ECOBANK TRANSNATIONAL INCORPORATED

Consolidated Audited Financial Statements
30 September 2022

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Responsibility for consolidated financial statements

The Directors are responsible for the preparation of the consolidated financial statements for each financial period that give a true and fair view of the financial position of the Group as at 30 September 2022 and the results of its operations, statement of cash flow, income statement and changes in equity for the period ended 30 September 2022 in compliance with International Financial Reporting Standards ("IFRS"). This responsibility includes ensuring that the Group:

(a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Group;

(b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

(c) prepares its consolidated financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, that are consistently applied.

The Directors accept responsibility for the consolidated financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with IFRS.

Nothing has come to the attention of the Directors to indicate that the group will not remain a going concern for at least twelve months from the date of these financial statements.

The Directors are of the opinion that the consolidated financial statements give a true and fair view of the state of the financial affairs of the Group and of its profit or loss for the period ended 30 September 2022. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as adequate systems of internal financial control.

Approval of consolidated financial statements

The consolidated financial statements were approved by the Board of Directors on 25 November 2022 and signed on its behalf by:

Alain Nkontchou
Group Chairman

Ade Ayeyemi
Group Chief Executive Officer

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ECOBANK TRANSNATIONAL INCORPORATED

Report on the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **Ecobank Transnational Incorporated** and its subsidiaries (together referred to as "the Group") set out on pages 6 to 77 which comprise the consolidated statement of financial position as at 30 September 2022, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of **Ecobank Transnational Incorporated** as at 30 September 2022, and its consolidated financial performance and statement of cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the requirements of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other independence requirements applicable to performing audits of financial statements. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of consolidated Financial Statements.

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

Key Audit Matter

The key audit matter is that matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current year. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. The key audit matter noted below relates to the consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Impairment of loans and advances to customers	
Loans and advances to customers constitute a significant portion of the total assets of the Group. At 30 September 2022, gross loans and advances to customers was US$9,917million (31 December 2021: US$10,228 million) against which total loan impairment amounted to US$708million (31 December 2021: US$652 million), resulting in a net loan balance of US$9,208 million (31 December 2021: US$9,576 million). This asset represents 36 per cent (31 December 2021: 35 per cent) of the total assets as at the reporting date (see note 21). The basis of the impairment amount is summarised in the accounting policies in the consolidated financial statements in note 2.30.3. The Directors exercise significant judgement when determining both when and how much to record as loan impairment. This is because a number of	We focused our testing of the impairment on loans and advances to customers on the key assumptions and inputs made by Management and Directors. Specifically, our audit procedures included: • Obtaining an understanding of the loan loss impairment calculation process within the group; • Testing the design and implementation of key controls across the processes relevant to the Expected Credit Loss ('ECL'). This included model governance, controls that ensure data accuracy and completeness and related credit monitoring, allocation of assets into stages, the determination of economic scenarios, post model adjustments, individual impairment and processing of journal entries and disclosures;

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significant assumptions and inputs go into the determination of expected credit loss impairment amounts on loans and advances to customers. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus were: i. Modelling for estimation of ECL parameters including: • probabilities of default (PDs) - 12-month and lifetime, • loss given default (EAD), • exposure at default (LGD). ii. Assessment and measurement of Significant Increase in Credit Risk ('SICR') using appropriate criteria; iii. Identification and measurement of economic scenarios to measure ECLs on a forward-looking basis reflecting a range of future economic conditions; iv. Ensuring the completeness and accuracy of data used to calculate the ECL; v. Considering the completeness and validity of out of model adjustments and overlays; vi. Validating the loan staging and related disclosures in the financial statements. Because of the significance of these estimates, judgements and the size of loans and advances portfolio, the audit of loan impairment is considered a key audit matter.	• Assessing the ECL impairment levels by stage to determine if they were reasonable considering the Group's portfolio, risk profile, credit risk management practices and the macroeconomic environment. • Challenging the criteria used to allocate asset to stage 1, 2 or 3 in accordance with IFRS 9; • Testing the assumptions, inputs and formulae used in a sample of ECL models (covering at least 90% of the ECL provision with the support of our internal credit risk specialists; • Considering the appropriateness of model design and the formulae used in determining the PD's LGD's and EAD's and valuation of collateral in the current economic environment; • Through applying the assumptions and data included in management's model, we assessed the reasonableness of SICR classifications; • Testing the data used in the ECL calculation by reconciling to source systems; • Assessing the Group's approach and methodology to incorporate the impact of changing macroeconomic conditions in the ECL model, by considering the assumptions used in the forward-looking economic model, the macroeconomic variables selected and the sensitivity of ECL components to each variable by comparing it to our own actuarial analysis and statistics with specific focus on affiliates operating in challenging economic circumstances; • Considering the completeness and validity of post model adjustments and overlays where this cannot be incorporated in base models; • In the Commercial segment where for large exposures in Stage 3 advances, tested the controls around the valuation of collateral (where applicable) for operating effectiveness, inspecting a sample of legal agreements and supporting documentation to assess the legal right to and existence of collateral and expected timing of future cash flows • Assessing the adequacy and appropriateness of disclosures for compliance with the accounting standards. Based on our review, we found that the Group's impairment methodology, including the model, assumptions and key inputs used by Management and Directors to estimate the amount of loan impairment losses were appropriate in the circumstances.

Other Information

The Directors are responsible for the other information. The other information comprises the Statement of Directors' Responsibilities. The other information does not include the consolidated financial statements and our auditors' report thereon.
Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

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

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

Responsibilities of the Directors for the consolidated financial statements

The Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

  If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

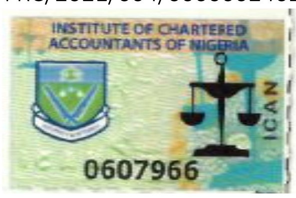
We communicate with the audit committee and the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
6 December 2022.

Engagement Partner: Saidi Bolaji
FRC/2021/004/00000024025



For: Grant Thornton
Chartered Accountants
Abidjan, Cote d'Ivoire
6 December 2022

Engagement Partner: Georges Yao Yao

Ecobank Transnational Incorporated
Consolidated audited financial statements
For the period 30 September 2022
Consolidated income statement
(All amounts in thousands of US dollars unless otherwise stated)

	Notes	30 Sep. 2022	30 Sep. 2021
Interest income	7	**1,154,174**	**1,091,169**
Interest income calculated using the effective interest method		1,148,609	1,088,000
Other interest income		5,565	3,169
Interest expense	7	**(413,742)**	**(393,938)**
Net interest income		**740,432**	**697,231**
Fee and commission income	8	393,027	353,093
Fee and commission expense	8	(49,840)	(36,600)
Trading income	9	221,281	209,532
Investment income	10	10,499	13,640
Other operating income	11	39,632	28,415
Non-interest revenue		**614,599**	**568,080**
Operating income		**1,355,031**	**1,265,311**
Staff expenses	12	(329,560)	(324,566)
Depreciation and amortization	12	(76,425)	(81,518)
Other operating expenses	12	(356,623)	(331,092)
Operating expenses		**(762,608)**	**(737,176)**
Operating profit before impairment charges and taxation		**592,423**	**528,135**
Impairment charges on financial assets	13	(132,794)	(146,026)
Non-conversion premium on bonds	14	(25,000)	-
Operating profit after impairment charges on financial assets		**434,629**	**382,109**
Net monetary loss arising from hyperinflationary economies	2.5	(34,262)	(29,589)
Share of post-tax results of associates	26	360	(315)
Profit before tax		**400,727**	**352,205**
Taxation	15	(121,815)	(97,674)
Profit after tax from continuing operations		**278,912**	**254,531**
Profit after tax from discontinued operations	31.3	-	1,655
Profit after tax		**278,912**	**256,186**
Profit after tax attributable to:			
Ordinary shareholders		**196,046**	**182,394**
- Continuing operations		196,046	181,500
- Discontinued operations		-	894
Other equity instrument holder		**7,312**	-
Non-controlling interests		**75,554**	**73,792**
- Continuing operations		75,554	73,031
- Discontinued operations		-	761
		278,912	**256,186**
Earnings per share from continuing operations attributable to owners of the parent during the period (expressed in United States cents per share):			
- Basic	16	0.797	0.738
- Diluted	16	0.797	0.738
Earnings per share from discontinued operations attributable to owners of the parent during the period (expressed in United States cents per share):			
- Basic	16	-	0.004
- Diluted	16	-	0.004

The accompanying notes are an integral part of these financial statements

Consolidated statement of other comprehensive income

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

	Notes	30 Sep. 2022	30 Sep. 2021
Profit after tax		278,912	256,186
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Exchange difference on translation of foreign operations		(490,191)	(140,924)
Fair value loss on debt instruments at FVOCI		(170,373)	(62,792)
Taxation relating to components of other comprehensive income that may be subsequently reclassified to profit or loss	41	35,368	(5,893)
		(625,196)	(209,609)
Items that will not be reclassified to profit or loss:			
Property and equipment - revaluation gain	41	(4,337)	2,752
Fair value gain in equity instruments designated at FVOCI	41	770	141
Remeasurements of defined benefit obligations	41	(640)	1,199
Taxation relating to components of other comprehensive income that will not be subsequently reclassed to profit or loss	41	(939)	(2,944)
		(5,146)	1,148
Other comprehensive loss for the period, net of tax		(630,342)	(208,461)
Total comprehensive loss for the period		**(351,430)**	**47,725**
Total comprehensive (loss)/ profit attributable to:			
Ordinary shareholders		**(330,505)**	**(7,299)**
- Continuing operations		(330,505)	(8,193)
- Discontinued operations		-	894
Other equity instrument holder		**7,312**	**-**
Non-controlling interests		**(28,237)**	**55,024**
- Continuing operations		(28,237)	54,263
- Discontinued operations		-	761
		(351,430)	**47,725**

The accompanying notes are an integral part of these financial statements

Consolidated statement of financial position
(All amounts in thousands of US dollars unless otherwise stated)

As at:	Notes	30 Sep. 2022	31 Dec. 2021
ASSETS			
Cash and balances with central banks	17	4,093,064	4,209,138
Trading financial assets	18	224,336	346,042
Derivative financial instruments	19	158,349	78,404
Loans and advances to banks	20	1,249,740	2,289,445
Loans and advances to customers	21	9,208,147	9,575,865
Treasury bills and other eligible bills	22	2,105,537	2,087,085
Investment securities	23	6,330,163	6,560,228
Pledged assets	24	174,394	206,001
Other assets	25	1,081,167	1,095,569
Investment in associates	26	3,436	4,863
Intangible assets	27	83,931	122,288
Investment properties	28	9,613	11,019
Property and equipment	29	652,978	750,615
Deferred income tax assets	37	237,177	201,996
		25,612,032	27,538,558
Assets held for sale	31	19,036	23,235
Total assets		**25,631,068**	**27,561,793**
LIABILITIES			
Deposits from banks	32	2,203,563	2,229,935
Deposits from customers	33	18,419,554	19,713,349
Derivative financial instruments	19	102,822	29,101
Borrowed funds	34	1,935,012	2,352,437
Other liabilities	35	1,005,883	821,264
Provisions	36	62,685	72,230
Current income tax liabilities		80,963	66,342
Deferred income tax liabilities	37	70,437	87,751
Retirement benefit obligations	38	19,520	25,078
Total liabilities		**23,900,439**	**25,397,487**
EQUITY			
Share capital and premium	40	2,113,961	2,113,961
Retained earnings and reserves	41	(951,643)	(581,570)
Equity attributable to ordinary shareholders		**1,162,318**	**1,532,391**
Other equity instrument holder	41	**74,088**	**74,088**
Non-controlling interests		**494,223**	**557,827**
Total equity		**1,730,629**	**2,164,306**
Total liabilities and equity		**25,631,068**	**27,561,793**

The accompanying notes are an integral part of these financial statements

The financial statements were approved for issue by the board of directors on 25 November 2022 and signed on its behalf by:

Alain Nkontchou	**Ade Ayeyemi**	**Ayo Adepoju**
Group Chairman	Group Chief Executive Officer	Group Chief Financial Officer

Consolidated statement of changes in equity

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

	Note	Attributable to equity holders of the company: Share capital & premium	Retained earnings	Other reserves	Equity attributable to ordinary shareholders	Other equity instruments	Non-controlling interests	Total Equity
At 1 January 2021		**2,113,961**	**199,172**	**(809,737)**	**1,503,396**	**-**	**524,317**	**2,027,713**
Net changes in debt instruments, net of taxes	41	-	-	(62,053)	(62,053)	-	(6,632)	(68,685)
Net changes in equity instruments, net of taxes	41	-	-	141	141	-	-	141
Foreign currency translation differences	41	-	-	(128,788)	(128,788)	-	(12,136)	(140,924)
Net gains on revaluation of property	41	-	-	(192)	(192)	-	-	(192)
Remeasurements of post-employment benefit obligations	41	-	-	1,199	1,199	-	-	1,199
Other comprehensive loss for the period		-	-	(189,693)	(189,693)	-	(18,768)	(208,461)
Profit for the year		-	182,394		182,394	-	73,792	256,186
Total comprehensive income for the period		**-**	**182,394**	**(189,693)**	**(7,299)**	**-**	**55,024**	**47,725**
Additional tier 1 capital	41	-	-	-	-	74,106	-	74,106
Group Reserve				(3,301)	(3,301)	-	-	(3,301)
Transfer to general banking reserves	41	-	(18,188)	18,188	-	-	-	-
Transfer to statutory reserve	41	-	(52,636)	52,636	-	-	-	-
Dividend relating to 2020		-	-	-	-	-	(24,627)	(24,627)
At 30 September 2021		**2,113,961**	**310,742**	**(931,907)**	**1,492,796**	**74,106**	**554,714**	**2,121,616**
At 1 January 2022		**2,113,961**	**434,419**	**(1,015,989)**	**1,532,391**	**74,088**	**557,827**	**2,164,306**
Net changes in debt instruments, net of taxes	41	-	-	(128,474)	(128,474)	-	(6,531)	(135,005)
Net changes in equity instruments, net of taxes	41	-	-	770	770	-	-	770
Foreign currency translation differences	41	-	-	(392,931)	(392,931)	-	(97,260)	(490,191)
Remeasurements of post-employment benefit obligations	41	-	-	(640)	(640)	-	-	(640)
Net gain on revaluation of property	41	-	-	(5,276)	(5,276)	-	-	(5,276)
Other comprehensive income for the period		-	-	(526,551)	(526,551)	-	(103,791)	(630,342)
Profit for the period		-	196,046	-	196,046	7,312	75,554	278,912
Total comprehensive loss for the period		**-**	**196,046**	**(526,551)**	**(330,505)**	**7,312**	**(28,237)**	**(351,430)**
Additional tier 1 capital coupon	41	-	-	-	-	(7,312)	-	(7,312)
Transfer from revaluation reserve property on disposed property	41	-	12,703	(12,703)	-	-	-	-
Transfer to general banking reserves	41	-	(8,473)	8,473	-	-	-	-
Transfer to statutory reserve	41	-	(137,445)	137,445	-	-	-	-
Dividend relating to 2021		-	(39,568)	-	(39,568)	-	(35,367)	(74,935)
At 30 September 2022		**2,113,961**	**457,682**	**(1,409,325)**	**1,162,318**	**74,088**	**494,223**	**1,730,629**

The accompanying notes are an integral part of these financial statements

Consolidated statement of cash flows

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

	Notes	30 Sep. 2022	30 Sep. 2021
Cash flows from operating activities			
Profit before tax		400,727	352,205
Adjustments for:			
Foreign exchange income		384,318	(154,223)
Net gain from investment securities income	10	(10,499)	(13,640)
Fair value gain /(loss) on investment properties	11	(141)	325
Impairment charges on loans and advances	13	119,176	103,445
Impairment charges on other financial assets	13	13,618	42,581
Depreciation of property and equipment	12	52,134	56,890
Amortisation of software and other intangibles	12	24,291	24,628
Profit on sale of property and equipment	11	(21,290)	(19)
Share of post-tax results of associates	26	(360)	315
Income taxes paid		(121,571)	(129,924)
Changes in operating assets and liabilities			
- Trading financial assets		121,706	(214,105)
- Derivative financial instruments		(79,945)	16,835
- Treasury bills and other eligible bills		161,480	(173,206)
- Loans and advances to banks		305,091	(7,141)
- Loans and advances to customers		311,672	329,518
- Pledged assets		31,607	151,935
- Other assets		14,402	(6,507)
- Mandatory reserve deposits with central banks		(72,064)	(164,700)
- Other deposits from banks		(186,603)	(939,782)
- Deposits from customers		(1,293,795)	556,269
- Derivative liabilities		73,721	(48,422)
- Provisions		(9,545)	(1,273)
- Other liabilities		184,619	102,901
Net cashflow from / (used in) operating activities		**402,749**	**(115,095)**
Cash flows from investing activities			
Purchase of software	27	(5,386)	(5,764)
Purchase of property and equipment	29	(141,952)	(170,572)
Proceeds from sale of property and equipment	29	31,813	139,804
Purchase of investment securities	23	(2,182,985)	(3,380,830)
Proceeds from sale and redemption of investment securities	23	1,896,992	2,677,013
Cash payment for acquisition of Pan African Savings and Loans	47	-	(897)
Cash payment for disposal of subsidiary	31	-	(10,496)
Net cashflow used in investing activities		**(401,518)**	**(751,742)**
Cash flows from financing activities			
Repayment of borrowed funds	34	(675,591)	(401,948)
Proceeds from borrowed funds	34	247,451	638,786
(Repayment)/proceeds from Additional tier 1 capital	41	(7,312)	75,000
Dividends paid to Ordinary shareholders	41	(39,568)	-
Dividends paid to non-controlling shareholders		(35,367)	(24,627)
Net cashflow (used in) /from financing activities		**(510,387)**	**287,211**
Net decrease in cash and cash equivalents		**(509,156)**	**(579,626)**
Cash and cash equivalents at start of the year	42	3,986,309	3,800,456
Effects of exchange differences on cash and cash equivalents		(393,895)	(12,105)
Cash and cash equivalents at end of the period	42	**3,083,258**	**3,208,725**

The accompanying notes are an integral part of these financial statements

Notes

1 General information

Ecobank Transnational Incorporated (ETI) and its subsidiaries (together, 'the Group') provide retail, corporate and investment banking services throughout sub Saharan Africa outside South Africa. The Group had presence in 39 countries and employed over 13,172 people as at 30 September 2022 (31 December 2021: 13,167) .

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 September 2022 have been approved by the Board of Directors on 25 November 2022.

2 Summary of significant accounting policies

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

2.1 Basis of presentation and measurement

The Group's consolidated financial statements for the period 30 September 2022 have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) guidance. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared under the historical cost convention, except for the following:
- financial assets and liabilities at fair value through other comprehensive income or fair value through statement of profit or loss.
- Investment properties at fair value.
- assets held for sale - measured at fair value less cost of disposal
- land and buildings
- the liability for defined benefit obligations recognized at the present value of the defined benefit obligation less the fair value of the plan assets.

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

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

The consolidated statement of cash flows shows the changes in cash and cash equivalents arising during the period from operating activities, investing activities and financing activities. Included in cash and cash equivalents are highly liquid investments.
The cash flows from operating activities are determined by using the indirect method. The Group’s assignment of the cash flows to operating, investing and financing category depends on the Group's business model.

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

2.2 Going concern

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

2.3 New and amended standards adopted by the group

In the current year, the Group has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

a) Amendments to IFRS 3 Reference to the Conceptual Framework

The Group has adopted the amendments to IFRS 3 Business Combinations for the first time in the current year. The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

b) Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use

The Group has adopted the amendments to IAS 16 Property, Plant and Equipment for the first time in the current year. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in statement of profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity’s ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

c) Amendments to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract

The Group has adopted the amendments to IAS 37 for the first time in the current year. The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

d)IFRS 9: Fees in the ‘10 per cent’ test for derecognition of financial liabilities
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. There is no similar amendment proposed for IAS 39. 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. An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022. The amendment did not have an impact on the Group’s financial statements.

2 Summary of significant accounting policies (continued)

2.4 New and revised IFRS Accounting Standards in issue but not yet effective

The following standards have been issued or amended by the IASB but are yet to become effective for annual periods beginning on or after 1 January 2022. At the date of authorisation of these financial statements, the Group has not applied these standards.

i) IFRS 17 Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023.

In December 2021, the IASB issued Initial Application of IFRS 17 and IFRS 9—Comparative Information (Amendment to IFRS 17) to address implementation challenges that were identified after IFRS 17 was published. The amendment addresses challenges in the presentation of comparative information. IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

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

ii) Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non current

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or non current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted. The IASB is currently considering further amendments to the requirements in IAS 1 on classification of liabilities as current or non-current, including deferring the application of the January 2020 amendments.

iii) Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

iv) Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB. However, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

v) Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

vi) Amendments to IAS 8 — Definition of Accounting estimate

2.5 Foreign currency translation

a) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

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

b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the official exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

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 recognised in other comprehensive income.When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.
Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

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

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

IAS 29 requires that adjustments are applicable from the start of the relevant entity's reporting period.
• The income statement is translated at the period end foreign exchange rate instead of an average rate and ;
• Adjustment of the income statement to reflect the impact of inflation and exchange rate movement on holding monetary assets and liabilities in local currency.
• This resulted in a net monetary loss of $34.3 million recorded in the income statement.

2.6 Sale and repurchase agreements

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

2.7 Determination of fair value

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

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

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

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

The 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.

2.7 Determination of fair value (continued)

The fair value for loans and advances as well as liabilities to banks and customers are determined using a present value model on the basis of contractually agreed cash flows, taking into account credit quality, liquidity and costs.

2.8 Fee and commission income

The Group applies IFRS 15 to all revenue arising from contracts with clients, unless the contracts are in the scope of the standards on leases, insurance contracts and financial instruments. The Group recognises revenues to depict the transfer of promised service to customers in an amount that reflects the consideration the Group expects to be entitled in exchange for the service.

Portfolio management advisory and service fees	Recognised based on the applicable service contracts, in most instances on a time-apportionment basis.
Commission and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party	Recognised on completion of the underlying transaction.
Asset management fees related to investment funds	Recognised over the period in which the service is provided. The 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
Wealth management, financial planning and custody services	Recognised over the period in which the service is provided. The 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

2.9 Dividend income

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

2.10 Trading financial assets

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

2.11 Impairment of non-financial assets

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

2.12 Share-based payments

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

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

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

2.13 Cash and cash equivalents

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

2.14 Repossessed collateral and properties

Repossessed collateral are equities, landed properties or other investments repossessed from customers and used to settle the outstanding obligations. Such investments and other assets are classified in accordance with the intention of the Group in the asset class which they belong. Repossessed properties acquired in exchange for loans as part of an orderly realisation are reported in 'other assets'. 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 fair value. 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.

2.15 Leases

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

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.

2 Summary of significant accounting policies (continued)

2.15 Leases (continued)

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

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

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

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

2.16 Investment properties

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

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

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

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

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

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

2.17 Property and equipment

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

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

Land and buildings 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 year
-Leasehold improvements	25 years or over the period of the lease if less than 25 years
-Furniture,equipment installations	3-5 years
-Motors vehicles	3-10 years

2.17 Property and equipment (Continued)

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

2.18 Intangible assets

a) Goodwill

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

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

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

b) Computer software licences

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

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

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

2.19 Income tax

a) Current income tax

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

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

b) Deferred income tax

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

The principal temporary differences arise from depreciation of property, plant and equipment, revaluation of certain financial assets and liabilities, provisions for pensions and other post-retirement benefits and carry-forwards; and, in relation to acquisitions, on the difference between the fair values of the net assets acquired and their tax base, fair value changes on investment securities , 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 , which are recognised in other comprehensive income, is also recognised in the other comprehensive income and subsequently in the consolidated income statement together with the deferred gain or loss.

2.20 Provisions

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

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditures required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2.21 Employee benefits

a) Pension obligations

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

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

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

2.21 Employee benefits (continued)

a) Pension obligations (continued)

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

Past-service costs are recognised immediately in income.

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

b) Other post-retirement obligations

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

c) Termination benefits

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

d) Profit-sharing and bonus plans

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

e) Short term benefits

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

2.22 Borrowings

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

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

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

2.23 Compound financial instruments

Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder.
The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

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

2.24 Fiduciary activities

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

2.25 Share capital

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

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

a) Share issue costs

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

b) Dividends on ordinary shares

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

c) Treasury shares

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

2.26 Segment reporting

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

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

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

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

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

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

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

2.28 Discontinued operations:

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

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

2.29 Comparatives

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

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

2.30 Financial assets and liabilities

2.30.1 Financial assets - Classification and Measurement Policies

Financial assets are measured at initial recognition at fair value, and are classified and subsequently measured at fair value through statement of 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 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 . Movements in the carrying amount of these assets are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in Net investment income. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

c) A debt instrument is measured at FVTPL

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

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 Statement of Profit or Loss. For equity instruments measured at FVTPL, changes in fair value are recognized in the Statement of Profit or Loss. Dividends received are recorded in other income in the Statement of Profit or Loss. Any transaction costs incurred upon purchase of the security are added to the cost basis of the security and are not reclassified to the Statement of Profit or Loss 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:

2 Summary of significant accounting policies (continued)

2.30 Financial assets and liabilities (continued)

e) Business model assessment

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

The Group may decide to sell financial instruments held with the objective to collect contractual cash flows without necessarily changing its business model if one or more of the following conditions are met:
(i) When the Group sells financial assets to reduce credit risk or losses because of an increase in the assets' credit risk.

