Ecobank
The Pan African Bank

ECOBANK TRANSNATIONAL INCORPORATED

Consolidated Audited Financial Statements
30 September 2023

CONTENTS

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 2023 and the results of its operations, statement of cash flow, income statement and changes in equity for the period ended 30 September 2023 is 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 2023. 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 24 November 2023 and signed on its behalf by:

Alain Nkontchou
Group Chairman

Jeremy Awori
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 7 to 75 which comprise the consolidated statement of financial position as at 30 September 2023, 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 period 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 2023, and its consolidated financial performance and statement of cash flows for the period 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 Matters

The Key audit matter are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were 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 matters noted below relates to the consolidated financial statements.

Key audit matters	How our audit addressed the key audit matters
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 2023, gross loans and advances to customers was US$10,656million (31 December 2022: US$11,521 million) against which total loan impairment amounted to US$492 million (31 December 2022: US$518 million), resulting in a net loan balance of US$10,164 million (31 December 2022: US$11,003 million). This asset represents 38 per cent (31 December 2022: 38 per cent) of the total assets as at the reporting date (see note 21).	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

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 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; and 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.	monitoring, allocation of assets into stages, the determination of economic scenarios, post model adjustments, individual impairment and processing of journal entries and disclosures; • 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; and • 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.
Impairment assessment on Government of Ghana Debt Securities.	
Government of Ghana suspended the servicing payments of its Eurobonds, commercial loans and most bilateral loans. The default event therefore necessitates the need for the Group to reassess its exposure to Ghana Debt for impairment losses. After the default announcement, the Government of Ghana instituted a domestic debt exchange program in a bid to restructure its debt as part of the pre-condition in the staff level agreement with IMF for a US$3billion macroeconomic support and bailout. The domestic debts restructuring was negotiated and concluded in February 2023. The Government of Ghana however continues to default on the payment of coupons due on series of the Eurobonds following the earlier announcement and there has been no formal negotiation on the defaulted Eurobonds. Given the level of uncertainty involved, the significance of the group's exposure, lack of any proposals regarding specific restructuring program on the Eurobonds, and the materiality of the amount involved, it became pertinent that the Directors exercise some judgement and make some assumptions regarding certain inputs to enable them to assess and determine the appropriate level of impairment on the Government of Ghana's Eurobond Debt Securities. Therefore, this item is considered a key audit matter.	We focused our testing of the impairment assessment on Government of Ghana's securities on both the local (i.e., Cedi-denominated) bonds as well as the Eurobonds portfolios held by the Group as at 30 September 2023. We reviewed and challenged the key, judgement, assumptions, and inputs made by Management and Directors. Specifically, our audit procedures included: • Obtained an understanding of management's process for estimating the expected credit loss on the instruments; • Obtained available information and data on the Government of Ghana debt securities which formed the basis of analysis by the Group Management and Directors; • Obtained and challenged key management and Directors' assumptions and inputs (i.e., cashflows, discount rates, and methodology) to assess accuracy and completeness as well as the reasonableness of the assumptions and inputs; • Performed a detailed review and assessment of the expected credit loss calculations by the Group; • 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 all the relevant assumptions and key inputs used by Management and Directors to estimate the amount of expected credit losses on the Government of Ghana's securities were appropriate in the circumstances.

Other Information

The Directors are responsible for the other information. The other information comprises the Statement of Directors' Responsibilities and the information included in the Annual Report, but does not include the consolidated financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance 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.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, 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 period 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
30 November 2023

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

For: Grant Thornton
Chartered Accountants
Abidjan, Cote d’Ivoire
30 November 2023

Engagement Partner: Missa Kone

Grant Thornton Audit
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Consolidated income statement

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

	Notes	30 Sep. 2023	30 Sep. 2022
Interest income	7	**1,381,934**	**1,154,174**
Interest income calculated using the effective interest method		1,379,942	1,148,609
Other interest income		1,992	5,565
Interest expense	7	**(526,100)**	**(413,742)**
Net interest income		**855,834**	**740,432**
Fee and commission income	8	395,048	393,027
Fee and commission expense	8	(40,102)	(49,840)
Trading income	9	268,528	221,281
Investment income	10	6,887	10,499
Other operating income	11	32,207	39,632
Non-interest revenue		**662,568**	**614,599**
Operating income		**1,518,402**	**1,355,031**
Staff expenses	12	(346,312)	(329,560)
Depreciation and amortization	12	(70,008)	(76,425)
Other operating expenses	12	(399,599)	(356,623)
Operating expenses		**(815,919)**	**(762,608)**
Operating profit before impairment charges and taxation		**702,483**	**592,423**
Impairment charges on financial assets	13	(226,065)	(132,794)
Non-conversion premium on bonds	14	-	(25,000)
Operating profit after impairment charges on financial assets		**476,418**	**434,629**
Net monetary loss arising from hyperinflationary economies	2.5	(26,523)	(34,262)
Share of post-tax results of associates	26	108	360
Profit before tax		**450,003**	**400,727**
Taxation	15	(136,030)	(121,815)
Profit after tax		**313,973**	**278,912**
Profit after tax attributable to:			
Ordinary shareholders		223,872	196,046
Other equity instrument holder		7,312	7,312
Non-controlling interests		82,789	75,554
		313,973	**278,912**

Earnings per share from continuing operations attributable to owners of the parent during the period (expressed in United States cents per share):

	Notes	30 Sep. 2023	30 Sep. 2022
- Basic	16	0.910	0.797
- Diluted	16	0.910	0.797

The accompanying notes are an integral part of these financial statements

Ecobank Transnational Incorporated
Consolidated financial statements
For the period ended 30 September 2023
Consolidated statement of other comprehensive income
(All amounts in thousands of US dollars unless otherwise stated)

	Notes	30 Sep. 2023	30 Sep. 2022
Profit after tax		313,973	278,912
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Exchange difference on translation of foreign operations		(504,627)	(490,191)
Net change in fair value of other financial assets FVOCI		(47,948)	(135,005)
		(552,575)	(625,196)
Items that will not be reclassified to profit or loss:			
Net change in fair value on property and equipment		2,369	(5,276)
Net change in equity instruments designated at FVOCI		-	770
Remeasurements of defined benefit obligations	41	(172)	(640)
		2,197	(5,146)
Other comprehensive loss for the period, net of tax		(550,378)	(630,342)
Total comprehensive loss for the period		**(236,405)**	**(351,430)**
Total comprehensive (loss)/ profit attributable to:			
Ordinary shareholders		(289,935)	(330,505)
Other equity instrument holder		7,312	7,312
Non-controlling interests		46,218	(28,237)
		(236,405)	**(351,430)**

The accompanying notes are an integral part of these financial statements

Ecobank Transnational Incorporated
Consolidated financial statements
As at 30 September 2023
Consolidated statement of financial position
(All amounts in thousands of US dollars unless otherwise stated)

As at:	Notes	30 Sep. 2023	31 Dec. 2022
ASSETS			
Cash and balances with central banks	17	3,679,795	4,293,810
Trading financial assets	18	62,890	173,195
Derivative financial instruments	19	254,651	137,468
Loans and advances to banks	20	1,670,050	1,496,567
Loans and advances to customers	21	10,164,404	11,002,905
Treasury bills and other eligible bills	22	1,960,212	2,455,739
Investment securities	23	6,387,789	7,004,434
Pledged assets	24	219,540	153,970
Other assets	25	1,369,233	1,197,175
Investment in associates	26	647	1,016
Intangible assets	27	56,792	84,545
Investment properties	28	8,906	9,922
Property and equipment	29	613,270	754,011
Deferred income tax assets	37	189,842	229,434
		26,638,021	28,994,191
Assets held for sale	31	5,845	9,978
Total assets		**26,643,866**	**29,004,169**
LIABILITIES			
Deposits from banks	32	1,784,159	2,461,934
Deposits from customers	33	19,218,767	20,813,313
Derivative financial instruments	19	175,561	94,224
Borrowed funds	34	2,158,728	2,278,392
Other liabilities	35	1,340,614	1,069,131
Provisions	36	55,910	63,255
Current income tax liabilities		85,384	77,696
Deferred income tax liabilities	37	72,884	99,948
Retirement benefit obligations	38	27,181	19,261
Total liabilities		**24,919,188**	**26,977,154**
EQUITY			
Share capital and premium	40	2,113,961	2,113,961
Retained earnings and reserves	41	(1,036,251)	(719,113)
Equity attributable to ordinary shareholders		**1,077,710**	**1,394,848**
Other equity instrument holder	41	**74,088**	**74,088**
Non-controlling interests		**572,880**	**558,079**
Total equity		**1,724,678**	**2,027,015**
Total liabilities and equity		**26,643,866**	**29,004,169**

The financial statements were approved for issue by the board of directors on 24 November 2023 and signed on its behalf by:

The Group Chief Executive Officer who is a signatory to the financial statements was granted a waiver by the Financial Reporting Council of Nigeria (FRCN) allowing him to sign the financial statements (without indicating his FRC registration number).

Alain Nkontchou
Group Chairman

Jeremy Awori
Group Chief Executive Officer

Ayo Adepoju,Ph.D.
Group Chief Financial Officer

Ecobank Transnational Incorporated
Consolidated audited financial statements
For the period ended 30 September 2023
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 31 December 2021 / 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)
Net gains on revaluation of property	41	-	-	(5,276)	(5,276)	-	-	(5,276)
Remeasurements of post-employment benefit obligations	41	-	-	(640)	(640)	-	-	(640)
Other comprehensive loss 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 profit for the period		**-**	**196,046**	**(526,551)**	**(330,505)**	**7,312**	**(28,237)**	**(351,430)**
Additional tier 1 capital	41	-	-	-	-	(7,312)	-	(7,312)
Transfer from revaluation reserve property on disposed property			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 2020		-	(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**
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	-	-	(72,975)	(72,975)	-	(8,170)	(81,145)
Foreign currency translation differences	41	-	-	(323,504)	(323,504)	-	(62,602)	(386,106)
Remeasurements of post-employment benefit obligations	41	-	-	(665)	(665)	-	-	(665)
Net gain on revaluation of property	41	-	-	24,294	24,294	-	15,725	40,019
Other comprehensive loss for the year		-	-	(372,850)	(372,850)	-	(55,047)	(427,897)
Profit for the year		-	286,430	-	286,430	7,312	72,949	366,691
Total comprehensive loss for the year		**-**	**286,430**	**(372,850)**	**(86,420)**	**7,312**	**17,902**	**(61,206)**
Additional tier 1 capital coupon	41	-	-	-	-	(7,312)	-	(7,312)
Transfer from revaluation reserve property on disposed property	41	-	85	(85)	-	-	-	-
Transfer to NCI		-	-	(6,471)	(6,471)	-	6,471	-
Equity component not converted	41	-	-	(5,084)	(5,084)	-	-	(5,084)
Transfer from general banking reserves	41	-	2,120	(2,120)	-	-	-	-
Transfer to statutory reserve	41	-	(112,454)	112,454	-	-	-	-
Dividend relating to 2021		-	(39,568)	-	(39,568)	-	(24,121)	(63,689)
At 31 December 2022		**2,113,961**	**571,032**	**(1,290,145)**	**1,394,848**	**74,088**	**558,079**	**2,027,015**
At 31 December 2022 / At 1 January 2023		**2,113,961**	**571,032**	**(1,290,145)**	**1,394,848**	**74,088**	**558,079**	**2,027,015**
Net changes in debt instruments, net of taxes		-	-	(47,255)	(47,255)	-	(693)	(47,948)
Foreign currency translation differences		-	-	(467,873)	(467,873)	-	(36,754)	(504,627)
Remeasurements of post-employment benefit obligations		-	-	(116)	(116)	-	(56)	(172)
Net gain on revaluation of property		-	-	1,437	1,437	-	932	2,369
Other comprehensive loss for the period		-	-	(513,807)	(513,807)	-	(36,571)	(550,378)
Profit for the period		-	223,872	-	223,872	7,312	82,789	313,973
Other comprehensive loss for the period		**-**	**223,872**	**(513,807)**	**(289,935)**	**7,312**	**46,218**	**(236,405)**
Additional tier 1 capital coupon		-	-	-	-	(7,312)	-	(7,312)
Transfer from general banking reserves		-	(10,637)	10,637	-	-	-	-
Transfer to statutory reserve		-	(75,256)	75,256	-	-	-	-
Share option forfeited		-	1,250	(1,250)	-	-	-	-
Dividend relating to 2022		-	(27,203)	-	(27,203)	-	(31,417)	(58,620)
At 30 September 2023		**2,113,961**	**683,058**	**(1,719,309)**	**1,077,710**	**74,088**	**572,880**	**1,724,678**

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. 2023	30 Sep. 2022
Cash flows from operating activities			
Profit before tax		450,003	400,727
Adjustments for:			
Foreign exchange income		(398,211)	384,318
Net gain from investment securities income	10	(6,887)	(10,499)
Fair value loss on assets held for sale	11	3,724	-
Fair value gain on investment properties	11	(282)	(141)
Impairment charges on loans and advances	13	83,133	119,176
Impairment charges on other financial assets	13	142,932	13,618
Depreciation of property and equipment	12	45,607	52,134
Amortisation of software and other intangibles	12	24,401	24,291
Profit on sale of property and equipment	11	(1,958)	(21,290)
Share of post-tax results of associates		(108)	(360)
Income taxes paid		(119,766)	(121,571)
Changes in operating assets and liabilities			
- Trading financial assets		40,077	121,706
- Derivative financial instruments		(141,938)	(79,945)
- Treasury bills and other eligible bills		112,969	161,480
- Loans and advances to banks		654,670	305,091
- Loans and advances to customers		(924,999)	311,672
- Pledged assets		(128,144)	31,607
- Other assets		(150,462)	14,402
- Mandatory reserve deposits with central banks		(230,908)	(72,064)
- Other deposits from banks		(772,529)	(186,603)
- Deposits from customers		1,864,371	(1,293,795)
- Derivative liabilities		106,618	73,721
- Provisions		60,506	(9,545)
- Other liabilities		383,235	184,619
Net cashflow from operating activities		**1,096,054**	**402,749**
Cash flows from investing activities			
Purchase of software	27	(5,785)	(5,386)
Purchase of property and equipment	29	(67,250)	(141,952)
Proceeds from sale of property and equipment	29	2,347	31,813
Purchase of investment securities	23	(1,312,039)	(2,182,985)
Proceeds from sale and redemption of investment securities	23	1,065,713	1,896,992
Net cashflow used in investing activities		**(317,014)**	**(401,518)**
Cash flows from financing activities			
Repayment of borrowed funds	34	(149,846)	(675,591)
Proceeds from borrowed funds	34	147,504	247,451
Coupon to additional tier 1 capital	41	(7,312)	(7,312)
Dividends paid to Ordinary shareholders	41	(27,203)	(39,568)
Dividends paid to non-controlling shareholders		(31,417)	(35,367)
Net cashflow used in financing activities		**(68,274)**	**(510,387)**
Net increase /(decrease) in cash and cash equivalents		**710,766**	**(509,156)**
Cash and cash equivalents at start of the period	42	3,382,968	3,986,309
Effects of exchange differences on cash and cash equivalents		(1,137,131)	(393,895)
Cash and cash equivalents at end of the period	42	**2,956,603**	**3,083,258**

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 14,956 people as at 30 September 2023 (31 December 2022: 13,175) .

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 2023 have been approved by the Board of Directors on 24 November 2023.

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 peruod ended 30 September 2023 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 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

a) IFRS 17 – Insurance Contracts

The IASB issued IFRS 17 in May 2017 and applies to annual reporting periods beginning on or after 1 January 2023. The new IFRS 17 standard establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts within the scope of the Standard. The objective of IFRS 17 is to ensure an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity’s financial position, financial performance and cash flows.

This standard does not have an impact on the Group and its subsidiaries.

b) Amendments to IAS 8 Definition of Accounting Estimates

The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the Board.

The amendment does not have any material impact on the Group.

c) Amendments to IAS 12

Deferred Tax related to Assets and Liabilities arising from a Single Transaction The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

Nevertheless, it is possible that the resulting deferred tax assets and liabilities are not equal (e.g., if the entity is unable to benefit from the tax deductions or if different tax rates apply to the taxable and deductible temporary differences). In such cases, which the Board expects to occur infrequently, an entity would need to account for the difference between the deferred tax asset and liability in profit or loss.
The amendment does not have any material impact on the Group

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

In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:
• Replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies.
• Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosure.

