-	-	-	-	-	-	2,011,343
Loans and advances to customers	9,239,948	-	-	-	-	-	-	9,239,948
Treasury bills and other eligible bills	-	-	1,730,845	-	-	-	-	1,730,845
Investment securities - Equity instruments	-	-	-	161,546	85	-	-	161,631
Investment securities - Debt instruments	-	-	5,912,613	-	-	-	-	5,912,613
Pledged assets	423,599	-	-	-	-	-	-	423,599
Other assets, excluding prepayments	921,567	-	-	-	-	-	-	921,567
Total	**16,349,053**	**271,652**	**7,643,458**	**161,546**	**85**	**-**	**-**	**24,425,794**
Liabilities								
Deposits from banks	-	-	-	-	-	-	2,386,747	2,386,747
Deposit from customers	-	-	-	-	-	-	18,296,952	18,296,952
Derivative financial instruments	-	-	-	-	-	78,908	-	78,908
Borrowed funds	-	-	-	-	-	-	1,923,182	1,923,182
Other liabilities, excluding non-financial liabilities	-	-	-	-	-	-	754,944	754,944
Total	**-**	**-**	**-**	**-**	**-**	**78,908**	**23,361,825**	**23,440,733**

(All amounts in thousands of US dollar unless otherwise stated)

7 Financial Risk Management

The Group's capital management objectives 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 Basel II/III capital requirements set by the BCEAO for banks headquartered in the UEMOA zone. On a standalone basis, banking subsidiaries are required to maintain minimum capital levels and minimum capital adequacy ratios which are determined by their national or regional regulators.

The Group's capital is divided into two tiers:
- Tier 1 capital: share capital (net of treasury shares), retained earnings, reserves created by appropriations of retained earnings, and non-controlling interests allowed as Tier 1 capital by the regulator. Certain intangibles and goodwill are deducted in calculating Tier 1 capital; and
- Tier 2 capital: subordinated debt and other loss-absorbing instruments, certain revaluation reserves, and noncontrolling interests allowed as Tier 2 capital by the regulator.

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

The table below summarises the composition of regulatory capital and the ratios of the Group. In 2020, the Group's regulator delayed the region's Basel II/III transition schedule by one year; therefore, 2020 prudential requirements remain as they were in 2019. The Group remained compliant with the UEMOA minimum regulatory capital adequacy ratio requirements (7.25% Tier 1 CAR and 9.50% Total CAR in 2020) plus an additional bank-specific buffer requirement of 0.4% for systemically important financial institutions.

	31 Dec 2020	30 Jun 2020
Tier 1 capital		
Share capital	2,113,961	2,113,957
Retained earnings	199,172	334,658
IFRS 9 Day One transition adjustment	99,767	99,767
Statutory reserves	632,762	584,396
Other reserves	(1,688,385)	(1,800,758)
Non-controlling interests	257,884	253,866
Less: goodwill	(18,844)	(181,441)
Less: intangibles	(133,026)	(116,900)
Less: other deductions	-	-
Total qualifying Tier 1 capital	**1,463,291**	**1,287,544**
Tier 2 capital		
Subordinated debt and other instruments	285,405	260,330
Revaluation reserves	102,955	117,662
Minority interests included in Tier 2 capital	65,725	62,274
Total qualifying Tier 2 capital	**454,085**	**440,266**
Total regulatory capital	**1,917,376**	**1,727,810**
Risk-weighted assets:		
Credit risk weighted assets	12,334,703	11,591,226
Market risk weighted assets	103,260	173,183
Operational risk weighted assets	3,189,821	3,294,858
Total risk-weighted assets	**15,627,784**	**15,059,267**
Tier 1 Capital Adequacy Ratio	**9.4%**	**8.5%**
Total Capital Adequacy Ratio	**12.3%**	**11.5%**

(All amounts in thousands of US dollar unless otherwise stated)