(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.

(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 one (1) per cent of the carrying amount (book value) of the total assets within the business model.

(iv) When these sales are made close to the maturity of the financial assets and the proceeds from the sales approximates the collection of the remaining contractual cash flows. A sale is considered to be close to maturity if the financial assets has a tenor to maturity of not more than one (1) year and/or the difference between the remaining contractual cash flows expected from the financial asset does not exceed the cash flows from the sales by ten (10) per cent.
Other reasons: The following reasons outlined below may constitute 'Other Reasons' that may necessitate selling financial assets from the portfolio held with the sole objective of collecting cashflows category that will not constitute a change in business model:

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

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

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

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

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

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

2.30.2 Financial liabilities

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.

2.30.3 Expected Credit Loss Impairment Model on financial assets

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.

2.30.3 Expected Credit Loss Impairment Model on financial assets (continued)

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

The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination. If the financial asset meets the definition of purchased or originated credit impaired (POCI), the allowance is based on the change in the ECLs over the life of the asset.
The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:
• debt investment securities that are determined to have low credit risk at the reporting date; and
• other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.
Loss allowances for lease receivables are always measured at an amount equal to lifetime. The Group generally considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'.
12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

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

b) Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognized. (Refer to note 2.30.5).
The ECL are then 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 issuer or the borrower;
•a breach of contract, such as a default or past due event;
•the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
•it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
•the disappearance of an active market for that financial asset because of financial difficulties;
•the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses..
The Group considers failure by the issuer of debt securities to meet coupon and/or principal repayments within the required period, including any contracted grace periods, to infer that the debt security is credit-impaired.

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

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

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

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

e) Write-off

The bank may write off exposures, subject to regulatory guidance and or imperatives, or at its own discretion, after taking full provisions on the exposure; however, remediation efforts shall continue for such exposures, until the Group Credit Risk Officer or his designate approves for abandonment.

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 .
- The borrower has an internal obligor risk rating (ORR)of 9 or 10.

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.

Notes

2 Summary of significant accounting policies (continued)

Measuring ECL – Explanation of inputs, assumptions and estimation techniques

f) Definition of default (continued)

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.

Curing

The Bank considers an instrument previously in default to no longer be in default (i.e. to have cured) when it no longer meets the default criteria. For the purposes of staging however, the facility will observe a probationary period of 90 days before transferring to a higher credit quality stage. For the purpose of determining that a cure has occurred the Bank classifies facilities to be either in a performing state or non-performing state. A facility is said to have cured when it transitions from a non-performing state into a performing state.

Performing state consists of facilities classified internally as I, IA or IIA while non-performing state consists of IIN, III and IV.

Facilities that have moved from a non-performing state into a performing state are required to observe a 90 day probationary period before they are considered to be cured for IFRS 9 staging purposes.

Backward transition

The Bank would assess if there has been a reversal in the conditions leading to a significant increase in credit risk of facilities such that they can be transferred from stage 3 to stage 2, stage 2 to stage 1 or stage 3 to stage 1. Where the Bank has reviewed a facility and determined that there has been a reversal of the conditions leading to a significant increase in its credit risk, such facilities must observe a probationary period before it can be transferred to a better stage.

The Probationary period to be applied shall be;

•Transfer from Stage 2 to 1:- 90 days
•Transfer from Stage 3 to 2:- 90 days
•Transfer from Stage 3 to Stage 1:- 180 days

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: gross domestic product, commodity prices, oil prices, foreign exchange rates and inflation rate. The impact of these economic variables on the expected credit losses has been determined by performing multi-variate analysis to understand the impact that changes in these variables have had historically on default rates and on the components of~~n~~ expected credit losses.

The forecasts of these economic variables, constitute three scenarios, the best estimate, the optimistic,and the downturn scenario

Notes

2 Summary of significant accounting policies (continued)

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

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. 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).

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.

The economic scenario forecasts used as at 30 September 2022 are as follows:

	weighting	2021	2022
Nigeria			
GDP Growth			
Base	40%	2,6%	4,1%
Upside	23%	2,6%	8,4%
Downside	37%	2,6%	-0,2%
Price of Crude/USD			
Base	40%	51,2	53,8
Upside	23%	51,2	76,1
Downside	37%	51,2	31,4
UEMOA			
Commodity Price Index			
Base	40%	573,6	679,8
Upside	17%	573,6	806,2
Downside	43%	573,6	553,3
GDP Growth			
Base	40%	5,8%	5,7%
Upside	17%	5,8%	9,2%
Downside	43%	5,8%	2,2%
AWA			
GDP Growth			
Base	40%	4,7%	6,9%
Upside	22%	4,7%	10,7%
Downside	38%	4,7%	3,2%

j) Expected Life

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

2.30.3 Interest income

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

Interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost, financial instruments designated at FVTPL. Interest income on interest bearing financial assets measured at FVTOCI are also recorded by using the EIR method. The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

For purchased or originated credit-impaired financial assets, the Group calculates interest income by calculating the credit-adjusted EIR and applying that rate to the amortised cost of the asset. The credit-adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows to the amortised cost of the assets.

2.30.4 Reclassification of financial assets

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

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

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

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

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

2.30.5 Modification of financial assets

The Group sometimes renegotiates or otherwise modifies the terms of loans provided to customers. This may be due to commercial renegotiations, or for distressed loans, with a view to maximising recovery.
Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans.

The Group may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for six consecutive months or more.

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

If the contractual cash flows of a financial asset measured at amortised cost are modified (changed or restructured, including distressed restructures), the bank determines whether this is a substantial modification, which could result in the derecognition of the existing asset and the recognition of a new asset. If the change is simply a non-substantial modification of the existing terms it would not result in derecognition.

A modification of a financial asset is substantial and will thus result in derecognition of the original financial asset, where the modified contractual terms are priced to reflect current conditions on the date of modification and are not merely an attempt to recover outstanding amounts. Where the modification does not result in an accounting derecognition the original asset continues to be recognised. In this case, the Group recalculates the gross carrying amount of the financial asset and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss.

The following transactions are entered into by the bank in the normal course of business, in terms of which it modifies the contractual terms of the asset and either achieves derecognition or continues to recognise the asset:

Modification without derecognition		
Debt Restructuring - Modification of contractual cash flows	Debt restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness.	The existing asset is not derecognised. The gross carrying amount of the financial asset is recalculated as the present value of the estimated future cash receipts through the expected life of the renegotiated or modified financial asset, discounted at the financial asset's original effective interest rate.
Modifications with derecognition (i.e. substantial modifications)		
Loans and Advances	The process for modifying an advance (which is not part of a debt restructuring) is substantially the same as the process for raising a new advance, including reassessing the customer's credit risk, repricing the asset and entering into a new legal agreement.	The existing asset is derecognised and a new asset is recognised at fair value based on the modified contractual terms.

2.30.6 Derecognition of financial liabilities

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

2.30.7 Derecognition of financial assets

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

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

2.31 Financial guarantee contracts and loan commitments

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

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:
- The amount of the loss allowance; and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

Loan commitments provided by the Group are measured as the amount of the loss allowance.

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

2.32 Offsetting financial instruments

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

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

2 Summary of significant accounting policies (continued)

2.33 Classes of financial instruments

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

Financial assets

Category (as defined by IFRS9)	Class (as determined by the Group)	Note
Fair Value Through Statement of Profit or Loss (FVTPL)	Trading financial assets	18
	Derivative financial instruments	19
Amortised Cost	Cash and balances with central banks	17
	Loans and advances to banks	20
	Loans and advances to customers	21
	Other assets excluding prepayments	25
Fair Value Through Other Comprehensive Income (FVTOCI)	Treasury bills and other eligible bills	22
	Investment securities	23
	Pledged assets	24

Financial liabilities

Category (as defined by IFRS9)	Class (as determined by the Group)	Note
Financial liabilities at fair value through statement of profit or loss	Derivative financial instruments	19
Financial liabilities at amortised cost	Deposits from banks	32
	Deposits from customers	33
	Borrowed funds	34
	Other liabilities, excluding non-financial liabilities	35

Off balance sheet financial instruments

Category (as defined by IFRS9)	Class (as determined by the Group)	Note
Loan commitments	Loan commitments	39
Guarantees, acceptances and other financial facilities	Guarantees, acceptances and other financial facilities	39

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.

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

(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.

(iv) Establishing Probability of Default parameters (PD)

The bank estimates the PD as the ratio of exposures transitioning to default at the end of an observation period to the initial exposures at the start of an observation period. The observation period is one quarter. The data for the analysis would cover several years, hence the several quarters are observed. The estimated quarterly PD is the average of the number of quarters observed over the years covering the default database.

The estimated average quarterly PD is transformed into 12 month PDs using and lifetime PDs using Markov matrix calculus.

(v) Establishing loss given default parameters (LGD)

LGDs are determined by estimating expected future cash flows, adjusted for forward-looking information. These cash flows include direct costs and proceeds from the sale of collateral. Collateral recovery rates are based on historically observed outcomes. The statistical models applied implicitly assume that risk drivers that influence default risk, payment behaviour and recovery expectations within historical data will continue to be relevant in the future.

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

d) Taxes

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

e) Business model assessment

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

f) Hyper-inflationary accounting

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

Notes

4 Financial Risk Management

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance.

The Group has documented financial risk management policies. These policies set out the Group's overall business strategies and its risk management philosophy. The Group's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the Group. The Board of Directors provides written principles for overall financial risk management and written policies covering specific areas, such as credit risk, market risk (including foreign exchange risk, interest rate risk and equity price risk) liquidity risk and use of derivative financial instruments. Such written policies are reviewed annually by the Board of Directors and periodic reviews are undertaken to ensure that the Group's policy guidelines are complied with. Risk management is carried out by the Group Risk team under the policies approved by the Board of Directors.

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

4.1 Credit Risk

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

The Group is also exposed to other credit risks arising from investments in debt securities and other exposures arising from its trading activities ('trading exposures') including non-equity trading portfolio assets and derivatives as well as settlement balances with market counterparties and reverse repurchase agreements.

Credit risk is the single largest risk for the Group's business; management therefore carefully manages its exposure to credit risk. The credit risk management and control are centralised in a credit risk management team which reports regularly to the Board of Directors and head of each business unit.

4.1.1 Credit quality analysis

The Group uses internal credit risk gradings that reflect its assessment of the probability of default of individual counterparties. The Group use internal rating models tailored to the various categories of counterparty. Borrower and loan specific information collected at the time of application (such as disposable income, and level of collateral for retail exposures; and turnover and industry type for wholesale exposures) is incorporated into this rating model. This is supplemented with external data such as credit bureau scoring information on individual borrowers (where available). In addition, the expected credit models enable expert judgement from the Credit Risk Officer to be incorporated into the final internal credit rating for each exposure. This allows for considerations which may not be captured as part of the other data inputs into the model.

Credit risk grading

The credit grades are calibrated such that the risk of default increases exponentially at each higher risk grade. For example, this means that the difference in the PD between an A and A- rating grade is lower than the difference in the PD between a B and B- rating grade.

The following are additional considerations for each type of portfolio held by the Group:

Retail

After the date of initial recognition, for retail business, the payment behaviour of the borrower is monitored on a periodic basis to develop a behavioural score. Any other known information about the borrower which impacts their creditworthiness — such as unemployment and previous delinquency history — is also incorporated into the behavioural score. This score is mapped to a PD.

Wholesale

For wholesale business, the rating is determined at the borrower level. A relationship manager will incorporate any updated or new information/credit assessments into the credit system on an ongoing basis. In addition, the relationship manager will also update information about the creditworthiness of the borrower every year from sources such as public financial statements. This will determine the updated internal credit rating and PD.

Investment Securities

For debt securities in the Treasury portfolio, external rating agency credit grades are used. These published grades are continuously monitored and updated. The PD's associated with each grade are determined based on realised default rates over the prior 12 months, as published by the rating agency.
The Group's rating method comprises 10 rating levels. The master scale assigns each rating category a specified range of probabilities of default, which is stable over time. The rating methods are subject to an annual validation and recalibration so that they reflect the latest projections in the light of all actually observed defaults.

The Group's internal rating scale and mapping of external ratings are set out below:

<table>
<tr><th>Credit rating</th><th>1</th><th>2</th><th>3</th><th>4</th><th>5</th><th>6</th><th>7</th><th>8</th><th>9</th><th>10</th></tr>
<tr><td>S&P</td><td>AAA</td><td>AA</td><td>A</td><td>BBB</td><td>BB</td><td>B</td><td>CCC</td><td>CC</td><td>C</td><td>D</td></tr>
<tr><td>Description of the grade</td><td colspan="3">Investment Grade</td><td colspan="6">Speculative Grade</td><td>Default</td></tr>
<tr><td rowspan="4">Classification</td><td colspan="6">Performing</td><td colspan="4"></td></tr>
<tr><td colspan="4"></td><td colspan="3">Watchlist</td><td colspan="3"></td></tr>
<tr><td colspan="7"></td><td colspan="2">Substandard</td><td></td></tr>
<tr><td colspan="9"></td><td>Doubtful or Loss</td></tr>
<tr><td rowspan="3">Stages</td><td colspan="7">Stage 1</td><td colspan="3"></td></tr>
<tr><td colspan="6"></td><td colspan="2">Stage2</td><td colspan="2"></td></tr>
<tr><td colspan="8"></td><td colspan="2">Stage 3</td></tr>
</table>

The ratings of the major rating agency shown in the table above are mapped to the group's rating classes based on the long-term average default rates for each external grade. The Group uses the external ratings where available to benchmark our internal credit risk assessment. Observed defaults per rating category vary year on year, especially over an economic cycle. As per the Group Credit Policy, the Bank does not originate loans rated worst than 7.
The Group's policy requires the review of individual financial assets that are above materiality thresholds at least annually or more regularly when individual circumstances require.

4.1.2 Risk limit control and mitigation policies

The Group manages, limits and controls concentrations of credit risk wherever they are identified − in particular, to individual counterparties and groups, and to industries and countries. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product, industry sector and by country are approved quarterly by the Board of Directors. The exposure to any one borrower including banks and other non bank financial institutions is further restricted by sub-limits covering on- and off-statement of financial position exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily. Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Some other specific control and mitigation measures are outlined below:

(a) Collateral
The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is common practice. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

• Mortgages over residential properties;

• Charges over business assets such as premises, inventory and accounts receivable;

• Charges over financial instruments such as debt securities and equities.

Longer-term finance and lending to corporate entities are generally secured; individual credit facilities are generally unsecured. In addition, in order to minimise the credit loss the Group will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.
(b) Credit-related commitments
The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions – are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

Notes

4 Financial Risk Management (continued)

4.1 Credit Risk (continued)

4.1.2 Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

a) A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group.

b) If a SICR since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Refer below for a description of how the Group determines when a significant increase in credit risk has occurred.

c) If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Refer below for a description of how the Group defines credit-impaired and default.

d) Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Refer below for a description of inputs, assumptions and estimation techniques used in measuring the ECL.

e) A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. Note 5.1.3 below includes an explanation of how the Group has incorporated this in its ECL models.
f) POCI financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

Further explanation is also provided of how the Group determines appropriate Groupings when ECL is measured on a collective basis.

The following diagram summarises the impairment requirements under IFRS 9 (other than POCI financial assets):

Change in credit quality since initial recognition		
Stage 1	**Stage 2**	**Stage 3**
(initial recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12 month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

4.1.3 Significant increase in credit risk
The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met.

The quantitative criteria is based on either absolute or relative changes in credit quality. In both cases, the Group is expected to specify the percentage change, for either 12-month or lifetime PDs in comparison to the corresponding 12-month or lifetime PDs as calculated at origination, respectively, that would indicate a significant increase in credit risk since origination.

a) Forward transitions: Credit Ratings

The Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower. Notch differences between the current rating grade and initial rating grade can be indicative of significant increase in credit risks.
The Group specifies the number of notch increases that will be viewed as a significant increase in credit risk since origination. This number is specified separately for both low and high risk accounts. The split between low and high risk accounts is also specified by the Group. Assuming the account is currently classified as Stage 1, if the current credit rating increases by more notches than the specified number since origination, the account is classified as Stage 2.

In addition, if the accounts current credit rating is worse than the default credit rating indicator, also specified by the Group, the account is classified as Stage 3.

These credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

Each exposure is allocated to a credit risk grade at initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data.

Wholesale exposures	**Retail exposures**	**All exposures**
Information obtained during periodic review of customer files — e.g. audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage, compliance with covenants, quality of management, senior management changes	Internally collected data on customer behaviour — e.g. utilisation of credit card facilities	Payment record —this includes overdue status as well as a range of variables about payment ratios
Data from credit reference agencies, press articles, changes in external credit ratings	Affordability metrics	Utilisation of the granted limit
Quoted bond and credit default swap (CDS) prices for the borrower where available	External data from credit reference agencies including industry-standard credit scores	Requests for and granting of forbearance
Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities		Existing and forecast changes in business, financial and economic conditions

b) Forward transitions: Days past due

Transition from Stage 1 to Stage 2 considers the 30 days past due presumption in addition to other classification criteria (refer to d below). Transition from Stage 2 to Stage 3 is based on the 90 days past due presumption. The table below summarises the Stage classification based on the days past due.

Stage	**Days Past Due**
1	0 to 30
2	31 to 90
3	91+

c) Forward transitions: Watchlist & Restructure

The Group classifies accounts that are included on their Watchlist or have been restructured as Stage 2 if the significant driver for the account being watchlisted or restructured is due to a significant increase in credit risk.

d) Forward transitions: Classification

In addition to the days past due, the Group classifies accounts in accordance with the Group's credit policy and procedures maunal (GCPPM) as either ‘1,1A, II, III, or IV’. This classification is considered together with days past due in determining the Stage classification. The table below summarises the account classification and days past due.

Classification	**Days Past Due**
1 & 1A.	0 to 90
II.	91 to 180
III.	181 to 365
IV.	365+

The internal rating systems described above focus more on credit-quality mapping from the inception of the lending.

"1" : relate to assets classified as "Investment Grade" (no evident weakness).

"1A": relate to items for which there are evidence of a weakness in the financial or operating condition of the obligor which requires management's close attention.

"II" : there is a well-defined weakness in the financial or operating condition of the obligor which jeopardizes the timely repayment of its obligations.

"III" : there are all of the weakness that are normally seen in a substandard credit with the additional characteristic that these weaknesses make full repayment unlikely.

"IV" : Financial instruments that are considered to be in default.

Notes

4 Financial Risk Management (continued)

4.1 Credit Risk (continued)

4.1.4 Grouping of instruments for losses measured on a collective basis

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a Group are homogeneous. In performing this Grouping, there must be sufficient information for the Group to be statistically credible. Where sufficient information is not available internally, the Group has considered benchmarking internal/external supplementary data to use for modelling purposes. The characteristics and any supplementary data used to determine Groupings are outlined below:

Retail – Groupings for collective measurement

- Loan to value ratio band
- Credit Rating band
- Product type (e.g. Residential/Buy to Let mortgage, Overdraft, Credit Card)
- Repayment type (e.g. Repayment/Interest only)

Wholesale – Groupings for collective measurement

- Collateral type
- Credit Rating band

The appropriateness of groupings is monitored and reviewed on a periodic basis by the Credit Risk team.

4.1.5 Maximum exposure to credit risk

4. Maximum exposure to credit risk – Financial instruments subject to ECL impairment

For ECL purposes, the bank's financial asset is segmented into sub-portfolios are listed below:

- Loans and advances to customers
- Loans and advances to banks
- Investment securities - Debt instruments
- Other assets
- Off balance sheet exposures

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets.

US$'000	Loans and advances to customers				
	30 September 2022				
ECL staging	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit- impaired	Total
Gross carrying amount	8,105,336	1,181,282	629,951	-	9,916,569
Loss allowance	(54,878)	(171,287)	(482,257)	-	(708,422)
Carrying amount	**8,050,458**	**1,009,995**	**147,694**	**-**	**9,208,147**

US$'000	Loans and advances to customers				
	31 December 2021				
ECL staging	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit- impaired	Total
Gross carrying amount	8,546,550	1,042,533	639,158	-	10,228,241
Loss allowance	(79,923)	(143,420)	(429,033)	-	(652,376)
Carrying amount	**8,466,627**	**899,113**	**210,125**	**-**	**9,575,865**

US$'000	Loans and advances to banks				
	30 September 2022				
ECL staging	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit- impaired	Total
Gross carrying amount	1,252,237	-	-	-	1,252,237
Loss allowance	(2,497)	-	-	-	(2,497)
Carrying amount	**1,249,740**	**-**	**-**	**-**	**1,249,740**

US$'000	Loans and advances to banks				
	31 December 2021				
ECL staging	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit- impaired	Total
Gross carrying amount	2,290,810	-	-	-	2,290,810
Loss allowance	(1,365)	-	-	-	(1,365)
Carrying amount	**2,289,445**	**-**	**-**	**-**	**2,289,445**

Notes

4 Financial Risk Management (continued)

4.5 Credit Risk (continued)

4. Maximum exposure to credit risk – Financial instruments subject to ECL impairment (continued)

US$'000 — **Investment securities - debt instruments** — **30 September 2022**

ECL staging	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit- impaired	Total
Gross carrying amount	6,180,741	-	-	-	6,180,741
Loss allowance	-	-	-	-	-
Carrying amount	**6,180,741**	**-**	**-**	**-**	**6,180,741**

US$'000 — **Investment securities - debt instruments** — **31 December 2021**

ECL staging	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit- impaired	Total
Gross carrying amount	6,361,916	-	-	-	6,361,916
Loss allowance	-	-	-	-	-
Carrying amount	**6,361,916**	**-**	**-**	**-**	**6,361,916**

US$'000 — **Other assets** — **30 September 2022**

ECL staging	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit- impaired	Total
Gross carrying amount	1,366,931	-	186,631	-	1,366,931
Loss allowance	(34,289)	-	(186,631)	-	(220,920)
Carrying amount	**1,332,642**	**-**	**-**	**-**	**1,146,011**

US$'000 — **Other assets** — **31 December 2021**

ECL staging	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit- impaired	Total
Gross carrying amount	1,304,890	-	-	-	1,304,890
Loss allowance	(209,321)	-	-	-	(209,321)
Carrying amount	**1,095,569**	**-**	**-**	**- -**	**1,095,569**

US$'000 — **Off Balance sheet** — **30 September 2022**

ECL staging	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit- impaired	Total
Gross carrying amount	4,861,554	25,493	6,531	-	4,893,578
Loss allowance	(8,784)	-	-	-	(8,784)
Carrying amount	**4,852,770**	**25,493**	**6,531**	**-**	**4,884,794**

US$'000 — **Off Balance sheet** — **31 December 2021**

ECL staging	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit- impaired	Total
Gross carrying amount	4,704,451	20,938	4,777	-	4,730,166
Loss allowance	(13,161)	(59)	(13)	-	(13,233)
Carrying amount	**4,691,290**	**20,879**	**4,764**	**-**	**4,716,933**

4.1.5.2 Maximum exposure to credit risk – Financial instruments not subject to ECL impairment

The following table contains an analysis of the maximum credit risk exposure from financial assets not subject to impairment (i.e. FVTPL):

US$'000	30 September 2022	31 December 2021
Trading assets		
• Debt Securities	224,336	346,042
• Derivatives	158,349	78,404
Financial assets designated at fair value		
• Debt securities	-	-
• Loans and advances to customers	-	-

Notes

4 Financial Risk Management (continued)

4.1 Credit Risk (continued)

4.1.5.3 Maximum exposure to credit risk before collateral held

	Maximum exposure	
	30 Sep. 2022	31 Dec. 2021
Credit risk exposures relating to on-statement of financial position assets are as follows:		
Balances with central banks	3,447,795	3,541,791
Treasury bills and other eligible bills	2,105,537	2,087,085
Loans and advances to banks	1,249,740	2,289,445
Loans and advances to customers:		
CIB		
- Overdrafts	556,393	669,825
- Term loans	6,226,986	6,462,455
- Others	-	-
Commercial		
- Overdrafts	220,100	231,035
- Credit cards	-	-
- Term loans	1,174,166	1,112,486
- Others	-	-
Consumer		
- Overdrafts	31,757	61,531
- Credit cards	1,217	2,432
- Term loans	870,397	911,501
- Mortgages	127,131	124,600
Trading financial assets		
- Debt securities	224,336	346,042
Derivative financial instruments	158,349	78,404
Financial assets designated at fair value:		
Investment securities :		
- Debt securities	6,180,741	6,361,916
Pledged assets	174,394	206,001
Other assets	925,091	901,436
Credit risk exposures relating to off-balance sheet items are as follows:		
Financial guarantees	3,516,775	3,657,597
Loan commitments	1,376,804	1,072,569
	28,567,709	**30,118,151**

The above table represents a worse case scenario of credit risk exposure of the Group at 30 September 2022 and 31 December 2021, without taking into account any collateral held or other credit enhancements attached. For on-balance-sheet assets, the exposures set out above are based on net carrying amounts as reported in the statement of financial position.