The amendment is not expected to have any material impact on the Group.

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 2023. At the date of authorisation of these financial statements, the Group has not applied these standards.

i) Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendment to IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively.The amendment clarify:
- What is meant by a right to defer settlement.
- That a right to defer must exist at the end of the reporting period.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The Board also added two new paragraphs (Paragraph 76A and 76B) to IAS1 to clarify what is meant by “settlement” of a liability. The Board concluded that it was important to link the settlement of the liability with the outflow of resources of the entity.
The amendment is not expected to have a material impact on the Group.

ii) Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback

In September 2022, the Board issued Lease Liability in a Sale and Leaseback. The amendment to IFRS 16 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.
However, the requirements do not prevent the seller-lessee from recognizing any gain or loss arising from the partial or full terminaton of a lease.
The amendment is not expected to have a material impact on the Group at the time it will take effect, as there is non-existent of such transaction as Sale and Leaseback within the Group or with external parties.

iii) Amendments to IAS 7 & IFRS 7 – Supplier Finance Arrangements

In May 2023, the Board issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments. The amendments clarify the characteristics of supplier finance arrangements. In these arrangements, one or more finance providers pay amounts an entity owes to its suppliers. The entity agrees to settle those amounts with the finance providers according to the terms and conditions of the arrangements, either at the same date or at a later date than that on which the finance providers pay the entity’s suppliers.
The amendments require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements. The information on those arrangements is required to be aggregated unless the individual arrangements have dissimilar or unique terms and conditions.
The amendment is not expected to have a material impact on the Group.

iv) Amendments to IAS 21 – Lack of exchangeability In August 2023, the Board issued Lack of exchangeability amendments to IAS 21.

The amendments specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.
If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique.
The amendment is not expected to have any material impact on the Group.

2.5 Foreign currency translation

a) Functional and presentation currency

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

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the official exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the 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 $27 million recorded in the income statement.

Management is carefully monitoring the Hyperinflation position on Ghana and South Sudan. Any changes required to financial reporting as at 31 December will be properly accounted for.

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.

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 income

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 Summary of significant accounting policies (continued)

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. Any subsequent increase in net realisable value, to the extent that it does not exceed the cumulative write-down, is also recognised in the statement of comprehensive income. 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.

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 41). 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

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.

2.19 Income tax (Continued)

b) Deferred income tax (continued)

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.
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:

• 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.

2.30 Financial assets and liabilities (Continued)

2.30.1 Financial assets - Classification and Measurement Policies (Continued)

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 '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 2.30.6).
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.

Measuring ECL – Explanation of inputs, assumptions and estimation techniques

c) Credit-impaired financial assets

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. The Group's policy is to write off at the point where a decision has been made to abandon all recovery efforts on the exposure. This is usually at the point when it is no longer commercially viable to pursue recovery efforts.

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.

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 (2.30.3 f above) and credit-impaired financial assets" (2.30.3 c 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:

Measuring ECL – Explanation of inputs, assumptions and estimation techniques (Continued)

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

(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 expected credit losses.
The forecasts of these economic variables, constitute three scenarios, the best estimate, the optimistic,and the downturn scenario.

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 2023 are as follows:

	Weighting	2023	2024
NIGERIA			
GDP Growth			
Base	70%	3.18%	4.18%
Upside	15%	3.18%	10.68%
Downside	15%	3.18%	-2.32%
Price of Crude/USD			
Base	70%	9079.00%	95.26
Upside	15%	9079.00%	156.85
Downside	15%	9079.00%	33.66
UEMOA			
Commodity Price Index			
Base	80%	609.67	691.750
Upside	5%	609.67	949.317
Downside	15%	609.67	434.183
GDP Growth			
Base	80%	6.02%	5.94%
Upside	5%	6.02%	11.42%
Downside	15%	6.02%	0.46%
AWA			
GDP Growth			
Base	70%	1.61%	6.32%
Upside	5%	1.61%	12.43%
Downside	25%	1.61%	0.21%

Measuring ECL – Explanation of inputs, assumptions and estimation techniques (Continued)

j) Expected Life

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

2.30.4 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 2.30.3) 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.

Once a financial asset or a Group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

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

2.30.5 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 year.

2.30.6 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.

2.30.7 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.

2.30.8 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.

2.33 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 and repossessed assets	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

3 Critical accounting estimates, and judgments in applying accounting policies

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

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

a) Impairment losses on loans and advances

The Group reviews its loan portfolios to assess impairment at least monthly. Where impairment has been identified, an allowance for impairment is recorded. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination in which case loss allowance is measured at an amount equal to lifetime ECL. If the financial asset meets the definition of purchased or originated credit impaired (POCI), the allowance is based on the change in the ECLs over the life of the asset.
The Group generally considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'. Loss allowances on such low credit risk instrument are recognised at the equivalent of 12-month ECL.
The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVTOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as the expected life of the instrument, determination of significant increase in credit risk, selection of appropriate macro-economic variables and other forward-looking information etc.

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

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

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

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

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

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

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

(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 2.18. 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. No goodwill impairment charge for the period.

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 2.30.1). 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

The financial results of Ecobank Zimbabwe and Ecobank South Sudan have been prepared under the inflation-adjusted accounting basis in line with the provisions of International Accounting Standard 29 "Financial Reporting in Hyperinflationary Economies" (IAS 29).
Zimbabwe hyperinflationary results
IAS 29 requires that financial results prepared in the currency of a hyperinflationary economy be stated in terms of a measuring unit current at the balance sheet date and that corresponding figures for previous periods be stated in the same terms as the latest balance sheet date. The restatement of the results of Ecobank Zimbabwe has been calculated by means of conversion factors derived from estimated CPIs obtained from movement of the Total Consumption Poverty Line (TCPL) published by the Zimbabwe Statistical Agency (ZIMSTAT). TCPL has been used to estimate inflation for the current period because research conducted by the Institute of Chartered Accountants of Zimbabwe (ICAZ) has indicated that there is a 99% correlation between TCPL and Consumer Price Index (CPI).

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:

Credit rating	1	2	3	4	5	6	7	8	9	10
S&P	AAA	AA	A	BBB	BB	B	CCC	CC	C	D
Description of the grade	Investment Grade			Speculative Grade						Default
Classification	Performing									
					Watchlist					
								Substandard		
										Doubtful or Loss
Stages	Stage 1									
							Stage2			
									Stage 3	

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. The Group’s credit risk exposures are presented quarterly to 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 4.1.3 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

4.1.5 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 2023			
ECL staging	**Stage 1** 12-month ECL	**Stage 2** Lifetime ECL	**Stage 3** Lifetime ECL	**Total**
Gross carrying amount	8,868,413	1,192,125	595,521	10,656,059
Loss allowance	(63,752)	(136,536)	(291,367)	(491,655)
Carrying amount	**8,804,661**	**1,055,589**	**304,154**	**10,164,404**

US$'000	**Loans and advances to customers**			
	31 December 2022			
ECL staging	**Stage 1** 12-month ECL	**Stage 2** Lifetime ECL	**Stage 3** Lifetime ECL	**Total**
Gross carrying amount	9,748,200	1,174,146	598,666	11,521,012
Loss allowance	(61,525)	(139,513)	(317,069)	(518,107)
Carrying amount	**9,686,675**	**1,034,633**	**281,597**	**11,002,905**

US$'000	**Loans and advances to banks**			
	30 September 2023			
ECL staging	**Stage 1** 12-month ECL	**Stage 2** Lifetime ECL	**Stage 3** Lifetime ECL	**Total**
Gross carrying amount	1,662,612	3,387	15,895	1,681,894
Loss allowance	(242)	-	(11,602)	(11,844)
Carrying amount	**1,662,370**	**3,387**	**4,293**	**1,670,050**

US$'000	**Loans and advances to banks**			
	31 December 2022			
ECL staging	**Stage 1** 12-month ECL	**Stage 2** Lifetime ECL	**Stage 3** Lifetime ECL	**Total**
Gross carrying amount	1,492,053	-	13,112	1,505,165
Loss allowance	(86)	-	(8,512)	(8,598)
Carrying amount	**1,491,967**	**-**	**4,600**	**1,496,567**

Notes
4 Financial Risk Management (continued)
4.1 Credit Risk (continued)
4.1.5 Maximum exposure to credit risk – Financial instruments subject to ECL impairment (continued)

US$'000	Investment securities - debt instruments				
	30 September 2023				
ECL staging	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased originated credit impairment	Total
Gross carrying amount	5,788,508	-	432,624	355,758	6,576,890
Loss allowance	(905)	-	(188,196)	-	(189,101)
Carrying amount	**5,787,603**	**-**	**244,428**	**355,758**	**6,387,789**

US$'000	Investment securities - debt instruments			
	31 December 2022			
ECL staging	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount	6,024,593	-	1,184,976	7,209,569
Loss allowance	(1,269)	-	(203,884)	(205,153)
Carrying amount	**6,023,324**	**-**	**981,092**	**7,004,416**

US$'000	Other assets			
	30 September 2023			
ECL staging	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount	1,075,257	2,431	224	1,077,912
Loss allowance	(10,402)	(2,431)	(224)	(13,057)
Carrying amount	**1,064,855**	**-**	**-**	**1,064,855**

US$'000	Other assets			
	31 December 2022			
ECL staging	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount*	866,893	-	89,824	956,717
Loss allowance	(32,509)	-	(71,373)	(103,882)
Carrying amount	**834,384**	**-**	**18,451**	**852,835**

*This amount included repossessed asset totalling $169.3 million which has now been properly excluded. The value of the repossessed asset is included in note 25 in the financial statement.

US$'000	Off Balance sheet			
	30 September 2023			
ECL staging	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount	3,937,867	25,493	6,531	3,969,891
Loss allowance	(4,860)	(2,738)	(5,178)	(12,776)
Carrying amount	**3,933,007**	**22,755**	**1,353**	**3,957,115**

US$'000	Off Balance sheet			
	31 December 2022			
ECL staging	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount	4,841,673	25,493	6,531	4,873,697
Loss allowance	(8,379)	(1,027)	(1,396)	(10,802)
Carrying amount	**4,833,294**	**24,466**	**5,135**	**4,862,895**

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 2023	31 December 2022
Trading assets		
• Debt Securities	62,890	173,195
• Derivatives	254,651	137,468
Financial assets designated at fair value		
• Debt securities	-	-
• Loans and advances to customers	-	-

4.1.5.3 Maximum exposure to credit risk before collateral held

	Maximum exposure	
	30 Sep. 2023	31 Dec. 2022
Credit risk exposures relating to on-statement of financial position assets are as follows:		
Balances with central banks	3,033,124	3,607,620
Treasury bills and other eligible bills	1,960,212	2,455,739
Loans and advances to banks	1,670,050	1,496,567
Loans and advances to customers:		
CIB		
- Overdrafts	885,467	643,979
- Term loans	6,613,612	7,582,991
- Others	-	-
Commercial		
- Overdrafts	204,606	246,320
- Credit cards	-	-
- Term loans	1,341,736	1,415,031
- Others	-	-
Consumer		
- Overdrafts	12,701	28,330
- Credit cards	905	73
- Term loans	969,352	950,847
- Mortgages	136,025	135,334
Trading financial assets		
- Debt securities	62,890	173,195
Derivative financial instruments	254,651	137,468
Financial assets designated at fair value:		
Investment securities :		
- Debt securities	6,387,789	6,777,850
Pledged assets	219,540	153,970
Other assets excluding prepayments and repossessed assets *	1,064,855	852,835
Credit risk exposures relating to off-balance sheet items are as follows:		
Financial guarantees and other financial facilities	2,710,135	3,405,209
Loan commitments	1,259,756	1,457,686
	28,787,406	**31,521,044**

The above table represents a worse case scenario of credit risk exposure of the Group at 30 September 2023 and 31 December 2022, 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, 35% (December 2022: 39%) of the total maximum exposure is derived from loans and advances to banks and customers,22% (December 2022: 21%) 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:
- 83% (December 2022: 85%) of the loans and advances portfolio are considered to be neither past due nor default;
- Investment in debt securities are largely government securities.

*This amount included repossessed asset totalling $169.3 million which has now been properly excluded in December 2022. The value of the repossessed asset is included in note 25 in the financial statement.

Notes

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 USD141 million as at 30 September 2023.

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 4.1.9 (c).

4.1.7 Loss allowance

The loss allowance recognised in the year 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 year, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognised during the year, as well as releases for financial instruments de-recognised in the year;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the year, 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 year.

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	Total USD'000
Loss allowance as at 1 January 2023	61,525	139,513	317,069	518,107
Movements with P&L impact				
New financial assets originated or purchased	63,817	49,324	40,587	153,728
Transfer from Stage 1 to Stage 2	(12,353)	12,353	-	-
Transfer from Stage 1 to Stage 3	(10,112)	-	10,112	-
Changes in PDs/LGDs/EADs	(22,598)	(35,359)	(21,499)	(79,456)
Changes to model assumptions and methodologies	(1,261)	2,685	7,437	8,861
Total net P&L charge during the period	**17,493**	**29,003**	**36,637**	**83,133**
Other movements with no P&L impact	-	-	-	-
FX and other movements	(15,266)	(10,137)	(40,081)	(65,484)
Transfer from Stage 2 to Stage 3	-	(23,142)	23,142	-
Transfer from Stage 3 to Stage 2	-	1,299	(1,299)	-
Write-offs	-	-	(44,101)	(44,101)
Loss allowance as at 30 September 2023	**63,752**	**136,536**	**291,367**	**491,655**

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	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	36,066	8,176	42,326	86,568
Transfer from Stage 1 to Stage 2	(15,860)	15,860	-	-
Transfer from Stage 1 to Stage 3	(30,123)	-	30,123	-
Changes in PDs/LGDs/EADs	12,927	30,414	(110,988)	(67,647)
Changes to model assumptions and methodologies	(8,627)	374	(340)	(8,593)
Total net P&L charges during the year	**(5,617)**	**54,824**	**(38,879)**	**10,328**
Other movements with no P&L impact				
FX and other movements	(12,781)	(51,171)	119,878	55,926
Transfer from Stage 2 to Stage 3	-	(8,516)	8,516	-
Transfer from Stage 3 to Stage 2	-	956	(956)	-
Financial assets derecognised during the year	-	-	-	-
Write-offs	-	-	(200,523)	(200,523)
Loss allowance as at 31 December 2022	**61,525**	**139,513**	**317,069**	**518,107**

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 44 million (2022: $201 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 originated credit impairment	Total USD'000
Loss allowance as at 1 January 2023	1,269	-	203,884	-	205,153
Movements with P&L impact			-	-	-
Changes in PDs/LGDs/EADs	-	-	124,539	-	124,539
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	**-**	**-**	**124,539**	**-**	**124,539**
Other movements with no P&L impact		-	-	-	-
FX and other movements	(364)	-	(26,688)	-	(27,052)
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
Write-offs	-	-	(113,539)	-	(113,539)
Loss allowance as at 30 September 2023	**905**	**-**	**188,196**	**-**	**189,101**

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	Total USD'000
Loss allowance as at 1 January 2022	1,304	-	-	1,304
Movements with P&L impact				-
Changes in PDs/LGDs/EADs	-	-	170,190	170,190
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	**-**	**-**	**170,190**	**170,190**
Other movements with no P&L impact	-	-	-	-
FX and other movements	(35)	-	33,694	33,659
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 2022	**1,269**	**-**	**203,884**	**205,153**

Other assets	Stage 1 12-month ECL USD'000	Stage 2 Lifetime ECL USD'000	Stage 3 Lifetime ECL USD'000	Total USD'000
Loss allowance as at 1 January 2023	103,882	-	-	103,882
Movements with P&L impact		-	-	-
New financial assets originated or purchased	-	-	-	-
Changes in PDs/LGDs/EADs	13,840	2,431	224	16,495
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	**13,840**	**2,431**	**224**	**16,495**
Other movements with no P&L impact				-
FX and other movements	(2,836)	-	-	(2,836)
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
Financial assets derecognised during the year	-	-	-	-
Write-offs	(104,484)	-	-	(104,484)
Loss allowance as at 30 September 2023	**10,402**	**2,431**	**224**	**13,057**

