RISING TO THE **CHALLENGE**

ECOBANK GROUP ANNUAL REPORT **2020**

Ecobank

The Pan African Bank

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ECOBANK GROUP
ANNUAL REPORT
2020

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SUPPORTING WOMEN IN BUSINESS

Our 'Ellevate' programme supports women-led/owned/focused businesses with collateral-lite funding options, smart cash management, mentoring, networking and other support. Targeting this largely untapped sector offers us huge growth opportunities.

The female economy is a critical one. Women constitute roughly half of the population in Africa. One-in-four female adults in Africa starts or manages a business, making the continent one of the highest in terms of women entrepreneurs across the world.

The financing gap in women-led businesses in Africa is about $42 billion and this represents a massive and attractive opportunity. We cannot truly say that we are a pan-African bank if we ignore this significant business segment. In 2021, we will support our women-owned and women-focused SMEs with 10 per cent of our loan book.

01

ABOUT US

OUR VISION AND MISSION DRIVE US

OUR VISION

To build a world-class pan-African bank and contribute to the economic development and financial integration of Africa

OUR MISSION

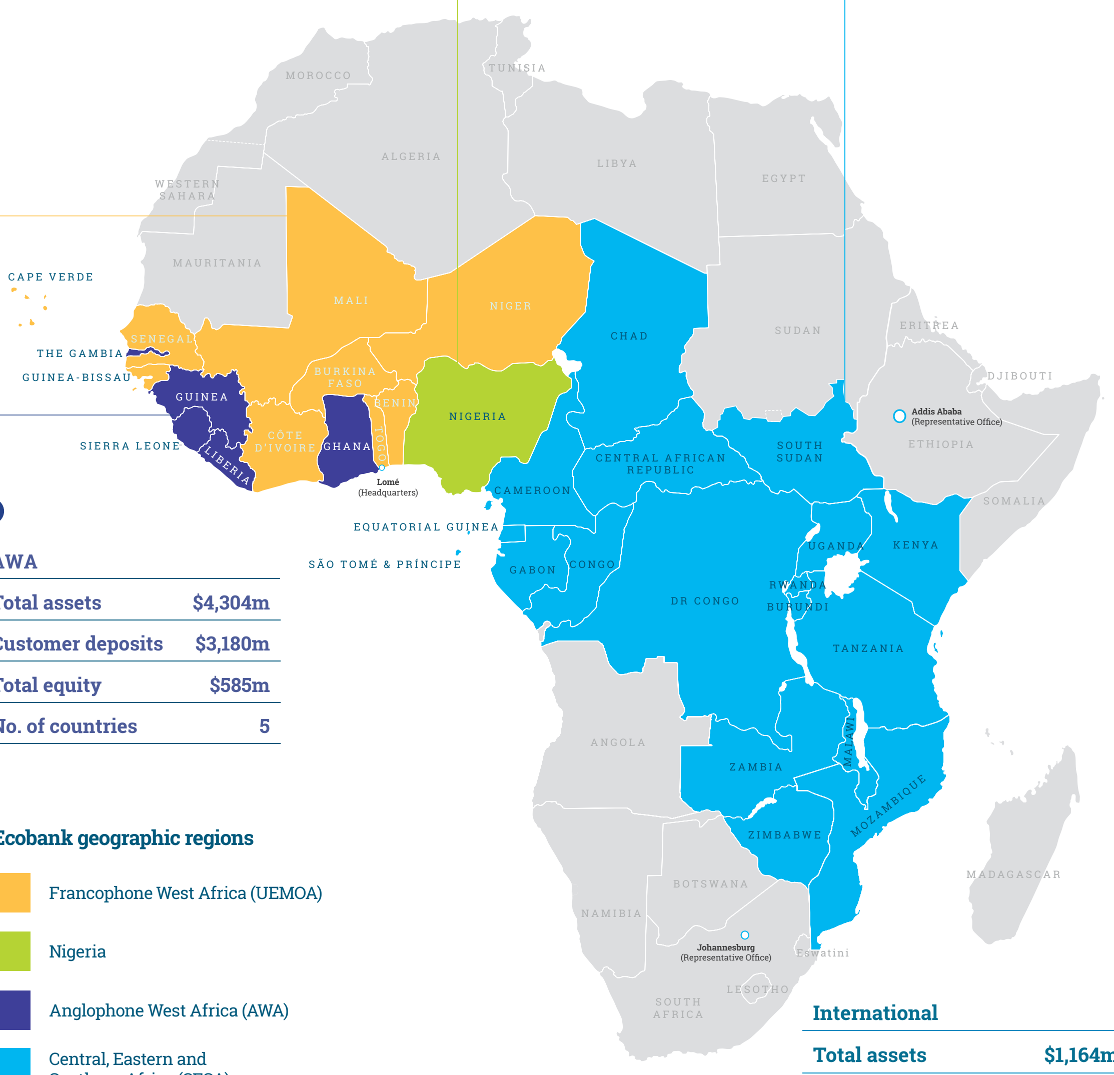
To provide all of our customers with convenient and reliable financial products and services

ECOBANK IS THE LEADING PAN-AFRICAN BANKING INSTITUTION

UEMOA	
Total assets*	$9,969m
Customer deposits	$6,849m
Total equity	$822m
No. of countries	9

NIGERIA	
Total assets	$5,630m
Customer deposits	$3,538m
Total equity	$796m
No. of countries	1

CESA	
Total assets	$5,961m
Customer deposits	$4,510m
Total equity	$595m
No. of countries	18



AWA	
Total assets	$4,304m
Customer deposits	$3,180m
Total equity	$585m
No. of countries	5

Ecobank geographic regions

- Francophone West Africa (UEMOA)
- Nigeria
- Anglophone West Africa (AWA)
- Central, Eastern and Southern Africa (CESA)
- Non-Ecobank region
- Ecobank representative offices

International	
Total assets	$1,164m
Customer deposits	$221m
Total equity	$121m
No. of countries	4

*Totals for assets, deposits, and equity may not sum up to reported totals because of unadjustments for 'others and consolidation adjustments'.

More than
28 million
Customers

14,023 Employees
from **43** Nationalities
Male:Female Ratio
54:46

Present in **35** African Countries
(**33** Banking Subsidiaries and
9 Non-Banking Subsidiaries)

1985

$2.0 billion
Total Equity

$25.9 billion
Total Assets

Founded in 1985
Headquartered in
Lomé, Togo

690 Branches
66,408 Xpress Point Agents

International offices in
Paris, London, Dubai, Beijing

2,659
ATMs

Ecobank MOBILE

3
Listed on 3 Stock Exchanges -
NSE, GSE and BRVM

11 million Mobile App Users
40 million Digital transactions

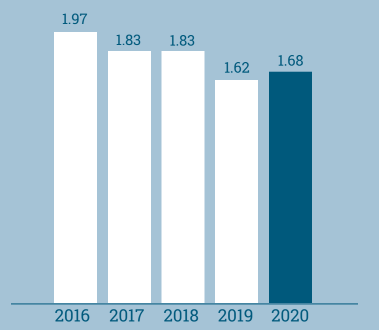
All figures as at 31 December 2020

OUR PERFORMANCE

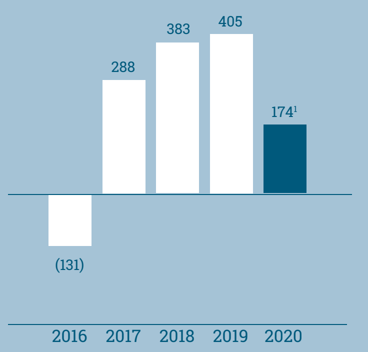
For the year ended 31 December (in millions of US dollars, except per share and ratio data)	2020	2019
Selected income statement data		
Operating income (net revenue)	1,680	1,622
Operating expenses	1,054	1,073
Pre-tax pre-provision operating profit	626	549
Impairment charges on financial assets	227	134
Operating profit after impairment charges and before taxation	399	415
Profit before tax (excluding goodwill)[1]	338	405
Profit before tax	174	405
Profit for the year	88	276
Profit available to ETI shareholders	4	194
Profit available per share (US cents):		
Basic	0.010	0.778
Diluted	0.010	0.778
Selected statement of financial position data		
Net loans and advances to customers	9,240	9,277
Total assets	25,939	23,641
Risk-weighted assets	15,628	15,503
Deposits from customers	18,297	16,246
ETI's shareholders' equity	1,503	1,477
Total equity	2,028	1,886
Ordinary shares outstanding (millions)	24,730	24,730
Book value per ordinary share (US cents)[2]	6.08	5.97
Tangible book value per ordinary share, TBVPS (US cents)	5.47	4.72
ETI share price (US cent)[3]		
High	2.21	4.14
Low	1.01	1.66
Period end	1.58	1.79
Selected ratios		
Profit for the year to average total assets (ROA)	0.4%	1.2%
ROA (excluding goodwill)	1.0%	1.2%
Profit for the year to total equity (ROE)[4]	0.3%	13.2%
ROE (excluding goodwill)	11.3%	13.2%
Profit for the year to tangible total equity (ROTE)	0.3%	16.5%
ROTE (excluding goodwill)	13.3%	16.5%
Tier 1 capital ratio	9.4%	8.8%
Total capital adequacy ratio (CAR)	12.3%	11.6%
Net interest margin	5.5%	4.7%
Cost-to-income ratio	62.7%	66.2%
Non-performing loans ratio	7.6%	9.7%
Non-performing loans coverage ratio	74.5%	58.3%

1. In 2020, we recorded a non-cash, non-recurring goodwill charge of $164 million ($159 million related to our acquisition of former Oceanic Bank in 2011).
2. Book value per ordinary share (BVPS) is computed by dividing the Group's shareholders' equity at period-end with the number of ordinary shares outstanding at period-end.
3. ETI share price on the Nigerian Stock Exchange at period-end converted into US dollars using Bloomberg applicable rate at period-end.
4. ROE is computed using profit available to ETI (parent company) shareholders divided by the average end-of-period ETI shareholders' equity. ROTE is computed using profit available to ETI shareholders divided by the average end-of-period tangible shareholders' equity. Tangible shareholders' equity is ETI shareholders' equity less non-controlling interests, goodwill and intangible assets.

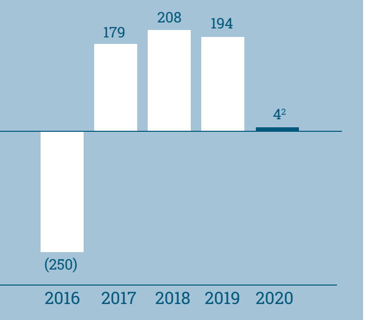
Operating income (net revenue) ($bn)



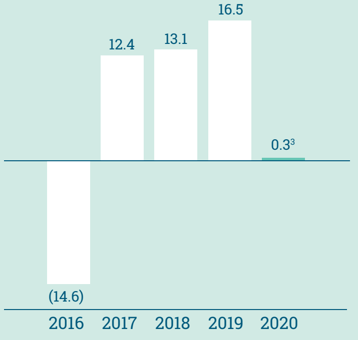
Profit before tax ($m)



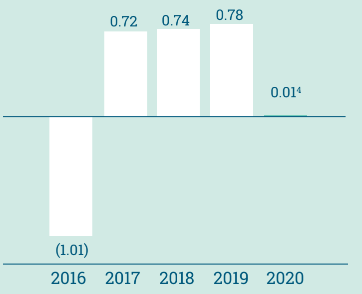
Profit available to ETI shareholders ($m)



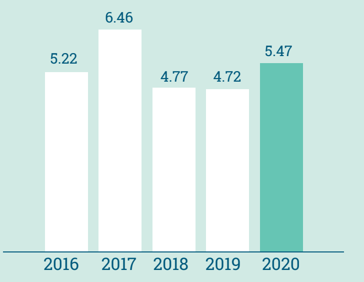
Return on tangible shareholders' equity (%)



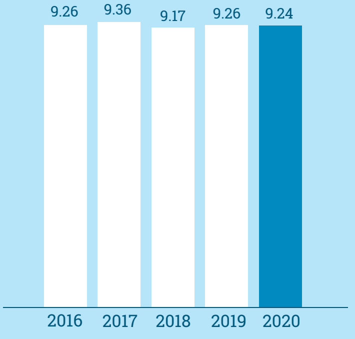
Diluted earnings per share (US cent)



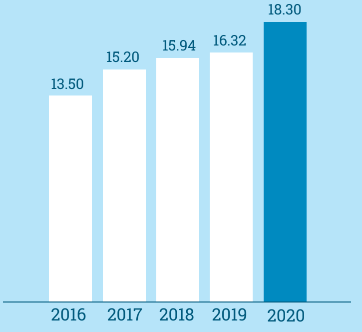
Tangible book value per share (US cent)



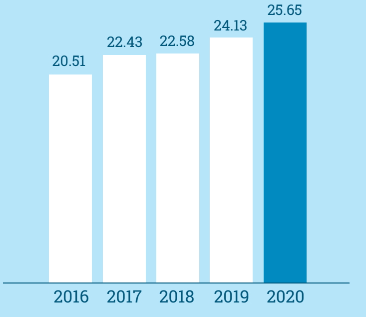
Net loans & advances to customers ($bn)



Deposits from customers ($bn)



Total assets ($bn)



1. Profit before tax is $338 million if the $164 million one-off, non-recurring goodwill charge is excluded.
2. Profit available negatively impacted by the goodwill charge of $164 million
3. Excluding the impact of the $164 million goodwill charge, ROTE is 13.3 per cent.
4. Diluted EPS for 2020 negatively impacted by the goodwill charge

OUR DIVERSIFIED BUSINESS MODEL

Manufacture financial products and services centrally and distribute them locally

Central Manufacture

Corporate and Investment Bank

Products

- Fixed income, currencies and commodities (FICC)
- Cash management
- Trade finance and services
- Loans and liquidity
- Securities, Wealth and Asset Management (SWAM)
- Investment banking

Customers

- Governments
- Regional & global corporations
- Financial institutions
- International organisations

Commercial Bank

Products

- Working capital financing
- Asset financing
- Gender financing
- Business prepaid cards
- Digital products and collections
- Trade finance

Customers

- SMEs
- Local corporates
- Local NGOs
- Local government agencies
- Faith-based organisations
- Educational institutions
- Healthcare institutions

Consumer Bank

Products

- Liability product
- Loans
- Payments
- Remittances
- Cards (pre-paid, debit, credit)
- Bancassurance
- Wealth solutions

Customers

- Affluent
- Emerging Affluent
- Mass Market
- Microfinance

Distribution

- Francophone West Africa (UEMOA)
- Nigeria
- Anglophone West Africa (AWA)
- Central, Eastern and Southern Africa (CESA)

Corporate and Investment Bank ($m)	
Net revenue	949
Pre-provision operating profit	522
Profit before tax	364
Customer deposits	7,560

Commercial Bank ($m)	
Net revenue	372
Pre-provision operating profit	92
Profit before tax	23
Customer deposits	4,285

Consumer Bank ($m)	
Net revenue	400
Pre-provision operating profit	74
Profit before tax	42
Customer deposits	6,452

Lines of business net revenue, pre-provision operating profit and profit before tax will not add up to total reported numbers because they exlude figures from 'Others' and are unadjusted for consolidation. For more info, refer to Note 6: Segment analysis, under the notes to consolidated financials statements.

OUR DIGITAL OFFERING

Ecobank MOBILE

Over 11 million registered, $3.3 billion processed

Send and receive funds, pay bills and merchants, open and manage your account from your mobile device instantly, anytime and anywhere, with Ecobank Mobile.

Xpress POINT

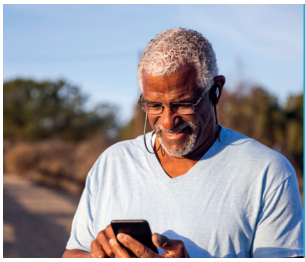
Over 66,000 agents registered, $1.5 billion processed

Conduct simple transactions, such as cash deposits and withdrawals, and other services all conveniently in your neighbourhood at our Xpress Points.

EcobankPay

182,426 merchants, $59 million processed

Pay for goods and services instantly and securely by simply scanning a QR code using EcobankPay via Visa, Masterpass or mCash, you choose.



Approximately 13,000 registered customers, $2.2 million of transaction volumes processed

Send money instantly and affordably to 33 African countries on our new Rapidtransfer App.

omni PLUS

Approximately 27,500 customers, with transaction volume growth of 21% to $27.7 billion

Manage your payments, collections, financial supply chain, trade business and liquidity management, giving you a unique experience across multiple geographies in a secure, efficient and effective manner.

omni LITE

122,631 customers, up 83% year-on-year, $3.6 billion processed transaction volumes

Manage your business accounts and payments more easily through Omni Lite. Digital banking solutions to help your business grow faster and go further.

ECOBANK VALUES

These values define what Ecobank stands for and are expected to shape the behaviours of all employees in every engagement that they have with customers, colleagues, communities, shareholders, regulators and all other stakeholders.

R A C E I T

RESPECT | ACCOUNTABILITY | CUSTOMER CENTRICITY | EXCELLENCE | INTEGRITY | TEAMWORK

RESPECT

I respect every Ecobanker and all our stakeholders.

I respect and value other people's opinions.

I create an environment where Africa's talents can deliver its best work.

I value and respect the communities in which I live and work.

ACCOUNTABILITY

I do my work and own the outcomes.

I accept responsibility.

I am not afraid to be honest, own up to my mistakes and stand corrected.

I speak up and encourage others to do the same.

CUSTOMER CENTRICITY

I strive to exceed our customers' expectations.

I am empathetic.

I am proactive and responsive.

I place customers at the centre of everything I do.

I build positive and trusted relationships with our customers.

EXCELLENCE

I go the extra mile.

I strive for excellence.

I am resilient.

I keep learning and delivering results.

I innovate and provide solutions.

INTEGRITY

I preserve my integrity.

I do what I say I will do.

I am transparent, honest and trustworthy.

TEAMWORK

I value teamwork and collaboration in making a positive difference.

I win with others and not alone.

I support other Ecobankers.

THE ECOBANK PLEDGE

These are the core commitments that every Ecobanker should make:

I am an Ecobanker.

1. I pledge to remain committed and to contribute selflessly to Ecobank. I am committed to the pan-African purpose of Ecobank.

2. I work to make financial services accessible to all and to use it as an instrument to unlock Ecobank's full potential in Africa.

3. I pledge to always uphold the highest standards of behaviour in the interest of customers, stakeholders, Ecobank and the communities we serve.

4. I manage Ecobank's assets and resources prudently and am mindful of our responsibility to ensure the long-term stability of our bank.

5. I am always guided by the best interests of Ecobank, our customers and partners. I never demand or accept payment for private gain.

6. I always treat my colleagues fairly and with respect. I embrace Ecobank's diversity.

7. I champion the sharing of knowledge and learn from it.

8. I contribute my full self with energy, transparency and accountability. I never place excessive demands on others.

9. I understand that living Ecobank's culture is a shared responsibility and I will maintain the highest level of ethical behaviour. I, therefore, pledge to speak up with courage if I ever see anything that is not right.

10. I pledge to accept and welcome constructive criticism – whether from my peers, those I report to, those who report to me or those who I serve. This is how we become stronger and win as one.

I am an Ecobanker and these are the promises that I make.

Ecobank is ahead of the curve in respect of environmental, social and governance (ESG) and corporate social responsibility.

Ethics in leadership and across the organisation is imperative, especially as we continue to focus on achieving momentum in execution, realising our objectives in a sustainable manner and being a trusted partner to our customers. The company's long-term success would be elusive without the appropriate culture, conduct and ethics.

We have initiated programmes on delivering excellence in Customer Experience and are embedding culture, conducts and ethics values throughout the organisation. These are both right and vital to the long-term sustainable success of our Bank and the progress to date is pleasing.

02

GROUP CHAIRMAN AND MANAGEMENT

A LETTER FROM THE GROUP CHAIRMAN

Alain Nkontchou
Chairman, Ecobank Group

"Ecobank's strengths include experience, customers, technology, digital platforms and geographic footprint. We are intent on growing our business and will remain at the forefront of trade, payments, remittances and financial inclusion by continually leveraging on technology and appropriate partnerships."

Esteemed shareholders,

It is my pleasure to share with you the 2020 Annual Report of the activities of our Group and its financial performance at our 33rd Annual General Meeting. Thank you for investing in Ecobank Transnational Incorporated. The board's accountability, duties of loyalty and care to shareholders and the company are fully represented by our independent and diverse perspectives and we are determined to deliver long-term value to shareholders.

I became Chairman of the Ecobank Group in June 2020, when our world was dealing with a health crisis brought on by the coronavirus pandemic. Indeed, we are still grappling with its social and economic impact. It is morally right, especially in such challenging times, that we step up to the mark to offer our support as best as we can. We did so by providing support in numerous ways to customers, employees, communities, health authorities and governments. Through our multiple distribution channels and the substantial investments that we have made in technology, we were well-prepared and able to offer seamless continuity of service to our customers. We also lent our support to the communities we serve. In many instances, we contributed healthcare equipment and supplies, in addition to leveraging our digital platforms to provide money to some of the most vulnerable members within our local communities.

The economic impact was a decline of 2 per cent and 5 per cent in sub-Saharan Africa's output and per capita income respectively, heralding the region's first economic recession in 25 years. Thankfully, economic output growth of 3.4 per cent according to IMF is forecast for 2021, but rising government debt, potential delays in COVID-19 vaccinations and threats of new variants could pose downside risk to the economic recovery.

An assessment of our Roadmap to Leadership strategy

My chairmanship also began in the final year of our five-year Roadmap to Leadership strategy. However, having been on the board since 2015, I am well aware of the company's performance since then. I will briefly provide you with a performance assessment highlighting our areas of success and the objectives that we have yet to achieve.

To deliver on the business opportunities, we reorganised our lines of business and geographic footprint around the concept of 'manufacture centrally, distribute locally'. This model ensures that we work as one company instead of as a fragmented group of banks. It also helps in reducing costs and driving operational efficiencies. We invested heavily in technology and digitalisation, cognisant of the digital disruption that was taking hold in the financial industry. To improve their operational and financial performance, we restructured Nigeria and the Central, Eastern and Southern Africa (CESA) region, implementing a suite of efficiency initiatives, including closing physical branches and reducing staff. We dealt head-on with the legacy credit portfolio quality issues. Unfortunately, it necessitated taking huge provisions, especially during the earlier years, which adversely impacted our profits. Consequently, the health of our credit portfolio has now significantly improved due to the actions we took.

We have further strengthened our balance sheet. Successful capital raises at the holding company level were used to lengthen the maturity profile of debt, easing up liquidity pressures. We transitioned to Central Bank of West African States (BCEAO)'s Basel II/III regulatory capital rules, which although more stringent, have enhanced the safety and soundness of the banking systems. Our adoption of IFRS 9 resulted in a day one provision hit on our balance sheet which has, however, improved disclosure and transparency around the credit portfolio.

We launched our Customer Excellence programme to ensure that we serve our customers and clients with care and diligence. We have initiated programmes on delivering excellence in customer experience, and are embedding Culture, Conduct and Ethics values throughout the organisation. These are both right and vital to the long-term sustainable success of our Bank and the progress to date is pleasing.

The determination of Ecobankers to support our customers, communities and each other, is evidence of the continuing success of this programme. As a Bank, I also strongly believe that Ecobank is ahead of the curve in respect of the very important issues of environmental, social and governance (ESG) and corporate social responsibility.

However, our overarching goal of delivering returns above the cost of equity has not yet been met. Our Group-wide return on tangible equity of 13.3 per cent (excluding the goodwill charge) in 2020 is still below our cost of equity. We are achieving steady progress in return on equity (ROE) expansion on a regional basis: Nigeria and CESA's ROE have improved following restructuring exercises, while UEMOA and AWA's entrenched leadership positions sustain high ROEs.

Priority areas for 2021, strategic goals and medium-term expectations

ETI's Board of Directors' fiduciary duty is to be accountable to shareholders and to take all the necessary steps to ensure the long-term success of the company. Under my stewardship, I will work with the board and executive management to drive the strategic imperatives towards that goal.

Ecobank's strengths include experience, customers, technology, digital platforms and geographic footprint. We are intent on growing our business and will remain at the forefront of trade, payments, remittances and financial inclusion by continually leveraging on technology and appropriate partnerships.

As noted, we have invested heavily in technology across our businesses and support functions, but we are not resting on our laurels. The competition is fierce, and competitors are non-traditional in their nature. We will continue to update our IT systems, ensuring all upgrades include in-built application programme interfaces (APIs) to enable further integration, to expand our partnership capabilities and further our Open Banking strategy.

Lending is the core of the banking business and supportive of economic growth. However, the COVID-19 pandemic necessitates that we adopt a somewhat cautious stance and lean towards liquidity preservation. However, the Bank is prepared to recoup its eminent role of capital provider as the pandemic crisis eases and African economies reopen.

Our Nigerian business has been a laggard for some time now. Understandably so, given the legacy issues and other internal problems that we have had to address. We are focusing intensely on the turnaround of Nigeria and this is a key priority for the board and the management. Thankfully, its balance sheet has been strengthened, it has adequate capital and liquidity and is now suitably positioned to execute its turnaround strategy successfully.

Delivering a return on the equity capital that shareholders have entrusted to us is a stewardship duty that the board takes very seriously. We have made meaningful progress on this front despite all the challenges that we have had to face recently. But our ROE is not where we would like it to be. Under my stewardship, the objective is to achieve Group-wide ROE of 20 per cent or higher in the medium term.

The implementation of the African Continental Free Trade Area on 1 January 2021 will take time to bed in, but it presents us with huge opportunities for trade finance, payments and advisory services. We are focusing on a country-by-country strategy while leveraging on our geographic footprint, the scalability of our products and the low cost-to-serve benefits of our digital ecosystem.

It is my intention to institute pay-for-performance compensation for Ecobank's senior management to ensure that their interests are fully aligned with that of shareholders. We will ensure that true performance within our approved risk framework, productivity and value-add are overtly measured and that rewards are transparent.

Financial performance

Our 2020 financial results were satisfactory when viewed against the difficult operating environment. Profit for the year at ETI, the holding company, was $201 million compared with $184 million in 2019. For the consolidated Group, net revenues increased 4 per cent to $1,680 million and profit before tax decreased 57 per cent to $174 million. Profit available to ETI shareholders was $4 million, down from $194 million in the previous year, resulting in diluted earnings per share of 0.01 US cents, compared to 0.778 US cents in 2019. Significant drivers impacting our results were the goodwill charge of $164 million and the hyperinflationary net monetary loss of $61 million.

Our balance sheet is liquid and adequately capitalised. Record deposit growth in 2020 boosted liquidity levels. Our Tier 1 capital ratio improved to 9.4 per cent from 8.8 per cent a year ago, and our total capital adequacy ratio (CAR) improved to 12.3 per cent, from 11.6 per cent in 2019. Fuller commentary on our results is provided in the Group CEO's Letter.

Shareholder returns

Shareholders have not received a dividend since 2016 and the Group will not be paying a dividend for 2020. As always, coming to this decision is a difficult one for your board, but the challenging operating environment required us to be prudent. Also, ETI's double leverage ratio (ratio of ETI's investments in subsidiaries to its total equity), which is a metric to which credit rating agencies pay close attention is high, and a dividend payout would increase it further. Our ability to distribute capital was further impacted by a decrease in the dividends received from our operating subsidiaries as central banks curbed payouts in a bid to maintain safety and soundness amid the pandemic in their national financial systems.

ETI's share price declined 7.7 per cent on the Nigerian Stock Exchange (NSE). The decrease was below the NSE Banking index rise of 10 per cent during the same period. Our stock price was unchanged on the Ghana Stock Exchange (GSE) but declined 7.1 per cent on the Bourse Régionale des Valeurs Mobilières SA (BRVM). Currently, the market is valuing our stock at a price below the carrying value of reported shareholders' equity. What is important for your board and management is to ensure that we increase the value of the business, by ensuring growth at returns higher than the cost of capital. If we do this well, we believe our share price will trade close to the business value of the company.

Major developments during the year

Although 2020 was largely dominated by effects of the COVID-19 pandemic, there were several milestones delivered by Ecobank during the year and I will highlight the following:

Our partnership with China's Alipay, the world's leading payment and lifestyle platform, is leveraging the scalability of Rapidtransfer, our cross-border remittance solution, and our unified payments ecosystem, onto the global stage.

As part of our comprehensive support for the African Union's AUDA-NEPAD '100,000 MSMEs by 2021' programme, we are lending to Africa's micro-, small- and medium-sized enterprises (MSMEs), have launched the MSME Academy to provide them with training and resources, and are supporting the building of the MSME digital platform.

Our 'Ellevate' programme supports women-led/owned/focused businesses with collateral-light funding options, smart cash management, mentoring, networking and other support. Targeting this largely untapped sector offers us huge growth opportunities.

Ecobank won numerous African awards during 2020 including:

- African Bank of the Year; and Bank of the Year for our affiliates in Gabon, The Gambia, Guinea, Guinea-Bissau and Togo (from The Banker).
- African Banker; Pan-African award for Financial Inclusion; and Best Bank award for our affiliates in Burkina Faso, Cabo Verde, Chad, Gabon, The Gambia, Guinea, Liberia and Mali (from EMEA Finance).
- African Bank of the Year; and Innovation in Financial Services Award (from African Banker).
- Most Innovative Bank in Africa; and Outstanding Crisis Leadership – Finance & Business (from Global Finance).
- Africa's Best Bank for Corporate Responsibility (from Euromoney).

Board changes and corporate governance

The following changes were made on the ETI board during 2020:

- Dr Georges Agyekum Nana Donkor was appointed as a Non-Executive Director to replace Mr Bashir Mamman Ifo as the representative of ECOWAS Bank for Investment & Development (EBID). Dr. Donkor was recently appointed President of EBID, following the retirement of his predecessor, the late Mr Bashir Ifo. Dr. Donkor is a lawyer, banker and marketing consultant with over 25 years experience in senior management capacities across fields including finance, strategic management, marketing, legal, compliance and administration.
- Ms Zanele Monnakgotla became a Non-Executive Director as the nominee of the Public Investment Corporation (PIC) of South Africa. Ms Monnakgotla has over 20 years' public and private sector experience in structured finance and strategy. She replaced Dr. Daniel Matjila, who resigned from the ETI board when he left his role as Chief Executive Officer of PIC.
- Mr Simon Dornoo was appointed as an Independent Non-Executive Director. He has over 25 years' experience in banking and allied financial services at institutions including GCB Bank, Barclays Bank, Cal Bank and KPMG.
- Prof Enaze Okonedo was also appointed as an Independent Non-Executive Director. She is a Professor of Management, the Deputy Vice-Chancellor of Pan-African University, Nigeria, and has over 30 years' experience in the financial services and management education sectors.
- I was appointed as Chairman of the board with effect from 30 June 2020, replacing Mr Emmanuel Ikazoboh, whose six-year tenure as Chairman ended on 30 June 2020 having reached the retirement age of 70. I am immensely appreciative of Emmanuel Ikazoboh's huge service and contribution to Ecobank and extend my heartiest thanks to him.

After the financial year ended on 31 December 2020, the following member joined the ETI board:

- Mr Hervé S. Assah was co-opted as an Independent Non-Executive Director. He is Founder and Managing Partner of a fund management company focusing on growth companies in sub-Saharan Africa and his experience includes 21 years at the World Bank.

I take this opportunity to formally welcome all new directors onto the board.

Outlook

The coronavirus pandemic has caused significant strains on African society and economies with the final impacts still unknown, making confidence in forecasts of the future business environment considerably more difficult than normal, even in the short term. Much may depend on the timing and distribution of COVID-19 vaccinations throughout sub-Saharan Africa and the speed with which sectors recover from the challenges and disruptions caused by the pandemic.

The pandemic has dramatically accelerated digital adoption by our customers. We are encouraging digital onboarding and will extend our digital agenda during 2021. We will carefully monitor new partnership opportunities that can energise new business, enrich our customer experience, accelerate data efficiency and deliver on our ESG mandate in sub-Saharan Africa.

African economies have much to gain from numerous favourable factors that are unique to Africa over the course of the next decade and beyond. The Ecobank Group's investments in technology and its people have ideally positioned us to take advantage of the huge impending growth opportunities in payments and demand for trade finance in and beyond sub-Saharan Africa. I am confident that the hard work that the management team has done over the years has better positioned us to grow, resume dividend payments and create significant value for our shareholders.

I would like to applaud the dedication, determination and commitment of your board, executive management and all staff in meeting the immense challenges during an extremely difficult year.

Alain Nkontchou
Chairman, Ecobank Group

A LETTER FROM THE GROUP CEO

Ade Ayeyemi
Group Chief Executive Officer

"We have invested and focused significantly in 'Building Back Better' to position us for long-term growth and sustainability. We will be driving our execution momentum agenda towards utilising these investments to deliver revenue expansion and the generation of long-term growth and return of capital for the company and its shareholders."

Fellow shareholders

In 2020, the world witnessed the coronavirus pandemic, testing the resilience of the human spirit in rising to the many challenges. It was a poignant reminder for all that carefully crafted predictions of future outcomes can evaporate overnight. Indeed, a humbling experience! However, through collective resilience and perseverance, we saw first-hand the unrelenting efforts of governments, businesses and households to keep citizens, clients and loved ones safe.

Across the globe, nations swiftly hunkered down into lockdowns and shut their land and air borders to contain the spread of the virus and save lives. Supply chains everywhere were disrupted with swathes of businesses, including tourism, leisure, entertainment and commodity exporters in uncharted territory and negatively impacted. By the second quarter of 2020, global economic output had contracted and real GDP in Africa had declined, including in several of our markets.

We had to pause to reflect on the core fundamentals that continue to make the Ecobank Group unique and successful: our essential role to provide all our customers with convenient and reliable financial products and services wherever they are. As we are an essential service and need to be available to support our customers, we set up a COVID-19 task force and were able to activate our business continuity plans seamlessly, thanks to the massive investments that we had previously made in building and continuously enhancing our technology infrastructure. We enabled 60 per cent of our 14,000 workforce across our network of 35 African and four overseas countries to work from home safely and securely, with minimal disruption to serving our customers. For those who had to be in offices and branches to serve customers, we ensured the working environment was COVID-19 compliant and we provided World Health Organization (WHO)-approved personal protective equipment (PPE) to our front-line workers.

I am immensely proud that our great team of Ecobankers overcame the unprecedented personal challenges caused by COVID-19 and displayed such determination and dedication in providing excellent service and experience to our customers. Our people are our greatest strength.

The gradual shift from physical to digital channels among consumers accelerated with the pandemic, which has changed the way that we work in so many ways. We were prepared and ensured that we steadfastly provided our customers with 24/7 access to their financial services needs. For example, our call centres were open, and Rafiki, our artificial intelligence (AI) self-help bot, supported routine banking services. Our full suite of banking services remained available on all our digital platforms: mobile, online, Omni Plus and Omni Lite.

Ecobank's response to coronavirus pandemic

Employees

- Activated our **Business Continuity Plan** to ensure seamless workflow remotely
- Over **60%** of Ecobankers working from home
- Redesigned working environment and workflow to meet COVID-19 protocols
- Provided WHO-approved personal protective equipment to all staff
- Ensured constant communication flow, support for employees and internal enlightenment campaign

Customers

- **ATMs** and **call centres** remain open 24/7
- Full range of banking services available on our digital platforms: **Ecobank Mobile** and **Ecobank Online** available to our consumer customers, and **Ecobank Omni Lite** and **Ecobank Omni Plus** to meet the needs of SMEs and large businesses
- **Waived some fees** on our digital channels
- Adhering strictly to guidance from WHO, governments and health agencies making it **safer for our customers to visit our physical locations** by providing temperature checks, crowd control, hand sanitisers and social distancing, among other measures
- **Co-leading, with the African Union-NEPAD** to support MSMEs with technical knowledge, mentoring, knowledge sharing and financial support

Communities

- Contributed circa **$3 million** in the form of cash, healthcare equipment and supplies
- Continue to embark on sustained and robust COVID-19 awareness campaigns
- Leveraging our digital banking platforms to provide money to some of the most vulnerable members in our communities

Ecobank Ghana making a donation to support the fight against COVID-19

Several African nations entered the pandemic with limited fiscal space, which made providing their citizens with direct financial support to the same extent as in developed countries nearly impossible. Consequently, businesses needed to rise to the challenges, work and support governments in 'Building Back Better'. Ecobank co-led with the African Union-NEPAD an initiative to support micro-, small- and medium-sized enterprises (MSMEs), with technical knowledge, mentoring, knowledge sharing and financial support so that they can weather the storm caused by the pandemic. We have helped many small businesses to survive and tried to lessen the impact of the recession. Our expansive geographical footprint and digital products allowed us to work with non-governmental organisations (NGOs) and healthcare providers to support some of the most vulnerable members of our communities with much-needed supplies and funds. We were keenly aware of what we needed to do to fulfil our Africa purpose and our numerous initiatives reflected our compassion to support our employees and communities.

Foundational success of our Roadmap to Leadership strategy

You will recall that in my letter to shareholders in 2016, I introduced our five-year 'Roadmap to Leadership' strategy which was crafted to enable us to capitalise fully on the inherent strengths of our pan-African franchise to generate long-term shareholder returns. In my subsequent annual letters, I provided updates on the milestones achieved.

In the first three years of our strategy, we focused intensely on building the proper foundation. Thereafter, we launched the consolidation and execution phase to drive growth, especially in Nigeria and CESA. We have achieved an enormous amount in the last five years, although there are still some areas in which we need to deliver sustainable execution. Strategy as we know is dynamic, non-linear and never stops. As developments in the operating environment changed, we adjusted quickly to ensure we stayed on track. Our flexibility allows us to focus on those areas of our strategy that we are yet to achieve.

Roadmap to Leadership strategy: The Journey

2016 | 2017 | 2018 | 2019 | 2020

Bold and strategic actions to 'Secure the Company's Foundation'		Some headwinds faced
Fit-for-purpose business model	Nigeria positioned for success	Basel II/III Capital – FCTR impact
Reset the cost base	Restructured CESA	IFRS 9 and Day 1 impact
Repositioned credit portfolio	Invested in people	COVID-19 pandemic
Modernised technology	Improved liquidity	Goodwill charge
Digitally transformed the business	Upgraded core banking platform	Elevated risk of the credit portfolio

Foundation secured

We recognised that for long-term and sustainable success we must make ongoing investments in our people, products and capabilities. Aside from investment and the nurturing of talent, we also ensured a strong balance sheet and continuous improvement in our risk controls and governance. From the outset, we were certain about the franchise potential of our pan-African footprint. However, the company's go-to-market approach needed recalibration, especially given the wave of technological advances and competitive forces that were sweeping through the banking industry. We redesigned our business model to be more customer-centric, transferred some power to our regions in a controlled way and streamlined our operations, using our 'manufacture centrally, and distribute in our various local markets' model to ensure our one bank concept. Ecobank has significant strengths on which we leverage, including brand, economies of scale and our deep relationships with customers across Africa.

We were able to restructure our Nigeria and Central, Eastern and Southern Africa (CESA) regions, to position them for future growth. We deepened our Francophone West Africa and Anglophone West Africa leadership positions. We also increased Ecobank Côte d'Ivoire's capital position to enable it to participate in the growth that we see in the Francophone market. Ecobank Côte d'Ivoire is now listed on the Bourse Régionale des Valeurs Mobilières (BRVM).

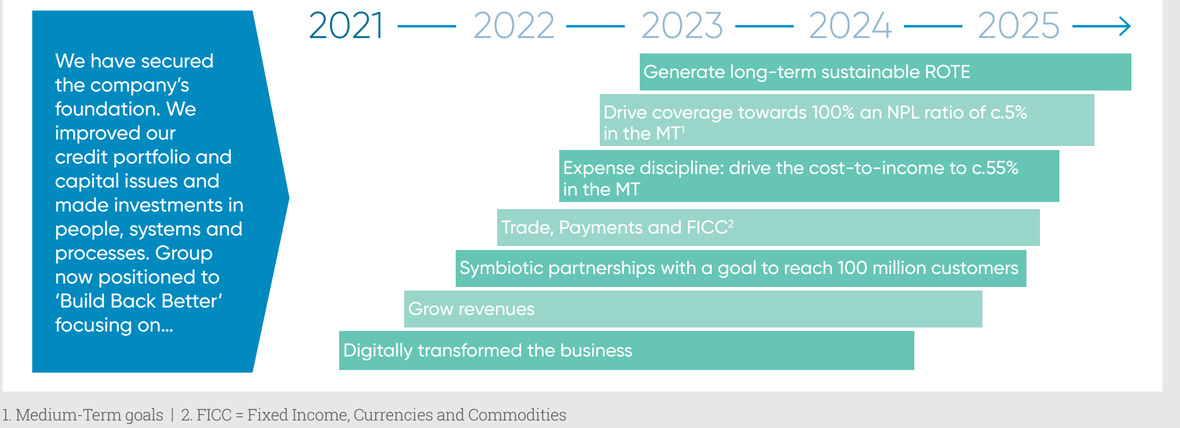
Cost base reset

We acted on our bloated cost structure. With the success of our digital transformation, we closed about 578 physical branches and, through a right-sizing exercise, reduced headcount by about 5,500 people. Our procurement process was rationalised, while we also optimised some of our real estate space. We now have two Regional Processing Centres (RPCs) in Lagos and Abidjan to handle routine back-office operations for the entire network, reducing our marginal cost-to-serve customers. Since 2015, we have reduced operating expenses by about $300 million, or at a compounded annual growth rate (CAGR) of -5.1 per cent, despite the cost of restructuring and substantial investments in technology. Our cost-to-income ratio improved from 64.9 per cent in 2015 to 62.7 per cent as of year end 2020.

$300 million

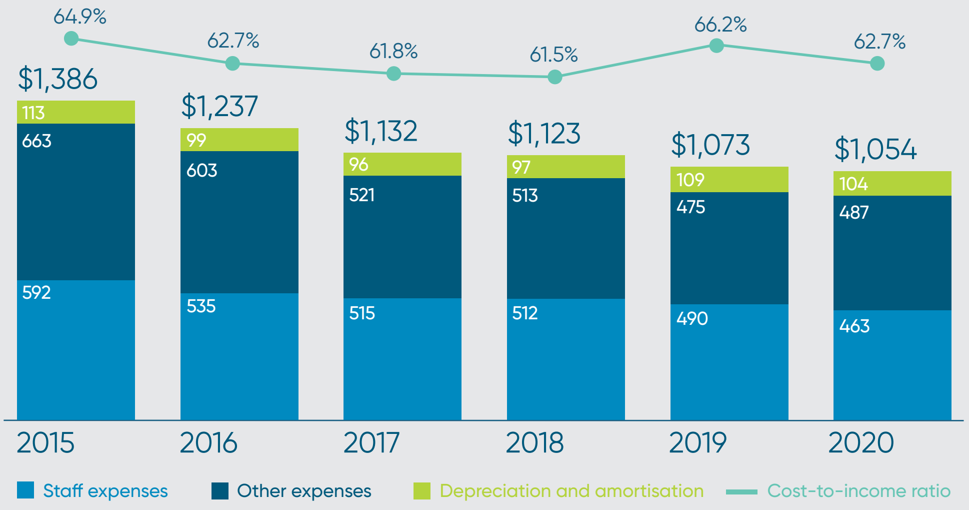
Net expense savings achieved since 2015. Cost-to-income ratio has improved from 64.9% in 2015 to 62.7% in 2020

Current phase: Execution momentum

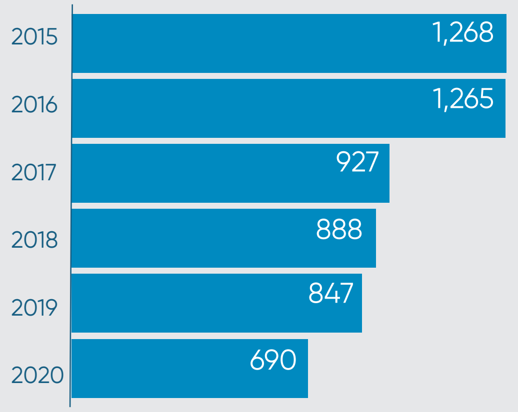


1. Medium-Term goals | 2. FICC = Fixed Income, Currencies and Commodities

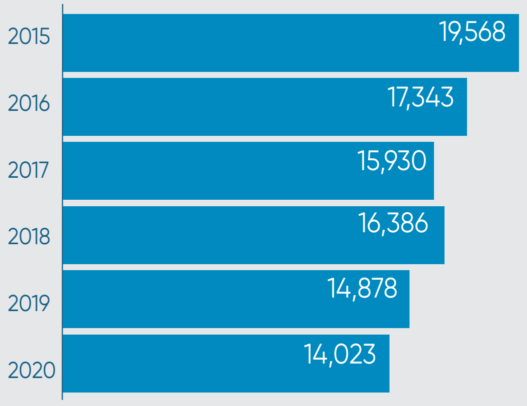
Operating expenses ($ millions)



578 branches closed since 2015



Headcount down by 5,545 since 2015

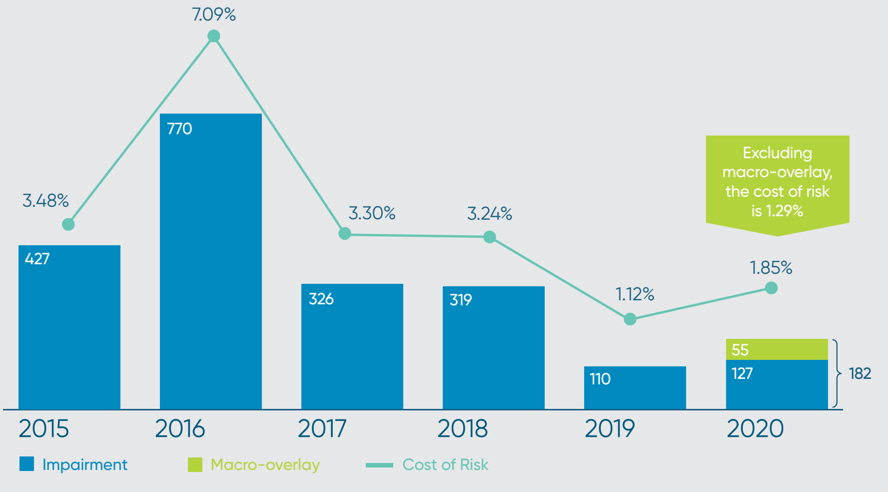


Legacy credit quality issues addressed

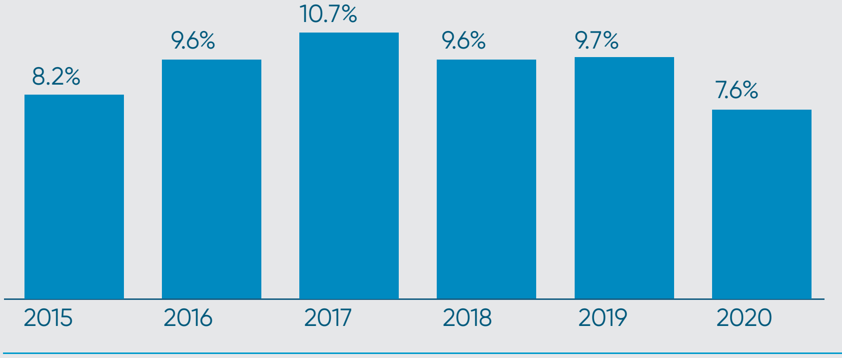
The poor credit quality of the loan portfolio presented a hurdle to growth. This was of particular concern in Nigeria, our largest market, where past acquisitions and poor credit underwriting had created portfolio problems. We took some bold decisions to reset the portfolio. For example, we raised $400 million via a convertible debt and used some of the proceeds to set-up the resolution vehicle, which injected additional liquidity into Nigeria by purchasing some of the troubled loans. The funds helped Nigeria to preserve capital and boost liquidity.

Since 2015, we have taken about $2.0 billion in net impairment charges on loans and advances to address these legacy issues. As a result, the risk inherent in our credit portfolio has been declining over time. The cost of risk, a metric which reflects credit portfolio risk, has fallen from 7.1 per cent in 2016 to 1.9 per cent in 2020. We also implemented an aggressive non-performing loans (NPL) strategy to accelerate recoveries and collections of past due obligations and written-off loans. We have collected and recovered nearly $750 million of non-performing and written-off loans since 2016. The bold actions improved the NPL ratio to 7.6 per cent from 9.7 per cent in 2019.

Net impairment charges on loans ($ millions) and cost of risk



Trend of NPL ratio



Becoming the bank of the future

To be the bank of the future required a fundamental paradigm shift away from a traditional banking mindset to a digital one. We had to modernise our ageing technology infrastructure, to ensure that we can meet the continuously evolving needs of our customers, as well as the marketplace challenges.

Let me highlight a few of the things that we did. We moved from a low level of automation of transaction processing between systems to multi-channel, state-of-the-art capabilities, through for example, the Ecobank Mobile App, Ecobank Online, Omni Lite, Omni Plus, EcobankPay and Rapidtransfer. We set up business intelligence and big data capabilities, which were previously non-existent. We upgraded our data and recovery centres, which were 88 per cent end-of-life and built a Tier 3 data centre enabling 99.5 per cent of service availability. Additionally, we upgraded our network infrastructure, including changing network links from Multi-protocol label switching (MPLS) to International Private Leased Circuit (IPLC) technology, strengthened our data protection measures and utilised cloud capabilities, which all offer numerous benefits. IPLC enables fast, cost-effective and secure data transfer and communication across the organisation.

Furthermore, we have completed over 115 integrations, utilising our sandbox platform (corporate API), which allows third parties integration capabilities to use our products seamlessly and further strengthens our capabilities and attraction for entrants to our annual Fintech Challenge. Finally, we upgraded our core banking system to a newer more robust version with all our banking and non-banking subsidiaries now migrated onto the newer version. Overall, we have spent over $400 million in modernising our technology.

>$400 million

Amount spent modernising our technology infrastructure since 2016

Today, we have the technological capabilities to compete fearlessly in the digital banking space and are well-prepared with our two modern data centres equipped to ensure product and solutions development and deployment, payments functionalities, as well as our trade proposition, amongst others.

Our strategic journey was not without speed bumps

Our strategic journey has not been without bumps along the way. For one, well-intentioned regulatory and accounting rules often created setbacks. For instance, complying with the new Basel II/III rules of the BCEAO – the Central Bank of West African States (Banque Centrale des États de l'Afrique de l'Ouest) – in January 2018 required the deduction of foreign currency translation reserves (FCTR) from the computation of regulatory capital. FCTR is usually unfavourable for the Group because African currencies typically depreciate against the US dollar, our reporting currency. Since adopting the capital rules, we have deducted $603 million in net cumulative FCTR from Tier 1 capital. Overall, capital levels have fallen from 23.9 per cent (Basel I) to December's CAR of 12.3 per cent. However, we have dealt with this in line with our commitment to the future of the continent. Also, acknowledgment that a financial system is safe and sound is important for all stakeholders.