		6 Month period ended 30 June 2021		6 Month period ended 30 June 2020	
		US$'000	GHC'000	US$'000	GHC'000
8	**Net interest income**				
	Interest income				
	Loans and advances to banks	29,973	172,156	36,211	198,972
	Loans and advances to customers	357,204	2,051,679	370,469	2,035,656
	Treasury bills and other eligible bills	91,527	525,705	112,599	618,710
	Investment securities	216,718	1,244,766	164,871	905,934
	Financial assets held for trading measured at FVTPL	15	86	16	88
	Others	705	4,049	348	1,912
		696,142	**3,998,441**	**684,514**	**3,761,272**
	Interest expense				
	Deposits from banks	25,790	148,130	33,034	181,515
	Leases	1,575	9,046	1,663	9,138
	Due to customers	142,084	816,090	149,542	821,705
	Other borrowed funds	71,753	412,129	71,665	393,785
		241,202	**1,385,395**	**255,904**	**1,406,143**
9	**Net fee and commission income**				
	Fee and commission income:				
	Credit related fees and commissions	64,788	372,124	66,089	363,146
	Portfolio and other management fees	3,192	18,334	3,104	17,056
	Corporate finance fees	4,250	24,411	7,746	42,563
	Cash management and related fees	100,695	578,362	84,766	465,773
	Card management fees	35,872	206,039	32,058	176,153
	Brokerage fees and commissions	3,072	17,645	1,548	8,506
	Other fees	16,712	95,989	6,662	36,606
		228,581	**1,312,904**	**201,973**	**1,109,803**
	Fee and commission expense				
	Brokerage fees paid	863	4,957	811	4,456
	Other fees paid	22,276	127,947	12,211	67,097
		23,139	**132,904**	**13,022**	**71,553**
10	**Net trading income**				
	Foreign exchange	103,843	596,444	95,431	524,375
	Trading income on securities	28,851	165,712	40,668	223,463
		132,694	**762,156**	**136,099**	**747,838**
11	**Other operating income**				
	Lease income	201	1,154	106	582
	Dividend income	3,582	20,574	773	4,248
	Other	27,646	158,791	16,346	89,818
		31,429	**180,519**	**17,225**	**94,648**
12	**Impairment losses on loans and advances and other financial assets**				
	Impairment losses on loans and advances	141,591	813,258	132,376	727,381
	Recoveries	(55,050)	(316,191)	(49,269)	(270,724)
	Impairment charge on other financial assets	20,725	119,038	13,766	75,642
		107,266	**616,105**	**96,873**	**532,299**
13	**Operating expenses**				
	Staff expenses	210,567	1,209,437	227,332	1,249,145
	Depreciation and amortisation	48,843	280,540	47,701	262,108
	Other operating expenses	224,677	1,290,480	219,041	1,203,588
		484,087	**2,780,457**	**494,074**	**2,714,841**
14	**Taxation**				
	Corporate Income Tax	72,831	418,320	55,889	307,099
	Deferred income tax	(15,213)	(87,379)	(13,194)	(72,498)
		57,618	**330,941**	**42,695**	**234,601**

15 Earnings per share

Basic	30 June 2021	30 June 2020
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.		
Profit attributable to equity holders of the Company from continuing operations	105,483	88,406
Profit attributable to equity holders of the Company from discontinued operations	840	689
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	0.429	0.359
Basic earnings per share (expressed in US cents per share) from discontinued operations	0.003	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 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.

	30 June 2021	30 June 2020
Profit attributable to equity holders of the company from continuing operations	105,483	88,406
Interest expense on dilutive convertible loans	-	-
	105,483	88,406
Profit attributable to equity holders of the company from discontinued operations	840	689
Interest expense on dilutive convertible loans	-	-
Adjusted profit	840	689
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	**0.429**	**0.359**
Dilutive earnings per share (expressed in US cents per share) from discontinued operations	**0.003**	**0.003**

(All amounts in thousands of US dollar unless otherwise stated)