Other assets	Stage 1 12-month ECL USD'000	Stage 2 Lifetime ECL USD'000	Stage 3 Lifetime ECL 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	-	-	-	-
Changes in PDs/LGDs/EADs	17,160	-	-	17,160
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	**17,160**	**-**	**-**	**17,160**
Other movements with no P&L impact				
FX and other movements	(122,599)	-	-	(122,599)
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 2022	**103,882**	**-**	**-**	**103,882**

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	Total USD'000
Loss allowance as at 1 January 2023	86	-	8,512	8,598
Movements with P&L impact				
New financial assets originated or purchased	-	-	-	-
Changes in PDs/LGDs/EADs	-	-	2,835	2,835
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	**-**	**-**	**2,835**	**2,835**
Other movements with no P&L impact				
FX and other movements	156	-	255	411
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 2023	**242**	**-**	**11,602**	**11,844**

Loans and advances to Banks	Stage 1 12-month ECL USD'000	Stage 2 Lifetime ECL USD'000	Stage 3 Lifetime ECL 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 year	**-**	**-**	**-**	**-**
Other movements with no P&L impact				
FX and other movements	(1,279)	-	8,512	7,233
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 2022	**86**	**-**	**8,512**	**8,598**

Notes

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	Total USD'000
Loss allowance as at 1 January 2023	8,379	1,027	1,396	10,802
Movements with P&L impact				-
New financial assets originated or purchased	(246)	(671)	(20)	(937)
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	**(246)**	**(671)**	**(20)**	**(937)**
Other movements with no P&L impact				-
FX and other movements	(3,273)	2,382	3,802	2,911
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 2023	**4,860**	**2,738**	**5,178**	**12,776**

Off Balance sheet	Stage 1 12-month ECL USD'000	Stage 2 Lifetime ECL USD'000	Stage 3 Lifetime ECL 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	388	-	-	388
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	**388**	**-**	**-**	**388**
Other movements with no P&L impact				
FX and other movements	(5,170)	968	1,383	(2,819)
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 2022	**8,379**	**1,027**	**1,396**	**10,802**

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 2023 Loans and advances		31 December 2022 Loans and advances	
	US$'000		US$'000	
1	240,867	2%	434,067	4%
2	17,842	0%	20,547	0%
3	40,199	0%	177,252	2%
4	602,249	6%	633,729	6%
5	1,371,862	13%	1,944,098	17%
6	6,595,394	62%	6,538,507	57%
7	729,638	7%	655,204	6%
8	462,487	4%	518,942	5%
9	375,576	4%	280,716	2%
10	219,945	2%	317,950	3%
	10,656,059	**100%**	**11,521,012**	**100%**

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

Group's rating		30 September 2023 Loans and advances		30 September 2023 Impairment provision		31 December 2022 Loans and advances		31 December 2022 Impairment provision	
		US$'000		US$'000		US$'000		US$'000	
1	Current	8,633,631	81%	56,407	1%	9,367,774	81%	53,336	1%
1A.	Watchlist	234,782	2%	7,345	3%	380,426	3%	8,189	2%
II.	Substandard	1,192,125	11%	136,536	11%	1,174,146	10%	139,513	12%
III.	Doubtful	450,223	4%	178,381	40%	519,957	5%	275,383	53%
IV.	Loss	145,298	1%	112,986	78%	78,709	1%	41,686	53%
		10,656,059	**100%**	**491,655**	**5%**	**11,521,012**	**100%**	**518,107**	**4%**

4.1.9 Loans and advances by status

Loans and advances are summarised as follows:

	30 September 2023 Loans and advances to banks	30 September 2023 Loans and advances to customers	31 December 2022 Loans and advances to banks	31 December 2022 Loans and advances to customers
	US$'000	US$'000	US$'000	US$'000
Neither past due nor in default	1,662,612	8,868,413	1,492,053	9,748,200
Past due but not in default	3,387	1,192,125	-	1,174,146
Default	15,895	595,521	13,112	598,666
Gross	**1,681,894**	**10,656,059**	**1,505,165**	**11,521,012**
Less: allowance for impairment	(11,844)	(491,655)	(8,598)	(518,107)
Net	**1,670,050**	**10,164,404**	**1,496,567**	**11,002,905**

Other financial assets are neither past due nor in default except for investment securities ,off balance sheet and other assets with impairment provision in note 4.1.7 ,note 35 and 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 in default

The credit quality of the portfolio of loans and advances that were neither past due nor in default 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 2023

	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	769,677	5,518,403	-	176,460	-	1,136,580	-	18,864	946	884,641	128,060	8,633,631
Watchlist	53,342	41,842	-	9,402	-	73,923	-	542	66	50,727	4,938	234,782
Total	**823,019**	**5,560,245**	**-**	**185,862**	**-**	**1,210,503**	**-**	**19,406**	**1,012**	**935,368**	**132,998**	**8,868,413**

31 December 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	645,028	6,170,680	-	186,090	-	1,294,675	-	35,203	1,542	911,814	122,742	9,367,774
Watchlist	32,970	255,454	-	30,610	-	43,336	-	137	-	14,818	3,101	380,426
Total	**677,998**	**6,426,134**	**-**	**216,700**	**-**	**1,338,011**	**-**	**35,340**	**1,542**	**926,632**	**125,843**	**9,748,200**

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

(b) Loans and advances past due but not in default

Loans and advances less than 90 days past due are not considered in default, 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 in default were as follows:

30 September 2023

	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	-	-	-	1	-	5	-	-	-	1,608	-	1,614
Past due 30-60 days	7,796	106,146	-	2,226	-	39,422	-	-	-	18,531	4,748	178,869
Past due 60-90 days	49,525	785,555	-	23,768	-	138,942	-	184	9	12,634	1,025	1,011,642
Total	**57,321**	**891,701**	**-**	**25,995**	**-**	**178,369**	**-**	**184**	**9**	**32,773**	**5,773**	**1,192,125**
Fair value of collateral	(16,589)	(258,058)	-	(7,523)	-	(51,620)	-	(53)	(3)	(9,484)	(1,671)	(345,001)
Amount of (over)/ under collateralisation	**40,732**	**633,643**	**-**	**18,472**	**-**	**126,749**	**-**	**131**	**12**	**23,289**	**4,102**	**847,124**

31 December 2022

	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	425	3,483	-	12,773	-	126,490	-	183	-	2,633	8,260	154,247
Past due 30-60 days	525	242,921	-	307	-	9,767	-	94	-	10,692	295	264,601
Past due 60-90 days	12,829	577,890	-	23,771	-	119,385	-	420	-	17,382	3,621	755,298
Total	**13,779**	**824,294**	**-**	**36,851**	**-**	**255,642**	**-**	**697**	**-**	**30,707**	**12,176**	**1,174,146**
Fair value of collateral	(12,199)	(540,187)	-	(19,748)	-	(19,432)	-	(817)	-	(27,713)	(12,090)	(632,186)
Amount of (over) / under collateralisation	**1,580**	**284,107**	**-**	**17,103**	**-**	**236,210**	**-**	**(120)**	**-**	**2,994**	**86**	**541,960**

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 in default

i) Loans and advances to customers

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

30 September 2023	**CIB**			**Commercial**				**Consumer**				Total
	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term Loans	Others	Overdrafts	Credit cards	Term Loans	Mortgages	
Gross	90,021	355,775	-	28,410	-	64,084	-	15,314	21	39,534	2,362	595,521
Impairment allowance	(63,539)	(113,533)	-	(23,842)	-	(42,956)	-	(11,546)	(21)	(33,568)	(2,362)	(291,367)
	26,482	**242,242**	**-**	**4,568**	**-**	**21,128**	**-**	**3,768**	**-**	**5,966**	**-**	**304,154**
Fair value of collateral	(73,501)	(672,348)	-	(12,679)	-	(58,641)	-	(10,458)	-	(16,559)	-	(844,186)
Amount of (over) / under collateralisation	**(47,019)**	**(430,106)**	**-**	**(8,111)**	**-**	**(37,513)**	**-**	**(6,690)**	**-**	**(10,593)**	**-**	**(540,032)**
31 December 2022												
Gross	22,130	433,414	-	28,961	-	57,648	-	16,202	-	37,735	2,576	598,666
Impairment allowance	(4,103)	(190,901)	-	(24,992)	-	(50,166)	-	(15,754)	-	(30,379)	(774)	(317,069)
	18,027	**242,513**	**-**	**3,969**	**-**	**7,482**	**-**	**448**	**-**	**7,356**	**1,802**	**281,597**
Fair value of collateral	(23,834)	(752,187)	-	(10,335)	-	(31,900)	-	(7,446)	-	(13,282)	(5,202)	(844,186)
Amount of (over) / under collateralisation	**(5,807)**	**(509,674)**	**-**	**(6,366)**	**-**	**(24,418)**	**-**	**(6,998)**	**-**	**(5,926)**	**(3,400)**	**(562,589)**

-

(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 and repossessed assets	**Total**
30 September 2023								
Neither past due nor default	3,033,124	46,542	254,651	1,960,212	6,221,132	219,540	1,075,257	12,810,458
Past due but in default	-	-	-	-	-	-	2,431	2,431
In Default	-	16,348	-	-	355,758	-	224	372,330
Gross	**3,033,124**	**62,890**	**254,651**	**1,960,212**	**6,576,890**	**219,540**	**1,077,912**	**13,185,219**
Less: allowance for impairment	-	-	-	-	(189,101)	-	(13,057)	(202,158)
Net	**3,033,124**	**62,890**	**254,651**	**1,960,212**	**6,387,789**	**219,540**	**1,064,855**	**12,983,061**
Carrying amounts	**3,033,124**	**62,890**	**254,651**	**1,960,212**	**6,387,789**	**219,540**	**1,064,855**	**12,983,061**

	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 and repossessed assets *	**Total**
31 December 2022								
Neither past due nor default	3,607,620	23,116	137,468	2,455,739	6,024,593	153,970	866,893	13,269,399
Past due but not in default	-	-	-	-	-	-	89,824	89,824
In Default	-	150,079	-	-	1,184,976	-	-	1,335,055
Gross	**3,607,620**	**173,195**	**137,468**	**2,455,739**	**7,209,569**	**153,970**	**956,717**	**14,694,278**
Less: allowance for impairment	-	-	-	-	(205,135)	-	(103,882)	(309,017)
Net	**3,607,620**	**173,195**	**137,468**	**2,455,739**	**7,004,434**	**153,970**	**852,835**	**14,385,261**
Carrying amounts	**3,607,620**	**173,195**	**137,468**	**2,455,739**	**7,004,434**	**153,970**	**852,835**	**14,385,261**

*This amount included repossessed asset totalling $169.3 million which has now been properly excluded. The value of the repossessed asset is included in note 25 in the financial statement.

(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 2023 and 31 December 2022. 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 2023						
Balances with central banks	213,729	1,035,847	603,680	835,155	344,713	3,033,124
Trading financial assets	-	10,642	43,148	9,100	-	62,890
Derivative financial instruments	21,663	177,350	-	-	55,638	254,651
Loans and advances to banks	261,262	253,086	397,020	770,526	-	1,681,894
Loans and advances to customers:						-
CIB						
− Overdrafts	464,025	98,643	148,792	239,402	19,499	970,361
− Term loans	2,886,436	1,775,463	659,564	796,484	689,773	6,807,720
− Others	-	-	-	-	-	-
Consumer						
− Overdrafts	10,633	1,975	9,907	12,389	-	34,904
− Credit cards	-	-	890	152	-	1,042
− Term loans	611,267	42,543	138,465	215,400	-	1,007,675
− Mortgages	78,862	2,208	36,968	23,095	-	141,133
Commercial						
− Overdrafts	57,177	28,841	69,316	85,033	-	240,367
− Credit cards	-	-	-	-	-	-
− Term loans	565,218	117,702	330,730	439,207	-	1,452,857
− Others	-	-	-	-	-	-
Treasury bills and other eligible bills	73,252	469,392	635,954	781,614	-	1,960,212
Investment securities – debt securities	3,702,138	273,784	1,043,317	1,440,597	117,054	6,576,890
Pledged assets	-	219,540	-	-	-	219,540
Other assets excluding prepayments and repossessed assets	272,739	309,344	124,252	188,546	183,031	1,077,912
Total	**9,218,401**	**4,816,360**	**4,242,003**	**5,836,700**	**1,409,708**	**25,523,172**
Credit commitments	**1,320,796**	**514,647**	**614,678**	**1,345,508**	**174,262**	**3,969,891**
As at 31 December 2022						
Balances with central banks	600,044	1,331,858	692,452	700,381	282,885	3,607,620
Trading financial assets	-	19,553	134,459	19,183	-	173,195
Derivative financial instruments	21,810	63,366	-	-	52,292	137,468
Loans and advances to banks	414,650	282,766	395,586	282,320	123,742	1,499,064
Loans and advances to customers:						-
CIB						-
− Overdrafts	324,316	15,938	177,081	206,238	-	723,573
− Term loans	2,953,739	2,237,248	831,655	875,184	913,354	7,811,180
Consumer						-
− Overdrafts	11,017	5,312	17,400	18,691	-	52,420
− Credit cards	-	-	1,348	194	-	1,542
− Term loans	559,744	71,135	150,976	204,799	-	986,654
−Mortgages	76,203	-	36,579	26,977	-	139,759
Commercial						-
− Overdrafts	57,228	65,277	83,619	75,795	-	281,919
− Term loans	523,475	186,538	322,862	491,090	-	1,523,965
Treasury bills and other eligible bills	165,026	1,039,010	336,286	915,417	-	2,455,739
Investment securities – debt securities	4,454,463	340,959	1,077,172	1,336,746	229	7,209,569
Pledged assets	-	153,970	-	-	-	153,970
Other assets excluding prepayments and repossessed assets *	105,362	389,110	151,044	204,179	107,022	956,717
Total	**10,267,077**	**6,202,040**	**4,408,519**	**5,357,194**	**1,479,524**	**27,714,354**
Credit commitments	**1,394,817**	**946,801**	**677,867**	**1,732,531**	**110,879**	**4,862,895**

*This amount included repossessed asset totalling $169.3 million which has now been properly excluded. The value of the repossessed asset is included in note 25 in the financial statement.

(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 2023							
Balances with central banks	3,033,124	-	-	-	-	-	3,033,124
Trading financial assets	11,660	-	-	51,230	-	-	62,890
Derivative financial instruments	232,934	-	54	-	-	21,663	254,651
Loans and advances to banks	1,627,369	-	-	9,387	-	45,138	1,681,894
Loans and advances to customers:							
− Overdrafts	21,971	314,465	98,435	101,890	189,408	519,463	1,245,632
− Credit cards	137	122	250	1	72	460	1,042
− Term loans	94,604	2,016,585	734,289	1,561,432	591,912	4,269,430	9,268,252
− Mortgages	269	3,162	874	998	3,324	132,506	141,133
Treasury bills and other eligible bills	348,239	-	-	1,611,973	-	-	1,960,212
Investment securities – debt securities	414,520	-	-	6,162,370	-	-	6,576,890
Pledged assets	-	-	-	219,540	-	-	219,540
Other assets excluding prepayments and repossessed assets	221,312	88,447	5,605	12,997	-	749,551	1,077,912
Total	221,312	**2,422,781**	**839,507**	**9,731,818**	**784,716**	**5,738,211**	**25,523,172**
Credit commitments	**980,909**	**958,614**	**338,587**	**192,101**	**507,729**	**991,951**	**3,969,891**
31 December 2022							
Balances with central banks	3,607,620	-	-	-	-	-	3,607,620
Trading financial assets	145,330	-	-	27,865	-	-	173,195
Derivative financial instruments	115,658	-	-	21,810	-	-	137,468
Loans and advances to banks	1,333,083	-	-	7,854	-	158,127	1,499,064
Loans and advances to customers:							
− Overdrafts	9,900	349,717	123,012	27,803	98,100	449,380	1,057,912
− Credit cards	-	-	-	-	-	1,542	1,542
− Term loans	194,310	2,013,594	1,019,724	1,728,392	704,293	4,661,486	10,321,799
− Mortgages	27	5,038	6,948	3,516	5,694	118,536	139,759
Treasury bills and other eligible bills	1,627,293	-	-	783,698	-	44,748	2,455,739
Investment securities – debt securities	625,208	-	-	6,584,361	-	-	7,209,569
Pledged assets	153,970	-	-	-	-	-	153,970
Other assets excluding prepayments and repossessed assets*	316,921	81,263	-	8,272	-	550,261	956,717
Total	**8,129,320**	**2,449,612**	**1,149,684**	**9,193,571**	**808,087**	**5,984,080**	**27,714,354**
Credit commitments	**2,036,329**	**815,125**	**171,019**	**191,664**	**462,687**	**1,186,071**	**4,862,895**

*This amount included repossessed asset totalling $169.3 million which has now been properly excluded. The value of the repossessed asset is included in note 25 in the financial statement.