Our adoption of IFRS 9 – Financial Instruments on 1 January 2018 also had an impact on capital. IFRS 9 required impairment charges to be recognised on initial recognition and at each subsequent reporting period, even if the losses have not yet been incurred. The new rule had an immediate impact on our book equity and capital ratios (through a phased-in approach) because we had to increase reserves on non-performing loans and performing loans. The day one impact was $299 million, reducing book equity from $2.17 billion on 31 December 2017 to $1.83 billion on 1 January 2018. Regarding its impact on capital ratios, we were permitted to spread the $299 million over a period of years. As of 31 December 2020, we have deducted $200 million from regulatory capital and plan to phase in the remainder by 2023.

In addition, a 2019 directive from the Central Bank of Nigeria, regarding legitimate loans granted to some petroleum marketing companies for the supply of petroleum products based on a government-related fuel subsidy, resulted in us having to reverse Ecobank Nigeria's interest income of $79.5 million for 1 July 2017 to 31 December 2018, and by a further $52 million for 2019.

Culture, Conduct & Ethics transformation programme

Ethics in leadership and across the organisation is imperative, especially as we continue to focus on achieving momentum in execution, realising our objectives in a sustainable manner and being a trusted partner to our customers. The company's long-term success would be elusive without the appropriate culture, conduct and ethics.

After launching the independent Culture, Conduct & Ethics transformation programme, the company continues to prioritise the execution of an action plan of 52 actions that will lead to cultural transformation and embed organisational ethics throughout the organisation.

Highlights of the transformation include:

- a new set of unified Corporate Values across the Group: 'Respect, Accountability, Customer Centricity, Excellence, Integrity and Teamwork' ('RACEIT'). Various digital engagement activities were held involving Group Executive Management, affiliate MDs and all employees;
- the launch of an inaugural Code of Conduct for the Group;
- the creation of behavioural standards which are codified in the inaugural 'Ecobank Pledge';
- a revised Whistleblowing Policy with further additional channels for staff to speak-up. This was further supported by an internal 'speak-up' campaign;
- an Ethical Decision-Making framework for the Group, to assist employees to navigate difficult and ethical decision-making. The framework is known as 'The three lenses of Ethical Decision-Making, The right, the good and the fitting'; and
- a leadership forum, promoting leadership role modelling for business leaders across the Group. A series of forums were held including special forums for all board Chairs Group-wide, business leaders across the Group and for 1,600+ Ecobank leaders Group-wide (via Group and a series of half day sessions across 39 affiliates and entities).

Several people management-related frameworks, processes and policies were revised to ensure transparency in processes and consistency of standards. These enhancements include changes to hiring, onboarding, talent management, performance management and ongoing employee management.

The company recognises the long-term nature of the transformation and is actively working towards achieving the desired outcomes.

Customer excellence

Reputation is earned with every one of our engagements with customers and it is essential that we provide them with great products, clear and fair pricing, continual innovation and the responsive service that they want.

Customer loyalty and satisfaction drives revenue, especially in our fee-generating businesses. We needed to ensure that we were covering all our bases to exceed the expectations of our customers.

Customer experience (CX) relates to all the experiences that a customer has across our channels, products, services, functionality and people. Hence, we created a Group Head role for CX and went about the difficult task of ensuring customer service was not just lip service but an activity that we take very seriously. To deliver insights-driven experience on our ambitious CX vision, our transformational actions have included redesigning key customer journeys – account opening and onboarding, debit account issuance/renewal, loan applications, mobile money transfers, complaints and more – across our organisation; building a customer-first culture; providing robust and comprehensive CX-enhancing training to empower all Ecobankers; improving ease of service delivery and enhancing speed of resolution; and building an effective CX function supported with cross-functional governance. Ensuring excellence in CX is a key priority for the Group Executive Committee and the progress of our CX transformation is always discussed at each of their monthly meetings.

We have developed seven principles of CX to keep the customer at the front of our minds and as a guide for everything that we do: see it from their point of view; recognise them and tailor our offers; take responsibility and resolve it first time; keep them informed; be accessible and efficient; do what we say we will; and go the extra mile.

The intent of our CX transformation is to ensure that:

- Ecobank is the African bank that customers trust that they have a positive relationship with and makes them feel that they are valued customers;
- customers experience global excellence at Ecobank, with them and their situation being understood. They should feel a sense of achievement and get more time to do the things that they enjoy; and
- customers of Ecobank regard it as their partner for success, whenever and wherever, and believe that the bank cares, helps them grow, fulfils their needs and sticks with them.

Financial discussion

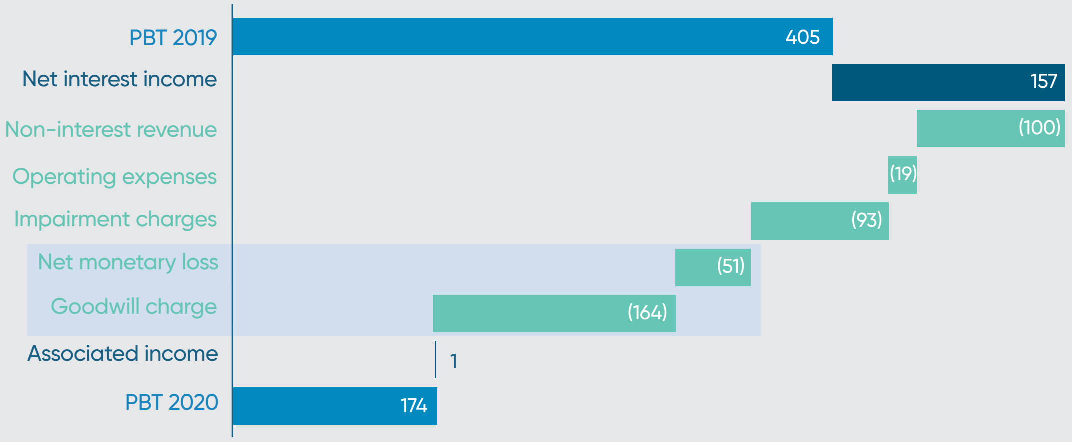
Encouraging earnings growth

We grew revenues by 4 per cent to $1.68 billion, despite a difficult operating environment. However, reported profit before tax declined by 57 per cent to $174 million due to a number of factors which I have detailed below. Profit available to the shareholders of Ecobank Transnational Inc. (ETI), the parent company, was $4 million compared with $194 million in 2019. Diluted earnings per ordinary share (EPS) was 0.01 US dollar cents compared with diluted EPS of 0.78 US dollar cents in 2019. Our per-share tangible book value rose 16 per cent to 5.47 US dollar cents. We delivered a return on tangible shareholders' equity of 0.3 per cent (13.3 per cent excluding the goodwill charge), compared with 16.5 per cent in 2019. The following were the primary factors that impacted our reported profit before tax: $227 million of provisions (impairment charges), $164 million of one-off goodwill charges and $61 million in hyperinflationary net monetary losses.

Profit before tax – the drivers

Whilst our profit reflects a much lower figure than the prior year, this should not be taken as a true reflection of the significant progress that we have made over the years and in 2020, despite the challenges of the pandemic.

Profit before tax ($ millions) - adversely impacted by net monetary loss and goodwill charge



Our pre-tax pre-provision operating profit, which is net revenue minus operating expenses, of $626 million should be highlighted. It reflects our core business's performance and our capacity to absorb impairment charges, where necessary. In 2020, we grew this amount by $77 million, or 14 per cent, from $549 million. We achieved this feat with improved balance sheet management. The pandemic did provide some tailwinds, but the culture of expense discipline – a cardinal principle of our strategy – formed the bedrock.

The next factor is the $182 million of impairment charges on loans ($227 million if impairment charges on other assets are included). This number increased by $72 million, mainly in response to COVID-19, partly from the support that we provided to those of our clients whose ability to make good on their loan repayments was impaired. The $182 million also included a macro-overlay of $55 million, which we took as a mitigant buffer against the uncertain economic outlook.

We then had a $164 million goodwill charge which negatively impacted profit. It is important to note that the goodwill charge has no impact on our liquidity and regulatory capital because for the computation of the latter, goodwill is deducted to arrive at Tier 1 capital. The large portion of the goodwill, a one-off $159 million, relates to ETI's acquisition of Oceanic Bank (OCB), in October 2011. The goodwill is the excess amount paid above the fair value of the identifiable assets of OCB, which typically reflects the expected synergies and potential returns and profit expected on the deployable net tangible assets. Goodwill is tested for impairment periodically or when specific indicators exist. COVID-19's challenges and Nigeria's economic recession presented such indicators. Therefore, a revaluation resulted in a recoverable amount that was less than the carrying value and associated goodwill. We opted to take a conservative approach and wrote-off the goodwill.

The net monetary loss of $61 million relates to hyperinflation in Zimbabwe and South Sudan. Hyperinflation is a situation that arises when the general prices of goods and services, measured by inflation, rises abnormally. In such a case, accounting rules require that we restate non-monetary assets and liabilities, shareholders' equity and other comprehensive income at current Consumer Price Index (CPI) rates. The results are a net monetary gain or loss. In our case, we incurred a loss that adversely impacted profits.

Our cost-to-income ratio improved to 62.7 per cent, in line with our target for 2020, from 66.2 per cent in 2019. The improvement reflected the actions we continue to take to reset the company's cost base, despite incurring one-off restructuring costs of $32 million. The restructuring costs related to the closure of 145 branches in Nigeria and severance costs of $12 million associated with Group-wide headcount reductions of about 850 people. There were also expenses relating to a litigation accrual of $12 million, which was fully provisioned.

Profits from business lines impacted by pandemic-induced impairment charges and net monetary losses

Our business lines performed well. Corporate and Investment Bank (CIB) grew revenues by 17 per cent to $949 million, driven by the Trade and FICC businesses. Pre-tax pre-provision operating profits rose 34 per cent to $522 million, and profit before tax of $364 million, increased by 10 per cent. Among other things, CIB focused on digitising as many of its corporate clients as possible during the year.

Commercial Bank (CMB) generated revenues of $372 million, up 3 per cent from the prior year. Profit before tax, however, fell 54 per cent, predominantly driven by higher impairment charges because of COVID-19. During the year, CMB focused on enriching the relationships with its SME clients, introducing Omni Lite with a self-onboarding feature that significantly increased volumes.

Consumer Bank, primarily serving individuals, suffered disproportionately from the pandemic. Consumers were hard hit and spending activity slowed as a result. The decrease in consumer activity drove a 4 per cent decline in revenues to $400 million, while profit before tax decreased by 37 per cent, largely because of higher impairment charges.

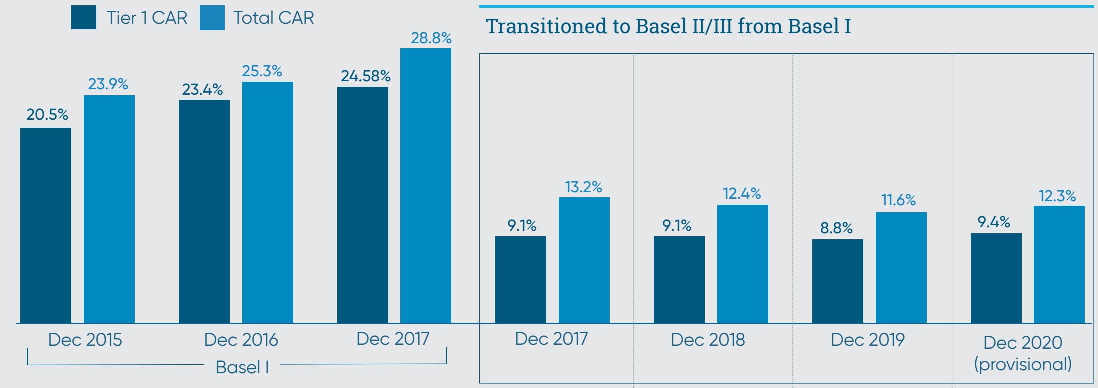
However, we must highlight that with COVID-19 came uncertainty for the future, together with strong acceleration of digital adoption. With these, our Commercial Bank and Consumer Bank led record growth of $2.0 billion in our customer deposits to reach $18.3 billion.

Balance sheet strength and stability

Our balance sheet is resilient and has ample liquidity. Moreover, our capital levels are adequate and are above the minimum regulatory requirements. Total CAR was 12.3 per cent (provisional estimate) compared with 11.6 per cent in 2019, driven by profits and issuance of Tier 2 capital at subsidiary levels. Over the years we have deleveraged our balance sheet as well with risk-weighted assets (RWA) falling from $17.9 billion in 2017 to $15.6 billion in 2020, which in turn has reduced the density of RWA in total assets from 80 per cent to 60 per cent, respectively.

Capital exceeds minimum regulatory requirements

Tier 1 & Total Capital Adequacy Ratios



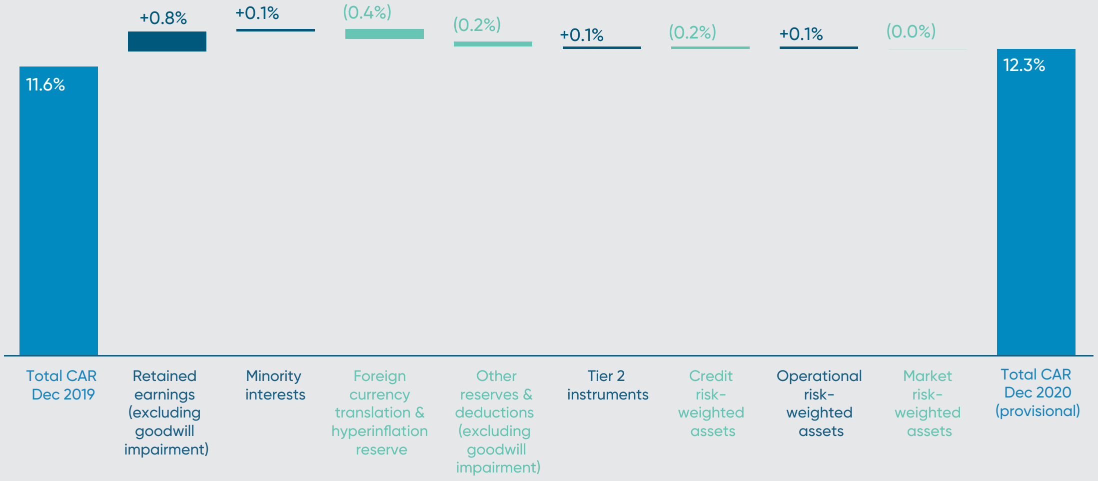
$ billions				
Tier 1 capital	1.62	1.46	1.36	1.46
Total capital	2.36	1.98	1.79	1.92
Total RWAs	17.89	16.01	15.50	15.63

UEMOA Basel II/III requirements

	2019	2020	2021	2022	2023
Tier 1 CAR	7.25%	7.25%	7.88%	8.5%	8.5%
Total CAR	9.5%	9.5%	10.38%	11.25%	11.5%
Additional ETI-specific SIFI* buffer		+0.4	+0.7%	+1.0%	+1.0%

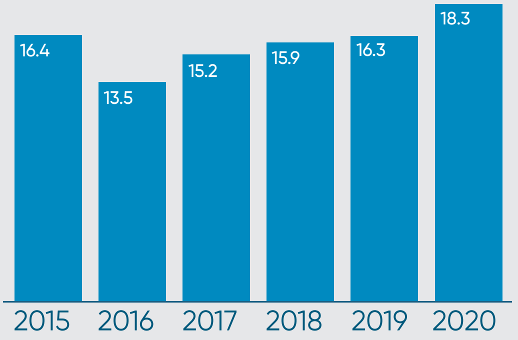
*Systemically Important Financial Institution

2020 changes in Group consolidated total CAR



Our funding capabilities remain strong, which was evident in the record increase in customer deposits by $2 billion to reach $18.3 billion.

Customer deposits ($ billions)



In the last five years, we have wrestled with credit portfolio issues. This problem was a recurring concern for shareholders and the investment community. I can say with confidence that we are seeing the needed success in our portfolio. We have reduced the portion of total loans that are non-performing from 9.7 per cent in 2019 to 7.6 per cent in 2020, while we have also increased the reserve coverage of the non-performing loans from 58.3 per cent to 74.5 per cent. We expect to further expand coverage to about 90 per cent by 2021 year end. As few as 15 per cent of our loans are under forbearance and payment relief programmes. As loans deteriorate, we conservatively restage them, thus ensuring our portfolio remains dynamic.

74.5%

NPL coverage ratio as of 2020 (2019: 58.3%). We expect to further expand our coverage ratio to c. 90% in 2021

Achieving momentum in execution

Going into the future, having reinforced our foundation and with up-to-date technology, we are focusing on achieving momentum in execution.

We are driving revenue expansion across all our businesses and regions to ensure long-term return of capital to our shareholders. One of our primary goals is to be the bank that enables African SMEs to succeed by supporting and nurturing their growth from infancy into larger businesses.

We must, therefore, appropriately position them within the value chain, from micro, small- and medium into becoming larger businesses. Their growth will be beneficial to economies across our network. Other fundamental underpinnings would be our continued drive for customer excellence, getting closer to our aspiration of having 100 million customers, building symbiotic partnerships and expanding our distribution capacity, amongst others.

We are also well-prepared for the African Continental Free Trade Area (AfCFTA) as our pan-African footprint is a natural fit for intra-African trade. Layering our payments capabilities over this puts us in an excellent position to win and participate in Africa's growing intra-African trade and the myriad of opportunities that the AfCFTA will present.

In addition, our Nigeria franchise, after years of capital and other challenges, was able to close 2020 with a capital adequacy ratio of 21.4 per cent. Nigeria is no longer required to maintain a 15 per cent capital adequacy ratio, which means that we now have enough capital to fully participate in Nigeria's emerging opportunities. Our confidence in Ecobank Nigeria's prospects is further reinforced by its post year end successful – and oversubscribed – issuance of its $300 million senior unsecured bond, which is listed on the London Stock Exchange. It attracted significant support from international investors and achieved the lowest ever coupon/yield for a Nigerian financial institution for a benchmark bond transaction.

We have reset Nigeria's cost base by reducing branches and headcount, which was enabled by our successful digital transformation. Its funding mix has also shifted towards current account savings account (CASA) deposits and away from term deposits. Hence, its net interest margins have improved. With Nigeria's healthier balance sheet, ample liquidity and adequate capital, it is now focused on pursuing opportunities to gain market share and enhanced respectability.

Thank you

We have invested and focused significantly in 'Building Back Better' to position us for long-term growth and sustainability. We will be driving our execution momentum agenda towards utilising these investments to deliver revenue expansion and the generation of long-term growth and return of capital for the company and its shareholders. We do appreciate the sacrifices of our shareholders over the years and are deeply aware of their expectations. We remain committed to delivering return of capital to our shareholders. We will take advantage of emerging opportunities in the marketplace and are excited about the value this Group can create and capture in years to come.

Overall, in keeping with our nature, we rose to the challenges of 2020 and made sure that we kept the franchise strong and continued to forge ahead to realise our focused objectives, so that we can deliver value to all our stakeholders by investing, innovating and growing. By providing all with the opportunities to participate in the rewards of growth, we can truly help strengthen communities and deliver economic development and financial integration across Africa. Long-term business growth is dependent upon community success.

To end, I must express my deep gratitude and appreciation to all our shareholders and the board for their strong support; our regulators, all Ecobankers for their ceaseless dedication and, very importantly, to our customers for the continued trust that they place in Ecobank.

We are determined to WIN for all our stakeholders.

Ade Ayeyemi
Group Chief Executive Officer

A LETTER FROM HEAD, GROUP CONSUMER BANK

Nana Araba Abban
Head, Group Consumer Bank

"We have continued to improve the experience and functionality on our digital platforms to place the power to consume our wide array of financial services in the hands of users."

Segment overview

The Consumer Bank serves individual clients with strong value propositions, offering deposit, loan and payment products across our unrivalled footprint in 33 African countries. We deliver our services through two primary lines of business: Personal Banking and Direct Banking.

We aim to be the preferred bank for convenient banking across Africa by efficiently and profitably delivering basic banking products and services that consistently delight our customers. Providing convenient, cost-effective and world-class consumer financial services to millions of Africans hinges on our strategy of leveraging digital solutions and agency banking to drive business volumes and profitability.

Progress

In 2020, we continued to expand our agency banking distribution network. We also broadened our regional and global partnerships, as well as strengthened our digital offerings.

Leveraging mobile and agency banking to expand financial inclusion

We have remained consistent in our plans to expand access to our financial services through our Agency Banking service, the Ecobank Xpress Point. This is an efficient channel to extend our operational reach to communities without carrying the cost of bricks and mortar branches. As at December 2020, we had over 66,000 Xpress Point agencies, which are complementing our physical network of 690 Ecobank branches. Despite COVID-19 restrictions and varying levels of lockdowns, transactions via our Xpress Point network grew by 50 per cent in 2020, from 2.1 million to 3.2 million.

Our instant access account, Xpress Account, and instant loan, Xpress Loan, both of which are largely targeted at previously unbanked or underserved consumers, have been accessed by over 12 million customers, enabling us to deliver transactional savings and lending products to all consumers across our footprint who have access to a mobile phone. As at December 2020, 10.8 million Xpress Accounts had been opened, while about 1.8 million customers had taken Xpress Loans totalling $419 million.

Improving digital products for deposits, lending and payments

Our flagship digital product, Ecobank Mobile, available both as an app and via USSD, runs on our unified mobile banking platform across 33 African countries. It continues to see tremendous growth in adoption, with annual transaction volumes increasing by 58 per cent to over 87 million in 2020. We have continued to improve the experience and functionality on our digital platforms to place the power to consume our wide array of financial services in the hands of users.

Expanding partnerships for growth

To extend our marketing and distribution reach, we have expanded partnerships to increase the usage of our essential banking products and services across our footprint. Our partnerships with fintechs and telcos, such as MTN, Airtel and Vodacom, have successfully rolled out our Xpress Save, Xpress Loan and EcobankPay products in their launch markets, which include Kenya, Nigeria, Democratic Republic of Congo and Ghana. We plan to extend such partnerships across all our African markets.

To increase our Agency Banking footprint, we leveraged partnerships with large agent networks in various countries. These include Selcom in Tanzania, Express Union in Cameroon, Kazang in Zambia and InTouch, which has a network across 10 of our presence markets, including Senegal, Côte D'Ivoire and Guinea Conakry. Our belief is that by riding on the existing networks of large agents we will not only accelerate our reach to local communities , but will be able to take advantage of their market knowledge to tailor products that best serve their customers' financial needs.

In response to the economic impact of the COVID-19 pandemic on the most vulnerable in society, governments rolled out palliative interventions through direct financial support. To play a meaningful role in the facilitation of this, Ecobank effectively partnered with governments to provide solutions that enabled the electronic disbursement of payments, which amongst others included providing KYC-lite accounts for beneficiaries to receive their funds.

Our partnership with international development organisations saw us providing solutions to bodies such as ECOWAS, with whom we collaborated to enable seamless distribution of funds to their volunteer election observers utilising Ecobank pre-paid cards.

We partnered with big techs, such as Google, to develop learning solutions for children and help children access educational content online, thus alleviating the effects of the pandemic restricting children from attending physical classes.

We also partnered with Junior Achievement Africa to deliver a digital campaign promoting financial literacy for young people and connecting them to Ecobank's financial services.

We entered a co-marketing and co-branding partnership campaign with Apple Music designed to showcase that our virtual card product can be used to register for the Apple Music service. This generated interest in our virtual products, especially among the youth segment that is so vital to our long-term sustainability.

In order to provide a unique experience and opportunity for the African diaspora to contribute to Africa's prosperity through their cross-border remittances, our European entity, African Rapidtransfer SA, in collaboration with software solution provider, Paytop, released the Rapidtransfer International App which enables holders of European identity documents to remit funds to any of the 33 African countries in which we operate. This allows Africans in the diaspora to use a truly African and world-class money transfer service to meet all their remittance needs.

Performance highlights

In spite of the severe impact of the COVID-19 pandemic on economic activity across our footprint, we saw an increase of 17 per cent in customer deposits, a slight improvement in our efficiency ratio by 70 basis points, and contained our revenue decline to 4 per cent year on year despite it being significantly impacted by weaker earnings on non-interest product lines. Our Non-performing loan ratio improved by 100 basis points year on year, closing the period at 7 per cent. However, we remain vigilant in the management of our lending portfolio as we brace ourselves for possible prolonged economic impact across our markets from the pandemic.

In millions of $ except otherwise noted	2020	2019	Growth
Customer deposits	**6,452**	5,505	17%
Net revenue (operating income)	**400**	417	(4)%
Non-performing loans	**86**	85	1%
Number of customers (millions)	**28**	23	22%
Number of mobile transactions (millions)	**87**	55	58%
Number of Xpress Point agents	**66,408**	39,912	66%

Impact of COVID-19

The world is going through unprecedented challenges caused by the novel, rapidly transmissible coronavirus. To help alleviate the economic and health impact of the COVID-19 pandemic, we undertook numerous actions including waiving fees on select transactions on our digital channels, raising transaction limits for digital payments and, bracing ourselves for possible portfolio deterioration in the year ahead, we accelerated provisioning of our loan portfolio.

Despite negative projections for remittance inflows into Africa due to the pandemic, our remittance volumes in 2020 grew by 12 per cent. This was aided by accelerating remittance digitisation in collaboration with our partners.

It is gratifying to note that our strategy of serving customers via digital channels led to a 58 per cent year-on-year growth in digital transactions during 2020, while branch-based transactions declined by 35 per cent.

Going forward

The prosperity of Africa rests in the financial empowerment of the people. We remain focused on our drive to empower millions of Africans by delivering world-class products and services. The African Banker gave us their award for Innovation in Financial Services and we also won the pan-African award for Financial Inclusion in the EMEA Finance African Banking Awards 2020. We are pleased that our efforts are being publicly recognised, but we do understand that we still have to do a lot of work to meet the goals we have set for ourselves in our quest to deliver on our African mission.

We will be expanding our Wealth Management customer proposition to support individuals in growing and preserving their wealth. Our financial inclusion drive, leveraging Ecobank Mobile, Xpress Accounts and Xpress Point agencies, will continue as we strive to play a major role in closing the financial inclusion gap in Africa.

Our focus on financially empowering the large youth population in Africa will not abate and, to this end, we are continuing to develop segment-specific products and programmes, as well as intensifying collaborations with partners, such as Junior Achievement and Google, in delivering financial literacy and online market access solutions to young people.

Positioning our payments business as an enabler of trade and remittances across Africa remains key, and we are empowered in this by our unique capabilities to deliver instant and seamless payments across 33 countries on the continent.

Clearly, we would be unable to achieve our goals as a consumer franchise without the unwavering confidence that our customers have in our products and services, our dedicated and highly committed staff that seek to serve them, our board that continues to give their strong support and our valuable partners who have played a significant role in our success. We look forward to further collaboration as we remain steadfast in our drive to be the premier choice for consumer financial services across Africa.

Nana Araba Abban
Head, Group Consumer Bank

A LETTER FROM GROUP EXECUTIVE, COMMERCIAL BANK

Josephine Anan-Ankomah
Group Executive
Commercial Bank

"In 2020 we continued our collaboration with existing risk sharing partners, particularly Development Finance Institutions (DFIs), who share in our developmental goals and are willing to share a portion of the risk associated with our lending, thereby giving us the ability to expand and introduce new credit facilities to small businesses."

Overview of 2020

2020 proved to be not only a tumultuous year but also one characterised by resilience and innovation. The first half of the year was marked by lock downs and border closures in practically all our markets in a bid to contain the spread of COVID-19. These measures were essential but caused disruptions for businesses. Our customers, particularly small- and medium-sized enterprises (SMEs), bore the brunt of the financial pressures as they had to contend with supply chain challenges, decline in turnover, revenue loss and operational challenges in 'getting back to normal'.

Staying close to our customers during these challenging times and providing them with the necessary financial and non-financial support, was critical and served to demonstrate our commitment to these enterprises. We identified the downstream Oil and Gas, General Services, Construction, Transportation, Communication and Manufacturing sectors as the most vulnerable sectors impacted by the pandemic. With an understanding of what our customers required during this difficult period, we proactively put in place mitigating actions including tenor extensions and moratoriums on interest to assist our clients to manage their loan repayments. This also helped us to manage our loan portfolio and avoid significant deterioration.

The second half of the year was a time for us to rethink our business and be even more innovative in a bid to assist our customers survive the challenges brought about by the pandemic. In line with this we worked with our customers to increase the utilisation of our digital channels. Omni Lite, our business payment platform, provided customers with the capabilities to make payments remotely, thereby giving them the freedom to settle their obligations smoothly and without interruptions. We saw Omni Lite transaction values grow by over 900 per cent compared to the previous year, which is a clear demonstration of the effectiveness and efficiency of our digital platforms.

We went a step further to provide more convenience by launching the Omni Lite App. This solution gave business customers the ability to access this payment platform whenever and wherever on their mobile phones. Our customers were also granted the flexibility to self-onboard onto EcobankPay and Omni Lite, to ensure that their operations run smoothly while adhering to the restrictions in movement.

In partnership with Google, we are continuing to offer our customers free online presence through the Google My Business Platform. As a value add, it also comes with the development of a free website which provides current and prospective customers with verifiable business information.

Financial performance

At the end of 2020, net revenue at Commercial Bank (CMB) stood at $372 million, representing 3% growth over 2019. This growth during a period of a pandemic is noteworthy within the context of CMB's revenue compounded annual growth rate (CAGR) of -0.3 per cent for the period 2016-20. This performance was largely driven by increased deposits achieved through our continuous focus on existing cash management solutions and digital channels.

Profit before tax was $23 million, a 54 per cent decrease compared to the previous year. This sharp decline was largely as a result of the monetary losses due to hyperinflation in Zimbabwe and South Sudan, in addition to impairments charged in some of our markets.

Our cost-to-income ratio of 75.3 per cent improved marginally from 77 per cent in 2019. We focused on improving productivity and efficiency through the closure and merger of over 100 branches in 2020. As we work towards diversifying our revenue sources, we also expect to reduce costs further through our focus on digitisation. Commercial Bank's expectation around our cost-to-income ratio is to end 2021 below 70 per cent. We look to grow our revenues with a keen focus on controlling our costs.

A two-pronged approach was adopted with respect to reducing the non-performing loan (NPL) ratio, namely aggressive and prudent loan growth and proactive portfolio management. Notwithstanding that, our NPL ratio remains elevated at 22.3 per cent, despite the progress that we are making in addressing our asset quality challenges.

Customer deposits grew by 20 per cent to close the year at $4.29 billion. This impressive performance was due to investment in our payment solutions which enabled us to exceed our clients' expectations and draw in more deposits. We grew the number of merchants using our point-of-sale (POS) terminals from just over 5,500 to 16,000. We also attracted significant client onboards onto EcobankPay, our collections platform, increasing uptake from over 180,000 merchants to close the year with 250,000 merchants. We remain confident that these initiatives are good for our customers and in line with our long-term profit growth.

This increase in deposits had a positive impact on our cost of funds. We were able to reprice our expensive maturing liabilities during the year as evidenced by an improvement in our non-interest bearing (NIB) ratio by 400 basis points year on year.

Maximising the value of our strategic pillars

At a time when businesses had to operate remotely, scale back their operations and reduce their workforce, it was important that we remained relevant and supportive of our customers.

To achieve this, we remained true to our strategic pillars of building scale, digitising the business, growing deposits and continuing to upskill our teams. Each of these strategic pillars will now be discussed in a bit more detail.

Building scale

Continuing to build scale in such unprecedented times meant taking stock of where our business stood and focusing on the sectors that were doing well in the current environment – sectors that would positively impact our customer acquisition and revenue goals. We aggressively targeted pharmacies and grocery shops which were seeing increased footfall and sales with Smart POSs and EcobankPay to enable us to build our deposit base.

Additionally, we embarked on a marketing drive to bring in groups and associations with huge memberships instead of single account relationships. This strategy helped us to exceed our target of one million customers by the end of 2020. We successfully acquired 498,000 additional customers, above the 524,313 customers that we had at the start of the year. We will continue to employ this strategy to build scale and increase customer numbers by an additional 500,000 in 2021. We will partner with Chambers of Commerce and Business Registration agencies to fast track the process of obtaining the requisite businesses registration that our SMEs require to benefit from the credit facilities and services that we can offer to support their needs.

In 2020, we continued our collaboration with existing risk-sharing partners, particularly Development Finance Institutions (DFIs), who share in our developmental goals and are willing to share a portion of the risk associated with our lending, thereby giving us the ability to expand and introduce new credit facilities to small businesses. Working with these risk-sharing partners has made it possible to reduce the collateral requirement to a minimum of 50 per cent.

During the year under review, we successfully launched *Ellevate by Ecobank* for women-led/owned and women-focused businesses. The female economy is a critical one. Women constitute roughly half of the population in Africa. One-in-four female adults in Africa starts or manages a business, making the continent one of the highest in terms of women entrepreneurs across the world.

Furthermore, the financing gap in women-led businesses in Africa is about $42 billion and this represents a massive and attractive opportunity. Research indicates that women-led businesses are more likely to be financially disciplined and less likely to default. We cannot truly say that we are a pan-African bank if we ignore this significant business segment. In 2021, we will support our women-owned and women focussed SMEs with 10 per cent of our loan book.

Digitising our business

In the wake of COVID-19, businesses have transitioned from cash towards e-commerce and digital payments. With this in mind, we rolled out the Ecobank Business Prepaid Cards in 14 countries in the last quarter of the year. These cards provide the target customers with the opportunity to load funds for online business purchases and payments to suppliers.

Our payment platform, Omni Lite, continued to perform strongly with the value of transactions processed growing by 900 per cent, from $320 million at the end of 2019 to close at $3.4 billion at the end of 2020.

Another innovative way of extending credit was by tying it in with the increased utilisation of digital platforms for collections. Customer accounts were linked seamlessly to EcobankPay and other digital collections. The turnover of digital collections received into the account were used to obtain an eligible amount as a credit facility for the customer. We remain confident that this offer will help increase the uptake and usage of our digital solutions.

Growing deposits

Customer deposits, especially non-interest-bearing deposits, are the bedrock of any bank. They support higher deposit margins and in turn higher net interest margins, as well as higher fees on larger transactional volumes. Therefore, growing our customer deposits is a strategic priority. To do this we must win in the payments and collections space, using our tools and solutions, namely EcobankPay, Omni Lite and POS, which was upgraded to the new generation POS to drive this objective.

In response to our customers' need for tools to make their products accessible online and to a wider audience, we successfully launched the Ecobank eCommerce solution in partnership with three Fintechs: Ipay, Flutterwave and DPO. This eCommerce solution will facilitate the delivery of a dedicated and unique online store enabling our customers to sell their products and service online. It increases market access and revenues for our customers, as well as having a direct impact on deposits.

Strategic partnerships and driving social impact

We recognise the importance of SMEs and the need to drive social impact as we deliver solutions to them. In 2020, we focused on staying relevant through social impact programmes related to health, education and women. These initiatives were organised in partnership with the Ecobank Foundation and the Ecobank Academy.

The Zero Malaria Business Leadership Initiative seeks to increase private sector engagement for the elimination of malaria in Africa. Together with our advocacy partner, Speak Up Africa, the initiative is being undertaken in Senegal, Benin and Burkina Faso. The collaboration will support communities living at risk of malaria by advocating for stronger political will and increased funding by mobilising business leaders to seek more targeted malaria elimination responses. So far, we have pledged $240,000 as seed funding following the formal launch of the initiative in Senegal and Benin.

Ecobank's goal of positively contributing to the economic development and financial integration of the continent will be further strengthened if we focus on women. The social impact of supporting women cannot be overemphasised given that a third of all SMEs on the continent are represented by women and that they invest as much as 90 per cent of their incomes into their families and communities.

Upskilling our teams

The effectiveness of our teams is at the heart of our strategic priorities. We have instituted a comprehensive programme with the Ecobank Academy – our in-house learning and development centre – to provide the necessary training for our marketing and sales teams. During the year under review, 500 branch managers participated in modular training programmes to sharpen their skills and provide them with the tools needed to serve our customers better.

Anticipating the year ahead

As we move into 2021, we will build on what was achieved in 2020 and seek new areas of growth. 2021 will be the year in which we consolidate the gains we have made, particularly in the payments and collection space, as well as in growing deposits through our e-Commerce platform.

The launch of the African Continental Free Trade Agreement in January 2021 increases the potential in the trade business. This agreement will create the largest free trade area in terms of the number of countries participating. It is expected to connect over a billion people across 55 African states with a $3.4 trillion GDP.

Ecobank's presence in 33 of these countries makes us the perfect partner for Trade Business. Consequently, our focus is to develop the SME businesses, especially within the trading corridors in our markets, to prepare them to take full advantage of the benefits that a common market under this trade agreement brings.

In 2021, we will also focus on Ellevate by Ecobank, to increase customer acquisition and deliver products that are relevant to ensuring the survival and growth of women-owned and women-focused businesses.

Our focus on digitising the business remains strong. We will provide the safety, accessibility and convenience needed by customers with a view to onboarding more customers and increasing our transaction volumes and transaction values on our digital platforms.

We will continue to work at improving portfolio quality in the coming year through regular monitoring and guidance, as well as the continuous upskilling of our teams.

In conclusion, I thank our customers for the trust and confidence reposed in us. To my team members, I thank you for your commitment and determination to succeed in spite of the challenging environment. Together we are looking forward with enthusiasm and anticipation at the new opportunities to serve you our valued customers.

Josephine Anan-Ankomah
Group Executive
Commercial Bank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A LETTER FROM GROUP EXECUTIVE, CORPORATE AND INVESTMENT BANK

Akin Dada
Group Executive
Corporate and Investment Bank

"In 2020, Ecobank was the only African bank involved in the execution of landmark FX hedging transactions for one of our clients to manage long-term currency exposure in our Fixed Income Currencies and Commodities business."

The operating environment for the Corporate and Investment Bank (CIB) business was challenging in 2020, due to the continuing prevalence and economic impact of the COVID-19 pandemic. The risks to the global banking sector's credit quality were elevated during the year. Despite these challenges, CIB remains the growth engine of the Group, closing the year with revenue of $949 million, compared to $814 million in 2019. Profit before tax was $364 million, compared to $330 million in 2019. This performance demonstrates the continued strength of our diversified pan-African banking model, as well as our ability to continue growing despite the economic headwinds across our markets. We assisted our clients in the public sector, regional corporates and global multinationals, among others, to build and invest in infrastructure, manufacturing capital expenditure and strategic financing. In 2020, Ecobank was the only African bank involved in the execution of landmark foreign exchange (FX) hedging transactions for one of our clients to manage long-term currency exposure in our Fixed Income, Currencies and Commodities business.

Cash management

The Cash Management business is core to the CIB business. We continue to deliver value to our diverse clientele across sub-Saharan Africa and beyond. The spread of the COVID-19 pandemic presented extraordinary challenges to the global economy, with many countries in Africa locking down as a precautionary measure. Our business benefitted during this period from the years of investments in technology infrastructure by the Group.

Customer deposits closed at $7.5 billion, representing a 5 per cent growth from 2019. Current account deposits closed at $5.6 billion, delivering 10 per cent growth compared to 2019.

Our core strategy is to become the payments bank of choice on the continent. As a push to achieving this objective, we successfully implemented a new version of our electronic banking platform, Omni Plus. We processed 14.6 million transactions valued at $27.7 billion, compared to 14.8 million transactions valued at $22.9 billion in 2019, through our electronic banking platform. Additionally, collections through our digital collection platform, BankCollect, grew 95 per cent year on year on the back of increased adoption by Revenue and Port Authorities across Africa.

Our innovations were recognised by the following award wins in 2020:

- Global Finance award for 'The Most Innovative Bank in Africa 2020.'
- Global Finance award for 'Best Corporate/Institutional Digital Bank in Togo 2020.'
- Aite Group award for 'The Impact Innovation Award in Cash Management and Payments 2020.'
- IBSI Global Fintech Innovation award for the 'Best Project Implementation for Transaction Banking 2020.'

Trade services and finance

The Trade Finance business has continued executing our roadmap to position Ecobank as the preferred trade bank in sub-Saharan Africa. Our market share of African letters of credit traffic by year-end 2020 was 7.1 per cent despite the negative impact of COVID-19 on cross-border trade and economies.

We maintained our key focus on commodities financing and led in the arrangement of pre-export cotton and cocoa campaign financing in West Africa, providing circa $370 million of facilities to finance our cotton and cocoa export clients. We also improved our customers' experience by leveraging on our digital bank initiative and we nearly doubled e-trade volumes from $277 million in 2019 to $529 million in 2020.

In recognition of our improved market presence, Global Trade Review and Global Finance magazines recognised Ecobank Senegal, Ecobank Côte d'Ivoire, Ecobank Rwanda and Ecobank Nigeria as Best Trade Finance providers, epitomising the strong progress in our agenda to be the preferred trade bank in the continent.

Fixed income currencies and commodities

In 2020, our Fixed Income Currencies and Commodities (FICC) business saw strong performance as we offered innovative and structured transactions to our clients. During the year, we focused on helping our clients manage their long-term foreign currency exposures.

Ecobank was the only African bank involved in the execution of a landmark FX hedging transactions of more than circa $230 million for one of our clients to manage its long-term currency exposure in our FICC business. Our international affiliate in Paris, EBI SA, was an important provider of access to international hedging counterparties in managing and closing out our risk on these FX hedging transactions.

EBI SA continues in its positioning as an FX counterparty of choice for conversion of G10 currencies to sub-Saharan African currencies. EBI SA provides access to circa 50 currencies for our multinational corporate and international organisation customers.

Investment banking

The Investment Banking business continues to support the banking chain despite the negative economic effects of the pandemic which, amongst other impacts, has put pressure on the liquidity of organisations and created delays in planned strategic investments. Notwithstanding these adverse market conditions, IB executed transactions of approximately $700 million for public sector and global corporate clients in Côte d'Ivoire, Ghana and the Republic of Congo.

In addition, IB assisted some affiliates with their assessment of external growth opportunities with the objective of enabling the Group to maintain its leading position as a pan-African bank.

Securities, Wealth, and Asset Management (SWAM)

Despite the challenges in 2020, especially the COVID-19 disruptions to personal financial goals, our Asset Management business grew its total Assets under Management (AUM) to circa $1.16 billion, compared to $949 million in 2019. This growth was achieved despite client redemptions in excess of $133 million during the year.

We continue to sustain our market leadership in UEMOA and Ghana, with our bond and fixed income funds being the biggest in these two markets. In addition, our new franchise in CEMAC started operation on a strong note with over $5.2 million worth of AUM recorded during its initial three months of active business in 2020.

The Securities and Custody business executed over $823 million of Equity and Debt Capital Market mandates across the platform in 2020. We also grew clients' Investment Assets under Custody to circa $2 billion during the year.

Our brokerage activities resulted in the securities business being ranked the number one broker in UEMOA, and among the top five brokers in Ghana, measured by market share.

Akin Dada
Group Executive,
Corporate and Investment Bank

INNOVATION AND COLLABORATION

The Business Leaders' Conference ('BLC') is a collegial group of all subsidiary CEOs and Group functional heads that has been constituted to encourage collaboration in strategy and policy formulation.

It comprises the Group Executive Committee, all subsidiary CEOs and Group Heads. The GCEO is the Chairman of the BLC. The BLC is the primary coordinating body for Group cohesion and integration, and the implementation of Group strategy.

The BLC is a consultative body and not a decision-making body. It plays a key role in facilitating the harmonisation and integration of Group strategy.

03

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

"The Board's accountability, duties of loyalty and care to shareholders and the company are fully represented by our independent and diverse perspectives and we are determined to deliver long-term value to shareholders."

Alain Nkontchou,
Chairman

Alain Nkontchou

Chairman
Independent Non-Executive Director
Cameroonian

Ade Ayeyemi

Executive Director
Group Chief Executive Officer
Nigerian

Mfundo Nkuhlu

Non-Executive Director
South African

Dr Catherine Ngahu

Independent Non-Executive Director
Kenyan

David O'Sullivan

Non-Executive Director
Irish

Brian Kennedy

Non-Executive Director
South African

Aichatou Agne Pouye

Independent Non-Executive Director
Senegalese

Dr Aasim Ahmad Qureshi

Non-Executive Director
British

Deepak Malik

Non-Executive Director
Indian

Dr George Donkor

Non-Executive Director since 2020
Ghanaian

Mr Simon Dornoo

Independent Non-Executive Director
Ghanaian

Prof. Enase Okonedo

Independent Non-Executive Director
Nigerian

Ms Zanele Monnakgotla

Non-Executive Director
South African

Hervé Assah

Independent Non-Executive Director
Congolese Brazzaville

BOARD OF DIRECTORS – BIOGRAPHIES

Alain Nkontchou (57)

Chairman (since 2020)
Independent Non-Executive Director since 2014
Cameroonian

Alain Nkontchou is the Managing Partner and co-founder of Enko Capital Management LLP, an asset management company based in London and Johannesburg, which focuses on African investment opportunities.

Alain was an advisor of Laurent Perrier, a champagne company in France, having been a Non-Executive Director from 1999 to 2009. He worked in London between 1995 and 2008 as Managing Director of Credit Suisse's Global Macro Trading Group and also for JP Morgan Chase & Co. in the same capacity. Between 1989 and 1994, he worked with Chemical Bank in Paris and New York, where he became Vice President, Head of Trading and Sales.

Alain has a track record of business success, having generated significant dollar revenues for each of these bulge bracket institutions.

Alain has an MSc in Electrical Engineering from Supélec and P.M. Curie University, Paris, and an MSc in Finance and Accounting from ESCP (Ecole Supérieure de Commerce de Paris).

Ade Ayeyemi (58)

Executive Director since 2015
Group Chief Executive Officer
Nigerian

Ade Ayeyemi is the Group Chief Executive Officer of Ecobank Transnational Incorporated (ETI) and an Executive Director on the Company's Board of Directors. He joined ETI in 2015, bringing more than 30 years of banking, accounting, technology and executive management experience to the role.

Prior to joining the Ecobank Group, Ade had a long, illustrious and very successful career with Citigroup spanning over 28 years, where he held various diverse, enriching and senior roles. He left as Chief Executive Officer of Citigroup's sub-Saharan African Division based in Johannesburg, South Africa.

Ade is an accounting graduate of the University of Ife, now Obafemi Awolowo University, Ile-Ife, Nigeria, where he earned a Bachelor of Science degree with First Class Honours. Ade is a trained UNIX Administrator and Network Operating Systems Manager. He also studied at the University of London and is an alumnus of the Harvard Business School's Advanced Management Programme. He is a Chartered Accountant and Fellow of the Chartered Institute of Bankers of Nigeria. Ade has many interests including business strategy, economics, process engineering, technology and reading.

Mfundo Nkuhlu (54)

Non-Executive Director
since 2015
South African

Mfundo Nkuhlu has served as Chief Operating Officer and Executive Director of Nedbank Limited and Nedbank Group Limited since January 2015. He has worked in senior roles at Nedbank for 17 years, including Managing Executive of Nedbank Corporate (2009-2014), Managing Executive of Corporate Banking (2005-2009) and Managing Executive of Nedbank Africa (2004-2005).

Prior to joining Nedbank, he was the executive responsible for strategy, revenue and economic analysis at the South African Revenue Services (SARS). He also worked for the Department of Trade and Industry as Chief Director for Africa and the New Partnership for Africa's Development (NEPAD) programme.

Mfundo holds a BA Honours degree from the University of the Western Cape and completed a course on Strategic Management in Banking at INSEAD (France). He is an alumnus of the Advanced Management Programme (AMP) from Harvard Business School, US.

Mfundo Nkuhlu is a nominee of Nedbank Group Limited.

Dr Catherine Ngahu (59)

Independent Non-Executive
Director, since 2016
Kenyan

Dr Catherine Ngahu is a consultant, researcher, educator and entrepreneur with extensive experience in business strategy, marketing, branding, ICT policy and corporate governance.

She has been a senior lecturer at the University of Nairobi for many years and is the Founder and Chairman of SBO Research Limited, a service provider with a footprint in 23 African countries. She has consulted for a wide range of organisations in the financial services, FMCG, energy, ICT, telecommunications and manufacturing sectors.

She is the immediate former Chairperson of the Advisory Council on the Universal Service Fund for ICT in Kenya and a board member of the Africa Centre for Transformative and Inclusive Leadership. She was the first Chairperson of Kenya ICT Authority and the Project Governance and Oversight Committee of the World Bank funded Kenya Transparency and Communications Infrastructure Project. The President of the Republic of Kenya awarded her Elder of the Order of the Burning Spear in 2011.

She holds a PhD in Business Administration, an MBA and a Bachelor of Education (first class honours) from the University of Nairobi and was a Business Research Fellow at Wharton Business School, University of Pennsylvania.

David O'Sullivan (46)

Non-Executive Director
since 2017
Irish

David O'Sullivan is Head of Group Legal for QNB, a position he has held since 2012.

He has over 20 years' experience as a lawyer and investment banker working on corporate and financing transactions in the emerging markets, principally in the Middle East, Africa and Eastern Europe.

Prior to his current position, he was Director, Gulf Investment Incorporation (2006-2012) and Senior Associate at Clifford Chance LLP, London, Dubai and Moscow (1996-2003).

He played a leading role in QNB's investment in Ecobank. Since 2016, he has been a Director of the QNB Global Funds ICAV, which is an EU fund authorised by the Central Bank of Ireland with sub-funds focussing on sectors including MENA and sub-Saharan Africa.

Mr O'Sullivan is a Chartered Financial Analyst, a Solicitor and a member of the Law Society of England and Wales. He has a Law degree (LLB) from Trinity College, Dublin.

David O'Sullivan is a nominee of Qatar National Bank.

BOARD OF DIRECTORS – BIOGRAPHIES

Brian Kennedy (60)

Non-Executive Director
since 2017
South African

Brian Kennedy is currently Senior Advisor to Nedbank CIB. Brian has been working in investment banking for the past 32 years, of which the last 24 have been with the Nedbank Group.

Brian has held various senior roles within the wholesale business of the Nedbank Group and was a Group Exco and Alco member from 2003 until 2020. He has been actively involved in Capital market solutions in many jurisdictions on the African continent during this period.

Brian holds a BSc (Eng), MSc (Eng) and MBA from the University of the Witwatersrand.

He also attended the AMP programme at Harvard University.

Brian is a nominee of Nedbank Group Limited.

Aichatou A. Pouye (62)

Independent Non-Executive Director, since 2018, Senegalese

Mrs Aichatou Agne Pouye has more than 30 years' experience in private sector, public administration and international organisations.

She has held leadership positions in many organisations and has strong skills in people management, auditing and enterprise management, marketing of banking services, access to finance for SMEs, international trade negotiations and trade related technical assistance.