		As at 30 June 2021		As at 31 December 2020	
		US$'000	GHC'000	US$'000	GHC'000
16	**Cash and balances with central banks**				
	Cash in hand	703,367	4,052,308	716,391	4,107,929
	Balances with central banks other than mandatory reserve deposits	2,144,232	12,353,564	1,858,846	10,658,995
	Included in cash and cash equivalents	**2,847,599**	**16,405,872**	**2,575,237**	**14,766,924**
	Mandatory reserve deposits with central banks	1,387,061	7,991,275	1,177,359	6,751,212
		4,234,660	**24,397,147**	**3,752,596**	**21,518,136**
17	**Trading financial assets**				
	Debt securities measured at FVTPL				
	- Government bonds	205,440	1,183,601	156,490	897,345
		205,440	**1,183,601**	**156,490**	**897,345**
18	**Loans and advances to banks**				
	Items in course of collection from other banks	61,876	356,486	56,031	321,293
	Deposits with other banks	1,542,136	8,884,708	1,279,772	7,338,469
	Placements with other banks	940,674	5,419,505	675,540	3,873,681
		2,544,686	**14,660,699**	**2,011,343**	**11,533,443**
19	**Loans and advances to customers**				
	Analysis by type:				
	Overdrafts	985,025	5,675,025	1,168,566	6,700,792
	Credit cards	2,762	15,913	3,961	22,713
	Term loans	8,332,467	48,005,842	8,486,112	48,661,063
	Mortgage loans	133,347	768,252	139,424	799,485
	Gross loans and advances	**9,453,601**	**54,465,032**	**9,798,063**	**56,184,053**
	Less: allowance for impairment	(603,382)	(3,476,265)	(558,115)	(3,200,343)
		8,850,219	**50,988,767**	**9,239,948**	**52,983,710**
	Analysis by stage:				
	Gross Loans				
	Stage 1	7,613,792	43,865,340	7,808,277	44,774,223
	Stage 2	1,143,919	6,590,461	1,240,732	7,114,605
	Stage 3 (impaired)	695,890	4,009,231	749,054	4,295,225
	Total	**9,453,601**	**54,465,032**	**9,798,063**	**56,184,053**
20	**Treasury bills and other eligible bills**				
	Maturing within three months	580,643	3,345,259	637,364	3,654,773
	Maturing after three months	1,188,502	6,847,316	1,093,481	6,270,238
		1,769,145	**10,192,575**	**1,730,845**	**9,925,011**
21	**Investment securities**				
	Debt securities				
	- At FVTOCI listed	2,700,652	15,559,266	2,654,410	15,220,918
	- At FVTOCI unlisted	3,462,947	19,951,077	3,259,519	18,690,734
	Total	**6,163,599**	**35,510,343**	**5,913,929**	**33,911,652**
	Equity securities				
	- At FVTOCI unlisted	85	490	85	487
	- At FVTPL listed	1,982	11,419	1,797	10,304
	- At FVTPL unlisted	199,678	1,150,405	159,749	916,033
		201,745	**1,162,314**	**161,631**	**926,824**
	Total investment securities	**6,365,344**	**36,672,657**	**6,075,560**	**34,838,476**
	Allowance for impairment	(1,281)	(7,381)	(1,316)	(7,546)
		6,364,063	**36,665,276**	**6,074,244**	**34,830,930**

(All amounts in thousands of US dollar unless otherwise stated)

		As at 30 June 2021		As at 31 December 2020	
		US$'000	GHC'000	US$'000	GHC'000
22	**Other assets**				
	Fees receivable	9,526	54,882	10,642	61,023
	Accounts receivable	771,609	4,445,471	733,769	4,207,578
	Repossessed assets from customers	137,466	791,983	198,647	1,139,082
	Prepayments	197,003	1,134,993	206,633	1,184,875
	Sundry receivables	169,872	978,684	150,342	862,091
		1,285,476	**7,406,013**	**1,300,033**	**7,454,649**
	Impairment provision on receivables	(119,323)	(687,456)	(171,833)	(985,325)
		1,166,153	**6,718,557**	**1,128,200**	**6,469,324**
23	**Right-of-use assets**				
	Included in the amount for property and equipment in the statement of financial position are right-of-use assets show below:				
	Land and buildings	64,808	373,378	66,861	383,394
	Motor Vehicles	744	4,286	821	4,708
	Furniture and equipment	2,170	12,502	1,914	10,975
	Other equipment	933	5,375	964	5,528
		68,655	**395,541**	**70,560**	**404,605**
24	**Deposits from banks**				
	Operating accounts with banks	921,447	5,308,733	691,917	3,967,590
	Other deposits from banks	828,056	4,770,679	1,694,830	9,718,495
		1,749,503	**10,079,412**	**2,386,747**	**13,686,085**
25	**Deposit from customers**				
	Current accounts	12,214,896	70,373,680	11,549,431	66,226,747
	Term deposits	3,409,184	19,641,332	3,210,879	18,411,822
	Savings deposits	3,519,041	20,274,251	3,536,642	20,279,813
		19,143,121	**110,289,263**	**18,296,952**	**104,918,382**
26	**Other liabilities**				
	Accrued income	71,442	411,599	68,168	390,889
	Unclaimed dividend	4,476	25,788	4,503	25,821
	Accruals	379,704	2,187,589	226,042	1,296,170
	Obligations under customers' letters of credit	44,304	255,249	60,465	346,718
	Bankers draft	37,344	215,150	29,151	167,158
	Accounts payable	310,371	1,788,140	61,339	351,730
	Other liabilities	408,817	2,355,315	373,444	2,141,403
		1,256,458	**7,238,830**	**823,112**	**4,719,889**
27	**Lease liabilities**				
	Short term	2,284	13,159	22,571	129,427
	Long term	61,200	352,592	64,719	371,112
		63,484	**365,751**	**87,290**	**500,539**