As shown above, 24% (December 2021: 26%) of the total maximum exposure is derived from loans and advances to banks and customers; 32% (December 2021: 32%) represents investments securities in debt securities.

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Group resulting from its loan and advances portfolio, debt securities and other assets based on the following:

- 82% (December 2021: 84%) of the loans and advances portfolio are considered to be neither past due nor impaired;
- 83% (December 2021: 83%) of loans and advances are backed by collateral;
- Investment in debt securities are largely government securities.

4 Financial Risk Management (continued)

4.1 Credit Risk (continued)

4.1.6 Collateral and other credit enhancements

The Group employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for funds advanced. The Group has internal policies on the acceptability of specific classes of collateral or credit risk mitigation. The Group prepares a valuation of the collateral obtained as part of the loan origination process. This assessment is reviewed periodically. The principal collateral types for loans and advances are:

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

Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured. Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured. Derivatives are also collateralised.

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

A portion of the Group's financial assets originated by the mortgage business has sufficiently low 'loan to value' (LTV) ratios, which results in no loss allowance being recognised in accordance with the Group's expected credit loss model. The carrying amount of such financial assets is USD130 million as at 30 September 2022.

The Group closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Group will take possession of collateral to mitigate potential credit losses. Financial assets that are credit-impaired and related collateral held in order to mitigate potential losses are shown in note 5.1.9 (c) below.

4.1.7 Loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

The following tables explain the changes in the loss allowance between the beginning and the end of the reporting period due to these factors:

Loans and Advances to customers	Stage 1 12-month ECL USD'000	Stage 2 Lifetime ECL USD'000	Stage 3 Lifetime ECL USD'000	Purchased credit- impaired USD'000	Total USD'000
Loss allowance as at 1 January 2022	79,923	143,420	429,033	-	652,376
Movements with P&L impact					-
New financial assets originated or purchased	35,802	12,352	25,190	-	73,344
Transfer from Stage 1 to Stage 2	(8,399)	8,399	-	-	-
Transfer from Stage 1 to Stage 3	(32,466)	-	32,466	-	-
Changes in PDs/LGDs/EADs	11,038	34,277	39,181	-	84,496
Changes to model assumptions and methodologies	(8,627)	374	(340)	-	(8,593)
Modification of contractual cash flows of financial assets	(22,393)	-	(7,300)	-	(29,693)
Total net P&L charge during the period	**(25,045)**	**55,402**	**89,197**	**-**	**119,554**
Other movements with no P&L impact					
FX and other movements	-	(19,975)	165,825	-	145,850
Transfer from Stage 2 to Stage 3	-	(8,516)	8,516	-	-
Transfer from Stage 3 to Stage 2	-	956	(956)	-	-
Write-offs	-	-	(209,001)	-	(209,001)
Loss allowance as at 30 September 2022	**54,878**	**171,287**	**482,257**	**-**	**708,422**

Notes

4 Financial Risk Management (continued)

4.1 Credit Risk (continued)

4.1.7 Loss allowance (continued)

Loans and Advances to customers	Stage 1 12-month ECL USD'000	Stage 2 Lifetime ECL USD'000	Stage 3 Lifetime ECL USD'000	Purchased credit- impaired USD'000	Total USD'000
Loss allowance as at 1 January 2021	90,218	92,889	375,008	-	558,115
Movements with P&L impact					
New financial assets originated or purchased	35,634	16,470	28,239	-	80,343
Transfer from Stage 1 to Stage 2	(42,631)	42,631	-	-	-
Transfer from Stage 1 to Stage 3	(12,138)	-	12,138	-	-
Changes in PDs/LGDs/EADs	16,719	19,512	55,536	-	91,767
Changes to model assumptions and methodologies	-	-	-	-	-
Modification of contractual cash flows of financial assets	24,235	(44,258)	17,523	-	(2,500)
Total net P&L charges during the year	**21,819**	**34,355**	**113,436**	**-**	**169,610**
Other movements with no P&L impact					
FX and other movements	(32,114)	41,710	27,674	-	37,270
Transfer from Stage 2 to Stage 3	-	(27,183)	27,183	-	-
Transfer from Stage 3 to Stage 2	-	1,649	(1,649)	-	-
Financial assets derecognised during the year	-	-	-	-	-
Write-offs	-	-	(112,619)	-	(112,619)
Loss allowance as at 31 December 2021	**79,923**	**143,420**	**429,033**	**-**	**652,376**

Significant changes in the gross carrying amount of financial assets that contributed to changes in the loss allowances were as follows
- The write-off of loans with a total gross carrying amount of USD 209 million (2021: $113 million) resulted in the reduction of the Stage 3 loss allowance by the same amount.

Investment securities - Debt instruments	Stage 1 12-month ECL USD'000	Stage 2 Lifetime ECL USD'000	Stage 3 Lifetime ECL USD'000	Purchased credit- impaired USD'000	Total USD'000
Loss allowance as at 1 January 2022	1,304	-	-	-	1,304
Movements with P&L impact					
Changes in PDs/LGDs/EADs	-	-	-	-	-
Changes to model assumptions and methodologies	-	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-	-
Unwind of discount(a)	-	-	-	-	-
Total net P&L charges during the period	**-**	**-**	**-**	**-**	**-**
					-
Other movements with no P&L impact	-	-	-	-	-
FX and other movements	254	-	-	-	254
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
Write-offs	-	-	-	-	-
Loss allowance as at 30 September 2022	**1,558**	**-**	**-**	**-**	**1,558**

Notes

4 Financial Risk Management (continued)

4.1 Credit Risk (continued)

4.1.7 Loss allowance (continued)

Investment securities - Debt instruments	Stage 1 12-month ECL USD'000	Stage 2 Lifetime ECL USD'000	Stage 3 Lifetime ECL USD'000	Purchased credit- impaired USD'000	Total USD'000
Loss allowance as at 1 January 2021	1,316	-	-	-	1,316
Movements with P&L impact					
Changes in PDs/LGDs/EADs	-	-	-	-	-
Changes to model assumptions and methodologies	-	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-	-
Unwind of discount(a)	-	-	-	-	-
Total net P&L charges during the year	**-**	**-**	**-**	**-**	**-**
Other movements with no P&L impact	-	-	-	-	-
FX and other movements	(12)	-	-	-	(12)
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
Financial assets derecognised during the year	-	-	-	-	-
Write-offs	-	-	-	-	-
Loss allowance as at 31 December 2021	**1,304**	**-**	**-**	**-**	**1,304**

Other assets	Stage 1 12-month ECL USD'000	Stage 2 Lifetime ECL USD'000	Stage 3 Lifetime ECL USD'000	Purchased credit- impaired USD'000	Total USD'000
Loss allowance as at 1 January 2022	209,321	-	-	-	209,321
Movements with P&L impact					-
New financial assets originated or purchased	3,000	-	-	-	3,000
Changes in PDs/LGDs/EADs	8,599	-	-	-	8,599
Changes to model assumptions and methodologies	-	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-	-
Unwind of discount(a)	-	-	-	-	-
Total net P&L charges during the period	**11,599**	**-**	**-**	**-**	**11,599**
Other movements with no P&L impact					-
FX and other movements	-	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
Financial assets derecognised during the year	-	-	-	-	-
Write-offs	-	-	-	-	-
Loss allowance as at 30 September 2022	**220,920**	**-**	**-**	**-**	**220,920**

Other assets	Stage 1 12-month ECL USD'000	Stage 2 Lifetime ECL USD'000	Stage 3 Lifetime ECL USD'000	Purchased credit- impaired USD'000	Total USD'000
Loss allowance as at 1 January 2021	159,066	-	-	-	159,066
Movements with P&L impact					
New financial assets originated or purchased	3,000	-	-	-	3,000
Changes in PDs/LGDs/EADs	47,255		-	-	47,255
Changes to model assumptions and methodologies	-	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-	-
Unwind of discount(a)	-	-	-	-	-
Total net P&L charges during the year	**50,255**	**-**	**-**	**-**	**50,255**
Other movements with no P&L impact					
FX and other movements	-	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
Financial assets derecognised during the year	-	-	-	-	-
Write-offs	-		-	-	-
Loss allowance as at 31 December 2021	**209,321**	**-**	**-**	**-**	**209,321**

Notes

4 Transition to IFRS 9: Financial Instruments (continued)

4.1 Credit risk exposure (continued)

4.1.7 Loss allowance (continued)

Loans and advances to Banks	Stage 1 12-month ECL USD'000	Stage 2 Lifetime ECL USD'000	Stage 3 Lifetime ECL USD'000	Purchased credit- impaired USD'000	Total USD'000
Loss allowance as at 1 January 2022	1,365	-	-	-	1,365
Movements with P&L impact					
New financial assets originated or purchased	-	-	-	-	-
Changes in PDs/LGDs/EADs	-	-	-	-	-
Changes to model assumptions and methodologies	-	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-	-
Unwind of discount(a)	-	-	-	-	-
Total net P&L charge during the period	**-**	**-**	**-**	**-**	**-**
Other movements with no P&L impact					
FX and other movements	1,132	-	-	-	1,132
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
Financial assets derecognised during the year	-	-	-	-	-
Write-offs	-	-	-	-	-
Loss allowance as at at 30 September 2022	**2,497**	**-**	**-**	**-**	**2,497**

Loans and advances to Banks	Stage 1 12-month ECL USD'000	Stage 2 Lifetime ECL USD'000	Stage 3 Lifetime ECL USD'000	Purchased credit- impaired USD'000	Total USD'000
Loss allowance as at 1 January 2021	1,365	-	-	-	1,365
Movements with P&L impact					
New financial assets originated or purchased	-	-	-	-	-
Changes in PDs/LGDs/EADs	-	-	-	-	-
Changes to model assumptions and methodologies	-	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-	-
Unwind of discount(a)	-	-	-	-	-
Total net P&L charge during the year	**-**	**-**	**-**	**-**	**-**
Other movements with no P&L impact					
FX and other movements	-	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
Financial assets derecognised during the year	-	-	-	-	-
Write-offs	-	-	-	-	-
Loss allowance as at at 31 December 2021	**1,365**	**-**	**-**	**-**	**1,365**

4 Transition to IFRS 9: Financial Instruments (continued)

4.1 Credit risk exposure (continued)

4.1.7 Loss allowance (continued)

Off Balance sheet	Stage 1 12-month ECL USD'000	Stage 2 Lifetime ECL USD'000	Stage 3 Lifetime ECL USD'000	Purchased credit- impaired USD'000	Total USD'000
Loss allowance as at 1 January 2022	13,161	59	13	-	13,233
Movements with P&L impact					-
New financial assets originated or purchased	2,019	-	-	-	2,019
Changes in PDs/LGDs/EADs	-	-	-	-	-
Changes to model assumptions and methodologies	-	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-	-
Unwind of discount(a)	-	-	-	-	-
Total net P&L charge during the period	**2,019**	**-**	**-**	**-**	**2,019**
					-
Other movements with no P&L impact					-
FX and other movements	(6,396)	(59)	(13)	-	(6,468)
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
Financial assets derecognised during the year	-	-	-	-	-
Write-offs	-	-	-	-	-
Loss allowance as at 30 September 2022	**8,784**	**-**	**-**	**-**	**8,784**

Off Balance sheet	Stage 1 12-month ECL USD'000	Stage 2 Lifetime ECL USD'000	Stage 3 Lifetime ECL USD'000	Purchased credit- impaired USD'000	Total USD'000
Loss allowance as at 1 January 2021	15,088	303	27	-	15,418
Movements with P&L impact					
New financial assets originated or purchased	-	-	-	-	-
Changes in PDs/LGDs/EADs	(1,927)	(244)	(14)	-	(2,185)
Changes to model assumptions and methodologies	-	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-	-
Unwind of discount(a)	-	-	-	-	-
Total net P&L charge during the year	**(1,927)**	**(244)**	**(14)**	**-**	**(2,185)**
Other movements with no P&L impact					
FX and other movements	-	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
Financial assets derecognised during the year	-	-	-	-	-
Write-offs	-	-	-	-	-
Loss allowance as at 31 December 2021	**13,161**	**59**	**13**	**-**	**13,233**

4.1.8 Loans and advances exposure by internal rating

4.1.8 (a) Loans and advances to customers by facility risk rating

Credit Rating	30 September 2022 Loans and advances		31 December 2021 Loans and advances	
	US$'000		US$'000	
1	416,496	4%	220,323	2%
2	9,917	0%	13,695	0%
3	9,917	0%	79,301	1%
4	475,995	5%	566,416	6%
5	1,814,732	18%	1,078,285	11%
6	5,384,697	54%	6,588,530	64%
7	644,577	7%	487,638	5%
8	530,288	5%	554,895	5%
9	282,871	3%	306,787	3%
10	347,080	4%	332,371	3%
	9,916,569	**100%**	**10,228,241**	**100%**

4.1.8 (b) Loans and advances to customers by internal rating

Group's rating	30 September 2022 Loans and advances		30 September 2022 Impairment provision		31 December 2021 Loans and advances		31 December 2021 Impairment provision	
	US$'000		US$'000		US$'000		US$'000	
1 Current	7,544,699	76%	39,524	1%	8,018,837	78%	71,663	1%
1A. Watchlist	560,637	6%	15,354	3%	527,713	5%	8,260	2%
II. Substandard	1,181,282	12%	171,287	15%	1,042,533	10%	143,420	14%
III. Doubtful	589,710	6%	451,451	77%	554,781	5%	372,395	67%
IV. Loss	40,241	0%	30,806	77%	84,377	1%	56,638	67%
	9,916,569	**100%**	**708,422**	**7%**	**10,228,241**	**100%**	**652,376**	**6%**

4.1.9 Loans and advances by status

Loans and advances are summarised as follows:

	30 September 2022 Loans and advances to banks	30 September 2022 Loans and advances to customers	31 December 2021 Loans and advances to banks	31 December 2021 Loans and advances to customers
	US$'000	US$'000	US$'000	US$'000
Neither past due nor impaired	1,252,237	8,105,336	2,290,810	8,546,550
Past due but not impaired	-	1,181,282	-	1,042,533
Impaired	-	629,951	-	639,158
Gross	**1,252,237**	**9,916,569**	**2,290,810**	**10,228,241**
Less: allowance for impairment	(2,497)	(708,422)	(1,365)	(652,376)
Net	**1,249,740**	**9,208,147**	**2,289,445**	**9,575,865**

Other financial assets are neither past due nor impaired except for investment securities ,off balance sheet and other assets with impairment provision in Note 25 respectively.

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

4 Financial Risk Management

4.1 Credit Risk

4.1.9 Loans and advances by status (continued)

(a) Loans and advances neither past due nor impaired

The credit quality of the portfolio of loans and advances that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Group in the Group Credit Policy and Procedure Manual (see the Note 4.1.3 Significant increase in credit risk).

30 September 2022

	Loans and advances to customers											
	CIB			Commercial				Consumer				Total
Grades:	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term Loans	Others	Overdrafts	Credit cards	Term Loans	Mortgages	
Current	438,290	4,984,099	-	176,375	-	997,519	-	30,042	1,769	803,110	113,495	7,544,699
Watchlist	89,030	343,599	-	15,159	-	55,527	-	3,567	-	49,497	4,258	560,637
Total	**527,320**	**5,327,698**	**-**	**191,534**	**-**	**1,053,046**	**-**	**33,609**	**1,769**	**852,607**	**117,753**	**8,105,336**

31 December 2021

	Loans and advances to customers											
	CIB			Commercial				Consumer				Total
Grades:	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term Loans	Others	Overdrafts	Credit cards	Term Loans	Mortgages	
Current	632,640	5,272,098	-	176,608	-	991,344	-	68,078	2,529	764,952	110,588	8,018,837
Watchlist	7,696	356,027	-	1,570	-	38,030	-	109	-	113,098	11,183	527,713
Total	**640,336**	**5,628,125**	**-**	**178,178**	**-**	**1,029,374**	**-**	**68,187**	**2,529**	**878,050**	**121,771**	**8,546,550**

All loans and advances to banks are neither past due nor impaired and all fall under the 'current' grade. -

(b) Loans and advances past due but not impaired

Loans and advances less than 90 days past due are not considered impaired, unless other information is available to indicate the contrary. Gross amount of loans and advances by class of customers that were past due but not impaired were as follows:

30 September 2022

	CIB			Commercial				Consumer				**Total**
Past due	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term Loans	Others	Overdrafts	Credit cards	Term Loans	Mortgages	
Past due up to 30 days	454	97,538	-	786	-	2,892	-	-	-	329	-	101,999
Past due 30-60 days	13,040	216,882	-	9,882	-	67,947	-	654	-	387	-	308,792
Past due 60-90 days	2,845	654,900	-	19,317	-	64,468	-	4,361	-	19,676	4,924	770,491
Total	**16,339**	**969,320**	**-**	**29,985**	**-**	**135,307**	**-**	**5,015**	**-**	**20,392**	**4,924**	**1,181,282**
Fair value of collateral	8,500	504,295	-	15,600	-	70,394	-	2,609	-	10,609	2,562	614,569
Amount of (over)/ under collateralisation	**7,839**	**465,025**	**-**	**14,385**	**-**	**64,913**	**-**	**2,406**	**-**	**9,783**	**2,362**	**566,713**

31 December 2021

	CIB			Commercial				Consumer				Total
Past due	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term Loans	Mortgages	Overdrafts	Credit cards	Term Loans	Mortgages	
Past due up to 30 days	-	101,983	-	-	-	-	-	-	-	16	-	101,999
Past due 30-60 days	-	308,763	-	6	-	-	-	-	-	23	-	308,792
Past due 60-90 days	5,288	419,534	-	38,205	-	134,733	-	3,947	-	26,088	3,947	631,742
Total	**5,288**	**830,280**	**-**	**38,211**	**-**	**134,733**	**-**	**3,947**	**-**	**26,127**	**3,947**	**1,042,533**
Fair value of collateral	2,927	459,527	-	21,148	-	74,569	-	2,185	-	14,460	2,185	577,001
Amount of (over) / under collateralisation	**2,361**	**370,753**	**-**	**17,063**	**-**	**60,164**	**-**	**1,762**	**-**	**11,667**	**1,762**	**465,532**

Upon initial recognition of loans and advances, the fair value of collateral is based on valuation techniques commonly used for the corresponding assets. In subsequent periods, the fair value is updated by reference to market price.

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

c) Loans and advances individually impaired

i) Loans and advances to customers

The breakdown of the gross amount of individually impaired loans and advances by class, along with the fair value of related collateral held by the Group as security, are as follows:

30 September 2022	**CIB**			**Commercial**				**Consumer**				Total
	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term Loans	Others	Overdrafts	Credit cards	Term Loans	Mortgages	
Gross	45,043	359,211	-	75,466	-	80,568	-	25,768	-	40,634	3,261	629,951
Impairment allowance	(2,386)	(310,190)	-	(72,747)	-	(38,370)	-	(17,396)	-	(39,519)	(1,649)	(482,257)
	42,657	**49,021**	**-**	**2,719**	**-**	**42,198**	**-**	**8,372**	**-**	**1,115**	**1,612**	**147,694**
Fair value of collateral	101,686	116,855	-	6,481	-	100,590	-	19,957	-	2,658	3,842	352,069
Amount of (over) / under collateralisation	**(59,029)**	**(67,834)**	**-**	**(3,762)**	**-**	**(58,392)**	**-**	**(11,585)**	**-**	**(1,543)**	**(2,230)**	**(204,375)**
31 December 2021												
Gross	64,575	304,007	-	78,661	-	121,682	-	21,074	-	47,804	1,355	639,158
Impairment allowance	(1,032)	(197,942)	-	(61,150)	-	(118,151)	-	(10,328)	-	(39,914)	(516)	(429,033)
	63,543	**106,065**	**-**	**17,511**	**-**	**3,531**	**-**	**10,746**	**-**	**7,890**	**839**	**210,125**
Fair value of collateral	(119,663)	(199,740)		(39,626)		(38,531)		(26,557)		(19,810)	(2,073)	(446,000)
Amount of (over) / under collateralisation	**(56,120)**	**(93,675)**	**-**	**(22,115)**	**-**	**(35,000)**	**-**	**(15,811)**	**-**	**(11,920)**	**(1,234)**	**(235,875)**

(d) Other assets with exposure to credit risks

	Balances with central banks	Trading financial assets	Derivative financial instruments	Treasury bills and other eligible bills	Investment securities	Pledged assets	Other assets less prepayments	**Total**
30 September 2022								
Neither past due nor impaired	3,447,795	224,336	158,349	2,105,537	6,180,741	174,394	1,180,300	13,471,452
Past due but not impaired	-	-	-	-	-	-	-	-
Impaired	-	-	-	-	-	-	186,631	186,631
Gross	3,447,795	224,336	158,349	2,105,537	6,180,741	174,394	1,366,931	13,658,083
Less: allowance for impairment	-	-	-	-	-	-	(220,920)	(220,920)
Net	**3,447,795**	**224,336**	**158,349**	**2,105,537**	**6,180,741**	**174,394**	**1,146,011**	**13,437,163**
Carrying amounts	**3,447,795**	**224,336**	**158,349**	**2,105,537**	**6,180,741**	**174,394**	**1,146,011**	**13,437,163**

	Balances with central banks	Financial assets held for trading	Derivative financial instruments	Treasury bills and other eligible bills	Investment debt securities	Pledged assets	Other assets less prepayments	**Total**
31 December 2021								
Neither past due nor impaired	3,541,791	346,042	78,404	2,087,085	6,361,916	206,001	1,110,757	13,731,996
Past due but not impaired								
Impaired	-	-	-	-	-	-	209,321	209,321
Gross	3,541,791	346,042	78,404	2,087,085	6,361,916	206,001	1,320,078	13,941,317
Less: allowance for impairment	-	-	-	-	-	-	(209,321)	(209,321)
Net	**3,541,791**	**346,042**	**78,404**	**2,087,085**	**6,361,916**	**206,001**	**1,110,757**	**13,731,996**
Carrying amounts	**3,541,791**	**346,042**	**78,404**	**2,087,085**	**6,361,916**	**206,001**	**1,110,757**	**13,731,996**

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

4.1.10 Concentration of risks of financial assets with credit risk exposure

a) Geographical sectors

The following table breaks down the Group's main credit exposure at their carrying amounts, as categorised by geographical region as of 30 September 2022 and 31 December 2021. For this table, the Group has allocated exposures to regions based on the country of domicile of our counterparties.