(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 2023			31 December 2022		
	Low	**Average**	**High**	**Low**	**Average**	**High**
Foreign exchange risk	10	19	70	5	30	96
Interest risk	410	870	1,440	373	2,850	5,828

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. There are 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 2023 and 31 December 2022. Included in the table are the Group's financial instruments at carrying amounts, categorised by currency.

As at 30 September 2023	Dollar	Euro	CFA	Naira	Cedis	Others	Total
Assets							
Cash and balances with central banks	622,885.0	508,595.0	815,878.0	1,060,315.0	206,775.0	465,347.0	3,679,795
Trading financial assets	26,721	-	-	10,642	24,775	752	62,890
Derivative financial instruments	-	77,301	-	177,350	-	-	254,651
Loans and advances to banks	614,482	274,733	206,726	203,532	35,733	334,844	1,670,050
Loans and advances to customers	2,456,098	539,318	5,273,496	614,784	578,530	702,178	10,164,404
Treasury bills and other eligible bills	9,783	-	373,172	539,912	338,330	699,015	1,960,212
Investment securities	461,744	64,134	5,005,004	190,072	174,966	491,869	6,387,789
Pledged assets	-	-	-	219,540	-	-	219,540
Other assets excluding prepayments and repossessed assets	233,513	58,735	277,060	280,944	77,425	137,178	1,064,855
Total financial assets	**4,425,226**	**1,522,816**	**11,951,336**	**3,297,091**	**1,436,534**	**2,831,183**	**25,464,186**
Liabilities							
Deposits from banks	467,306	776,659	321,948	6,720	49,897	161,629	1,784,159
Deposit from customers	4,579,768	469,063	9,339,916	1,901,788	1,229,746	1,698,486	19,218,767
Derivative financial instruments	-	31,078	-	144,483	-	-	175,561
Other borrowed funds	1,844,833	9,184	13,937	243,813	16,965	29,996	2,158,728
Other liabilities excluding accrued income	270,837	110,514	374,928	259,795	61,540	136,219	1,213,833
Total financial liabilities	**7,162,744**	**1,396,498**	**10,050,730**	**2,556,599**	**1,358,148**	**2,026,330**	**24,551,048**
Net on-statement of financial position	**(2,737,518)**	**126,318**	**1,900,607**	**740,492**	**78,386**	**804,853**	**913,138**
Credit commitments	**1,619,631**	**163,611**	**1,715,599**	**-**	**149,325**	**321,725**	**3,969,891**

Foreign Exchange Risk

Foreign exchange risk is the risk to earnings and capital arising from adverse movements in currency exchange rates that are used for valuation of open foreign currency positions.
Foreign exchange risk is generated not only when the Treasury department buys and sells currency from customers and counterparties, but also from other banking activities, such as remittances and currency transfers for customers, teller transactions, and accrual of interest on foreign currency loans and deposits. Accurate determination of open foreign currency positions can be done only from the books and records of the Bank.

FX risk is measured as the Net Open Position in a currency. E.g. for the Euro, the Euro NOP is the difference between assets and liabilities (including off-balance sheet assets and liabilities,) denominated in Euro. A positive number (Assets exceed Liabilities) represents a "Long" or "Overbought" position in the currency. A negative number (Assets are less than Liabilities) represents a "Short" or "Oversold" position in the currency.

Management of Foreign Exchange risk is done by placing limits against the maximum oversold or overbought individual currency positions and portfolio level at each affiliate. Net Open FX Positions are generally monitored and reported in terms of the U.S. dollar. Net Open FX Positions in the Trading Portfolio are marked-to-market daily at the close of the trading day using market FX rates obtained independently of the Traders. Profit and loss are reported in a daily Profit and Loss Report.

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

4.2.1 Foreign exchange risk (continued)

As at 31 December 2022	**Dollar**	**Euro**	**CFA**	**Naira**	**Cedis**	**Others**	**Total**
Assets							
Cash and balances with central banks	537,807	379,474	1,130,863	1,375,787	440,653	429,226	4,293,810
Trading financial assets	46,591	-	-	17,450	97,785	11,369	173,195
Derivative financial instruments	-	52,292	21,810	63,366	-	-	137,468
Loans and advances to banks	345,705	316,729	270,887	137,655	53,194	372,397	1,496,567
Loans and advances to customers	2,241,886	509,467	5,090,545	1,532,272	933,225	695,510	11,002,905
Treasury bills and other eligible bills	159,426	-	441,979	1,039,198	1,725	813,411	2,455,739
Investment securities - available-for-sale	668,592	63,304	5,117,688	265,762	408,357	480,731	7,004,434
Pledged assets	-	-	-	153,970	-	-	153,970
Other assets excluding prepayments and repossessed assets *	253,549	75,000	68,199	219,970	40,509	195,607	852,834
Total financial assets	**4,253,556**	**1,396,266**	**12,141,971**	**4,805,430**	**1,975,448**	**2,998,251**	**27,570,922**
Liabilities							
Deposits from banks	810,396	573,481	948,730	129	38,013	91,185	2,461,934
Deposit from customers	4,591,837	660,176	9,087,885	3,025,696	1,402,623	2,045,096	20,813,313
Derivative financial instruments	-	32,558	-	61,666	-	-	94,224
Other borrowed funds	1,748,137	22,795	100,509	359,500	9,374	38,077	2,278,392
Other liabilities excluding accrued income	193,430	96,293	225,300	303,244	90,971	46,595	955,833
Total financial liabilities	**7,343,800**	**1,385,303**	**10,362,424**	**3,750,235**	**1,540,981**	**2,220,953**	**26,603,696**
Net on-statement of financial position	**(3,090,244)**	**10,963**	**1,779,547**	**1,055,195**	**434,467**	**777,298**	**967,226**
Credit commitments	**2,209,428**	**494,383**	**1,437,045**	**-**	**421,398**	**300,641**	**4,862,895**

*This amount included repossessed asset which has now been properly excluded. The value of the repossessed asset is included in note 25 in the financial.

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 2023 and 31 December 2022 are shown in the table below.

Overall Impact	**30 September 2023**			**31 December 2022**		
Projected Appreciation of the USD	5%	10%	20%	5%	10%	20%
Estimated Impact on Net Asset Value ($ Million)	(117)	(234)	(469)	(127)	(254)	(507)

Impact for NGN

Projected Appreciation of the USD	5%	10%	20%	5%	10%	20%
Estimated Impact on Net Asset Value ($ Million)	(30)	(60)	(120)	(39)	(78)	(155)

Impact for CFA

Projected Appreciation of the USD	5%	10%	20%	5%	10%	20%
Estimated Impact on Net Asset Value ($ Million)	(81)	(161)	(323)	(71)	(143)	(285)

Impact for EUR

Projected Appreciation of the USD	5%	10%	20%	5%	10%	20%
Estimated Impact on Net Asset Value ($ Million)	(2)	(4)	(8)	(0)	(1)	(2)

Impact for GHS

Projected Appreciation of the USD	5%	10%	20%	5%	10%	20%
Estimated Impact on Net Asset Value ($ Million)	(5)	(9)	(18)	(16)	(32)	(65)

(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 2023	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	2,155,992	92,078	48,573	-	-	1,383,152	3,679,795
Trading financial assets	2,833	12,303	47,754	-	-	-	62,890
Derivative financial instruments	109,732	64,675	78,165	-	2,079	-	254,651
Loans and advances to banks	992,753	227,903	449,394	-	-	-	1,670,050
Loans and advances to customers	1,615,616	1,590,395	1,924,070	3,412,810	1,621,513	-	10,164,404
Treasury bills and other eligible bills	85,875	729,451	885,014	259,872	-	-	1,960,212
Investment securities	384,487	874,341	552,523	2,774,119	1,802,319	-	6,387,789
Pledged assets	-	-	50,902	112,610	56,028	-	219,540
Other assets excluding prepayments and repossessed assets	383,360	81,956	262,808	177,792	18,609	140,330	1,064,855
Total financial assets	**5,730,648**	**3,673,102**	**4,299,203**	**6,737,203**	**3,500,548**	**1,523,482**	**25,464,186**
Liabilities							
Deposits from banks	814,946	484,692	484,521	-	-	-	1,784,159
Deposit from customers	12,251,069	1,973,968	2,265,654	1,915,265	812,811	-	19,218,767
Derivative financial instruments	65,588	64,675	45,298	-	-	-	175,561
Borrowed funds	57,190	86,888	666,974	753,946	593,730	-	2,158,728
Other liabilities excluding accrued income	126,983	288,006	289,360	292,067	29,856	187,561	1,213,833
Total financial liabilities	**13,315,776**	**2,898,229**	**3,751,807**	**2,961,278**	**1,436,397**	**187,561**	**24,551,048**
Total interest repricing gap	**(7,585,128)**	**774,873**	**547,396**	**3,775,925**	**2,064,151**	**1,335,921**	**913,138**

As at 31 December 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	3,597,984	100,236	73,370	-	-	522,220	4,293,810
Trading financial assets	3,593	13,324	16,301	139,492	485	-	173,195
Derivative financial instruments	82,091	5,428	28,139	-	21,810	-	137,468
Loans and advances to banks	445,880	339,859	410,479	277,037	23,312	-	1,496,567
Loans and advances to customers	1,652,138	2,111,101	2,145,705	3,733,245	1,360,716	-	11,002,905
Treasury bills and other eligible bills	229,201	551,245	1,485,676	132,236	57,381	-	2,455,739
Investment securities	265,525	313,077	539,091	4,905,903	980,838	-	7,004,434
Pledged assets	-	-	153,970	-	-	-	153,970
Other assets excluding prepayments and repossessed assets *	187,588	96,130	381,730	29,364	17,048	140,975	852,835
Total financial assets	**6,464,000**	**3,530,400**	**5,234,461**	**9,217,277**	**2,461,590**	**663,195**	**27,570,923**
Liabilities							
Deposits from banks	1,445,054	300,005	83,103	121,293	1,719	510,760	2,461,934
Deposit from customers	9,625,341	1,833,659	3,188,358	1,482,015	3,287,055	1,396,885	20,813,313
Derivative financial instruments	61,327	6,998	25,899	-	-	-	94,224
Borrowed funds	31,020	10,809	257,925	972,191	1,006,447	-	2,278,392
Other liabilities excluding accrued income	71,301	50,689	154,290	431,799	42,618	205,136	955,833
Total financial liabilities	**11,234,043**	**2,202,160**	**3,709,575**	**3,007,298**	**4,337,839**	**2,112,781**	**26,603,696**
Total interest repricing gap	**(4,770,043)**	**1,328,240**	**1,524,886**	**6,209,979**	**(1,876,249)**	**(1,449,586)**	**967,227**

*This amount included repossessed asset totalling $169.3 million which has now been properly excluded. The value of the repossessed asset is included in note 25 in the financial statement.

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 2023 and 31 December 2022 are shown below.

30 September 2023						
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)	8.1	16.3	32.5	(8.1)	(16.3)	(32.5)

31 December 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)	9.4	18.7	37.4	(9.4)	(18.7)	(37.4)

(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 2023

	Up to 1 month	1 -3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Assets						
Cash and balances with central banks	2,296,643	-	-	-	1,383,152	3,679,795
Trading financial assets	2,776	13,055	50,189	-	-	66,020
Derivative financial instruments	56,174	64,675	135,424	-	-	256,273
Loans and advances to banks	669,618	726,531	361,201	-	-	1,757,350
Loans and advances to customers	2,208,905	1,802,179	2,068,912	3,687,388	1,482,015	11,249,399
Treasury bills and other eligible bills	162,563	174,398	1,218,384	451,969	17,869	2,025,183
Investment securities	279,539	262,277	353,144	4,401,861	1,376,436	6,673,257
Pledged assets	-	-	54,672	108,141	59,800	222,613
Other assets excluding prepayments and repossessed assets	189,306	107,191	675,339	64,398	28,621	1,064,855
Total assets (expected maturity dates)	**5,865,524**	**3,150,306**	**4,917,265**	**8,713,757**	**4,347,893**	**26,994,745**
Liabilities						
Deposits from banks	589,760	633,284	565,906	-	-	1,788,950
Deposit from customers	13,383,141	906,304	2,261,088	2,843,963	93,138	19,487,634
Other borrowed funds	85,935	66,948	799,803	817,037	744,478	2,514,201
Other liabilities excluding accrued income	106,711	208,118	753,988	145,016	-	1,213,833
Derivative financial instruments	53,830	16,253	75,462	32,204	-	177,749
Total liabilities (contractual maturity dates)	**14,219,377**	**1,830,907**	**4,456,247**	**3,838,220**	**837,616**	**25,182,367**
Gap analysis	**(8,353,853)**	**1,319,399**	**461,018**	**4,875,537**	**3,510,277**	**1,812,378**
Off-balance sheet items						
Loan commitments	-	-	856,634	403,122	-	1,259,756
Guarantees, acceptances and other financial facilities	-	-	1,842,892	867,243	-	2,710,135
Total	**-**	**-**	**2,699,526**	**1,270,365**	**-**	**3,969,891**

As at 31 December 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	2,568,620	-	-	-	1,725,190	4,293,810
Trading financial assets	29,723	46,421	25,713	47,435	34,800	184,092
Derivative financial instruments	1,789	-	113,873	23,071	-	138,733
Loans and advances to banks	875,059	218,633	230,813	243,745	60	1,568,310
Loans and advances to customers	2,243,226	2,399,212	2,122,432	2,648,415	2,558,055	11,971,340
Treasury bills and other eligible bills	354,800	842,933	1,245,287	94,047	-	2,537,067
Investment securities	1,292,258	100,821	511,170	3,114,812	2,046,426	7,065,487
Pledged assets	-	-	94,095	61,801	-	155,896
Other assets excluding prepayments and repossessed assets *	48,138	177,325	292,911	113,323	221,138	852,835
Total assets (expected maturity dates)	**7,413,613**	**3,785,345**	**4,636,294**	**6,346,649**	**6,585,669**	**28,767,570**
Liabilities						
Deposits from banks	1,222,432	399,128	751,893	102,780	1,719	2,477,952
Deposit from customers	15,945,627	1,116,839	1,194,258	2,511,091	184,092	20,951,907
Borrowed funds	60,921	20,226	138,159	1,060,224	1,066,896	2,346,426
Derivative financial instruments	55,818	197,762	286,033	303,308	112,912	955,833
Other liabilities excluding accrued income	27,845	13,540	48,368	6,989	-	96,742
Total liabilities(contractual maturity dates)	**17,312,643**	**1,747,495**	**2,418,711**	**3,984,392**	**1,365,619**	**26,828,860**
Gap analysis	**(9,899,030)**	**2,037,850**	**2,217,583**	**2,362,257**	**5,220,050**	**1,938,710**
Off-balance sheet items						
Loan commitments	-	-	991,226	466,460	-	1,457,686
Guarantees, acceptances and other financial facilities	-	-	2,315,542	1,089,667	-	3,405,209
	-	**-**	**3,306,768**	**1,556,127**	**-**	**4,862,895**

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.

*This amount included repossessed asset totalling $169.3 million which has now been properly excluded. The value of the repossessed asset is included in note 25 in the financial statement.