(All amounts in thousands of US dollar unless otherwise stated)

Note 28: GEOGRAPHICAL REGION FINANCIAL PERFORMANCE - USD

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

In 000 of $

	NIGERIA	UEMOA	AWA	CESA	OTHERS AND CONSO ADJUSTMENT(1)	Ecobank Group
Income Statement Highlights for the period ended 30 June 2021						
Net interest income	45,908	164,268	166,626	127,278	(49,140)	454,940
Net fees and commission income	19,238	61,289	51,595	72,531	789	205,442
Other income	41,867	41,335	29,674	34,089	17,158	164,123
Operating income	**107,013**	**266,892**	**247,895**	**233,898**	**(31,193)**	**824,505**
Impairment charges on financial assets	9,276	33,072	22,075	9,409	33,434	107,266
Total operating expenses	87,487	147,102	104,843	123,197	21,458	484,087
Operating profit after impairment losses	**10,250**	**86,718**	**120,977**	**101,292**	**(86,085)**	**233,152**
Net monetary loss arising from hyperinflationary economies	-	-	-	(23,116)	-	(23,116)
Share of post-tax results of associates	-	-	-	37	-	37
Profit before tax	**10,250**	**86,718**	**120,977**	**78,213**	**(86,085)**	**210,073**
Balance Sheet Highlights as at 30 June 2021						
Total assets	5,829,477	9,669,564	4,492,912	6,204,310	642,379	**26,838,642**
Total Liabilities	5,423,182	8,878,808	3,868,046	5,586,414	1,126,367	**24,882,817**

In 000 of $

	NIGERIA	UEMOA	AWA	CESA	OTHERS AND CONSO ADJUSTMENT(1)	Ecobank Group
Income Statement Highlights for the period ended 30 June 2020						
Net interest income	85,359	144,582	150,695	99,045	(51,071)	428,610
Net fees and commission income	17,711	61,138	42,610	62,814	4,678	188,951
Other income	33,285	31,117	37,805	37,382	13,735	153,324
Operating income	**136,355**	**236,837**	**231,110**	**199,241**	**(32,658)**	**770,885**
Impairment charges on financial assets	2,360	18,468	28,151	4,393	43,501	96,873
Total operating expenses	109,727	143,338	106,286	116,717	18,006	494,074
Operating profit after impairment losses	**24,268**	**75,031**	**96,673**	**78,131**	**(94,165)**	**179,938**
Net monetary loss arising from hyperinflationary economies	-	-	-	(9,490)	-	(9,490)
Share of post-tax results of associates	-	-	-	(151)	-	(151)
Profit before tax	**24,268**	**75,031**	**96,673**	**68,490**	**(94,165)**	**170,297**
Balance Sheet Highlights as at 31 December 2020						
Total assets	5,629,754	9,969,419	4,303,693	5,961,280	75,327	**25,939,473**
Total Liabilities	5,124,621	9,147,215	3,718,862	5,366,479	554,583	**23,911,760**