	UEMOA	Nigeria	AWA	CESA	Others	Total
As at 30 September 2022						
Cash and balances with central banks	584,415	1,525,437	737,238	953,964	292,010	4,093,064
Trading financial assets	-	24,832	173,379	26,125	-	224,336
Derivative financial instruments	19,933	18,530	-	-	119,886	158,349
Loans and advances to banks	220,094	236,513	309,274	414,488	69,371	1,249,740
Loans and advances to customers:	-	-	-	-	-	-
CIB						
− Overdrafts	244,851	19,665	168,819	167,050	-	600,385
− Term loans	2,122,750	2,180,058	678,949	779,073	883,716	6,644,546
− Others	-	-	-	-	-	-
Consumer						
− Overdrafts	18,745	16,164	14,306	11,085	-	60,300
− Credit cards	-	-	1,079	138	-	1,217
− Term loans	506,363	73,882	143,772	189,928	-	913,945
− Mortgages	66,535	-	34,676	29,059	-	130,270
Commercial						
− Overdrafts	47,380	97,362	67,642	82,624	-	295,008
− Credit cards	-	-	-	-	-	-
− Term loans	447,560	150,313	291,460	381,565	-	1,270,898
− Others	-	-	-	-	-	-
Treasury bills and other eligible bills	153,349	893,100	336,374	722,714	-	2,105,537
Investment securities – debt securities	3,409,208	402,804	1,052,260	1,288,979	27,490	6,180,741
Pledged assets	-	174,394	-	-	-	174,394
Other assets	261,133	425,493	156,355	371,378	87,728	1,302,087
Total	**8,102,316**	**6,238,547**	**4,165,583**	**5,418,170**	**1,480,201**	**25,404,817**
Credit commitments	**1,560,701**	**1,201,694**	**802,392**	**1,043,670**	**285,122**	**4,893,579**
As at 31 December 2021						
Cash and balances with central banks	1,017,259	1,339,456	663,036	946,708	242,679	4,209,138
Trading financial assets	-	64,846	253,188	28,008	-	346,042
Derivative financial instruments	23,197	8,529	-	-	46,678	78,404
Loans and advances to banks	495,397	362,441	171,342	555,157	705,108	2,289,445
Loans and advances to customers:	-	-	-	-	-	-
CIB						-
− Overdrafts	293,841	28,441	213,605	174,312	-	710,199
− Term loans	2,394,229	2,230,323	633,537	918,112	586,211	6,762,412
Consumer						-
− Overdrafts	14,016	46,595	16,485	13,551	-	90,647
− Credit cards	-	25	2,317	187	-	2,529
− Term loans	532,729	38,078	164,646	219,782	-	955,235
−Mortgages	69,170	2	38,146	19,062	-	126,380
Commercial						-
− Overdrafts	50,576	88,611	58,201	98,699	-	296,087
− Credit cards	-	-	-	-	-	-
− Term loans	448,013	139,248	251,373	446,118	-	1,284,752
Treasury bills and other eligible bills	84,674	663,016	489,193	850,202	-	2,087,085
Investment securities – debt securities	3,747,841	409,274	1,100,949	1,090,437	13,415	6,361,916
Pledged assets	-	206,001	-	-	-	206,001
Other assets	455,981	193,609	139,650	269,496	62,603	1,121,339
Total	**9,626,923**	**5,818,496**	**4,195,667**	**5,629,831**	**1,656,695**	**26,927,611**
Credit commitments	**1,691,087**	**1,022,090**	**737,021**	**988,949**	**291,019**	**4,730,166**

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

4.1.10 Concentration of risks of financial assets with credit risk exposure

(b) Industry sectors

The following table breaks down the Group's main credit exposure at their carrying amounts, as categorised by the industry sectors of our counterparties.

	Financial institutions	Wholesale & retail trading	Manufacturing	Government	Mining & construction	Services & others	Total
30 September 2022							
Cash and balances with central banks	4,093,064	-	-	-	-	-	4,093,064
Trading financial assets	1,644	-	-	222,692	-	-	224,336
Derivative financial instruments	138,416	-	-	-	-	19,933	158,349
Loans and advances to banks	1,211,791	-	-	35,084	-	2,865	1,249,740
Loans and advances to customers:	-	-	-	-	-	-	-
− Overdrafts	21,084	346,995	119,727	26,281	99,724	341,882	955,693
− Credit cards	35	77	172	81	94	758	1,217
− Term loans	697,506	1,798,554	1,169,662	1,328,770	686,835	3,148,062	8,829,389
− Mortgages	1,858	3,565	4,423	2,779	5,836	111,809	130,270
Treasury bills and other eligible bills	1,325,147	-	-	759,721	-	20,669	2,105,537
Investment securities – debt securities	621,606	55,138	-	5,497,164	-	6,833	6,180,741
Pledged assets	174,394	-	-	-	-	-	174,394
Other assets	568,518	19,623	-	22,533	-	691,413	1,302,087
Total	**8,855,063**	**2,223,952**	**1,293,984**	**7,895,105**	**792,489**	**4,344,224**	**25,404,817**
Credit commitments	**1,272,893**	**817,095**	**240,518**	**180,065**	**984,915**	**1,398,092**	**4,893,578**
31 December 2021							
Cash and balances with central banks	4,209,138	-	-	-	-	-	4,209,138
Trading financial assets	82,158	-	-	263,884	-	-	346,042
Derivative financial instruments	55,207	-	-	23,197	-	-	78,404
Loans and advances to banks	2,226,704	32,526	-	-	-	30,215	2,289,445
Loans and advances to customers:							
− Overdrafts	24,522	319,385	112,291	46,913	81,848	511,974	1,096,933
− Credit cards	-	-	-	-	-	2,529	2,529
− Term loans	282,882	1,754,516	811,011	1,858,453	1,009,657	3,285,880	9,002,399
− Mortgages	2,484	4,502	6,010	7,072	6,242	100,070	126,380
Treasury bills and other eligible bills	1,227,913	-	-	859,172	-	-	2,087,085
Investment securities – debt securities	269,629	-	50,556	6,015,158	-	26,573	6,361,916
Pledged assets	206,001	-	-	-	-	-	206,001
Other assets	413,607	6,702	-	7,163	-	693,867	1,121,339
Total	**9,000,245**	**2,117,631**	**979,868**	**9,081,012**	**1,097,747**	**4,651,108**	**26,927,611**
Credit commitments	**1,581,004**	**371,988**	**172,126**	**1,595,191**	**192,833**	**817,024**	**4,730,166**

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

4.2 Market risk

Market risk is the risk that changes in market prices, which include currency exchange rates and interest rates, will affect the fair value or future cash flows of a financial instrument. Market risk arises from open positions in interest rates and foreign currencies, both of which are exposed to general and specific market movements and changes in the level of volatility. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while optimising the return on risk. Overall responsibility for managing market risk rests with the Group Risk Management and the Board's Risk Committee. The Group Risk Management is responsible for the development of detailed risk management policies and procedures (subject to review and approval Board's Risk Committee) and for the day to day implementation of those policies.
It will be worth noted that due to significant currency evolution , the year end exposure of foreign exchange and interest rate sensitivity analysis may be unrepresentative of the exposure during the year.

The market risks arising from trading and non-trading activities are concentrated in Group Treasury. Regular reports are submitted to the Board of Directors and heads of each business unit. Trading portfolios include those positions arising from market-making transactions where the Group acts as principal with clients or with the market. Non-trading portfolios primarily arise from the interest rate management of the subsidiary's banking assets and liabilities. Non-trading portfolios also consist mainly of foreign exchange risks arising from the Group's investment securities.

The Group applies a 'value at risk' methodology (VaR) to its trading portfolios, to estimate the market risk of positions held and the maximum losses expected.

Our VaR model is designed to take into account a comprehensive set of risk factors across all asset classes in our trading book. Our (VaR) model is predominantly based on historical simulation which derives plausible future trading losses from the analysis of historic market prices.
We use a three-year historical dataset, a one-day holding period and a 99% confidence level. This means that we would expect daily mark-to-market trading losses to exceed the reported (VaR) not more than once in 100 trading days. These assumptions are aligned with international standards for market risk management.

The use of this approach does not prevent losses outside of these limits in the event of more significant market movements. To mitigate some of the (VaR) limitations and estimate losses associated with unusually severe market movements, we use other metrics designed for risk management purposes, including stressed (VaR), position risk and scenario analysis. Backtesting is also used to assess the accuracy of the (VaR) model, by comparing the results produced from the (VaR) model with the actual daily trading revenue.

	30 September 2022			31 December 2021		
	Low	Average	High	Low	Average	High
Foreign exchange risk	5	30	96	141	956	2,594
Interest risk	373	2,850	5,828	258	1,988	4,872

4.2.1 Foreign exchange risk

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board of directors sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily. The table below summarises the Group's exposure to foreign currency exchange rate risk at 30 September 2022 and 31 December 2021. Included in the table are the Group's financial instruments at carrying amounts, categorised by currency.

As at 30 September 2022	**Dollar**	**Euro**	**CFA**	**Naira**	**Cedis**	**Others**	**Total**
Assets							
Cash and balances with central banks	308,264	331,273	897,236	1,520,924	358,498	676,869	4,093,064
Trading financial assets	119,419	-	-	23,078	71,711	10,128	224,336
Derivative financial instruments	-	119,886	19,933	18,530	-	-	158,349
Loans and advances to banks	206,015	118,416	382,890	105,540	22,491	414,388	1,249,740
Loans and advances to customers	2,363,257	743,200	3,996,336	1,015,085	483,314	606,955	9,208,147
Treasury bills and other eligible bills	9,896	-	378,155	893,100	3,860	820,526	2,105,537
Investment securities	1,030,862	28,757	4,265,954	335,688	137,854	531,048	6,330,163
Pledged assets	-	-	-	174,394	-	-	174,394
Other assets	261,304	110,346	147,861	160,471	73,573	171,536	925,091
Total financial assets	**4,299,017**	**1,451,878**	**10,088,365**	**4,246,810**	**1,151,301**	**3,231,450**	**24,468,821**
Liabilities							
Deposits from banks	559,662	558,684	223,655	41,823	109,035	710,704	2,203,563
Deposit from customers	3,620,521	781,894	7,752,369	3,204,159	753,740	2,306,871	18,419,554
Derivative financial instruments	-	82,531	-	20,291	-	-	102,822
Other borrowed funds	1,139,815	16,727	29,438	227,448	7,408	514,176	1,935,012
Other liabilities	171,625	93,077	145,176	157,192	45,421	261,270	873,761
Total financial liabilities	**5,491,623**	**1,532,913**	**8,150,638**	**3,650,913**	**915,604**	**3,793,021**	**23,440,733**
Net on-statement of financial position	**(1,192,606)**	**(81,035)**	**1,937,727**	**595,897**	**235,697**	**(561,571)**	**934,109**
Credit commitments	**1,389,067**	**61,234**	**1,231,642**	**1,239,652**	**563,026**	**408,957**	**4,893,578**

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

4.2.1 Foreign exchange risk (continued)

As at 31 December 2021	Dollar	Euro	CFA	Naira	Cedis	Others	Total
Assets							
Cash and balances with central banks	403,217	262,877	1,313,081	1,456,815	313,509	459,639	4,209,138
Trading financial assets	16,876	-	-	64,234	253,188	11,744	346,042
Derivative financial instruments	-	46,677	23,198	8,529	-	-	78,404
Loans and advances to banks	865,645	313,266	275,571	55,680	7,885	771,398	2,289,445
Loans and advances to customers	2,301,572	295,442	4,629,645	963,048	984,712	401,446	9,575,865
Treasury bills and other eligible bills	30,504	-	361,322	663,016	115,164	917,079	2,087,085
Investment securities - available-for-sale	623,643	89,500	4,547,424	361,806	570,023	367,832	6,560,228
Pledged assets	-	-	-	206,001	-	-	206,001
Other assets	190,781	19,920	311,884	93,026	25,775	260,050	901,436
Total financial assets	**4,432,238**	**1,027,682**	**11,462,125**	**3,872,155**	**2,270,256**	**3,189,188**	**26,253,644**
Liabilities							
Deposits from banks	335,107	404,018	835,770	45,499	38,518	571,023	2,229,935
Deposit from customers	4,153,030	679,302	8,579,095	3,001,841	1,306,185	1,993,896	19,713,349
Derivative financial instruments	-	22,131	-	6,970	-	-	29,101
Other borrowed funds	1,739,555	8,812	126,547	142,171	12,517	322,835	2,352,437
Other liabilities	125,312	65,950	153,426	178,393	64,602	169,241	756,924
Total financial liabilities	**6,353,004**	**1,180,213**	**9,694,838**	**3,374,874**	**1,421,822**	**3,056,995**	**25,081,746**
Net on-statement of financial position	**(1,920,766)**	**(152,531)**	**1,767,287**	**497,281**	**848,434**	**132,193**	**1,171,898**
Credit commitments	**1,646,917**	**349,499**	**1,022,073**	**1,143,402**	**8,130**	**560,145**	**4,730,166**

Currency Sensitivity Analysis

ETI periodically performs sensitivity analysis to determine the impact on Group's balance sheet resulting from a potential appreciation of the United States Dollars (USD) relative to the currencies to which the Group has major exposure namely; CFA Franc (FCFA), the Euro (EUR), the Nigerian Naira (NGN) and the Ghana Cedi (GHS). The results using data as of 30 September 2022 and 31 December 2021 are shown in the table below.

Overall Impact	30 September 2022			31 December 2021		
Projected Appreciation of the USD	5%	10%	20%	5%	10%	20%
Estimated Impact on Net Asset Value ($ Million)	(104)	(208)	(417)	(110)	(220)	(440)

Impact for NGN

Projected Appreciation of the USD	5%	10%	20%	5%	10%	20%
Estimated Impact on Net Asset Value ($ Million)	(22)	(44)	(88)	(18)	(37)	(74)

Impact for CFA

Projected Appreciation of the USD	5%	10%	20%	5%	10%	20%
Estimated Impact on Net Asset Value ($ Million)	(72)	(144)	(288)	(66)	(131)	(263)

Impact for EUR

Projected Appreciation of the USD	5%	10%	20%	5%	10%	20%
Estimated Impact on Net Asset Value ($ Million)	(7)	(15)	(29)	6	11	23

Impact for GHS

Projected Appreciation of the USD	5%	10%	20%	5%	10%	20%
Estimated Impact on Net Asset Value ($ Million)	(3)	(6)	(11)	(32)	(63)	(126)

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

4.2.2 Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise. The Board of Directors sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored daily by Group Treasury.

The table below summarises the Group's exposure to interest rate risks. It includes the Group's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.
The Group's derivatives will be settled on a net basis.

As at 30 September 2022	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest bearing	Total
Assets							
Cash and balances with central banks	2,409,180	92,771	1,050,008	-	-	566,657	4,118,616
Trading financial assets	11,497	26,334	229,889	-	-	8,926	276,646
Derivative financial instruments	160,030	-	-	-	1,541	-	161,571
Loans and advances to banks	504,353	306,314	475,022	227,560	-	-	1,513,249
Loans and advances to customers	1,818,414	1,116,813	2,013,718	2,687,809	1,771,037	-	9,407,791
Treasury bills and other eligible bills	213,468	574,110	1,165,521	161,961	-	-	2,115,060
Investment securities	221,510	80,986	571,502	3,915,869	1,602,580	-	6,392,447
Pledged assets	28,749	-	64,709	83,258	-	-	176,716
Other assets	391,760	19,112	221,274	72,232	36,389	193,128	933,895
Total financial assets	**5,758,961**	**2,216,440**	**5,791,643**	**7,148,689**	**3,411,547**	**768,711**	**25,095,991**
Liabilities							
Deposits from banks	1,507,901	132,459	55,114	-	-	516,376	2,211,850
Deposit from customers	10,207,351	2,344,912	2,313,056	1,085,301	518,152	2,128,109	18,596,881
Derivative financial instruments	47,160	-	52,764	-	23,197	-	123,121
Borrowed funds	449,226	205,914	35,203	1,090,515	593,460	6,045	2,380,363
Other liabilities	174,040	103,566	91,445	135,086	53,642	318,029	875,808
Total financial liabilities	**12,385,678**	**2,786,851**	**2,547,582**	**2,310,902**	**1,188,451**	**2,968,559**	**24,188,023**
Total interest repricing gap	**(6,626,717)**	**(570,411)**	**3,244,061**	**4,837,787**	**2,223,096**	**(2,199,848)**	**907,968**

As at 31 December 2021	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest bearing	Total
Assets							
Cash and balances with central banks	3,420,372	122,459	63,380	-	-	666,376	4,272,587
Trading financial assets	23,447	45,684	372,873	-	-	11,153	453,157
Derivative financial instruments	46,677	-	8,529	-	23,197	-	78,403
Loans and advances to banks	3,287,157	455,349	663,206	495,303	-	-	4,901,015
Loans and advances to customers	1,923,138	1,314,740	1,833,297	3,380,592	1,379,584	-	9,831,351
Treasury bills and other eligible bills	201,363	406,282	1,466,437	10,338	15,133	-	2,099,553
Investment securities	195,098	285,774	1,355,688	3,639,977	1,188,292	-	6,664,829
Pledged assets	-	-	139,117	66,884	-	-	206,001
Other assets	303,283	53,330	294,826	64,495	34,629	150,873	901,436
Total financial assets	**9,400,535**	**2,683,618**	**6,197,353**	**7,657,589**	**2,640,835**	**828,402**	**29,408,332**
Liabilities							
Deposits from banks	2,052,803	85,923	33,815	-	-	534,466	2,707,007
Deposit from customers	10,784,745	1,345,321	2,994,775	1,463,879	723,776	2,598,796	19,911,292
Derivative financial instruments	27,799	-	63,472	-	-	-	91,271
Borrowed funds	501,066	412,293	342,107	1,308,197	714,010	5,213	3,282,886
Other liabilities	144,303	107,047	106,073	150,780	44,129	204,592	756,924
Total financial liabilities	**13,510,716**	**1,950,584**	**3,540,242**	**2,922,856**	**1,481,915**	**3,343,067**	**26,749,380**
Total interest repricing gap	**(4,110,181)**	**733,034**	**2,657,111**	**4,734,733**	**1,158,920**	**(2,514,665)**	**2,658,952**

4.2.2 Interest rate risk (continued)

Interest Rate Sensitivity Analysis

The Group performs a periodic analysis of the sensitivity of its one-year projected earnings to an increase or decrease in market interest rates assuming a parallel shift in yield curves and a constant balance sheet position and the results using data as of 30 September 2022 and 31 December 2021 are shown below.

30 September 2022						
Projected Change in Interest Rates	25 basis points Increase	50 basis points Increase	100 basis points Increase	25 basis points decrease	50 basis points decrease	100 basis points decrease
Estimated Impact on Earnings/ Equity ($ Million)	10.1	20.1	40.3	(10.1)	(20.1)	(40.3)

31 December 2021						
Projected Change in Interest Rates	25 basis points Increase	50 basis points Increase	100 basis points Increase	25 basis points decrease	50 basis points decrease	100 basis points decrease
Estimated Impact on Earnings/ Equity ($ Million)	8.3	16.6	33.3	(8.3)	(16.6)	(33.3)

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

4.2.2 Interest rate risk (continued)

Effect of IBOR reform

The London Interbank Offered Rate (LIBOR) is the reference interest rate that underpins trillions of loan and derivative contracts worldwide. The reform of these reference interest rates and their replacement with ARRs ("Alternative Reference Rates") has become a priority for global regulators.

In July 2017, the U.K. Financial Conduct Authority (FCA) announced that the market should stop relying on LIBOR rates from December 31, 2021. Hence, the non-USD LIBORs have ceased from December 31, 2021 and only USD LIBOR exists at this point.

ARRs ("Alternative Reference Rates") are the rates that will be used to replace the existing benchmarks as set by London Interbank Offered Rates. This was suggested and driven by the regulators in order to improve the transparency and credibility of the benchmarks. In order to meet these criteria these ARRs are based on overnight rates derived from actual transactions conducted. Industry in conjunction with regulators has thus moved to various reference rates such as --- USD SOFR (Secured overnight Financing Rate), SONIA (Sterling Overnight index Average), Japanese YEN TONAR (Tokyo Overnight Average Rate), EURO ESTR (Euro Short Term Rate) and Swiss Franc SARON (Swiss average overnight).

The emerging LIBOR transition program and the direction of thought is also heavily influenced by several notable market bodies:
- ICE Benchmark Administration (IBA) – The authorized administrator of LIBOR influencing the timing of the LIBOR quotation.
- IBA announced an extension to the cessation of 1, 3, 6 and 12 months LIBOR USD till June 2023
- The International Swaps and Derivatives Association (ISDA) – Influencing derivatives contracts fall back language
- ISDA has published a protocol and fallback language which will address most historical and all future derivative contracts.
- The Loan Market Association (LMA) – Influencing loan contracts fallback language in Europe, Middle East and Africa (EMEA). LMA released an exposure draft for term and revolving loan agreement with a mechanism to switch from LIBOR to ARRs
- Loan Syndications and Trading Association (LSTA) – Influencing loan contracts fallback language in North America.

As other financial Institutions, Ecobank uses benchmark rates like USD LIBOR, to price specifics clients contract or international transactions. Since the announcement that the market should stop relying on LIBOR USD rates from December 31, 2021, a LIBOR Transition program was launched under the lead of a Steering Committee with the objective to prepare the bank for the alternative rates to be used as benchmarks – Risk Free Rates (RFR), build spread and term structure on par with LIBOR, Determine LIBOR exposure and Manage the transition across different risk areas.

To meet these objectives, the Libor Transition Program Steering Committee has established key Working Group consisting of key contributors across departments impacted by the transition. The following work groups were formed to ensure a successful transition to the RFRs: Legal and Regulatory Work, Communication and Training Work Group, Risk, Compliance and Finance Work group, System rollout Workgroup.

An impact assessment was done within the Group and we identified contracts which were linked to USD Libor and which were outstanding as at 31 September 2022.

There was no impact on longer dated derivatives as the underlying pricing is FX and fixed already.

Financial assets and liabilities subject to LIBOR Reform as at 30 September 2022 and 31 December 2021

	As at 30 September 2022	As at 31 December 2021
in thousand of USD Dollar		
Assets	**USD LIBOR**	**USD LIBOR**
Loans and advances to customers	416,308	766,016
Total financial assets	**416,308**	**766,016**
Liabilities	**USD LIBOR**	**USD LIBOR**
Borrowed funds	241,765	591,364
Total financial liabilities	**241,765**	**591,364**

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

4.3 Liquidity risk

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

4.3.1 Liquidity risk management process

The Group's liquidity management process, as carried out within the Group and monitored by a separate team in Group Treasury, includes:

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

4.3.2 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. The Group manages the inherent liquidity risk based on expected undiscounted cash inflows.

As at 30 September 2022

	Up to 1 month	1 -3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Assets						
Cash and balances with central banks	2,344,063	-	-	-	1,749,001	4,093,064
Trading financial assets	22,615	41,675	39,893	36,312	95,767	236,262
Derivative financial instruments	145,697	-	35,873	-	1,541	183,111
Loans and advances to banks	1,386,282	255,282	227,808	-	-	1,869,372
Loans and advances to customers	2,190,521	1,180,680	1,720,152	3,069,632	1,773,572	9,934,557
Treasury bills and other eligible bills	187,359	830,766	1,036,284	175,050	-	2,229,459
Investment securities	38,927	70,304	882,481	3,816,584	1,894,988	6,703,284
Pledged assets	-	-	96,658	86,278	-	182,936
Other assets	307,784	108,521	212,386	264,919	26,920	920,530
Total assets (expected maturity dates)	**6,623,248**	**2,487,228**	**4,251,535**	**7,448,775**	**5,541,789**	**26,352,575**
Liabilities						
Deposits from banks	1,462,804	341,673	333,959	91,897	-	2,230,333
Deposit from customers	13,482,910	1,741,238	2,754,675	597,573	86,678	18,663,074
Other borrowed funds	475,993	204,602	20,950	1,356,647	671,124	2,729,316
Other liabilities	185,406	111,496	297,546	256,695	23,642	874,785
Derivative financial instruments	82,532	-	25,712	-	-	108,244
Total liabilities (contractual maturity dates)	**15,689,645**	**2,399,009**	**3,432,842**	**2,302,812**	**781,444**	**24,605,752**
Gap analysis	**(9,066,397)**	**88,219**	**818,693**	**5,145,963**	**4,760,345**	**1,746,823**
Off-balance sheet items						
Loan commitments	-	-	936,227	440,577	-	1,376,804
Guarantees, acceptances and other financial facilities	-	-	2,391,407	1,125,368	-	3,516,775
Total	**-**	**-**	**3,327,634**	**1,565,945**	**-**	**4,893,579**

As at 31 December 2021	Up to 1 month	1 -3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Assets						
Cash and balances with central banks	2,532,201	-	-	-	1,676,937	4,209,138
Trading financial assets	23,010	45,726	104,503	101,881	101,751	376,871
Derivative financial instruments	46,737	588	11,435	24,538	-	83,298
Loans and advances to banks	2,443,592	798,339	344,434	-	-	3,586,365
Loans and advances to customers	2,512,835	1,598,742	2,011,593	3,162,176	1,398,399	10,683,745
Treasury bills and other eligible bills	383,510	737,754	1,091,532	38,051	18,657	2,269,504
Investment securities	1,302,652	293,083	1,096,817	3,029,331	1,891,634	7,613,517
Pledged assets	-	-	148,299	71,299	-	219,598
Other assets	574,815	165,292	83,997	36,577	40,755	901,436
Total assets (expected maturity dates)	**9,819,352**	**3,639,524**	**4,892,610**	**6,463,853**	**5,128,133**	**29,943,472**
Liabilities						
Deposits from banks	2,713,500	230,735	562,501	273,048	-	3,779,784
Deposit from customers	17,300,643	523,032	1,172,884	844,892	109,320	19,950,771
Borrowed funds	162,176	409,982	278,383	1,155,906	892,390	2,898,837
Derivative financial instruments	405,669	207,047	606,073	150,780	44,129	1,413,698
Other liabilities	22,131	-	6,970	-	-	29,101
Total liabilities(contractual maturity dates)	**20,604,119**	**1,370,796**	**2,626,811**	**2,424,626**	**1,045,839**	**28,072,191**
Gap analysis	**(10,784,767)**	**2,268,728**	**2,265,799**	**4,039,227**	**4,082,294**	**1,871,281**
Off-balance sheet items						
Loan commitments	-	-	729,347	343,222	-	1,072,569
Guarantees, acceptances and other financial facilities	-	-	2,487,166	1,170,431	-	3,657,597
	-	**-**	**3,216,513**	**1,513,653**	**-**	**4,730,166**

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash, central bank balances, items in the course of collection and treasury and other eligible bills; loans and advances to banks; loans and advances to customers and other assets. In the normal course of business, a proportion of customer loans and advances contractually repayable within one year will be extended. The Group would also be able to meet unexpected net cash outflows by selling investment securities.