Her career started as an auditor at Ernst and Young International, Dakar, Senegal in 1984. In 1990 she joined Citibank and spent 10 years as Manager, Resident Vice-President, Group Vice-President and member of the Management Committee.

In 2000, she became General Administrator of the Economic Promotion Fund, a refinancing fund for SMEs established by the African Development Bank and the Senegalese Government. In 2001 she was appointed as Senegal's Minister of SMEs and Trade, and then became Minister of Trade in 2003. She was awarded best African policy maker promoting the private sector. From 2006 until 2017 she was Director of Business and Institutional Support and Director of Market Development of the International Trade Centre, a UN and WTO agency based in Geneva.

She holds a Specialised Postgraduate Degree in Management and Business Administration from IAE, Caen, France, a BSC and MSC in Economics from the Université de Paris 9 Dauphine (France).

Dr Aasim Ahmad Qureshi (44)

Non-Executive Director
since 2019
British

Dr Aasim Ahmad Qureshi has over 20 years' experience in senior positions across investment banking, law and medicine. He is currently Managing Director, Investment Banking at QNB Capital LLC, and holds a senior executive position at QNB Capital in London and Paris. He is also a member of the Investment Committee of a multi-million-dollar Qatar Central Bank Regulated Fund and oversees a significant European real estate portfolio. Prior to joining QNB Group in 2008, he was an investment banker at Nomura Code Securities Limited and a lawyer with CMS Cameron McKenna LLP, advising private and listed corporate clients.

He has significant capital market experience, having raised over US$50 billion in corporate and sovereign bonds and US$4.5 billion in primary and secondary Initial Public Offers. He is a highly experienced adviser to private and listed companies on all aspects of corporate financing strategies, oversees merger and acquisition transactions from origination to close and manages complex corporate restructurings.

He holds various postgraduate qualifications in law, management and medicine.

Dr Qureshi is a nominee of Qatar National Bank.

Deepak Malik (63)

Non-Executive Director since 2019
Indian

Deepak Malik is Chief Executive Officer of Arise B.V. and oversees its operations as an investment and development partner for financial services providers in sub-Saharan Africa. It assists economic growth and prosperity in the region by strengthening rural development, alleviating poverty and increasing financial inclusion and employment.

Previously, Mr Malik was Head of Southern Africa Office and Head of Department, Financial Institutions at the development finance institution, Norfund. He promoted Norwegian investments and had overall responsibility for Norfund's Southern African, Central American and South Asian financial institutions portfolio and was a member of the Norfund Investment Committee.

He has also been the Regional Representative of the Danish government's Investment Fund for Developing Countries and Managing Director of the Development Bank of Zambia. He has held various Board positions, including at banks.

Mr Malik is a Fellow Member of the Institute of Chartered Accountants, India, and has a Bachelor's Degree in Commerce (Honours) from the University of Delhi, India.

Mr Malik is a nominee of Arise B.V.

Dr George Donkor (54)

Non-Executive Director since 2020
Ghanaian

Dr. George Agyekum Nana Donkor has over 27 years' experience in senior management roles in finance, strategic management, marketing, legal, compliance and administration. He is President and Chairman of the Board of Directors of the ECOWAS Bank for Investment and Development (EBID), where he was also Vice-President in charge of Finance and Corporate Services for over seven years and Head of Legal Division/Compliance for four years.

Previously, he worked for ARB Apex Bank, Ghana, as Head of Legal/ Regulatory and Compliance and practised law in Ghanaian law firms.

He has professional expertise in corporate law, leadership, change management, policy formulation, organisational design, and development.

He has a Doctor of Business Administration and a Master of Applied Business Research from SBS Swiss Business School; a Ph.D. (Marketing) from Commonwealth Open University, British Virgin Island; an Executive MBA (Marketing) from the University of Ghana Business School; a Bachelor of Laws (LLB) from the University of Ghana; and a Postgraduate Certificate in Contemporary Management from the Nobel International Business School, Ghana. He was called to the Ghana Bar in 1994, has many awards and serves on Boards locally and internationally.

Dr. Donkor is the representative of EBID on the Board.

Simon Dornoo (59)

Independent Non-Executive Director, since 2020
Ghanaian

Simon Dornoo is a business consultant with over 25 years' experience in banking and allied financial services.

He was Managing Director of GCB Bank, Ghana, from 2010 to 2016, successfully leading the restructuring of the bank into a modern, profitable and resilient commercial bank.

From 1999 to 2010 he held senior management positions at Barclays Bank in Ghana including Finance Director and Country Treasurer; and with Barclays Plc in the UK as Finance Director for Barclays Africa overseeing Finance Operations in 11 African and Indian Ocean countries.

He held senior management positions at Cal Bank Ghana as Finance Director and then Head of the Credit and Relationship Banking Units. He has significant experience in debt capital markets having superintended the issuance of over $1 billion in bonds. Prior to banking, he worked with KPMG in Assurance services.

He is Board Chairman of ESLA Plc, a government sponsored SPV, and a Board Director of Hollard Life Ghana Limited. He previously served on Boards of financial services firms locally and abroad, the Ghana Stock Exchange, and companies engaged in Trade facilitation and Healthcare.

Mr Dornoo has an MBA Finance, from Manchester Business School, Manchester, UK. He is a Chartered Accountant, (CA Ghana), and member of the Institute of Chartered Accountants (Ghana).

BOARD OF DIRECTORS – BIOGRAPHIES

Prof. Enase Okonedo, FCA (54)

Independent Non-Executive Director, since 2020 Nigerian

Enase Okonedo is a Professor of management and the Deputy Vice-Chancellor of Pan-Atlantic University, Nigeria. Prior to this she was Dean of Lagos Business School (LBS), Nigeria for 11 years from 2009 to 2020.

She has over 30 years' experience in the financial services and management education sectors having worked at IMB Securities and held roles in funds, investments and capital markets.

She sits on the Boards of the Nigerian Exchange Group Plc; Global Business School Network (GBSN); Principles for Responsible Management Education (UNPRME) and ATC Nigeria Wireless Infrastructure Limited.

She has previously served on the Boards of Rand Merchant Bank (Nigeria) and Graduate Management Admission Council (GMAC) and held leadership positions on the Boards of AACSB International as Secretary-Treasurer, and the Association of African Business Schools as Chairperson.

Enase holds a Doctorate in Business Administration from the International School of Management, Paris; an MBA from IESE Business School, University of Navarre, Barcelona; and a BSc in Accounting from the University of Benin. She is a Fellow of the Institute of Chartered Accountants of Nigeria (FCA), the Society of Corporate Governance Nigeria and the International Academy of Management.

Zanele Monnakgotla (49)

Non-Executive Director since 2020 South African

Ms Zanele Monnakgotla is Managing Director of Freewi Technologies, an innovative IT company predominantly specialising in Wi-Fi and network systems, which she founded in 2015.

She brings extensive experience in project and corporate finance, risk evaluation, strategic thinking, innovation and change management to the ETI Board, and strong commitment to enhancing the quality of life for Africans.

Previously she was at the Industrial Development Corporation for 14 years where her roles included Head of Innovation, Head of Strategic High Impact Projects, Manager of the CEO's Office and Senior Project Manager. Prior to that she worked at Investec Bank in the Private Bank division.

Ms Monnakgotla is currently Non-Executive Chairman of Sasol Khanyisa Public and is a Non-Executive Director of Sasol South Africa and the Development Bank of South Africa. She is a Fellow of the Institute of Directors South Africa.

She holds a Diploma in Property Investment from the University of Cape Town, South Africa, a Masters' in Finance from Wits Business School, Johannesburg, an LLM in Tax from Wits University and an LLB and a B Com from Rhodes University, South Africa.

Zanele is a nominee of the Public Investment Corporation.

Hervé S. Assah (60)

Independent Non-Executive Director, Since 2020 Congolese Brazzaville

Hervé S. Assah has 35 years' senior executive experience in fields including investment banking (corporate finance, project finance and structured finance) and development finance for regional institutions and governments, mostly in infrastructure and mineral resources. He is Managing Partner of Æquaria Capital, a fund management company focused on growth companies in sub-Saharan Africa.

He was Deputy Director with Thales Group's in-house Investment Bank in Paris, then with Deutsche Bank's Emerging Markets Group in New York and London and with BNP-Paribas, where he led and participated in teams that originated, structured financing, corporate investment opportunities for debt and equity investments and provided advisory services. Over the past decades, he worked 25 years for the World Bank Group including IFC's Oil Gas and Mining Investment Department before culminating in the Finance Competitiveness and Innovation Global Practice, advising governments on strategic sectors of the economy to improve competitiveness and attract FDI. He was Non-Executive Director with Africa Reinsurance Corporation and West Africa Development Bank.

He has an MBA in finance from the Wharton School, University of Pennsylvania, an MSc in International Economics and Finance from Paris Sorbonne University, and a Master of Management and Business Administration from the Institut Supérieur de Gestion.

Stay Safe

Ecobank's contribution towards the ongoing fight against coronavirus

A lot has been achieved in preventing the spread of COVID-19. We must continue to reduce the impact of the virus on our economies and societies. Ecobank is supporting the African Union's COVID-19 Response Fund and we encourage every Ecobanker to contribute.

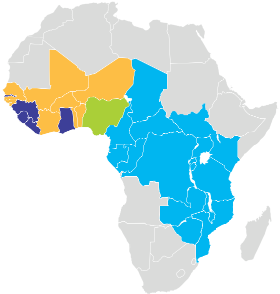

Communities


Partnership


Customers

Total funds donated approx:

$3 million



- AWA - $725,500
- CESA - $612,000
- Nigeria - $954,000
- UEMOA - $675,500


Protection


Medical Equipment

Awareness


Food


Hygiene


Cash

African Union COVID-19 Response Fund	Support to MSMEs	Awareness
African Union	AFRICA CDC Centres for Disease Control and Prevention Safeguarding Africa's Health	SpeakUpAfrica.

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Ecobank
The Pan African Bank

DIRECTORS' REPORT

Legal and regulatory framework

Ecobank Transnational Incorporated ("ETI"), the parent company of the Ecobank Group ("the Group"), is a financial holding public limited liability company incorporated in Lomé, Togo, on 3 October 1985 under a private sector initiative led by the Federation of West African Chambers of Commerce and Industry and the Economic Community of West African States (ECOWAS).

ETI benefits from specific privileges and exemptions that were granted under the Headquarters Agreement executed between ETI and the Republic of Togo pursuant to the Ordinance No 85-16, of 5 September 1985. These include immunities, privileges for itself, its board and senior staff, as well as a non-resident financial status.

Since 2006, by virtue of the listing of its shares on the three West African stock exchanges, namely, the Bourse Régionale des Valeurs Mobilières (BRVM) in Abidjan, the Ghana Stock Exchange (GSE) in Accra and the Nigeria Stock Exchange (NSE) in Lagos, ETI has been complying with the rules of the capital market regulators, as well as those of the stock exchanges on the above three markets.

The Commission Bancaire of the West African Monetary Union supervises ETI.

Principal activity

Its principal activity is the creation and acquisition of operating units for the provision of banking, economic, financial and development services. The Ecobank Group, is the leading Pan-African bank with operations in 35 countries across the continent. The Group also has a licensed operation in Paris and representative offices in Addis Ababa, Beijing, Dubai, Johannesburg and London.

Business review

In 2020, ETI continued to drive the central development of products in the three business segments of the Group namely Corporate and Investment Bank, Commercial Bank and Consumer Bank, for distribution in the subsidiaries providing fit-to market and purpose products in order to remain competitive across the network.

This enabled the Group to leverage on its digital platforms to provide banking services to its customers across its network during the peak of the outbreak of the COVID-19 pandemic.

A detailed review of the Group's business for 2020 is contained in the 'Business and Financial Review' section of the annual report on page 131 - 155.

Highlight of results

ETI made a profit after tax of $201 million for the financial year ended 31 December 2020, compared with $184 million for the year ended 31 December 2019.

The detailed results for 2020 are set out in the Parent Company financial statements. The Board of Directors approved the financial statements of the Parent Company, as well as the consolidated financial statements for the year ended 31 December 2020 at its meeting of 25 February 2021.

Messrs Alain Nkontchou, Ade Ayeyemi and Ayo Adepoju were authorised to sign the accounts on behalf of the board.

The accounts of ETI and the Ecobank Group are prepared in accordance with International Financial Reporting Standards ("IFRS").

Share capital

The authorised capital of ETI is $1,250 million as at 31 December 2020.

Trading in ETI shares

Approximately, 954,271,509 units of ETI ordinary shares were traded on the NSE, BRVM and GSE respectively in 2020.

Major changes in shareholding

There were no major changes in the shareholding of ETI in 2020.

Board of Directors

The names of the Directors of the Company appear on pages 54 and 55 of this annual report.

As of 31 December 2020, the board was composed of 13 Directors: 12 Non-Executive Directors and one Executive Director comprising of nine male and four female directors, and from nine nationalities.

During the year, Emmanuel Ikazoboh and Tei Mante retired as directors having attained the mandatory retirement age of 70. Ms. Arunma Oteh also left to board to pursue other commitments, whilst Mr. Bashir Ifo resigned from the board following his retirement from the Ecowas Bank for Investment & Development. Regrettably, Mr. Ifo passed away in October 2020 after a brief illness. The departed directors have been replaced.

Dr. George A. Donkor, Mr. Simon Dornoo and Prof Enase Okonedo were co-opted to the board and their appointments were ratified by the 2020 Annual General Meeting that was held on 30 June 2020.

In January 2021, Mr. Hervé Assah was co-opted as a director representing the Economic Community of Central African States (CEMAC) region following the appointment of Mr. Alain Nkontchou as Chairman of the Board. The board will propose the ratification of his appointment at the 2021 Annual General Meeting.

The Board of Directors met six times during the year. The Board Audit & Compliance Committee, Finance & Regulatory Requirements Committee, Information Technology Committee and the Social, Ethics & Reputation Committee met four times to deliberate on issues under their respective responsibilities. The Risk Committee and the Governance & Nomination Committee met five times respectively.

Directors' interest in shareholding

Please find below a table containing shareholdings of ETI directors:

		Direct		Indirect*		Total	
S/N	Name	2020	2019	2020	2019	2020	2019
1	Mr Emmanuel Ikazoboh	480,000	480,000	1,520,000	1,520,000	2,000,000	2,000,000
2	Mr Alain Nkontchou	47,640,411	6,915,768	0	0	47,640,411	6,915,768
3	Mr Ade Ayeyemi	21,513,000	21,513,000	0	0	21,513,000	21,513,000
4	Mr Hervé Assah						
5	Dr George A. Donkor (representing EBID)			24,020,9077	24,020,9077	240209077	240209077
6	Mr Simon Dornoo						
7	Mr Bashir M. Ifo (representing EBID)	6,400	6,400	240,209,077	240,209,077	240,215,477	0
8	Mr Brian Kennedy (nominated by Nedbank Group)	0	0	0	0	0	0
9	Mr Deepak Malik (nominated by Arise BV)			3,487,337,828	3,487,337,828	3,487,337,828	3,487,337,828
10	Mr Tei Mante	500,000	500,000	0	0	500,000	500,000
11	Ms Zanele Monnagotla (nominated by GEPF/PIC)	0	0	3,333,333,333	3,333,333,333	3,333,333,333	3,333,333,333
12	Dr Catherine Ngahu	0	0	0	0	0	0
13	Mr Mfundo Nkuhlu (nominated by Nedbank Group)	0	0	5,249,014,550	5,249,014,550	5,249,014,550	5,249,014,550
14	Prof. Enase Okonedo						
15	Mr David O'Sullivan (nominated by QNB)			4,970,904,524	4,970,904,524	4,970,904,524	4,970,904,524
16	Ms Arunma Oteh		0	0	0	0	0
17	Mrs Aichatou Agne Pouye	0	0	0	0	0	0
18	Dr Aasim Qureshi (nominated by QNB)		0	0	0	0	0
	Total	**70,139,811**	**29,415,168**	**17,522,528,389**	**17,522,528,389**	**17,592,668,200**	**17,551,943,557**

The indirect holdings above are shares held by major institutional shareholders, who have nominated the Directors to the Board. These are not shares held by the directors in their individual capacity.

Directors' interest in contracts

During the year, no director had any interest in any contract awarded by the institution or any of its subsidiaries.

Corporate governance and compliance

The Group's corporate governance practices have continued to improve as detailed in the Corporate Governance Report on page 68. The company continues to maintain corporate policies and standards designed to promote transparency, avoid potential conflicts of interest and promote ethical business practices.

The board is committed to improving the governance of the institution and is working closely with regulators and other stakeholders in the market to strengthen this area.

The company continues to comply with the requirements of the Commission Bancaire of the Union Économique et Monétaire Ouest-Africaine (UMOA) on Corporate Governance, the SEC Code of Corporate Governance and the Nigerian Code of Corporate Governance 2018.

Subsidiaries

In 2020, the number of ETI subsidiaries remained unchanged from 2019. The Group is focused on translating the achieved pan-African scale advantage to sustainable long-term value for stakeholders.

ETI has a majority equity interest in all its subsidiaries and provides them with management, operational, technical, business development, training and advisory services. The total number of ETI affiliates consolidated in this annual report is 56.

Post balance sheet events

There were no post balance sheet events that could materially affect either the reported state of affairs of the company and the Group as at 31 December 2020, or the result for the year ended on the same date, which have not been adequately provided for or disclosed.

Responsibilities of directors

The Board of Directors is responsible for the preparation of the financial statements and other financial information included in this annual report, which give a true and fair view of the state of affairs of the company at the end of the financial period and of the results for that period.

These responsibilities include ensuring that:

- adequate internal control procedures are instituted to safeguard assets and to prevent and detect fraud and other irregularities;
- proper accounting records are maintained;
- applicable accounting standards are followed;
- suitable accounting policies are used and consistently applied; and
- the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

Independent external auditors

The term of office of the Joint Auditors Deloitte & Touche, Nigeria, and Grant Thornton, Côte d'Ivoire, has come to an end.

A resolution will be presented at the 2021 Annual General Meeting for the renewal of their mandates.

Dated in Lomé, 31 March 2021.

By Order of the Board,

Madibinet Cissé
Company Secretary

Limit cash use – use EcobankPay to receive your payments

- **Visibly display your EcobankPay signage to encourage usage**
- **Tell your customers to go contactless and pay with EcobankPay using their mobiles devices**
- **It's quick and convenient – and no physical cash needs to be exchanged.**

If you are not an EcobankPay merchant yet, request for your business QR code via EcobankPay with Rafiki on WhatsApp (no. +228 70355979) or Facebook Messenger to get started – Or contact your local helpline.

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Ecobank
The Pan African Bank

GROUP EXECUTIVE COMMITTEE ECOBANK GROUP

"What is important for your board and management is to ensure that we increase the value of the business, by ensuring growth at returns higher than the cost of capital. If we do this well, we believe our share price will trade close to the business value of the company."

Alain Nkontchou, Chairman

Ade Ayeyemi

Executive Director
Group Chief Executive Officer
Nigerian

Akin Dada

Group Executive, Corporate and Investment Bank
Nigerian

Josephine Anan-Ankomah

Group Executive, Commercial Bank
Ghanaian

Nana Araba Abban

Head, Group Consumer Bank
Ghanaian

Daniel Sackey

Regional Executive, AWA and Managing Director, Ecobank Ghana
Ghanaian

Paul-Harry Aithnard

Regional Executive, UEMOA and Managing Director, Ecobank Côte d'Ivoire
Togolese

Patrick Akinwuntan

Regional Executive and Managing Director, Ecobank Nigeria
Nigerian

Cheick Travaly

Regional Executive, CESA and Managing Director, Ecobank Kenya
Senegalese

Ayo Adepoju

Group Chief Financial Officer
Nigerian

Eric Jones Odhiambo

Group Executive, Chief Risk Officer
Kenyan

Mamadou Moustapha Fall

Group Executive, Internal Audit and Management Services
Senegalese

Madibinet Cisse

Group General Legal and Company Secretary/ Group Counsel
Guinean

Yves Mayilamene

Group Executive, Human Resources
Congolese

Eddy Ogbogu*

Group Executive, Operations and Technology
Nigerian

*Eddy Ogbogu was GE, Operations & Technology as of 31 December 2020. But he has since retired from the company. Tomisin Fashina has been appointed GE, Operations & Technology. Mr Fashina is also the Managing Director of eProcess International.

CORPORATE GOVERNANCE

Introduction

Ecobank has established Corporate Governance structures designed to make the institution more accountable and transparent to all stakeholders, thereby increasing its long-term value while ensuring its potential growth. These structures define appropriate arrangements to facilitate and enable the execution of the overall Group vision and objectives of Ecobank, to be a world-class pan-African banking group.

Founded on the spirit of regional co-operation and the economic integration of African countries, Ecobank acknowledges the critical nature of its relationships with all the regulatory bodies across its footprint in executing its vision and discharging its responsibilities to its customers, lenders, shareholders and the communities within which it operates. It seeks to implement the highest standards and best practices in corporate governance, in accordance with the most widely accepted codes, including those in the markets in which its shares are listed.

This is consistent with Ecobank's belief that good corporate governance leads to sustainable business and good financial performance which, ultimately, delivers appropriate returns for shareholders.

Corporate governance principles

The Corporate Governance structure of Ecobank is founded on the following principles:

a) Ultimate corporate power belongs to the shareholders. The rights of shareholders shall be respected, and steps shall be taken to facilitate the effective exercise of those rights.

b) The shareholders delegate their authority to the board. The board then delegates the day-to-day operations of the company to the executive management. The scope of the authority of each organ is clearly defined and agreed. There are clear and published terms of reference and accountability for committees at board and executive levels.

c) The board shall be structured in a manner that enables it to add value to the company and shareholders through the composition, size and commitment of its members.

d) Ecobank raises funds from depositors and the capital markets and undertakes to repay such funds on the due contractual date, provides lending to clients and also provides customers with convenient, accessible and reliable services.

e) Ecobank subscribes to working with and adhering to the requirements of the various regulators that regulate and supervise ETI and its banking subsidiaries.

f) Decision-making should be ethical and responsible in compliance with relevant laws and host countries' internal policies and should be taken in a manner to ensure accountability. Decisions will be objective and timely and always aimed at satisfying stakeholders (shareholders, customers, Ecobank employees, regulators and the public at large), thus fulfilling ETI's mission.

g) There should be independent verification of the financials of member companies in order to safeguard integrity in financial reporting.

h) Enterprise Risk Management should be recognised and entrenched through established policies, procedures and practices that are consistently applied across the Group.

i) There should be fair and active review of company information to encourage board effectiveness and management performance, as well as competitive and responsible remuneration in compliance with transparent rules.

j) The legitimate interests of stakeholders should be duly recognised.

k) Decision-making should be at the appropriate level as close as possible to required action and the customers, as set out in delegated schedules of authority that provide the appropriate checks and balances necessary in a pan-African banking group.

l) Relevant authorities within the Group should be empowered and individual accountability institutionalised.

m) There should be effective communication and information sharing between management and the board and among members of the board outside of meetings.

n) There must be a clear escalation process to ensure that matters requiring the involvement and/or approval of the relevant organs within the Group, are brought to their attention for review and decision, or simply for awareness.

Group structure - 'One Bank' concept

In order to ensure that it operates as a banking group and not as a group of banks, Ecobank, as much as possible, operates a standard organisational structure at parent company and subsidiary levels. As the parent company, Ecobank Transnational Incorporated is responsible for the overall strategy and shall continue to act as the 'Strategic Architect' of the Group.

Group decisions and policies are made for the application of all members of the Group and are implemented in all subsidiaries, subject to local laws and regulations. Any variation is subject to the approval of the parent company.

The parent company, through its wholly owned subsidiary, manages technology centrally and deploys it in all affiliates. It also houses the shared services platforms for efficiency in operations and in order to leverage economies of scale.

All functions are coordinated from the parent company (Risk Management, Internal Control, International Audit, Legal, Treasury, etc.) with a Group Head/Executive at the parent company level and Country Managers who have a functional reporting line to the Group Head/Executive at the parent company.

The board holds annual meetings with chairpersons of subsidiary boards and Group Functional Heads, for the purpose of sharing information on the overall direction and major policy decisions of the Group.

Corporate literature

The Articles of Association of Ecobank Transnational Incorporated, and those of its subsidiaries, provide a clear delineation and separation of the rights and responsibilities of the board, executive management and shareholders, to ensure that there is non-interference of the board in management functions and the full disclosure of information to shareholders. Whilst the board approves policies and Group-wide strategy, it is the duty of executive management to ensure the day-to-day implementation of policies and strategies adopted by the board.

The Group Corporate Governance Charter sets out the structures and processes to be followed to build credibility and ensure transparency and accountability across the Group. It also defines appropriate policies and processes to enable the execution of Ecobank's overall vision. The Governance Charter is regularly updated to reflect the constantly evolving business environment.

The Charter is domesticated and applicable to all members of the Group, subject to local laws and regulations. All Directors, Executives and relevant employees of the Group are required to comply with the provisions of the Governance Charter.

Shareholders' recognition

The Annual General Meeting is a key forum for sharing information and decision-making and is intended to engender the active participation of shareholders. Ecobank shareholders' right to access information is an essential principle underpinning the Corporate Governance philosophy of the Group, which promotes the facilitation of meaningful dialogue.

The board has always placed considerable importance on effective communication with its shareholders. It ensures that the rights of shareholders are always protected. Notice of meetings and all statutory notices and information are communicated to shareholders on time.

The board is responsible for submitting complete and comprehensive financial and management information to the Annual General Meeting, to facilitate a balanced and fair exchange of views within the company. It ensures that there is ongoing dialogue with shareholders and that information furnished to the Annual General Meeting is accurate and reliable.

Shareholders are encouraged to communicate their opinions and recommendations, whenever they feel the need to do so, to the Investor Relations Unit and/or the Company Secretary through the contact details available on Ecobank's Group website, www.ecobank.com.

Board responsibilities

The primary responsibility of the board is to act in the best interests of the Group and to foster the long-term success of Ecobank, in accordance with its legal requirements and its responsibilities to shareholders, regulators and other stakeholders. The board ensures that the necessary leadership, financial and human resources are made available to the Group to enable it to achieve its objectives. The board ensures that there are no conflicts or potential conflicts of interest between executive management, members of the board and shareholders. The board also ensures that the reporting lines of key control functions, such as Internal Audit, Compliance and Risk Management, are independent and structured in a manner that ensures the effectiveness of checks and balances.

The board reports to shareholders annually on the integrity and timely disclosure of the business and financial performance of Ecobank, through the Group's consolidated annual report and accounts, including other substantive financial and non-financial information, about which shareholders and potential investors should be informed. The board is responsible for assessing the ability of the Group to meet its obligations and is accountable to its shareholders.

The board encourages active dialogue with shareholders and potential investors, based on a mutual understanding of objectives and expectations.

Appointment of Board of Directors

The nomination and appointment process of a director to the board is clearly defined in the Governance Charter.

The Charter provides for the Governance and Nomination Committee, which is responsible for the selection and appointment of board directors. Prior to any appointment, the Governance and Nomination Committee defines the functions and core competencies for each vacant directorship role. It also develops suitable selection criteria for potential candidates, screens and interviews them. The committee then puts the short-listed candidate forward for consideration by the full board. Upon consideration of the board, successful candidates are co-opted to the board and subsequently presented to the Annual General Meeting for the ratification of their appointments. New Directors are issued with letters of appointment, with clear terms and conditions regarding the discharge of their duties.

The competencies outlined in the table below are considered in the selection of non-executive directors to the board.

Demonstrable business acumen
Directors must have considerable business experience, together with proven understanding of corporate and business processes, which have been accomplished through a successful track record and must have an impeccable reputation in the business community.
Leadership and board experience
A recognised ability to add value and display leadership, together with the ability to assert balanced and constructive views at board level.
Special technical skills or expertise
Experience in international banking best practice, with specific expertise in the African banking sector. This encompasses commercial banking, retail banking, investment banking, treasury, capital markets and fund raising, asset management, central banking, rating agencies, IT/digital banking, accounting and auditing, regulation and risk management, succession planning, executive compensation, government relations and political intelligence, international insurance, law and taxation, investor relations and international trade, especially relating to commodities. The combined experience of the directors of the board is expected to exhibit these competencies.
Integrity
Directors should demonstrate high levels of integrity, professional and personal ethics, as well as values consistent with those of the Ecobank Group.
Character
Directors should exhibit strength of character and the ability and willingness to challenge and probe. This includes sound business judgement, strong interpersonal skills and the ability to listen carefully and communicate with clarity and objectivity.
Time commitment
Directors need to be able to dedicate sufficient time to adequately carry out their duties.

The Articles of Association of the Company limit the tenure of non-executive directors to nine years. Directors are appointed for an initial mandate of three years, which may be renewed.

However, renewal is not automatic. Directors are required to be evaluated periodically. The outcome of this evaluation and the competency requirements of the board, as well as the directors' contributions and input, are considered in assessing the potential renewal of appointments.

In addition to statutory provisions, there are clear guidelines for the dismissal/retirement of a Director. A Director may be dismissed for breach of his fiduciary duties and/or underperformance under the terms of his letter of appointment or other corporate documents. Furthermore, the board may recommend the replacement of the nominee or representative of an institutional shareholder, where he or she does not possess the requisite competencies required by the board, or where his or her performance is found to be unsatisfactory.

Board composition and structure

The Articles of Association of the Company limit the size of the board to 15 members. The board composition is representative of shareholders' interest. It stipulates that the board shall comprise:

- nominees of any shareholder for each 10 per cent of the total issued ordinary share capital of ETI, or multiple thereof, that such a shareholder may hold directly, subject to a maximum of two seats per shareholder;
- one representative of Ecowas Bank for Investment and Development (EBID);
- no more than two executive directors, including the GCEO;
- a minimum of five independent directors, including directors selected from the geographical regions where the Group operates; and
- the requisite number of additional independent directors that are required to fill the remaining seats.

The composition of the board considers, as much as practicably possible, the geographical coverage of the Group, relevant professional experience, shareholders' representation and gender equality.

Board attendance in 2020

The Board of Directors met six times during 2020

Name	Role	Year appointed to board	Meetings eligible to attend	Number of meetings attended
1. Mr Emmanuel Ikazoboh*	Former Chairman/Independent	2014	4	4
2. Mr Alain Nkontchou	Current Chairman /Independent	2015	6	6
3. Mr Tei Mante*	Past Vice-Chairman Independent	2014	4	4
4. Mr Ade Ayeyemi	Chief Executive Officer	2015	6	6
5. Mrs Aichatou Agne Pouye	Non-Executive/independent	2018	6	6
6. Dr George Donkor (BIDC)**	Non-Executive	2020	5	5
7. Mr Simon Dornoo**	Non-Executive/independent	2020	2	2
8. Mr Brian Kennedy (Nedbank Group)	Non-Executive	2017	6	6
9. Mr Deepak Malik (ARISE B.V.)	Non-Executive	2019	6	6
10. Ms Zanele Monnakgotla (GEPF/PIC)	Non-Executive	2020	6	6
11. Dr Catherine Ngahu	Non-Executive/Independent	2016	6	6
12. Mr Mfundo Nkuhlu (Nedbank Group)	Non-Executive	2015	6	6
13. Prof. Enase Okonedo**	Non-Executive/independent	2020	2	2
14. Mr David O'Sullivan (Qatar National Bank)	Non-Executive	2017	6	6
15. Ms Arunma Oteh*	Non-Executive/Independent	2019	2	2
16. Dr Aasim Qureshi (Qatar National Bank)	Non-Executive	2019	6	6

* The director left the Board in the course of the year.
** The director joined the Board in the course of the year.

Board committees

As at 31 December 2020, there were six board committees, namely:

1. Audit and Compliance Committee
2. Finance and Regulatory Requirements Committee
3. Governance and Nomination Committee
4. Information Technology Committee
5. Risk Committee
6. Social, Ethics and Reputation Committee.

The charters of the various board committees have been established in accordance with best practice. The membership of the board committees excludes executive directors. Also, for the purposes of revitalising the board committees, the tenure of members is restricted to a maximum of two, three-year terms, which may be extended, if it is deemed appropriate.

Board committees' membership

Director	Audit & Compliance	Finance & Regulatory Requirements	Governance & Nomination	Information Technology	Risk	Social, Ethics & Reputation
Mrs Aichatou Agne Pouye	Chairperson from June 30		Member			Chairperson
Dr Georges A. Donkor			Member	Member		
Mr Simon Dornoo		Member	Chairman			
Mr Brian Kennedy	Member		Member			
Mr Deepak Malik	Member				Member	
Mr Tei Mante		Chairman until June 30	Member		Member	
Ms Zanele Monakgotla				Member		Member
Dr Catherine Ngahu	Member			Chairperson		Member
Mr Alain Nkontchou	Chairman until June 30				Member	
Mr Mfundo Nkuhlu		Member			Chairman	
Prof Enase Okonedo	Member	Chairperson				
Mr David O'Sullivan			Member	Member		
Ms Arunma Oteh		Member		Member	Member	
Dr Aasim Qureshi		Member				Member

Governance & Nomination Committee

The Governance and Nomination Committee met five times during the year to deliberate on issues under its respective responsibilities.

Composition and attendance:

Name	Role	Number of meetings held	Number of meetings attended
Mr Simon Dornoo*	Chairman	2	2
Mrs Aichatou Pouye	Member	5	5
Dr George Donkor*	Member	3	3
Mr Brian Kennedy	Member	5	5
Mr Tei Mante**	Member	3	2
Mr David O'Sullivan	Member	5	4

*Mr. Simon Dornoo and Dr. George Donkor joined the Committee in the course of the year 2020.

**Mr. Tei Mante retired from the board in the course of the year 2020.

Responsibilities of Governance & Nomination Committee:

- Formulates, reviews and ensures implementation of policies applicable to all units of the Group, as well as good governance throughout the Group;
- Manages the relationship between the company and its shareholders and subsidiaries, including relationships with the boards of subsidiaries;
- Evaluation of the performance of Directors and Senior management;
- Develops suitable criteria for the selection and appointment of new board members and for the selection, appointment or removal of the Group and Country board members;
- Reviews the human resources strategy and policies of the Group; and
- Determines the policy for the remuneration (including benefits, pension arrangements and termination payments) of non-executive directors, the Chairman of the board, the Chief Executive Officer, the Executive Directors, and the Senior Executives of ETI.

During the 2020 financial year, the committee reviewed and made recommendations to the board (for its non-objection) on the nomination of affiliates' non-executive directors and also interviewed candidates for chairmanship positions in the subsidiaries. It also oversaw the selection process of the candidates for the replacement of the retired Chairman and independent directors.

The committee also reviewed the appointment of senior staff in the organisation and short-term incentives. In conjunction with the Social Ethics & Reputation Committee, it reviewed the governance structure of the Ecobank Foundation to align it with global standards.

Audit & Compliance Committee

The Audit and Compliance Committee met four times to deliberate on issues under their respective responsibilities.

Composition and attendance:

Name	Role	Number of Meetings held	Number of Meetings attended
Mrs Aichatou Pouye	Chairman	4	4
Mr Brian Kennedy	Member	4	3
Mr Deepak Malik	Member	4	4
Dr Catherine Ngahu	Member	4	4
Mr Alain Nkontchou**	Member	2	2
Prof Enase Okonedo*	Member	2	2

*Prof. Enase Okonedo joined the committee in the course of the year 2020.

**Mr. Alain Nkontchou left the committee during the course of the year as he became Chairman of the board.

All members have relevant business knowledge and skills and familiarity with accounting practices and concepts.

The Group Executive, Internal Audit and Management Services serves as Secretary to the Committee.

Responsibilities of the Audit and Compliance Committee:

- Reviews internal controls, including financial and business controls;
- Reviews internal audit function and audit activities;
- Facilitates dialogue between the auditors and management regarding the outcomes of audit reviews;
- Makes proposals with regard to external auditors and their remuneration;
- Works with external auditors to review annual financial statements before full board approval; and
- Ensures compliance with all applicable laws, regulations and operating standards.

During the 2020 Financial Year, the committee reviewed the revised Ecobank whistle-blowing policy, the whistle-blowing procedure, the 2021-2023 risk-based Internal Audit & Management Services Plan & Rationale in line with the Group Internal Audit & Management Services Charter.

Risk Committee

The Risk Committee met five times to deliberate on issues under their respective responsibilities.

Composition and attendance:

Name	Role	Number of meetings held	Number of meetings attended
Mr Mfundo Nkuhlu	Chairman	5	5
Mr Deepak Malik	Member	5	4
Mr Alain Nkontchou*	Member	3	3
Mr Tei Mante**	Member	3	3
Ms Arunma Oteh	Member	1	1

*Mr. Alain Nkontchou left the committee during the course of the year as he became Chairman of the board.

**Mr. Tei Mante and Ms. Arunma Oteh left the board in the course of the year 2020.

All members have a good knowledge of business, finance, banking, general management and credit.

The Group Chief Risk Officer serves as Secretary to the Committee.

Responsibilities of the Risk Committee:

- Initiates the determination and definition of policies and procedures for the approval of credit, operational, market/price and other risks within the Group; defining acceptable risks and risk acceptance criteria;
- Sets and reviews credit approval limits for management;
- Reviews and ratifies operational and credit policy changes initiated by management;
- Ensures compliance with the Bank's credit policies and statutory requirements prescribed by the regulatory or supervisory authorities;
- Reviews periodic credit portfolio reports and assesses portfolio performance; and
- Reviews all other risks (e.g. technology, market, insurance, reputation and regulatory).

During the 2020 Financial Year, the Committee reviewed and recommended for approval the revised Group Credit Policy and Procedure Manual and Directors' Related-Parties Facilities.

Information Technology Committee

The Information Technology Committee met four times to deliberate on issues under their respective responsibilities.

Composition and attendance:

Name	Role	Number of meetings held	Number of meetings attended
Dr Catherine Ngahu	Chairperson	4	4
Dr George Donkor*	Member	3	3
Ms Zanele Monnakgotla	Member	4	4
Mr David O'Sullivan	Member	4	4
Ms Arunma Oteh**	Member	1	1

*Dr. George Donkor joined the committee in the course of the year.

**Ms Arunma Oteh left the board in the course of the year.

The Group Chief Technology Officer is the Secretary to the Committee.

Responsibilities of the Information Technology Committee:

- Alignment of the Group's information technology systems with overall Group strategy and direction;
- Oversee the maintenance of adequate information technology systems to support the Group's business;
- Approve and monitor strategic IT development programs and projects;
- Monitor and evaluate existing and future trends in technology that may affect the Group's strategic plans, including monitoring of overall industry trends;
- Ensure Group compliance to IT policies and processes; and
- Review from time to time the overall IT development profile of the Group and ensure that the IT strategy is inclusive and coordinated and appropriately resourced to encompass all requirements of affiliates in the Group.

In 2020, the committee supervised the optimisation of technology assets, the collaboration of Ecobank with fintechs, the digitalisation drive and the modernisation of system architecture.

Finance & Regulatory Requirements Committee

The Finance and Regulatory Requirements Committee met four times to deliberate on issues under their respective responsibilities.

Composition and attendance:

Name	Role	Number of meetings held	Number of meetings attended
Prof Enase Okonedo*	Chairperson	2	2
Mr Simon Dornoo*	Member	2	2
Mr Tei Mante**	Chairman	2	2
Mr Mfundo Nkuhlu	Member	4	4
Ms Arunma Oteh**	Member	1	1
Dr Aasim Qureshi	Member	4	4

*Prof. Enase Okonedo and Mr. Simon Dornoo joined the committee in the course of the year 2020.

**Mr. Tei Mante and Ms. Arunma Oteh left the Board in the course of the year 2020.

The Group Chief Financial Officer or his designate is the Secretary of the Committee.

Responsibilities of the Finance & Regulatory Requirements Committee:

- Oversight of finance strategies, capital and liquidity;
- Reviewing the company and Group's financial performance;
- Reviewing compliance with applicable financial regulatory requirements; and
- Reviewing certain corporate development matters as the Board may direct.

During the 2020 financial year, the Committee reviewed and recommended for approval term facilities, the 2019 Audited financial statements for the Group and the parent company, the quarterly financial reports, the budget including the capital and liquidity plans of the members of the Group.

In 2020, the Committee supervised the optimisation of technology assets, the collaboration of Ecobank with fintechs, the digitilisation drive and the modernisation of system architecture.

Social, Ethics & Reputation Committee

The Social, Ethics and Reputation Committee met four times to deliberate on issues under their respective responsibilities.

Composition and attendance:

Name	Role	Number of meetings held	Number of meetings attended
Mrs Aichatou Pouye	Chairperson	4	4
Dr Catherine Ngahu	Member	4	4
Ms Zanele Monnakgotla	Member	4	4
Dr Aasim Qureshi	Member	4	4

The Head of Environmental Risk & Sustainability is the Secretary of the Committee.

Responsibilities of the Social, Ethics & Reputation Committee:

- Overseeing and reviewing the positioning of the Ecobank brand to ensure that a clear strategy is being delivered to increase the value of the brand, as well as the Group's standing, reputation and legitimacy in the eyes of all stakeholders;
- Reviewing the processes by which Ecobank identifies and manages reputational risk in an effective and transparent manner, consistent with the Board approved Group Risk Appetite Statement;
- Ensuring Ecobank's adherence to statements regarding activities/businesses in which it will/will not be involved, in line with its brand promise; and
- Reviewing Ecobank's sustainable business priorities, assuring the Group has policies in place to respond to any issues arising from external factors.

During the 2020 financial year, the committee reviewed and recommended for approval the 2019 Group Chairman Sustainability Award, the Group Sustainability report, the Social, Ethics and Reputation Impact Matrix as well as a programme for the review of the culture and ethics structure of the Group.

Subsidiary boards

The subsidiaries operate as separate legal entities in their respective countries. Each subsidiary has a Board of Directors that has oversight functions over the management of the subsidiary.

ETI is the majority shareholder in all the subsidiaries, however, host country citizens and institutions often invest in the local subsidiaries. Each subsidiary has a Board of Directors, the majority of whom are non-executive directors. The Group Governance Charter requires that country Boards be guided by the same governance principles as the parent company. The boards of directors of the subsidiaries are accountable to the subsidiaries' shareholders for the proper and effective administration of the subsidiaries in line with overall Group direction and strategy. These Boards also have statutory obligations based on company and banking laws in their respective countries. In the event of any conflict with Group policies, the local laws prevail.

Subsidiary governance model

With regards to the governance of its subsidiaries, the Group adopts a dual reporting model. The subsidiary's corporate governance is administered both by the local Board and the Group Board concurrently. Legally, the country Board has ultimate responsibility for the subsidiary, but ETI, as the majority shareholder (in some cases holding 100%) and as the 'strategic architect', has a duty to ensure that the subsidiary is run properly. As a result, the subsidiary CEO has dual reporting lines to the local Board and to ETI's Executive Management.

The local Board has access to the ETI governance and management structure. The local Boards are legally constituted and directors' duties comply with the host country's legal system.

The subsidiaries at all times comply with the Group Corporate Governance Charter, subject only to local legal requirements.

Candidates for directorship positions in the subsidiaries are shortlisted by Directors of the subsidiary and ETI Directors, or other credible persons. The proposed candidates are then screened by the subsidiary Board in consultation with ETI.

Thereafter, the candidates go through the formal internal Board processes of the subsidiary, including Board committees and regulatory/shareholder approvals, as appropriate.

Executive share options

In 2020, no new ETI executive share options were awarded to Executives under the staff options scheme.

Related party securities trading policy

The Group has a code of practice for staff dealing in Ecobank securities that requires them to seek the approval of the Group Company Secretary, or the Company Secretary of a subsidiary of the Group, prior to the purchase of shares of the parent company or any subsidiary of the Ecobank Group.

The policy makes it mandatory for such staff to disclose the nature of the securities, the amount to be invested and the nature of the transaction and their interest. The member of staff undertakes to ensure that the transaction is not in connection with the possession of any inside information, and further undertakes not to proceed with the transaction should he/she come into possession of any inside information, prior to the execution of the transaction.

Independence of directors

The Governance Charter has an independence evaluation policy and a definition of an 'independent director'.

At least a third of the Board's members are expected to be independent directors. Generally, a Director will be considered to be independent if he or she satisfies all of the criteria set out in the Governance Charter.

A Director may, however, still be considered to be independent even though he/she does not satisfy one or more of the criteria, but only if the Board determines that not having such criteria will not impair his/her independence. The independence of the Directors is assessed annually.

Although not all the non-executive directors need to meet the 'independent director' definition, all should be capable of exercising independent judgment and decision-making.

As at the end of December 2020, there were 14 Directors on the Board, including five independent directors, namely Mr. Alain Nkontchou, Mr. Simon Dornoo, Dr. Catherine Ngahu, Prof. Enase Okonedo and Mrs. Aichatou Agne Pouye.

Board and Directors' performance

The Board takes several steps to ensure that Directors discharge their duties with the requisite competence and skills. Firstly, prior to an appointment, the Governance and Nomination Committee is required to carry out a competency assessment of potential candidates to ensure that they meet the necessary criteria.

The Governance Charter sets minimum competency requirements for each Director that must be met. Additionally, Directors receive appropriate induction and are expected to undertake ongoing professional development to meet the ever-changing demands of their roles.

Directors training

All Directors are expected to avail themselves of appropriate training courses, where necessary and at the earliest opportunity, to fulfil their competency requirements.

In 2020, Directors were trained in the following areas:

- Risk Management,
- Cyber Security,
- Sustainability, and
- Anti-Money Laundering (AML) & Counter-Financing of Terrorism (CFT).

Conflict of interest and related party policies

A Conflict of Interest Policy and associated procedures, covering all staff and Directors, are in place. Directors are required to complete standard forms each semester to confirm that no conflict of interest exists. No conflict of interest was identified in the discharge of the duties of the Directors.

The review of related party loans is conducted on a monthly basis and reported to the Board by the Risk Committee.

Assurance monitoring

The Internal Control and Internal Audit Charters provide the framework for the two functions and these are being reviewed periodically as the need arises.

Whistle-blowing policy

Ecobank has implemented a whistle-blowing policy and put in place a whistle-blowing portal. The portal is a user-friendly system that generates reports and forwards them directly to the Group Executive Regulatory and Compliance, who is responsible for carrying out the necessary investigation. Issues may be reported online, using a designated website, following steps laid out in Ecobank's Whistle-blowing Policy.

Ecobank's whistle-blowing portal fully guarantees the confidentiality of information exchanged via the portal. A third party provider that specialises in providing whistle-blowing services operates the portal and is independent of Ecobank's in-house IT systems. This provides a secure environment for staff to report complaints or unprofessional behaviour. Members of staff reporting issues can do so anonymously.

Staff can report, without limitation, on issues such as:

- Theft, fraud, bribery or other forms of dishonesty;
- Harassment or discrimination;
- Accounting or financial irregularities;
- Drug or alcohol abuse;
- Violence or threatening behaviour; and
- Violation of laws, regulations, policies or procedures.

Procedures for the independent investigation of allegations by whistle blowers and appropriate follow-up actions have been put in place. Cases are managed by the Compliance Unit and investigated by the Internal Audit Unit. The Board is informed of the cases and the progress made towards their resolution.

In 2020, the Ecobank whistle-blowing policy was revised to include the following:

i. Alignment with Ecobank Group Code of Conduct, Corporate Governance Directives and International best practices;
ii. Implementation of recommendations of the Culture, Conduct & Ethics programme;
iii. Addresses the feedback from staff on Ethical Culture Index surveys;
iv. Emphasis on protection from retaliation;
v. Additional reporting channels to complement existing web option (telephone hotline and email).

Also, the whistle-blowing procedure was revised to provide detailed step by step guidelines to facilitate whistle-blowing reporting.

Directors' remuneration

The Remuneration Policy for Executive and Non-Executive Directors is embedded in the Group Corporate Governance Charter. Recognition is given to the new onerous Corporate Governance regulations that exist in many jurisdictions, which hold Board members individually and collectively responsible for the actions of the Board. Adequate compensation is given to attract and retain professional and experienced individuals to carry out these duties.

The Remuneration Policy for Non-Executive Directors is not intended to reward meeting attendance via per diem payments; rather, it reflects the responsibility, dedication and challenges inherent in the position. Efforts are made to ensure that the remuneration of the Directors continues to match the level in comparable organisations, whilst also taking into consideration Board members' required competencies and effort, together with the scope of the Board work, including the number of meetings attended.

External consultants undertake periodic remuneration benchmarking surveys. Once these surveys are concluded, the Board reviews the findings, and if required, submits resolutions for the review of directors' remuneration to the Annual General Meeting of the Company for approval.

Non-executive directors receive fixed fees for being on the Board of ETI. In addition, Directors receive attendance fees for Board and Board committee meetings. Non-executive directors receive neither short-term nor long-term performance incentives.

The table below details the single total figure of remuneration per non-executive director for the year ended 31 December 2020.

	In US dollars			
Name	Directors fees	Sitting allowance	Other benefits	Total
Mr Emmanuel Ikazoboh	75,000	7,000	157,500*	239,500
Mr Tei Mante	60,000	16,200	87,500**	163,700
Mr Alain Nkontchou	125,000	11,500	15,000**	151,500
Mrs Aichatou Agne Pouye	100,000	17,250	15,000	132,250
Dr George Donkor	84,065	6,750	15,000	105,815
Mr Simon Dornoo	50,000	3,750	7,500	61,250
Mr Bashir M. Ifo (Ecowas Bank for Investment & Development)	8,241			8,241
Mr Brian Kennedy (Nedbank Group Limited)	100,000	12,750	45,000	157,750
Mr Deepak Malik (Arise B.V)	100,000	9,750	15,000	124,750
Ms Zanele Monnakgotla (GEPF/PIC)	92,307	9,000	15,000	116,307
Dr Catherine Ngahu	100,000	15,000	15,000	130,000
Mr Mfundo Clement Nkuhlu (Nedbank Group Limited)	100,000	13,500	82,500	196,000
Prof Enase Okonedo	50,000	3,750	7,500	61,250
Mr David O'Sullivan (Qatar National Bank)	100,000	14,250	15,000	129,250
Ms Arunma Oteh	32,966	7,500		40,466
Dr Aasim Qureshi (Qatar National Bank)	100,000	12,750	30,000	142,750
Total	**1,277,581**	**160,700**	**522,500**	**1,960,781**

I* The other benefits of Mr Emmanuel Ikazoboh include his final board fees paid to him when on his retirement from the board ($150,000) and one air ticket for one semester ($7,500).

** The other benefits of Mr Tei Mante include his final board fees paid to him when on his retirement from the board ($80,000) and one air ticket for one semester ($7,500).

*** The $15,000 are the cash equivalent for 2 first class air tickets.

In addition to the costs above, the Company reimburses, or pays for all expenses reasonably incurred by the non-executive directors in carrying out their duties including travel, accommodation and telephone calls.