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

(All amounts in thousands of US dollar unless otherwise stated)

Note 29: 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 30 June 2021						
Net interest income	257,602	101,066	115,326	(19,432)	378	454,940
Net fees and commission income	77,008	57,006	71,893	15,498	(15,963)	205,442
Other income	97,195	39,480	13,496	152,276	(138,324)	164,123
Operating income	**431,805**	**197,552**	**200,715**	**148,342**	**(153,909)**	**824,505**
Impairment charges on financial assets	58,182	18,468	11,851	18,765	-	107,266
Total operating expenses	192,817	131,619	148,806	74,623	(63,778)	484,087
Operating profit after impairment losses	**180,806**	**47,465**	**40,058**	**54,954**	**(90,131)**	**233,152**
Net monetary loss arising from hyperinflationary economies	(6,114)	(12,172)	(4,045)	(785)	-	(23,116)
Share of post-tax results of associates	37	-	-	-	-	37
Profit before tax	**174,729**	**35,293**	**36,013**	**54,169**	**(90,131)**	**210,073**
Balance Sheet Highlights as at 30 June 2021						
Total assets	16,381,444	1,867,178	1,095,940	3,994,114	3,499,966	**26,838,642**
Total Liabilities	13,367,582	4,723,114	6,356,057	1,898,498	(1,462,434)	**24,882,817**

In 000 of $	CIB	Commercial	Consumer	Others	Consolidation Adjustments	Ecobank Group
Income Statement Highlights for the period ended 30 June 2020						
Net interest income	246,721	89,378	112,482	(20,363)	392	428,610
Net fees and commission income	73,891	47,478	65,972	17,208	(15,598)	188,951
Other income	108,196	37,148	11,698	122,883	(126,601)	153,324
Operating income	**428,808**	**174,004**	**190,152**	**119,728**	**(141,807)**	**770,885**
Impairment charges on financial assets	55,418	17,423	10,491	13,541	-	96,873
Total operating expenses	200,632	129,185	156,287	71,527	(63,557)	494,074
Operating profit after impairment losses	**172,758**	**27,396**	**23,374**	**34,660**	**(78,250)**	**179,938**
Net monetary loss arising from hyperinflationary economies	(6,071)	(1,012)	(1,840)	(567)	-	(9,490)
Share of post-tax results of associates	(151)	-	-	-	-	(151)
Profit before tax	**166,536**	**26,384**	**21,534**	**34,093**	**(78,250)**	**170,297**
Balance Sheet Highlights as at 31 December 2020						
Total assets	14,585,152	1,587,584	1,075,198	3,893,508	4,798,031	**25,939,473**
Total Liabilities	12,251,226	4,459,282	6,416,268	1,802,357	(1,017,373)	**23,911,760**

(All amounts in thousands of US dollar unless otherwise stated)

Note 30: GEOGRAPHICAL REGION FINANCIAL PERFORMANCE - GHC

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 GHC

	NIGERIA	UEMOA	AWA	CESA	OTHERS AND CONSO ADJUSTMENT(1)	Ecobank Group
Income Statement Highlights for the period ended 30 June 2021						
Net interest income	264	944	957	731	(283)	2,613
Net fees and commission income	110	352	296	417	5	1,180
Other income	240	237	170	196	100	943
Operating income	**614**	**1,533**	**1,423**	**1,344**	**(178)**	**4,736**
Impairment charges on financial assets	53	190	127	54	192	616
Total operating expenses	503	845	602	708	122	2,780
Operating profit after impairment losses	**58**	**498**	**694**	**582**	**(492)**	**1,340**
Net monetary loss arising from hyperinflationary economies	-	-	-	(133)	-	(133)
Share of post-tax results of associates	-	-	-	-	-	-
Profit before tax	**58**	**498**	**694**	**449**	**(492)**	**1,207**
Balance Sheet Highlights as at 30 June 2021						
Total assets	33,585	55,709	25,885	35,745	3,701	154,625
Total Liabilities	31,245	51,153	22,285	32,185	6,489	143,357