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

4.4. Offsetting

As at 30 September 2022	Gross amount	Gross amount set-off on SOFP	Net amount presented on SOFP	Related amount not set-off on SOFP	Net amount
Derivative financial assets					
- forwards	107,588	-	107,588	-	107,588
- swaps	50,761	-	50,761	-	50,761
- options	-	-	-	-	-
Derivative financial liabilities					
- forwards	74,908	-	74,908	-	74,908
- swaps	27,915	-	27,915	-	27,915
- options	-	-	-	-	-

As at 31 December 2021	Gross amount	Gross amount set-off on SOFP	Net amount presented on SOFP	Related amount not set-off on SOFP	Net amount
Derivative financial assets					
- forwards	58,032	-	58,032	-	58,032
- swaps	20,372	-	20,372	-	20,372
- options	-	-	-	-	-
Derivative financial liabilities					
- forwards	10,643	-	10,643	-	10,643
- swaps	18,458	-	18,458	-	18,458
- options	-	-	-	-	-

There are no amounts that have been offsetted as at the year ended 30 September 2022 (December 2021 : nil).

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

4.5 Fair value of financial assets and liabilities

Fair value is a market-based measurement and uses the assumptions that market participants would use when pricing an asset or liability under current market conditions. When determining fair value it is presumed that the entity is a going concern and is not an amount that represents a forced transaction, involuntary liquidation or a distressed sale.

(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 Sep. 2022	**31 Dec. 2021**	**30 Sep. 2022**	**31 Dec. 2021**
Financial assets:				
Cash and balances with central banks	4,093,064	4,209,138	4,093,064	4,209,138
Loans and advances to banks	1,249,740	2,289,445	1,717,810	2,988,638
Loans and advances to customers	9,208,147	9,575,865	9,934,557	9,720,135
Other assets (excluding prepayments)	925,091	901,436	925,091	901,436
Financial liabilities:				
Deposits from banks	2,203,563	2,229,935	2,372,193	2,412,243
Deposit from customers	18,419,554	19,713,349	18,663,074	19,950,771
Other liabilities (excluding deferred income)	873,761	756,924	873,761	756,924
Borrowed funds	1,935,012	2,352,437	2,439,316	2,898,837

All the fair values are determined using the Level 2 fair value hierarchy

Management do not believe any greater disaggregation of the items shown in the table above other than the line items presented in the statement of financial position would provide any more meaningful information nor have an impact on the fair value amounts disclosed.

(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 because these are short term in nature with a maturity of less than one year

(vii) Borrowed Funds

The estimated fair value of borrowed funds represents the discounted amount of estimated future cash flows expected to be paid. Expected cash flows are discounted at current market rates to determine the fair value. This will take into account closest similar instruments with similar coupons and maturities where available.

(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:

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

4.5 Fair value of financial assets and liabilities (continued)

(b) Fair value hierarchy (continued)

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 September 2022			31 December 2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Treasury and other eligible bills	157,373	1,948,164	-	148,405	1,938,680	-
Trading financial assets	81,474	142,862	-	64,043	281,999	-
Derivative financial instruments	-	158,349	-	-	78,404	-
Pledged assets	-	174,394	-	-	206,001	-
Investment securities	153,378	6,057,908	118,877	369,775	6,070,554	119,899
Total financial assets	**392,225**	**8,481,677**	**118,877**	**582,223**	**8,575,638**	**119,899**
Derivative financial instruments	-	102,822	-	-	29,101	-
Total financial liabilities	-	102,822	-	-	29,101	-

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

	30 Sep. 2022	**31 Dec. 2021**
	Level 3	Level 3
Opening balance	119,899	114,080
Disposal	-	-
Transfer from level 2 to level 3		334
Exchange difference	(1,022)	(3,581)
Gains & losses recognised in the income statement	-	9,100
Gains & losses recognised in other comprehensive income	-	(34)
Closing balance	118,877	119,899
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	10,499	18,563

Level 3 fair value measurement The table below sets out some 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 Sep 2022**	Valuation technique	Significant unobservable input	Change in unobservable input by 10 basis point	Change in unobservable input by 50 basis point
African Finance Corporation	91,651	Dividend discount model	Weighted average cost of capital	226,078	236,016
Accion Microfinance Limited	1,649	Average of Income and Market Approach	Weighted average cost of capital	3,399	3,548
Afreximbank	2,906	Dividend discount model	Weighted average cost of capital	7,179	7,495
Nigerian Automated Clearing System/NIBSS	5,471	Income Approach (Average of operating profit model and Free Cash Flow to Equity model)	Weighted average cost of capital	13,429	14,020
FMDQ	9,065	Income Approach (Average of operating profit model and Free Cash Flow to Equity model)	Weighted average cost of capital	22,712	23,711
Unified Payment Services Limited	633	Income Approach (Average of operating profit model and Free Cash Flow to Equity model)	Weighted average cost of capital	1,234	1,288
AGSMEIS	7,137	Discounted cash flow	Weighted average cost of capital	17,999	18,790
Credit Reference Company	251	Income Approach (Average of operating profit model and Free Cash Flow to Equity model)	Weighted average cost of capital	657	686
SANEF	114	Discounted cash flow	Weighted average cost of capital	126	132

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

30 September 2022	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	4,093,064	-	-	-	-	-	-	4,093,064
Trading financial assets	-	224,336	-	-	-	-	-	224,336
Derivative financial instruments	-	158,349	-	-	-	-	-	158,349
Loans and advances to banks	1,249,740	-	-	-	-	-	-	1,249,740
Loans and advances to customers	9,208,147	-	-	-	-	-	-	9,208,147
Treasury bills and other eligible bills	-	-	2,105,537	-	-	-	-	2,105,537
Investment securities - Equity instruments	-	-	-	30,545	118,877	-	-	149,422
Investment securities - Debt instruments	-	-	6,180,741	-	-	-	-	6,180,741
Pledged assets	174,394	-	-	-	-	-	-	174,394
Other assets, excluding prepayments	925,091	-	-	-	-	-	-	925,091
Total	**15,650,436**	**382,685**	**8,286,278**	**30,545**	**118,877**	**-**	**-**	**24,468,821**
Liabilities								
Deposits from banks	-	-	-	-	-	-	2,203,563	2,203,563
Deposit from customers	-	-	-	-	-	-	18,419,554	18,419,554
Derivative financial instruments	-	-	-	-	-	102,822	-	102,822
Borrowed funds	-	-	-	-	-	-	1,935,012	1,935,012
Other liabilities, excluding non-financial liabilities	-	-	-	-	-	-	873,761	873,761
Total	**-**	**-**	**-**	**-**	**-**	**102,822**	**23,431,890**	**23,534,712**

31 December 2021	Amortised cost	FVTPL	FVTOCI - Debt Instruments	Equity Instruments at FVTPL	FVTOCI - Equity instruments	Liabilities at fair value through profit or loss	Liabilities at amortized cost	Total
Assets								
Cash and balances with central banks	4,209,138	-	-	-	-	-	-	4,209,138
Trading financial assets	-	346,042	-	-	-	-	-	346,042
Derivative financial instruments	-	78,404	-	-	-	-	-	78,404
Loans and advances to banks	2,289,445	-	-	-	-	-	-	2,289,445
Loans and advances to customers	9,575,865	-	-	-	-	-	-	9,575,865
Treasury bills and other eligible bills	-	-	2,087,085	-	-	-	-	2,087,085
Investment securities - Equity instruments	-	-	-	78,413	119,899	-	-	198,312
Investment securities - Debt instruments	-	-	6,361,916	-	-	-	-	6,361,916
Pledged assets	206,001	-	-	-	-	-	-	206,001
Other assets, excluding prepayments	901,436	-	-	-	-	-	-	901,436
Total	**17,181,885**	**424,446**	**8,449,001**	**78,413**	**119,899**	**-**	**-**	**26,253,644**
Liabilities								
Deposits from banks	-	-	-	-	-	-	2,229,935	2,229,935
Deposit from customers	-	-	-	-	-	-	19,713,349	19,713,349
Derivative financial instruments	-	-	-	-	-	29,101	-	29,101
Borrowed funds	-	-	-	-	-	-	2,352,437	2,352,437
Other liabilities, excluding non-financial liabilities	-	-	-	-	-	-	756,924	756,924
Total	**-**	**-**	**-**	**-**	**-**	**29,101**	**25,052,645**	**25,081,746**

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

5 Financial Capital 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. UEMOA minimum regulatory capital requirements will go to 7.5% CET1 CAR, 8.5% Tier 1 CAR and 11.5% Total CAR with effect from 2023. The Group has remained compliant with the UEMOA minimum regulatory capital adequacy ratios for Regionally systemically important banks (8.5%CET 1 CAR, 9.5% Tier 1 CAR, and 12.25% for Total CAR). Regulatory capital ratios are submitted to our regulator every six months. The ratios for June 2022,has been submitted to the regulator by October 31, 2022.

Common Equity Tier 1 capital	**30 June 2022**	**31 Dec 2021**
Tier 1 capital		
Share capital	2,113,961	2,113,961
Retained earnings	524,723	434,419
IFRS 9 Day One transition adjustment	74,825	99,767
Statutory reserves	635,814	635,814
Other reserves	(2,060,747)	(1,848,142)
Non-controlling interests	206,566	220,170
Less: goodwill	(18,339)	(18,339)
Less: intangibles	(79,702)	(103,949)
Less: other deductions	(8,782)	-
Total CET 1 capital	**1,388,319**	**1,533,701**
Additional Tier 1 capital		
Additional Tier 1 instrument	75,000	75,000
Minority interests included in Tier 2 capital	21,908	22,931
Total Additional Tier 1 capital	**96,908**	**97,931**
Total qualifying Tier 1 capital	**1,485,227**	**1,631,632**
Tier 2 capital		
Subordinated debt and other instruments		
Revaluation reserve	488,556	481,362
Minority interests included in Tier 2 capital	83,305	83,305
	56,693	59,131
Total qualifying Tier 2 capital	628,554	**623,798**
Total regulatory capital	**2,113,781**	**2,255,431**
Risk-weighted assets:		
Credit risk weighted assets	11,554,182	12,058,253
Market risk weighted assets	26,580	77,745
Operational risk weighted assets	3,135,424	3,135,424
Total risk-weighted assets	**14,716,186**	**15,271,422**
CET 1 Capital Adequacy Ratio	**9.4%**	**10.0%**
Total Capital Adequacy Ratio	**10.1%**	**10.7%**
Tier 1 Capital Adequacy Ratio		
Total Capital Adequacy Ratio	**14.4%**	**14.8%**

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

6 Segment Analysis

Operating segments are reported in accordance with the internal reporting provided to the Group Executive Committee (the chief operating decision-maker), which is responsible for allocating resources to the reportable segments and assesses its performance. All operating segments used by the group meet the definition of a reportable segment under IFRS 8.

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.

All revenues are external revenues. Attributing revenue to geographical areas is based on affiliate geographical position and activities. The reconciling items are intercompany adjustments : mainly elimination of intra group dividend income and other intercompany assets and liabilities.

Segment assets and liabilities comprise operating assets and liabilities, being the majority of the statement of financial position, but exclude items such as taxation and borrowings.

The following table shows the Group's performance by business segments.

At 30 September 2022	CIB	Commercial	Consumer	Others	Total business segment	Consolidation adjustments	Ecobank Group
Interest income	917,434	160,007	94,489	5,783	1,177,713	(23,539)	1,154,174
Interest expense	(220,237)	(44,721)	(72,670)	(100,074)	(437,702)	23,960	(413,742)
Inter-segment revenue	(265,189)	58,031	178,356	28,802	-	-	-
Fee and commission income	153,154	112,411	127,225	20,838	413,628	(20,601)	393,027
Fee and commission expense	(25,344)	(16,109)	(7,119)	(3,135)	(51,707)	1,867	(49,840)
Trading income	139,581	68,118	23,326	(9,744)	221,281	-	221,281
Other income	15,540	4,140	4,629	245,968	270,277	(220,146)	50,131
Operating income	**714,939**	**341,877**	**348,236**	**188,438**	**1,593,490**	**(238,459)**	**1,355,031**
Impairment charges on financial assets	(62,829)	(43,928)	(21,788)	(4,249)	(132,794)	-	(132,794)
Non-conversion premium on bond	-	-	-	(25,000)	(25,000)	-	(25,000)
Operating expenses	(308,932)	(213,189)	(231,286)	115,015	(638,392)	(124,216)	(762,608)
Operating profit after impairment charges	**343,178**	**84,760**	**95,162**	**274,204**	**797,304**	**(362,675)**	**434,629**
Share of post-tax results of associates	-	-	-	(46)	(46)	406	360
Net monetary loss arising from hyperinflationary economies	(15,105)	(13,981)	(5,176)	-	(34,262)	-	(34,262)
Profit before tax	**328,073**	**70,779**	**89,986**	**274,158**	**762,996**	**(362,269)**	**400,727**
Balance Sheet Highlights as at 30 September 2022							
Total assets	**14,323,945**	**2,067,697**	**1,034,424**	**4,036,776**	**21,462,842**	**4,168,226**	**25,631,068**
Total liabilities	**13,356,637**	**5,002,251**	**5,986,164**	**1,889,906**	**26,234,958**	**(2,334,519)**	**23,900,439**
At 30 September 2021							
Interest income	874,564	134,244	98,242	8,248	1,115,298	(24,129)	1,091,169
Interest expense	(217,158)	(32,189)	(75,190)	(94,070)	(418,607)	24,669	(393,938)
Inter-segment revenue	(258,806)	49,267	156,407	53,132	-		
Fee and commission income	139,182	93,808	120,473	28,063	381,526	(28,433)	353,093
Fee and commission expense	(22,050)	(7,016)	(6,352)	(2,729)	(38,147)	1,547	(36,600)
Trading income	136,439	56,081	16,127	886	209,532	-	209,532
Other income	14,084	4,101	4,412	190,380	212,977	(170,922)	42,055
Operating income	**666,254**	**298,297**	**314,119**	**183,910**	**1,462,580**	**(197,269)**	**1,265,311**
Impairment charges on financial assets	(79,041)	(36,100)	(14,320)	(16,480)	(145,941)	(85)	(146,026)
Operating expenses	(298,037)	(196,999)	(229,457)	(110,750)	(835,243)	98,067	(737,176)
Operating profit after impairment charges	**289,176**	**65,198**	**70,342**	**56,680**	**481,396**	**(99,287)**	**382,109**
Share of post-tax results of associates	47	-	-	-	47	(362)	(315)
Net monetary loss arising from hyperinflationary economies	(8,540)	(10,117)	(3,692)	(239)	(22,588)	(7,001)	(29,589)
Profit before tax from continuing operations	**280,683**	**55,081**	**66,650**	**56,441**	**458,855**	**(106,650)**	**352,205**
Balance Sheet Highlights as at 31 December 2021							
Total assets	**15,301,941**	**1,930,386**	**1,105,350**	**4,036,776**	**22,374,453**	**5,187,340**	**27,561,793**
Total liabilities	**14,680,738**	**4,981,533**	**6,374,166**	**1,889,906**	**27,926,343**	**(2,528,856)**	**25,397,487**

The reconciling items are intercompany adjustments mainly elimination of intra group dividend income, intercompany assets and liabilities and other adjustments for consolidation.

(All amounts in US dollar thousands unless otherwise stated)

6.1 Entity-wide disclosures

The group is also further organised under the following geographical clusters:

i) Union Economique et Monétaire Ouest Africaine (UEMOA) region comprises all subsidiaries within the UEMOA monetary zone. Countries in this zone share a common currency except Cape Verde. This region currently includes subsidiaries in Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Mali, Niger, Senegal, Togo and Guinea Bissau and any other related entities.

ii) Nigeria region is made up of Ecobank Nigeria and other related entities domiciled in Nigeria.

iii) Anglophone West Africa (AWA) region comprises all subsidiaries in West African countries not included in the common monetary zone described as UEMOA. This region currently includes subsidiaries in Ghana, Guinea, Liberia, Sierra Leone and Gambia and any other related entities

iv) CESA Central, Eastern and Southern region comprises all subsidiaries within the CEMAC (Central African Economic and Monetary Community) , EAC (East African Community) and SADC (Southern African Development Community) monetary zone. Countries in this zone share a common currency except Sao Tomé. These countries are : Cameroon, Chad, Central Africa, Congo Brazzaville, Gabon, Sao Tome and Equatorial Guinea, Burundi, Kenya, Rwanda, Tanzania, Uganda and South Sudan, Democratic Republic of Congo, Malawi, Zambia, Zimbabwe and Mozambique and any other related entities

Transactions between the business segments are carried out at arm’s length. The revenue from external parties reported to the Group Executive Committee (GEC) is measured in a manner consistent with that in the consolidated income statement. Internal charges and transfer pricing adjustments have been reflected in the performance of each business. Revenue-sharing agreements are used to allocate external customer revenues to a business segment on a reasonable basis. The Group’s management reporting is based on a measure of operating profit comprising net interest income, loan impairment charges, net fee and commission income, other income and non-interest expenses. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as restructuring costs, legal expenses and goodwill impairments when the impairment is the result of an isolated, non-recurring event. As the GEC reviews operating profit, the results of discontinued operations are not included in the measure of operating profit. The information provided about each segment is based on the internal reports about segment profit or loss, assets and other information, which are regularly reviewed by the GEC. Segment assets and liabilities comprise operating assets and liabilities, being the majority of the consolidated statement of financial position, but exclude items such as taxation.

Segment results of operations. The segment information provided to the Group Executive Board for the reportable segments for the period ended 30 September 2022 and December 2021 are as follows:

	UEMOA	NIGERIA	AWA	CESA	Others and conso adjust.	Ecobank Group
At 30 September 2022						
Net interest income	246,851	87,400	276,318	214,783	(84,920)	740,432
Non interest income	167,489	96,998	127,090	199,770	23,252	614,599
Operating income	**414,340**	**184,398**	**403,408**	**414,553**	**(61,668)**	**1,355,031**
Impairment charges on financial assets	(34,753)	(12,655)	(22,333)	(19,757)	(43,296)	(132,794)
Non-conversion premium on bond	-	-	-	-	(25,000)	(25,000)
Operating expenses	(207,947)	(143,717)	(177,747)	(203,348)	(29,849)	(762,608)
Operating profit	**171,640**	**28,026**	**203,328**	**191,448**	**(159,813)**	**434,629**
Share of post-tax results of associates	-	-	-	-	360	360
Net monetary loss arising from hyperinflationary economies	-	-	-	(34,262)	-	(34,262)
Profit before tax	**171,640**	**28,026**	**203,328**	**157,186**	**(159,453)**	**400,727**
Taxation	(21,833)	(4,011)	(67,905)	(36,208)	8,142	(121,815)
Profit after tax	**149,807**	**24,015**	**135,423**	**120,978**	**(151,311)**	**278,912**
Balance Sheet Highlights as at 30 September 2022						
Total assets	**8,644,704**	**6,269,715**	**4,624,647**	**6,300,801**	**(208,799)**	**25,631,068**
Total liabilities	**7,846,365**	**5,590,864**	**4,113,154**	**5,671,251**	**678,805**	**23,900,439**
At 30 September 2021						
Net interest income	255,110	60,477	262,359	199,989	(80,704)	697,231
Non interest income	153,890	94,867	121,727	167,166	30,430	568,080
Operating income	**409,000**	**155,344**	**384,086**	**367,155**	**(50,274)**	**1,265,311**
Impairment losses on financial assets	(43,007)	(10,523)	(29,635)	(13,170)	(49,691)	(146,026)
Operating expenses	(222,531)	(125,228)	(170,281)	(191,424)	(27,712)	(737,176)
Operating profit	**143,462**	**19,593**	**184,170**	**162,561**	**(127,677)**	**382,109**
Share of post-tax results of associates	-	-	-	47	(362)	(315)
Net monetary loss arising from hyperinflationary economies	-	-	-	(22,589)	(7,000)	(29,589)
Profit before tax	**143,462**	**19,593**	**184,170**	**140,019**	**(135,039)**	**352,205**
Taxation	(8,100)	(1,486)	(59,593)	(37,918)	9,423	(97,674)
Profit after tax	**135,362**	**18,107**	**124,577**	**102,101**	**(125,616)**	**254,531**
Balance Sheet Highlights as at 31 December 2021						
Total assets	**10,072,445**	**5,985,460**	**4,812,643**	**6,695,297**	**(4,052)**	**27,561,793**
Total liabilities	**9,178,558**	**5,551,776**	**4,163,432**	**6,005,531**	**498,190**	**25,397,487**

(All amounts in thousands US dollar unless otherwise stated)

7 Net interest income	30 Sep. 2022	30 Sep. 2021
Interest income		
Interest income calculated using the effective interest method		
Loans and advances to banks	35,902	27,524
Loans and advances to customers:		
- Corporate	398,949	380,612
- Commercial	124,615	105,278
- Consumer	93,638	97,629
Treasury bills and other eligible bills	164,984	147,116
Investment securities	328,759	329,609
Others	1,762	232
	1,148,609	**1,088,000**
Other interest income		
Trading financial assets	5.565	3.169
	1,154,174	**1,091,169**
Interest expense		
Deposits from banks	29,759	23,184
Due to customers:		
- Corporate	146,432	140,827
- Commercial	39,770	27,605
- Consumer	71,990	74,571
Borrowed funds	121,257	122,639
Interest expense on lease liabilities	4,237	3,434
Others	297	1,678
	413,742	**393,938**

8 Net fee and commission income		
Fee and commission income		
Credit related fee and commission	106,244	97,669
Corporate finance fee	7,990	4,163
Portfolio and other management fee	21,541	18,865
Brokerage fees and commission	6,376	6,252
Cash management fee	173,010	156,602
Card management fee	73,360	56,837
Other fee	4,506	12,705
	393,027	**353,093**
Fee and commission expense		
Brokerage fees paid	1,766	1,409
Bank charges	34,217	25,048
Other fees paid	13,857	10,143
	49,840	**36,600**

The Group provides custody, trustee, investment management and advisory services to third parties, which involve the Group making allocation and purchase and sale decisions in relation to a wide range of financial instruments. Those assets that are held in a fiduciary capacity are not included in these financial statements.