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

4.4. Offsetting

As at 30 September 2023	**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	252,572	-	252,572	-	252,572
- swaps	2,079	-	2,079	-	2,079
- options	-	-	-	-	-
Derivative financial liabilities					
- forwards	175,561	-	175,561	-	175,561
- swaps	-	-	-	-	-
- options	-	-	-	-	-

As at 31 December 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	115,658	-	115,658	-	115,658
- swaps	21,810	-	21,810	-	21,810
- options	-	-	-	-	-
Derivative financial liabilities					
- forwards	83,581	-	83,581	-	83,581
- swaps	10,643	-	10,643	-	10,643
- options	-	-	-	-	-

There are no amounts that have been offsetted as at the year ended 30 September 2023 (December 2022 : 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. 2023	**31 Dec. 2022**	**30 Sep. 2023**	**31 Dec. 2022**
Financial assets:				
Cash and balances with central banks	3,679,795	4,293,810	3,679,795	4,293,810
Loans and advances to banks	1,681,894	1,505,165	1,685,462	1,499,725
Loans and advances to customers	10,656,059	11,521,012	11,065,859	11,721,340
Other assets excluding prepayments and repossessed assets *	1,064,855	852,835	1,064,855	852,835
Financial liabilities:				
Deposits from banks	1,784,159	2,461,934	1,787,114	2,454,657
Deposit from customers	19,218,767	20,813,313	19,518,622	20,881,908
Other liabilities , excluding accrued income	1,213,833	955,833	1,213,833	955,833
Borrowed funds	2,158,728	2,278,392	2,405,098	2,293,588

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

*This amount included repossessed asset totalling $169.3 million which has now been properly excluded in December 2022. The value of the repossessed asset is included in note 25 in the financial statement.

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 2023			31 December 2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Treasury and other eligible bills	323,699	1,636,513	-	275,525	2,180,214	-
Trading financial assets	37,000	25,890	-	48,361	124,834	-
Derivative financial instruments	-	254,651	-	-	137,468	-
Pledged assets	-	219,540	-	-	153,970	-
Investment securities	367,679	5,930,072	90,038	394,900	6,487,820	121,714
Total financial assets	**728,378**	**8,066,666**	**90,038**	**718,786**	**9,084,306**	**121,714**
Derivative financial instruments	-	175,561	-	-	94,224	-
Total financial liabilities	**-**	**175,561**	**-**	**-**	**94,224**	**-**

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. 2023	31 Dec. 2022
	Level 3	Level 3
Opening balance	121,714	119,899
Disposal	-	-
Transfer from level 2 to level 3		
Exchange difference	(43,227)	1,815
Gains & losses recognised in the income statement	-	-
Gains & losses recognised in other comprehensive income	11,551	-
Closing balance	**90,038**	**121,714**
Total gain for the year	6,887	13,230

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 2023	Valuation technique	Range of values 5%	Range of values -5%
African Finance Corporation	77,105	Market approach (Comparable company or transactions) using performance metrics (EBITDA, Earnings, etc.) from the latest audited financial statement	80,960	73,250
Accion Microfinance Limited	834	Market approach (Price to Earnings & Price to Book)	876	792
Afreximbank	2,881	Market approach (Comparable company or transactions) using performance metrics (EBITDA, Earnings, etc.) from the latest audited financial statement	3,025	2,737
Nigerian Automated Clearing System/NIBSS	2,955	Market approach (Comparable company or transactions) using performance metrics (EBITDA, Earnings, etc.) from the latest audited financial statement	3,103	2,807
FMDQ	2,593	Income approach (DCF) with forecast financials and cashflows	2,723	2,463
Unified Payment Services Limited	386	Income approach (DCF) with forecast financials and cashflows	405	367
AGSMEIS	2,881	Market approach (Comparable company or transactions) using performance metrics (EBITDA, Earnings, etc.) from the latest audited financial statement	3,025	2,737
Credit Reference Company	114	Market approach (Comparable company or transactions) using performance metrics (EBITDA, Earnings, etc.) from the latest audited financial statement	120	108
SANEF	289	Market approach (Comparable company or transactions) using performance metrics (EBITDA, Earnings, etc.) from the latest audited financial statement	303	275

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

4.5 Fair value of financials assets and liabilities (continued)

30 September 2023	Amortised cost	FVTPL	FVTOCI - Debt Instruments	Equity Instruments at FVTPL	FVTOCI - Equity instruments	Liabilities at fair value through profit or loss	Liabilities at amortized cost	Total
Assets								
Cash and balances with central banks	3,679,795	-	-	-	-	-	-	3,679,795
Trading financial assets	16,348	46,542	-	-	-	-	-	62,890
Derivative financial instruments	-	254,651	-	-	-	-	-	254,651
Loans and advances to banks	1,670,050	-	-	-	-	-	-	1,670,050
Loans and advances to customers	10,164,404	-	-	-	-	-	-	10,164,404
Treasury bills and other eligible bills	222,778	-	1,737,434	-	-	-	-	1,960,212
Investment securities - Equity instruments	-	-	-	139,143	90,038	-	-	229,181
Investment securities - Debt instruments	1,103,344	-	5,055,264	-	-	-	-	6,158,608
Pledged assets	219,540	-	-	-	-	-	-	219,540
Other assets excluding prepayments and repossessed assets	1,064,855	-	-	-	-	-	-	1,064,855
Total	**18,141,114**	**301,193**	**6,792,698**	**139,143**	**90,038**	**-**	**-**	**25,464,186**
Liabilities								
Deposits from banks	-	-	-	-	-	-	1,784,159	1,784,159
Deposit from customers	-	-	-	-	-	-	19,218,767	19,218,767
Derivative financial instruments	-	-	-	-	-	175,561	-	175,561
Borrowed funds	-	-	-	-	-	-	2,158,728	2,158,728
Other liabilities, excluding non-financial liabilities	-	-	-	-	-	-	1,213,833	1,213,833
Total	**-**	**-**	**-**	**-**	**-**	**175,561**	**24,375,487**	**24,551,048**

31 December 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	4,293,810	-	-	-	-	-	-	4,293,810
Trading financial assets	17,815	155,380	-	-	-	-	-	173,195
Derivative financial instruments	-	137,468	-	-	-	-	-	137,468
Loans and advances to banks	1,496,567	-	-	-	-	-	-	1,496,567
Loans and advances to customers	11,002,905	-	-	-	-	-	-	11,002,905
Treasury bills and other eligible bills	276,791	-	2,178,948	-	-	-	-	2,455,739
Investment securities - Equity instruments	-	-	-	104,870	121,714	-	-	226,584
Investment securities - Debt instruments	307,621	-	6,470,229	-	-	-	-	6,777,850
Pledged assets	153,970	-	-	-	-	-	-	153,970
Other assets excluding prepayments and repossessed assets*	852,835	-	-	-	-	-	-	852,835
Total	**18,402,314**	**292,848**	**8,649,177**	**104,870**	**121,714**	**-**	**-**	**27,570,923**
Liabilities								
Deposits from banks	-	-	-	-	-	-	2,461,934	2,461,934
Deposit from customers	-	-	-	-	-	-	20,813,313	20,813,313
Derivative financial instruments	-	-	-	-	-	94,224	-	94,224
Borrowed funds	-	-	-	-	-	-	2,278,392	2,278,392
Other liabilities, excluding non-financial liabilities	-	-	-	-	-	-	955,833	955,833
Total	**-**	**-**	**-**	**-**	**-**	**94,224**	**26,509,472**	**26,603,696**

*This amount included repossessed asset totalling $169.3 million which has now been properly excluded. The value of the repossessed asset is included in note 25 in the financial statement.

(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 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 2023,has been submitted to the regulator by October 31, 2023.

Common Equity Tier 1 capital	**30 June 2023**	**31 Dec 2022**
Tier 1 capital		
Share capital	2,113,961	2,113,961
Retained earnings	704,747	571,032
IFRS 9 Day One transition adjustment	-	74,825
Statutory reserves	667,969	748,268
Other reserves	(2,424,536)	(2,180,902)
Non-controlling interests	221,999	224,008
Less: goodwill	(12,269)	(84,545)
Less: intangibles	-	-
Less: other deductions	-	-
Total CET 1 capital	**1,271,871**	**1,466,647**
Additional Tier 1 capital		
Additional Tier 1 instrument	75,000	75,000
Minority interests included in Tier 2 capital	22,235	23,628
Total Additional Tier 1 capital	**97,235**	**98,628**
Total qualifying Tier 1 capital	**1,369,106**	**1,565,275**
Tier 2 capital		
Subordinated debt and other instruments		
Revaluation reserve	431,853	476,095
Minority interests included in Tier 2 capital	64,753	69,420
	63,608	66,502
Total qualifying Tier 2 capital	**560,214**	**612,017**
Total regulatory capital	**1,929,320**	**2,177,292**
Risk-weighted assets:		
Credit risk weighted assets	11,015,452	12,038,889
Market risk weighted assets	106,089	35,674
Operational risk weighted assets	2,996,042	3,281,166
Total risk-weighted assets	**14,117,583**	**15,355,730**
CET 1 Capital Adequacy Ratio	**9.0%**	**9.6%**
Tier 1 Capital Adequacy Ratio	**9.7%**	**10.2%**
Total Capital Adequacy Ratio	**13.7%**	**14.2%**

(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 2023	**CIB**	**Commercial**	**Consumer**	**Others**	**Total business segment**	**Consolidation adjustments**	**Ecobank Group**
Interest income	1,124,709	192,561	97,288	6,931	1,421,489	(39,555)	1,381,934
Interest expense	(293,581)	(51,015)	(104,154)	(117,310)	(566,060)	39,960	(526,100)
Inter-segment revenue	(348,175)	78,895	222,589	46,691	-	-	-
Fee and commission income	151,864	105,349	137,514	11,696	406,423	(11,375)	395,048
Fee and commission expense	(22,235)	(8,960)	(8,757)	(1,540)	(41,492)	1,390	(40,102)
Trading income	144,395	102,688	33,968	(12,523)	268,528	-	268,528
Other income	7,555	4,038	3,656	405,298	420,547	(381,453)	39,094
Operating income	**764,532**	**423,556**	**382,104**	**339,243**	**1,909,435**	**(391,033)**	**1,518,402**
Impairment charges on financial assets	(183,269)	(26,539)	(6,300)	(9,957)	(226,065)	-	(226,065)
Operating expenses	(318,499)	(230,138)	(246,282)	(125,794)	(920,713)	104,794	(815,919)
Operating profit	**262,764**	**166,879**	**129,522**	**203,492**	**762,657**	**(286,239)**	**476,418**
Share of post-tax results of associates	-	-	-	6	6	102	108
Net monetary loss arising from hyperinflationary economies	(10,786)	(11,109)	(4,628)	-	(26,523)	-	(26,523)
Profit before tax	**251,978**	**155,770**	**124,894**	**203,498**	**736,140**	**(286,137)**	**450,003**
Balance Sheet Highlights as at 30 September 2023							
Total assets	**14,866,177**	**2,275,457**	**1,124,518**	**4,009,755**	**22,275,907**	**4,367,959**	**26,643,866**
Total liabilities	**13,244,834**	**5,113,084**	**6,199,778**	**2,112,899**	**26,670,595**	**(1,751,407)**	**24,919,188**
At 30 September 2022							
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	**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 from continuing operations	**328,073**	**70,779**	**89,986**	**274,158**	**762,996**	**(362,269)**	**400,727**
Balance Sheet Highlights as at 31 December 2022							
Total assets	**16,252,647**	**2,371,379**	**1,116,807**	**3,931,886**	**23,672,719**	**5,331,450**	**29,004,169**
Total liabilities	**13,992,641**	**5,637,852**	**6,499,917**	**2,156,776**	**28,287,186**	**(1,310,032)**	**26,977,154**

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 2023 and September 2022 are as follows:

	UEMOA	NIGERIA	AWA	CESA	Others and conso adjust.	Ecobank Group
At 30 September 2023						
Net interest income	288,543	106,578	307,697	241,697	(88,681)	855,834
Non interest income	202,537	83,426	106,928	241,420	28,257	662,568
Operating income	**491,080**	**190,004**	**414,625**	**483,117**	**(60,424)**	**1,518,402**
Impairment charges on financial assets	(27,655)	(25,195)	(67,039)	(18,926)	(87,250)	(226,065)
Operating expenses	(230,649)	(139,804)	(184,089)	(217,332)	(44,045)	(815,919)
Operating profit	**232,776**	**25,005**	**163,497**	**246,859**	**(191,719)**	**476,418**
Share of post-tax results of associates	-	-	-	-	108	108
Net monetary loss arising from hyperinflationary economies	-	-	-	(26,523)	-	(26,523)
Profit before tax	**232,776**	**25,005**	**163,497**	**220,336**	**(191,611)**	**450,003**
Taxation	(33,378)	(2,541)	(44,657)	(47,291)	(8,163)	(136,030)
Profit after tax	**199,398**	**22,464**	**118,840**	**173,045**	**(199,774)**	**313,973**
Balance Sheet Highlights as at 31 September 2023						
Total assets	**9,902,004**	**5,041,615**	**4,777,766**	**6,710,999**	**211,482**	**26,643,866**
Total liabilities	**8,980,971**	**4,634,704**	**4,213,065**	**6,049,970**	**1,040,478**	**24,919,188**
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 losses 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 31 December 2022						
Total assets	**10,832,619**	**6,486,754**	**5,116,301**	**6,830,893**	**(262,398)**	**29,004,169**
Total liabilities	**9,908,234**	**5,806,878**	**4,569,096**	**6,151,380**	**541,566**	**26,977,154**

(All amounts in thousands US dollar unless otherwise stated)

7 Net interest income

	30 Sep. 2023	30 Sep. 2022
Interest income *		
Interest income calculated using the effective interest method		
Loans and advances to banks	75,221	35,902
Loans and advances to customers:		
- Corporate	519,984	398,949
- Commercial	143,792	124,615
- Consumer	94,617	93,638
Treasury bills and other eligible bills	185,864	164,984
Investment securities	352,617	328,759
Others	7,847	1,762
	1,379,942	**1,148,609**
Other interest income		
Trading financial assets	1,992	5,565
	1,381,934	**1,154,174**
Interest expense		
Deposits from banks	66,791	29,759
Due to customers:		
- Corporate	176,523	146,432
- Commercial	39,561	39,770
- Consumer	100,997	71,990
Borrowed funds	137,691	121,257
Interest expense on lease liabilities	2,464	4,237
Others	2,073	297
	526,100	**413,742**

*Interest income in the statement of comprehensive income has been disaggregated into interest income calculated using the effective interest rate method and other interest income for disclosure purposes only.

8 Net fee and commission income

	30 Sep. 2023	30 Sep. 2022
Fee and commission income		
Credit related fee and commission	99,610	106,244
Corporate finance fee	5,766	7,990
Portfolio and other management fee	7,969	21,541
Brokerage fees and commission	4,020	6,376
Cash management fee	207,081	173,010
Card management fee	60,882	73,360
Other fee	9,720	4,506
	395,048	**393,027**
Fee and commission expense		
Brokerage fees paid	1,793	1,766
Bank charges	11,963	34,217
Other fees paid	26,346	13,857
	40,102	**49,840**

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 2023						
Fee and commission income						
Credit related fees and commission	34,582	9,424	21,072	27,905	6,627	99,610
Corporate finance fees	4,065	-	1,525	175	1	5,766
Portfolio and other management fee	6,835	224	63	847	-	7,969
Brokerage fees and commission	557	581	641	2,241	-	4,020
Cash management fees	69,359	19,971	43,245	70,955	3,551	207,081
Card management fees	12,751	3,722	19,112	25,297	-	60,882
Other fees	1,486	1,050	3,407	2,636	1,141	9,720
Total	**129,635**	**34,972**	**89,065**	**130,056**	**11,320**	**395,048**
Fees and commission expense						
Brokerage fees paid	709	1,012	-	72	-	1,793
Bank charges	602	140	1,793	8,660	768	11,963
Other fees paid	5,309	10,581	2,714	4,177	3,565	26,346
Total	**6,620**	**11,733**	**4,507**	**12,909**	**4,333**	**40,102**
Net Fees and Commission	**123,015**	**23,239**	**84,558**	**117,147**	**6,987**	**354,946**
30 September 2022						
Fees 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 fees	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 fee	2,964	402	4,819	1,516	(5,195)	4,506
Total	**107,413**	**52,252**	**91,681**	**130,223**	**11,458**	**393,027**
Fee 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	**6,665**	**13,236**	**9,110**	**14,811**	**6,018**	**49,840**
Net Fees and Commission	**100,748**	**39,016**	**82,571**	**115,412**	**5,440**	**343,187**

(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 2023					
Fee and commission income					
Credit related fees and commission	66,938	25,320	7,352	-	99,610
Corporate finance fees	5,630	136	-	-	5,766
Portfolio and other management fee	7,969	-	-	-	7,969
Brokerage fees and commission	2,192	425	1,403	-	4,020
Cash management fees	63,456	78,573	65,052	-	207,081
Card management fees	147	1,569	59,166	-	60,882
Other fee	6,097	1,470	1,847	306	9,720
Total	**152,429**	**107,493**	**134,820**	**306**	**395,048**
Fee and commission expense					
Brokerage fees paid	1,793	-	-	-	1,793
Bank charges	6,573	2,983	2,019	388	11,963
Other fees paid	13,869	5,978	6,738	(239)	26,346
Total	**22,235**	**8,961**	**8,757**	**149**	**40,102**
Net fees and commission	**130,194**	**98,532**	**126,063**	**157**	**354,946**
30 September 2022					
Fees 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 fees	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 fees	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**

9 Trading income	**30 Sep. 2023**	**30 Sep. 2022**
Translation gains less losses	398,211	175,079
Transaction gains less losses	(117,207)	39,043
Trading income on securities	(12,476)	7,159
	268,528	**221,281**

10 Investment income		
Net gains from investment securities	**6,887**	**10,499**

11 Other operating income	**30 Sep. 2023**	**30 Sep. 2022**
i) Lease income	**124**	**338**
ii) Dividend income		
Trading securities	59	171
Other equity securities	1,539	2,942
	1,598	**3,113**
iii) Others		
Fair value loss on asset held for sale	(3,724)	-
Fair value on investment property	282	141
Profit on sale of property and equipment	1,958	21,290
Recovery*	20,525	2,206
Rental income	410	1,790
Others	11,034	10,754
	30,485	**36,181**
Total other operating income	**32,207**	**39,632**

*In June 2023, Ecobank Nigeria recovered on loans previously sold to Nigeria's Asset Management Corporation of Nigeria (AMCON).