Executive management remuneration

Executive management remuneration is made up of both fixed and variable pay. In determining the fixed remuneration, consideration is given to the complexity of the role, as well as the skills and experience of the individual. The purpose of fixed remuneration is to attract and retain talent by remaining competitive in the market, while rewarding ongoing contribution. Any salary increases are influenced by performance, based on pre-agreed metrics.

Variable remuneration is aimed at rewarding the Executive Management for the achievement of annual financial and non-financial objectives, which are key to the delivery of the Company's short-term and long-term strategy. Long-term variable renumeration aims to incentivise and reward the creation of long-term shareholder value.

Consistent with Ecobank's objective of being an employer of choice in our markets and in order to attract the best talent, senior executives are compensated with a combination of fixed compensation (salary, benefits and pension) and variable compensation (bonuses). The total remuneration paid to all senior executives during the 2020 financial year amounted to $12.36 million, in 2019 it was $13.1 million.

Code of conduct

There is a code of conduct for directors of the Ecobank Group. It requires a director, whilst acting in the best interest of the Group as a whole, to take account of the interests of the Group's shareholders, employees and creditors, and, where appointed as a representative of a special class of shareholders, employees or creditors, to give special, but not exclusive, consideration to the interests of that class.

The code prohibits a director, without the consent of the Board, from placing himself/herself in a position such that his/her personal interest conflicts, or could be seen to conflict, with his/her duties to the Group.

It also prohibits a director from entering into any contract on behalf of the Group, or any of its subsidiaries or affiliates, in which he/she, or any director of the Group or any associated company, may have material interests, whether directly or indirectly, unless a Board resolution has been passed to approve the contract. There were no breaches of the Directors' Code of Conduct in 2020.

In 2020, the Ecobank Group Code of Conduct applicable to all employees and Directors of Ecobank Group was revised. The revised Ecobank Code of Conduct identified the following as Ecobank core values:

The above values define what Ecobank stands for and are expected to shape the behaviours of all employees in every engagement that they have with customers, colleagues, communities, shareholders, regulators and all other stakeholders.

The code encourages leaders and managers in Ecobank to adhere to the highest behavioural standards and act as role models to all staff. It is believed that ethics in leadership and across the organisation is considered imperative will enable Ecobank continue to execute its strategy and realise its objectives in a sustainable manner.

The revised Ecobank Code of Conduct also provides guidance on how to make ethical decisions utilising a framework that brings together three broad lenses to guide ethical decision-making.

In addition to the values above, the revised code introduces an Ecobank pledge and encourages people to speak up.

Dispute resolution policy

A dispute resolution policy is embedded in the Corporate Governance Charter. It sets out the Board's procedures for resolving disputes between Board members. It always applies to all Board members in the performance of their duties.

The Governance and Nomination Committee is the resolution body for disputes within Ecobank's Board. The committee recommends a course of action for the consideration by the full Board, if necessary. Where the dispute involves a member or members of the Governance and Nomination Committee, the Chairman of the Governance and Nomination Committee designates impartial Board members to intervene on behalf of the full Board.

Parties involved in the dispute are expected to acknowledge the dispute respectfully, listen objectively to the issues raised and consider the opinions of others. The Chairman of the Governance and Nomination Committee ensures that the dispute is discussed openly and that questions are asked of all the parties involved to formulate remedial action. No such disputes arose between Board members in 2020.

Governance structures within the Ecobank Group

The Ecobank Group Corporate Governance Charter clarifies governance structures throughout the Group.

The charter essentially covers the following areas:

- The role of the parent company;
- The relationships and interfaces between the parent company and its subsidiaries;
- The standard of conduct and procedures for directors.
- The following governance units within the Group:
  - Parent Company ('ETI') Board of Directors;
  - Country Board of Directors;
  - Group Executive Committee;
  - Business Leaders' Conference; and
  - Country Executive Management Committees.

There follows a brief overview of the role and responsibilities of each of the governance units.

Parent Company Board of Directors

The Board of Directors of ETI is elected by, and is accountable to, shareholders for the appropriate and effective administration of the Ecobank Group. Their primary responsibility is to foster the long-term success of the company, consistent with its fiduciary responsibilities.

Comprehensive profiles of all the Directors are to be found on pages 56-60 of this annual report.

Group Executive Committee

As at 31 December 2020, the Group Executive Committee ('GEC') comprised the following:

- Group Chief Executive Officer;
- Group Chief Financial Officer;
- Group Executive, Commercial Bank
- Group Executive, Consumer Banking;
- Group Executive, Operations and Technology;
- Group Executive, Corporate and Investment Bank;
- Group Company Secretary/General Counsel;
- Group Executive, Internal Audit & Management Services;
- Group Chief Risk Officer;
- Group Executive, Human Resources;
- Regional Executive, Central, Eastern and Southern Africa;
- Regional Executive, Nigeria;
- Regional Executive, Anglophone West Africa; and
- Regional Executive, West African Economic and Monetary Union

The GEC meets monthly and is responsible for the day-to-day operational management of the Group and its subsidiaries.

The GEC is responsible to the Board and plays an important role in the Group's corporate governance structure. The GEC manages the broad strategic and policy direction of the Group, makes submissions to the Board for approval, where necessary, and oversees their implementation.

The GEC has decision-making powers in specific areas of Group Management. In particular, the GEC works with, and assists, the Group Chief Executive Officer to:

- Define and develop Group strategy;
- Confirm alignment of individual subsidiary's plans with overall Group strategy;
- Track and manage strategic and business performance against plan, at Group and subsidiary levels;
- Implement Group policy and decisions;
- Make recommendations regarding human resources issues;

- Recommend the opening or closing of subsidiaries;
- Articulate appropriate response to environmental factors, regulations, government policies, competition and other such issues across the Group;
- Articulate policies for advancing Group objectives; and
- Make important decisions in areas for which authority is delegated to the GEC.

Business Leaders' Conference

The Business Leaders' Conference ('BLC') is a collegial group of all subsidiary CEOs and Group functional heads that has been constituted to encourage collaboration in strategy and policy formulation. It comprises the GEC, all subsidiary CEOs and Group Heads. The GCEO is the Chairman of the BLC.

The BLC is the primary coordinating body for Group cohesion and integration, and the implementation of Group strategy.

The BLC is a consultative body and not a decision-making body. It plays a key role in facilitating the harmonisation and integration of Group strategy. Its role includes:

- sharing and disseminating information, experiences and best practice across the Group;
- initiating policies that encourage integration and promote the 'One Bank' concept;
- promoting integration and standardisation of Group policies and procedures;
- promoting and monitoring compliance with Group operational standards; and
- contributing to the formulation of Group policies.

Country Executive Management Committee

The Country Executive Management Committee consists of the Managing Directors and other senior executives of each subsidiary. In addition to the day-to-day management of the subsidiary's operations, the role of a Country Executive Management Committee includes the following:

- Aligning strategic objectives and operational plans with overall Group strategy;
- Defining business goals and objectives for the country's operations;
- Approving business unit direction and strategies;
- Making decisions on operating plans and budgets;
- Reviewing the financial reporting and control framework;
- Tracking and managing country strategy and business performance against plan;
- Tracking and monitoring progress and accomplishments of major initiatives and projects at country level;
- Articulating appropriate responses to environmental factors, regulation, government policies, competition and other such issues in the country;
- Articulating policies for advancing business objectives in the country;
- Advising the parent company on adaptation of overall strategy to the specifics of the local environment; and
- Advising on local laws and regulations impacting on Group policies.

Ecobank's sustainability stewardship

In 2020, Ecobank made significant progress towards achieving our sustainability targets. As a result, we advanced the UN Sustainable Development Goals (SDGs) on Quality Education (Goal 4) and Decent Work and Economic Growth (Goal 8). This complements the goals that we are already implementing, such as the fight against climate change, poverty and inequality. Our actions, advocacy and community engagement represent an extension of our mission to contribute to the financial development and economic integration of Africa.

In this regard, the Bank reaffirmed its belief that business growth should not be at the expense of people and the planet and the Bank remains committed to the SDGs and the 2030 Agenda, which have redefined the focus on creating a better world, while translating global needs and desires into development solutions. It continues to create profound links between a healthy financial system, the transition to a green economy and the pursuit of long-term sustainability through the strategic integration of economic, social and environmental factors in the decision-making of banks.

Managing sustainability in Ecobank

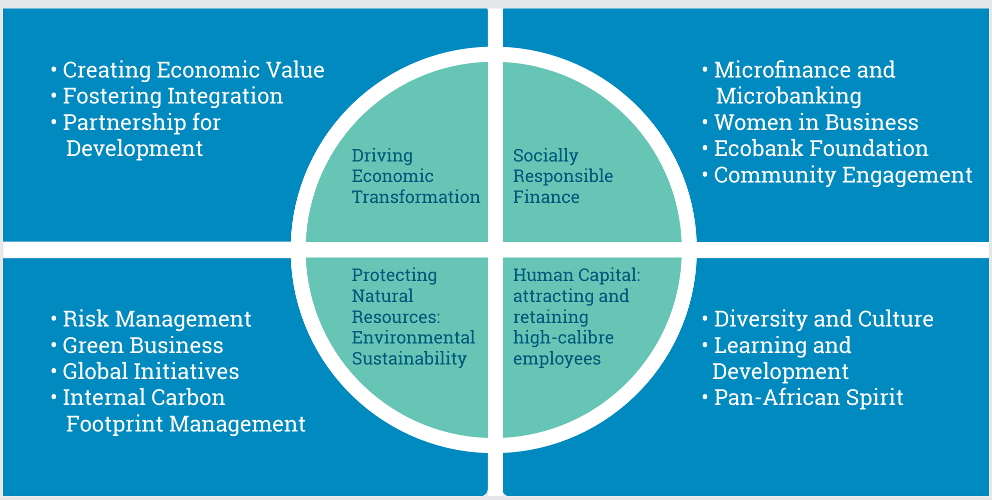
Under the auspices of the ETI board committee responsible for Social, Ethics and Reputation and the direct management of the Group Chief Risk Officer, Ecobank's commitment towards the achievement of SDGs is aligned to its business interests and its focus on the areas where the Bank has most comparative strengths.

The Bank assesses progress towards the achievement in these areas through the implementation reports submitted to the United Nations Global Compact and other environmental, social and governance (ESG) frameworks to which it has subscribed, on annual basis. In an inter-linked approach between the SDG targets and Ecobank's actions, the Bank has expanded the focus of its SDG implementation targets to include Goal 4 on Quality Education and Goal 8 on Decent Work and Economic Growth. This brings the number of SDG implementation targets in 2020 to 10 actionable goals – 1, 2, 4, 5, 7, 8, 9, 13, 15 and 17 – as presented in the table opposite.

SDGs	Target	Ecobank's action
1	No Poverty	The Bank contributes to reducing the poverty gap and its severity by stimulating investment-led growth in the economic performance in its host countries.
2	Zero Hunger	Ecobank is actively involved in the upstream, midstream and downstream agricultural value chain activities. The Bank is driving market access efficiency, market supply consistency and market returns improvement through stakeholder partnership collaboration, so as to reduce famine and ultimately eliminate hunger.
4	Quality Education	Ecobank extended its sustainability thought leadership and expertise to include its competitors towards improving the tenets of sustainability practices in the banking industry. Through the Ecobank Academy, it has also developed a customised curriculum and delivered capacity-building training in a number of organised sessions.
5	Gender Equality	Ecobank has adopted gender mainstreaming as an approach to achieve gender equality in its business and operations. Furthermore, the Bank does not tolerate any form of discrimination, especially on the basis of gender.
7	Affordable and Clean Energy	The Bank is equipping its infrastructure and office equipment with solar energy and, at the same time, is encouraging its clients to consider modern low carbon energy sources, such as gas, to replace diesel in their operations. In doing so, the Bank organises training for its account relationship officers with clients' interface responsibility to identify and harness opportunity for clean and affordable energy business.
8	Decent Work and Economic Growth	Ecobank is steadily taking a lead in decent work and resource efficiency (consumption and production), while also contributing to the transition to green economic growth across its geographic footprint.
9	Industry, Innovation and Infrastructure	The Bank is investing in infrastructure development to drive industrialisation and technological innovation in an environmentally friendly, socially acceptable and energy-efficient manner. This is in fulfilment of the Bank's commitment to investment in infrastructure development and economic transformation as a key driver of sustainable growth.
13	Climate Action	The Bank is acting upon the profound links between a healthy financial system, transition to a green economy and the pursuit of long-term sustainability in the delivery of global warming and climate change actions.
15	Life on Land	Biodiversity in the Ecobank context, is the variability among living organisms from all sources, including terrestrial, coastal and other marine, as well as sensitive ecosystems. Protection and conservation of biodiversity and sustainably living natural resources are an integral part of the Environmental and Social Risk Management unit, within the Group Risk Management in the Bank.
17	Partnerships	Ecobank is working with the United Nations agencies, regional and bi/multilateral development agencies in promoting sustainable development financing.

Ecobank Sustainability Framework

At Ecobank our Sustainability Framework, which was formulated in 2011, defines our objectives, inspires our strategy and guides the assessment of our journey and adherence to the overarching goals towards the achievements of the United Nations Sustainable Development Goals (SGDs), the Paris Agreement on Climate Change and the Sendai Framework for Disaster Risk Reduction. It focuses on four thematic areas that support values and growth with indicators, which can be integrated with the Global Reporting Initiative (GRI) standards in a manner that presents the Bank's actions as it strives to achieve its targets.



The framework's strengths are its alignment to our overall business strategy and its contribution towards building strong, lasting relationships with stakeholders, delivering on our commitments, attracting and retaining top talent and driving innovation in our industry. These are all key to creating long-term growth and value. It is also a result of our collaborative partnerships with stakeholders (board, management, volunteers, staff across the Ecobank Group, as well as the public and other private sector parties) on sustainability practices, which have all contributed to increasing our positive impact in all the thematic areas of the framework: stimulating sustainable economic transformation, promoting socially responsible banking, driving human capital development, managing natural resources and protecting the environment in our business and operations.

The framework reflects:

- our stakeholder's approach to sustainable development;
- our need to balance profitability with the protection of our planet and the fight against poverty;
- our recognition that the welfare and development of the communities in which we operate is important and
- our consistent factoring of social and environmental concerns into our business operations.

We are constantly exploring innovative ways to drive our business and meet the expectations of our collective stakeholders, while keeping Ecobank's sustainability stewardship on course.

Impacting sustainability in our Consumer Banking

In Consumer Banking, we are focusing on generating inclusive growth, while at the same time reducing our ecological footprint along our value chain by driving initiatives towards the attainment of the SDGs to eradicate poverty and hunger.

Supporting smallholder farmers – Our micro finance business partnered with AgTech platforms to empower smallholder farmers. One such intervention was our partnership with AgroCenta Limited, an agricultural technological (AgTech) platform in Ghana. We are connecting smallholder farmers in the staple food space, such as rice, maize, millet and soybean, to a wider online market to trade, access truck delivery services and get real-time market information via SMS and voice services via their phones. This initiative enabled us to access a grant from the Alliance for Green Revolution Africa (AGRA) to provide financial support to thousands of farmers in the eastern region of Ghana, who are using a wide array of banking services including loans, savings and bill payments through our agency network. This has gone a long way towards growing the business of the smallholder farmers, while also increasing the supply of staple foods in the country.

Expanding financial inclusion through agency banking – Ecobank remains at the forefront of expanding access to mainstream financial services for the millions of unbanked Africans and our agency banking business is a major vehicle through which we seek to achieve this goal. In 2020, we expanded our Xpress Point agency banking network by 66 per cent, to over 66,000 agents, working with partners across markets including Cameroun, Nigeria and Rwanda. We plan to scale up significantly by expanding our reach as part of the Bank's overall strategy to drive financial inclusion and make full banking truly accessible to many in sub-Saharan Africa. Our Xpress Points make it possible to provide a wide range of financial services to Africans in the neighbourhoods where they live and work. Some of the services offered at our Xpress Point locations include cash deposits and withdrawals, airtime purchase, intra and interbank transfers, bill payments, remittances and digital account opening etc.

Supporting contactless payments due to the pandemic – Ecobank understands the impact that the pandemic has had on the economies of the world. Africa has not escaped either. To help mitigate the impact on poverty and hunger, it became important to ensure that payments continue to keep economies moving in order to sustain the livelihood of Africans. As a result, we have continued to push our Xpress accounts which enable Africans to open accounts from their mobile phones so that they can receive payments.
We introduced Xpress Cash, which allows Africans to generate tokens which can be sent through SMS or email to beneficiaries, allowing them to receive cash wherever they are through our ATMs or agency locations.
We also launched Rapidtransfer International which enables the African diaspora resident in Europe to send money conveniently to support their loved ones here in Africa, thereby boosting household incomes and consequently supporting their economies.

Driving women-inclusive financing in Commercial Banking

Notwithstanding the challenges posed by the COVID-19 pandemic year, Commercial Banking (CMB) showed resilience and innovation in delivering financial services to its customers. By doing so, CMB continues to contribute to making banking services more inclusive, accessible, efficient and, above all, safe during this pandemic. We provided self-onboarding options on our digital platforms, Omni Lite and EcobankPay. This allows existing and prospective customers to adhere to COVID-19 protocols to limit movement. We also significantly expanded bill payments by adding 500 new vendors.

To support women's businesses, who represent a third of all SMEs on the continent, and the social impact of their investment of as much as 90% of their incomes into their families and communities, we launched our women's programme Ellevate by Ecobank. It is designed to help bridge the financing gap that women face in growing their business and also to provide them with non-financial support in the form of training, networking and access to markets. We are currently focusing on creating increased awareness for the programme, onboarding customers and separating our gender data to enable us to evaluate and track the performance of the programme.

In collaboration with the AUDA-NEPAD (the African Union Development Agency) we are working to strengthen Africa's responses to micro, small and medium enterprises (MSMEs) and support their recovery from the impact of the COVID-19 pandemic. This initiative is focused on empowering MSMEs, who are critical to restarting Africa's economies.

As we move into 2021 and beyond, our focus is on how we can deepen our engagement in the agricultural sector across all our business segments, as well as in becoming a thought leader in the food and agribusiness sector across Africa. Our objective is to contribute to the improvement of rural livelihoods and the development of sustainable food systems.

Ecobank helping others to drive economic growth

In a year dominated by the impact of the global pandemic, Ecobank complemented the work of governments and public health authorities by providing support in the form of cash, healthcare equipment and supplies, implementing strong and sustained awareness campaigns and also using our digital platform to support the more vulnerable members in our societies. Over many years, Ecobank has demonstrated its capabilities in emergency response situations by working in partnership with peacekeeping and humanitarian missions, with non-governmental organisations (NGOs) and community organisations. Across the development sector in 2020, treasuries needed to make rapid changes to programmes and initiatives in response to pandemic-related restrictions and the redirection of funds to COVID-19 response activities. Ecobank offered easily implemented solutions which treasuries, field offices and beneficiaries adopted quickly and easily, without compromising security, accountability or functionality, while ensuring adherence to COVID-19 response compliant practices.

NGOs and multilateral organisations, both long-standing and new clients, leveraged Ecobank's leading treasury and payments digital ecosystem to facilitate the secure and efficient transfer of funds from donors/humanitarian organisations through to last mile solutions, delivered across Ecobank's extensive geographic footprint through its digital solutions. The benefits of Ecobank's strategic investment in technology to deliver integrated, networked systems were evident as our international organisation partners worked to expand humanitarian assistance activity and development programmes despite the pandemic environment, creating pathways to ease the COVID-19-related economic burden on the communities that we serve.

We are also collaborating with African and international development financing organisations to ensure that support for communities and economies is widespread, and to ensure that the areas of greatest need are reached.

Ecobank continues to strengthen its relationships across the continent with global multilateral organisations. Our centralised coverage model for organisations operating across multiple jurisdictions provides a framework through which Ecobank can support a coordinated approach to the procurement and administration of a full range of banking services in 33 sub-Saharan African countries and Ecobank's international hub, EBI SA, through solutions including:

- Foreign Exchange at central level from EBI SA (providing an ever-increasing number of currencies), and from local Treasuries;
- Full suite of cash management and liquidity management solutions;
- Digital solutions which include mobile money, electronic voucher and card options; and
- Cash deliveries and disbursements supporting projects and operational commitments in remote and challenging locations.

Global health organisations play a strategically important role in public health across Africa and Ecobank works with such organisations to ensure that implementing partners have access to the necessary banking services, including digital, mobile and cash distribution services across the continent.

Long-established relationships with regional multilateral institutions continue. Ecobank's services support the critical work of the regional multilaterals, such as ECOWAS, which:

- Supports observer missions during elections – peace and stability are instruments for overall development.
- Facilitates payments to delegates/experts during missions, tailored for specific requirements – stakeholder involvement facilitates the efficient delivery of projects aimed at enhancing the Human Development Index.
- Establishes partnerships with the private sector/trade

directorates on infrastructure projects and aids to trade in West Africa - the provision of basic infrastructure builds a strong base for development.

- Ecobank is committed to product development which supports ECOWAS's cardinal objective of economic integration - a dynamic product range aligned to the current and future needs of citizens and the state is key.
- Ecobank's strong network provides efficient coverage for all ECOWAS institutions.

African Union, for which:

- Ecobank facilitates the COVID-19 response initiative by providing solutions and touchpoints facilitating a robust collection mechanism. This covered multiple channels including Swift, Paypal, E-Commerce on Visa and Mastercard, and Mpesa & Airtel Money, amongst other telco payment mechanisms.
- Ecobank also contributed $100,000 towards this initiative.
- Ecobank provides investment expertise and options for the funds.

Socially responsible banking – Ecobank Foundation

2020 marked the end of the five-year strategy of the Ecobank Foundation. Over the past five years, there have been two important tracks to re-engage our internal and external communities. Internally, we have worked closely with business segments and the Ecobank Academy to increase the role of Ecobankers in leading social impact, notably through Ecobank Day. Externally, we collaborated with civil society organisations, communities and national governments to advance our goal of becoming the 'go to' partner in Africa.

Our work is closely aligned with the Bank's purpose of leading digital financial services in Africa and the diaspora. In this respect, we have laid the foundations for the changes we would like to see in our communities.

Health is a critical component of development. As such, we took a position on malaria and non-communicable diseases (NCDs) to counter the issues that erode urban and rural progress. Combatting malaria has been a key investment for Ecobank since 2014. In 2020, we launched the Zero Malaria Leadership Initiative to accelerate the way in which SME leaders in Benin, Burkina Faso and Senegal can contribute to the fight against malaria. As a learning organisation, we were strengthened by our collaboration with the Global Fund. We designed a programme that brings public, private and civil society organisations together for a common cause: eliminating the barriers to human progress. This was extended to our corporate engagement on NCDs, for which we collaborated with the NCD Alliance to design a three-year programme to weave NCDs into our community engagements. Finally, in 2020, we signed an agreement with UNITLIFE to strengthen African and the diaspora's ability to engage in the fight against chronic malnutrition.

Ecobank Cameroon donates at the 2020 Ecobank Day

Education is the thread that connects human development to different sectors. As such, we are working with JA Africa to provide young Africans in Côte d'Ivoire, Ghana, Kenya, Nigeria and Senegal to improve their financial education. Over the course of the three-year partnership, JA Africa and Ecobank Consumer Bank will support the financial digital journey of 600,000 young Africans who are active online. The 'Banking on African Youth' initiative is a robust online campaign to build the financial literacy capacity of young people in Africa so that they can develop life-long financial habits on earnings, savings, investments and banking. Ultimately, Ecobank and JA Africa want to help young people internalise and begin to build a culture of savings as part of their personal financial habits.

Financial empowerment is embedded in all the programmes that we work on. The Ecobank Academy delivers training programmes on behalf of the foundation. Notably, this included a training programme for 39 finance managers of the NCD Alliance from over 30 national and regional NCD Alliance members from across the world. By co-designing the training programme with the NCD Alliance, the Ecobank Academy continues to actively support the role of public sector organisations in making better use of available resources.

Also, in 2020 Ecobank continued to lead the important work of putting NCDs at the centre of private sector engagement with communities. Through the three-year campaign #TogetherForBetterHealth, we stand with communities across Africa. Most importantly, we make 14,000 Ecobankers take a stand against NCDs, while sharing key messages to 23 million customers across Africa and the diaspora. This year, our focus was on diabetes and online platforms were used to bring key messages of prevention and education about living with diabetes to audiences in Africa and around the world. We stood with other private sector companies, civil society organisations, clients and partner organisation by continuing to make collaboration a central piece of the delivery in our communities.

We were recognised for our work by winning the 'Best Corporate Responsibility in Africa' award from Euromoney. In addition, Ecobank was the recipient of the 2020 Speak-Up Africa Award. This award recognises and celebrates institutions and individuals that demonstrate exemplary leadership in sustainable development and whose initiatives have a positive impact in Africa.

Our response to the coronavirus pandemic

Ecobank continues to put the health, safety and security of people first. The Bank's approach is grounded in its purpose, which ensures that it continuously strives to make a difference for people in our communities and in our workplaces. The coronavirus pandemic has posed enormous challenges around the world. The Bank's deepest sympathies go to all who have been impacted. Even in challenging times with business impact, the Bank is confident that the banking business will emerge stronger and more resilient.

Group Chairman's Sustainability Award (GCSA)

The annual Ecobank Group Chairman's Sustainability Award (GCSA) competition was established in 2018 to reward Ecobank affiliates which successfully combine innovation and climate change viability with outstanding economic, social and environmental business performances in their businesses and operations. The award focuses on the projects/transactions/initiatives carried out, carefully chosen and presented by Ecobank affiliates, based on their contributions to the sustainable development goals (SDGs). In this regard, the award competition is inspiring sound environmental and social practices in Ecobank's operations and businesses, while at the same time helping keep Ecobank's sustainability stewardship on course.

The award process is informed on a merit-based scoring review by the panel of judges to appraise the important projects, transactions and initiatives submitted by Ecobank affiliates which deliver beneficial impact on the Sustainable Development Goals (SDGs). The merit-based scoring review has been chosen to ensure that the process is fair in practice and perception, and that the outcomes in each case are clearly and publicly explained. In this way, the effectiveness and accountability of the award process is increased, so that confidence across Ecobank affiliates in the GCSA is enhanced.

The 2020 GCSA competition received 18 entries from: Ecobank Cameroun, Ecobank Chad, Ecobank Congo, Ecobank Côte d'Ivoire, Ecobank Ghana, Ecobank Kenya, Ecobank Liberia, Ecobank Malawi, Ecobank Nigeria, Ecobank Rwanda, Ecobank Senegal, Ecobank Sierra Leone, Ecobank Togo, Ecobank Uganda, Ecobank Zimbabwe, Group Ecobank Business Services (EBS), Ecobank Foundation, and an Ecobank staff member.

All entries were reviewed according to the agreed criteria and Ecobank Togo was adjudged the winner. Ecobank Senegal and Ecobank Malawi were the first and second runners-up.

Presentation of the 2020 Group Chairman's Sustainability Award to Souleymane Toure, Managing Director of Ecobank Togo, by Ade Ayeyemi, Group Chief Executive Officer

Ecobank Togo BBOXX (the winning project) – The Government of Togo launched a Presidential initiative on the expansion of rural electrification to make it more accessible, affordable and environmentally friendly. The initiative dubbed CIZO, which means 'to light' in the Guin language spoken in Southern Togo, is aimed at increasing the availability and supply of rural electricity to 40 per cent by 2020, by harnessing solar photo voltaic (PV) technology. CIZO attracted investors and was pioneered in Togo by BBOXX, which is a provider of off-grid solar home solutions for rural communities alongside EDF, with funding support from Ecobank Togo. The initiative contributes towards Togo's attainment of the United Nations SDGs and the implementation of the Paris Declaration on Climate Change.

Ecobank Togo's submission was judged to be the most outstanding. Ecobank Togo's submission showcased a commitment to the achievement of social transformation, economic development, environmental friendliness and financial viability for all stakeholders. It gave a clear demonstration of social components, including the electrification of health centres, equipping health centres with solar water heaters, the solar electrification of drinking water supply stations, deployment of solar irrigation pumps, catalysing rural technology adoption (mobile telephony), as well as stimulating viable night lives.

The BBOXX transaction strengthens the presence of Ecobank Togo in the renewable energy and rural electrification sector, in furtherance of the Group's focus on climate finance and green lending. By supporting the initiative, Ecobank is further positioned as a leading bank and partner to the Togolese government in the promotion of renewable energy and the rural electrification sector. The initiative also contributes towards the realisation of the Bank's support for financing modern, reliable and affordable energy services across its geographic footprints. Thus achieving the United Nations SDG 7 on the Sustainable Energy for All (SE4All) initiative.

Ecobank will continue to follow the activities of BBOXX and the implementation of the CIZO project in Togo. It is our expectation that lessons will be learnt in the implementation of CIZO to inform similar business opportunities, as well as generating essential good practice in rural electrification activities in the context of knowledge management in the sector, so that it can be replicated in other affiliates.

Sustainable energy (Ecobank solar plant)

Solar panels, Ecobank Togo

Under the auspices of Ecobank's Group Executive Operations and Technology, the Bank is demonstrating its commitment to sustainability in its operations, purchasing and travel guidelines as well as in promoting clean and affordable energy (Goal 7) through our Solar Innovative Power initiatives.

Since 2018, the Bank has embarked on a solar power initiative with the objective of retrofitting energy supplies to its main buildings across its geographic footprints, while saving costs and reducing its ecological footprint. Implementation of the initiatives is in two main phases, as follows:

The first phase of the project is the needs assessment and the competitive selection of vendors to submit proposals on the implementation of solar solutions over a period of six months. The second phase of the initiative is rolling it out to Ecobank locations, starting with the Ecobank affiliates that have the highest electricity budgets.

In 2020, following the completion of the first phase, the Operations and Technology (O&T) team in Ecobank rolled out the initiative and assessed the viability of solar retrofitting in 166 Ecobank sites, taking account of site suitability, roof capacity, shade and space availability. This aimed at gathering the key data and information to assist in the implementation.

At Ecobank headquarters in Togo, the O&T team installed over 1,728 solar panel grids with 970,000 kilowatt hours (kWh) of energy. The solar retrofitting at Ecobank headquarters became the flagship solar project in the Bank because of its size and generating capacity. As at 31 December 2020, the following progress has been achieved across the Ecobank Group:

- Ecobank locations already powered: 32
- Savings in financial terms (2020): $359,653
- Approximate savings in CO^2 emissions: 2,697,979 Kg
- Approximate number of trees saved: 129,943.

In 2021, the plan is to expand and roll out the installation in other locations where the feasibility survey and power audits have been successfully carried out. This will include targeted new locations in Ecobank affiliates in Benin, Burkina Faso, Cameroun, Côte d'Ivoire, Ghana, Kenya, Mali, Rwanda, Senegal, Togo, Zambia and Zimbabwe.

In a related development, the O&T team is implementing a hybrid energy efficiency initiative, known as the 'Power as a Service' concept. This concept is to be carried out in Ecobank affiliates with erratic power supplies, where the Bank is compelled to use generators with high fuel costs. The 'Power as a Service' concept involves the service of a vendor to take over the provision of electricity supply at Ecobank premises through a combination of solar, grid, generator and energy efficiency measures to guarantee electricity power supply at a competitive and reduced cost. Starting with Nigeria, the concept will then be rolled out in South Sudan. In Nigeria, the 'Power as a Service' concept has been implemented and commissioned at 80 sites and it is planned to bring the number of sites to 110 by March 2021.

Through the O&T team, Ecobank has also augmented its procurement operations through its 'Green Procurement' initiative, which takes into consideration pollution prevention, just labour conditions, guaranteed human rights and resource efficiency amongst other factors, in the production and supply cycle. In doing so, the team has mainstreamed the sustainability tenets in its procurement guidelines to ensure that the Bank's vendors and supply chains conduct their businesses in an environmentally friendly and socially acceptable manner. As represented below, the guideline is promoting the four 'R' strategies, by taking into consideration the effects of energy consumption, toxicity, ozone depletion, radiation and the use of recycled materials to:

a. rethink the requirements to reduce environmental impact;

b. reduce material consumption;

c. recycle materials/waste; and

d. reduce energy consumption.

This means that the products being sourced and supplied to the Bank will meet the standard sustainability criteria, as the Bank remains committed to protecting the quality and diversity of the environment and continually improving performance in this regard.

Solar panels, Ecobank Togo

Sustainability stewardship

Thought Leadership - 'Sustainable banking – Role of the Directors': In 2020, under the auspices of the Bank of Ghana, the Ghana National Banking College (NBC) launched a capacity building programme for the Boards and Executives of banks in Ghana. In implementing the programme, NBC collaborated with Ecobank to facilitate a training programme for the Board of Directors of 23 universal banks in Ghana on 'Sustainable banking – Role of the Directors'. The training aimed at stimulating understanding of sustainability in banking, providing knowledge on tools for navigating sustainability in banking, as well as demonstrating positive correlations between sustainability practices, business performance and the bottom-line. The ongoing training is contributing to the uptake and implementation of sustainability practices in banks, to help create a level playing field in sustainable banking, as well as positioning Ecobank as a sustainability thought leader.

Executing an agile and transformative people agenda to ensure business sustainability

As the continent and the world faced the unprecedented challenges caused by COVID-19, Group Human Resources (HR) – including the company's entire leadership – responded firmly to the pressing needs caused by this pandemic. From working with all stakeholders to ensuring employee safety and from supporting the business to addressing the real-time challenges facing our clients, our goal has been to find opportunities for growth, while also improving both client and employee safety and experiences.

This year was all about meeting our planned and emerging needs, while ensuring staff safety as much as possible and that our business was able to achieve its strategic objectives.

Regarding the safety of our personnel, by leveraging upon technology investments most of our staff were able to work from home while still serving customers. To ensure continuous learning and development of our staff, we rapidly adopted and redefined how we train and develop our employees on critical current and future skills, while driving cultural and organisational transformation through targeted interventions. We institutionalised processes to support our Talent agenda, with most of these being accelerated due to both the pandemic and the need to refit our organisation to meet existing and future business opportunities.

We have continued to execute the transformation agenda, closely integrating our core values into our performance management process, deepening their meaning and supporting how those values inform the Group's overall way of operating.

The year 2020 also marked another critical milestone for our company, which is reaching the five-year mark of our corporate 'Roadmap to Leadership' strategy. The People Strategy goals were designed to enable our corporate success, with this being more relevant now than ever before.

This report provides a detailed update on our 2020 initiatives, together with our roadmap for realising our business ambitions and potential:

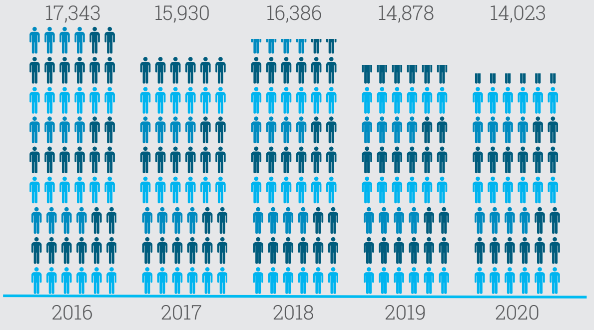
1. Organisational transformation:
   a. Driving employee experience;
   b. Reinforcing our performance management process;
   c. Supporting the centralisation process; and
   d. Other HR initiatives transforming our organisation.
2. Employee efficiencies.
3. Bringing talent management closer to the business.
4. Continued focus on learning and development.

Our commitment to building on this crucial work remains unchanged as we seek to empower our people with the best workplace experience possible. We understand that this approach translates directly to the bottom line for all involved.

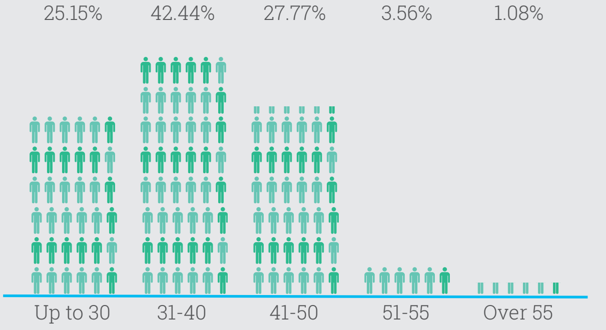
As evidenced by our motto, we are committed to serving efficiently and providing a sustainable and quality employee experience.

PEOPLE DATA

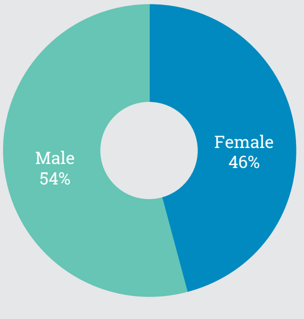
Staff Data – Number of staff:



Staff data – Age:

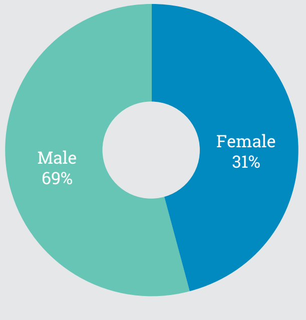


Gender – Overall:

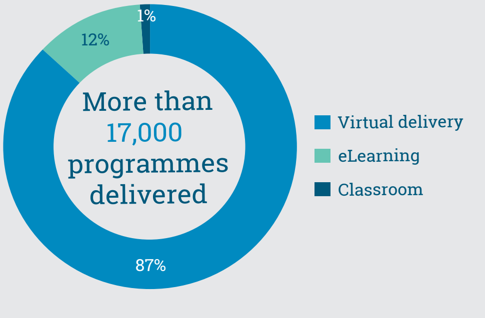


Training – Number of staff trained:

Gender – Membership and leadership positions:



Training – Number of programmes delivered:



1 Organisational Transformation

1.1. Driving Employee Experience

In 2020, for the third year in a row we conducted a Group-wide Employee Experience Survey. Serving as one of the key platforms for having employees' voices heard at the centre of our organisation, we reached all affiliates and received feedback from over 77 per cent of staff, which was 5 per cent higher than in the previous year.

The Employee Experience Survey is an important tool in measuring employee satisfaction and pride in the workplace. It also provides us with invaluable data on the effectiveness of our strategy execution, performance management processes, career management and our various staff development initiatives. While more analysis on the 2020 feedback will be conducted during the first quarter of 2021, the high-level overview shows improvement on all critical scores. Although we are encouraged by this improvement, we are also aware of, and are resolved to continue enhancing, our people's overall experience. As an organisation, we recognise the critical importance of employee experience, especially in these challenging times.

In the coming months, we will work with the company's entire leadership and its respective staff to outline key actions for improving the company's overall employee experience. These working sessions will include presentations, focus groups and a task force to ensure that we identify and fully address necessary protocols in 2021.

While we focus on 2020/2021 results, it is essential to note that we have closed 95 per cent of the previous year's identified actions, most of which were focused on Career Management and Rewards Management. Thus, our continued focus on action-planning, tracking and reporting will play a crucial role in driving employee experience satisfaction and pride across the company.

1.2. Reinforcing Our Performance Management Process

To reinforce our culture in 2020, we changed our overall performance management process by adding more mandatory Key Performance Indicators (KPIs) to drive key focus areas, including customer experience; employee engagement; and culture, conduct and ethics.

This was phase one of our performance management improvement initiatives for 2020. In the second half of the year, we carefully considered additional ways to align corporate values with our performance management process. To effectively accomplish this integration, we developed a structured and lengthy design process to finalise the behavioural framework design.

The behavioural framework is based on our six core values which are integrated into our performance management process. The process will be deployed in a phased approach to reach all Ecobank staff throughout 2021. The six values are Respect, Accountability, Customer centricity, Excellence, Integrity and Teamwork.

Enhancing our performance management process is an accelerator on how – and when – we deliver improved services within our defined company culture. Effective implementation of this process will have a tangible impact on our organisational culture, while creating a sustainable performance environment where what is being done is as equally valued as how it gets done.

1.3. Supporting the Centralisation Process

We continuously strive to look for opportunities to drive efficiency and enhance the benefits of our technology investments and geographical footprint, and in 2020 we commenced the exercise of centralising a number of our key processes. The centralised processes comprise six vital company components: Risk Management, Business Services, Compliance, Finance, Internal Control and Human Resources.

This undertaking enables the company to save costs, better utilise resources, have leaner organisational structures and ensure alignment with best practices through continuous improvement in the efficiency of the centres of excellence.

While working to centralise its processes throughout the second half of 2020, Group Human Resources also provided the support to ensure that we have the fit-for-purpose organisational designs, consistency in implementation through rigorous assessment, the appointment of centralised teams and an overall change management approach.

All centralised functions are expected to go live in 2021.

1.4. Other HR initiatives Transforming our Organisation:

1.4.1. Launching the HR Academy

The HR leaders and their teams play a pivotal role in supporting the organisation's transformation across the Group. Recognising the importance of their position, we launched the HR Academy in 2020 to equip our HR community with the necessary competencies, skills and tools to support the organisation better and to execute our transformation agenda. Under the sponsorship of the Group Executive of Human Resources, the HR Academy curriculum balances the training of core HR processes alongside crucial business skills, such as finance and banking products.

1.4.2. Providing Organisational Development Advisory to Key Initiative Affiliates

Leveraging in-house Group HR capabilities, we continue to provide advisory support to key organisational development areas, from supporting the Culture, Conduct and Ethics initiatives to providing hands-on transformation support to key affiliates. This critical assistance enables our organisation to achieve the desired results and save costs by reducing reliance on external consultants.

1.4.3. Accelerating the Digitisation and Automation of all HR Processes

In 2020, we laid the groundworks and concluded the new HR information system's design phase. Effective implementation of this tool will equip our people working remotely and in our offices with a cloud-based 21st century platform, which is accessible 24/7. Scheduled for a 2021 Q1 release to all staff, this world-class system will further contribute to our drive for employee productivity and efficiency by:

- Providing cloud-based HR tools that support our people agenda;
- Empowering staff and management to conduct HR activities through self-service functionalities; and
- Leveraging people data and insights to enhance decision-making and inform immediate and future priorities (e.g. succession, development, career mobility and workforce planning).

1.4.4. Continue Support Strategy Execution Process

In 2020, as in previous years, we continued to provide hands-on support to the company's leadership on our adopted strategy execution process. Led by the Group CEO, this process proved critical. It enabled our leaders to focus on the key areas needed to respond to the ongoing pandemic, while ensuring both staff and customers' overall wellbeing. This focused approach defines and prioritises the things contributing the most significant share of our strategic objectives.

2. Driving Efficiencies

2.1. Refitting the Holding Company:

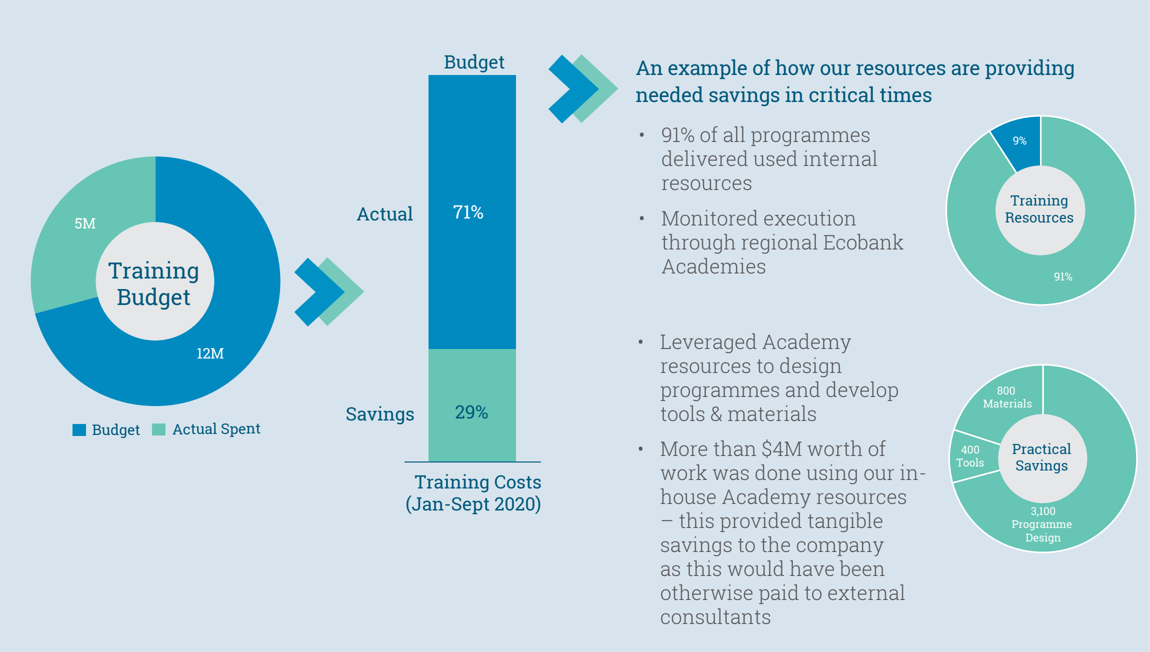
A necessary and vital initiative to ensure business continuity was the restructuring of the holding company. To ensure that we ran this exercise in the most productive and people-centric way as possible, we worked with internal and external stakeholders, reviewing cost structures and reinforcing the need to operate in a more agile and lean manner to deliver with speed and quality.

2.2. Reducing Staff Costs:

In 2020, we continued our rigorous approach to monitoring personnel expenses across all the markets in which we operate. This focused approach will create long-term material savings for the company. While these savings were necessary, we strived to ensure business continuity and deliver the business's expected impact (e.g. our Learning and Development initiatives).

2.3. Run Most Design Work Internally:

To enable affiliates to reduce expenses in areas of Talent, Learning and organisational development, the Group HR continued to provide in-house design, advisory and training services thereby costing affiliates a fraction of what they would have paid if external consultants had done the same work. The example below shows how we realised savings by leveraging on our internal capabilities.



3. Bringing Talent Management closer to the Business

Effective institutionalisation of the Talent Management process enables us to respond to planned and unforeseen business needs. We focused on the importance of succession planning for key roles, had critical discussions about the ageing population in leadership (the average age of the Group Executive Committee is 54), and the need for more women in senior leadership positions, which currently stands at 31 per cent.

Building on the progress made, in 2020 we significantly widened the scope of our Talent Management initiatives by reaching all regions across the Group. Critical to the company's success, this process is being led throughout the participating affiliates by the Managing Directors. Talent Management is a business tool.

Furthermore, in 2020 we enhanced our Talent toolkits and templates by adding more analytics and consistency in tracking essential Talent information. By taking this data-centric approach, we can maintain a universal way of viewing key areas of Talent Management across the Group.

Despite the travel restrictions caused by COVID-19, we ran virtual Talent reviews (also known as Talent Days) across 95 per cent of our affiliates. As affirmed by the participating Managing Directors and the Regional Executives alongside their senior leadership teams, this year's Talent Days provided tangible benefits for their respective affiliates and regions in several areas, including:

a. Enhancing the decision-making culture and demystifying career management across the organisation;
b. Learning how making the right decisions about our Talent translates into how the business performs both today and well into the future;

c. Providing Senior Leadership with an enhanced overview and reinforcing knowledge of the multi-dimensional and diversified state of Talent across the Group; and
d. Gaining early and key insight into the Group-wide Talent market. This provided an opportunity for affiliates needing good resources to identify ready-now, ready-soon and future-wave Talent prospects who can cover their succession planning needs.

A critical path now is ensuring that all agreed Talent interventions are being implemented throughout 2021. This includes implementing structured development plans for identified successors for critical roles; having actionable strategies; expanding the graduate programmes; cultivating future leaders of the company; increasing the number of women in senior leadership roles; and providing mentoring and coaching tools. As at December 2020, 31 per cent of 1,421 executive and management level staff are women.

4. Continued Focus on Learning and Development

4.1. Overall update

Despite the challenges posed by the pandemic, we continued to develop the core capabilities of our staff. To ensure that we have the best training possible, we redesigned all our essential programmes to make them virtual-ready and boosted our existing online platform's capabilities.

Through rapid innovation, self-created guides and practical solutions, Learning was once again used as a strategic business enabler across the Group. These efforts made it possible for the company to deliver training programmes that reached 100 per cent of Ecobank staff, from our entry-level officers to the executives and the Board of the Holding Company.

Our delivery approach embraced the right balance between speed and quality while mitigating the training budget reduction. With support from our internal and external faculty teams, programme managers and coordinators, we delivered 1,800 training programmes during 2020.

Below is a snapshot of some of the key programmes that were delivered in 2020:

a. Customer Experience (CX): CX is a strategic focus area. To effectively embed CX knowledge and competencies into our organisation, we trained 100 per cent of the staff through four eLearning programmes designed to provide awareness and direction on the Bank's CX agenda. During these modules, the staff were also introduced to our core CX Principles, best practices and expected ways of working. We also ran instructor led CX Awareness training, reaching 13,535 staff members across all geographies.
b. Risk, Compliance, Cyber and Governance programmes: In 2020, we executed all key programmes to provide our staff with the necessary tools and skills to protect integrity across the Group.
c. Branch Management Academy: In 2020, we launched the second phase of this programme, which is designed to strengthen our branch network transformation through product knowledge, cross-selling skills, operational efficiency and risk and controls.
d. Leadership Management Development programmes: We continue to roll out Leadership and Development programmes to equip our leaders with the tools and skills required for addressing today's pressing challenges, while at the same time considering future opportunities for the company. We also sharpened our focus on Women's Development, executing a programme targeting high-potential women leaders from across the Group.
e. Environment and Sustainability (E&S): Our Group integrates economic, social and environmental considerations in all its decision-making and activities. This is to ensure that we foster environmentally friendly and socially acceptable practices throughout the organisation. In 2020, we ran E&S training for our most senior leaders (Group Executive Committee) and the Board. We also commenced the plans to scale the same training to all staff across the Group.

4.2. Enabling CX Through the Launch of CX Academy

Following the groundwork of building essential CX capabilities for all staff, Group HR, alongside the Group CX function, launched the Ecobank CX Academy (CX Academy). Developed by Group HR's Ecobank Academy, the CX Academy will positively affect the business, the Bank's customer experience and overall brand loyalty.

During a virtual launch of the CX Academy on 5 October 2020, the Group CEO emphasised the critical importance of developing staff capabilities and skills, while embedding the CX Principles.