In 000,000 of GHC

	NIGERIA	UEMOA	AWA	CESA	OTHERS AND CONSO ADJUSTMENT(1)	Ecobank Group
Income Statement Highlights for the period ended 30 June 2020						
Net interest income	469	794	828	544	(280)	2,355
Net fees and commission income	97	336	234	345	26	1,038
Other income	183	171	208	205	75	842
Operating income	**749**	**1,301**	**1,270**	**1,094**	**(179)**	**4,235**
Impairment charges on financial assets	13	101	155	24	239	532
Total operating expenses	603	788	584	641	98	2,714
Operating profit after impairment losses	**133**	**412**	**531**	**429**	**(516)**	**989**
Net monetary loss arising from hyperinflationary economies	-	-	-	(52)	-	(52)
Share of post-tax results of associates	-	-	-	(1)	-	(1)
Profit before tax	**133**	**412**	**531**	**376**	**(516)**	**936**
Balance Sheet Highlights as at 31 December 2020						
Total assets	32,282	57,167	24,678	34,183	432	148,742
Total Liabilities	29,386	52,452	21,325	30,772	3,180	137,115

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

(All amounts in thousands of US dollar unless otherwise stated)

Note 31: BUSINESS FINANCIAL PERFORMANCE - GHC

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 GHC

	CIB	Commercial	Consumer	Others	Consolidation Adjustments	Ecobank Group
Income Statement Highlights for the period ended 30 June 2021						
Net interest income	1,480	580	662	(112)	3	2,613
Net fees and commission income	442	327	413	89	(91)	1,180
Other income	558	227	78	875	(795)	943
Operating income	**2,480**	**1,134**	**1,153**	**852**	**(883)**	**4,736**
Impairment charges on financial assets	334	106	68	108	-	616
Total operating expenses	1,107	756	855	429	(367)	2,780
Operating profit after impairment losses	**1,039**	**272**	**230**	**315**	**(516)**	**1,340**
Net monetary loss arising from hyperinflationary economies	(35)	(70)	(23)	(5)	-	(133)
Share of post-tax results of associates	-	-	-	-	-	-
Profit before tax	**1,004**	**202**	**207**	**310**	**(516)**	**1,207**
Balance Sheet Highlights as at 30 June 2021						
Total assets	94,378	10,757	6,314	23,011	20,165	154,625
Total Liabilities	77,015	27,211	36,619	10,938	(8,426)	143,357

In 000,000 of GHC

	CIB	Commercial	Consumer	Others	Consolidation Adjustments	Ecobank Group
Income Statement Highlights for the period ended 30 June 2020						
Net interest income	1,356	491	618	(112)	2	2,355
Net fees and commission income	406	261	363	95	(87)	1,038
Other income	595	204	64	675	(696)	842
Operating income	**2,357**	**956**	**1,045**	**658**	**(781)**	**4,235**
Impairment charges on financial assets	305	96	58	74	(1)	532
Total operating expenses	1,102	710	859	393	(350)	2,714
Operating profit after impairment losses	**950**	**150**	**128**	**191**	**(430)**	**989**
Net monetary loss arising from hyperinflationary economies	(33)	(6)	(10)	(3)	-	(52)
Share of post-tax results of associates	(1)	-	-	-	-	(1)
Profit before tax	**916**	**144**	**118**	**188**	**(430)**	**936**
Balance Sheet Highlights as at 31 December 2020						
Total assets	83,634	9,104	6,165	22,353	27,486	148,742
Total Liabilities	70,251	25,570	36,792	10,402	(5,900)	137,115

(All amounts in thousands of US dollar unless otherwise stated)

32 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

At 30 June 2021 the Group had contractual amounts of the off-statement of financial position financial instruments that commit it to extend credit to customers guarantees and other facilities are as follows:

	30 June 2021	31 Dec 2020
Guaranteed commercial papers and bank acceptances	27,488	55,025
Documentary and commercial letters of credit	1,505,832	1,256,562
Performance bond, guarantees and indemnities	1,656,864	1,591,212
Loan commitments	908,555	1,096,718
	4,098,740	**3,999,517**

c) Tax exposures

The income tax expense recognised in the financial statements for an interim period complying with IAS 34 is based on the weighted average annual income tax rate for the full year. 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 30 June 2021 is $131 million (December 2020: $150 million). Based on Group's assessment, the probable liability is not likely to exceed $9 million (December 2020: $ 9 million) which provisions have been made in the books.