(All amounts in thousands US dollar unless otherwise stated)

		30 Sep. 2023	30 Sep. 2022
12	**Operating expenses**		
	a) Staff expenses		
	Salaries, allowances and other compensation	296,474	287,641
	Social security costs	32,845	32,393
	Pension costs:		
	defined contribution plans	11,134	2,833
	Other post retirement benefits	5,859	6,693
		346,312	**329,560**
	b) Depreciation and amortisation		
	Depreciation of property and equipment (Note 29)	32,968	49,342
	Depreciation of right-of-use assets (Note 30)	12,639	2,792
	Amortisation of software and other intangibles (Note 27)	24,401	24,291
		70,008	**76,425**
	c) Other operating expenses		
	Directors' emoluments	1,212	1,331
	Social responsibility	815	1,236
	Rent and utilities	23,351	33,596
	Insurance	31,158	27,781
	Advertising and promotion	14,565	14,203
	Professional and legal costs	25,083	32,284
	Operational losses and fines	10,545	3,893
	Communications and technology	142,690	104,489
	Business travels	10,222	8,290
	AGM and board activities	1,963	1,927
	Training	6,787	4,706
	Employee activities	13,069	11,364
	Repairs and maintenance	16,488	14,072
	Supplies and services	8,716	5,894
	Cash transportation	15,409	14,322
	Fuel	6,947	6,884
	Other taxes	15,579	15,421
	Listing fees	1,439	1,318
	Banking resolution sinking fund cost (AMCON)	24,606	29,714
	Other administrative expenses	28,955	23,898
	Total	**399,599**	**356,623**
	Total operating expenses	**815,919**	**762,608**

13	**Impairment charges on financial assets**		
	Impairment charges on loans and advances	161,637	226,144
	Recoveries / Release of provisions	(78,504)	(106,968)
	Net impairment charges on loans and advances	83,133	119,176
	Net impairment change on DDEP bonds*	25,849	-
	Impairment investment securities	98,690	-
	Impairment charges on off balance sheet	(937)	2,019
	Impairment charges on of loans to banks	2,835	-
	Impairment charges on other financial assets	16,495	11,599
		226,065	**132,794**

**In February 2023, the Government of Ghana (GoG) settled on its domestic debt exchange programme (DDEP) by offering new bonds for the old eligible local currency bonds, this led to the derecognition of the old bond and recognition new bonds. Consequently the Group recorded an additional impairment charge of $26 million between December 2022 and the settlement date. This is in addition to $88 million which was recognised at December 2022.

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. As such, ETI redeemed the bond at 110 percent of the nominal value in accordance with the signed contractual agreement.

15	**Taxation**		
	Current income tax	127,454	136,192
	Deferred income tax (Note 37)	8,576	(14,377)
		136,030	**121,815**

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	450,003	400,727
Tax calculated at local tax rates applicable to profits in the respective countries	157,757	143,769
Tax impact on income not subject to tax	(59,998)	(52,870)
Tax impact on expenses not deductible for tax purposes:	33,351	28,475
Utilisation of previously unrecognised tax losses	4,920	2,441
Income tax expense	**136,030**	**121,815**

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. 2023	30 Sep. 2022
Profit attributable to ordinary shareholders	223,872	196,046
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)	0.910	0.797
Basic earnings per share (expressed in US cents per share)	-	-

Diluted

	30 Sep. 2023	30 Sep. 2022
Profit attributable to ordinary shareholders	223,872	196,046
	223,872	196,046
Weighted average number of ordinary shares in issue (in thousands)	24,592,619	24,592,619
Dilutive earnings per share (expressed in US cents per share)	0.910	0.797

17 Cash and balances with central banks

	30 Sep. 2023	31 Dec. 2022
Cash in hand	646,671	686,190
Balances with central banks other than mandatory reserve deposits	1,649,972	1,882,430
Included in cash and cash equivalents (Note 42)	**2,296,643**	**2,568,620**
Mandatory reserve deposits with central banks	1,383,152	1,725,190
	3,679,795	**4,293,810**

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

18 Trading financial assets

Debt securities:		
- Government bonds	62,890	173,195
Total	**62,890**	**173,195**

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 2023			31 December 2022		
	Notional	Fair Value		Notional	Fair Value	
Derivatives	Amount	Assets	Liabilities	Amount	Assets	Liabilities
Currency forwards	1,279,311	252,572	175,561	1,059,714	115,658	83,581
Cross currency interest rate swaps	1,302,868	2,079	-	62,893	21,810	10,643
Total	**2,582,179**	**254,651**	**175,561**	**1,122,607**	**137,468**	**94,224**

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. 2023	31 Dec. 2022
Items in course of collection from other banks	56,818	73,588
Deposits with other banks (Note 42)	859,119	997,716
Placements with other banks	754,113	425,263
	1,670,050	**1,496,567**

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	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
a) Analysis by type:								
- Overdrafts	970,361	723,573	240,367	281,919	34,904	52,420	1,245,632	1,057,912
- Credit cards	-	-	-	-	1,042	1,542	1,042	1,542
- Term loans	6,807,720	7,811,180	1,452,857	1,523,965	1,007,675	986,654	9,268,252	10,321,799
- Mortgage loans	-	-	-	-	141,133	139,759	141,133	139,759
Gross loans and advances	**7,778,081**	**8,534,753**	**1,693,224**	**1,805,884**	**1,184,754**	**1,180,375**	**10,656,059**	**11,521,012**
Less: allowance for impairment	(279,002)	(307,783)	(146,882)	(144,533)	(65,771)	(65,791)	(491,655)	(518,107)
At 30 September /31 December	**7,499,079**	**8,226,970**	**1,546,342**	**1,661,351**	**1,118,983**	**1,114,584**	**10,164,404**	**11,002,905**
b) Analysis by stage:								
Gross Loans								
Stage 1	6,383,264	7,104,132	1,396,365	1,554,711	1,088,784	1,089,357	8,868,413	9,748,200
Stage 2	949,022	975,077	204,364	164,564	38,739	34,505	1,192,125	1,174,146
Stage 3 (Impaired)	445,795	455,544	92,495	86,609	57,231	56,513	595,521	598,666
Total	**7,778,081**	**8,534,753**	**1,693,224**	**1,805,884**	**1,184,754**	**1,180,375**	**10,656,059**	**11,521,012**
Impairment								
Stage 1	(29,947)	(29,208)	(19,866)	(18,137)	(13,939)	(14,180)	(63,752)	(61,525)
Stage 2	(71,983)	(83,571)	(60,218)	(51,239)	(4,335)	(4,703)	(136,536)	(139,513)
Stage 3 (Impaired)	(177,072)	(195,004)	(66,798)	(75,157)	(47,497)	(46,908)	(291,367)	(317,069)
Total	**(279,002)**	**(307,783)**	**(146,882)**	**(144,533)**	**(65,771)**	**(65,791)**	**(491,655)**	**(518,107)**
c) Analysis by security:								
Secured against real estate	2,024,740	1,872,306	475,725	528,881	218,554	268,559	2,719,019	2,669,746
Otherwise secured	3,428,574	4,002,808	950,198	946,979	609,547	496,352	4,988,319	5,446,139
Unsecured	2,324,767	2,659,639	267,301	330,024	356,653	415,463	2,948,721	3,405,126
	7,778,081	**8,534,753**	**1,693,224**	**1,805,884**	**1,184,754**	**1,180,374**	**10,656,059**	**11,521,011**
Current	-		-		-		5,626,074	6,359,464
Non current							5,029,985	5,161,548
							10,656,059	**11,521,012**

d) Movements in loans and advances

The movement in loans and advances summarised as follows:

At 30 September 2023	CIB			Commercial				Consumer				Total
	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term loans	Others	Overdrafts	Credit cards	Term loans	Mortgage	
At 1 January	723,573	7,811,180	-	281,919	-	1,523,965	-	52,420	1,542	986,654	139,759	11,521,012
New loans*	602,559	3,385,242	-	254,005	-	717,222	-	45,772	148	303,371	64,898	5,373,217
Paid off during the period	(299,641)	(3,125,591)	-	(255,577)	-	(529,512)	-	(15,216)	(277)	(134,709)	(53,850)	(4,414,373)
Amounts written off as uncollectible	(7,466)	(15,022)	-	(5,981)	-	(8,785)	-	(1,761)	-	(5,086)	-	(44,101)
Reclassification	4,989	34,220	-	19,517	-	37,822	-	(38,894)	-	(63,460)	5,806	-
Exchange difference	(53,653)	(1,282,309)	-	(53,516)	-	(287,855)	-	(7,417)	(371)	(79,095)	(15,480)	(1,779,696)
At 30 September 2023	**970,361**	**6,807,720**	**-**	**240,367**	**-**	**1,452,857**	**-**	**34,904**	**1,042**	**1,007,675**	**141,133**	**10,656,059**

	CIB			Commercial				Consumer				Total
At 31 December 2022	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
New loans*	401,801	4,474,645	-	583,696	-	1,058,162	459	32,060	177	376,025	89,287	7,016,312
Paid off during the year	(248,611)	(3,069,953)	-	(563,330)	-	(630,147)	-	(63,392)	(537)	(122,002)	(67,510)	(4,765,482)
Amounts written off as uncollectible	(37,403)	(72,746)	-	(9,466)	-	(65,294)	-	(4,342)	-	(10,618)	(654)	(200,523)
Reclassification	(40,688)	119,189	-	3,193	-	(88,147)	-	144,511	-	(143,824)	5,766	-
Exchange difference	(61,725)	(402,367)	-	(28,261)	-	(35,361)	(459)	(147,064)	(627)	(68,162)	(13,510)	(757,536)
At 31 December 2022	**723,573**	**7,811,180**	**-**	**281,919**	**-**	**1,523,965**	**-**	**52,420**	**1,542**	**986,654**	**139,759**	**11,521,012**

** New loans includes modified and restructured facilities.*

(All amounts in thousands US dollar unless otherwise stated)

21 Loans and advances to customers (continued)

e) Allowance for impairment

Movement of impairement losses on loans and advances summarised by class is as follows:

At 30 September 2023	**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	55,659	139,345	-	23,788	-	51,369	-	12,214	1,354	31,566	1,774	317,069
Provision for loan impairment	1,285	68,258	-	10,575	-	37,702	-	4,173	-	12,224	194	134,411
Recoveries / Release of provisions	(1,611)	(33,303)	-	(3,126)	-	(27,793)	-	(1,548)	-	(10,748)	(375)	(78,504)
Loans written off during the period	(7,466)	(15,022)	-	(5,981)	-	(8,785)	-	(1,761)	-	(5,086)	-	(44,101)
Reclassification	22,433	(27,384)	-	4,470	-	(8,865)	-	881	-	7,391	1,074	-
Exchange difference	(6,761)	(18,361)	-	(5,884)	-	(672)	-	(2,413)	(1,333)	(1,779)	(305)	(37,508)
At 30 September 2023	**63,539**	**113,533**	**-**	**23,842**	**-**	**42,956**	**-**	**11,546**	**21**	**33,568**	**2,362**	**291,367**

At 30 September 2023	**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	23,935	88,844	-	11,811	-	57,565	-	11,876	115	4,241	2,651	201,038
Provision for loan impairment	2,170	14,271	541	929	-	7,224	-	97	1	1,270	723	27,226
Reclassification	(1,392)	(3,399)	(541)	(1,019)	346	4,285	-	42	-	1,606	72	-
Exchange difference	(3,358)	(19,141)	-	198	(346)	(909)	-	(1,358)	-	(2,362)	(700)	(27,976)
At 30 September 2023	**21,355**	**80,575**	**-**	**11,919**	**-**	**68,165**	**-**	**10,657**	**116**	**4,755**	**2,746**	**200,288**
							-					
Total allowance for impairment	**84,894**	**194,108**	**-**	**35,761**	**-**	**111,121**	**-**	**22,203**	**137**	**38,323**	**5,108**	**491,655**

At 31 December 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	22,115	96,981	-	38,048	-	55,888	-	4,120	1,400	22,687	777	242,016
Recoveries / Release of provisions	(50,277)	(114,850)	-	(26,533)	-	(46,691)	-	(3,224)	-	(18,229)	(28)	(259,832)
Loans written off during the period	(53,735)	(63,730)	-	(15,396)	-	(41,965)	104	(4,345)	-	(20,970)	(486)	(200,523)
Reclassification	47,899	(62,492)	-	3,205	-	11,815	(104)	(1,190)	-	804	63	-
Exchange difference	88,626	85,494		(33,155)		(49,360)		6,524	(46)	7,361	932	106,376
At 31 December 2022	**55,659**	**139,345**	**-**	**23,788**	**-**	**51,369**	**-**	**12,214**	**1,354**	**31,566**	**1,774**	**317,069**

At 31 December 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	5,198	6,764	-	3,809	-	3,619	-	2,881	-	2,958	2,915	28,144
Reclassification	(1,578)	(9,046)	-	(1,669)	-	4,630	-	(1,130)	-	9,080	(287)	-
Exchange difference	(19,027)	(10,889)	-	2,238	-	(1,268)	-	(8,663)	18	(11,617)	(1,241)	(50,449)
At 31 December 2022	**23,935**	**88,844**	**-**	**11,811**	**-**	**57,565**	**-**	**11,876**	**115**	**4,241**	**2,651**	**201,038**
Total allowance for impairment	**79,594**	**228,189**	**-**	**35,599**	**-**	**108,934**	**-**	**24,090**	**1,469**	**35,807**	**4,425**	**518,107**

(All amounts in thousands US dollar unless otherwise stated)

21 Loans and advances to customers (continued)

f) Investment in finance leases

	30 Sep. 2023	31 Dec. 2022
Loans and advances to customers include finance lease receivables analysed below.		
Gross investment in finance leases, receivable		
No later than 1 year	36	19
Later than 1 year and no later than 5 years	96	485
	132	**504**
Unearned future finance income on finance leases	38	76
Net investment in finance leases	**170**	**580**
Analysis by transport industry on gross loans		
The net investment in finance lease may be analysed as follows:		
No later than 1 year	36	19
Later than 1 year and no later than 5 years	134	560
	170	**580**

22 Treasury bills and other eligible bills

	30 Sep. 2023	31 Dec. 2022
Maturing within three months (Note 42)	815,326	780,446
Maturing after three months	1,144,886	1,675,293
	1,960,212	**2,455,739**
Current	1,700,340	2,266,122
Non current	259,872	189,617
	1,960,212	**2,455,739**

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

23 Investment securities

	30 Sep. 2023	31 Dec. 2022
Debt securities		
- At FVTOCI listed	1,925,121	2,955,975
- At FVTOCI unlisted	3,130,143	3,514,254
- At Amortised cost	1,103,344	307,621
Total	**6,158,608**	**6,777,850**
Equity securities		
- At FVTOCI unlisted	90,038	102,050
- At FVTPL listed	3,885	3,213
- At FVTPL unlisted	135,258	121,321
Total	**229,181**	**226,584**
Total investment securities	**6,387,789**	**7,004,434**
Current	1,811,351	1,161,832
Non current	4,576,438	5,842,602
	6,387,789	**7,004,434**
The movement in investment securities summarised as follows:		
At 1 January	7,004,434	6,560,228
Additions	1,312,039	2,454,034
Disposal (sale and redemption)	(1,065,713)	(1,451,676)
Accrued interest on debt securities	34,016	97,263
Carrying amount of derecognized defaulted bond	(339,913)	-
Initial value on re-recognition	314,063	-
Impairment on investment securities	16,052	(203,831)
Loss from changes in fair value	(47,255)	(112,540)
Exchange differences	(839,934)	(339,044)
	6,387,789	**7,004,434**

Ghana Debt Restructure

Local Bond

*On Monday 5th December, 2022, the Government of Ghana (GoG) launched the Ghana Domestic Debt Exchange Programme (DDEP) as part of a broader response to macroeconomic challenges being faced by the country. In February 2023, the GoG settled on the DDEP by offering new bonds for the old eligible local currency bonds. Ecobank Ghana subscribed to the DDEP. Consequently the bond exchange resulted in the Group recording $26 million additional impairment between December 2022 and the date of settlement.