To ensure the effective implementation of the CX Academy's goals, we have developed the following three-year roadmap with key initiatives and expected outcomes:

	Phase 1: Operationalise CXA Oct 2020 – Sept 2021	Phase 2: Institutionalise CXA Oct 2021- Sept 2023	Phase 3: Best-in-Class CX Organisation From Oct2023
Key Focus Areas	• Develop a world-class CX Academy (CXA) competency framework • Develop a well structured CXA architecture with key programmes • Allocate resources and tools for effective execution • Complete CX awareness trainings in all affiliates • Officially launch CX Academy on October 5, 2020	• Implement phase 2 of the programme calendar • Integrate CX framework across all people's value chain • Commence mandatory CX certifications for Staff, Branches and Affiliates • Strengthen internal faculty pool • Commence CX coaching and mentoring programmes • Have dedicated programmes to develop future CX leaders	• Implement phase 3 of the CX programme calendar • Continue annual mandatory CX certifications for Staff, Branches and Affiliates • Commence offering select CX programme to partners e.g. agencies • Show significant improvement on all CX competencies • Demonstrate ROI of the CX Academy and the overall impact to the business
Organisational Outcomes	• Holistic view of organisational CX capabilities and gaps • Common understanding of CX strategy and principles • Structured development paths for all affiliates	• Skilled workforce on CX competencies • Improved customer satisfaction metrics • Tangible direct business impact • Generated new innovative solutions to improve CX • Improved products and services • Improvements in eNPS scores across the group	• Increased internal innovations that positively impact CX • Increased tangible business impact • Increased brand royalty and customer advocacy • Highest CX score since 2020 • Strong client-centricity culture

4.3. Ecobank Academy Supporting Ecobank's social commitment to Africa and clients

Below are some of the major achievements of the Ecobank Academy's work in 2020:

- Joining Global Business School Network: In 2020, the Ecobank Academy made history by becoming the first non-business school in the world to be invited to join the Global Business School Network (GSBN). This was a critical recognition of the Ecobank Academy's role in developing world-class managers and leaders for the Group, while enhancing capabilities for leaders and managers of external organisations.
- Reaching over Two Million African Micro, Small, and Medium enterprises (MSMEs): In collaboration with Group Commercial Bank and the Ecobank Foundation, the Ecobank Academy designed the pan-African MSME Academy, a part of the '100,000 Africa MSMEs' initiative of the African Union Development Agency-New Partnership for Africa's Development (AUDA-NEPAD).

This programme aims to create an unprecedented multi-sector partnership to help MSMEs across the continent. Capability Development is one of the three programmes from this pan-African initiative. During 2020, we helped launch the MSME Academy with virtual sessions - informational webinars - in eight countries, where it is estimated that over two million people have listened in through online platforms and local radio stations.

- **Named the best Academy by the Chartered Institute of Bankers (CIBN):** In September 2020, the CIBN rated the Ecobank Nigeria Academy as one of the country's best banking training institutes.
- **Non-Communicable Diseases Alliance:** As part of the Memorandum of Understanding signed between Ecobank Group and the NCD Alliance (NCDA) earlier this year, we provided customised financial management training courses to over 30 NCDA national and regional alliance members. The training focused on resilience, effective budgeting, financial planning and reporting, and records management for non-profit organisations. To quote the CEO of NCDA: "The training courses provided by the Ecobank Academy for our alliance members from across the world will play a significant role in reinforcing the financial capabilities of their teams and better position them to successfully drive change for the millions of people suffering from NCDs across every continent."
- **Partnered with Businesses to reach Ecobank's Customers** – We partnered with businesses for the purposes of organising a series of virtual sessions that attracted over 10,000 customers and potential customers. Topics ranged from launching womens' products, digital platforms, and overall COVID-19 impacts and how to navigate them.

Conclusion and 2021 Focus Areas

While 2020 was not an ordinary year, we delivered on all our agreed commitments through a structured approach and we expanded into even more areas so that we could deal effectively with the COVID-19 realities. As we look forward to the new year, we are prioritising the following areas which are designed to support the execution of our corporate strategy, while improving our people and customer experiences to realise sustainable shareholder returns:

2021 Priorities:

1. Drive employee experience.
2. Continued focus on organisational transformation work:
    a. Expand our performance management to include behavioural framework;
    b. Centralisation of HR processes; and
    c. Deepen HR workstreams on the Culture, Conduct and Ethics programme.
3. Upgrade people systems.
4. Continuous focus on Learning and Development.
5. Succession planning for key positions.

SHARING KNOWLEDGE IN A PANDEMIC

Group Operational Risk Management/ Internal Control, proactively engage all business and functional units across the Group to drive a strong Operational Risk Management culture and framework throughout the Group.

Across all the affiliates of the Group, the three lines of defence framework is employed to drive ownership, timely and proactive risk identification, management and mitigation of actual and potential risks across the organisation.

Internal Audit provides independent assessment and evaluation of the control environment, assurance to the Board and senior management on effectiveness of the first and second lines of defence, and the effectiveness of how the organisation assesses and manages its risk.

04

RISK MANAGEMENT

1. Risk management framework

Risk is inherent within our business activities. Accordingly, our risk management framework and governance structure are designed to achieve an acceptable balance between risk and reward.

The risk management framework consists of a comprehensive set of policies, standards, procedures and processes designed to identify, measure, monitor, mitigate and report significant risk exposures in a consistent and effective manner across the Group.

- **Risk measurement:** The Group uses a variety of techniques to measure risk. These include expected and unexpected loss calculation, risk rating, stress testing and benchmarking.
- **Risk mitigation:** The Group has specific measures to minimise or eliminate unacceptable risks. These include managed distribution across affiliates or other financial institutions, covenants (positive, negative and financial), insurance and collateralisation.
- **Risk monitoring and control:** The Group reviews risk management policies and systems regularly to reflect changes in markets, products and emerging best practices. Risk monitoring covers the central risk areas: credit risk (including counterparty risk), market risk, liquidity risk, operational risk and country risk. Risk management professionals and internal auditors monitor risk exposures and adherence to approved risk limits by means of reliable and up-to-date information systems on a daily, weekly and monthly basis.
- **Risk reporting:** The Group allocates considerable resources to achieving continuous compliance with the approved risk limits. It has set guidelines for reporting to relevant management bodies, including the Board of Directors and the Group Executive Committee. Significant changes in the credit portfolio, non-performing loans and other risk measures are reported on a daily, weekly and monthly basis.

2. Risk governance and organisation

The board articulates the level of risk that Ecobank is willing to accept in the normal course of business ('risk appetite') and thus sets the overall risk profile for the Group. It supervises risk management through the Risk Committee and the Audit and Compliance Committee of the board.

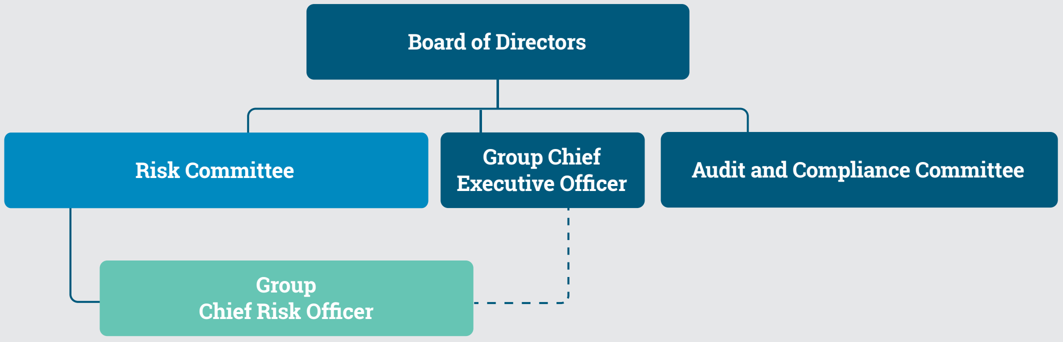
The Risk Committee proposes risk policies and the overall approach to risk management and monitors the adequacy of controls, compliance with risk policies and the Group's risk profile. The Risk Committee is composed of not less than three non-executive directors. The Group Chief Risk Officer and other senior representatives from the risk management organisation attend the Risk Committee meetings.

The Audit and Compliance Committee ensures that the financial activities of the business are subject to independent review and external audit.

The Group Chief Risk Officer is Ecobank's most senior risk management officer, responsible for all risk activities, thus:

- develops the risk management strategy, principles, framework and policies;
- implements appropriate risk management processes, methodologies and tools;
- advises and instructs management and business units on risk management;
- monitors the application and effectiveness of risk management processes; and
- co-ordinates appropriate and timely delivery of risk management information to the Group Chief Executive Officer, the Group Executive Committee ('GEC'), the Risk Committee and the board.

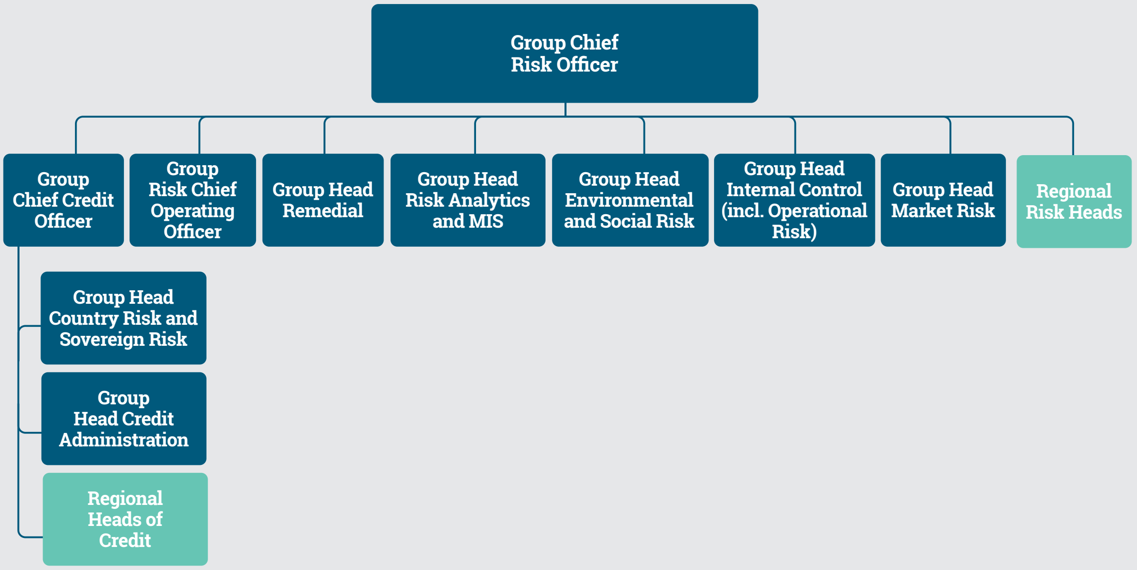
Risk Management Governance Structure



The Group Chief Risk Officer reports functionally to the board Risk Committee and administratively to the Group Chief Executive Officer. The Group Chief Risk Officer supervises the Group Credit Risk department (comprising the Chief Credit Officer, Regional Credit Heads, the Group Credit Administration unit, the Country and Sovereign risk unit, and the Remedial Management unit), the Risk Analytics and Management Information System ('MIS') unit, the Internal Control department (which includes the Operational Risk Management unit), the Market Risk Management unit, the Environmental and Sustainability unit and Regional Risk Heads.

In each subsidiary bank, the Risk Management department is completely independent from all the operating and risk-taking units. It is led by a Country Risk Manager, who reports administratively to a Country Business Head and functionally to the Regional Risk Head. Regional Risk Heads report administratively to their respective Regional Business Head and functionally to the Group Chief Risk Officer.

Organogram of Group Risk Management



3. Major risk types

The Group is exposed to the following main categories of risk:

Credit risk – the risk of loss arising from the default or the credit risk migration of a customer or counterparty. It can arise because the counterparty is unwilling to make payment and/or because their ability to do so has been impaired. Direct credit risk arises in connection with credit facilities, such as loans and advances, whilst indirect or contingent credit risk stems from contractual obligations to clients resulting from the issue of letters of credit and guarantees. Credit risk also exists when the Group and its client have mutual obligations to exchange or deliver financial instruments at a future date. The language of credit risk at Ecobank include the following:

- **Country risk** – the risk that an event in a country (precipitated by developments within or external to a country) will impair the value of Ecobank assets or will adversely affect the ability of obligors within that country to honour their obligations to Ecobank. Country risk events may include political events, policy actions that result in nationalisation, expropriation and other business regulatory risks, sovereign defaults, banking crises, currency crises and the imposition of foreign exchange and capital controls that would impede the ability to convert local currency to foreign currency and/or transfer funds cross-border, giving rise to transferability and convertibility risk.
- **Sovereign risk** – the risk that a Sovereign itself or a State-Owned Enterprise (SOE) will not have the capacity or willingness to honour its debt repayment obligations. Sovereign exposures may include statutory requirements for liquid assets in the form of liquidity placed with central banks, subscription for sovereign Treasury bills and bonds, direct and contingent exposures to the sovereign and to SOEs.
- **Contagion risk** – the risk that developments in one country lead to a rating downgrade or adverse credit conditions not only for that country but also for other countries where the Group has interests.

- **Pre-settlement risk** – the risk of default before settlement, arising when a counterparty defaults before the contract matures and the Group suffers a financial loss in the process of replacing the unexecuted contract. Settlement risk becomes direct credit risk at the time of default.

Market risk – the risk of loss arising from adverse changes in market conditions during the period required to close out the Group's on- and off-balance sheet positions. The key categories of market risk are as follows:

- **Trading risk** – generally related to market making activities where the Group acts as a principal. It arises from open positions in interest rate and foreign currency positions and is generally affected by changes in the level and volatility of yields and exchange rates. It does not include discretionary positions that the Group undertakes for liquidity or capital hedging purposes.
- **Foreign exchange risk** – the risk to earnings and capital arising from fluctuations in currency exchange rates. It can arise directly through trading in foreign currencies, making loans in a currency other than the local currency of the obligor, buying foreign-issued securities or issuing foreign currency-denominated debt as a source of funds. It can also arise when assets and liabilities are denominated in different currencies. The Group is also exposed to foreign exchange risk arising from translation of carrying values and income streams from local currencies to the US dollar, Ecobank's reporting currency.
- **Interest rate risk** – the exposure of earnings and capital to adverse changes in the level of interest rates. Exposure to interest rate risk can result from a variety of factors:
    - Repricing risk, due to differences in the timing of instruments' repricing.
    - Yield curve risk, due to mismatched maturities of instruments.
    - Basis risk, due to differences in the reference rates used for instruments.
    - Options risk, due to embedded options (for example, loan prepayment provisions) which can change the economic value of assets and liabilities.

Liquidity risk – the risk that depositors' and lenders' demands outstrip the Group's ability to realise cash from its assets. Interest rate risk and liquidity risk are interconnected in management of assets and liabilities. There are two types of liquidity risk:

- **Funding liquidity risk** – the risk that funds will not be available when needed to meet our financial commitments.
- **Trading liquidity risk** – the risk that assets cannot be liquidated at reasonable market prices. This can happen when market liquidity disappears, making it difficult or costly to close or modify positions without incurring losses.

Market risk also includes **equity price risk**, the risk of loss from share price movements, and **commodity price risk**, the risk of loss from commodity price fluctuations.

Operational risk – the risk of loss resulting from inadequate or failed internal processes, people and systems or external events. It is inherent in every product and service that Ecobank provides. It occurs in a variety of ways, including internal fraud, external fraud, transaction processing errors, business interruptions and disputes with employees, clients and vendors. Operational risk includes legal risk, the risk of loss due to failure to comply with laws, ethical standards and contractual obligations, and compliance risk, the risk of loss (from sanctions, penalties, damages, or voiding of contracts) due to violation of rules and regulations in force in countries where the Group operates. A specific form of compliance risk is disclosure risk which is due to reporting of incomplete or false information, or not meeting accounting and reporting requirements of regulatory, supervisory or fiscal authorities. Compliance risk is heightened when applicable rules or regulations are ambiguous.

Operational risk events give rise to reputational risk for the Group.

Reputational risk – the risk to earnings and capital arising from an adverse perception of the Ecobank brand amongst current and potential stakeholders, such as clients, trading counterparties, employees, suppliers, regulators, governmental bodies and investors. The perceptions of stakeholders, such as the media, Non-Governmental Organisations (NGOs), trade unions, competitors and the general public, can influence the bank's ability to maintain existing relationships, generate new business or maintain access to sources of funding.

Strategic risk – the risk that our strategy may fail, causing damage to the Group's ability to generate or retain business. Strategic risk arises when the Group launches a new product or service, or when it implements a new strategy. In making strategic decisions, the Group carefully assesses the impact of external factors and the feedback from customers, shareholders and regulators.

Environmental and social risk – where environmental risk is the risk of pollution or destruction of the natural environment (land, water, air, natural habitats, and animal and plant species) through accidental or deliberate actions, and social risk is the risk of a customer not meeting acceptable standards related to employment, working conditions and business ethics.

4. Risk management approach

4.1 Credit Risk

Credit governance and approval

The credit risk governance structure has clearly defined responsibilities and credit approval authority levels. The Board is the highest credit approval authority in Ecobank. It sets credit policies and ensures that all officers involved in extending credit across the Group strictly adhere to these policies. Although credit approval limits are delegated to individual credit officers, no credit officer approves credits alone. All extensions of credit are approved by a minimum of three credit officers (one of whom must be from Risk Management) who have individual authority levels equal to, or greater than, the amount of credit under consideration.

Through its Risk Committee, the Board has delegated its authority to senior executives, including the Group Chief Risk Officer and the Group Chief Executive Officer, to review and approve all credits, including those in excess of the policy limit. The policy limit is defined as the maximum credit exposure to any borrower or group of related borrowers; it is currently set at 7.5% of Ecobank's consolidated shareholders' funds.

Whilst the primary responsibility for managing credit risk resides with the first line of defence, the Group Chief Risk Officer is responsible for ensuring that there are resources, expertise and controls in place for the efficient and effective management of credit risk across the Group. Ecobank's subsidiaries receive delegations of credit approval authority from their respective boards of directors in line with the general framework set up by the Group Chief Executive Officer and the Group Chief Risk Officer.

The credit approval process is fully independent of the businesses.

For credits to governments, financial institutions and corporations:

- Subsidiary banks initiate and approve credit applications (CAs) within their approved limits. Country approvals are provided by Country Credit Committees and, ultimately, by the respective country board Credit Committees.
- After such approval, and depending on amounts set in the Credit Manual, some of the CAs must be sent to the relevant Industry, Product and Country Risk Specialists for their 'no objection' as appropriate.
- Where credits exceed the approval limit of the subsidiary, they are referred to relevant Credit Officers or Senior Credit Officers in line with the bank's approval authority matrix for their 'no objection'.
- On receipt of the 'no objection' and other required approvals, depending on the facility limits and nature of the transaction, the initiating subsidiary submits the request to the local board for approval for transactions that are above their Country Credit Committee approved limits.

For credits to individuals, SMEs and local corporations:

- Credit transactions are approved under the terms and conditions of credit programmes previously approved by Group Risk Management.
- Group Credit reviews credits above local limits for consistency with Group policies and procedures and provides its 'no objection'.
- On receipt of 'no objection' from Group Credit, the initiating subsidiary submits credits above local Country Credit Committee limits to the local board for approval.

Credit risk measurement

The Group estimates probable economic losses in the event of default. This represents the losses that the Group would face from the time of default until the end of the recovery process. Credit losses include all provisions taken against bad debts, write-offs, fully reserved interest earned not collected and possibly legal fees incurred in the process of enforcing the Group's claims in court.

Credit risk measurement relies on three key metrics: risk exposure at default ('exposure at default' or 'EAD'), the probability of default ('PD') and the percentage of loss in the event of default (also called 'loss given default' or 'LGD'). The Group proceeds by assigning risk ratings to every credit facility in the credit portfolio. The amount of credit exposure is multiplied by loss norms (which correspond to the facility risk ratings) to arrive at measures of expected loss.

Risk ratings provide an objective means to compare obligors and facilities and to measure and manage credit risk across geographies, industry sectors and other relevant risk factors. Accordingly, the level of credit authority required to approve any credit transaction is based on the risk rating of obligors, amount of total facilities requested and tenor.

Credit decisions are based on an in-depth review of obligor creditworthiness and an ability to generate cash flows to meet operational needs and debt service obligations. The Group utilises an internal risk rating scale of 1 to 10 to rate commercial and industrial obligors, financial institutions, sovereign governments and SMEs. A rating of 1 identifies obligors of the highest quality, comparable to a AAA rating by Standard & Poor's. A rating of 10 is assigned to obligors of lowest quality or highest risk, equivalent to a D rating by Standard & Poor's. Obligors rated 1 to 6 are classified as 'normal borrowers' (of which those rated 1 to 4 are considered investment grade entities); those risk-rated 7 are classified as 'borrowers requiring caution', those risk-rated 8 and 9 are 'sub-standard borrowers', and those risk-rated 10 are 'borrowers at risk of permanent default'. The acceptable portfolio comprises the ORR 1 to 7 range while the challenged portfolio comprises ORRs worse than 8.

Risk ratings are assigned to both obligors and individual facilities. An Obligor Risk Rating (ORR) is defined as the risk of default on long-term unsecured debt in local currency over a 12-month period. It is assigned and approved when a credit facility is first extended and is reviewed annually and upon the occurrence of a significant adverse event. The rating is derived from an analysis of the obligor's historical and projected financial statements and such qualitative criteria as industry issues, the obligor's position in the market, the quality of the Board and management, and access to financing. The obligor risk rating process is carried out through automated decision-making tools. A Facility Risk Rating (FRR) is usually equivalent to the ORR but may differ and may be upgraded or downgraded due to factors such as facility structure or collateral.

With regard to consumer lending, the Group utilises a Credit Programme approach, whereby credit is extended on the basis of product-specific risk parameters, using score cards and other approved scoring systems. The products involved are secured and of a self-liquidating nature.

Group Risk Management also uses statistical models to determine the level of unexpected loss. The Risk Analytics and MIS unit uses unexpected loss measures to monitor that the Group is not exposed to excessive concentrations of credit risk on any one obligor, asset class, industry sector or geography.

As of 31 December 2020, 83 per cent of the credit portfolio was categorised as 'normal credit risk', compared to 82 per cent as of 31 December 2019. The "risk under watch" classification increased from 6 per cent to 8 per cent. Our objective is to keep the majority of the portfolio in the "Acceptable Portfolio" range, which as of Dec 31st 2020 was 91 per cent. The "substandard risk" and "risk of permanent default" categories ("Challenged Portfolio" was 9 per cent as at Dec 31st 2020) decreased by 2 per cent and 1 per cent , respectively. Overall, the portfolio risk rating improved year on year (2019 vs. 2020), as there were decreases in the "Challenged Portfolio" risk rating categories.

Portfolio breakdown by risk category
per cent of total portfolio

Credit risk monitoring and control

Credit risk exposures of subsidiaries are monitored at both subsidiary and Group level. At subsidiary level, credit administration units monitor the performance of individual exposures daily, ensure regularity of credit approvals and line utilisations, authorise disbursements of credit facilities when approval conditions are met and perform periodic reviews of collateral. These units are also responsible for the preparation of internal risk management reports for country management and Group Risk Management.

Risk control units within internal control departments provide a second line of defence as they ensure that controls are in place and are effective. Remedial management units identify early warning signals of portfolio quality deterioration and monitor past due exposures with a view to maximising collections of delinquent loans and recoveries of loans previously reserved or written-off.

At the Group level, the Risk Analytics and MIS unit monitors risks taken by subsidiaries on individual obligors and economic groupings through a review of monthly reports submitted by the country risk management units of the subsidiary banks. These reports include early warning systems designed to monitor troubled exposures and credit process problems They also include detailed credit exposure data that enables the Group to monitor the risk profile in terms of obligors, industry sectors, geography, currencies and asset maturity at a country and Group level.

Credit portfolio overview

The credit portfolio, net of provisions, amounted to $24.8 billion as of 31 December 2020; a 5 per cent increase from the $23.5 billion recorded a year earlier. This was primarily driven by our exposure to debt securities and central banks which increased by $1.2 billion and $0.8 billion, respectively, during the year.

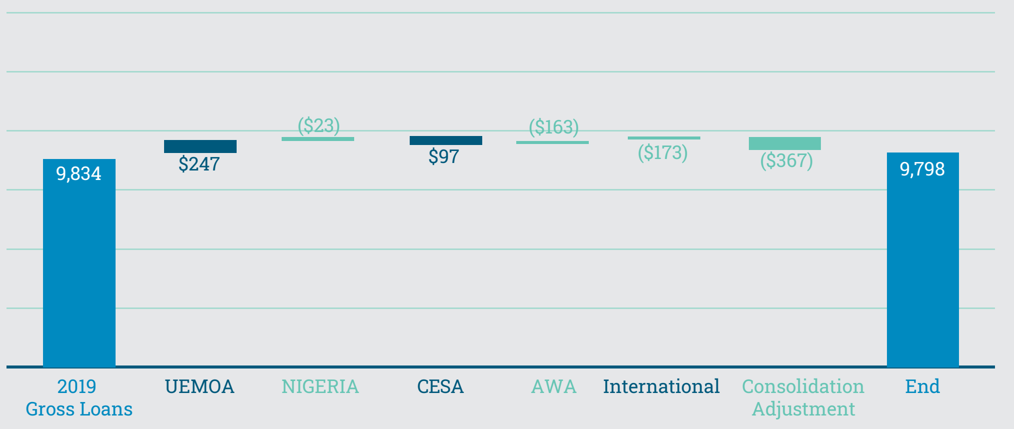
The portfolio consisted of net loans and advances to customers ($9.2 billion), Treasury bills ($1.7 billion), debt securities ($6.1 billion), loans, advances and placements with banks and financial institutions ($2 billion), deposits with central banks ($3 billion), and off-balance sheet exposures ($2.7 billion) in the form of financial and performance guarantees, as shown in the table below.

Risk assets (US$ millions)	2020	2019
Loans and advances to customers	9,240	9,276
Treasury bills	1,731	1,633
Debt securities (incl. government bonds)	6,074	4,858
Loans and advances to banks and financial institutions	2,011	1,892
Deposits with central banks	3,036	2,192
Sub-total direct exposures	**22,093**	**19,851**
Import letters of credit	710	1,308
Other guarantees and undertakings	1,964	2,349
Sub-total contingent exposures	**2,675**	**3,657**
Total portfolio	**24,767**	**23,508**

Gross loans and advances

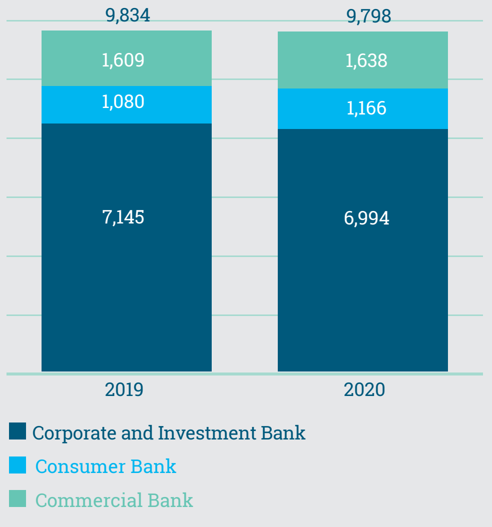
From December 2019 to December 2020, gross loans and advances to customers decreased to $9.81 billion, from $9.83 billion the previous year. During 2020, gross loans increased in UEMOA (+$247 million), CESA (+$97 million), and in our International Business (+$173 million), while our exposure reduced in Nigeria (-$23 million) and AWA (-$163 million).

Geographical contribution to the decrease in loans to customers (us$ millions)



As of 31 December 2020, the Corporate and Investment Bank segment represented 71 per cent (December 2019: 73 per cent) of total gross loans and advances to customers, the Consumer Bank was at 12 per cent (December 2019: 11 per cent) and the Commercial Bank accounted for 17 per cent (December 2019: 16 per cent). At the product level, term loans represented a larger share of the loan book, with 87 per cent as of December 2020 (December 2019: 83 per cent), while there was a reduction in overdrafts, which represented 12 per cent of total loans (December 2019: 16 per cent).

Gross loans by business segment ($ million)



Gross loans by product concentration

Asset quality

Non-performing loans (NPLs) decreased by 22 per cent from $955 million in December 2019 to $749 million in December 2020. At the regional level, Nigeria recorded the highest level of NPLs, accounting for 57 per cent (59 per cent in December 2019) of total NPLs, followed by CESA and UEMOA, which accounted for 19 per cent (14 per cent in December 2019) and 15 per cent (16 per cent in December 2019) of total NPLs, respectively.

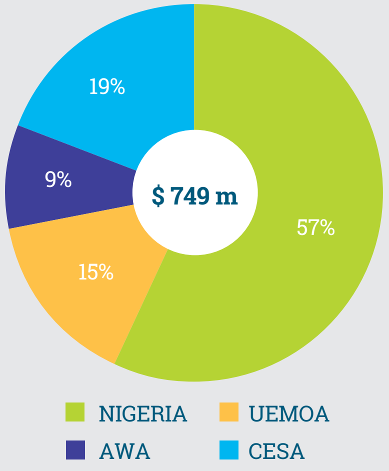
As a result of the 22 per cent decrease in non-performing loans, the ratio of non-performing loans to gross loans and advances (NPL ratio) decreased from 9.7 per cent as of December 2019, to 7.6 per cent as of December 2020.

The non-performing loans book was concentrated within Commercial Bank (49 per cent; 40 per cent in December 2019) and Corporate and Investment Bank (40 per cent; 50 per cent in December 2019).

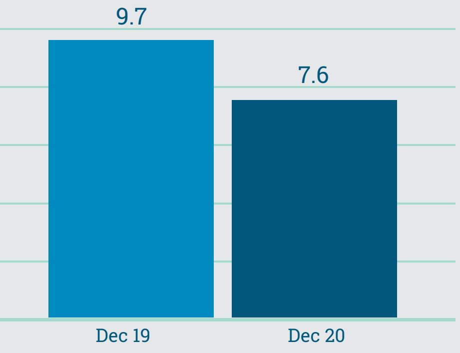
The total NPL provisioning rate (Total NPL coverage) improved from 58.4 per cent in 2019 to 74.5 per cent in 2020, and the Stage 3 coverage ratio also increased from 45 per cent to 50.1 per cent.

The total impairment charge on loans and advances to customers for the year amounted to $182 million (December 2019: $110 million). Defined as the ratio of impairment charges to average gross loans and advances, the cost-of-risk, therefore, increased from 1.1 per cent in 2019 to 1.9 per cent in 2020.

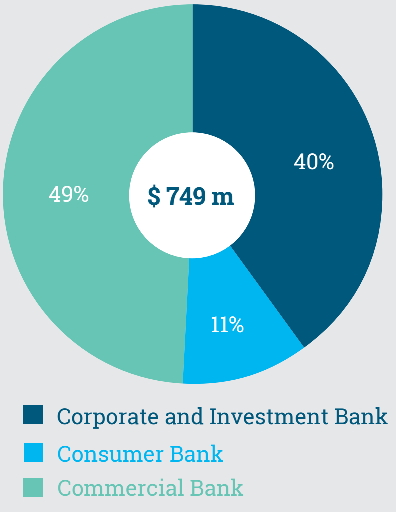
Non-performing loans by region



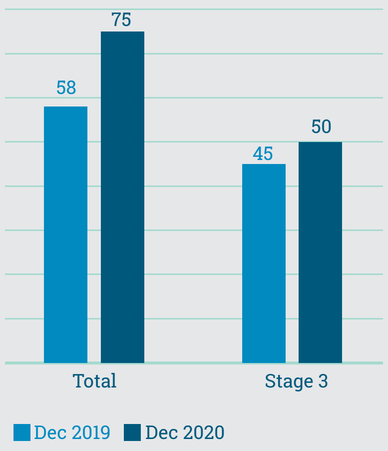
NPL ratio trend (%)



Non-performing loans by business segment



NPL coverage ratio (%)



Credit concentration risk management

Risk concentration limits are in place to ensure compliance with the Group's risk appetite. These limits are regularly reviewed by the Risk Committee to consider changes in our operating environment or within our business segments. The Group has a framework for setting concentration limits.

Concentration risk is managed by addressing credit quality and portfolio diversification. With respect to credit quality, the probability of default by risk factor (for example, geography, sector or product) is the main driver for limit setting because it is the main indication of portfolio quality. With regard to portfolio diversification, concentration risk is measured by the level of statistically unexpected loss associated with each risk factor. The unexpected loss measure allows Group Risk Management to identify and cap concentration risks which may not be picked up in measures like expected loss and regulatory risk-weighted assets.

Obligor concentration

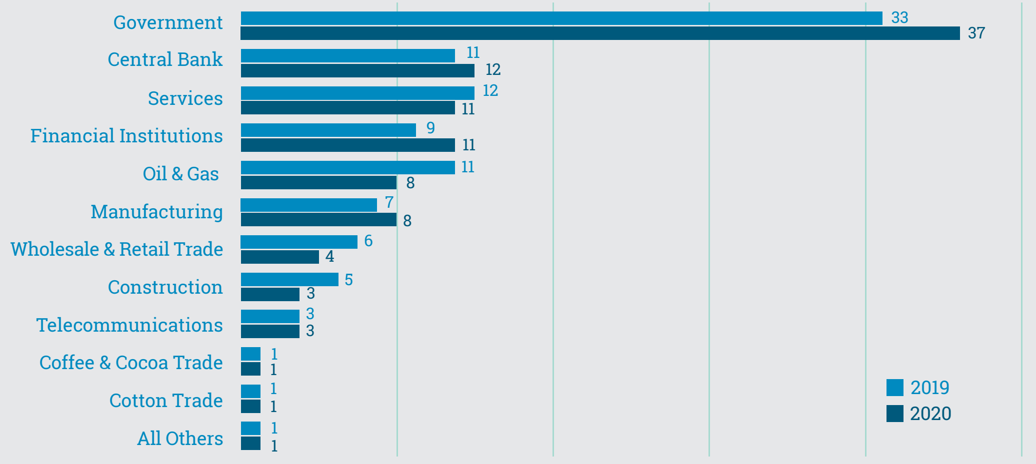
A large exposure is defined as any single exposure that represents at least 10 per cent of the total credit portfolio, or any obligor or borrower whose total exposure across the Group represents at least 10 per cent of the Group's capital. As of 31 December 2020, there was no exposure equal to or greater than 10 per cent of total portfolio. However, two non-bank obligors had an individual outstanding balance in excess of 10 per cent of the Group's capital.

The 20 largest non-bank exposures represented 105 per cent of the Group's capital (December 2019: 130 per cent). Our concentration level has been trending down in the past five years – equally attributable to our increase in equity, as to the deliberate reduction of our exposure on some top obligors.

Industry diversification

The credit portfolio was dominated by the government, services and financial institutions sectors, with an increase in the proportion of government exposure from December 2019 to December 2020. These are mainly Treasury bills and government bonds held for liquidity management purposes. The three major sectors (government, services and financial institutions) accounted for 59 per cent of the total credit portfolio (December 2019: 58 per cent).

Diversification by industry - per cent of total portfolio



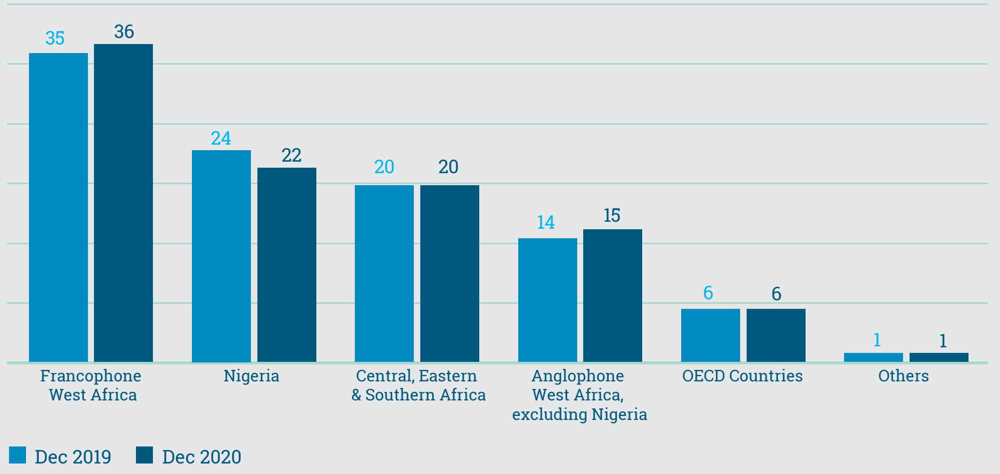
Geographic diversification

The Group has banking operations in 33 African countries and benefits substantially from the geographic diversification of its credit portfolio.

As at 31 December 2020, the breakdown of the Group credit portfolio was as follows: Francophone West Africa (36 per cent), Nigeria (22 per cent), Central, Eastern & Southern Africa (CESA) (20 per cent), Anglophone West Africa, excluding Nigeria (15%) and OECD Countries (6 per cent).

As the country level, 22 per cent of the Group credit portfolio was granted to obligors in Nigeria (December 2019: 24 per cent), 13 per cent to obligors in Côte d'Ivoire (December 2019: 12 per cent) and 11 per cent to obligors in Ghana (December 2019: 10 per cent). Apart from these, no other country represented more than 10 per cent of the portfolio.

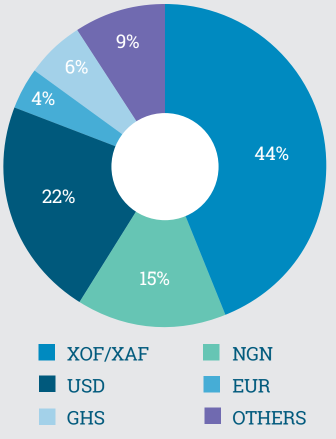
Exposures by region of residence - per cent of total portfolio



Currency breakdown

The portfolio remained predominantly denominated in three major currencies, namely the CFA franc (44 per cent), the US dollar (22 per cent) and the Nigerian naira (15 per cent). These three currencies accounted for 81 per cent of the credit portfolio.

Credit portfolio per currency



Portfolio stress testing

Stress tests are an important means of analysing our risk profile since they give management a better understanding of how the Group is affected by macroeconomic changes and negative events. The tests support compliance with regulatory capital requirements and are an important tool in capital planning.

For credit risk, the Group uses statistical models that transform macroeconomic scenarios into loss levels. The models are used to stress the probability of default (PD), causing higher loan impairment charges and erosion of capital. The models also subject collateral values to stress.

We have increased the level, intensity and frequency of our Portfolio Stress Testing activities and related scenario planning, with the incidence of the COVID-19 pandemic for most of 2020 and coming into 2021. This has enabled us to manage and position our portfolio appropriately in response to this one-in-a-hundred year event, and thereby mitigate trends to distress and deterioration, as reflected in our comparatively positive portfolio metrics at the end of 2020. Equivalent diligence and rigour would be necessary in 2021 and 2022, as the impacts of the pandemic continues to play through global markets, with different implications for various countries and economies.

4.2 Market Risk

Market risk governance

The market risk management policy framework aims to ensure that all significant market risks are identified, measured and managed in a consistent and effective manner across the Group. This assists the bank to stabilise earnings and capital under a broad range of market conditions and to ensure adequate sources of liquidity.

The Group Asset and Liability Committee (GALCO), a sub-committee of the Group Executive Committee (GEC), is responsible for the supervision and management of market risks. Its members are the Group Chief Executive Officer, the Group Chief Financial Officer, the Group Chief Risk Officer, the Group Executive Consumer Bank, the Group Executive Commercial Bank, the Group Executive Corporate and Investment Bank, the Group Executive Operations and Technology, the Group Treasurer, all Regional Executives, the Group Head of Compliance and the Head of Group Asset and Liability Management (ALM). The committee meets quarterly (although more frequent or ad hoc meetings may be constituted) to review the structure and pricing of Group assets and liabilities, to agree on the optimum maturity profile and mix of incremental assets and liabilities, to evaluate inherent market risks in new products and to articulate the Group's view regarding interest rates.

At the subsidiary level, the responsibility of asset and liability management lies with the Treasury Department. Specifically, the ALM desk of the Treasury Department manages the balance sheet. The results of balance sheet analysis, along with appropriate recommendations, are reviewed in monthly Asset and Liability Committee (ALCO) meetings where important decisions are made to minimise risk and maximise returns. Local ALCO membership includes the Country Managing Director, the Country Treasurer, the Country Risk Manager, the Head of Internal Audit, the Head of Finance and the Head of Legal.

Market risk organisation

Group Market Risk Management oversees market risks related to all assets, liabilities and off-balance sheet items. The Board Risk Committee sets the overall risk policies for Group market risk exposures, including risk limits. Group Internal Audit provides timely and objective assurance regarding the continuing appropriateness of, and the adequacy of compliance with, the policy framework.

The Head of Group Market Risk (HGMR) plays a coordination, aggregation, facilitation and enabling function. The HGMR drafts market risk policies, defines market risk management standards, develops and distributes tools and techniques and is responsible for training across the Group. The HGMR approves price risk limits and liquidity contingency plans for Ecobank's subsidiaries. In addition, the HGMR constantly monitors that market risk exposures are maintained at prudential levels. The HGMR also ensures that market risk management processes (including people, systems, operations, limits and controls) satisfy Group policies. The operational business units are responsible for the day-to-day management and control of market risk.

Market risk measurement

Consistent with an independent and centralised risk management function, Ecobank measures, monitors, manages and reports its exposure to market risk on a daily basis. It also conducts intra-day spot checks of market risks in individual subsidiaries by calculating risk exposures with internally developed systems that cover all of its positions. In addition, conventional risk measures and mathematical and statistical measures, such as value at risk (VaR), are utilised to calculate market risk.

At the subsidiary level, trading units maintain blotters for recording movements and balance sheet positions of traded instruments, which include daily monitoring of profit and loss balances of trading and non-trading positions. Internal controllers and market risk managers monitor daily trading activities to ensure that risk exposures taken are within the approved price risk limits and the overall risk tolerance levels set by the Board.

ALCOs, treasurers and market risk managers monitor market risk factors that affect the value of trading and non-trading positions, as well as income streams on non-trading portfolios, daily. They also track liquidity indicators to ensure that Ecobank's subsidiaries always meet their financial obligations.

Banking book risk management

Ecobank's traditional banking loan and deposit products are non-trading positions and are generally reported at amortised cost. However, given that the Group has banking operations in 33 African countries and exposure to over 20 currencies, the economic values of these positions may vary as a result of changes in market conditions, primarily fluctuations in interest and foreign exchange rates. The risk of adverse changes in the economic value of our non-trading positions is managed through the bank's Asset and Liability Management activities.

The Group currently uses repricing maturity gap analysis to measure exposure to interest rate risk in its non-trading book. Through this analysis, subsidiary banks compare the values of interest rate-sensitive assets and liabilities that mature or reprice at various time periods in the future. In performing this analysis, the Group may make assumptions about the behaviour of assets and liabilities that do not have specific contractual maturity or repricing dates.

An interest rate sensitive gap is positive, or a gap profile is said to be asset-sensitive, when the amount of interest rate-sensitive assets exceeds that of interest rate-sensitive liabilities maturing or repricing within a specified time period. It is negative (liability-sensitive) when the amount of interest rate-sensitive liabilities exceeds that of interest rate-sensitive assets maturing or repricing within a specific period.

In general, an asset-sensitive institution may expect net interest income to increase with rising market interest rates and decline with falling market interest rates. Conversely, a liability-sensitive institution can expect net interest income to increase when market interest rates are falling and to decline when market interest rates are increasing.

Trading book risk management

The Group uses a number of tools to manage trading risk, including:

- Risk limits, set in terms of the notional size of net open positions by currency and subsidiary
- Management Action Triggers
- Stop Loss Limits
- Value at risk.

The Group measures and manages price risks in its foreign exchange and fixed income trading portfolios based on Value at Risk (VaR) calculations and stress testing. VaR represents the potential loss in the market value of a position or portfolio at a given confidence interval level and over a pre-defined time horizon and is used for risk monitoring and economic capital assessment.

The following table shows basic statistics of the one-day VaR for the foreign exchange and fixed income trading positions in 2020. The average VaR decreased from $2.40 million in 2019 to $1.87 million as of 2020, largely driven by a decrease in yield volatility and an decrease in average foreign exchange positions during the year.

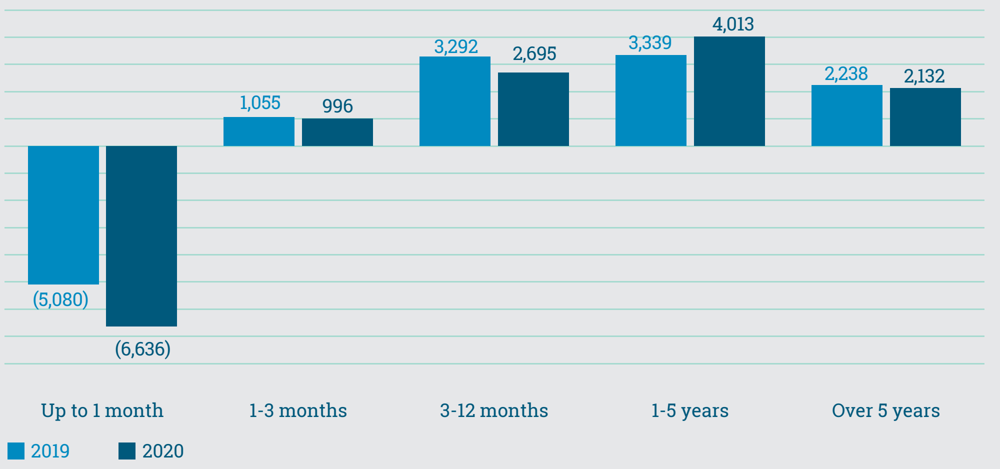
Risk category	Average VaR	Minimum VaR	Maximum VaR
2020 Value at risk ($ millions)			
Interest rate risk	1.74	0.49	4.33
Foreign exchange risk	0.14	0.03	0.29
Total VaR	1.87	0.52	4.62

Interest rate risk

The repricing profile of the Group as of 31 December 2020 shows that the group's balance sheet is liability-sensitive on the up to one-month bucket and asset-sensitive on the rest of the tenors. Consequently, under rising/(falling) interest rate environments, the expected negative/(positive) impact on net interest income at the negative gap exposure in the up to 1-month bucket due to its size more than offsets the positive/ (negative) impact on net interest income accruing from the longer buckets which are asset-sensitive.

Specifically, based on the repricing profile as of 31 December 2020, it is estimated that a 100 basis points decrease/(increase) in rates across the maturity buckets is expected to increase/ (decrease) one-year the economic value of the bank's equity by approximately $41 million ($17.8 million as of December 2019).

Interest rate repricing profile (us$ millions)

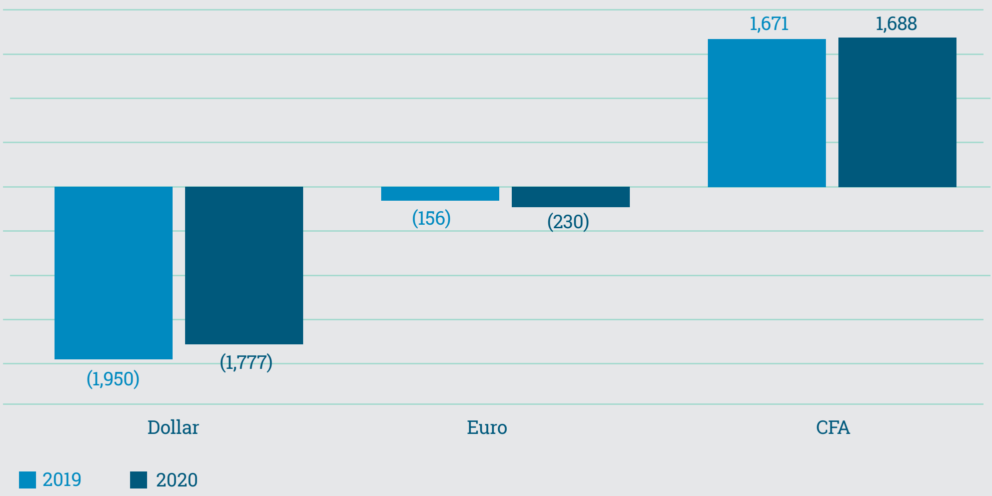


Foreign exchange risk

Ecobank is exposed to foreign exchange rate fluctuations in 20 currencies. The Group continues to have significant exposure to the CFA franc, the US dollar and the Nigerian naira, accounting for 44 per cent, 22per cent and 15per cent of the Group's credit portfolio respectively, at the end of 2020. It is important to note that the CFA franc is a common currency for 14 out of the 40 countries in which the Group operates, and it is pegged to the euro under financial agreements between the French Treasury and countries in the Francophone West Africa and Central Africa regions.

As of 31 December 2020, the Group had a net on-balance sheet short open position in EUR of $230 million (net short position of $156 million in December 2019), a net short open position in USD of $1,777 million (net short position of $1,950 million in 2019) and a net long open position in CFA of $1,688 million ($1,671 million long position in December 2019) as shown in the graph below.

Net foreign exchange position

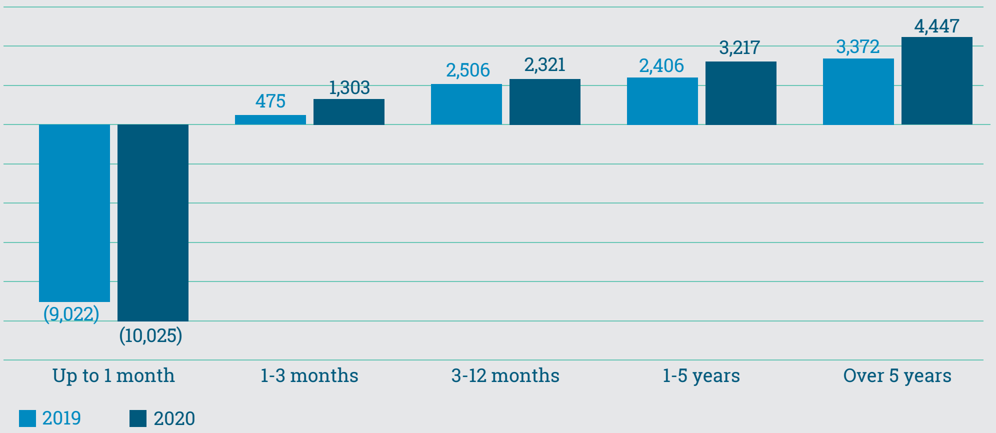


Liquidity risk

Liquidity risk is currently managed using a balance sheet approach that estimates all sources and uses of liquidity, including loans, investments, deposits and borrowings, as well as contingent off-balance sheet exposures. Subsidiary treasurers are generally responsible for formulating their liquidity and contingency planning strategies and identifying, monitoring and reporting on all liquidity risks. The main tools used for liquidity risk measurement are the contractual and behavioural maturity gaps, ratio analysis and stress testing.