33 Impact assessment of the COVID-19

The COVID-19 outbreak developed rapidly in 2020, with a significant number of infections worldwide. Consequently, in most countries, a lot of measures were taken to contain the virus: limiting the movement of people, restricting flights and closing borders, temporarily closing businesses and schools, and cancelling events. This pandemic had an impact on businesses such as tourism, transport, retail, and entertainment. In response, the central banks of countries where ETI operates, along with respective governments, intervened with monetary and fiscal measures aimed at mitigating market concerns and providing liquidity to the market.
The news of vaccine rollout in the first quarter raised the prospect of a significant easing in the global health crisis and faster economic recovery than earlier anticipated. In Sub-Saharan Africa, several countries have commenced the COVID-19 vaccination campaigns with the help of the COVAX doses and restrictions being eased in most countries.
At Ecobank, the management team has taken appropriate steps to assess the impact on the Group's financial statement based on the information available as of date.

Governance around the pandemic

On the outset of the pandemic in the continent in February 2020, the Group set up a Steering Committee, chaired by Group Risk Management, to monitor and mitigate any risk arising from the worldwide pandemic under two Task Forces:

- A COVID-19 Task Force focusing on Staff and Customer Safety and ensuring compliance to directives and measures taken by the various local government and authorities. This Task Force is monitoring governance around COVID-19 in affiliates, compliance to Group directives related to customers, staff safety and Business Continuity. In all affiliates, there is either a COVID-19 task Force or a Committee overseeing the management of the COVID-19 issues and chaired by an Executive. In most affiliates, the Task Force is composed of the Crisis Management Team (CMT) members
- A COVID-19 Task Force focusing on the Portfolio Impact of ongoing economic events, from a risk and client activity crisis management perspective. The Task Force conducts activities such as portfolio stress tests and provides guidance on portfolio and other actions to all Business and Risk officers in the bank

Impact on Capital and Liquidity

The Company's liquidity remain resilient despite unprecedented challenges from the Covid-19 pandemic. As the world manages the fallout from a second wave of infections, the Company continues to monitor the situation proactively and provides guidance and support to its subsidiaries as needed.
During 2020, various regulators that monitor the Group's banking subsidiaries responded to the risks associated with the pandemic by implementing a variety of actions to safeguard both capital and liquidity. These have included delays or reductions in prudential requirements, implementation of frameworks for restructuring credit facilities and providing payment moratoriums to customers, provision of liquidity support to banks, and reductions in cash reserve ratios. As at 31 December 2020, the Tier 1 and Total capital adequacy ratios were 9.4% and 12.3%, respectively, both above regulatory minimum. Additionally, ETI raised Tier 2 Eurobond of $350 million to further improve its capital ratios.

Impairment charges and credit risk

Considering the disruption to economic and market activities and the resultant heightened probabilities of default occasioned by the pandemic, the Group has put in place measures to recognize the impact which the pandemic has on the impairment numbers as a result of worsening macro-economic variables which have been incorporated into the forward-looking information (FLIs) within the ECL model used in determining impairment charges.
We conducted stress tests to determine the sectors, countries, and products most vulnerable to the Covid-19 pandemic and its fall out. We identified specific vulnerable obligors across the businesses. As a result, we froze further lending in some sectors and Financial Institutions. To ensure a consistent and systematic engagement across the Group, we issued policy guidance. Group Risk Management provided guidance to help manage the loan portfolio during the COVID-19 crisis. The guidance lists the sectors that were deemed to be vulnerable to the economic impact due to the COVID pandemic.

Conclusion

We will continue to monitor the development of the situation locally and globally and follow recommended measures and guidelines issued by all countries we operate in and their counterparts in other jurisdiction where we are operating, World Health Organization (WHO) and other health authorities. The vaccine rollout across our markets has led to an increased market confidence and recovery. Based on the current assessment, the directors are confident that the going concern of the company will not be threatened by COVID 19 and would be able to continue to operate in the foreseeable future.

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 13,551 people in 39 different countries in 700 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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