	Sept 23
Gross of amount of existing defaulted bonds	427,603
Existing impairment at the date of derecognition	(87,690)
Impairment until date of settlement	(25,850)
Initial value on re-recognition	314,063

Eurobond

In May 2023, IMF approved $3bn extended credit facility arrangement for Ghana, following positive feedback from Ghana’s official Creditor Committee co-chaired by China and France. The first tranche of $600m of the IMF facility was released immediately with a second tranche of $600m expected before the end of 2023 after a successful first review of the programme.The GoG reached a Staff-Level Agreement on the first review of the programme on the 6th of October 2023 and expects the first review of the programme to be approved by the IMF Board before the end of 2023.
At 30 September 2023, no formal Ghana Eurobond restructure proposal had been tabled by the GoG. In assessing the estimated credit losses, the Group considered the loss percentage experienced on the DDEP. The Group also utilized external benchmark data corroborate the expected loss.

(All amounts in thousands US dollar unless otherwise stated)

24 Pledged assets

	30 Sep. 2023	31 Dec. 2022
Treasury bills	126,885	95,995
Government bonds	92,655	57,975
	219,540	**153,970**

Pledged assets have been stated at fair values

	30 Sep. 2023	31 Dec. 2022
Current	126,885	95,995
Non-current	92,655	57,975
	219,540	**153,970**

25 Other assets

	30 Sep. 2023	31 Dec. 2022
Fees receivable	2,860	4,156
Accounts receivable	690,445	667,729
Prepayments	131,943	175,034
Repossessed assets	172,435	169,306
Sundry receivables	384,607	284,832
	1,382,290	**1,301,057**
Impairment charges on receivable balances	(13,057)	(103,882)
	1,369,233	**1,197,175**
Current	1,237,290	1,022,141
Non-current	131,943	175,034
	1,369,233	**1,197,175**

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

	30 Sep. 2023	31 Dec. 2022
1 January	103,882	209,321
Net movement in impairment charges*	(116,939)	(105,439)
At 30 September / 31 December	**(13,057)**	**103,882**

*Net movement includes write offs

26 Investment in associates

	30 Sep. 2023	31 Dec. 2022
At 1 January	1,016	4,863
Share of post-tax results of associates	108	570
Derecognition of Old Mutual General Insurance	-	(3,500)
Exchange difference	(477)	(917)
At 30 September / 31 December	**647**	**1,016**

Investment in associates balances are non-current.

(All amounts in thousands US dollar unless otherwise stated)

26 Investment in associates (Continued)

	At 30 September 2023	At 31 December 2022
	Accion Microfinance Bank Ltd (Nigeria)	**Accion Microfinance Bank Ltd (Nigeria)**
Current assets	16,455	30,835
Non- current assets	1,587	2,511
Total assets	**18,042**	33,346
Liabilities	8,989	18,396
Total Liabilities	**8,989**	**18,396**
Revenues	6,976	14,508
Profit after tax	471	2,807

The associate is not listed. There are no published price quotations of the associate of the Group. Furthermore, there are no significant restrictions on the ability of associate to transfer funds to the Group in the form of cash dividends or repayment of loans and advances. The associate is a strategic to the Group. The ACCION entity is a microfinance bank .

	At 30 September 2023			At 31 December 2022		
	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	9,053	21.71%	Nigeria	14,950	21.73%

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

At 30 September 2023	**EB-ACCION Nigeria**	**Total**
Opening net assets	14,950	14,950
Profit for the period	471	471
Exchange difference	(6,368)	(6,368)
Closing net assets	**9,053**	**9,053**
Interest in associates	1,965	1,965

At 31 December 2022	**EB-ACCION Nigeria**	**Total**
Opening net assets	14,394	14,394
(Loss) /profit for the year	2,807	2,807
Exchange difference	(2,251)	(2,251)
Closing net assets	**14,950**	**14,950**
Interest in associates	**3,249**	3,249

(All amounts in thousands US dollar unless otherwise stated)

27 Intangible assets

Goodwill

	30 Sep. 2023	31 Dec. 2022
At 1 January	13,923	18,339
Acquisition	-	-
Goodwill impairment	-	(1,623)
Exchange differences	(1,950)	(2,793)
At September / December	**11,973**	**13,923**

Software costs

	30 Sep. 2023	31 Dec. 2022
At 1 January	70,622	103,949
Purchase	5,785	12,524
Amortisation (Note 12)	(24,401)	(33,600)
Exchange difference	(7,187)	(12,251)
At September / December	**44,819**	**70,622**
Total intangible assets	**56,792**	**84,545**

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. 2023	31 Dec. 2022
Ecobank Ghana (The Trust Bank)	3,638	4,860
Ecobank Rwanda	3,125	3,546
Ecobank Zimbabwe	1	10
Ecobank Chad	2,472	2,488
Ecobank Central Africa	1,521	1,531
Ecobank Burundi	660	921
Ecobank Malawi	87	95
Ecobank Burkina Faso	469	472
	11,973	**13,923**

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

Summary of key inputs	Sep. 2023		Dec. 2022	
Entities	Discount factor	Long term growth rate	Discount factor	Long term growth rate
Ecobank Ghana (The Trust Bank)	30.00%	4.4%	22.37%	4.4%
Ecobank Rwanda	20.82%	4.7%	17.87%	4.7%
Ecobank Zimbabwe	30.00%	2.3%	30.50%	2.3%
SOFIPE	-	5.1%	15.05%	5.1%
Ecobank Chad	22.52%	3.4%	19.06%	3.4%
Ecobank Central Africa	19.88%	2.8%	17.00%	2.8%
Ecobank Burundi	19.01%	2.3%	15.55%	2.3%
Ecobank Sierra Leone (ProCredit)	-	4.5%	30.50%	4.5%
Ecobank Malawi	30.00%	5.2%	27.66%	5.2%
Ecobank Burkina Faso	17.35%	5.1%	15.05%	5.1%
PASL Ghana	-	4.4%	22.37%	4.4%
PASL Cameroon	-	5.1%	14.15%	5.1%

-

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. 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. 2023	31 Dec. 2022
1 January	9,922	11,019
Fair value gain	282	131
Exchange difference	(1,298)	(1,228)
At September /31 December	**8,906**	**9,922**

The following amounts have been recognised in the income statement:

Rental income	322	385
Direct operating expenses arising from investment properties that generate rental income	(71)	(77)
Fair value	282	131
	533	**438**

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 valuation methodoly used is the market approach. 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 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**
Year ended 31 December 2022						
1 January	11,320	544,556	91,424	31,476	71,839	750,615
Purchase of property, plant and equipment	5,546	187,385	81,350	13,563	11,890	299,734
Right of use assets	-	19,473	-	-	-	19,473
Revaluation	-	64,263	53	-	-	64,316
Disposals - cost	(3,990)	(167,576)	(80,708)	(4,889)	(11,589)	(268,752)
Disposals - accumulated depreciation	3,898	16,870	9,674	614	706	31,762
Reclassifications - cost	20	1,230	659	-	(1,909)	-
Reclassifications - accumulated depreciation	1,130	(310)	957	(308)	(1,469)	-
Depreciation charge	(5,262)	(13,962)	(23,123)	(7,564)	-	(49,911)
Depreciation charge (ROU)	(295)	(17,283)	(193)	-		(17,771)
Exchange difference	(1,989)	(54,996)	(14,767)	(1,962)	(1,741)	(75,455)
31 December 2022	**10,378**	**579,650**	**65,326**	**30,930**	**67,727**	**754,011**
At 31 December 2022 /1 January 2023						
Cost or Valuation	41,483	741,047	368,105	146,570	67,727	1,364,932
Accumulated depreciation	31,105	161,397	302,779	115,640	-	610,921
Net book amount	**10,378**	**579,650**	**65,326**	**30,930**	**67,727**	**754,011**
Period ended 30 September 2023						
1 January	10,378	579,650	65,326	30,930	67,727	754,011
Purchase of property, plant and equipment	5,062	15,049	15,274	14,838	17,027	67,250
Right of use assets	585	8,662	389	-	-	9,636
Revaluation	-	(1,132)	-	-	-	(1,132)
Disposals - cost	(2,728)	(34,553)	(10,883)	(7,905)	(4,961)	(61,030)
Disposals - accumulated depreciation	2,515	15,478	15,896	4,915	-	38,804
Reclassifications - cost	31	(667)	(670)	817	489	-
Reclassifications - accumulated depreciation	(31)	667	670	(817)	(489)	-
Depreciation charge	(3,416)	(10,395)	(13,332)	(5,825)	-	(32,968)
Depreciation charge (ROU)	(280)	(12,098)	(261)	-	-	(12,639)
Exchange difference	(1,843)	(117,433)	(10,828)	(4,431)	(14,127)	(148,662)
30 September 2023	**10,273**	**443,228**	**61,581**	**32,522**	**65,666**	**613,270**
At 30 September 2023						
Cost	38,838	583,611	330,641	148,972	65,666	1,167,728
Accumulated depreciation	28,565	140,383	269,060	116,450	-	554,458
Net book amount	**10,273**	**443,228**	**61,581**	**32,522**	**65,666**	**613,270**

(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 2023. 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 valuation methodoly used is the market approach. The market value approach key inputs 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. 2023	31 Dec. 2022
Cost	456,969	400,779
Accumulated depreciation	89,382	109,864
Net book amount	**367,587**	**290,915**

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. 2023	31 Dec. 2022
Motor Vehicles	1,025	572
Land & Buildings	52,058	58,106
Furniture & Equipment	3,234	2,538
Installations	-	-
	56,317	**61,216**

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	572	58,106	2,538	-	61,216
Additions	585	8,662	389	-	9,636
Depreciations	(280)	(12,098)	(261)	-	(12,639)
Exchange difference	148	(2,612)	568	-	(1,896)
At 30 September 2023	**1,025**	**52,058**	**3,234**	**-**	**56,317**

(All amounts in thousands US dollar unless otherwise stated)

31 Assets and Liabilities Held for sale

Assets held for sale	**30 Sep. 2023**	**31 Dec. 2022**
ETI Property	5,438	9,162
Ecobank Nigeria Property	407	816
	5,845	**9,978**

31.1 ETI : Property in Ogombo, Lagos, Nigeria

Assets held for sale	**30 Sep. 2023**	**31 Dec. 2022**
ETI Landed Property	9,162	9,961
Fair valuation loss on assets held for sale	(3,724)	(799)
	5,438	9,162

ETI owns a property in Ogombo, Lagos, Nigeria. ETI does no longer intend to hold this property and is in an advanced stage of selling to a willing party. The value of this property has been reduced to its net realizable value per the requirement of IFRS 5.

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

Assets held for sale	**30 Sep. 2023**	**31 Dec. 2022**
Land	-	-
Freehold buildings	407	816
	407	**816**

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 2023 a portion of land and freehold buildings was sold. At 30 September 2023, freehold buildings valued at $0.4 m still remain unsold. The remaining portion is expected to be sold within the next 12 months.

(All amounts in thousands US dollar unless otherwise stated)

32 Deposits from other banks

	30 Sep. 2023	31 Dec. 2022
Operating accounts with banks	1,014,485	963,814
Other deposits from banks	769,674	1,498,120
	1,784,159	**2,461,934**

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

33 Deposit from customers

	30 Sep. 2023	31 Dec. 2022
CIB		
- Current accounts	5,930,062	6,604,770
- Term deposits	2,220,504	2,343,070
	8,150,566	**8,947,840**
Commercial		
- Current accounts	4,187,322	4,440,591
- Term deposits	572,596	803,839
- Savings deposits	109,600	124,181
	4,869,518	**5,368,611**
Consumer		
- Current accounts	2,479,122	2,539,286
- Term deposits	540,394	562,792
- Savings deposits	3,179,167	3,394,784
	6,198,683	**6,496,862**
Total	**19,218,767**	**20,813,313**
Current	16,490,691	16,044,243
Non current	2,728,076	4,769,070
	19,218,767	**20,813,313**

Customer deposits carry variable interest rates.

At 30 Septemeber 2023	**CIB**		**Commercial**			**Consumer**			**Total**
	Current account	Term deposits	Current account	Term deposits	Savings	Current account	Term deposits	Savings	
At 1 January	6,604,770	2,343,070	4,440,591	803,839	124,181	2,539,286	562,792	3,394,784	20,813,313
Additions	1,692,357	839,297	1,133,060	125,400	21,609	557,349	103,263	298,787	4,771,122
Withdrawals	(1,517,379)	(370,220)	(541,285)	(155,957)	(4,108)	(265,657)	(18,067)	(20,586)	(2,893,259)
Exchange difference	(849,686)	(591,643)	(845,044)	(200,686)	(32,082)	(351,856)	(107,594)	(493,818)	(3,472,409)
At 30 Septemeber 2023	**5,930,062**	**2,220,504**	**4,187,322**	**572,596**	**109,600**	**2,479,122**	**540,394**	**3,179,167**	**19,218,767**

At 31 December 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	3,050,525	695,702	1,363,116	323,524	23,369	653,708	115,461	488,017	6,713,422
Withdrawals	(1,846,180)	(594,134)	(299,389)	(91,736)	(15,493)	(271,513)	(70,530)	(187,401)	(3,376,376)
Exchange difference	(731,871)	(187,296)	(606,087)	(61,277)	(23,069)	(320,760)	(36,946)	(269,776)	(2,237,082)
At 31 December 2022	**6,604,770**	**2,343,070**	**4,440,591**	**803,839**	**124,181**	**2,539,286**	**562,792**	**3,394,784**	**20,813,313**

(All amounts in thousands US dollar unless otherwise stated)

		30 Sep. 2023	31 Dec. 2022
34	**Borrowed funds**	**30 Sep. 2023**	**31 Dec. 2022**
a	Eurobond	520,035	506,588
b	Eurobond II	351,651	343,336
c	Eurobond Nigeria	301,039	305,945
d	Development Bank of Nigeria	65,248	108,204
e	Bank of Industry of Nigeria (BOI)	28,293	10,876
f	Societe de Promotion et Participation pour la Coopération Economique (PROPARCO)	63,322	71,050
g	Nigeria Sovereign Investment Authority (NSIA)	47,891	11,085
h	Central Bank of Nigeria	174,366	238,074
i	Caisse Régionale de Refinancement Hypothécaire (CRRH)	1,050	1,783
j	Findev Canada	16,763	20,468
k	Credit Europe Bank	101,118	98,890
l	Africa Finance Corporation facility	336,750	325,482
m	European Investment Bank	25,996	-
n	Lease liability	52,936	52,192
	Other loans	72,270	184,420
		2,158,728	**2,278,392**
	Current	811,052	531,063
	Non current	1,347,676	1,747,329
		2,158,728	**2,278,392**

a) ETI issued a USD 500 million 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. The bonds bear a coupon rate of 9.5%.

b) Ecobank Transnational Incorporated - ETI raised US$350 million Tier 2 Sustainability Notes in June 2021. This represents the first ever Tier 2 Sustainability Notes by a financial institution in Sub-Saharan Africa. This Tier 2 issuance is the first to have Basel III-compliant 10NC5 structure outside of South Africa in 144A/RegS format and is listed on the main market of the London Stock Exchange. The bond matures in June 2031 and has a call option in June 2026.The bond was issued with interest payable semi-annually, 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) Ecobank Nigeria secured a 50 billion Naira ($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.

e) 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.

j) USD 75 million Syndicated Subordinated Term Facility was obtained by Ecobank Nigeria in 2015 from FMO. The facility was reimbursed in 2021.

f) 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.

g) NSIA granted facilities to Ecobank Nigeria through ETI. These amounted to USD 20 million and are all maturing in March 2024.

h) 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.

i) 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%.

j) 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.

k) In August 2022, ETI raised a 2 -year $100 million 4.25% senior loan from Credit Europe Bank.

l) In October 2022, a syndicate led by the Africa Finance Corporation, Bank of Africa and Rand Merchant Bank disbursed a total of $325 million in two tranches of $113 million for two years with maturity in 2024 and $212 million(Facility A 6.17% Facility B 5.20%)for three years with maturity in 2025.

m) ETI has a facility of $25million with European Investment Bank maturing in 2029 at 6.4% interest rate.