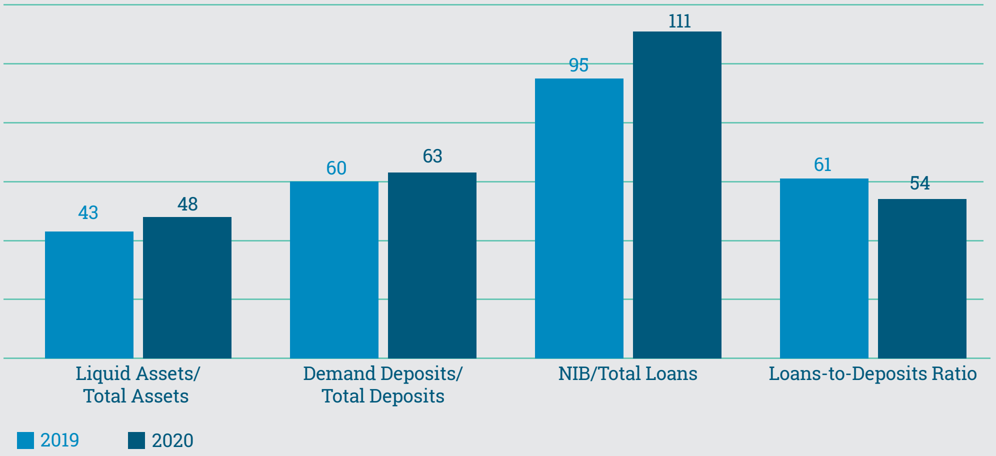
As of 31 December 2020, the Group was exposed to liquidity risk for maturities of up to one month as shown in the graph below. This was due mainly to the overnight contractual maturity of current and savings deposits which accounted for over 80 per cent of total deposits and are included in this maturity bucket. However, the risk is mitigated by the stable nature of these deposits from a behavioural perspective and the Group's ability to pledge its robust investment portfolio for cash at central banks.

Contractual liquidity maturity gap
(US$ millions)



The Group liquidity position improved during the period. The loans-to-deposits ratio (LDR) improved from 61 per cent to 54 per cent, while the liquidity ratio (liquid assets/ total assets) rose from 43 per cent to 48 per cent between December 2019 and December 2020. The ratio of demand deposits/total deposits increased from 60 per cent as of December 2019, to 63 per cent as of December 2020 and the ratio of non-interest-bearing deposits (NIB) improved from 95 per cent to 111 per cent over the period.

Key liquidity indicators (%)



The Group also conducts periodic stress tests to measure its immediate liquidity risk and to ensure that it has enough time to respond to potential crises. The stress test covers a time horizon of up to 30 days and estimates liquidity risk under various scenarios, including a name-specific scenario and a general market crisis with different levels of severity.

The analyses assume that the Group does not reduce its lending activities. This means that existing lending activities are maintained and require funding. Most of the Group's unencumbered Treasury bill and bond holdings can be used as collateral for loan facilities with central banks and, thus, are considered as very liquid. Scenario-specific haircuts are applied on deposit outflows, loan reimbursement and the Treasury bill and bond portfolio. Potential liquidity outflows from unutilised, but irrevocable, loan commitments are also factored in.

The degree of possible refinancing of funding sources varies depending on the scenario in question as well as on the specific funding source. To analyse the stability of funding, the Group breaks down deposits by business unit, currency, core/non-core status, maturity, geography and Ecobank's position in each market.

The Group monitors the diversification of funding sources by product, currency, maturity and counterparty to ensure that its funding base provides the best possible protection if the markets come under pressure.

The Group liquidity coverage ratio (LCR) remained above 100 per cent as of 31 December 2020.

4.3 Operational risk and Internal Control

Group Internal Control and Operational Risk Management continue to work proactively with the businesses and functional units at the Group and subsidiary levels to embed a strong operational risk and control culture across the Group.

Performance overview

In 2020, the Bank setup a COVID-19 Taskforce and invoked a crisis response plan by implementing enhanced protocols and controls to ensure continued operations and safety of stakeholders, in line with public health advice. This included, but was not limited to:

- Implementation of a two-week staff rotational plan, where applicable
- Enhanced incidents response structure across the Group
- Implemention of preventive measures across the Group to check for symptoms of COVID-19, isolate and report suspected cases
- Implemention of remote working from home (WFH) to all key employees
- Enforced restriction on travel measures in line with directives from authorities
- Engagment with critical vendors and partners to ensure supplies and services continue to be provided
- Made secure video conferencing available to be used for all meetings with clients, partners and suppliers. All necessary meetings (internal/external) held virtually
- Alcohol-based hand sanitisers are at all our locations and ATMs for compulsory use by employees, customers and all visitors
- Crowd control and social distancing within our various premises implemented, in line with WHO and health authorities' guidelines and directives
- All employees have been provided with sufficient face masks, with mandatory wearing in shared offices
- Heightened use of disinfectants to clean ATMs regularly wherever they may be, as well as doors, table tops and other surfaces
- Customers were encouraged to use digital platforms: Ecobank Mobile App, Ecobank Online, Ecobank OMNI and contact centres
- Health practitioners were engaged to raise staff awareness about COVID-19.

Enhanced cyber security to enable remote working from home

The data protection across the data centres and the integrity of the data have been tested by multiple planned and unplanned movement of service from Accra to Lagos and vice versa.

More processes and procedures have been implemented as follows:

- Raising awareness for all employees across the Group on the heightened risk of COVID-19 themed phishing attacks
- Regular communication to all employees advising them on how to stay safe and the approach Ecobank is taking to the COVID-19 pandemic
- Enforcing strong passwords and two-factor authentication, for all remote access accounts

- Ensuring that all provided laptops have up-to-date anti-virus and firewall software
- Providing 24/7 helpline chat and contact number which employees can easily access for advice or report any security concerns, including potential phishing
- Encrypting data at rest on laptops used for remote working given the risk of theft
- Disabling USB drives to avoid the risk of malware, offering employees an alternat way of transferring data such as a collaboration tool.

Operational risk governance

Group Operational Risk Management (GORM) is supported by dedicated Operational Risk and Internal Control managers in all affiliates. Operational Risk Managers across the Group drive and embed the GORM Framework as well as ensure compliance by the first and second lines of defence.

The Group's Board of Directors and Chief Executive Officer play critical operational risk oversight roles through the Board Audit and Compliance Committee. The Board Audit and Compliance Committee has increased its focus on operational risk-related events and ensures proactive implementation of preventive and mitigating controls. The Group Chief Risk Officer has management oversight of the Group Operational Risk/Internal Control Function.

The Group's senior management implements and disseminates the Operational Risk Management Policy and the expected standards of conduct to the various levels of the organisation. All business, control and support functions are responsible for risk identification, control assessment, day-to-day management and escalation to senior management.

The Ecobank lines of defence

Group Operational Risk Management/Internal Control, proactively engage all business and functional units across the Group to drive a strong Operational Risk Management culture and framework throughout the Group.

Across all the affiliates of the Group, the three lines of defence framework is employed to drive ownership, timely and proactive risk identification, management and mitigation of actual and potential risks across the organisation.

1st Line of Defence: Business and functional units/ departments	Each business unit owns its risks and has the responsibility and accountability for directly identifying, assessing and mitigating those risks.
2nd Line of Defence: Control Functions (Risk Management, Operational Risk/ Internal Control, Compliance, Finance, Legal etc)	The Control Functions monitor and facilitate the implementation of effective risk management practices and assist risk owners in reporting adequate risk-related information up and down the organisation.
3rd Line of Defence: Internal Audit	Internal Audit provides independent assessment and evaluation of the control environment, assurance to the Board and senior management on effectiveness of the first and second lines of defence, and the effectiveness of how the organisation assesses and manages its risk.

In addition to the three lines of defence framework implemented across affiliates, the Ecobank Group continues to devote serious and sustained efforts to align activities of affiliates and subsidiaries with the governance models and exigencies of the varied regulatory bodies that governs the activities.

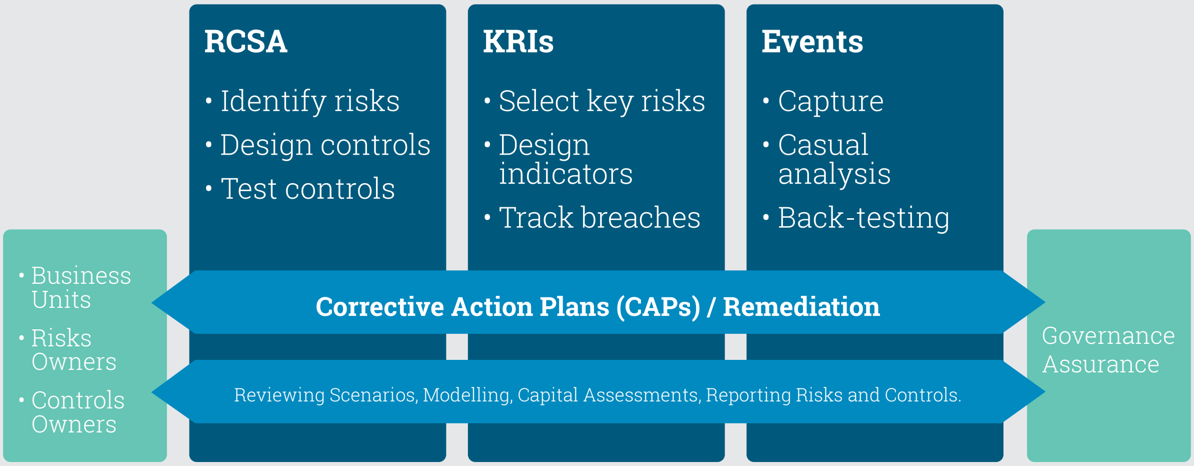
Operational risk reporting

Risk reporting across the organisation moves from affiliate level to Group level and then to the Group Board level where material issues are reported. This is to ensure that all levels of management have adequate oversight and information over control breaches and lapses within the organisation. Reporting is channelled through the Risk and Control Governance Committees at departmental, affiliate, regional and Group level to increase executive, regional and local management oversight of operational risks.

Group Operational Risk Management Framework (GORMF)

The Group Operational Risk Management Framework is based on Risk and Control Self-Assessment (RCSA), Key Risk Indicators (KRIs), Loss Events Management and Remediation. The GORMF continues to evolve to align with Basel and industry standards and other regulative requirements.

Operational Risk Management Framework



Risk and Control Self-Assessment

The Risk and control Self-Assessment (RCSA) programme as a core component of the Group's Operational Risk Management Framework, has maintained its focus on the enhancement of control performance across all entities of the organisation.

In 2020, Control testing cycles were adjusted in line with changes in working structures owing to the incidence of COVID-19 in order to ensure there was no lack of focus on control performance assessments. The Group's RCSA programme facilitates a comprehensive and consistent identification of risks (inherent and emerging risks), control gaps and weaknesses across business and functional units groupwide. It also provides an avenue for monitoring identified risks and implementation of remedial actions for any identified lapses.

Along with periodic Quality Assurance reviews, the Group's RCSA programme allows for periodic updates of the organisation's key risks through the continuous assessment of changes in business objectives, processes, products, systems and regulatory environment to ensure timely identification and proper management of new and emerging risks. Additionally, the programme allows for the continuous identification and monitoring of location-specific risks that may arise as a result of the diverse activities and geographical footprint of the Group.

Issue monitoring and remediation

Group Operational Risk/Internal Control continues to work with other departments to ensure that control weaknesses identified from sources such as RCSA Control Testing, internal and external audit reviews, regulatory assessments, information security reviews, peer assessments, internal control and compliance are centralised and appropriately monitored from inception to remediation.

The Group's Electronic Corrective Action (eCAP) system serves as a central repository and platform to track and manage control issues. The system provides transparency on meaningful metrics, improved Group Management visibility on control breaches and Corrective Action Plans and Issue Management Statistics across the Group.

The Group continues to leverage on the Combined Assurance activities of the control functions (Group Internal Control, Operational Risk Management, Internal Audit and Management Services, which includes corporate security and investigation), Risk Management, Compliance, Information Security and Finance to integrate and align assurance processes such as the assessment of the Group's overall risk profile, review of key control issues, and the monitoring of progress of remediation of key issues across the Group.

Operational loss events

In line with industry practices and regulatory requirements, the Group's operational losses are reported under seven event categories: Internal Fraud, External Fraud, Execution, Delivery & Process Management, Business Disruption & Systems Failures, Employment Practices & Workplace Safety, Clients, Products and Business Practices and Damage to Physical Assets.

In 2020, the Group recorded a total net operational risk loss of $9million. This is a significant decrease of 43% from the $15.8million recorded in 2019.

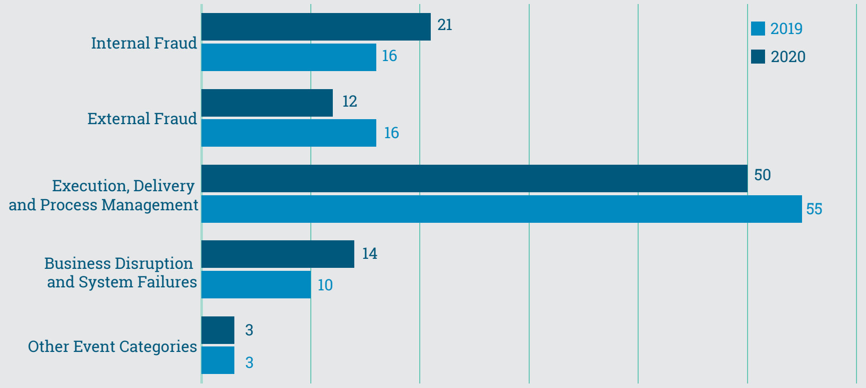
The Group's 2020 operational loss figure was mainly driven by:

- historical losses from 2007 to 2019 totalling approximately $6 million detected or reported in 2020.
- Execution, Delivery and Process Management (EDPM) losses of $4.5million. The main driver of Group's EDPM losses were regulatory fines and penalties of approximately $2.5m recorded in the CESA (Central, Eastern and Southern Africa) and AWA (Anglophone West Africa) regions.

The Group, however, recorded a 65 per cent decrease in losses related to fines and penalties compared to what was recorded in 2019.

Internal Fraud events totalled $1.9million, representing 21 per cent of total net loss for the year; External Fraud events totalled $1.1million, representing 12 per cent of total net loss for 2020. Execution, Delivery & Process Management events totalled $4.5 million, representing 50 per cent of the total net loss for the period and Business Disruption and Systems Failure losses totalled $1.2 million or 14 per cent. Other Events Category totalled $262k, or 3 per cent of the total losses.

Net operational losses - percentage of total



The Group Internal Control/Operational Risk Management function continues to implement a series of activities such as fraud and database monitoring activities, success transfers, insurance/recoveries, combined assurance activities with the other control functions and enhanced operational risk loss reporting and analysis all aimed at driving and sustaining reductions in the Group's operational loss profile.

Based on the Basel Accord and the regulatory framework, Ecobank uses the Basic Indicator Approach (BIA) for the calculation of operational risk capital. Capital is held for operational risk equal to the average over the previous three years of a fixed percentage (15 per cent) of positive annual gross income.

Business continuity management

Ecobank's business continuity management (BCM) programme is based on international BCM standards and principles. It outlines core business and function procedures for the recovery or relocation of operations in response to various disruptions. These procedures provide information for key Ecobank personnel to:

- ensure staff safety and protect Ecobank property;
- recover and resume operations to ensure business continuity;
- carry out situation analysis and instigate appropriate action;
- provide client access to critical applications;
- establish communications with our employees, clients and regulators; and
- safeguard Ecobank's records and intellectual property.

Subsidiaries and business units are guided to develop, maintain and test comprehensive business continuity plans (BCPs) regularly. The BCPs are designed to ensure provision of critical business processes and applications within predefined recovery time frames.

The BCM programme has assigned roles and responsibilities, which are detailed in corporate policy and standards. This results in a unified approach throughout Ecobank and effective business continuity capabilities. Business continuity specialists manage the BCM programme at both local and Group levels.

Group BCM provides expertise and guidance to all Ecobank affiliates in developing, implementing, testing and maintaining effective BCPs and recovery procedures.

Compliance and regulatory risk

As a result of its pan-African footprint, Ecobank has to deal with significant regulatory requirements in each country in which it operates. These regulatory demands could negatively impact its operations, especially in the face of an anemic world economy and an unrelentingly competitive business environment. Ecobank continues to be impacted by a significant number of new regulatory requirements from multiple sources. Therefore, management continues to provide attention and resources to ensure that regulatory reforms and their related requirements are embedded in our policies, processes, products and operations.

Ecobank has implemented robust processes to ensure that all business units comply with all relevant laws and regulations, with the support of its Compliance department, which advises business and support functions on regulatory compliance across the footprint. The Group has also designed a compliance programme to ensure that its activities are constantly aligned with the regulatory requirements of all the countries in which it is present. Our primary duties are to ensure that the businesses comply with local regulations, that identified risks are mitigated with appropriate measures and that the Group's risk appetite is adhered to.

Know-Your-Customer (KYC) and transaction monitoring

The quality of information collected from our customers is critical to improving customer service and to designing appropriate products and services. Our policies, therefore, require the maintenance of updated customer information within our files and systems.

The Compliance department ensures that our network is secured and protected against money laundering, corruption or terrorism financing (AML/ CFT). Ecobank monitors customers' transactions to identify suspicious transactions with an automated system. In addition, Ecobank closely collaborates with local law enforcement authorities and financial intelligence units (FIUs), who are leading the fight against money laundering and terrorism.

4.4 Environmental and social (E&S) risk

E&S oversight

Under the overall management and leadership of the Group Chief Risk Officer, the Environment and Sustainability (E&S) Unit is responsible for managing the Bank's efforts towards the attainment of environmental sustainability and socially acceptable tenets of the United Nations Sustainable Development Goals (SDGs). The E&S unit has a direct responsibility for the implementation of Ecobank's Environmental and Social Risk policy. In so doing, the unit works to ensure that all businesses of the Bank are carried out in environmentally friendly and socially acceptable manners and, at the same time, works with the business segments in ensuring that borrowing clients are conducting their businesses in a manner that enhances sustainability stewardship. In this regard, the unit is reviewing and managing the Bank's business and operations for potential environmental and social risks and impacts, particularly for transactions in the environmental and socially sensitive sectors, such as oil and gas, mining, heavy construction, agriculture and agro-forestry, as well as manufacturing.

In carrying out its objectives, E&S management in Ecobank comprises of a three-prong approach. Starting with the relationship managers in the businesses, they are required to take a proactive role in driving E&S risk procedures by screening and classifying eligible transactions for E&S risk categorisation. The second layer is the Country Risk team, which has an oversight role for ensuring adherence to the Ecobank E&S policy procedures for transactions rated as Low and Medium categories on Ecobank E&S risk classification. At the third layer is the Group E&S unit, with overarching responsibility to ensure that the E&S risk procedures are duly performed for all eligible transactions, irrespective of the classification category. The Group E&S Manager works with the Country Risk team in ensuring that satisfactory evidence of the clients' E&S practices is obtained and properly documented for reviews.

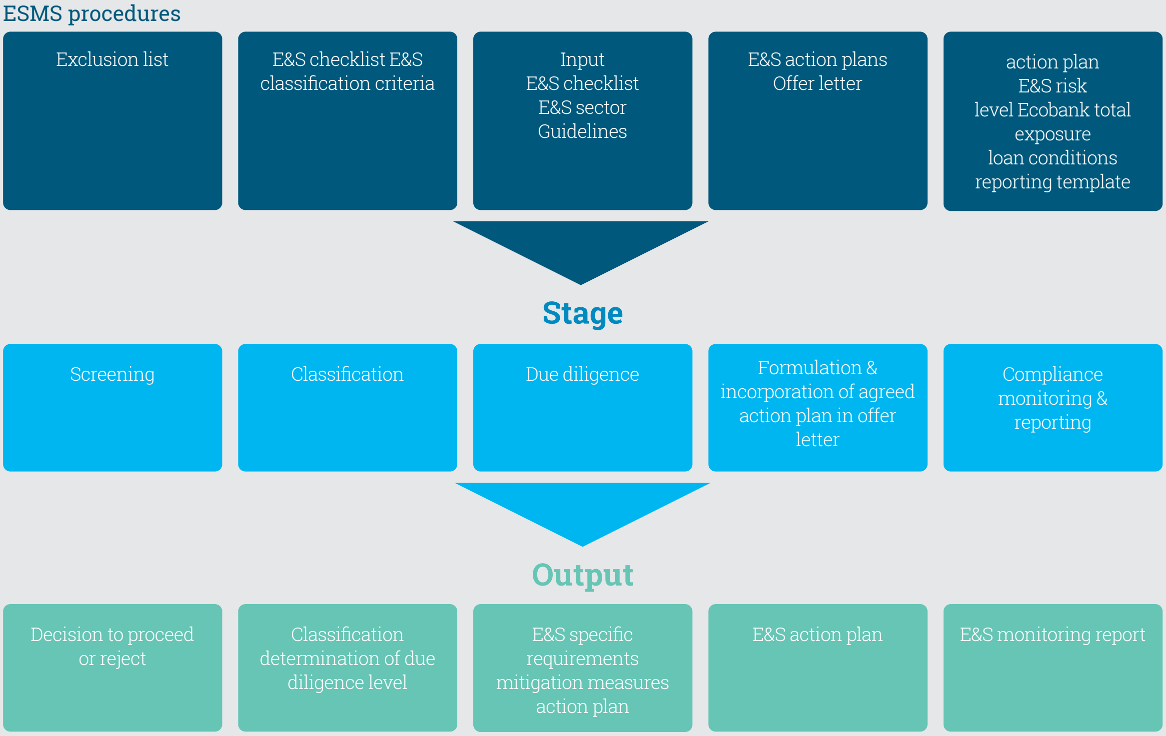
Environmental and Social Management System

Key procedures in the Group's Environmental and Social Management System (ESMS) are:

- Screening transactions against Exclusion List activities;
- Reviewing transactions for E&S risks in accordance with E&S sector guidelines;
- Verifying transactions for potential E&S risk identification;
- Classifying transactions for E&S risk into Low, Medium and High;
- For E&S low risk transactions, the Relationship Officer (RO) will sign off the Environmental and Social Due Diligence (ESDD) forms to be verified by the Country Risk Manager (CRM); and
- For all Medium and High-risk transactions, detailed ESDD is required (RO and CRMs will sign-off all Medium risk rated transactions to be verified by the Group Manager for E&S).

As indicated in Figure 1 below and in line with the Ecobank E&S Policy, the bank screens, classifies, assesses, formulates and monitors transactions in sectors with significant E&S risks. Our goal is to maintain E&S risk levels within acceptable internal and external limits. E&S conditions and action plans are captured as covenants in credit applications and periodic monitoring is carried out as indicated in the facility agreement.

Figure 1
ESMS procedures



The sequence of Environmental and Social Risk Managment (ESRM) procedures in Ecobank was developed on the basis of the Bank's engagement with the IFC Performance Standards, as well as its association with other financial institutions on their interpretation of environmental and social management as related to the credit review process. Furthermore, the Group puts together all the membership and obligatory E&S related reports by its lenders, such as IFC and the ESG frameworks to which it has subscribed, including the Equator Principles and United Nations Global Compact.

E&S portfolio review

As of 31 December 2019, Group E&S management handled a total of 1,391 transactions in sectors with significant E&S risks, such as the extractive industry, mid- and downstream oil and gas, heavy infrastructure construction, manufacturing, power generation/transmission/ distribution and commercial real estate. The exposure to transactions in the Medium E&S risk category stood at 534. Furthermore, a total of 429 screened transactions in 2020, were in the Low E&S risk category. The Low risk category signifies that the qualifying transactions pose less severe risk with negligible impact on the aesthetic quality of Environmental and Social standards. Figure 2 below presents an illustration of E&S eligible transactions in various categories as of December 2020:

Figure 2

E&S transaction by risk category

E&S risk category	No of eligible transactions
High	46
Medium	596
Low	749
Total	1,391

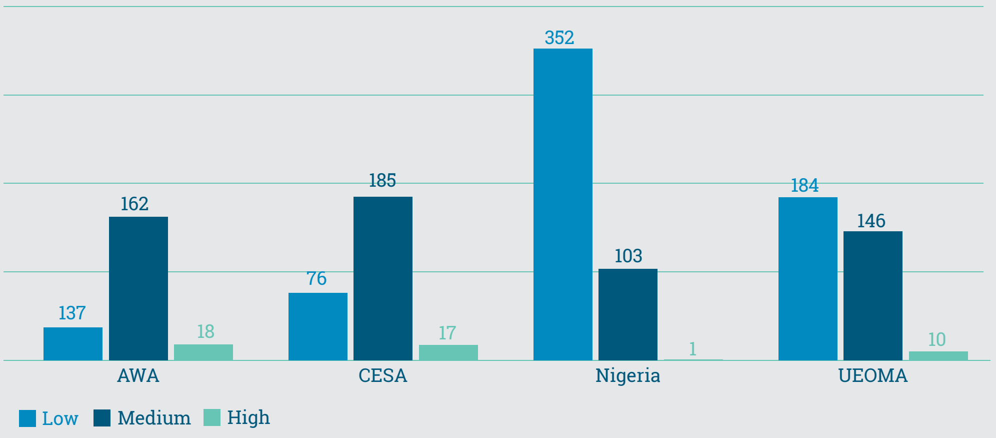
Analysis of E&S risk eligible transactions

As of December 2020, a total of 1,391 transactions in the E&S sensitive sectors were reported and managed for E&S risks and impacts at Group level. Nigeria, as presented in the chart below (Figure 3), had the largest number of transactions managed for E&S (456), whilst CESA region had the least number of transactions (278). CESA region has the largest number of transactions in the Medium category, which stood at 185 and corresponded to 66.5 per cent of total transactions in the region. Furthermore, the total number of transactions in the Medium category was 596, which corresponded to 42.8 per cent of all the E&S risk transactions in the reporting year.

The large concentration of Medium E&S risk in CESA, it reinforces the need for enhanced monitoring of the qualifying transactions to encourage compliance with the E&S standards in the region that will ultimately help shape practices to reduce the stark gaps in E&S outcomes observed during the portfolio review visits. Compliance is among the most important conditions of ESMS and a critically significant aspect of the implementation process, which as a Bank we need to improve.

Figure 3

Number of transactions managed for e&s risks in ecobank regions by classification category in 2020



In light of the above, the concentration of qualifying transactions in the Medium category further implies that Ecobank exposure to E&S risk transactions remains in a stable position within the management containment limit.

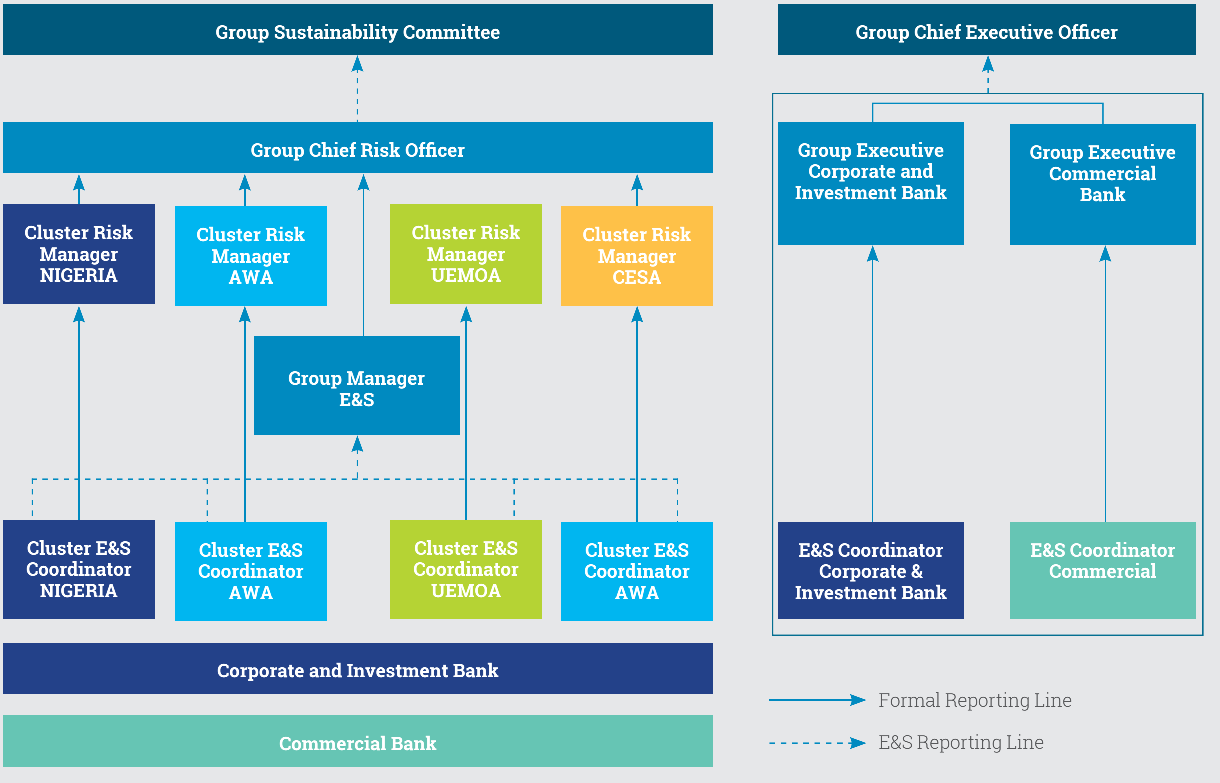
Capacity building

ESRM is gaining appreciation in Ecobank as a key emerging risk and the Group E&S unit continues to create knowledge and stimulate awareness about ESRM. In 2020, most training was held virtually via Microsoft Teams and Zoom platforms and facilitated by Ecobank E&S team. As many as 225 participants, including the ETI Board members and Group Executives were trained on E&S via the digital platform. An additional 28 people were taken through Ecobank ESRM practices via physical meetings.

Classification of Ecobank affiliates according the E&S severity

Following the revision of Group E&S reporting procedures in 2020, Ecobank affiliates have been designated as High and Medium levels for Ecobank E&S risk classification. In High E&S designated affiliates, E&S risk eligible transactions with a value of less than $5M and tenor of less than 24 months are to be presented to the Group for review. This empowers the Country Risk Management team and Regional E&S risk coordinators to review and manage transactions below these thresholds. In Medium designated affiliates, E&S risk eligible transactions with a total value of less than $2M with tenor between 12 months to 24 months are to be presented to the Group E&S unit for a detailed monthly review and monitoring oversight. Subsequently, the organogram structure of Group E&S has also been enhanced in 2020 with the creation of E&S coordinators in the Corporate and Investment Banking (CIB) and the Commercial Banking (CMB) business segments.

Figure 4
E&S Organogram Structure



5. Capital management

5.1 Group level

The Group Capital Management Policy aims to maintain compliance with all regulatory capital requirements and support the Group's credit rating objectives. It also establishes the principles by which capital is allocated to business activities in order to provide an optimal return to the providers of capital.

Prior to 2018, the Group voluntarily adopted Basel I standards to calculate and manage capital adequacy at the consolidated level. Effective 1 January 2018, the consolidated Group became subject to the Banque Centrale des Etats d'Afrique de l'Ouest's (BCEAO) Basel II/III prudential regulations. These regulations are an adoption of Basel II standardised rules plus some elements of Basel III. They require the Group to maintain minimum CET 1 Tier 1, and total capital adequacy ratios (CARs), a minimum leverage ratio and a maximum single customer exposure.

Full implementation of Basel II/III in UEMOA will span a six-year period, from 2018 to 2023. The table below presents our minimum required ratios for the period 2018-2023:

	2018	2019-2020	2021	2022	2023
CET 1 ratio	5%	5%	5%	5%	5%
CET 1 ratio + conservation buffer	5.625%	6.25%	6.875%	7.50%	7.5%
Tier 1 capital ratio	6%	6%	6%	6%	6%
Tier 1 capital ratio + conservation buffer	6.625%	7.25%	7.875%	8.50%	8.5%
Total CAR	8%	8.25%	8.50%	8.75%	9%
Total CAR + conservation buffer	8.625%	9.5%	10.375%	11.25%	11.5%
Tier 1 leverage ratio	3%	3%	3%	3%	3%
Target Internal Total CAR	**12.0%**	**12.5%**	**13.0%**	**13.5%**	**14.0%**

As part of its COVID-19 response, the BCEAO extended the implementation of Basel II/III by one year; 2020 prudential requirements remain as they were in 2019 and the final requirements will be effective in 2023 instead of 2022. As such, the CAR requirement remains constant in 2020.

As at 31 December 2020, the Group was compliant with regulatory minimum CAR ratios. The increase in CAR from December 2019 to December 2020 (Tier 1 CAR from 8.8 per cent to 9.4 per cent, and Total CAR from 11.6 per cent to 12.3 per cent) was primarily due to internal profit generation.

In 2020, the Ecobank Group was designated a Regional Systemically Important Financial Institution, requiring a capital surcharge which increases from 0.4 per cent in 2020 to 1.0 per cent in 2022.

5.2 Affiliate level

In all of Ecobank's countries of operation, banking subsidiaries are required to maintain minimum capital levels and minimum capital adequacy ratios which are determined by their national or regional (in the case of the UEMOA and CEMAC zones) regulators. Of the 22 banking regulators that supervise Ecobank affiliates, 15 have so far adopted Basel II or Basel III standards.

The Group is committed to complying with all local regulations and to ensuring that our subsidiaries are well capitalised; we, therefore, monitor the capital adequacy of all subsidiaries vis-à-vis regulatory requirements and internal risk appetite. When a potential shortage arises, appropriate actions are taken to ensure immediate compliance with regulations.

6. Risk management approach to COVID-19

Following the spread of the COVID-19 pandemic across the world, countries in Africa started taking measures in March 2020 to close their borders and institute curfews to contain the spread of the disease. These unprecedented lockdowns have reduced the economic activities in a continent where day-to-day trading activities are essential for many to live.

Unlike the support provided through stimulus packages in developed countries, actions by African governments and central banks aimed at finding ways to keep companies viable and continue to operate in a difficult environment. central banks have eased their policies to help financial institutions and customers during the crisis, especially in the repayment terms of their obligations. These measures have taken the form of liquidity support to banks, relaxations in capital adequacy requirements and cash reserve ratios, and moratoriums on loans for sectors and businesses hard hit by the pandemic.

As early as February 2020, Group Risk Management has taken steps to mitigate the impact of the COVID-19 pandemic. We conducted stress tests to have the general economic impact in the countries in which we operate, as well as direct/indirect impact on our portfolio. Since the outset of the pandemic and as it spread across the world, we have seen impact on travel, airline industry uncertainty, supply chain disruption and availability of labour. All of which have relatedly led to a slowdown in commodity demand and prices, further exacerbated by the oil price collapse as a result of the fight between Russia and OPEC, which is now resolved. Altogether, the above presented a further risk of currency devaluation across most of our countries. It was important to identify the vulnerable countries and segments of our portfolio that are at risk and to define and take appropriate action to protect the company from elevated impairment charges.

Group Risk Management has worked diligently with our customers in line with specific regulatory, government and accounting guidance in various markets to provide forbearance or accommodation of various types, including principal and interest moratoriums. We aimed at reaching out to our customers and identifying mitigating measures to avoid distress and default during the crisis. Under normal circumstances, if not for the pandemic, most of these customers targeted would have been repaying their facilities as agreed in the loan terms. Additionally, we have emphasised the use of digital platforms for loan repayments, as well as site visits, collateral inspections, E&S monitoring and customer calls.

As of December 2020, in line with Government policy and forbearance from regulators, we have restructured or provided moratoriums close to $1.9 billion in loans and supported more than 500 businesses and 25,000 retail customers.

AFRICA'S BEST PLATFORM

We have continued to improve the experience and functionality on our digital platforms to place the power to consume our wide array of financial services in the hands of users.

Our footprint and coverage across the continent provide us with the platform to digitalise payments in Africa. The opportunity for us here is massive as a substantial amount of transactions are still made with cash.

We have therefore positioned our payments products, EcobankPay QR, Point of Sale (POS) machines, Ecobank Online, Omni Lite, Omni Plus and of course Ecobank Mobile to target this. We intend to continue to grow our payment platforms as the preferred pan-African service.

05

BUSINESS AND FINANCIAL REVIEW

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Introduction

Ecobank Transnational Incorporated (ETI) and its banks, non-bank subsidiaries and affiliates are collectively known as the 'Ecobank Group', 'Ecobank' or 'The Group'. Ecobank is the leading pan-African financial institution in Africa, present in 35 African countries, with international offices in Paris, London, Dubai and Beijing. Ecobank serves approximately 28 million customers, has $25,939 million in assets and $2,028 million in total equity as of 31 December 2020.

For management purposes, the Group organises its activities into three primary reportable business segments. The Consumer Bank is the Group's consumer business, and the Commercial Bank and the Corporate and Investment Bank are its wholesale businesses.

Additionally, the Group organises its geographical regions into four reportable segments, namely, Nigeria, Francophone West Africa (UEMOA), Anglophone West Africa (AWA) and Central, Eastern and Southern Africa (CESA).

Ecobank prepares its consolidated financial statements as per International Financial Reporting Standards (IFRS). The following Business and Financial Review provides a comparative overview and discussion of the consolidated financial results of the Ecobank Group for the years ended 31 December 2020 and 31 December 2019.

Income statement analysis

Financial overview

Year ended 31 December (in thousands of US dollars, except per share data and ratios)	2020	2019
Operating income (net revenues)	1,679,765	1,622,259
Pre-tax, pre-provision operating profit	625,727	548,878
Profit before tax, net monetary loss and goodwill impairment	398,702	415,321
Profit before tax (excluding goodwill impairment)	337,882	405,079
Profit before tax	174,318	405,079
Profit for the year	88,319	274,934
Profit available to ETI shareholders	4,202	193,958
Diluted earnings per ordinary share, EPS (US cents)	0.010	0.778
Tangible book value per ordinary share, TBVPS (US cents)	5.47	4.72
Return on equity (ROE)[(1)]	0.3%	13.2%
Return on tangible equity (ROTE)[(2)]	0.3%	16.5%
ROTE (excluding goodwill charge)	13.3%	16.5%

1. ROE is computed using profit attributable to ETI (parent company) shareholders divided by the average end-of-period ETI shareholders' equity
2. ROTE is computed using profit attributable to ETI shareholders divided by the average end-of-period tangible shareholders' equity. Tangible shareholders' equity is ETI shareholders' equity less non-controlling interests, goodwill and intangible assets

Notable items

The following notable items impacted profits for 31 December 2020:

- The goodwill impairment charge of $164 million, comprising $159 million related to Oceanic Bank acquired in 2011 and $4 million related to SOFIPE, our microfinance entity in Burkina Faso, acquired in 2014.
- The net monetary loss expense of $61 million related to hyperinflation in Zimbabwe ($53 million) and South Sudan ($8 million).

Ecobank generated profit before tax of $174 million, a decrease of $231 million, or 57 per cent, compared with $405 million for 2019. Excluding the impact of goodwill charge, profit before tax was $338 million, a decrease of $67 million from 2019. Profit available to the shareholders of ETI, the parent company, was $4 million, a decrease of $190 million, or 98 per cent, compared with $194 million for 2019. Diluted earnings per ordinary share were 0.010 US dollar cents ($0.0001) for 2020, compared with 0.778 US dollar cents ($0.0078) for 2019. Return on tangible equity (ROTE) was 0.3 per cent for 2020 (13.3 per cent if adjusted for the goodwill charge), compared with 16.5 per cent for 2019. Tangible book value per ordinary share (TBVPS) was 5.47 US dollar cents ($0.055) as of 31 December 2020, compared with 4.72 US dollar cents ($0.047) as at 31 December 2019.

Operating income (net revenue)

Net revenue, which is the sum of net interest income (NII) and non-interest revenue (NIR), was $1,680 million for 2020, increasing by $58 million, or 4 per cent, from 2019. Revenues benefited from an increase in NII partially offset by a decrease in NIR.

Operating income (net revenue)

Year ended 31 December (in thousands of US dollars)	2020	2019	Change
Net interest income (NII)	**907,226**	**749,729**	**21%**
Fee and commission income			
Credit-related fees and commissions	127,099	134,470	(5)%
Corporate finance fees	16,264	13,951	17%
Portfolio and other management fees	10,900	21,243	(49)%
Brokerage fees and commissions	3,418	5,383	(37)%
Cash management and related fees	187,226	198,499	(6)%
Card management fees	64,553	79,430	(19)%
Others	15,129	6,890	120%
Fees and commissions expense	(35,643)	(40,350)	(12)%
Net fee and commission income	**388,946**	**419,516**	**(7)%**
Foreign exchange (FX) income	265,459	295,558	(10)%
Securities trading	80,817	86,133	(6)%
Net trading income	**346,276**	**381,691**	**(9)%**
Net gains from investment securities	16,617	6,879	142%
Other operating income	20,700	64,444	(68)%
Non-interest revenue (NIR)	**772,539**	**872,530**	**(11)%**
Operating income/Net revenue (NII + NIR)	**1,679,765**	**1,622,259**	**4%**
Net interest margin (NIM)	5.5%	4.7%	–
Contribution of NIR to operating income	46.0%	53.8%	–

Net interest income

Net interest income is the interest earned on loans and advances to customers and other financial institutions, debt securities, and other interest-earning assets minus the interest paid on customer deposits, other deposits, and short- and long-term borrowings. In 2020, net interest income increased by $157 million, or 21 per cent, to $907 million, reflecting the benefit of deposit and funding mix. Interest income decreased by $22 million, or 2 per cent, to $1,390 million because of the low interest rate environment which led to interest-earning assets being re-invested at lower rates. Interest expense, which reflects the amounts paid for customer deposits and other funding commitments, declined $179 million to $483 million as we shifted our mix of deposits from expensive term deposits to cheaper current and savings account (CASA) deposits. As a result, the cost of funds decreased from 3.4 per cent in 2019 to 2.3 per cent in 2020. The net interest margin (NIM), which is the average yield on interest-earning assets minus the average interest rate paid for deposits and other sources of funding, thus expanded to 5.5 per cent compared with 4.7 per cent in 2019, mainly due to the decrease in the cost of funds.

Non-interest revenue

Non-interest revenue declined by $100 million, or 11 per cent, to $773 million, primarily because consumer and business activities slowed down significantly due to the COVID-19 pandemic. As a result, net fees and commissions income fell $31 million to $389 million. The decrease was driven by cash management and related fees, which declined by $11 million to $187 million. Moreover, pandemic-induced lockdowns led to a decrease in consumer spending, and this was reflected in a $15 million decline in card management fees to $65 million. Also, declines of $7 million and $10 million were experienced in credit-related fees and commissions, and portfolio and management fees, respectively. Net trading income decreased

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$35 million to $346 million, driven by lower fees on client-driven foreign-exchange sales as trading activities slowed. The contribution of NIR to total net revenues fell to 46 per cent compared to 54 per cent in 2019.

Operating expenses

Year ended 31 December (in thousands of US dollars)	2020	2019	Change
Staff expenses	**462,992**	**490,311**	**(6)%**
Depreciation and amortisation	**104,206**	**108,504**	**(4)%**
Communications and technology	136,180	120,561	13%
Professional & legal fees	63,949	67,379	(5)%
Rent and utilities	42,978	33,795	27%
Repairs and maintenance	20,605	25,293	(19)%
Insurance	31,423	30,690	2%
Restructuring costs	31,682	10	n.m.
Others(1)	160,023	196,838	(19)%
Other operating expenses	**486,840**	**474,566**	**3%**
Total operating expenses	**1,054,038**	**1,073,381**	**(2)%**
Cost-to-income ratio	62.7%	66.2%	

1. Others include operational losses and fines, advertising and promotion, business travels, supplies and services, fuel, etc
n.m. = not meaningful

Operating expenses

Expenses of $1,054 million decreased $19 million, or 2 per cent, from 2019. Expenses benefited from targeted actions taken to reset the company's cost base, especially amid the challenging operating environment. Also, expense savings benefited from the lockdowns and social distancing restrictions that were implemented at the height of the pandemic, reducing expense items such as travel, rent, utilities and training budgets as most activities shifted to digital. Included in the expense base are restructuring charges of $32 million related to branch closures (closed 145 branches, mostly in Nigeria), severance charges (reduced group-wide headcount by circa 850 people) and $12 million in litigation accruals in AWA. The cost-to-income ratio (efficiency ratio) improved to 62.7 per cent compared to 66.2 per cent in 2019.

Impairment charges

Year ended 31 December (in thousands of US dollars)	2020	2019	Change
Impairment charges on loans and advances			
Impairment charges on Stage 3 loans	240,157	184,572	30%
Impairment charges on Stages 1 and 2 loans	71,915	129,605	(45)%
	312,072	314,177	(1)%
Recoveries & provisions no longer required	(130,517)	(204,262)	(36)%
	181,555	**109,915**	**65%**
Impairment charges on other financial assets	45,470	23,642	92%
Impairment charges	**227,025**	**133,557**	**70%**
Cost of risk	**1.85%**	**1.12%**	

Impairment charges

Impairment charges on loans, net of recoveries, collections and provisions no longer required for 2020 was $182 million, up $72 million from 2019. The higher impairment charge for 2020 reflected lower loan recoveries of $131 million, compared to recoveries of $204 million in 2019. Gross provisions were down $2.1 million to $312 million, as an increase in impairment charges on Stage 3 loans by 30 per cent was offset by a decrease in impairment charges on Stages 1 and 2 loans by 45 per cent. Included in the $182 million net provisions on loans is $55 million of macro reserve overlays proactively taken as a buffer against what remains an uncertain economic outlook. Consequently, the cost of risk increased to 1.85 per cent from 1.12 per cent in 2019. Excluding the macro-overlay, the cost of risk was 1.29 per cent.

Taxation

Income taxes were $89 million in 2020, compared with $135 million in the prior-year period. The effective income tax rate (ETR) was 26.4 per cent (excluding the impact of one-off goodwill charge) versus 33.3 per cent in 2019.

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Balance sheet analysis

The Group's reported assets totalled $25,939 million as of 31 December 2020, compared with assets of $23,641 million as of 31 December 2019. The $2.3 billion increase in assets was predominantly driven mostly by an increase in investment securities following record growth in customer deposits in 2020. There follows a year-on-year analysis of significant changes to specific items within the consolidated balance sheets.

Selected consolidated balance sheets data

At 31 December (in thousands of US dollars)	2020	2019	Change
Assets			
Cash and balance with central banks	3,752,596	2,829,313	33%
Loans and advances to banks	2,011,343	1,891,889	6%
Trading financial assets	156,490	182,662	(14)%
Investment securities:			
Treasury bills and other eligible bills	1,730,845	1,632,749	6%
Derivative financial instruments	115,162	65,459	76%
Investment securities	6,074,244	4,857,763	25%
Pledged assets	423,599	351,478	21%
Loans and advances to customers (gross)	9,798,063	9,833,658	(0)%
Less accumulated impairment charges	(558,115)	(557,050)	0%
Loans and advances to customers (net)	9,239,948	9,276,608	(0)%
Intangible assets	151,870	309,974	(51)%
Property and equipment	810,521	831,182	(2)%
Other assets	1,472,855	1,412,107	4%
Total assets	**25,939,473**	**23,641,184**	**10%**

Cash and balances with central banks

We deposit cash with central banks to meet reserve requirements and to facilitate liquidity management as part of the normal course of our business. As of 31 December 2020, cash and balances with central banks amounted to $3,753 million an increase of $923 million, or 33 per cent, compared with $2,829 million in 2019. The increase in cash and balances with central banks was driven by growth in mandatory reserves deposits with central banks. For instance, the Central Bank of Nigeria increased the cash reserve ratio (CRR) from 22.5 per cent to 27.5 per cent in January 2020, which required a greater amount of deposits to be held interest-free with the Nigerian central bank.

Loans and advances to banks

Loans and advances to banks largely constitute deposits held with other banks to facilitate correspondent banking relationships and to manage our liquidity and interest rate risks, and placements. Loans and advances to banks amounted to $2,011 million as of 31 December 2020, an increase of $119 million, when compared to $1,892 million as of 31 December 2019. The increase in the deployment of record growth of deposits in other banks and placements was partly driven by our cautious approach to lending and an increase in inter-affiliate placements within the Ecobank Group.

Trading financial assets

These are securities we hold for trading purposes and are mostly government bonds held in Ghana and Nigeria, 55 per cent and 39 per cent, respectively. As of end of 2020, trading securities balances were $156 million, a decrease of $26 million, from 2019. Falling yields in Nigeria presented the opportunity to book capital gains and hence contributed to the reduction in the holdings of trading assets.

Investment securities

Our investment securities portfolio consists mostly of government treasuries of various durations, debt securities and equity securities. We hold these securities to meet cash requirements, liquidity, and asset and liability management.

Treasury bills and other eligible bills

We invest the deposits that we do not immediately loan to clients in government treasuries. At the end of 2020, we held $1,731 million in treasury bills, representing an increase of $98 million from 2019.

Investment securities

These are investment securities, other than treasury bills. They comprise listed and non-listed debt and equity instruments, with debt securities accounting for nearly 97% of total investment securities. These are carried on the balance sheet at fair value through other comprehensive income. As of 31 December 2020, we held $5,914 million in debt securities, up $1.4 billion from the prior year, mostly in the Francophone West Africa region (circa 60 per cent) and $162 million in equity securities, mostly unlisted. Total investment securities increased by $1,216 million to $6,074 million.

Loans and advances to customers

At 31 December (in thousands of US dollars except ratios)	2020	2019	Change
Group			
Loans and advances to customers (gross)	**9,798,063**	**9,833,658**	**(0.4)%**
Less allowance for impairment	(558,115)	(557,050)	0.2%
Loans and advances to customers (net)	**9,239,948**	**9,276,608**	**(0.4)%**
Non-performing loans (NPL)	749,054	955,665	(22)%
Loans-to-deposits ratio	53.6%	60.2%	–
Non-performing loan ratio	7.6%	9.7%	–
NPL coverage ratio	74.5%	58.3%	–
Gross loans by business segments			
Corporate and Investment Bank	6,994,341	7,145,246	(2)%
Commercial Bank	1,637,902	1,608,824	2%
Consumer Bank	1,165,820	1,079,588	8%
Total loans and advances to customers	**9,798,063**	**9,833,658**	**(0.4)%**
Gross loans by geographic regions			
UEMOA	3,869,804	3,848,433	1%
NIGERIA	2,481,255	2,504,007	(1)%
AWA	1,210,925	1,376,147	(12)%
CESA	1,768,186	1,699,369	4%
OTHERS	467,893	405,702	15%
Total loans and advances to customers	**9,798,063**	**9,833,658**	**(0.4)%**

BUSINESS AND FINANCIAL REVIEW

Loans and advances to customers

The Group provides loans to customers ranging from households and small businesses to regional and multinational corporates, and sovereign-related entities. As of 31 December 2020, gross loans were $9,798 million compared to $9,834 million in 2019. Loans and advances, net of accumulated impairment charges was $9,240 million, a decrease of $37 million from the prior year. However, it is notable to mention that loan growth spiked in the fourth quarter of 2020, growing by $700 million, driven mostly by trade loans.

We have been cautious in our lending underwriting as we addressed risk management lapses of the past and focused on delivering a successful non-performing loans strategy. However, when we lend, we prefer to underwrite risk assets that are short-term and self-liquidating. This approach coupled with a heightened credit risk environment has generally held back loan growth.