Analysis of Net fee and commission income by Region

	UEMOA	NIGERIA	AWA	CESA	Other and consolidation adjustment	Total
30 September 2022						
Fee and commission income						
Credit related fees and commission	26,618	15,958	22,029	33,406	8,233	106,244
Corporate finance fees	4,074	-	639	3,277	-	7,990
Portfolio and other management fee	6,406	255	8,947	558	5,375	21,541
Brokerage fees and commission	475	1,317	55	4,529	-	6,376
Cash management fees	52,441	16,502	36,741	64,371	2,955	173,010
Card management fees	14,435	17,818	18,451	22,566	90	73,360
Other fees	2,964	402	4,819	1,516	(5,195)	4,506
Total	**107,413**	**52,252**	**91,681**	**130,223**	**11,458**	**393,027**
Fees and commission expense						
Brokerage fees paid	776	1,243	-	49	(302)	1,766
Bank charges	4,826	9,828	7,466	12,097	-	34,217
Other fees paid	1,063	2,165	1,644	2,665	6,320	13,857
Total	**1,839**	**3,408**	**1,644**	**2,714**	**6,018**	**49,840**
Net Fees and Commission	105,574	48,844	90,037	127,509	5,440	343,187
30 September 2021						
Fees and commission income						
Credit related fees and commission	23,629	15,652	19,889	31,876	6,623	97,669
Corporate finance fees	938	-	150	3,075	-	4,163
Portfolio and other management fees	6,705	346	11,493	321	-	18,865
Brokerage fees and commission	483	556	1,522	3,691	-	6,252
Cash management fees	49,243	14,341	33,164	56,375	3,479	156,602
Card management fees	14,658	8,227	13,462	20,490	-	56,837
Other fee	2,473	361	4,652	6,324	(1,105)	12,705
Total	**98,129**	**39,483**	**84,332**	**122,152**	**17,807**	**353,093**
Fee and commission expense						
Brokerage fees paid	576	780	-	53	-	1,409
Bank charges	3,884	6,629	5,439	9,096	-	25,048
Other fees paid	347	592	486	812	7,906	10,143
Total	**4,807**	**8,001**	**5,925**	**9,961**	**7,906**	**36,600**
Net Fees and Commission	93,322	31,482	78,407	112,191	9,901	316,493

(All amounts in thousands US dollar unless otherwise stated)

8 Net fee and commission income (continued)

Analysis of Net fee and commission income by Business unit

	CIB	COMMERCIAL	CONSUMER	Other and consolidation adjustment	Total
30 September 2022					
Fee and commission income					
Credit related fees and commission	77,497	22,445	6,332	(30)	106,244
Corporate finance fees	7,990	-	-	-	7,990
Portfolio and other management fee	7,237	-	-	14,304	21,541
Brokerage fees and commission	3,316	1,800	1,260	-	6,376
Cash management fees	52,664	60,821	59,507	18	173,010
Card management fees	1,881	16,018	55,371	90	73,360
Other fee	12,042	2,358	4,444	(14,338)	4,506
Total	**162,627**	**103,442**	**126,914**	**44**	**393,027**
Fee and commission expense					
Brokerage fees paid	1,761	-	5	-	1,766
Bank charges	18,827	10,171	5,219	-	34,217
Other fees paid	6,839	3,695	1,896	1,427	13,857
Total	**27,427**	**13,866**	**7,120**	**1,427**	**49,840**
Net fees and commission	**135,200**	**89,576**	**119,794**	**(1,383)**	**343,187**
30 September 2021					
Fees and commission income					
Credit related fees and commission	69,660	21,920	6,084	5	97,669
Corporate finance fees	4,163	-	-	-	4,163
Portfolio and other management fees	7,369	-	3	11,493	18,865
Brokerage fees and commission	2,862	1,821	1,569	-	6,252
Cash management fees	45,567	53,255	57,770	10	156,602
Card management fees	1,168	5,310	50,359	-	56,837
Other fees	18,257	1,983	5,190	(12,725)	12,705
Total	**149,046**	**84,289**	**120,975**	**(1,217)**	**353,093**
Fee and commission expense					
Brokerage fees paid	1,409	-	-	-	1,409
Bank charges	16,249	3,701	5,098	-	25,048
Other fees paid	3,997	910	1,254	3,982	10,143
Total	**21,655**	**4,611**	**6,352**	**3,982**	**36,600**
Net fees and commission	**127,391**	**79,678**	**114,623**	**(5,199)**	**316,493**

9 Trading income	**30 Sep. 2022**	**30 Sep. 2021**
Foreign exchange	214,122	185,020
Trading income on securities	7,159	24,512
	221,281	**209,532**

10 Investment income		
Net gains from investment securities	**10,499**	**13,640**

11 Other operating income	**30 Sep. 2022**	**30 Sep. 2021**
i) Lease income	**338**	**305**
ii) Dividend income		
Trading securities	171	37
Other equity securities	2,942	4,142
	3,113	**4,179**
iii) Others		
Fair value gain/(loss) on investment properties	141	(325)
Profit on sale of property and equipment	21,290	19
Profit on deemed associates disposal (Pan African Savings and Loans of Cameroon)	-	543
Rental income	2,206	4,044
Recovery	1,790	3,281
Others	10,754	16,369
	36,181	**23,931**
Total other operating income	**39,632**	**28,415**

(All amounts in thousands US dollar unless otherwise stated)

		30 Sep. 2022	30 Sep. 2021
12	**Operating expenses**		
	a) Staff expenses		
	Salaries, allowances and other compensation	287,641	284,235
	Social security costs	32,393	32,030
	Pension costs:		
	defined contribution plans	2,833	3,179
	Other post retirement benefits	6,693	5,122
		329,560	**324,566**
	b) Depreciation and amortisation		
	Depreciation of property and equipment (Note 29)	49,342	42,569
	Depreciation of right-of-use assets (Note 30)	2,792	14,321
	Amortisation of software and other intangibles (Note 27)	24,291	24,628
		76,425	**81,518**
	c) Other operating expenses		
	Directors' emoluments	1,331	1,277
	Restructuring costs	-	526
	Social responsibility	1,236	1,244
	Rent and utilities	33,596	31,309
	Insurance	27,781	26,231
	Advertising and promotion	14,203	13,347
	Professional and legal costs	32,284	33,994
	Operational losses and fines	3,893	4,182
	Communications and technology	104,489	105,382
	Business travels	8,290	4,833
	AGM and board activities	1,927	1,284
	Training	4,706	3,291
	Employee activities	11,364	9,960
	Repairs and maintenance	14,072	13,793
	Supplies and services	5,894	3,451
	Cash transportation	14,322	13,576
	Fuel	6,884	5,545
	Other taxes	15,421	14,256
	Listing fees	1,318	1,191
	Banking resolution sinking fund cost (AMCON)	29,714	20,676
	Other administrative expenses	23,898	21,744
	Total	**356,623**	**331,092**
	Total operating expenses	**762,608**	**737,176**

13	**Impairment charges on financial assets**		
	Impairment charges on loans and advances	226,144	231,037
	Recoveries / Release of provisions	(106,968)	(127,592)
	Net impairment charges on loans and advances	119,176	103,445
	Impairment charges on off balance sheet	2,019	-
	Impairment charges on other financial assets (Note 25)	11,599	42,581
		132,794	**146,026**
14	Non-conversion premium on bonds	25,000	-
		25,000	**-**

The Group issued a convertible bond in 2017, a 5-year instrument totaling US$400 million. The first tranche of US$250 million matured in September 2022 and the second tranche of US$150 million matured in October 2022. The conversion options on these bonds existed up until the maturity date. The holder of the first tranche of US$250 million did not exercise their conversion option as of the maturity date of 9 September 2022. As such, ETI redeemed the bond at 110 percent of the nominal value in accordance with the signed contractual agreement. The non-conversion premium of US$25 million was accordingly expensed in the books (refer note 34(d)).

15	**Taxation**		
	Current income tax	136,192	118,735
	Deferred income tax (Note 37)	(14,377)	(21,061)
		121,815	**97,674**

The income tax rate applicable to the majority of income of the subsidiaries ranged from 25% to 45%
Further information about deferred income tax is presented in Note 37. The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the group as follows:

Profit before tax	400,727	352,205
Tax calculated at local tax rates applicable to profits in the respective countries	143,769	208,107
Tax impact on income not subject to tax	(52,870)	(89,649)
Tax impact on expenses not deductible for tax purposes:	28,475	25,026
Utilisation of previously unrecognised tax losses	2,441	(45,810)
Income tax expense	**121,815**	**97,674**

Under the Headquarters Agreement between Ecobank Transnational Incorporated (ETI, “the Company”) and the Republic of Togo signed in October 1985, ETI is exempt from tax on all its income arising from operations in Togo.

16 Earnings per share

Basic

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

	30 Sep. 2022	30 Sep. 2021
Profit attributable to equity holders of the Company from continuing operations	196,046	181,500
Profit attributable to equity holders of the Company from discontinued operations	-	894
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	0.797	0.738
Basic earnings per share (expressed in US cents per share) from discontinued operations	-	0.004

Diluted

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

	30 Sep. 2022	30 Sep. 2021
Profit attributable to equity holders of the company from continuing operations	196,046	181,500
	196,046	181,500
Profit attributable to equity holders of the company from discontinued operations	-	894
	-	894
Weighted average number of ordinary shares in issue (in thousands)	24,592,619	24,592,619
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	0.797	0.738
Dilutive earnings per share (expressed in US cents per share) from discontinued operations	-	0.004

17 Cash and balances with central banks

	30 Sep. 2022	31 Dec. 2021
Cash in hand	645,269	667,347
Balances with central banks other than mandatory reserve deposits	1,698,794	1,864,854
Included in cash and cash equivalents (Note 42)	2,344,063	2,532,201
Mandatory reserve deposits with central banks	1,749,001	1,676,937
	4,093,064	**4,209,138**

Mandatory reserve deposits are not available for use in the group's day-to-day operations. All balances are current.

18 Trading financial assets

Debt securities:		
- Government bonds	224,336	346,042
Total	**224,336**	**346,042**

All trading financial assets are current

19 Derivative financial instruments

The Group uses the following derivative instruments for non-hedging purposes.

Currency forwards represents commitments to purchase foreign and domestic currency, including undelivered spot transactions. Foreign currency and interest rate futures are contractual obligations to receive or pay a net amount based on changes in currency rates or interest rates or buy or sell foreign currency or financial institution on a future date at a specified price. The credit risk is negligible, as futures contracts are collateralised by cash or marketable securities, and changes in the futures contract value are settled daily with the exchange.

Currency and interest rate swaps are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies or interest rate (for example, fixed rate for floating rate). No exchange of principal takes place, except for certain currency swaps. The Group's credit risk represents the potential cost to replace the swap contracts if counterparties fail to perform their obligation. This risk is monitored on an ongoing basis with reference to the current fair value and the liquidity of the market.

	30 September 2022			31 December 2021		
	Notional	Fair Value		Notional	Fair Value	
Derivatives	**Amount**	**Assets**	**Liabilities**	**Amount**	**Assets**	**Liabilities**
Currency forwards	1,024,813	107,588	74,908	884,793	58,032	10,643
Cross currency interest rate swaps	244,325	50,761	27,915	51,734	20,372	18,458
Total	**1,269,138**	**158,349**	**102,822**	**936,527**	**78,404**	**29,101**

The Group has not designated at initial recognition any financial liability as at fair value through profit or loss. All derivative financial instruments are current.

20 Loans and advances to banks

	30 Sep. 2022	31 Dec. 2021
Items in course of collection from other banks	24,909	46,151
Deposits with other banks (Note 42)	845,043	1,579,657
Placements with other banks	379,788	663,637
	1,249,740	**2,289,445**

All loans and advances to banks are current.

(All amounts in thousands US dollar unless otherwise stated)

21 Loans and advances to customers

	CIB		Commercial		Consumer		Total	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
a) Analysis by type:								
- Overdrafts	600,385	710,199	295,008	296,087	60,300	90,647	955,693	1,096,933
- Credit cards	-	-	-	-	1,217	2,529	1,217	2,529
- Term loans	6,644,546	6,762,412	1,270,898	1,284,752	913,945	955,235	8,829,389	9,002,399
- Mortgage loans	-	-	-	-	130,270	126,380	130,270	126,380
Gross loans and advances	**7,244,931**	**7,472,611**	**1,565,906**	**1,580,839**	**1,105,732**	**1,174,791**	**9,916,569**	**10,228,241**
Less: allowance for impairment	(461,552)	(340,331)	(171,640)	(237,318)	(75,230)	(74,727)	(708,422)	(652,376)
At 30 September / 31 December	**6,783,379**	**7,132,280**	**1,394,266**	**1,343,521**	**1,030,502**	**1,100,064**	**9,208,147**	**9,575,865**
b) Analysis by stage:								
Gross Loans								
Stage 1	5,855,018	6,268,461	1,244,580	1,207,552	1,005,738	1,070,537	8,105,336	8,546,550
Stage 2	985,659	835,568	165,292	172,944	30,331	34,021	1,181,282	1,042,533
Stage 3 (Impaired)	404,254	368,582	156,034	200,343	69,663	70,233	629,951	639,158
Total	**7,244,931**	**7,472,611**	**1,565,906**	**1,580,839**	**1,105,732**	**1,174,791**	**9,916,569**	**10,228,241**
Impairment								
Stage 1	(28,366)	(41,101)	(14,305)	(20,362)	(12,207)	(18,460)	(54,878)	(79,923)
Stage 2	(120,610)	(100,256)	(46,218)	(37,655)	(4,459)	(5,509)	(171,287)	(143,420)
Stage 3 (Impaired)	(312,576)	(198,974)	(111,117)	(179,301)	(58,564)	(50,758)	(482,257)	(429,033)
Total	**(461,552)**	**(340,331)**	**(171,640)**	**(237,318)**	**(75,230)**	**(74,727)**	**(708,422)**	**(652,376)**
c) Analysis by security:								
Secured against real estate	1,491,208	2,587,751	467,933	616,527	171,193	278,271	2,130,334	3,482,549
Otherwise secured	3,677,718	3,689,242	822,598	885,270	531,515	427,449	5,031,831	5,001,961
Unsecured	2,076,005	1,195,618	275,375	79,042	403,024	469,071	2,754,404	1,743,731
	7,244,931	**7,472,611**	**1,565,906**	**1,580,839**	**1,105,732**	**1,174,791**	**9,916,569**	**10,228,241**
Current			-		-		5,063,113	6,341,509
Non current							4,853,456	3,886,732
							9,916,569	**10,228,241**

d) Movements in loans and advances

Reconciliation of loans and advances by class is as follows:

At 30 September 2022	CIB			Commercial				Consumer				Total
	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term loans	Others	Overdrafts	Credit cards	Term loans	Mortgage	
At 1 January	710,199	6,762,412	-	296,087	-	1,284,752	-	90,647	2,529	955,235	126,380	10,228,241
Disbursed during the period	217,773	2,634,800	-	442,653	-	1,148,146	-	26,010	558	614,677	70,597	5,155,214
Paid off during the period	(182,563)	(2,237,189)	-	(361,960)	-	(1,060,533)	-	(53,574)	(1,031)	(487,054)	(48,733)	(4,432,637)
Amounts written off as uncollectible	(37,403)	(83,607)	-	(7,100)	-	(65,294)	-	(4,329)	-	(10,618)	(650)	(209,001)
Reclassification	-	-	-	-	-	-	-	-	-	-	-	-
Exchange difference	(197,621)	(274,603)	-	(77,672)	-	(55,137)	-	(3,898)	(839)	(68,086)	(16,674)	(694,530)
At 30 September 2022	**600,385**	**6,644,546**	**-**	**295,008**	**-**	**1,270,898**	**-**	**60,300**	**1,217**	**913,945**	**130,270**	**9,916,569**

At 31 December 2021	CIB			Commercial				Consumer				Total
	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term loans	Others	Overdrafts	Credit cards	Term loans	Mortgage	
At 1 January	690,749	6,303,592	-	420,046	-	1,217,856	-	57,771	3,961	964,664	139,424	9,798,063
Disbursed during the year	628,901	4,153,088	982	292,504	-	972,267	-	70,660	188	439,375	98,009	6,655,974
Paid off during the year	(547,809)	(3,507,562)	(82)	(338,203)	-	(914,845)	-	(34,872)	(1,459)	(278,931)	(101,500)	(5,725,263)
Amounts written off as uncollectible	-	(70,786)	-	-	-	(27,186)	-	-	-	(14,647)	-	(112,619)
Reclassification	-	-	-	-		-	-	-	-	-	-	-
Exchange difference	(61,642)	(115,920)	(900)	(78,260)	-	36,660	-	(2,912)	(161)	(155,226)	(9,553)	(387,914)
At 31 December 2021	**710,199**	**6,762,412**	**-**	**296,087**	**-**	**1,284,752**	**-**	**90,647**	**2,529**	**955,235**	**126,380**	**10,228,241**

(All amounts in thousands US dollar unless otherwise stated)

21 Loans and advances to customers (continued)

e) Allowance for impairment

Reconciliation of allowance account for losses on loans and advances by class is as follows:

At 30 September 2022		**CIB**			**Commercial**				**Consumer**			**Total**
Specific impairment (stage 3)	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term loans	Others	Overdrafts	Credit cards	Term loans	Mortgage	
At 1 January	1,031	197,942	-	57,619	-	121,682	-	10,329	-	39,913	516	429,032
Provision for loan impairment	9,639	108,958	-	20,329	-	1,796	-	3,588	-	5,359	541	150,210
Recoveries / Release of provisions	(7,812)	(60,495)	-	(8,954)	-	(25,395)	-	(1,379)	-	(1,633)	(28)	(105,696)
Loans written off during the period	(2,402)	(120,944)	-	(7,100)	-	(63,076)	-	(8,630)	-	(6,199)	(650)	(209,001)
Reclassification	-	-	-	-	-	-	-	-	-	-	-	-
Exchange difference	1,930	183,303	-	4,335	-	11,305	-	13,488	-	2,079	1,272	217,712
At 30 September 2022	**2,386**	**308,764**	**-**	**66,229**	**-**	**46,312**	**-**	**17,396**	**-**	**39,519**	**1,651**	**482,257**

At 30 September 2022		**CIB**			**Commercial**				**Consumer**			**Total**
Collective impairment (stage 1 and 2)	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term loans	Others	Overdrafts	Credit cards	Term loans	Mortgage	
At 1 January	39,342	102,015	-	7,433	-	50,584	-	18,788	97	3,820	1,264	223,343
Provision for loan impairment	26,713	33,919	-	1,173	-	3,665	-	8,917	-	822	725	75,934
Recoveries / Release of provisions	(270)	(5,256)	-	(651)	-	3,869	-	(25)	-	1,042	19	(1,272)
Reclassification	(1,777)	8,946	-	1,478	-	(6,369)	-	(333)	(97)	(1,496)	(352)	-
Exchange difference	(22,402)	(30,828)	-	(754)	-	(1,329)	-	(16,200)	-	(159)	(168)	(71,840)
At 30 September 2022	**41,606**	**108,796**	**-**	**8,679**	**-**	**50,420**	**-**	**11,147**	**-**	**4,029**	**1,488**	**226,165**
Total allowance for impairment	**43,992**	**417,560**	**-**	**74,908**	**-**	**96,732**	**-**	**28,543**	**-**	**43,548**	**3,139**	**708,422**

At 31 December 2021		**CIB**			**Commercial**				**Consumer**			**Total**
Specific impairment (stage 3)	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term loans	Others	Overdrafts	Credit cards	Term loans	Mortgage	
At 1 January	3,857	84,357	-	63,895	-	170,733	-	17,845	1,030	31,883	1,408	375,008
Provision for loan impairment	2,154	150,763	-	2,873	-	57,118	-	2,151	-	56,392	254	271,705
Recoveries / Release of provisions	(124)	(18,179)	-	(85,903)	-	(34,680)	-	(10,838)	(935)	(476)	(1,285)	(152,420)
Loans written off during the period	1,173	(78,736)	-	1,564	-	(37,596)	-	1,170	-	(333)	139	(112,619)
Reclassification	(5,672)	64,530	-	75,830	-	(27,330)	-	1,649	-	(44,607)	130	64,530
Exchange difference	(356)	(4,793)		(640)		(6,563)		(1,649)	(95)	(2,945)	(130)	(17,171)
At 31 December 2021	**1,031**	**197,942**	**-**	**57,619**	**-**	**121,682**	**-**	**10,329**	**-**	**39,913**	**516**	**429,033**

At 31 December 2021		**CIB**			**Commercial**				**Consumer**			**Total**
Collective impairment (stage 1 and 2)	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term loans	Others	Overdrafts	Credit cards	Term loans	Mortgage	
At 1 January	39,478	81,730	-	2,643	-	35,865	-	38,584	100	(16,685)	1,392	183,107
Provision for loan impairment	9,398	9,354	-	8,003	-	26,990	-	10,795	4	35,819	2,049	102,412
Recoveries / Release of provisions	(8,429)	(25,114)	-	(4,934)	-	(6,086)	-	(6,372)	-	(279)	(873)	(52,087)
Reclassification	2,542	38,358	-	2,484	-	(4,984)	-	(23,699)	-	(13,526)	(1,175)	-
Exchange difference	(3,647)	(2,313)	-	(763)	-	(1,201)	-	(520)	(7)	(1,509)	(129)	(10,089)
At 31 December 2021	**39,342**	**102,015**	**-**	**7,433**	**-**	**50,584**	**-**	**18,788**	**97**	**3,820**	**1,264**	**223,343**
Total allowance for impairment	**40,373**	**299,957**	**-**	**65,052**	**-**	**172,266**	**-**	**29,117**	**97**	**43,734**	**1,781**	**652,376**

(All amounts in thousands US dollar unless otherwise stated)

21 Loans and advances to customers (continued)

f) Investment in finance leases

Loans and advances to customers include finance lease receivables analysed below.	**30 Sep. 2022**	**31 Dec. 2021**
Gross investment in finance leases, receivable		
No later than 1 year	-	-
Later than 1 year and no later than 5 years	1,959	4,027
	1,959	**1,818**
Unearned future finance income on finance leases	1,279	1,026
Net investment in finance leases	**3,238**	**2,844**
Analysis by industry on gross loans		
The net investment in finance lease may be analysed as follows:		
No later than 1 year	198	174
Later than 1 year and no later than 5 years	3,040	4,879
	3,238	**2,844**

22 Treasury bills and other eligible bills

Maturing within three months (Note 42)	787,578	607,646
Maturing after three months	1,317,959	1,479,439
	2,105,537	**2,087,085**
Current	1,953,099	2,074,082
Non current	152,438	13,003
	2,105,537	**2,087,085**

Treasury bills and other eligible bills are debt securities issued by the government of various countries in which the Group operates.

23 Investment securities

Debt securities		
- At FVTOCI listed	2,841,214	3,002,391
- At FVTOCI unlisted	3,339,527	3,359,525
Total	**6,180,741**	**6,361,916**
Equity securities		
- At FVTOCI unlisted	118,877	119,899
- At FVTPL listed	2,873	2,148
- At FVTPL unlisted	27,672	76,265
Total	**149,422**	**198,312**
Total investment securities	**6,330,163**	**6,560,228**
Current	1,001,384	2,240,149
Non current	5,328,779	4,320,079
	6,330,163	**6,560,228**
The movement in investment securities may be summarised as follows:		
At 1 January	6,560,228	6,074,244
Additions	2,182,985	4,160,242
Disposal (sale and redemption)	(1,896,992)	(3,152,384)
Accrued interest on debt securities	145,365	36,439
Loss from changes in fair value	(170,373)	(53,482)
Exchange differences	(491,050)	(504,831)
At end of period	**6,330,163**	**6,560,228**

(All amounts in thousands US dollar unless otherwise stated)

	30 Sep. 2022	31 Dec. 2021
24 Pledged assets		
Treasury bills	93,458	138,362
Government bonds	80,936	67,639
	174,394	**206,001**
Pledged assets have been stated at fair values		
Current	93,458	139,117
Non-current	80,936	66,884
	174,394	**206,001**

25 Other assets

	30 Sep. 2022	31 Dec. 2021
Fees receivable	3,583	8,758
Accounts receivable	739,400	790,098
Prepayments	156,076	194,133
Repossessed assets	153,482	168,480
Sundry receivables	249,546	143,421
	1,302,087	**1,304,890**
Impairment charges on receivable balances	(220,920)	(209,321)
	1,081,167	**1,095,569**
Current	925,091	989,634
Non-current	156,076	105,935
	1,081,167	**1,095,569**

The movement in impairment allowance on other assets may be summarised as follows:

	30 Sep. 2022	31 Dec. 2021
1 January	209,321	159,066
Increase in impairment	11,599	50,255
At end of period	**220,920**	**209,321**

26 Investment in associates

	30 Sep. 2022	31 Dec. 2021
At 1 January	4,863	3,468
Share of results	360	(492)
Derecognition of Pan African Savings and Loans of Cameroon	-	(788)
Exchange difference	(1,787)	2,675
At end of period	**3,436**	**4,863**

Investment in associates balances are non-current.

(All amounts in thousands US dollar unless otherwise stated)

26 Investment in associates (Continued)

	At 30 September 2022		At 31 December 2021		
	OLD MUTUAL General insurance	Accion Microfinance Bank Ltd (Nigeria)	OLD MUTUAL General insurance	Pan African Savings and Loans of Cameroon	Accion Microfinance Bank Ltd (Nigeria)
Current assets	38,918	32,522	35,035	Deemed disposal in 2021	33,229
Non- current assets	547	2,347	353		1,755
Total assets	**39,465**	**34,869**	**35,388**		34,984
Liabilities	17,761	20,122	12,678		20,590
Total Liabilities	**17,761**	**20,122**	**12,678**		**20,590**
Revenues	12,635	11,155	5,590		11,225
Profit after tax	(85)	1,802	(2,949)		1,805

None of the associates are listed. There were no published price quotations for any associates of the Group. Furthermore, there are no significant restrictions on the ability of associates to transfer funds to the Group in the form of cash dividends or repayment of loans and advances. These associates are strategic to the Group. The ACCION entities are microfinance banks while Old Mutual entity is in general insurance business.