Lease liabilities

Maturity analysis - contractual undiscounted cash flows	**30 Sep. 2023**	**31 Dec. 2022**
Less than one year	2,332	2,593
One to five years	28,636	27,123
More than five years	21,968	22,476
Total undiscounted lease liabilities	**52,936**	**52,192**
Lease liabilities included in borrowings		
Current	2,332	2,593
Non-current	50,604	49,599
	52,936	**52,192**
At 1 January	**2,291,171**	**2,353,508**
Accrued interest	8,055	10,055
Additions Borrowings	147,504	659,923
Additions Lease liabilities	9,636	19,473
Repayments	(149,846)	(728,818)
Exchange difference	(147,792)	(22,970)
At 30 September / 31 December	**2,158,728**	**2,291,171**

(All amounts in thousands US dollar unless otherwise stated)

	30 Sep. 2023	31 Dec. 2022
35 Other liabilities		
Accrued income	126,781	113,298
Unclaimed dividend	13,380	11,390
Accruals*	271,406	279,249
Obligations under customers' letters of credit	42,554	63,256
Bankers draft	7,994	39,755
Accounts payable	320,899	167,587
Allowance for off balance sheet receivables	12,776	10,802
Others **	544,824	383,794
	1,340,614	**1,069,131**

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 at year end.
**Others is comprised of settlement accounts, customer foreign exchange purchase accounts, POS and VISA settlement accounts.

36 Provisions

At 1 January	63,255	72,230
Additional provisions charged to income statement	8,199	16,970
Provision no longer required	(7,045)	(723)
Utilised during the period	(3,738)	(23,818)
Exchange differences	(4,761)	(1,404)
At 30 September / 31 December	**55,910**	**63,255**

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	(129,486)	(114,245)
Income statement charge	8,576	8,155
Investment securities directly in OCI:		
- fair value remeasurement	7,572	31,395
Revaluation of property and equipment (directly in OCI)	(13,103)	(15,700)
Exchange differences	9,483	(39,091)
At 30 September / 31 December	**(116,958)**	**(129,486)**

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

Deferred income tax liabilities		
Accelerated tax depreciation	2,624	3,755
Investment securities	7,640	19,826
Revaluation of property and equipment	50,255	63,358
Other temporary differences	12,365	13,009
	72,884	**99,948**
Deferred income tax assets		
Pension and other post retirement benefits	213	255
Impairment charges on financial assets	30,860	31,553
Other provisions	18,357	14,016
Tax loss carried forward	19,928	25,036
Other temporary differences	70,719	104,244
On unutilised capital allowances	799	750
Investment securities	48,966	53,580
	189,842	**229,434**
Deferred tax liabilities		
- To be recovered within 12 months	38,705	48,543
- To be recovered after more than 12 months	34,179	51,405
	72,884	**99,948**
Deferred tax assets		
- To be recovered within 12 months	196,029	167,568
- To be recovered after more than 12 months	18,162	61,866
	189,842	**229,434**

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

Accelerated tax depreciation	1,194	(1,740)
Pensions and other post retirement benefits	309	60
Impairment charges on financial assets	(778)	37,490
Other provisions	(607)	(705)
Tax losses carry forward	3,480	17,214
Other temporary differences	13,572	(6,179)
Exchange differences	(8,594)	(37,985)
	8,576	**8,155**

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. 2023	31 Dec. 2022
	Net	**Net**
Fair value loss on investment securities	(47,255)	(72,975)
Revaluation gain on property and equipment	1,437	24,294
	(45,818)	**(48,681)**

(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 2.21.
The Group operates a post employment gratuity payment scheme. The amounts recognised in the statement of financial position are as follows:

	30 Sep. 2023	31 Dec. 2022
Present value of funded obligations	36,033	29,255
Fair value of plan assets	(18,494)	(19,748)
	17,539	**9,507**
Present value of unfunded obligations	9,642	9,754
Liability in the statement of financial position	**27,181**	**19,261**

In 2023, the movement in the defined benefit obligation over the period is as follows :

	30 September 2023			31 December 2022		
	Present value of obligation	Fair value of plan assets	Total	Present value of obligation	Fair value of plan assets	Total
At 1 January	**39,009**	**(19,748)**	**19,261**	**43,153**	**(18,075)**	**25,078**
Current service cost	7,786	-	7,786	708	-	708
Interest expense and income	403	(790)	(387)	444	(723)	(279)
	8,189	(790)	7,399	1,153	(723)	430
Remeasurements						
Return on plan assets	-	1,712	1,712	-	(1,265)	(1,265)
Actuarial loss	573	-	573	(665)	-	(665)
	573	1,712	2,285	(665)	(1,265)	(1,930)
Exchange difference		217	217	(1,404)	199	(1,205)
Contributions	(538)	115	(423)	900	116	1,016
Reversal of provision	224	-	224	(1,683)	-	(1,683)
Retirement benefit payments	(1,782)	-	(1,782)	(2,445)	-	(2,445)
At 30 September / 31 December	**45,675**	**(18,494)**	**27,181**	**39,009**	**(19,748)**	**19,261**
	45,675					

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

	30 September 2023				31 December 2022			
	ETI	UEMOA/ CEMAC	Others	**Total**	ETI	UEMOA /CEMAC	Others	**Total**
Present value obligation	9,642	16,755	19,278	**45,675**	9,754	16,755	12,500	**39,009**
Fair value of plan assets	-	(18,494)	-	**(18,494)**	-	(19,748)	-	**(19,748)**
Total liability	9,642	(1,739)	19,278	**27,181**	9,754	(2,993)	12,500	**19,261**

Income tax effects relating to components of other comprehensive income	30 Sep. 2023	31 Dec. 2022
The amounts recognised in the income statement are as follows:		
Current service cost	7,786	708
Net interest cost	403	444
Total included in staff costs	**8,189**	**1,152**
Other Comprehensive Income		
Actuarial loss on obligations	(116)	(665)
Actuarial loss on plan assets	-	-
	(116)	**(665)**

(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:

	31 September 2023				31 December 2022			
	%	Quoted	Unquoted	Total	%	Quoted	Unquoted	Total
Cash	8%	1,480	-	1,480	13%	2,567	-	2,567
Equity instruments	0%	2	-	2	0%	10	-	10
Debt instruments (Bonds)	92%	13,610	3,402	17,012	87%	13,737	3,434	17,171
	100%	**13,611**	**3,402**	**18,494**	**100%**	**13,747**	**3,434**	**19,748**

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	
	2023	**2022**	**2023**	**2022**
Discount rate	5.50%	5.50%	5.5%	5.5%
Expected return on plan assets	4.45%	4.45%	4.45%	4.45%
Future salary increases	1.80%	1.80%	1.8%	1.8%

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 2023, the Group had capital commitments of $ 10 million (December 2022: $ 11 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 2023 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. 2023	31 Dec. 2022
Guaranteed commercial papers and banker acceptances	97,770	125,374
Documentary and commercial letters of credit	1,186,245	1,647,020
Performance bond, guarantees and indemnities	1,426,120	1,632,815
Loan commitments	1,259,756	1,457,686
	3,969,891	**4,862,895**

An ECL amount of $ 13 million (December 2022 : $ 11 million) has been recognized on the off balance sheet items shown above. This is reported in "other liabilities" (see note 35).

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 30 September 2023 $279 million (December 2022 : $ 173 million). Based on Group’s assessment, the probable liability is not likely to exceed $11 million (December 2022 : $ 12 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 2022	24,592,619	618,259	1,499,145	(3,443)	2,113,961
At 31 December 2022/ 1 January 2023	**24,592,619**	**618,259**	**1,499,145**	**(3,443)**	**2,113,961**
Treasury shares	-		-	-	-
At 30 September 2023	**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 2022: 50 billion) with a par value of US$0.025 per share (December 2022: US$0.025 per share). Total issued shares as of 30 September 2023 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 2023 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. 2023**	**31 Dec. 2022**
At 1 January	50,000	79,500
Forfeited	(50,000)	(29,500)
Lapsed		-
At 30 September / 31 December	**-**	**50,000**

The number of shares outstanding at the end of the year was as follows:	**30 Sep. 2023**	**31 Dec. 2022**
Expiry date:		
	-	50,000
At 30 September / 31 December	**-**	**50,000**

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

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. 2023	31 Dec. 2022
Retained earnings	683,058	571,032
Other reserves	(1,719,309)	(1,290,145)
	(1,036,251)	**(719,113)**

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

At 1 January	571,032	434,419
Profit for year	223,872	286,430
Transfer from / (to) general banking reserve	(10,637)	2,120
Transfer to statutory reserve	(75,256)	(112,454)
Dividends paid to Ordinary shareholders	(27,203)	(39,568)
Share option forfeited	1,250	
Transfer from revaluation reserve property on disposed property	-	85
At 30 September / 31 December	**683,058**	**571,032**

b) Other Reserves	30 Sep. 2023	31 Dec. 2022
General banking reserve	155,419	144,782
Statutory reserve	668,119	592,863
Revaluation reserve - Investment securities	(98,114)	(50,859)
Revaluation reserve - property and equipment	139,955	138,518
Share option reserve	-	1,251
Remeasurements of post-employment benefit obligations	(108)	8
Translation reserve	(2,584,580)	(2,116,708)
	(1,719,309)	**(1,290,145)**

Movements in the other reserves were as follows:

i) General banking reserve

At 1 January	144,782	146,902
Transfer from / (to) retained earnings	10,637	(2,120)
At 30 September / 31 December	**155,419**	**144,782**

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	592,863	480,409
Transfer from retained earnings	75,256	112,454
At 30 September / 31 December	**668,119**	**592,863**

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	1,250	1,250
Transfer to retained earnings	(1,250)	-
At 30 September / 31 December	**-**	**1,250**

iv) Remeasurements of post-employment benefit obligations

At 1 January	8	673
Actuarial gains on retirement benefit	(116)	(665)
At 30 September / 31 December	**(108)**	**8**

(All amounts in thousands US dollar unless otherwise stated)

41 Retained earnings and other reserves (Continued)

v) Revaluation reserves	30 Sep. 2023	31 Dec. 2022
At 1 January	(50,859)	22,116
Net gain loss from changes in fair value debt securities	(47,255)	(72,975)
At 30 September / 31 December	**(98,114)**	**(50,859)**

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 ($47 million) represents the owner's part while the amount in the amount in Statement of OCI represent the Group amount $48 million).

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

At 1 January	-	5,084
Equity component of convertible loan not converted during the year	-	(5,084)
At 30 September / 31 December	**-**	**-**

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.

vii) Revaluation Reserve - property and equipment		
At 1 January	138,518	114,309
Transfer to retained earnings fair value on disposed property	-	(85)
Net gain from change in fair value	1,437	24,294
At 30 September / 31 December	**139,955**	**138,518**

viii) Translation reserve		
At 1 January	(2,116,708)	(1,793,204)
Currency translation difference arising during the year	(467,872)	(323,504)
At 30 September / 31 December	**(2,584,580)**	**(2,116,708)**

c) Other equity instruments		
At 1 January	74,088	74,088
Addition	-	-
Issue cost	-	-
Attributable to other equity instrument holder	7,312	7,312
Additional tier 1 capital coupon	(7,312)	(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. 2023	31 Dec. 2022
Cash and balances with central banks (Note 17)	2,296,643	2,568,620
Treasury Bills and other eligible bills (Note 22)	815,326	780,446
Deposits with other banks (Note 20)	859,119	997,716
Deposits from other banks (Note 32)	(1,014,485)	(963,814)
	2,956,603	**3,382,968**

(All amounts in thousands US dollar unless otherwise stated)

43 Group entities

a) Significant subsidiaries

	Country of incorporation	Ownership interests 2023	2022
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 2023 and 31 December 2022.

Entity	Ecobank Ghana		Ecobank Côte d'Ivoire		Ecobank Burkina	
NCI percentage	31.1%	31.1%	25.0%	25.0%	21.8%	21.8%
Period	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Loans and advances to customers	830,516	998,301	1,469,448	1,464,391	789,072	742,837
Investment securities	694,416	808,981	1,037,811	1,176,632	522,630	594,441
Other assets	80,451	114,824	116,501	87,936	50,741	42,161
Deposits from customers	2,180,086	2,419,530	2,008,140	2,043,746	1,286,072	1,247,110
Other liabilities	125,405	112,217	158,847	104,637	36,115	23,647
Net assets	328,507	323,954	297,549	317,908	130,830	122,531
Carrying amount of NCI	**102,059**	**100,644**	**74,403**	**79,494**	**28,553**	**26,742**
At 30 September / September						
Operating income	251,559	258,266	130,093	111,962	74,399	67,732
Profit before tax	75,259	125,824	63,621	48,751	37,500	28,496
Profit after tax	55,139	80,473	56,388	44,487	30,765	22,553
Total comprehensive income	68,297	52,451	38,830	53,090	24,170	16,839
Profit allocated to NCI	**21,218**	**16,295**	**9,710**	**13,275**	**5,275**	**3,675**

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 2023.

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 b) Generate fees for agent activities and funding for the Group's lending activities	None
FCP UEMOA RENDEMENT (Incorporated in Ivory Coast in 2007)	Asset-backed structered entity		None

The table below sets out information as at 30 September 2023 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 *Carrying amount of assets transferred by third parties to conduit vehicle	636	73
Carrying amount of the financing received from unrelated third parties The carrying value is stated at book value (costs less impairment)	10,499	1,029

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

(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. 2023	31 Dec. 2022	30 Sep. 2023	31 Dec. 2022
Loans outstanding at beginning of the period	2,076	2,600	43,590	49,590
Loans outstanding at end of the period	2,105	2,076	42,958	43,590
Interest income earned	102	127	3,230	159

No provisions have been recognised in respect of loans given to related parties (2022: nil).

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

	31 Sep. 2023	30 Sep. 2022
Directors' remuneration		
Total directors fees and allowances	1,212	1,331

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$ 45.9 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	3,230
NEDBANK	Director related	Guarantees	Non-impaired	23,817
QATAR NATIONAL BANK	Director related	Guarantees	Non-impaired	15,911
				42,958

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	98%
EDCN	85%
EDCFM	98%
EDCNIB	98%
OCCL	98%
EIC	98%
EAM	98%
EDCGE	98%
EDCGI	98%
EDCGS	98%
EDCA	98%
EDCC	98%
EDCK	98%
TBPIC*	100%
FCP	42%
EPI	100%
ARTSA	100%
Bew	100%
ESF	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

Ghana Eurobond debt restructure

There is no formal Eurobond Programme proposal that has been provided by GoG. The Group continuously monitors events in Ghana and assesses the possible impacts on Ecobank Ghana and the Group as a whole as and when new information regarding the Eurobond restructure becomes available.