Loan growth performance within our lines of business was mixed. Net loans in Corporate and Investment Bank declined $161 million, or 2 per cent, to $6,785, primarily because of the pandemic. Within Commercial Bank, net loans increased by $34 million to $1,365 million, primarily driven by trade loans. An uptick in Xpress loans, our digital lending offering, contributed to Consumer Bank's net loans rising by $90 million to $1,090 million.

On a regional basis, net loans increased by $28 million to $3,796 million in UEMOA, partly driven by the impact of foreign currency translation effects. Similarly, Nigeria saw a $23 million decline in net loans to $2,202 million, adversely impacted by FX translation effects. Net loans fell $148 million to $1,142 million in AWA, due partly to the effects of the pandemic. CESA grew loans by $86 million to $1,633 million, driven by trade loans.

The loan loss allowance for impairment charges was $558 million as of 31 December 2020, compared with $557 million in the prior year (notes to financials will provide more info).

Non-performing loans were $749 million as of 31 December 2020, compared with $955 million as of 31 December 2019. The $206 million decrease comprises $125 million of new additions to Stage 3 loans, recoveries of $75 million, upgrades of $85 million and write-offs of $171 million. Consequently, the non-performing loans ratio improved to 7.6 per cent from 9.7 per cent in 2019. The allowance coverage for non-performing loans was 74.5 per cent, a significant improvement on the 58.3 per cent in 2019. As we continue to build higher pre-impairment profits, we expect to drive coverage gradually to a 100 per cent of non-performing loans in the near term.

Customer deposits

At 31 December (in thousands of US dollars)	2020	2019	Change
Deposits from customers by business segment			
Corporate and Investment Bank	7,559,606	7,184,189	5%
Commercial Bank	4,285,149	3,556,813	20%
Consumer Bank	6,452,197	5,505,118	17%
	18,296,952	**16,246,120**	**13%**
Deposits from customers by geographic regions			
UEMOA	6,848,581	5,641,080	21%
NIGERIA	3,537,718	3,714,557	(5)%
AWA	3,179,786	2,704,446	18%
CESA	4,509,529	3,903,136	16%
OTHERS	221,338	282,901	(22)%
	18,296,952	**16,246,120**	**13%**
Deposits from customer by type			
Current	11,549,431	9,817,747	18%
Savings	3,536,642	2,853,456	24%
Term	3,210,879	3,574,917	(10)%
	18,296,952	**16,246,120**	**13%**
Cost of funds	2.3%	3.4%	
Loan-to-deposit ratio	53.6%	60.5%	
CASA deposits ratio	82.5%	78.0%	

Deposit from customers

Customer deposits are the primary source of funding for the Group, accounting for approximately 71% of total liabilities and equity. Our strategic focus has been to ensure we improve the deposit mix toward low-cost current and savings account deposits (CASA). Our investments in digital technology, channels such as Omni, EcobankPay and BankCollect, and concerted efforts in shifting employee mindsets toward low-cost deposit generation, have paid off in record dividends. The lockdowns and social distancing restrictions brought on by the coronavirus pandemic inconsequentially accelerated deposit mobilisation as customers embraced digital solutions. Not only do we see record growth in deposits, but the mix has also improved significantly.

As a result, customer deposits increased by a record $2,051 million to $18,297 million in 2020. The increase was across all business lines, but mostly in Consumer Bank, which added $947 million in deposits in 2020 to $6,452 million. Commercial Bank increased loans by $728 million to $4,285 million, while Corporate Investment Bank grew loans by $375 million to $7,760 million. On a regional basis, customer deposits also increased across the board. UEMOA increased deposits by $1.2 billion (a modest portion of the growth coming from currency translation effects), while deposits increased by $475 million and $606 million to $3,180 million and $4,510 million, respectively, in AWA and CESA. In Nigeria, customer deposits fell $177 million to $3,538 million, largely due to currency translation effects. Excluding the impact of FX effects, customer deposits would have increased by $154 million instead.

Our deliberate strategy to improve the deposit mix toward more current and savings accounts (CASA) and from term deposits proved successful. On deposit mix, we increased current account deposits by $1.7 billion to $11.5 billion (63 per cent of total customer deposits; 60 per cent in 2019) and savings deposits by $683 million to $3.5 billion (19 per cent of deposits; 18 per cent in 2019). The more expensive term deposits reduced by $364 million to $3.2 billion (18 per cent of deposits; 22 per cent in 2019). The improved mix of deposits positively impacted the cost of funds, which fell to 2.3 per cent from 3.4 per cent in 2019.

BUSINESS AND FINANCIAL REVIEW
Business Segment Performance

Selected consolidated balance sheets data

At 31 December (in thousands of US dollars)	2020	2019	Change
Liabilities			
Deposits from other banks	2,386,747	2,207,593	8%
Deposits from customers	18,296,952	16,246,120	13%
Borrowed funds	1,923,182	2,075,001	(7)%
Other liabilities	1,304,879	1,226,693	6%
Total liabilities	**23,911,760**	**21,755,407**	**10%**
Share capital and premium	2,113,961	2,113,957	0%
Retained earnings	199,172	245,563	(19)%
Reserves	(809,737)	(882,827)	(8)%
Equity attributable to owners of ETI	**1,503,396**	**1,476,693**	**2%**
Non-controlling interest	524,317	409,084	28%
Total equity	2,027,713	1,885,777	8%
Total liabilities and equity	**25,939,473**	**23,641,184**	**10%**

Borrowed funds

Borrowed funds are an alternative source of relatively long-term funding and are a critical component of the Group's liquidity and capital management activities. ETI, the parent company of the Ecobank Group, oversees the capital planning and funding strategy for the Group. As of 31 December 2020, total borrowed funds for the Group were $1,923 million, down $152 million from 2019. Approximately 60 per cent and 20 per cent of borrowed funds reside at ETI and Nigeria, respectively. For further information on the composition of our borrowed funds, please refer to Note 34: Borrowed Funds on pages 261 to 264 of this annual report.

Total equity

Total equity including non-controlling interests (minority interest) was $2,028 million, compared to $1,886 million in 2019. Equity available to ETI shareholders was $1,503 million in 2020, compared with $1,477 million, as of 31 December 2019. The $27 million growth in available equity was driven by several factors – profit accretion for the current year, unrealised gains on fixed-income securities, gains on revaluation properties and higher other comprehensive income, partially offset by the adverse impact of non-cash goodwill impairment charge of $164 million, the $61 million net monetary loss arising from hyperinflation in Zimbabwe and South Sudan, and a negative reserve arising from foreign currency translation (FCTR) effects.

BUSINESS AND FINANCIAL REVIEW
Business Segment Performance

Corporate and Investment Bank

Corporate and Investment Bank (CIB) offers relevant financial solutions to global and regional corporates, public corporates, financial institutions and international organisations. It delivers tailor-made solutions to meet its clients' needs. It offers a full spectrum of financial products and services, which include corporate lending, trade services, cash management solutions and value-chain finance. The CIB division also provides treasury services, corporate finance, investment banking, securities, and wealth and asset management services.

Corporate and Investment Bank

Year ended 31 December (in millions of US dollars)	2020	2019	Change
Selected income statement highlights			
Net interest income	**550**	**395**	**39%**
Credit-related fees and commissions	85	85	0%
Corporate finance fees	9	14	(38)%
Portfolio and other management fees	9	20	(53)%
Brokerage fees and commissions	3	5	(39)%
Cash management and related fees	50	55	(9)%
Card management fees	0.5	0.5	1%
Other fees	17	(3)	n.m.
Fees and commissions expenses	(24)	(24)	1%
Net fees and commissions income	149	152	(2)%
Other income	249	267	(7)%
Non-interest revenue	**398**	**419**	**(5)%**
Operating income (net revenue)	**949**	**814**	**17%**
Operating expenses	(427)	(423)	1%
Pre-tax pre-provision operating profit	**522**	**390**	**34%**
Impairment charges on financial assets	(126)	(61)	108%
Net monetary loss	(31)	-	
Profit before tax	**364**	**330**	**10%**
Selected balance sheet highlights			
Gross loans and advances to customers	6,994	7,145	(2)%
Deposits from customers	7,560	7,184	5%
Selected ratios			
Cost-to-income ratio	45.0%	52.0%	–
Loan-to-deposit ratio	92.5%	99.5%	–
NPL ratio	4.3%	7.1%	–
NPL coverage	70.2%	39.4%	–

Note: selected income statement lines only and thus may not sum up
n.m. = not meaningful

Corporate and Investment Bank delivered a profit before tax of $364 million, an increase of $34 million, or 10 per cent, from the prior year period. The growth was primarily driven by positive operating leverage which saw CIB's pre-tax pre-provision (PPOP) operating profit increase by $132 million to $522 million. PPOP was partially offset by a $66 million increase in provisions and $31 million of hyperinflation net monetary loss.

Net interest income of $550 million was $155 million, or 39 per cent, higher than the previous year. Net interest income benefited immensely from increased customer deposits, especially non-interest-bearing deposits, which helped to drive significantly lower the cost of deposits. Also benefiting net interest income was an increase in interest income from treasury bills. Furthermore, higher trade loan balances and balance sheet management contribute to growth in net interest income.

Non-interest revenue fell $20 million, or 5 per cent, to $398 million, primarily because of the negative impact of COVID-19 on household and business activity. Net fees and commission income decreased by $2 million to $149 million. The primary driver of the decrease was portfolio and management fees and corporate finance fees, which fell $10 million and $5 million to $9 million and $9 million, respectively, on lower investment banking revenues. Cash management and other related fees also decreased by $5 million to $50 million. These were partially offset by $17 million of other fees, compared with a loss of $3 million in other fees in 2019. Net trading income, which largely comprises sales and trading of foreign currency and fixed-income securities declined despite strong fees generated from FX hedging solutions we provided to sovereign clients.

Expenses for 2020 were $427 million, up $4 million, or 1 per cent predominantly driven by a decrease in travel, costs, partially offset by COVID-19 related expenses incurred to ensure business continuity and staff safety.

Impairment charges on loans and other financial assets rose $66 million, or 108 per cent, to $126 million, as the pandemic's effects led to a rise in the credit risk on individual loans, particularly those belonging to sectors designated as vulnerable. Non-performing loans as a percentage of total gross loans were 4.3 per cent, an improvement from 7.1 per cent in 2019, driven by write-offs of fully impaired loans. As a result, the impairment cover of non-performing loans improved from 39.4 per cent to 70.2 per cent in 2020.

BUSINESS AND FINANCIAL REVIEW
Business Segment Performance

Commercial Bank

Commercial Bank focuses on delivering relevant financial solutions to growing African businesses by providing lending, cash management, trade finance, Fixed Income, Currencies and Commodities (FICC), cards and e-banking to a wide array of customers in its primary lines of business namely, small- and medium-sized enterprises (SMEs), public sector and local corporates. The SME line of business consistently contributes 60% of operating income. However, Commercial Bank aims to increase revenue share from the other business lines. Commercial Bank leverages digital technology in its product offerings. Products such as EcobankPay, BankCollect, Omni Lite and eGovernment enable clients to effect payments and collections and manage cash flow digitally.

Commercial Bank

Year ended 31 December (in millions of US dollars)	2020	2019	Change
Selected income statement highlights			
Net interest income	**179**	**155**	**15%**
Credit-related fees and commissions	32	33	(3)%
Cash management and related fees	66	70	(4)%
Card management fees	5	3	60%
Other fees[1]	2	7	(63)%
Fees and commission expenses	(6)	(7)	(9)%
Net fees and commission income	99	105	(5)%
Other income	94	100	(6)%
Non-interest revenue	**193**	**205**	**(6)%**
Operating income (Net revenue)	**372**	**360**	**3%**
Operating expenses	(280)	(277)	1%
Pre-tax pre-provision operating profit	**92**	**82**	**11%**
Impairment charges on financial assets	(52)	(33)	60%
Net monetary loss	(16)	-	
Profit before tax	**23**	**50**	**(54)%**
Gross loans and advances to customers	1,638	1,609	2%
Deposits from customers	4,285	3,557	20%
Cost-to-income ratio	75.3%	77.1%	–
Loan-to-deposit ratio	38.2%	45.2%	–
NPL ratio	22.3%	22.6%	–
NPL coverage	74.8%	76.3%	–

1. Other fees comprise corporate finance fees, brokerage fees & commissions, and other fees
Note: selected income statement lines only and thus may not sum up

Commercial Bank's profit before tax fell $27 million, or 54 per cent, to $23 million, driven primarily by higher impairment charges on loans and other financial assets and a net monetary loss of $16 million from hyperinflation.

Net interest income of $179 million was $24 million, or 15 per cent, higher than the $155 million in 2019. Efforts made in encouraging clients to adopt digital channels and solutions, such as Omni Lite, received a boost when the coronavirus pandemic caused national lockdowns and border closures, and significantly reduced mobility. As a result of the shift to digital, customer deposits rose by $728 million, or 20 per cent, driving the cost of deposits lower and increasing net interest margin.

Non-interest revenue decreased by $12 million, or 6 per cent, to $193 million, due to a decline of $3 million in fees generated on cash management to $66 million, a 3 per cent decrease in credit-related fees and commissions to $32 million and a $6 million drop in other income to $94 million. Overall, NIR was impacted by pandemic-induced contraction in household and business activity.

Expenses of $280 million were $3 million, or 1 per cent, higher than the prior year with cost savings derived mainly from branch closures, offset by incremental costs to support customers and employees during COVID-19. The cost-to-income ratio improved to 75.3 per cent versus 77.1 per cent in the prior year.

Impairment charges taken on loans and other financial assets were $52 million, up $20 million, or 60 per cent, from the previous year, reflecting the financial difficulties borrowers had to contend with, mainly SME clients, as pandemic restrictions negatively impacted their businesses. Non-performing loans were 22.3 per cent of total gross loans, mostly legacy-related, as we continue to drive relentlessly our NPL strategy and recovery efforts to improve NPLs.

BUSINESS AND FINANCIAL REVIEW
Regional Performance

Consumer Bank

Consumer Bank offers deposit products, remittances, cards, personal loans and mortgages to Premier, Advantage and mass market/youth customers through agency banking (Xpress Points), ATMs, mobile and online banking. Also, Consumer Bank provides the digital platforms that enable customers to make payments and collections effectively, and transfer money in and outside of Africa. Consumer Bank aims to be the preferred bank for convenient banking across Africa by efficiently and profitably delivering essential banking products and services to engage customers and meet their needs.

Consumer Bank

Year ended 31 December (in millions of US dollars)	2020	2019	Change
Selected income statement highlights			
Net interest income	**229**	**212**	**8%**
Credit-related fees and commissions	8	17	(54)%
Cash management and related fees	69	74	(7)%
Card management fees	59	76	(22)%
Other fees[1]	3	5	(45)%
Fees and commissions expenses	(4)	(4)	-
Fees and commissions income	135	168	(20)%
Other income	36	37	(3)%
Non-interest revenue	**171**	**205**	**(17)%**
Operating income (net revenue)	**400**	**417**	**(4)%**
Operating expenses	(326)	(335)	(2)%
Pre-tax pre-provision operating profit	**74**	**82**	**(11)%**
Impairment charges on financial assets	(22)	(15)	40%
Net monetary loss	(10)	-	
Profit before tax	**42**	**67**	**(37)%**
Selected balance sheet highlights			
Gross loans and advances to customer	1,166	1,080	8%
Deposits from customers	6,452	5,505	17%
Selected ratios			
Cost-to-income ratio	81.6%	80.2%	–
Loan-to-deposit ratio	18.1%	19.6%	–
NPL ratio	7.3%	7.9%	–
NPL coverage	88.3%	93.5%	–

1.Other fees comprise of corporate finance fees, portfolio and management fees, brokerage fees and commissions, and other fees
Note: selected income statement lines only and thus may not sum up

Consumer Bank generated a profit before tax of $42 million, which was $25 million, or 37 per cent, lower than the $67 million in 2019. Lower revenues and higher expenses were primarily responsible for the decline in profits.

Net interest income rose $17 million, or 8 per cent, to $229 million. An expansion in the net interest margin, aided by a significant decrease in deposit cost, was the primary driver in net interest income growth. The reduction in the cost of deposits was driven by the acceleration in customer transaction activity on digital channels mainly caused by the pandemic.

Non-interest revenue fell $34 million, or 17 per cent, to $171 million, primarily driven by the decrease in customer activity due to the impact of COVID-19. As a result, consumer spending fell dramatically, and in turn a $17 million reduction in card management fees to $59 million. Also credit-related fees and commissions fell $9.1 million to $7.9 million, while a $5 million decline was recorded by cash management and related fees to $69 million.

Expenses were $326 million, decreasing by $8.3 million, or 2 per cent, from the previous year. The acceleration in customers' shift to digital channels helped lower the marginal cost to serve. That, coupled with other cost-saving initiatives, including the consolidation of processing costs, helped reduce the expenses. The cost-to-income ratio slightly deteriorated to 81.6 per cent from 80.2 per cent in 2019.

Impairment charges on loans and other financial assets increased $6.1 million, or 40 per cent, to $22 million. The total gross loans outstanding that are non-performing was 7.3 per cent, an improvement on the 7.9 per cent from 2019.

BUSINESS AND FINANCIAL REVIEW
Regional Performance

The Group segments its businesses into four geographical regions. These reportable operating segments are Francophone West Africa (UEMOA), Nigeria, Anglophone West Africa (AWA), Central, Eastern and Southern Africa (CESA). Additionally, the financial results of the constituent affiliates of Ecobank Development Corporation (EDC), the Group's Investment Banking (IB) and Securities, Wealth and Asset Management (SWAM) businesses across our geographic footprint are segmented into each country of their domicile and included accordingly into applicable regional segments of UEMOA, Nigeria, AWA and CESA.

Francophone West Africa (UEMOA)

Year ended 31 December (in millions of US dollars)	2020	2019	YoY	Ccy*
Net interest income	311	291	7%	4%
Non-interest revenue	201	217	(8)%	(10)%
Net revenue (operating income)	**511**	**508**	**1%**	**(2)%**
Operating expenses	(304)	(302)	1%	(2)%
Pre tax, pre-provision operating profit	**207**	**206**	**1%**	**(2)%**
Gross impairment charges on loans	(104)	(154)	(33)%	(36)%
Loan recoveries and impairment charge releases	53	121	(57)%	(59)%
Net impairment charges on loans	**(51)**	**(32)**	**57%**	**46%**
Impairment charges on other assets	(5)	(0.1)	n.m.	n.m.
Impairment charges on financial assets	**(56)**	**(32)**	**71%**	**59%**
Profit before tax	**152**	**174**	**(13)%**	**(14)%**
Loans and advances to customers (gross)	3,870	3,848	1%	-
Of which Stage 1	3,460	3,498	(1)%	-
Of which Stage 2	281	191	47%	-
Of which Stage 3, credit-impaired loans (non-performing loans)	129	159	(19)%	(26)%
Less allowance for impairment charges (expected credit loss)	(73)	(79)	(8)%	(16)%
Of which Stage 1: 12-month ECL[1]	(27)	(28)	(3)%	-
Of which Stage 2: Lifetime ECL	(13)	(11)	22%	-
Of which Stage 3: Lifetime ECL	(33)	(41)	(19)%	-
Loans and advances to customers (net)	3,796	3,769	1%	(8)%
Total assets	9,969	8,960	11%	2%
Deposits from customers	6,849	5,641	21%	11%
Total equity	822	697	18%	8%
Cost-to-income ratio	59.5%	59.4%	-	-
ROE	18.6%	22.8%	-	-
Loan-to-deposit ratio	56.5%	68.2%	-	-
NPL ratio	3.3%	4.1%	-	-
NPL coverage ratio	56.8%	50.1%	-	-
Stage 3 coverage ratio	25.6%	25.6%	-	-

Note: selected income statement line items only and thus may not sum up

* Ccy = year-on-year percentage change on a constant currency

1. ECL = expected credit loss

n.m. = not meaningful

Francophone West Africa (UEMOA) posted a profit before tax of $152 million, a decrease of $22 million, or 13 per cent, from the prior year. Net revenue of $511 million increased slightly by $3.1 million from the preceding year. ROE was 18.6 per cent down from 22.8 per cent in 2019, primarily due to higher impairment charges.

Net interest income rose $20 million, or 7 per cent, to $311 million, with a decrease of $49 million in interest income offset by a significant decrease in interest expense by $69 million. The decrease in interest expense benefitted substantially from growth in customer deposits of $1.2 billion year-on-year, with a considerable portion being non-interest-bearing deposits.

Non-interest revenue declined by $17 million, or 8 per cent, to $201 million. The impact of COVID-19 weighed negatively on business activity, reducing the fees and commissions generated on cash management, trade finance and payments. A significant portion of the non-interest revenue decrease was related to a significant compression in the margins generated on client-driven foreign exchange transactions. Net fees fell $16 million to 119 million and net trading income declined by $2 million to $76 million, partly benefiting immensely from significant income generation from FX hedging solutions provided to sovereign clients.

Expenses were slightly up by $2 million to $304 million, driven by restructuring costs in Côte d'Ivoire and Mali mainly associated with headcount and branch closures. The cost-to-income ratio of 59.5 per cent was flat versus prior year.

Impairment charges of $56 million were $23 million higher than the $32 million in 2019. Episodic loan downgrades drove the increase in impairment charges in 2020. The portion of total gross loans that are non-performing was 3.3 per cent, improving from 4.1 per cent in 2019.

BUSINESS AND FINANCIAL REVIEW
Regional Performance

Nigeria

Year ended 31 December (in millions of US dollars)	2020	2019	YoY	Ccy*
Net interest income	161	103	56%	66%
Non-interest revenue	109	153	(29)%	(21)%
Net revenue (operating income)	**269**	**256**	**5%**	**15%**
Operating expenses	(222)	(243)	(9)%	(0.4)%
Pre tax, pre-provision operating profit	**47**	**13**	**265%**	**323%**
Gross impairment charges on loans	(33)	(32)	4%	11%
Loan recoveries and impairment releases	27	28	(2)%	1%
Net impairment charges on loans	**(6)**	**(5)**	**40%**	**96%**
Impairment charges on other assets	(6)	(2)	166%	171%
Impairment charges on financial assets	**(12)**	**(7)**	**82%**	**126%**
Profit before tax	**35**	**6**	**462%**	**506%**
Loans and advances to customers (gross)	2,481	2,504	(1)%	-
Of which Stage 1	1,343	1,175	14%	-
Of which Stage 2	645	731	(12)%	-
Of which Stage 3, credit impaired loans (non-performing loans)	493	598	(18)%	5%
Less allowance for impairment charges (expected credit loss)	(279)	(279)	0%	56%
Of which Stage 1: 12-month ECL[1]	(9)	(22)	(58)%	-
Of which Stage 2: Lifetime ECL	(62)	(56)	12%	-
Of which Stage 3: Lifetime ECL	(208)	(201)	3%	-
Loans and advances to customers (net)	2,202	2,225	(1)%	9%
Total assets	5,630	5,933	(5)%	10%
Deposits from customers	3,538	3,715	(5)%	5%
Total equity	796	785	2%	89%
Cost-to-income ratio	82.4%	94.9%	-	-
ROE	4.2%	0.4%	-	-
Loan-to-deposit ratio	70.1%	67.4%	-	-
NPL ratio	19.9%	23.9%	-	-
NPL coverage ratio	56.7%	46.6%	-	-
Stage 3 coverage ratio	42.2%	33.6%	-	-

Note: selected income statement line items only and thus may not sum up
* Ccy = year-on-year percentage change on a constant currency
1. ECL = expected credit loss

Nigeria's profit before tax improved, increasing by $29 million, or 462 per cent, to $35 million in 2020 compared to $6 million in 2019, despite operating in an economic recession. Net revenues increased $14 million, or 5 per cent, to $269 million. ROE improved to 4.2 per cent from 0.4 per cent a year ago.

Net interest income of $161 million rose $58 million, or 56 per cent, from the prior year, primarily reflecting the impact of lower rates. The low yield environment drove funding costs down. But also, Nigeria's deliberate strategy to improve its deposit mix to favour more lower-cost current account and savings deposits paid dividends, helping reduce interest expenses. Non-interest revenue fell $44 million, or 29 per cent, to $109 million, as restrictions to contain the coronavirus pandemic coupled with lower crude oil prices drove Nigeria's economy into an economic recession. As a result, fees generated on payments, cash management, trade finance and client-related foreign exchange sales decreased year-on-year.

Expenses of $222 million decreased by $21 million, or 9 per cent, driven by aggressive cost-cutting initiatives involving branch closures and personnel reductions. Additionally, expenses benefited from the lockdown restrictions. The cost-to-income ratio improved to 82.4% from 94.9% in 2019.

Impairment charges on loans and financial assets increased by $5 million to $12 million. The impact of COVID-19 primarily drove the current period's higher impairment charges. Included in provision for the current period are recoveries of $13 million from the Resolution Vehicle. Non-performing loans decreased by $105 million to $493 million, driven by loan write-offs and modest recoveries, resulting in an improvement in the non-performing loans ratio to 19.9 per cent from 23.9 per cent. The provision coverage for non-performing loans increased to 56.7 per cent from 46.6 per cent from the previous year.

BUSINESS AND FINANCIAL REVIEW
Regional Performance

Anglophone West Africa (AWA)

Year ended 31 December (in millions of US dollars)	2020	2019	YoY	Ccy*
Net interest income	317	264	20%	32%
Non-interest revenue	159	172	(8)%	(12)%
Net revenue (operating income)	**476**	**436**	**9%**	**13%**
Operating expenses	(235)	(205)	15%	18%
Pre tax, pre-provision operating profit	**241**	**232**	**4%**	**9%**
Gross impairment charges on loans	(53)	(62)	(14)%	(10)%
Loan recoveries and impairment charge releases	13	10	35%	42%
Net impairment charges on loans	**(40)**	**(52)**	**(23)%**	**(20)%**
Impairment charges on other assets	(0.01)	(2)	(100)%	(100)%
Impairment charges on financial assets	**(40)**	**(54)**	**(26)%**	**(23)%**
Profit before tax	**201**	**178**	**13%**	**19%**
Loans and advances to customers (gross)	1,213	1,376	(12)%	-
Of which Stage 1	1,078	1,203	(10)%	-
Of which Stage 2	59	67	(12)%	-
Of which Stage 3, credit-impaired loans (non-performing loans)	77	106	(28)%	(26)%
Less allowance for impairments (expected credit loss)	(72)	(86)	(17)%	(21)%
Of which Stage 1: 12-month ECL[1]	(22)	(38)	(43)%	-
Of which Stage 2: Lifetime ECL	(7)	(2)	189%	-
Of which Stage 3: Lifetime ECL	(43)	(46)	(6)%	-
Loans and advances to customers (net)	1,142	1,290	(12)%	(9)%
Total assets	4,304	3,595	20%	12%
Deposits from customers	3,180	2,704	18%	17%
Total equity	585	449	30%	31%
Cost-to-income ratio	49.4%	46.9%	-	-
ROE	26.9%	30.1%	-	-
Loan-to-deposit ratio	38.2%	50.9%	-	-
NPL ratio	6.3%	7.7%	-	-
NPL coverage ratio	93.5%	80.9%	-	-
Stage 3 coverage ratio	56.5%	43.1%	-	-

Note: selected income statement line items only and thus may not sum up
* Ccy = year-on-year percentage change on a constant currency
1. ECL = expected credit loss

Anglophone West Africa recorded a profit before tax of $201 million, increasing by $24 million, or 13 per cent, from a year ago. Positive operating leverage, including a decline in impairment charges, were factors that contributed to profit growth. Net revenue increased $40 million year-on-year to $476 million. ROE was 26.9 per cent lower than the 30.1 per cent in 2019.

Net interest income increased $53 million, or 20 per cent, to $317 million, mainly driven by higher interest income on investment securities and inter-bank placements. Net interest income further benefited from interest expense decrease because of a reduction in the cost of funds.

Non-interest revenue fell $13 million, or 8 per cent, to $159 million, predominantly driven by the pandemic's effects, negatively impacting fee and commission generation on trade finance, payments and cash management.

Expenses increased $30 million, or 15 per cent, to $235 million, driven by $24 million increase in other operating expenses. Contributing to the rise in other operating expense is $12 million of litigation accruals. The cost-to-income ratio was 49.4 per cent compared with 46.9 per cent in 2019.

Impairment charges were $40 million, down $14 million from the prior year, reflecting the significant decrease in non-performing loans. Non-performing loans (Stage 3) fell $30 million to $106 million in 2020. As a result, the NPL ratio improved to 6.3 per cent compared with 7.7 per cent in 2019. Consequently, the coverage ratio improved from 80.9 per cent to 93.5 per cent in 2020.

BUSINESS AND FINANCIAL REVIEW
Regional Performance

Central, Eastern and Southern Africa (CESA)

Year ended 31 December (in millions of US dollars)	2020	2019	YoY	Ccy*
Net interest income	211	194	9%	21%
Non-interest revenue	247	250	(1)%	33%
Net revenue (operating income)	**458**	**444**	**3%**	**27%**
Operating expenses	(249)	(259)	(4)%	6%
Pre tax, pre-provision operating profit	**209**	**185**	**13%**	**68%**
Gross impairment charges on loans	(50)	(39)	28%	33%
Loan recoveries and impairment charge releases	27	45	(41)%	(40)%
Net impairment charges on loans	**(23)**	**6**	**n.m**	**n.m**
Impairment charges on other assets	6	(9)	(36)%	(31)%
Impairment charges on financial assets	**(29)**	**(3)**	**896%**	**1,696%**
Net monetary loss arising from hyperinflationary economy	(61)	(9)	572%	3012%
Profit before tax	**119**	**173**	**(31)%**	**1%**
Loans and advances to customers (gross)	1,796	1,699	6%	-
Of which Stage 1	1,437	1,382	4%	-
Of which Stage 2	194	175	11%	-
Of which Stage 3, credit impaired loans (non-performing loans)	165	143	15%	12%
Less allowance for impairment charges (expected credit loss)	(163)	(152)	7%	7%
Of which Stage 1: 12-month ECL[1]	(29)	(33)	(11)%	-
Of which Stage 2: Lifetime ECL	(20)	(5)	275%	-
Of which Stage 3: Lifetime ECL	(114)	(114)	(0.4)%	-
Loans and advances to customers (net)	1,633	1,547	6%	7%
Total assets	5,961	5,598	6%	16%
Deposits from customers	4,510	3,903	16%	25%
Total equity	595	517	15%	25%
Cost-to-income ratio	54.4%	58.3%	-	-
ROE	16.1%	23.6%	-	-
Loan-to-deposit ratio	39.8%	43.5%	-	-
NPL ratio	9.2%	8.4%	-	-
NPL coverage ratio	98.9%	106.4%	-	-
Stage 3 coverage ratio	69.0%	79.8%	-	-

Note: selected income statement line items only and thus may not sum up
* Ccy = year-on-year percentage change on a constant currency
1. ECL = expected credit loss
n.m = not meaningful

Central, Eastern and Southern Africa posted a profit before tax of $119 million, down $54 million, or 31 per cent, from the prior year. Profits were impacted by lower non-interest revenues from the impact of COVID-19 more than offsetting an increase in net interest income. Further impacting profits was the net monetary loss of $61 million from hyperinflation, mostly in Zimbabwe and, to a lesser extent, South Sudan. Net revenue increased $14 million, or 3 per cent. ROE was 16.1 per cent down from 23.6 per cent a year ago.

Net interest income rose $17 million, or 9 per cent, to $211 million, predominantly driven by growth in the balances of investment securities and inter-bank placements. Additionally, net interest income benefited from lower funding costs from a significant increase in low-cost customer deposits, driven by a mix of higher digital adoption usage and COVID-19.

Non-interest revenue was down $3 million, or 1 per cent, to $247 million, significantly impacted by COVID-19 restrictions. Factors accounting for the decrease included lower card spend, a reduction in fund transfer and a decline in client-related foreign exchange sales.

Expenses of $249 million declined $10 million, or 4 per cent, reflecting significantly lower staff-related costs. Also, positively impacting expenses were lower travel expenses and other general administrative costs as the pandemic reduced mobility.

Impairment charges increased by $26 million to $29 million, driven mostly by some downgrades recorded, including those in the sectors impacted by the pandemic like oil and gas, travel and the entertainment sectors. Also, as a buffer against prevailing uncertainties due to COVID-19, impairment charges for the period included proactively higher reserve builds. The percentage of total gross loans that were non-performing (Stage 3) at the end of December were $165 million, or 9.2 per cent, of loans, compared to 8.4 per cent at the end of 2019. The non-performing loans cover was 98.9 per cent versus 106.4 per cent a year ago.

GROWING THROUGH PARTNERSHIPS

To extend our marketing and distribution reach, we have expanded partnerships to increase the usage of our essential banking products and services across our footprint.

Our partnerships with fintechs and telcos such as MTN, Airtel and Vodacom have successfully rolled out our Xpress Save, Xpress Loan and EcobankPay products in their launch markets, which include Kenya, Nigeria, Democratic Republic of Congo and Ghana. We plan to extend such partnerships across all our African markets.

We remain committed to strengthening our relationships with our global, regional and local partners, including card schemes, international money transfer organisations, mobile network operators, fintech firms and others, as we seek to deliver value to our key stakeholders.

06

FINANCIAL STATEMENTS

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Responsibility for consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements for each financial year that give a true and fair view of the financial position of the Group as at 31 December 2020 and the results of its operations, statement of cash flow, income statement and changes in equity for the year ended in compliance with International Financial Reporting Standards ('IFRS'). This responsibility includes ensuring that the Group:

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

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

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

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

Nothing has come to the attention of the directors to indicate that the Group will not remain a going concern for at least 12 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 year ended 31 December 2020. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as adequate systems of internal financial control.

Approval of consolidated financial statements

The consolidated financial statements were approved by the Board of Directors on 25 February 2021 and signed on its behalf by:

Alain Nkontchou
Group Chairman

Ade Ayeyemi
Group Chief Executive Officer

REPORT OF THE INDEPENDENT AUDITORS 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 167 to 280 which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Ecobank Transnational Incorporated as at 31 December 2020, and its consolidated financial performance and statement of cash flows for the year then ended in accordance with IFRS.

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

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. 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 these matters. The key audit matters noted below relate to the consolidated financial statements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ECOBANK TRANSNATIONAL INCORPORATED

Key audit matter	How our audit addressed the key audit matter
Impairment of loans and advances to customers Loans and advances to customers constitute a significant portion of the total assets of the Group. At 31 December 2020, gross loans and advances to customers was US$9,798 million (31 December 2019: US$9,834 million) against which total loan impairment amount of US$558 million (31 December 2019: US$557 million) were recorded, thus leaving a net loan balance of US$9,240 million (31 December 2019: US$9,277 million) which represents nearly 36 per cent (31 December 2019: 39 per cent) of the total assets as at the reporting date (see note 21). The basis of the impairment amount is summarised in the accounting policies in the consolidated financial statements. 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 Group has implemented IFRS 9, Financial Instruments since 1 January 2018. This standard requires the Group to recognise Expected Credit Losses ('ECL') on financial instruments, which involves exercise of significant judgement and estimates. The key areas where we identified greater levels of management judgement and, therefore, increased levels of audit focus in the Group's implementation of IFRS 9 include: i. Identification and measurement of economic scenarios to measure ECLs on a forward-looking basis reflecting a range of future economic conditions. ii. Assessment and measurement of Significant Increase in Credit Risk ('SICR') using different criteria. iii. Modelling for estimation of ECL parameters: • probabilities of default (PDs) - 12-month and lifetime, • loss given default, • exposure at default. iv. Completeness and accuracy of data used to calculate the ECL. As a result 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.	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 determining implementation of key controls across the processes relevant to the ECL (allocation of assets into stages, model governance, data accuracy and completeness, credit monitoring, multiple 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 with the support of our internal credit risk specialists (including assessing the appropriateness of model design and formulae used, assessing the Group's approach and methodology of incorporating the impacts of COVID-19 in the ECL models, considering alternative modelling techniques and recalculating the probability of default, loss given default and exposure at default for a sample of models); • testing the data used in the ECL calculation by reconciling to source systems; • 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.

Key audit matter	How our audit addressed the key audit matter
Valuation of goodwill	
Goodwill carrying value of US$18.8 million (31 December 2019: US$191.6 million) was included in intangible assets (note 27) in the Group's statement of financial position as at 31 December 2020. This asset has been recognised in the consolidated statement of financial position as part of intangible assets as a consequence of the acquisitive nature of the Group. In line with the requirements of the applicable accounting standard, IAS 36, Impairment of Assets, management conducts annual impairment tests to assess the recoverability of the carrying value of goodwill. This is performed using discounted cash flow models. As disclosed in note 27, there are a number of key sensitive judgements adopted by management in determining the inputs into these models which include: • projected financial information; • growth rates; • estimated tax rates; and • the discount rates applied to the projected future cash flows. Accordingly, the impairment test of this asset is considered to be a key audit matter. Management has developed a valuation model to enable a fair determination of the discounted cash flows for the significant cash-generating units (CGUs) to which the goodwill relates.	We reviewed the Group's goodwill impairment assessment and calculations looking specifically into the valuation model, inputs and key assumptions made by the management. Our audit procedures included: • Testing all relevant controls over the generation of the key inputs, e.g. financial forecasts, discount rate, revenue growth rate, etc. that go into the valuation calculation. • Engaging our internal valuation specialists to assist with: - critically evaluating whether the model used by Management to calculate the value in use of the individual cash-generating units complies with the requirements of IAS 36, Impairment of Assets. - validating the assumptions used to calculate the discount rates, projected cash flows and recalculating these rates. - analysing the future projected cash flows used in the models to determine whether they are reasonable and supportable given the current macroeconomic climate and expected future performance of the CGU. - subjecting the key assumptions to sensitivity analyses. - comparing the projected cash flows, including the assumptions relating to revenue growth rates and operating margins, against historical performance to test the accuracy of management's projections. - checking mathematical accuracy of the calculations. We found out that goodwill impairment assessment was reasonable and properly valued as the expected future outlook and the discount rates used were appropriate in the circumstances. We consider the disclosure of the goodwill to be appropriate in the circumstances.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ECOBANK TRANSNATIONAL INCORPORATED

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
The Group's interest in investment properties is made up of landed properties and buildings (see note 30). Investment properties are carried at fair value in line with the Group's accounting policies and in compliance with IAS 40, Investment Property. However, due to the non-current nature of the asset class, the materiality of the carrying amount to the consolidated financial statements and determination of their fair value which involve the exercise of significant management judgement and use of several key inputs and assumptions, we consider this to be a key audit matter. Management has engaged some specialists, mostly professional estate surveyors and valuers, to assist with the determination of the fair value of the properties and produce a report of the assets' fair valuation detailing the relevant assumptions used, key inputs and data that go into the valuation of the properties.	Our audit approach consisted of a combination of test controls and specific tests of details. We focused on testing and reviewing details of management's assumptions and controls over generation of key inputs that go into the fair value determination of the investment properties and the carrying amount of related indebtedness. We involved our internal valuation specialists in the audit of the valuation reports Our audit procedures included: • Critically evaluating whether the model used by management to arrive at the fair value estimate of the investment property complies with the requirements of IAS 40, Investment Property. • Validating the assumptions used to estimate the fair value and recalculating the valuation. • Analysing future projected cash flows that underline the fair value determination used in the models to determine whether they are reasonable and supportable given the current macroeconomic climate and prevailing market data vis-à-vis historical patterns. • Subjecting the key assumptions to sensitivity analyses. We found that the assumptions used by management were comparable with historical performance and expected future outlook and the estimated fair value determined was appropriate in the circumstances.

Key audit matter	How our audit addressed the key audit matter
Valuation of unquoted investments	
The Group's investment securities include unlisted equities for which there are no liquid markets. As contained in note 23, the assets are designated as investment securities and are carried at fair value in line with the group's accounting policies and requirements of IFRS 9, Financial Instruments. Given the non-availability of market prices for these securities, determination of their fair valuation by management involve exercise of significant assumptions and judgements regarding the cash flow forecasts, growth rate and discount rate utilised in the valuation model. This is why it is considered a key audit matter. The directors have done a valuation to determine the fair value of the unquoted investment securities and details of the valuation work, including all relevant assumptions used, key inputs and data that go into the estimate of the fair value of the unquoted investments, was made available for our review.	We focused our attention on auditing the valuation of unlisted investment securities by looking specifically into the valuation model, inputs and key assumptions made by the management. Our audit procedures included: • Evaluating the operating effectiveness of controls over generation of key inputs that went into the valuation model. • Critically evaluating whether the model used by management to calculate the fair value of the unquoted securities complies with the requirements of IFRS 9, Financial Instruments. • Validating the assumptions used to calculate the discount rates used and recalculating these rates. • Subjecting the key assumptions to sensitivity analysis. • Obtaining direct confirmation of the existence and units of the different holdings with the investees' registrars and/or secretariats. • Checking mathematical accuracy of the valuation calculations. We found that the assumptions used by management were comparable with the market, in accordance with best practice, key data and the discount rates used in estimating the fair value of the instruments, were appropriate in the circumstances. We consider the disclosure relating to these instruments to be appropriate in the circumstances.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ECOBANK TRANSNATIONAL INCORPORATED

Key audit matter	How our audit addressed the key audit matter
Application of hyperinflationary accounting in the preparation of the financial statements of the Group's operations in Zimbabwe and South Sudan The reporting and translation of Ecobank operations in Zimbabwe and South Sudan have been significantly impacted by the prevailing monetary policies and general economic situation in the two countries. On 11 October 2019, the Public Accountants and Auditors Board ('PAAB') issued an alert titled 'pronouncement 01/2019 on the application of IAS 29: financial reporting in hyperinflationary economies, in Zimbabwe' covering the preparation and presentation of financial statements of entities operating in Zimbabwe for the financial years ended on or after 1 July 2019. This has resulted in the need for the Ecobank Group to apply the provisions of IAS 29: financial reporting in hyperinflationary economies to the historical financial statements of its operations in Zimbabwe effective from the prior year ended 31 December 2019. This came on the back of earlier monetary policy change that replaced the exchange rate parity between Zimbabwe dollar bills and US dollars to establish Real Time Gross Settlement (RTGS) dollar as the official currency effective 20 February 2019. The South Sudanese economy has historically been impacted by very high inflation rates that continued after the country emerged from years of civil war, which was further compounded by the crash in the international price of crude oil that caused foreign exchange scarcity. The directors assessed that the South Sudanese economy continued to be hyperinflationary throughout the year 2020 and this trend will likely continue beyond the reporting period. Due to the judgement involved in determining an appropriate level of inflation rates that constitute hyperinflation, the selection of appropriate price indices used and the complexities of the calculations performed to produce hyperinflated financial statements of Ecobank Zimbabwe and Ecobank South Sudan, this was considered a key audit matter.	We performed the following procedures: • Assessed the factors around the availability of relevant economic price indices that would be applied in the conversion of historical financial statements of Ecobank Zimbabwe and Ecobank South Sudan to produce hyperinflationary financial statements that would be compliant with IAS 29 and regulatory pronouncement. • Reviewed the directors' selection of appropriate price indices applied to the conversion of historical financial statements into hyperinflated financial statements. • Recalculated the directors' hyperinflation conversion factors used to convert the historical numbers. • Assessed the appropriateness and adequacy of the Group's disclosures in accordance with IFRS. Based on the procedures described above, the methodology used by the directors to prepare the hyperinflationary financial statements of Ecobank Zimbabwe and Ecobank South Sudan operations was found to be appropriate.

Other information

The directors are responsible for the other information. The other information comprises the Statement of Directors' Responsibilities. The other information does not include the consolidated financial statements and our auditors' report thereon.

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

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

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

Responsibilities of the directors for the consolidated financial statements

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ECOBANK TRANSNATIONAL INCORPORATED

If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
1 March 2021

Engagement Partner: David Achugamonu
FRC/2013/ICAN/0000000840

For: Grant Thornton
Chartered Accountants
Abidjan, Cote d'Ivoire
1 March 2021

Engagement Partner: Georges Yao-Yao

CONSOLIDATED INCOME STATEMENT

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

For the year ended 31 December	Notes	2020	2019
Interest income	7	1,390,438	1,411,998
Interest expense	7	(483,212)	(662,269)
Net interest income		**907,226**	**749,729**
Fee and commission income	8	424,589	459,866
Fee and commission expense	8	(35,643)	(40,350)
Net trading income	9	346,276	381,691
Net investment income	10	16,617	6,879
Other operating income	11	20,700	64,444
Non-interest revenue		**772,539**	**872,530**
Operating income		**1,679,765**	**1,622,259**
Staff expenses	12	(462,992)	(490,311)
Depreciation and amortisation	12	(104,206)	(108,504)
Other operating expenses	12	(486,840)	(474,566)
Operating expenses		**(1,054,038)**	**(1,073,381)**
Operating profit before impairment losses and taxation		**625,727**	**548,878**
Impairment charges on loans and advances	13	(181,555)	(109,915)
Impairment charges on other financial assets	14	(45,470)	(23,642)
Impairment charges on financial assets		**(227,025)**	**(133,557)**
Operating profit after impairment losses		**398,702**	**415,321**
Net monetary loss arising from hyperinflationary economies	24	(60,523)	(9,466)
Share of post-tax results of associates	26	(297)	(776)
Profit before tax and goodwill impairment		**337,882**	**405,079**
Goodwill impairment	27	(163,564)	–
Profit before tax		**174,318**	**405,079**
Taxation	15	(89,335)	(134,865)
Profit after tax from continuing operations		**84,983**	**270,214**
Profit after tax from discontinued operations	31	3,336	4,720
Profit after tax		**88,319**	**274,934**
Profit after tax attributable to:			
Owners of the parent		**4,202**	**193,958**
• Continuing operations		2,401	191,409
• Discontinued operations		1,801	2,549
Non-controlling interests		**84,117**	**80,976**
• Continuing operations		82,582	78,805
• Discontinued operations		1,535	2,171
		88,319	**274,934**
Earnings per share from continuing operations attributable to owners of the parent during the year (expressed in United States cents per share):			
• Basic	16	0.010	0.778
• Diluted	16	0.010	0.778
Earnings per share from discontinued operations attributable to owners of the parent during the year (expressed in United States cents per share):			
• Basic	16	0.007	0.010
• Diluted	16	0.007	0.010

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

For the year ended 31 December	Notes	2020	2019
Profit after tax		**88,319**	**274,934**
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Exchange difference on translation of foreign operations		(8,553)	(243,219)
Impact of hyperinflation		-	(35,542)
Fair value gain on debt instruments at FVOCI	41	76,639	65,924
Taxation relating to components of other comprehensive income that may be subsequently reclassified to profit or loss	41	(2,025)	(1,468)
		66,061	(214,305)
Items that will not be reclassified to profit or loss:			
Property and equipment – revaluation gain	41	29,208	13,224
Fair value gain/(loss) in equity instruments designated at FVOCI	41	79	(184)
Remeasurements of defined benefit obligations	41	(233)	902
Taxation relating to components of other comprehensive income that will not be subsequently reclassified to profit or loss	41	(9,605)	(1,083)
		19,449	12,859
Other comprehensive profit /(loss) for the year, net of tax		**85,510**	**(201,446)**
Total comprehensive profit for the year		**173,829**	**73,488**
Total comprehensive profit/(loss) attributable to:			
Owners of the parent		**69,446**	**(14,571)**
– Continuing operations		67,645	(17,120)
– Discontinued operations		1,801	2,549
Non-controlling interests		**104,383**	**88,059**
– Continuing operations		102,848	85,888
– Discontinued operations		1,535	2,171
		173,829	**73,488**

Items in the statement above are disclosed net of tax. The deferred income tax relating to each component of other comprehensive income is disclosed in Note 37.