	At 30 September 2022			At 31 December 2021		
	Principal place of business/ Country of incorporation	Net assets of associates	Share Holding (Direct and Indirect)	Country of incorporation	Net assets of associate	Share Holding (Direct and Indirect)
Accion Microfinance Bank Ltd (Nigeria)	Nigeria	14,747	21.73%	Nigeria	14,394	21.73%
OLD MUTUAL General insurance	Nigeria	21,704	30.00%	Nigeria	22,710	30.00%

Reconciliation of summarised financial information to the carrying amount of its interests in associates

At 30 September 2022	OLD MUTUAL General insurance	EB-ACCION Nigeria	Total
Opening net assets	22,710	14,394	37,104
(Loss)/ profit for the period	(85)	1,802	1,717
Exchange difference	(921)	(1,449)	(2,370)
Closing net assets	**21,704**	**14,747**	**36,451**
Interest in associates	6,511	3,205	9,716

At 31 December 2021	OLD MUTUAL General insurance	EB-ACCION Nigeria	Pan African Savings and Loans of Cameroon	Total
Opening net assets	9,841	12,776	1,536	22,617
(Loss) /profit for the year	(2,949)	1,805	-	(1,144)
Exchange difference	15,818	(187)	(1,536)	15,631
Closing net assets	**22,710**	**14,394**	**-**	**37,104**
Interest in associates	6,813	3,128	-	9,941

(All amounts in thousands US dollar unless otherwise stated)

27 Intangible assets

Goodwill	**30 Sep. 2022**	**31 Dec. 2021**
At 1 January	18,339	18,844
Acquisition	-	552
Exchange differences	(3,811)	(1,057)
At 30 September /31 December	**14,528**	**18,339**

Software costs		
At 1 January	103,949	133,026
Purchase	5,386	20,353
Amortisation (Note 12)	(24,291)	(33,492)
Exchange difference	(15,641)	(15,938)
At 30 September /31 December	**69,403**	**103,949**
Total intangible assets	**83,931**	**122,288**

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill acquired through business combinations is allocated to cash-generating units (CGUs). The recoverable amounts of the CGUs have been determined based on the value-in-use calculations; using cash flow projections based on the financial budgets approved by senior management covering a period of five years.

The goodwill is arising on acquisitions of the following subsidiaries:

	30 Sep. 2022	**31 Dec. 2021**
Ecobank Ghana (The Trust Bank)	4,228	6,729
Ecobank Rwanda	3,644	3,760
Ecobank Zimbabwe	11	60
SOFIPE	524	608
Ecobank Chad	2,274	2,642
Ecobank Central Africa	1,400	1,626
Ecobank Burundi	915	935
Ecobank Sierra Leone (ProCredit)	262	367
Ecobank Malawi	95	120
Ecobank Burkina Faso	432	501
Pan African Savings and Loans Ghana (PASL Ghana)	292	465
Pan African Savings and Loans Cameroon (PASL Cameroon)	453	526
	14,528	**18,339**

The calculation of value-in-use was based on the following key assumptions:

Summary of key inputs	Sep. 2022		Dec. 2021	
Entities	Discount factor	Long term growth rate	Discount factor	Long term growth rate
Ecobank Ghana (The Trust Bank)	22.37%	4.4%	22.30%	2.3%
Ecobank Rwanda	17.87%	4.7%	17.87%	2.3%
Ecobank Zimbabwe	30.50%	2.3%	40.50%	2.3%
SOFIPE	15.05%	5.1%	15.20%	2.3%
Ecobank Chad	19.06%	3.4%	17.96%	2.3%
Ecobank Central Africa	17.00%	2.8%	17.00%	2.3%
Ecobank Burundi	15.55%	2.3%	15.11%	2.3%
Ecobank Sierra Leone (ProCredit)	30.50%	4.5%	23.61%	2.3%
Ecobank Malawi	27.66%	5.2%	37.66%	2.3%
Ecobank Burkina Faso	15.05%	5.1%	15.20%	2.3%
PASL Ghana	22.37%	4.4%	22.30%	2.3%
PASL Cameroon	14.15%	5.1%	14.12%	2.3%

1. The cash flows were projected based on the Group's approved budget. The cash flows were based on past experiences and were adjusted to reflect expected future performances of the company taking into consideration the country's gross domestic product.

2. A range of terminal growth rate of 2.3-5.2 % was applied in determining the terminal cash flows depending on the country the entity is domiciled.

3. In 2022, the cost of equity approach was adopted. Discount rates ranging from 14.15% to 30.5%, representing pre-tax cost of equity of an entity was applied in determining the value in use. The growth rate used to extrapolate terminal cash flows for goodwill impairment testing is consistent with long term average growth rate for industry and countries.

4. The Group expects that through these acquisitions, it would create synergy that enhances its ability to tap into opportunities in the respective countries where the entities are domiciled;

5. The key assumptions described above and summarised below may change as economic and market conditions change. The Group estimates that reasonably possible changes in these assumptions would not cause the recoverable amount of either CGU to decline below the carrying amount.

(All amounts in thousands US dollar unless otherwise stated)

28 Investment property

	30 Sep. 2022	31 Dec. 2021
1 January	11,019	12,365
Fair value gain	141	(592)
Exchange difference	(1,547)	(755)
At 30 September /31 December	**9,613**	**11,019**

The following amounts have been recognised in the income statement:

	30 Sep. 2022	31 Dec. 2021
Rental income	385	508
Direct operating expenses arising from investment properties that generate rental income	(77)	(77)
Fair value	141	(592)
	449	**(161)**

Investment properties are carried at fair value. The valuation of investment properties has been done using the level 2 technique (inputs other than quoted prices that are observable for the asset or liability). There has been no change in the techniques used in the valuation of the investment properties. The fair value of investment property is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued. The fair value are derived using the sales comparison approach where the main inputs in the determination of the fair value are recent land sales or asking prices for similarly sized plots in the immediate vicinity of the investment property. In certain cases, due to the unavailability of similar large land size traded in the immediate property market, the valuers subdivided the entire land area into smaller plots; allowing for circulation and infrastructure and applying an adjusted sales price per plot to arrive at a gross sales price. In certain circumstances further adjustments are also done on the basis of quality of title and location.

29 Property and equipment

	Motor Vehicles	Land & Buildings	Furniture & Equipment	Installations	Construction in progress	Total
At 1 January 2021						
Cost or Valuation	49,233	716,796	425,128	155,804	104,140	1,451,101
Accumulated depreciation	38,001	160,492	322,464	119,623	-	640,580
Net book amount	**11,232**	**556,304**	**102,664**	**36,181**	**104,140**	**810,521**
Year ended 31 December 2021						
1 January	11,232	556,304	102,664	36,181	104,140	810,521
Purchase of property, plant and equipment	17,548	153,684	82,025	10,253	12,740	276,250
Initial recognition of ROU assets	35	17,515	455	317		18,322
Revaluation	-	16,199	59	-	-	16,258
Disposals - cost	(20,930)	(128,359)	(44,826)	(16,860)	(41,343)	(252,318)
Disposals - accumulated depreciation	11,112	18,729	23,757	7,857	722	62,177
Reclassifications - cost	-	(271)	(12,013)	12,284	-	-
Reclassifications - accumulated depreciation	44	1,429	(864)	(749)	140	-
Depreciation charge	(4,625)	(3,109)	(19,679)	(5,568)	-	(32,981)
Depreciation charge (ROU)	(217)	(20,414)	(331)	(136)		(21,098)
Exchange difference	(2,879)	(67,151)	(39,823)	(12,103)	(4,560)	(126,516)
31 December 2021	**11,320**	**544,556**	**91,424**	**31,476**	**71,839**	**750,615**
At 31 December 2021 /1 January 2022						
Cost or Valuation	43,749	709,026	403,514	146,973	71,839	1,375,101
Accumulated depreciation	32,429	164,470	312,090	115,497	-	624,486
Net book amount	**11,320**	**544,556**	**91,424**	**31,476**	**71,839**	**750,615**
Period ended 31 September 2022						
1 January	11,320	544,556	91,424	31,476	71,839	750,615
Purchase of property, plant and equipment	4,753	69,457	36,525	10,586	20,632	141,952
Initial recognition of ROU assets	535	4,025	493	317		5,371
Revaluation decrease	-	(4,337)	-	-	-	(4,337)
Disposals - cost	(10,782)	(43,346)	(48,762)	(16,101)	(12,185)	(131,176)
Disposals - accumulated depreciation	10,459	15,408	23,262	7,802	722	57,653
Revaluation reversal on disposal	-	(16,459)	-	-	-	(16,459)
Reclassifications - cost	(62)	(353)	(787)	724	478	-
Reclassifications - accumulated depreciation	(62)	38	(787)	293	518	-
Depreciation charge	(3,659)	(21,574)	(18,628)	(5,481)	-	(49,342)
Depreciation charge (ROU)	(188)	(2,347)	(257)	-		(2,792)
Exchange difference	(2,176)	(69,064)	(19,985)	(3,666)	(3,616)	(98,507)
30 September 2022	**10,138**	**476,004**	**62,498**	**25,950**	**78,388**	**652,978**
At 30 September 2022						
Cost	40,649	632,984	350,923	127,885	78,388	1,230,829
Accumulated depreciation	30,511	156,980	288,425	101,935	-	577,851
Net book amount	**10,138**	**476,004**	**62,498**	**25,950**	**78,388**	**652,978**

(All amounts in thousands US dollar unless otherwise stated)

29 Property and equipment (Continued)

Land and buildings are measured using the revaluation model. The valuation of land and buildings has been done using the level 2 technique (inputs other than quoted prices that are observable for the asset). There has been no change in the valuation techniques used in the valuation of the land and buildings. The valuation of the Group's land and buildings was performed by independent valuers to determine the fair value of the land and buildings as at 30 September 2022. The fair values are 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 this, 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.

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 41).

If land and buildings were stated at historical costs, the amounts would be as follows:

	30 Sep. 2022	31 Dec. 2021
Cost	472,283	530,346
Accumulated depreciation	156,159	164,470
Net book amount	**316,124**	**365,876**

30 Right-of-use assets

Property, plant and equipment comprise leased assets that do not meet the definition of investment property. They are right-of-use assets, included in the Property, plant and equipment line items, over the following :

	30 Sep. 2022	31 Dec. 2021
Motor Vehicles	932	433
Land & Buildings	56,156	55,590
Furniture & Equipment	2,147	2,153
Installations	1,061	582
	60,296	**58,758**

Additional information on the right-of-use assets by class of assets is as follows:

	Motor Vehicles	Land & Buildings	Furniture & Equipment	Installations	Total
At 1 January	433	55,590	2,153	582	58,758
Additions	535	4,025	493	-	5,054
Depreciations	(188)	(2,347)	(257)	-	(2,792)
Exchange difference	152	(633)	(242)	-	(724)
At 30 September	**932**	**56,156**	**2,147**	**1,061**	**60,296**

(All amounts in thousands US dollar unless otherwise stated)

31 Assets and Liabilities Held for sale

Assets held for sale	30 Sep. 2022	31 Dec. 2021
ETI Property	9,651	9,961
Ecobank Nigeria Property	9,385	13,274
	19,036	**23,235**

31.1 ETI : Property in Ogombo, Lagos, Nigeria

Assets held for sale	30 Sep. 2022	31 Dec. 2021
ETI Landed Property	9,651	9,961

ETI owns a property in Ogombo, Lagos, Nigeria. An agreement to purchase the property has been signed with the prospective owner. At 30 September 2022, the first tranche of the agreed purchase price has been received. ETI expects receipt of the remaining portion before the end of the financial period. In accordance with the sales agreement, risk and rewards of ownership have not yet pass to the prospective owner. As a result the property is classified as a non-current asset held for sale per the requirement of IFRS 5 for the period ended 30 September 2022.

31.2 Ecobank Nigeria : Property in Victoria Island, Lagos , Nigeria

Assets held for sale	30 Sep. 2022	31 Dec. 2021
Land	-	137
Freehold buildings	9,385	13,137
	9,385	**13,274**

On 6 December 2021, Ecobank Nigeria publicly announced the decision of its Board of Directors to sell its former head office building located at 21 Ahmadu Bello Way, Victoria Island, Lagos and some other Bank's properties. During the period to September 2022 a portion of land and freehold buildings was sold. At 30 September 2022, freehold buildings valued at $9.4m still remain unsold. The remaining portion is expected to be sold within the next 12 months.

31.3 Union Bank of Cameroon (UBC)

Profit on discontinued operations	30 Sep. 2022	31 Dec. 2021
Profit on discontinued operations	-	1,655
Cash flows from investing activities	-	(10,496)

UBC is a public limited company under Cameroonian law, originally owned by Oceanic Bank of Nigeria at 54%. Following the acquisition by ETI in 2011 of Oceanic Bank Nigeria, which resulted in a merger-absorption of Oceanic Bank Nigeria by Ecobank Nigeria, ETI took over the 54% initially held by Oceanic Bank Nigeria.

As result of losses recorded by UBC and to avoid liquidation, the shareholders of UBC submitted to the approval of the Government of Cameroon a restructuring plan which provided for the exit of ETI from the capital of UBC in line with ETI's strategic objectives.

On February 28, 2020, the ETI Board approved a one-off payment for UBC exit. ETI's contribution to the net asset shortfall, for its 54% of the shareholding in UBC, was fixed and later on, a General assembly was held on 24 April 2021 in Douala and the resolution was that ETI pays an amount of FCFA 5.771 billion out of the FCFA 10.687 billion total insufficient assets. ETI recognized the payment (USD 10.496 million) of the above amount on 31 July 2021 after all necessary approvals. All entries were booked both in ETI books and in the Group financials.

(All amounts in thousands US dollar unless otherwise stated)

	30 Sep. 2022	31 Dec. 2021
32 Deposits from other banks		
Operating accounts with banks	893,426	733,195
Other deposits from banks	1,310,137	1,496,740
	2,203,563	**2,229,935**

All deposits from banks are current and have variable interest rates.

33 Deposit from customers

	30 Sep. 2022	31 Dec. 2021
CIB		
- Current accounts	5,456,498	6,149,502
- Term deposits	2,253,857	2,428,782
	7,710,355	**8,578,284**
Commercial		
- Current accounts	3,905,958	3,991,425
- Term deposits	709,952	633,300
- Savings deposits	111,689	139,374
	4,727,599	**4,764,099**
Consumer		
- Current accounts	2,343,765	2,451,800
- Term deposits	521,854	554,827
- Savings deposits	3,115,981	3,364,339
	5,981,600	**6,370,966**
Total	**18,419,554**	**19,713,349**
Current	16,983,737	18,790,771
Non current	1,435,817	922,578
	18,419,554	**19,713,349**

Customer deposits carry variable interest rates.

At 30 September 2022	**CIB**		**Commercial**			**Consumer**			**Total**
	Current account	Term deposits	Current account	Term deposits	Savings	Current account	Term deposits	Savings	
At 1 January	6,149,502	2,428,782	3,991,425	633,300	139,374	2,451,800	554,827	3,364,339	19,713,349
Additions	1,421,576	294,240	848,271	207,940	5,457	463,828	69,073	266,828	3,577,213
Withdrawals	(1,831,149)	(283,744)	(736,791)	(64,625)	(7,703)	(444,636)	(47,138)	(396,444)	(3,812,230)
Exchange difference	(283,431)	(185,421)	(196,947)	(66,663)	(25,439)	(127,227)	(54,908)	(118,742)	(1,058,778)
At 30 September 2022	**5,456,498**	**2,253,857**	**3,905,958**	**709,952**	**111,689**	**2,343,765**	**521,854**	**3,115,981**	**18,419,554**

At 31 December 2021	**CIB**		**Commercial**			**Consumer**			**Total**
	Current account	Term deposits	Current account	Term deposits	Savings	Current account	Term deposits	Savings	
At 1 January	5,571,251	1,988,355	3,560,036	598,054	127,059	2,418,144	624,470	3,409,583	18,296,952
Additions	1,799,307	987,603	1,044,809	142,869	18,712	4,100,970	125,097	618,633	8,838,000
Withdrawals	(955,685)	(472,252)	(370,007)	(70,785)	(6,259)	(3,876,301)	(158,959)	(473,549)	(6,383,797)
Exchange difference	(265,371)	(74,924)	(243,413)	(36,838)	(138)	(191,013)	(35,781)	(190,328)	(1,037,806)
At 31 December 2021	**6,149,502**	**2,428,782**	**3,991,425**	**633,300**	**139,374**	**2,451,800**	**554,827**	**3,364,339**	**19,713,349**

(All amounts in thousands US dollar unless otherwise stated)

34	**Borrowed funds**	**30 Sep. 2022**	**31 Dec. 2021**
a	Eurobond	517,777	504,495
b	Eurobond II	350,669	342,419
c	Eurobond Nigeria	299,795	304,352
d	Deutsche Bank	-	248,658
e	FMO	-	67,038
f	Qatar National Bank	151,913	151,394
g	Development Bank of Nigeria	115,999	119,097
h	Bank of Industry of Nigeria (BOI)	13,180	23,497
i	AL Khaliji	-	50,201
j	Societe de Promotion et Participation pour la Coopération Economique (PROPARCO)	73,706	74,378
k	Nigeria Sovereign Investment Authority -- NSIA	20,211	50,843
l	Central Bank of Nigeria	150,476	42,115
m	Caisse Régionale de Refinancement Hypothécaire (CRRH)	2,911	2,763
n	Findev Canada	19,820	-
o	Credit Europe Bank	97,071	-
p	Convertible bond Investment Company -- CBICMU	1,128	1,071
q	Lease liability	54,150	44,563
	Other loans	66,205	326,624
		1,935,012	**2,353,508**
	Current	531,063	532,134
	Non current	1,403,949	1,821,374
		1,935,012	**2,353,508**

a) ETI issued a USD 500 million 9.5% Senior Unsecured 5-year Eurobond (Reg S / 144A) with a maturity date of 18 April 2024. An initial issuance of USD 450 million in April 2019 was followed by a tap issuance of USD 50 million in July 2019.

b) ETI raised US$350 million Basel III-compliant Tier 2 Sustainability Notes in June 2021. The bond matures in June 2031 and has a call option in June 2026. The bond was issued with a coupon rate of 8.75% which is payable semi-annually in arrears, on June 17 and December 17 each year.

c) On 16 February 2021, the Ecobank Nigeria issued a $300 million eurobond at 7.125% coupon rate. The Bond is a 5-year tenor with maturity date of 16 February 2026.

d) Deutsche Bank provided a USD 250 million 5-year convertible loan to ETI in September 2017. The loan was held by the Public Investment Corporation (PIC). The loan was repaid in September 2022.
The conversion options on these bonds existed up until the maturity date. The holder did not exercise its conversion option as of the maturity date of 9 September 2022. As such, ETI redeemed the bond at 110 percent in accordance with the signed contractual agreement.
The loan agreement provided certain clauses under which ETI had the ability to make prepayment(s) of the loan without having to pay any premium. Consequently no liability was recognised for the non-conversion premium during the term of the instrument. The non-conversion premium immediately became due and payable on maturity. The non-conversion premium of US$25 million was accordingly expensed in the books on maturity. (see note 14).

e) A group of development finance institutions led by FMO disbursed EUR 42 million and USD 150 million facilities for on-lending to ETI affiliates in August 2018. The loans were fully prepaid in March 2022.

f) ETI issued a USD 150 million 5-year convertible bond on the London International Securities Market in October 2017; Qatar National Bank purchased USD 148.89 million and Convertible Bond Investment Company Mauritius purchased USD 1.11 million. The loans mature in October 2022. The loan agreement provided certain clauses under which ETI had the ability to make prepayment(s) of the loan without having to pay any premium. Consequently no liability was recognised for the non-conversion premium during the term of the instrument. The non-conversion premium immediately becomes due and payable on maturity.

g) Ecobank Nigeria secured a 50 billion Nairas ($121 million) loan from Development Bank of Nigeria (DBN) in December 2020. The facility has a tenor of 10 years, maturity date of November 29, 2030 with an interest rate of 6.5%, fixed for the first 5 years and subject to repricing afterwards

h) The Bank of Industry (BOI) loan to Ecobank Nigeria represents the Central Bank of Nigeria's intervention funds on-lent to some of the Bank's customers in the manufacturing sector through BOI. The fund is administered at an all-in interest rate of 7% per annum payable on a quarterly basis. The maximum tenor of the facility is 15 years.

i) ETI obtained 1-year term loan of USD 50 million from Al Khaliji Bank in August 2021 matured August 12, 2022

j) PROPARCO granted a facility of USD 50 million to ETI in November 2013, to support the development of the Ecobank Group. The loan amortises over the period of the loan until the final repayment date in April 2024.
A Proparco-led syndicate granted a $60 million 3-year facility to ETI in October 2021. The loan matures in September 2024.

k) NSIA granted facilities to Ecobank Nigeria through ETI. These amounted to USD 20 million and are all maturing in November 2022.

l) Central Bank of Nigeria loan represents 7-year intervention funds for on-lending to customers of the Bank in the agricultural sector with maturity date of 28 May 2027. The Fund is administered at an interest rate of 9% per annum.

m) Caisse Régionale de Refinancement Hypothécaire (CRRH) facilities to Ecobank Cote d'Ivoire and Ecobank Senegal are repayable over ten years and mature in 2023. Interest is payable semi-annually at an annual rate of 6%.

n) In December 2021, ETI signed a Senior Term Facility agreement with Development Finance Institute Canada (DFIC) Inc. ("FinDev Canada"). The funds were disbursed on March 31,2022 .
The proceeds of the Facility shall be used to support the ETI's general corporate purposes, at least thirty percent (30%) of the proceeds of the Facility to be used for on-lending to WSMEs and not less than fifty per cent (50%) of the proceeds of the Facility to be used for on-lending to Sub-Borrower.
Interest will be payable semi-annually, in arrears, at the end of the respective interest period.
The tenure of facility is 4 years from the date of the Disbursement.

o) In August 2022, ETI raised a 2 -year $100 million senior loan from Credit Europe Bank.

p) Convertible Bond Investment Company Mauritius purchased USD 1.11 million.The bond matures in October 2022.The non-conversion premium is expensed on maturity

Analysis of the convertible loans

The convertible loans are presented in the consolidated statement of financial position as follows:

Name of Institution	**Contract interest**	**Tenor (Years)**	**Face value**	**Amount**
Deutsche AG (see note d)	6.46% + 3 month Libor	5	250,000	-
Qatar National Bank (see note f)	6.46% + 3 month Libor	5	148,890	151,913
CBICMU (see note p)	6.46% + 3 month Libor	5	1,110	1,128
			400,000	**153,041**

	30 Sep. 2022	**31 Dec. 2021**
Initial recognition:		
Deutsche AG (see note d)	250,000	248,658
Qatar National Bank (see note f)	148,890	151,394
CBICMU (see note p)	1,110	1,071
Liability component	**400,000**	**401,123**

Interest on the convertible loan is calculated on the effective yield basis by applying the effective interest rate for an equivalent non-convertible loan to the liability component of the convertible loan and for the period ended 30 September 2022 amounted to US$153 million (Dec 2021: $401 million). The actual interest paid year to date in 2022 was US$13.3 million (Dec 2021: $23.8million).

q) **Lease liabilities**

Maturity analysis - contractual undiscounted cash flows	**30 Sep. 2022**	**31 Dec. 2021**
Less than one year	1.960	2.288
One to five years	32.266	28.763
More than five years	19,924	20,049
Total undiscounted lease liabilities	**54.150**	**51.100**
Lease liabilities included in borrowings		
Current	11,184	2,234
Non-current	42,966	42,329
	54,150	**44,563**

(All amounts in thousands US dollar unless otherwise stated)

Borrowed funds Movement	**30 Sep. 2022**	**31 Dec. 2021**
At 1 January	**2,353,508**	**1,923,182**
Accrued interest	41,677	148,029
Additions Borrowings	247,451	729,361
Additions Lease liabilities	9,587	18,322
Repayments	(675,591)	(448,579)
Exchange difference	(41,620)	(16,807)
At 31 December	**1,935,012**	**2,353,508**

35 Other liabilities

Accrued income	132,122	64,340
Unclaimed dividend	11,403	11,650
Accruals	222,681	222,734
Obligations under customers' letters of credit	62,685	72,230
Bankers draft	45,843	57,313
Accounts payable	6,788	48,913
Allowance for off balance sheet receivables	8,784	13,233
Others	515,577	330,851
	1,005,883	**821,264**

Other liabilities are expected to be settled within no more than 12 months after the reporting date.
Accruals represent expense accrued for expenses like audit fees ,bonus ,directors fees ,travel,training and other expenses which have not been paid.

36 Provisions

	30 Sep. 2022	**31 Dec. 2021**
At 1 January	72,230	60,462
Additional provisions charged to income statement	3,483	17,644
Provision no longer required	(5,159)	(3,643)
Utilised during the year	(12,734)	(1,079)
Exchange differences	4,865	(1,154)
At 31 December	**62,685**	**72,230**

Provisions represent amounts provided for in respect of various litigations pending in court. Based on professional advice, the amounts for pending litigations have been set aside to cover the expected losses to the Group on the determination of these litigations.

37 Deferred income taxes

Deferred income taxes are calculated using substantively enacted tax rate of each subsidiary.

The movement on the deferred income tax account is as follows:

At 1 January	(114,245)	(87,958)
Income statement charge	(14,377)	(35,738)
Investment securities directly in OCI:		
- fair value remeasurement	(35,368)	6,607
Revaluation of property and equipment (directly in OCI)	939	4,076
Exchange differences	(3,689)	(1,232)
At 31 December	**(166,740)**	**(114,245)**

Deferred income tax assets and liabilities are attributable to the following items:

Deferred income tax liabilities		
Accelerated tax depreciation	2,846	5,495
Investment securities	6,864	10,476
Revaluation of property and equipment	29,740	49,619
Other temporary differences	23,535	22,161
	70,437	**87,751**
Deferred income tax assets		
Pensions and other post retirement benefits	-	315
Provisions for loan impairment	91,204	69,043
Other provisions	10,211	13,311
Tax loss carried forward	38,286	42,250
Other temporary differences	47,612	58,615
On unutilised capital allowances	305	693
Investment securities	49,559	17,769
	237,177	**201,996**
Deferred tax liabilities		
- To be recovered within 12 months -	48,543	55,818
- To be recovered after more than 12 months	21,894	31,933
	70,437	**87,751**
Deferred tax assets		
- To be recovered within 12 months	130,800	136,440
- To be recovered after more than 12 months	106,377	65,556
	237,177	**201,996**

The deferred tax charge in the income statement comprises the following temporary differences:

Accelerated tax depreciation	(2,649)	1,263
Pensions and other post retirement benefits	315	429
Allowances for loan losses	(22,161)	(22,825)
Other provisions	3,100	(319)
Tax losses carry forward	3,964	(1,542)
Other temporary differences	1,374	11,130
Exchange differences	1,680	(23,874)
	(14,377)	**(35,738)**

Deferred income tax assets are recognised for tax losses carried forward only to the extent that realisation of the related tax benefit is probable.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes related to the same fiscal authority.

Income tax effects relating to components of other comprehensive income:

	30 Sep. 2022			**31 Dec. 2021**		
	Gross	**Tax**	**Net**	**Gross**	**Tax**	**Net**
Fair value loss on investment securities	(163,072)	35,368	(127,704)	(55,122)	(6,607)	(61,729)
Revaluation gain on property and equipment	(4,337)	(939)	(5,276)	16,258	(4,076)	12,182
	(167,409)	**34,429**	**(132,980)**	**(38,864)**	**(10,683)**	**(49,547)**

(All amounts in thousands US dollar unless otherwise stated)

38 Retirement benefit obligations

Other post-retirement benefits

Apart from the pension schemes, the Group operates a post employment gratuity payment scheme. The method of accounting and the frequency of valuations are as described in Note 2.20. The Group operates a post employment gratuity payment scheme. The amounts recognised in the statement of financial position are as follows:

	30 Sep. 2022	31 Dec. 2021
Present value of funded obligations	25,220	29,758
Fair value of plan assets	(16,416)	(18,075)
	8,804	**11,683**
Present value of unfunded obligations	10,716	13,395
Liability in the statement of financial position	**19,520**	**25,078**

In 2022, the movement in the defined benefit obligation over the period is as follows :

	30 September 2022			31 December 2021		
	Present value of obligation	Fair value of plan assets	Total	Present value of obligation	Fair value of plan assets	Total
At 1 January	**43,153**	**(18,075)**	**25,078**	**44,468**	**(20,617)**	**23,851**
Current service cost	699	-	699	705	-	705
Interest expense and income	359	(723)	(364)	492	(825)	(333)
	1,058	(723)	335	1,197	(825)	372
Remeasurements						
Return on plan assets	-	(1,265)	(1,265)	-	(1,443)	(1,443)
Actuarial loss	(640)	-	(640)	(1,199)	-	(1,199)
	(640)	(1,265)	(1,905)	(1,199)	(1,443)	(2,642)
Exchange difference	(5,439)	199	(5,240)	(240)	227	(13)
Contributions	901	3,448	4,349	901	4,583	5,484
Reversal of provision	(1,395)	-	(1,395)	-	-	-
Benefit payments	(1,702)	-	(1,702)	(1,974)	-	(1,974)
At 30 September / 31 December	**35,936**	**(16,416)**	**19,520**	**43,153**	**(18,075)**	**25,078**

The defined benefit obligation and plan assets are composed by regions/countries as follows :

	30 September 2022				31 December 2021			
	ETI	UEMOA/ CEMAC	Others	**Total**	ETI	UEMOA /CEMAC	Others	**Total**
Present value obligation	10,716	12,457	12,763	**35,936**	13,395	26,979	2,779	**43,153**
Fair value of plan assets	-	(16,416)	-	**(16,416)**	-	(18,075)	-	**(18,075)**
Total liability	10,716	(3,959)	12,763	**19,520**	13,395	8,904	1,465	**25,078**

Income tax effects relating to components of other comprehensive income	30 Sep. 2022	31 Dec. 2021
The amounts recognised in the income statement are as follows:		
Current service cost	699	705
Net interest cost	359	492
Total included in staff costs	**1,058**	**1,197**
Other Comprehensive Income		
Actuarial losses on obligations	(640)	(931)
Actuarial losses on plan assets	-	-
	(640)	**(931)**

(All amounts in thousands US dollar unless otherwise stated)

38 Retirement benefit obligations (Continued)

As the plan assets include significant investments in government bonds, the Group is also exposed to interest rate risks and impact of changes monetary policies on bond yields. The defined benefit plan does not have any significant impact on the group's cash flows.

The net actuarial gain on the fair value of plan assets arose as a result of the actual returns on the assets being greater than the calculated expected return on assets.

Plan assets are comprised as follows:	**30 September 2022**				**31 December 2021**			
	%	Quoted	Unquoted	Total	%	Quoted	Unquoted	Total
Cash	13%	2,134	-	2,134	13%	2,350	-	2,350
Equity instruments	0%	8	-	8	0%	9	-	9
Debt instruments (Bonds)	87%	11,419	2,855	14,274	87%	12,573	3,143	15,716
	100%	**11,427**	**2,855**	**16,416**	**100%**	**12,582**	**3,143**	**18,075**

The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy.

The principal assumptions used for ETI and the subsidiaries operating in UEMOA region were as follows:	**ETI**		**UEMOA**	
	2022	**2021**	**2022**	**2021**
Discount rate	5.5%	5.5%	5.5%	5.5%
Expected return on plan assets	4.45%	4.45%	4.45%	4.45%
Future salary increases	1.8%	1.80%	1.8%	1.80%

Sensitivity analysis on actuarial assumptions for ETI	**Increase in assumption by 1%**	**Liability changes to**	**Decrease in assumption by 1%**	**Liability changes to**
Discount rate	Decrease in the liability by 4.5%	9,111	Increase in the liability by 8%	10,015
Exit rate	Decrease in the liability by 5%	9,064	Increase in the liability by 13%	10,062
Dismissal rate	Increase in the liability by 5.2%	10,033	Decrease in the liability by 9%	9,088

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

(All amounts in thousands US dollar unless otherwise stated)

39 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. The amounts that the directors believe will materialize are disclosed in Note 36.

b) Capital commitments

At 30 September 2022, the Group had capital commitments of $ 10 million (December 2021: $ 9 million) in respect of buildings and equipment purchases. The Group's management is confident that future net revenues and funding will be sufficient to cover this commitment.

c) Loan commitments, guarantee and other financial facilities

At 30 September 2022 the Group had contractual amounts of the off-balance sheet that commit it to extend credit to customers guarantees and other facilities are as follows:

	30 Sep. 2022	**31 Dec. 2021**
Guaranteed commercial papers and banker acceptances	92,497	55,811
Documentary and commercial letters of credit	1,952,268	1,977,046
Performance bond, guarantees and indemnities	1,472,010	1,624,740
Loan commitments	1,376,804	1,072,569
	4,893,579	**4,730,166**

An ECL amount of $ 9 million (December 2021 : $ 13 million) has been recognized on the off balance sheet items shown above. This is reported in "other liability" (see note 36).

d) Tax exposures

The Group is exposed to ongoing tax reviews in some subsidiary entities. The Group considers the impact of tax exposures, including whether additional taxes may be due. This assessment relies on estimates and assumptions and may involve series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities would impact tax expense in the period in which such a determination is made. The total amount of tax exposure as at 31 September 2022 $154 million (December 2021 : $ 131 million). Based on Group’s assessment, the probable liability is not likely to exceed $10 million (December 2021 : $ 6 million) which provisions have been made in the books in Note 36.

(All amounts in thousands US dollar unless otherwise stated)

40 Share capital	**No of shares ('000)**	**Ordinary shares**	**Share premium**	**Treasury shares**	**Total**
At 1 January 2021	24,592,619	618,259	1,499,145	(3,443)	2,113,961
At 31 December 2021/ 1 January 2022	**24,592,619**	**618,259**	**1,499,145**	**(3,443)**	**2,113,961**
Treasury shares	-		-	-	-
At 30 September 2022	**24,592,619**	**618,259**	**1,499,145**	**(3,443)**	**2,113,961**

The total authorised number of ordinary shares at period end was 50 billion (31 December 2021: 50 billion) with a par value of US$0.025 per share (December 2021: US$0.025 per share). Total issued shares as of 30 September 2022 were 24 730 billion shares. The adjustment for treasury shares on consolidation resulted in the share count of 24.592 billion shares.
Treasury shares were ETI shares held by subsidiaries and related entities within the Group as at period end. The treasury shares count as at 30 September 2022 is 137.7 million shares.

The adjustment of ordinary shares is to align with the ordinary shares Shareholders register.

Share options
The Company offers share option to certain employees with more than three years' service. Options are conditional on the employee completing three years' service. The options are exercisable starting three years from the grant date. The Company has no legal or constructive obligation to repurchase or settle the options in cash.

Movement in the number of share options outstanding are as	**30 Sep. 2022**	**31 Dec. 2021**
At 1 January	79,500	83,000
Forfeited	(29,500)	(3,500)
Lapsed		-
At 30 September / 31 December	**50,000**	**79,500**

The range of exercise price of outstanding shares as at the year ending December 20th 2020 is 6 cents to 9.2 cents (average price 7.6 cents). All of the outstanding shares as at 31 December 2020 were exercisable.

New share options totalling 119 million shares were also granted on 16 July 2012 with a contractual life of 5 years. New share options totalling 50 million shares were also granted in September 2015 with a contractual life of 5 years, now extended by 2 years.

The number of shares outstanding at the end of the year was as follows:	**30 Sep. 2022**	**31 Dec. 2021**
Expiry date:		
2022	50,000	79,500
	50,000	**79,500**

For the general employees share option plan, options may be exercised prior to the tenth anniversary of the grant.

Measurement of fair values - share options
The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using the Black-Scholes formula. The service and non-market performance conditions attached to the transactions were not taken into account in measuring fair value.The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payment plans were as follows.

Fair value of share options and assumptions	2012 scheme	2015 scheme
Fair value at grant date (US$)	0.012	0.025
Share price at grant date (US$)	0.063	0.092
Exercise price (US$)	0.063	0.092
Expected volatility	0.75%	1.73%
Expected life (number of years)	4	5
Expected dividends	6%	3%
Risk-free interest rate	11.8%	11.8%

The expected volatility is based on both historical average share price.

(All amounts in thousands US dollar unless otherwise stated)

41 Retained earnings, other reserves and other equity instruments

	30 Sep. 2022	31 Dec. 2021
Retained earnings	457,682	434,419
Other reserves	(1,409,325)	(1,015,989)
	(951,643)	**(581,570)**

a) Retained earnings
Movements in retained earnings were as follows:

	30 Sep. 2022	31 Dec. 2021
At 1 January	434,419	199,172
Profit for year	196,046	262,234
Transfer to general banking reserve	(8,473)	(23,935)
Transfer to statutory reserve	(137,445)	(3,052)
Dividends paid to Ordinary shareholders	(39,568)	-
Transfer from revaluation reserve property on disposed property	12,703	-
At 30 September / 31 December	**457,682**	**434,419**

b) Other Reserves	**30 Sep. 2022**	**31 Dec. 2021**
General banking reserve	295,841	287,368
Statutory reserve	773,259	635,814
Revaluation reserve - Investment securities	(115,129)	12,575
Convertible bond - equity component	5,084	5,084
Revaluation reserve - property and equipment	160,701	178,680
Hyper-inflation reserve	(67,439)	(67,439)
Share option reserve	1,251	1,251
Remeasurements of post-employment benefit obligations	(8,703)	(8,063)
Translation reserve	(2,719,846)	(2,326,915)
Other Group reserves	265,656	265,656
	(1,409,325)	**(1,015,989)**

Movements in the other reserves were as follows:

i) General banking reserve

At 1 January	287,368	263,433
Transfer from retained earnings	8,473	23,935
At 30 September / 31 December	**295,841**	**287,368**

The general banking reserve represents transfers from retained earnings for unforeseeable risks and future losses. General banking reserves can only be distributed following approval by the shareholders in general meeting.

ii) Statutory reserve

At 1 January	635,814	632,762
Transfer from retained earnings	137,445	3,052
At 30 September / 31 December	**773,259**	**635,814**

Statutory reserves represents accumulated transfers from retained earnings in accordance with relevant local banking legislation. These reserves are not distributable.

iii) Share option reserve

At 1 January	1,251	1,251
Transfer to retained earnings	-	-
At 30 September / 31 December	**1,251**	**1,251**

iv) Remeasurements of post-employment benefit obligations

At 1 January	(8,063)	(7,132)
Actuarial gains on retirement benefit	(640)	(931)
At 30 September / 31 December	**(8,703)**	**(8,063)**

(All amounts in thousands US dollar unless otherwise stated)

41 Retained earnings and other reserves (Continued)

	30 Sep. 2022	31 Dec. 2021
v) Revaluation reserves		
At 1 January	12,575	74,304
Net gain loss from changes in fair value debt securities	(163,842)	(55,631)
Deferred income taxes (Note 37)	35,368	(6,607)
Fair value gain in equity instruments designated at FVOCI	770	509
At 30 September / 31 December	**(115,129)**	**12,575**

The revaluation reserve shows the effects from the fair value measurement of investment securities after deduction of deferred taxes. The net gain/loss from changes in fair value in this note (163,842) represents the owner's part while the amount in the amount in Statement of OCI represent the Group amount (170,373).

Convertible bond - equity component
Movement in equity component of convertibles were as follows:

	30 Sep. 2022	31 Dec. 2021
At 1 January	5,084	5,084
Exercise of the convertible option		-
At 30 September / 31 December	**5,084**	**5,084**

The equity component of the convertible bond is computed as a residual amount after determining the loan amount using the market rate of an equivalent loan.

	30 Sep. 2022	31 Dec. 2021
vi) Hyper-inflation reserve		
At 1 January	(67,439)	(67,439)
Movement arising during the year		
At 30 September / 31 December	**(67,439)**	**(67,439)**
vii) Revaluation Reserve - property and equipment		
At 1 January	178,680	166,498
Transfer to retained earnings fair value on disposed property	(12,703)	-
Net gain from change in fair value	(4,337)	16,258
Deferred income taxes	(939)	(4,076)
At 30 September / 31 December	**160,701**	**178,680**
viii) Translation reserve		
At 1 January	(2,326,915)	(2,151,349)
Currency translation difference arising during the year	(392,931)	(175,566)
At 30 September / 31 December	**(2,719,846)**	**(2,326,915)**
ix) Other Group reserve		
At 1 January	265,656	272,851
Movement arising during the year	-	(7,195)
At 30 September / 31 December	**265,656**	**265,656**
c) Other equity instruments		
At 1 January	74,088	-
Addition	-	75,000
Issue cost	-	(912)
Attributable to other equity instrument holder	7,312	-
Additional tier 1 capital coupon	(7,312)	-
At 30 September / 31 December	**74,088**	**74,088**

As at 31 December 2021, perpetual subordinated notes (Additional Tier 1 – AT1) issued by the Group and recognized under “other equity instruments” totaled $74.1 million (2020: nil). This is the net proceeds after deducting the issuance costs. The parent company raised this instrument with a nominal value of $75 million in September 2021 at a fixed coupon rate of 9.75%, with coupon payment dates of 3 March and 3 September and a first reset date of 3 September 2026. The AT1 instrument was raised for general business purposes and to increase the regulatory capital base of the Group.

42 Cash and cash equivalents
For the purposes of statement of cash flows, cash and cash equivalents comprise the following balances with less than three months maturity.

	30 Sep. 2022	31 Dec. 2021
Cash and balances with central banks (Note 17)	2,344,063	2,532,201
Treasury Bills and other eligible bills (Note 22)	787,578	607,646
Deposits with other banks (Note 20)	845,043	1,579,657
Deposits from other banks (Note 32)	(893,426)	(733,195)
	3,083,258	**3,986,309**

(All amounts in thousands US dollar unless otherwise stated)

43 Group entities

a) Significant subsidiaries

	Country of incorporation	Ownership interests 2022	Ownership interests 2021
Ecobank Nigeria Limited	Nigeria	100%	100%
Ecobank Ghana Limited	Ghana	69%	69%
Ecobank Cote d'Ivoire	Cote d'Ivoire	75%	75%
Ecobank Burkina	Burkina Faso	78%	78%
Ecobank Senegal	Senegal	78%	78%
Ecobank Benin	Benin	79%	79%
Ecobank Cameroon	Cameroon	80%	80%
Ecobank Mali	Mali	93%	93%
Ecobank Togo	Togo	82%	82%

b) Non-controlling interests in subsidiaries that are material to the Group

The following table summarises the information relating to the Group's subsidiary that has material non-controlling interests (NCI), before any intra-group eliminations as at 30 September 2022 and 31 December 2021.

Entity	Ecobank Ghana		Ecobank Côte d'Ivoire		Ecobank Burkina	
NCI percentage	31.1%	31.1%	25.0%	25.0%	21.8%	21.8%
Period	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Loans and advances to customers	881,564	938,190	1,130,540	1,319,163	638,631	684,060
Investment securities	777,023	954,146	1,027,118	1,040,174	533,564	575,345
Other assets	134,898	135,632	81,700	115,335	28,244	40,093
Deposits from customers	1,849,752	2,187,875	1,695,247	1,856,311	1,050,935	1,288,651
Other liabilities	95,871	95,527	106,215	106,913	20,215	44,057
Net assets	293,312	444,729	276,745	311,101	107,357	117,804
Carrying amount of NCI	**91,124**	**138,166**	**69,201**	**77,792**	**23,430**	**25,710**
At 30 September / 31 December						
Operating income	258,266	344,482	111,962	160,149	67,732	89,386
Profit before tax	125,824	154,064	48,751	60,919	28,496	24,032
Profit after tax	80,473	100,381	44,487	59,314	22,553	20,686
Total comprehensive income	52,451	82,335	53,090	57,832	16,839	21,503
Profit allocated to NCI	**16,295**	**25,579**	**13,275**	**14,461**	**3,675**	**4,693**
Cashflows from operating activities	950,806	37,832	689,992	551,722	663,344	630,320
Cashflows from investing activities	(278,511)	(168,272)	(146,585)	(44,079)	(51,209)	(44,853)
Cashflows from financing activities	(22,572)	(32,327)	(33,319)	(33,644)	(9,063)	(12,766)
Net increase/(decrease) in cash and cash equivalents	**649,723**	**(162,767)**	**510,088**	**473,999**	**603,073**	**572,701**

c) Significant restrictions

The Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the supervisory frameworks within which banking subsidiaries operate. The supervisory frameworks require banking subsidiaries to keep certain levels of regulatory capital and liquid assets, limit their exposure to other parts of the Group and comply with other ratios.

d) Involvement with unconsolidated structured entities

The table below describes the structured entities in which the Group does not hold an interest but is a sponsor. The Group considers itself a sponsor of a structured entity when it facilitates the establishment of the structured entity. These entities were not consolidated in September 2022.

Name	Type of structured entity	Nature and purpose	Investment held by the Group
FCP UEMOA DIVERSIFIE (Incorporated in Ivory Coast in 2007)	Asset-backed structered entity	a) Provide investors with an exposure to a referenced asset such as debt instrument	None
FCP UEMOA RENDEMENT (Incorporated in Ivory Coast in 2007)	Asset-backed structered entity	b) Generate fees for agent activities and funding for the Group's lending activities	None

The table below sets out information as at 30 September 2022 in respect of structured entities that the Group sponsors, but which the Group does not have an interest.

Asset-backed structured entities	FCP UEMOA DIVERSIFIE	FCP UEMOA RENDEMENT
Fee income earned from asset-backed structured entities	998	204
*Carrying amount of assets transferred by third parties to conduit vehicle		
Carrying amount of the financing received from unrelated third parties	12,316	2,833
The carrying value is stated at book value (costs less impairment)		

The Group does not have any exposure to any loss arising from these structured

(All amounts in thousands US dollar unless otherwise stated)

44 Related party transactions

The related party is the key management personnel, their related companies and close family relations. The key management personnel included directors (executive and non-executive),and other members of the Group Executive Committee.

A number of banking transactions are entered into with related parties in the normal course of business and at commercial terms. These transactions include loans, deposits, and foreign currency transactions. The volumes of related party transactions, outstanding balances at the end of the period, and relating expense and income for the period as follows:

Loans and advances to related parties	**Directors and key management personnel**		**Related companies**	
	30 Sep. 2022	**31 Dec. 2021**	**30 Sep. 2022**	**31 Dec. 2021**
Loans outstanding at 1 January	2,600	2,387	49,590	35,294
Loans outstanding at September /31 December	2,069	2,600	45,820	49,590
Interest income earned	126	159	2,795	3,025

No provisions have been recognised in respect of loans given to related parties (2021: nil).

The loans issued to executive directors during the year and related companies controlled by directors were given on commercial terms and market rates.

	30 Sep. 2022	**30 Sep. 2021**
Directors' remuneration		
Total directors fees and allowances	1,331	1,277

Related party credits

During the year the Group through its subsidiaries granted various credit facilities to directors and companies whose directors are also directors of ETI at rates and terms comparable to other facilities in the Group's portfolio. An aggregate of US$ 45.8 million was outstanding on these facilities at the end of the reporting period. The status of performance of each facility is as shown below:

Name of company/individual	**Relationship**	**Type**	**Status**	**Amount**
BIDC	Director related	Bonds	Non-impaired	3,715
NEDBANK	Director related	Guarantees	Non-impaired	26,195
QATAR NATIONAL BANK	Director related	Guarantees	Non-impaired	15,911
				45,820

Parent

The parent company, which is also the ultimate parent company, is Ecobank Transnational Incorporated

45 Banking subsidiaries

Banking subsidiaries	**% of interests**
Ecobank Cameroon	80%
Ecobank Chad	74%
Ecobank Sao Tomé	100%
Ecobank Central Africa	75%
Ecobank Congo Brazzaville	86%
Ecobank Gabon	75%
Ecobank Guinea Equatoriale	60%
Ecobank Benin	79%
Ecobank Burkina Faso	78%
Ecobank Côte d’Ivoire	75%
Ecobank Mali	93%
Ecobank Niger	81%
Ecobank Sénégal	78%
Ecobank Togo	82%
Ecobank Guinea Bissau	96%
Ecobank Cape Verde	99%
Ecobank Ghana	69%
Ecobank Guinea	83%
Ecobank Liberia	100%
Ecobank Sierra Leone	100%
Ecobank Gambia	97%
Ecobank Rwanda	97%
Ecobank Tanzania	100%
Ecobank Kenya	100%
Ecobank Burundi	75%
Ecobank Uganda	100%
Ecobank South Sudan	94%
Ecobank Nigeria	100%
Ecobank Malawi	96%
Ecobank Congo RDC	100%
Ecobank Zambia	100%
Ecobank Zimbabwe	100%
Ecobank Mozambique	99%
SOFIPE Burkina	78%
Ecobank Micro Finance Sierra Leone	100%
Pan-African Savings and Loans Ghana	70%
Pan-African Savings and Loans Cameroon	82%
EBI SA (France)	100%
Non Banking subsidiaries	
EDC Holding	98%
EDCN	85%
EDC Funds Management	98%
EDCNIB	98%
Oceanic Capital	98%
EIC	98%
EAM	98%
EDCGE	98%
EDCGI	98%
EDC Ghana Sec	98%
EDCA	98%
EDCC	98%
EDC Kenya	98%
Treasury Bond Protected Investment Company (TBPIC) (*)	100%
FCP Obligataire	44%
E Process international	100%
ARTSA	100%
Bewcastle	100%
Ecobank Specialised Finance Company LLC	100%

(*) TBPIC is an entity for which ETI has control and so it is included in the consolidation scope as per IFRS 10.

46 Events after reporting date

Borrowing Repayment

ETI repaid on 13 October 2022 $150 million convertible bond previously issued in October 2017 upon maturity.

Ghana Credit rating

On 29 November 2022, Moody's Corporation further downgraded Ghana from Caa2 to Ca rating. The Group considers the downgrade as a non-adjusting event after the reporting period. The Group's management is monitoring the changing macroeconomic environment in Ghana and has incorporated stress tests to assess the potential impact of the further downgrade of Ghana on Ecobank Ghana and the Group. Due to the recent nature of the event, an estimate of the financial impact cannot be made reliably.