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

As at 31 December	Notes	2020	2019
Assets			
Cash and balances with central banks	17	3,752,596	2,829,313
Trading financial assets	18	156,490	182,662
Derivative financial instruments	19	115,162	65,459
Loans and advances to banks	20	2,011,343	1,891,889
Loans and advances to customers	21	9,239,948	9,276,608
Treasury bills and other eligible bills	22	1,730,845	1,632,749
Investment securities	23	6,074,244	4,857,763
Pledged assets	24	423,599	351,478
Other assets	25	1,128,200	1,184,770
Investment in associates	26	3,468	3,664
Intangible assets	27	151,870	309,974
Property and equipment	28	810,521	831,182
Investment properties	30	12,365	21,710
Deferred income tax assets	37	164,486	116,424
		25,775,137	23,555,645
Assets held for sale and discontinued operations	31	164,336	85,539
Total assets		**25,939,473**	**23,641,184**
Liabilities			
Deposits from banks	32	2,386,747	2,207,593
Deposits from customers	33	18,296,952	16,246,120
Derivative financial instruments	19	78,908	51,255
Borrowed funds	34	1,923,182	2,075,001
Other liabilities	35	823,112	845,970
Provisions	36	60,462	68,482
Current income tax liabilities		68,534	54,756
Deferred income tax liabilities	37	76,528	67,556
Retirement benefit obligations	38	22,168	31,082
		23,736,593	21,647,815
Liabilities held for sale and discontinued operations	31	175,167	107,592
Total liabilities		**23,911,760**	**21,755,407**
Equity			
Share capital and premium	40	2,113,961	2,113,957
Retained earnings and reserves	41	(610,565)	(637,264)
Equity attributable to owners of the parents		**1,503,396**	**1,476,693**
Non-controlling interests		**524,317**	**409,084**
Total equity		**2,027,713**	**1,885,777**
Total liabilities and equity		**25,939,473**	**23,641,184**

The accompanying notes are an integral part of these financial statements.
The financial statements were approved for issue by the Board of Directors on 25 February 2021 and signed on its behalf by:

Alain Nkontchou
Group Chairman

FRC/2020/003/00000021578

Ade Ayeyemi
Group Chief Executive Officer

FRC/2020/003/00000020528

Ayo Adepoju
Group Chief Financial Officer

FRC/2017/ICAN/00000017517

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

			Attributable to equity holders of the company		Total	Non-controlling interests	Total equity
	Note	Share capital and premium	Retained earnings	Other reserves			
At 31 December 2018 (restated)		**2,113,957**	**185,893**	**(842,367)**	**1,457,483**	**275,539**	**1,733,022**
Restated opening balance 1 January 2019		**2,113,957**	**185,893**	**(842,367)**	**1,457,483**	**275,539**	**1,733,022**
Net changes in debt instruments, net of taxes	41	–	–	59,199	59,199	5,257	64,456
Net changes in equity instruments, net of taxes	41	–	–	(184)	(184)	-	(184)
Foreign currency translation differences	41	–	–	(243,219)	(243,219)	-	(243,219)
Impact of adopting IAS 29 at 1 January 2019	41	–	–	(35,542)	(35,542)	-	(35,542)
Remeasurements of post-employment benefit obligations	41	–	–	902	902	-	902
Net gains on revaluation of property	41	–	–	10,315	10,315	1,826	12,141
Other comprehensive loss for the year		–	–	(208,529)	(208,529)	7,083	(201,446)
Restated profit for the year		–	193,958		193,958	80,976	274,934
Total comprehensive income for the year		**–**	**193,958**	**(208,529)**	**(14,571)**	**88,059**	**73,488**
Transfer to other group reserve		–	–	36,382	36,382	–	36,382
Dividend relating to 2018	41	–	–	–	–	(19,476)	(19,476)
Change in minority interest	41	–	–	–	–	64,962	64,962
Transfer from share option reserve	41	–	–	94	94	–	94
Convertible bond - equity component		–	–	(2,695)	(2,695)	–	(2,695)
Transfer to general banking reserves	41	–	(28,124)	28,124	–	–	–
Transfer to statutory reserve			(106,164)	106,164	–	–	–
At 31 December 2019		**2,113,957**	**245,563**	**(882,827)**	**1,476,693**	**409,084**	**1,885,777**
Net changes in debt instruments, net of taxes	41	–	–	74,614	74,614	–	74,614
Net changes in equity instruments, net of taxes	41	–	–	79	79	–	79
Foreign currency translation differences	41	–	–	(28,819)	(28,819)	20,266	(8,553)
Remeasurements of post-employment benefit obligations	41	–	–	(233)	(233)	–	(233)
Net gains on revaluation of property	41	–		19,603	19,603	–	19,603
Other comprehensive income for the year		–	–	65,244	65,244	20,266	85,510
Profit for the year		–	4,202	–	4,202	84,117	88,319
Total comprehensive income for the year		**–**	**4,202**	**65,244**	**69,445**	**104,383**	**173,829**
Hyperinflation reserve			–	(31,897)	(31,897)	–	(31,897)
Adjustment to ordinary capital	40	4	–	–	4	–	4
Change in minority interest		–	–	(10,850)	(10,850)	10,850	–
Transfer to general banking reserves	41	–	(2,227)	2,227	–	–	–
Transfer to statutory reserve	41	–	(48,366)	48,366	–	–	–
At 31 December 2020		**2,113,961**	**199,172**	**(809,737)**	**1,503,396**	**524,317**	**2,027,713**

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)

For the year ended 31 December	Notes	2020	2019
Cash flows from operating activities			
Profit before tax		174,318	405,079
Adjustments for:			
Foreign exchange income		(205,585)	(42,924)
Net investment securities income	10	(16,617)	(6,879)
Fair value loss on investment properties	11	2,730	-
Impairment losses on loans and advances	13	181,555	109,915
Impairment losses on other financial assets	14	45,470	23,642
Goodwill impairment	27	163,564	-
Depreciation of property and equipment	12	82,679	88,144
Net interest income		(907,226)	(749,729)
Amortisation of software and other intangibles	12	21,527	20,360
Profit on sale of property and equipment		(1,928)	(1,279)
Share of post-tax results of associates	26	297	776
Income taxes paid		(126,841)	(123,782)
Changes in operating assets and liabilities			
• Trading financial assets		26,172	(60,379)
• Derivative financial instruments		(49,703)	(15,545)
• Treasury bills and other eligible bills		157,824	180,562
• Loans and advances to banks		(66,269)	(100,064)
• Loans and advances to customers		35,595	(26,449)
• Pledged assets		(72,121)	(111,044)
• Other assets		56,570	(445,602)
• Mandatory reserve deposits with central banks		87,327	(135,505)
• Other deposits from banks		100,129	1,204,157
• Deposits from customers		2,050,832	310,121
• Derivative liabilities		27,653	21,348
• Provisions		(8,020)	15,503
• Other liabilities		(22,858)	(150,587)
Interest received		1,390,438	1,411,998
Interest paid		(483,212)	(662,269)
Net cash flow from operating activities		**2,644,300**	**1,159,568**
Cash flows from investing activities			
Purchase of software	27	(25,393)	(58,369)
Purchase of property and equipment	28	(298,027)	(406,367)
Proceeds from sale of property and equipment		255,842	292,304
Purchase of investment securities	23	(3,419,589)	(2,911,125)
Purchase of investment properties	30	(7,023)	(4,222)
Disposal of investment properties		3,985	12,047
Proceeds from sale and redemption of investment securities		2,547,499	2,570,480
Net cash flow used in investing activities		**(942,706)**	**(505,252)**
Cash flows from financing activities			
Repayment of borrowed funds	34	(510,646)	(671,050)
Proceeds from borrowed funds	34	396,644	561,252
(Repayment) / proceeds of lease liabilities		(37,817)	125,107
Dividends paid to non-controlling shareholders		(24,322)	(19,476)
Net cashflow used in financing activities		**(176,141)**	**(4,167)**
Net increase in cash and cash equivalents		**1,525,453**	**650,149**
Cash and cash equivalents at start of year	42	2,559,766	2,141,855
Effects of exchange differences on cash and cash equivalents		(284,763)	(232,238)
Cash and cash equivalents at end of year	**42**	**3,800,456**	**2,559,766**

The accompanying notes are an integral part of these financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

1 General information

Ecobank Transnational Incorporated (ETI) and its subsidiaries (together, 'the Group') provide retail, corporate and investment banking services throughout sub-Saharan Africa outside South Africa. The Group had operations in 39 countries and employed over 14,023 people as at 31 December 2020 (31 December 2019: 14,878).

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

The consolidated financial statements for the period ended 31 December 2020 have been approved by the Board of Directors on 25 February 2021.

2 Summary of significant accounting policies

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

2.1 Basis of presentation and measurement

The Group's consolidated financial statements for the year ended 31 December 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared under the historical cost convention, except for:

- fair value through other comprehensive income and fair value through profit and loss, financial assets and financial liabilities (including derivative instruments) and investment properties measured at fair value;
- assets held for sale – measured at fair value less cost of disposal; and
- the liability for defined benefit obligations recognised at the present value of the defined benefit obligation less the fair value of the plan assets and plan assets measured at fair value.

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

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

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

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

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

2.2 New and amended standards adopted by the Group

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

a) Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

b) Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

c) Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to, the Group.

d) Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

e) Amendments to IFRS 16 COVID-19 Related Rent Concessions

On 28 May 2020, the IASB issued COVID-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19-related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the consolidated financial statements of the Group.

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

The following standards have been issued or amended by the IASB but are yet to become effective for annual periods beginning on or after 1 January 2020:

i) IFRS 17 Insurance Contracts

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

The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- a specific adaptation for contracts with direct participation features (the variable fee approach) and
- a simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

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

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

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- what is meant by a right to defer settlement;
- that a right to defer must exist at the end of the reporting period;
- that classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

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

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

Significant accounting policies

2.4 Foreign currency translation

a) Functional and presentation currency

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

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

b) Transactions and balances

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

Changes in the fair value of monetary securities denominated in foreign currency classified as FVTOCI are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

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

c) Group companies

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

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

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

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

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

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

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 hyperinflationary 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 a hyperinflationary economy. IAS 29 has been applied to Ecobank 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.
- There is also an 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 $60.6 million recorded in the income statement.

2.5 Sale and repurchase agreements

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

2.6 Determination of fair value

Fair value under IFRS 13, Fair Value Measurement ('IFRS 13') is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (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-standardised financial instruments of lower complexity, such as options or interest rate and currency swaps. For these financial instruments, inputs into models are generally market-observable.

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

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

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

The fair values of contingent liabilities and irrevocable loan commitments correspond to their carrying amounts.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

2.7 Fee and commission income

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

2.8 Dividend income

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

2.9 Net gains on trading financial assets

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

2.10 Impairment of non-financial assets

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

2.11 Share-based payments

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

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

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

2.12 Cash and cash equivalents

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

2.13 Repossessed collateral and properties

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

2.14 Leases

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

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

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

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

i) fixed payments (including in-substance fixed payments), less any lease incentives receivable
ii) variable lease payment that are based on an index or a rate
iii) amounts expected to be payable by the lessee under residual value guarantees
iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
v) 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.

2.15 Investment properties

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

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

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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 is met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the date of the consolidated statement of financial position. Gains or losses arising from changes in the fair value of investment properties are included in the consolidated income statement in the year in which they arise. Subsequent expenditure is included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the consolidated income statement during the financial period in which they are incurred.

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

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

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

2.16 Property and equipment

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

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

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

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

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

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

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

2.17 Intangible assets

a) Goodwill

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

Goodwill is allocated to CGUs for the purpose of impairment testing. Each of those CGUs 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 capitalised 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).

2.18 Income tax

a) Current income tax

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

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

b) Deferred income tax

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

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

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

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

2.19 Provisions

Provisions for restructuring costs and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events. It is 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.

2.20 Employee benefits

a) Pension obligations

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

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

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

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

Past service costs are recognised immediately in income.

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

b) Other post-retirement obligations

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

c) Termination benefits

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

d) Profit-sharing and bonus plans

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

e) Short-term benefits

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

2.21 Borrowings

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

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

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

2.22 Compound financial instruments

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

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

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

2.23 Fiduciary activities

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

2.24 Share capital

a) Share issue costs

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

b) Dividends on ordinary shares

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

c) Treasury shares

Where the company purchases its equity share capital, the consideration paid is deducted from total shareholders' equity as treasury shares until they are cancelled. Where such

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shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

2.25 Segment reporting

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

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

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

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

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

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

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

2.27 Discontinued operations

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

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

2.28 Comparatives

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

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

2.29 Financial assets and liabilities

2.29.1 Financial assets – Classification and Measurement Policies

Financial assets are measured at initial recognition at fair value and are classified and subsequently measured at fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVTOCI) or amortised 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 recognised on the settlement date. All other financial assets and liabilities, including derivatives, are initially recognised 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 amortised 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 amortised cost using the effective interest rate method. Amortised 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 amortised cost is calculated using the expected credit loss approach. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised. Interest income from these financial assets is included in 'Interest and similar income' using the effective interest rate method.

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

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

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

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

c) A debt instrument is measured at FVTPL

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

d) Equity instruments

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

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

The Group may decide to sell financial instruments held with the objective to collect contractual cash flows without necessarily changing its business model if one or more of the following conditions are met:

(i) When the Group sells financial assets to reduce credit risk or losses because of an increase in the assets' credit risk. The Group considers sale of financial assets that may occur in assets held with the sole objective of collecting cash flows to be infrequent if the sale is a one-off during the financial year and/or occurs at most once during the quarter or at most three times within the financial year.

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

(iii) Where these sales are insignificant in value both individually and in aggregate, even if frequent. A sale is considered insignificant if the portion of the financial assets sold is equal to or less than five 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 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 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 cash flows category that will not constitute a change in business model:

- Selling the financial asset to realise 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. to comply with liquidity requirements (infrequent).
- Other situations also depend upon the facts and circumstances which need to be judged by the management.

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

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

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

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

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

2.29.2 Financial liabilities

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

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

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

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

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

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

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

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

Expected Credit Loss Impairment Model

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

The Group adopts a three-stage approach for impairment assessment based on changes in credit quality since initial recognition:

(i) Stage 1 – Where there has not been a significant increase in credit risk (SICR) since initial recognition of a financial instrument, an amount equal to 12 months' expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months', a probability of default corresponding to remaining term to maturity is used.

(ii) Stage 2 – When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.

(iii) Stage 3 – Financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

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

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

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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 derecognised and ECL are measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

c) Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVTOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties;
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio.

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

In making an assessment of whether an investment in debt securities is credit-impaired, the Group considers the following factors.

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The issuer's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.

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

Loan allowances for ECL are presented in the statement of financial position as follows:

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

e) Write-off

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. The average write-off period is between 1 year. However, in some cases this might be constrained by existing legal or regulatory requirements and thus could take much longer than the stated year. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

f) Definition of default

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

Quantitative criteria

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

Qualitative criteria

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

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

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

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

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

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

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

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

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

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

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

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

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

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type.

The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs and how collateral values change etc. – are monitored and reviewed on a semi-annual basis.

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 multifactor approach in assessing changes in credit risk. This approach considers: quantitative, qualitative and backstop indicators which are critical in allocating financial assets into stages. The quantitative model 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 the due date criteria for SICR and 90 days past the due date 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 ECLs incorporates the use of forward-looking information. The Group has identified the key economic variables impacting its credit risk and expected credit losses and performed historical analysis to determine the significance and impact of these economic variables on its credit risk and expected credit losses. Significant economic variables and the impact of these variables on credit losses vary by clusters and affiliates within the Group. The key drivers for credit risk for the Group are: commodity prices, oil export, foreign exchange rates and prime lending rate. The impact of these economic variables on the expected credit losses has been determined by performing principal component analysis to understand the significant variables and estimate the impact that changes in these variables have had historically on default rates and on the components on expected credit losses.

Forecasts of these economic variables (the 'base economic scenario') are provided by Ecobank Group's Economics team (as well as from other credible external sources such as Business Monitor International (BMI), International Monetary Fund (IMF), World Bank, respective central banks etc) on a quarterly basis and provide the best estimate view of the economy over the next five years. After five years, to project the economic variables out for the full remaining lifetime of each instrument, the forecast of the forecast for the fifth year is held constant to reduce the impact of estimation uncertainty in the long run. The impact of these economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

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

The assessment of SICR is performed using the changes in credit risk rating (as a proxy for lifetime PD) along with qualitative and backstop indicators. This determines whether the whole financial instrument is in Stage 1, Stage 2 or Stage 3 and hence, whether 12-month or lifetime ECL should be recorded. Following this assessment, the Group measures ECL as either a probability-weighted 12-month ECL (Stage 1) or a probability-weighted lifetime ECL (Stages 2 and 3).

As with any economic forecasts, the projections and likelihood of occurrence are subject to a 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 scenarios used as at 31 December 2020 included the following key indicators for the years ended 31 December 2020 to 2021.

	2020	2021
Nigeria		
GDP Growth		
Base	2.21%	3.35%
Upside	2.21%	7.69%
Downside	2.21%	-1.53%
Price of Crude/USD		
Base	52.0	57.5
Upside	52.0	80.7
Downside	52.0	41.2
UEMOA/CESA		
Commodity price index/USD		
Base	409.5	442.3
Upside	409.5	506.5
Downside	409.5	356.2
AWA		
GDP Growth		
Base	0.93%	1.02%
Upside	0.93%	5.74%
Downside	0.93%	-3.19%

Summary of forward-looking information and associated sensitivity:

		Aggregate Impairment					
		Nigeria	UEMOA	AWA	CESA	ETI and others	Total
Gross Loans		2,480,930	3,879,367	1,210,924	1,767,332	459,510	9,798,063
Impairment		(278,793)	(82,954)	(69,386)	(162,843)	35,861	(558,115)
Commodity Price Index	5% Increase	(278,793)	(85,443)	(69,386)	(170,985)	35,861	(568,746)
	5% Decrease	(278,793)	(85,443)	(69,386)	(179,534)	35,861	(557,295)
Oil Exports	5% Increase	(292,732)	(82,954)	(72,856)	(162,843)	35,861	(575,524)
	5% Decrease	(292,732)	(82,954)	(72,856)	(162,843)	35,861	(575,524)
Prime Lending Rate	5% Increase	(292,732)	(82,954)	(72,856)	(162,843)	35,861	(575,524)
	5% Decrease	(292,732)	(82,954)	(72,856)	(162,843)	35,861	(575,524)
Average Exchange Rate	5% Increase	(278,793)	(87,102)	(72,856)	(162,843)	35,861	(565,732)
	5% Decrease	(278,793)	(87,102)	(72,856)	(162,843)	35,861	(565,732)

As can be seen above, a 5 per cent move in the forward-looking information used in the computation of ECL would result in the impairment for the Group being higher by $7.6 million or $18.2 million.

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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.

Interest income

Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' and 'interest expense' in the Consolidated Income Statementt 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 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 asset cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

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

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

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 occur 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 restated when reclassification occurs.

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

Modification of financial assets

The Group sometimes renegotiates or otherwise modifies the terms of loans provided to customers. This may be due to commercial renegotiations or, for distressed loans, with a view to maximising recovery.

Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans.

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

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

When the contractual terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. The Group does this by considering, among others, the following factors:

If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.

Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.

- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

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

Quantitative criteria

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

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

Qualitative criteria

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

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

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

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.

Derecognition of financial assets

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

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

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any

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cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

2.30 Financial guarantee contracts and loan commitments

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

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- the amount of the loss allowance; and
- the premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

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

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

2.31 Offsetting financial instruments

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

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

2.32 Classes of financial instruments

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

Financial assets

Category (as defined by IFRS 9)	Class (as determined by the Group)	Note
Fair Value Through Profit or Loss (FVTPL)	Trading financial assets	18
	Derivative financial instruments	19
Amortised Cost	Cash and balances with central banks	17
	Loans and advances to banks	20
	Loans and advances to customers	21
	Other assets excluding prepayments	25
Fair Value Through Other Comprehensive Income (FVTOCI)	Treasury bills and other eligible bills	22
	Investment securities	23
	Pledged assets	24

Financial liabilities

Category (as defined by IFRS 9)	Class (as determined by the Group)	Note
Financial liabilities at fair value through 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 IFRS 9)	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 12 months unless there has been a significant increase in credit risk since origination, in which case loss allowance is measured at an amount equal to lifetime ECL. If the financial asset meets the definition of purchased or originated credit impaired (POCI), the allowance is based on the change in the ECLs over the life of the asset.

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

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

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

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

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

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

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

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

(b) Fair value of financial instruments

The fair value of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (e.g. models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. 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.

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(c) Goodwill impairment

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

(d) Taxes

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

(e) Business model assessment

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

(f) Hyperinflationary accounting

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

5 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.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk other than those brought about by the adoption of IFRS 9 from 1 January 2018.

5.1 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, 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.

5.1.1 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; 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.

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Investment securities

For debt securities in the Treasury portfolio, external rating agency credit grades are used. These published grades are continuously monitored and updated. The PD's associated with each grade are determined based on realised default rates over the prior 12 months, as published by the rating agency.

The Group's rating method comprises 10 rating levels. The master scale assigns each rating category a specified range of probabilities of default, which is stable over time. The rating methods are subject to an annual validation and recalibration so that they reflect the latest projections in the light of all actually observed defaults.

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

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

The ratings of the major rating agency shown in the table above are mapped to the Group's rating classes, based on the long-term average default rates for each external grade. The Group uses the external ratings, where available, to benchmark our internal credit risk assessment. Observed defaults per rating category vary year on year, especially over an economic cycle.

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.

5.1.2 Risk limit control and mitigation policies

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

(a) Collateral

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

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

Longer-term finance and lending to corporate entities are generally secured; individual credit facilities are generally unsecured. In addition, in order to minimise the credit loss the Group will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

(b) Credit-related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions – are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

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

5.1.2 Expected credit loss measurement

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

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

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

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

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

e) A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. Note 5.1.3 below includes an explanation of how the Group has incorporated this in its ECL models.

f) POCI financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

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

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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

5.1.3 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 is based on the 30 days past due presumption. 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 29
2	30 to 89
3	90+

c) Forward transitions: watchlist and 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 as either 'Performing', 'Substandard', 'Doubtful' or 'Loss'. 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
Performing (Current + Watchlist)	0 to 89
Substandard	90 to 179
Doubtful	180 to 364
Loss	365+

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

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

"Watchlist": 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.

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

"Doubtful": 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.

"Loss": These assets are considered uncollectible and of such little value that they should be fully written-off.

A backstop is applied and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

5.1.4 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.

5.1.5 Maximum exposure to credit risk

5.1.5.1 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

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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.

	Loans and advances to customers				
US$'000	31 December 2020				
ECL staging	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit – impaired	Total
Gross carrying amount	7,808,277	1,240,732	749,054	–	9,798,063
Loss allowance	(90,218)	(92,889)	(375,008)	–	(558,115)
Carrying amount	**7,718,059**	**1,147,843**	**374,046**	**–**	**9,239,948**

	Loans and advances to customers				
US$'000	31 December 2019				
ECL staging	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit – impaired	Total
Gross carrying amount	7,733,390	1,144,865	955,403	–	9,833,658
Loss allowance	(52,749)	(74,116)	(430,185)	–	(557,050)
Carrying amount	**7,680,641**	**1,070,749**	**525,218**	**–**	**9,276,608**

	Loans and advances to banks				
US$'000	31 December 2020				
ECL staging	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit – impaired	Total
Gross carrying amount	2,012,708	–	–	–	2,012,708
Loss allowance	(1,365)	–	–	–	(1,365)
Carrying amount	**2,011,343**	**–**	**–**	**–**	**2,011,343**

	Loans and advances to banks				
US$'000	31 December 2019				
ECL staging	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit – impaired	Total
Gross carrying amount	1,893,254	–	–	–	1,893,254
Loss allowance	(1,365)	–	–	–	(1,365)
Carrying amount	**1,891,889**	**–**	**–**	**–**	**1,891,889**

	Investment securities - debt instruments				
US$'000	31 December 2020				
ECL staging	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit – impaired	Total
Gross carrying amount	5,913,929	–	–	–	5,913,929
Loss allowance	(1,316)	–	–	–	(1,316)
Carrying amount	**5,912,613**	**–**	**–**	**–**	**5,912,613**

	Investment securities - debt instruments				
US$'000	31 December 2019				
ECL staging	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit – impaired	Total
Gross carrying amount	4,694,800	–	–	–	4,694,800
Loss allowance	(1,031)	–	–	–	(1,031)
Carrying amount	**4,693,769**	**–**	**–**	**–**	**4,693,769**

	Other assets				
US$'000	31 December 2020				
ECL staging	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit – impaired	Total
Gross carrying amount	1,300,033	–	–	–	1,300,033
Loss allowance	(171,833)	–	–	–	(171,833)
Carrying amount	**1,128,200**	**–**	**–**	**–**	**1,128,200**

	Other assets				
US$'000	31 December 2019				
ECL staging	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit – impaired	Total
Gross carrying amount	1,311,133	–	–	–	1,311,133
Loss allowance	(126,363)	–	–	–	(126,363)
Carrying amount	**1,184,770**	**–**	**–**	**–**	**1,184,770**

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

5.1.5.2 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	31 December 2020	31 December 2019
Trading assets		
• Debt securities	156,490	182,662
• Derivatives	115,162	65,459
Financial assets designated at fair value		
• Debt securities	–	–
• Loans and advances to customers	–	–

5.1.5.3 Maximum exposure to credit risk before collateral held

	Maximum exposure	
	31 December 2020	31 December 2019
Credit risk exposures relating to on-statement of financial position assets are as follows:		
Balances with central banks	3,036,205	2,192,427
Treasury bills and other eligible bills	1,730,845	1,632,749
Loans and advances to banks	2,011,343	1,891,889
Loans and advances to customers:		
CIB		
• Overdrafts	647,414	1,017,539
• Term loans	6,137,505	5,927,930
Commercial		
• Overdrafts	353,508	342,028
• Credit cards	-	-
• Term loans	1,011,258	989,075
Consumer		
• Overdrafts	1,342	5,507
• Credit cards	2,831	1,974
• Term loans	949,466	851,994
• Mortgages	136,624	140,561
Trading financial assets		
• Debt securities	156,490	182,662
Derivative financial instruments	115,162	65,459
Financial assets designated at fair value:		
Investment securities :		
• Debt securities	5,913,929	4,694,800
Pledged assets	423,599	351,478
Other assets	921,567	1,028,312
Credit risk exposures relating to off-balance sheet items are as follows:		
Financial guarantees	1,658,934	3,204,627
Loan commitments	1,015,603	452,255
	26,223,625	**24,973,266**

The above table represents a worse case scenario of credit risk exposure of the Group at 31 December 2020 and December 2019, 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, 41% (2019: 37%) of the total maximum exposure is derived from loans and advances to banks and customers; 21% (2019: 19%) 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:

- 80% (2019: 77%) of the loans and advances portfolio are considered to be neither past due nor impaired;
- 81% (2019: 81%) of loans and advances are backed by collateral;
- Investment in debt securities are largely government securities.

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

5.1.6 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 period.

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 $106 million as at 31 December 2019.

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

5.1.7 Loss allowance

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

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

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

Loans and advances to customers

US$'000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit – impaired	Total
Loss allowance as at 1 January 2020*	52,749	74,116	430,185	–	557,050
Movements with P&L impact					
New financial assets originated or purchased	–	–	–	–	–
Transfer from Stage 1 to Stage 2	(5,691)	5,691	–	–	–
Transfer from Stage 1 to Stage 3	(2,906)	–	2,906	–	–
Changes in PDs/LGDs/EADs	–	–	–	–	–
Changes to model assumptions and methodologies	–	–	155,767	–	155,767
Modification of contractual cash flows of financial assets	36,686	38,135	81,484	–	156,305
Total net P&L charge during the period	**28,089**	**43,826**	**240,157**	**–**	**312,072**
Other movements with no P&L impact	–	–	–	–	–
FX and other movements	9,380	16,711	(165,676)	–	(139,585)
Transfer from Stage 2 to Stage 3	–	(41,764,)	41,764	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–	–
Financial assets derecognised during the period	–	–	–	–	–
Write-offs	–	–	(171,422)	–	(171,422)
Loss allowance as at 31 December 2020**	**90,218**	**92,889**	**375,008**	**–**	**558,115**
Credit commitments (current)	**–**	**–**	**–**	**–**	**–**

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

Loans and advances to customers

US$'000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit – impaired	Total
Loss allowance as at 1 January 2019	89,093	81,468	547,448	–	718,009
Movements with P&L impact					
New financial assets originated or purchased	–	–	–	–	–
Transfer from Stage 1 to Stage 2	(4,100)	4,100	–	–	–
Transfer from Stage 1 to Stage 3	–	–	–	–	–
Changes in PDs/LGDs/EADs	–	–	–	–	–
Changes to model assumptions and methodologies	–	–	–	–	–
Modification of contractual cash flows of financial assets	–	11,337	98,578	–	109,915
Total net P&L charge during the period	**(4,100)**	**15,437**	**98,578**	**–**	**109,915**
Other movements with no P&L impact	–	–	–	–	–
FX and other movements	(32,244)	(70,140)	(4,717)	–	(107,101)
Transfer from Stage 2 to Stage 3	–	–	–	–	–
Transfer from Stage 3 to Stage 2	–	47,351	(47,351)	–	–
Financial assets derecognised during the period	–	–	–	–	–
Write-offs	–	–	(163,773)	–	(163,773)
Loss allowance as at 31 December 2019*	**52,749**	**74,116**	**430,185**	**–**	**557,050**
Credit commitments (current)	**–**	**–**	**–**	**–**	**–**

*Includes loss allowance on loan commitments of 2019: $12 million

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 $171 million (2019: $164 million) resulted in the reduction of the Stage 3 loss allowance by the same amount.

Investment securities - debt instruments

US$'000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit – impaired	Total
Loss allowance as at 1 January 2020	1,031	–	–	–	1,031
Movements with P&L impact					
Changes in PDs/LGDs/EADs	285	–	–	–	285
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	**285**	**–**	**–**	**–**	**285**
Other movements with no P&L impact	–	–	–	–	–
FX and other movements	–	–	–	–	–
Transfer from Stage 2 to Stage 3	–	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–	–
Financial assets derecognised during the period	–	–	–	–	–
Write-offs	–	–	–	–	–
Loss allowance as at 31 December 2019	**1,316**	**–**	**–**	**–**	**1,316**

Investment securities - debt instruments

US$'000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit – impaired	Total
Loss allowance as at 1 January 2019	949	–	–	–	949
Movements with P&L impact					
Changes in PDs/LGDs/EADs	82	–	–	–	82
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	**82**	**–**	**–**	**–**	**82**
Other movements with no P&L impact	–	–	–	–	–
FX and other movements	–	–	–	–	–
Transfer from Stage 2 to Stage 3	–	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–	–
Financial assets derecognised during the period	–	–	–	–	–
Write-offs	–	–	–	–	–
Loss allowance as at 31 December 2019	**1,031**	**–**	**–**	**–**	**1,031**

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Other assets

US$'000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit – impaired	Total
Loss allowance as at 1 January 2020	–	126,363	–	–	126,363
Movements with P&L impact					
New financial assets originated or purchased	–	–	–	–	–
Changes in PDs/LGDs/EADs	–	45,470	–	–	45,470
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	**–**	**45,470**	**–**	**–**	**45,470**
Other movements with no P&L impact	–	–	–	–	–
FX and other movements	–	–	–	–	–
Transfer from Stage 2 to Stage 3	–	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–	–
Financial assets derecognised during the period	–	–	–	–	–
Write-offs	–	–	–	–	–
Loss allowance as at 31 December 2020	**–**	**171,833**	**–**	**–**	**171,833**

Other assets

US$'000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit – impaired	Total
Loss allowance as at 1 January 2019	–	141,134	–	–	141,134
Movements with P&L impact					
New financial assets originated or purchased	–	–	–	–	–
Changes in PDs/LGDs/EADs	–	23,642	–	–	23,642
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	**–**	**23,642**	**–**	**–**	**23,642**
Other movements with no P&L impact	–	–	–	–	–
FX and other movements	–	–	–	–	–
Transfer from Stage 2 to Stage 3	–	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–	–
Financial assets derecognised during the period	–	–	–	–	–
Write-offs	–	(38,413)	–	–	(38,413)
Loss allowance as at 31 December 2019	**–**	**126,363**	**–**	**–**	**126,363**

Loans and advances to banks

US$'000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit – impaired	Total
Loss allowance as at 1 January 2020	1,365	–	–	–	1,365
Movements with P&L impact					
New financial assets originated or purchased	–	–	–	–	–
Changes in PDs/LGDs/EADs	–	–	–	–	–
Changes to model assumptions and methodologies	–	–	–	–	–
Modification of contractual cash flows of financial assets	–	–	–	–	–
Unwind of discount(a)	–	–	–	–	–
Total net P&L charge during the period	**–**	**–**	**–**	**–**	**–**
Other movements with no P&L impact	–	–	–	–	–
FX and other movements	–	–	–	–	–
Transfer from Stage 2 to Stage 3	–	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–	–
Financial assets derecognised during the period	–	–	–	–	–
Write-offs	–	–	–	–	–
Loss allowance as at 31 December 2020	**1,365**	**–**	**–**	**–**	**1,365**

Loans and advances to banks

US$'000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit – impaired	Total
Loss allowance as at 1 January 2019	1,365	–	–	–	1,365
Movements with P&L impact					
New financial assets originated or purchased	–	–	–	–	–
Changes in PDs/LGDs/EADs	–	–	–	–	–
Changes to model assumptions and methodologies	–	–	–	–	–
Modification of contractual cash flows of financial assets	–	–	–	–	–
Unwind of discount(a)	–	–	–	–	–
Total net P&L charge during the period	**–**	**–**	**–**	**–**	**–**
Other movements with no P&L impact	–	–	–	–	–
FX and other movements	–	–	–	–	–
Transfer from Stage 2 to Stage 3	–	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–	–
Financial assets derecognised during the period	–	–	–	–	–
Write-offs	–	–	–	–	–
Loss allowance as at 31 December 2019	**1,365**	**–**	**–**	**–**	**1,365**

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5.1.8 Loans and advances exposure by internal rating

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

Credit Rating	31 December 2020		31 December 2019	
	Loans and advances US$'000		Loans and advances US$'000	
1	302,760	3%	204,018	2%
2	20,576	0%	38,761	0%
3	87,203	1%	346,199	4%
4	351,750	4%	323,155	3%
5	641,773	7%	1,091,410	11%
6	3,941,761	40%	4,317,157	44%
7	1,246,314	13%	842,015	9%
8	1,974,310	20%	1,695,248	17%
9	728,976	7%	493,599	5%
10	502,640	5%	482,096	5%
	9,798,063	**100%**	**9,833,658**	**100%**

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

Group's rating	31 December 2020				31 December 2019			
	Loans and advances US$'000		Impairment provision US$'000		Loans and advances US$'000		Impairment provision US$'000	
1 Current	7,600,100	78%	89,557	1%	7,244,837	74%	35,826	0%
1A. Watchlist	208,177	2%	661	0%	488,553	5%	16,923	3%
II. Substandard	1,240,732	13%	92,889	7%	1,144,865	12%	74,116	6%
III. Doubtful	557,733	6%	270,419	48%	487,797	5%	247,604	51%
IV. Loss	191,321	1%	104,589	55%	467,606	4%	182,581	39%
	9,798,063	**100%**	**558,115**	**6%**	**9,833,658**	**100%**	**557,050**	**6%**
Credit commitments "Current"	2,674,537		15,418		3,656,882		2,321	

5.1.9 Loans and advances by status

Loans and advances are summarised as follows:	31 December 2020		31 December 2019	
	Loans and advances to banks US$'000	Loans and advances to customers US$'000	Loans and advances to banks US$'000	Loans and advances to customers US$'000
Neither past due nor impaired	2,012,708	7,808,277	1,893,254	7,733,390
Past due but not impaired	–	1,240,732	–	1,144,865
Impaired	–	749,054	–	955,403
Gross	**2,012,708**	**9,798,063**	**1,893,254**	**9,833,658**
Less: allowance for impairment	(1,365)	(558,115)	(1,365)	(557,050)
Net	**2,011,343**	**9,239,948**	**1,891,889**	**9,276,608**

Other financial assets are neither past due nor impaired except for investment securities and other assets with impairment provision in Note 23 and Note 25 respectively.

(a) Loans and advances neither past due nor impaired

The credit quality of the portfolio of loans and advances that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Group in the Group Credit Policy and Procedure Manual (see the Note 5.1.3 Significant increase in credit risk).

31 December 2020

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	607,408	4,944,191	–	209,778	–	818,116	–	29,639	2,835	857,414	130,719	7,600,100
Watchlist	19,769	87,223	–	16,962	–	47,849	–	33	-	35,592	749	208,177
Total	**627,177**	**5,031,414**	**–**	**226,740**	**–**	**865,965**	**–**	**29,672**	**2,835**	**893,006**	**131,468**	**7,808,277**

31 December 2019

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	652,029	4,755,442	–	191,160	–	771,629	–	29,605	2,028	713,326	129,618	7,244,837
Watchlist	55,596	275,417	–	26,272	–	58,783	–	1,744	-	63,540	7,201	488,553
Total	**707,625**	**5,030,859**	**–**	**217,432**	**–**	**830,412**	**–**	**31,349**	**2,028**	**776,866**	**136,819**	**7,733,390**

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

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(b) Loans and advances past due but not impaired

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

31 December 2020

	CIB		Commercial		Consumer				Total
Past due:	Overdrafts	Term loans	Overdrafts	Term Loans	Overdrafts	Credit cards	Term Loans	Mortgages	
Past due up to 30 days	4,706	208,263	1,482	23,251	32	–	2,540	1,726	242,000
Past due 30-60 days	7,204	152,852	3,944	54,525	300	–	13,344	1,365	233,534
Past due 60-90 days	1,385	662,874	59,737	37,209	653	1	3,117	222	765,198
Total	**13,295**	**1,023,989**	**65,163**	**114,985**	**985**	**1**	**19,001**	**3,313**	**1,240,732**
Fair value of collateral	7,904	603,577	38,509	68,358	585	–	11,526	1,971	732,430
Amount of (over)/under collateralisation	**5,391**	**420,412**	**26,654**	**46,627**	**400**	**1**	**7,475**	**1,342**	**508,302**

31 December 2019

	CIB		Commercial		Consumer				Total
Past due:	Overdrafts	Term loans	Overdrafts	Term Loans	Overdrafts	Credit cards	Term Loans	Mortgages	
Past due up to 30 days	34,852	688,868	4,190	84,894	397	–	41,319	120	854,640
Past due 30-60 days	6,954	23,595	2,152	19,432	122	–	1,164	1,580	54,999
Past due 60-90 days	7,306	138,403	34,613	51,861	196	–	2,047	800	235,226
Total	**49,112**	**850,866**	**40,955**	**156,187**	**715**	**–**	**44,530**	**2,500**	**1,144,865**
Fair value of collateral	44,948	191,622	33,173	105,089	636	–	5,833	1,094	382,395
Amount of (over)/under collateralisation	**4,164**	**659,244**	**7,782**	**51,098**	**79**	**–**	**38,697**	**1,406**	**762,470**

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.

c) Loans and advances individually impaired

Loans and advances to customers

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

31 December 2020

	CIB		Commercial			Consumer			Total
Past due:	**Overdrafts**	**Term loans**	**Overdrafts**	**Term Loans**	**Overdrafts**	**Credit cards**	**Term Loans**	**Mortgages**	
Gross	50,277	248,189	128,143	236,906	27,114	1,125	52,657	4,643	749,054
Impairment allowance	(3,857)	(84,357)	(63,895)	(170,733)	(17,845)	(1,030)	(31,883)	(1,408)	(375,008)
	46,420	**163,832**	**64,248**	**66,173**	**9,269**	**95**	**20,774**	**3,235**	**374,046**
Fair value of collateral	(47,076)	(449,301)	(86,751)	(88,329)	(8,198)	-	(23,189)	(3,933)	(706,777)
Amount of (over)/under collateralisation	**(656)**	**(285,469)**	**(22,503)**	**(22,156)**	**1,071**	**95**	**(2,415)**	**(698)**	**(332,731)**

31 December 2019

	CIB		Commercial			Consumer			Total
Past due:	**Overdrafts**	**Term loans**	**Overdrafts**	**Term Loans**	**Overdrafts**	**Credit cards**	**Term Loans**	**Mortgages**	
Gross	303,278	203,506	172,020	191,818	41,975	1,422	38,751	2,633	955,403
Impairment allowance	(6,533)	(126,558)	(88,379)	(170,871)	(29,275)	(1,377)	(6,531)	(661)	(430,185)
	296,745	**76,948**	**83,641**	**20,947**	**12,700**	**45**	**32,220**	**1,972**	**525,218**
Fair value of collateral	(5,514)	(1,110,639)	(48,161)	(45,853)	(3,830)	-	(6,386)	(1,513)	(1,221,896)
Amount of (over)/under collateralisation	**291,231**	**(1,033,691)**	**35,480**	**(24,906)**	**8,870**	**45**	**25,834**	**459**	**(696,678)**

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

(d) Other assets with exposure to credit risks

	Balances with central banks	Trading financial assets	Derivative financial instruments	Treasury bills and other eligible bills	Investment securities	Pledged assets	Other assets less prepayments	Total
31 December 2020								
Neither past due nor impaired	3,036,205	156,490	115,162	1,730,845	5,915,245	423,599	1,093,400	12,470,946
Past due but not impaired								
Impaired	-	-	-	-	-	-	171,833	171,833
Gross	**3,036,205**	**156,490**	**115,162**	**1,730,845**	**5,915,245**	**423,599**	**1,265,233**	**12,642,779**
Less: allowance for impairment	-	-	-	-	(1,316)	-	(171,833)	(173,149)
Net	**3,036,205**	**156,490**	**115,162**	**1,730,845**	**5,913,929**	**423,599**	**1,093,400**	**12,469,630**
Carrying amounts	3,036,205	156,490	115,162	1,730,845	5,913,929	423,599	1,093,400	12,469,630
31 December 2019								
Neither past due nor impaired	2,192,427	182,662	65,459	1,632,749	4,695,831	351,478	1,154,675	10,275,281
Past due but not impaired								-
Impaired	-	-	-	-	-	-	126,363	126,363
Gross	**2,192,427**	**182,662**	**65,459**	**1,632,749**	**4,695,831**	**351,478**	**1,281,038**	**10,401,644**
Less: allowance for impairment	-	-	-	-	(1,031)	-	(126,363)	(127,394)
Net	**2,192,427**	**182,662**	**65,459**	**1,632,749**	**4,694,800**	**351,478**	**1,154,675**	**10,274,250**
Carrying amounts	2,192,427	182,662	65,459	1,632,749	4,694,800	351,478	1,154,675	10,274,250

5.1.10 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 31 December 2020 and 31 December 2019. For this table, the Group has allocated exposures to regions based on the country of domicile of our counterparties.

As at 31 December 2020

	UEMOA	NIGERIA	AWA	CESA	OTHERS	Total
Balances with central banks other than mandatory reserve deposits	704,553	45,182	298,353	564,435	246,323	1,858,846
Trading financial assets	27	60,731	85,123	10,609	-	156,490
Derivative financial instruments	23,892	63,472	-	-	27,798	115,162
Loans and advances to banks	378,254	244,214	413,414	800,311	175,150	2,011,343
Loans and advances to customers:						
CIB						
• Overdrafts	260,277	24,608	178,060	184,469	–	647,414
• Term loans	2,405,064	2,429,292	566,850	736,299	–	6,137,505
Consumer						
• Overdrafts	–	1,342	–	–	–	1,342
• Credit cards	–	1,216	1,429	186	–	2,831
• Term loans	553,809	43,842	157,456	194,354	5	949,466
• Mortgages	75,330	3,190	35,981	22,123	–	136,624
Commercial						
• Overdrafts	76,408	98,040	61,847	117,213	–	353,508
• Term loans	423,037	93,342	182,669	312,210		1,011,258
Treasury bills and other eligible bills	192,506	492,177	369,645	676,517	–	1,730,845
Investment securities – debt securities	3,603,481	379,204	986,798	940,863	3,583	5,913,929
Pledged assets	–	423,599	–	–	–	423,599
Other assets	444,936	113,067	72,758	246,453	44,353	921,567
Total	**9,141,574**	**4,516,518**	**3,410,383**	**4,806,042**	**497,212**	**22,371,729**
Credit commitments	**2,761,243**	**64,635**	**18,455**	**1,366**	**1,153,818**	**3,999,517**

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

5.1.10 Concentration of risks of financial assets with credit risk exposure (continued)

As at 31 December 2019

	UEMOA	Nigeria	AWA	CESA	Others	Total
Balances with central banks other than mandatory reserve deposits	296,699	84,258	54,117	323,277	169,390	927,741
Financial assets held for trading	-	150,125	2,600	29,937	-	182,662
Derivative financial instruments	-	34,971	-	30,488	-	65,459
Loans and advances to banks	500,319	418,629	340,523	515,488	116,930	1,891,889
Loans and advances to customers:						
CIB						
• Overdrafts	246,874	328,949	349,777	91,939	–	1,017,539
• Term loans	2,313,860	1,922,679	1,351,013	340,378	–	5,927,930
Consumer						
• Overdrafts	–	5,506	–	–	–	5,506
• Credit cards	–	1,422	321	231	–	1,974
• Term loans	397,946	40,979	301,429	111,640	–	851,994
• Mortgages	65,994	5,192	49,605	19,770	–	140,561
Commercial						
• Overdrafts	85,641	123,543	18,462	114,382	–	342,028
• Term loans	544,891	52,838	66,960	324,386	–	989,075
Treasury bills and other eligible bills	95,233	655,494	256,962	625,060	–	1,632,749
Investment securities – debt securities	3,117,442	144,453	787,821	644,509	575	4,694,800
Pledged assets	-	351,478	-	-	–	351,478
Other assets	370,854	141,723	231,249	161,564	122,922	1,028,312
Total	**8,035,753**	**4,462,239**	**3,810,839**	**3,333,049**	**409,817**	**20,051,697**
Credit commitments	**115,552**	**59,489**	**14,582**	**–**	**1,158,111**	**1,347,734**

(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
31 December 2020							
Balances with central banks other than mandatory reserve deposits	1,858,846	–	–	–	–	–	1,858,846
Trading financial assets	146,311	–	–	10,179	–	–	156,490
Derivative financial instruments	115,162	–	–	–	–	–	115,162
Loans and advances to banks	1,959,984	–	–	5,500	–	45,859	2,011,343
Loans and advances to customers:							
• Overdrafts	51,391	267,351	66,393	81,517	93,765	441,847	1,002,264
• Credit cards	645	72	151	994	138	831	2,831
• Term loans	272,181	1,684,260	601,583	1,515,454	819,381	3,205,370	8,098,229
• Mortgages	7,280	7,924	22,532	12,915	3,069	82,904	136,624
Treasury bills and other eligible bills	822,793	–	–	908,052	–	–	1,730,845
Investment securities – debt securities	1,368,694	25,463	–	4,359,547	–	160,225	5,913,929
Pledged assets	423,599	–	–	–	–	–	423,599
Other assets	357,673	840	148	577	–	562,329	921,567
Total	**7,384,559**	**1,985,910**	**690,807**	**6,894,735**	**916,353**	**4,499,365**	**22,371,729**
Credit commitments	**2,302,735**	**26,303**	**148**	**867,891**	**1,320**	**801,120**	**3,999,517**
31 December 2019							
Balances with central banks other than mandatory reserve deposits	927,741	–	–	–	–	–	927,741
Financial assets held for trading	2,600	–	–	180,062	–	–	182,662
Derivative financial instruments	30,488	–	–	–	–	34,971	65,459
Loans and advances to banks	1,748,164	–	–	20,464	–	123,261	1,891,889
Loans and advances to customers:							
• Overdrafts	30,671	216,019	84,197	157,347	441,800	435,039	1,365,073
• Credit cards	–	–	–	–	–	1,974	1,974
• Term loans	250,042	1,333,225	920,689	1,406,321	811,931	3,046,791	7,768,999
• Mortgages	27	538	30,445	1,922	50,032	57,597	140,561
Treasury bills and other eligible bills	104,106	–	–	1,516,756	–	11,887	1,632,749
Investment securities – debt securities	1,174,262	–	–	3,497,659	–	22,879	4,694,800
Pledged assets	–	–	–	351,478	–	–	351,478
Other assets	207,944	–	–	61	–	820,307	1,028,312
Total	**4,476,045**	**1,549,782**	**1,035,331**	**7,132,070**	**1,303,763**	**4,554,706**	**20,051,697**
Credit commitments	**1,650,756**	**–**	**–**	**5,503,547**	**(2,900)**	**862,658**	**8,014,061**

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

5.2 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 noting 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.

	31 December 2020			31 December 2019		
	Low	Average	High	Low	Average	High
Foreign exchange risk	31	273	152	560	873	966
Interest risk	486	1,736	4,333	1,247	1,530	1,453

5.2.1 Foreign exchange risk

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

As at 31 December 2020	Dollar	Euro	CFA	Naira	Cedis	Others	Total
Assets							
Cash and balances with central banks	464,002	334,389	1,305,264	1,099,416	265,317	284,208	3,752,596
Trading financial assets	-	-	27	61,189	85,123	10,151	156,490
Derivative financial instruments	-	51,691	-	63,471	-	-	115,162
Loans and advances to banks	1,289,699	215,436	162,712	31,023	86,489	225,984	2,011,343
Loans and advances to customers	2,026,882	570,410	4,801,361	860,969	394,440	585,888	9,239,948
Treasury bills and other eligible bills	54,994	-	451,898	492,177	58,237	673,539	1,730,845
Investment securities	422,613	124	4,311,789	453,292	583,948	302,479	6,074,244
Pledged assets	12,000	-	-	411,599	-	-	423,599
Other assets	243,757	85,069	403,449	67,675	28,744	92,873	921,567
Total financial assets	**4,513,947**	**1,257,119**	**11,436,500**	**3,540,811**	**1,502,298**	**2,175,122**	**24,425,794**
Liabilities							
Deposits from banks	434,556	386,299	863,637	38,539	4,270	659,445	2,386,747
Deposit from customers	3,590,109	708,483	8,533,298	2,609,843	1,241,237	1,613,982	18,296,952
Derivative financial instruments	-	11,069	-	67,839	-	-	78,908
Other borrowed funds	907,848	292,751	75,035	173,396	7,499	466,653	1,923,182
Other liabilities	123,325	43,539	270,026	153,978	57,624	106,452	754,944
Total financial liabilities	**5,055,838**	**1,442,141**	**9,741,996**	**3,043,595**	**1,310,630**	**2,846,532**	**23,440,733**
Net on-statement of financial position	**(541,891)**	**(185,022)**	**1,694,504**	**497,216**	**191,668**	**(671,410)**	**985,061**
Credit commitments	**1,678,646**	**18,909**	**745,379**	**759,891**	**376,741**	**419,951**	**3,999,517**

As at 31 December 2019	Dollar	Euro	CFA	Naira	Cedi	Others	Total
Assets							
Cash and balances with central banks	275,036	146,363	799,556	1,098,764	189,387	320,207	2,829,313
Financial assets held for trading	-	-	15,977	132,746	-	33,939	182,662
Derivative financial instruments	25,000	5,488	-	34,971	-	-	65,459
Loans and advances to banks	657,952	406,208	419,649	137,571	83,136	187,373	1,891,889
Loans and advances to customers	2,074,862	483,047	4,612,136	729,239	876,361	500,963	9,276,608
Treasury bills and other eligible bills	102,061	-	334,804	655,494	-	540,390	1,632,749
Investment securities	402,330	-	3,583,278	194,267	419,394	258,494	4,857,763
Pledged assets	12,000	-	-	339,478	-	-	351,478
Other assets	278,005	49,088	228,801	141,516	190,079	267,186	1,154,675
Total financial assets	**3,827,246**	**1,090,194**	**9,994,201**	**3,464,046**	**1,758,357**	**2,108,552**	**22,242,596**
Liabilities							
Deposits from banks	478,444	408,276	898,305	159,155	58,000	205,413	2,207,593
Deposits from customers	3,434,550	694,393	7,118,861	2,703,651	1,050,867	1,243,798	16,246,120
Derivative financial instruments	-	3,319	-	22,833	-	25,103	51,255
Other borrowed funds	1,631,699	103,522	143,515	93,472	15,215	87,578	2,075,001
Other liabilities	232,263	36,219	162,995	197,841	62,412	89,763	781,493
Total financial liabilities	**5,776,956**	**1,245,729**	**8,323,676**	**3,176,952**	**1,186,494**	**1,651,655**	**21,361,462**
Net on-statement of financial position	**(1,949,710)**	**(155,535)**	**1,670,525**	**287,094**	**571,863**	**456,897**	**881,134**
Credit commitments	**1,619,239**	**354,429**	**657,390**	**899,000**	**13,155**	**113,669**	**3,656,882**

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Currency sensitivity analysis

ETI periodically performs sensitivity analysis to determine the impact on the 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 31 December 2020 and 31 December 2019 are shown in the table below.

	31 December 2020			31 December 2019		
Overall impact						
Projected Appreciation of the USD	5%	10%	20%	5%	10%	20%
Estimated Impact on Net Asset Value ($ Million)	(106)	(212)	(423)	(34)	(65)	(119)
Impact for NGN						
Projected Appreciation of the USD	5%	10%	20%	5%	10%	20%
Estimated Impact on Net Asset Value ($ Million)	(20)	(39)	(78)	(21)	(41)	(75)
Impact for CFA						
Projected Appreciation of the USD	5%	10%	20%	5%	10%	20%
Estimated Impact on Net Asset Value ($ Million)	(62)	(124)	(249)	(80)	(152)	(278)
Impact for EUR						
Projected Appreciation of the USD	5%	10%	20%	5%	10%	20%
Estimated Impact on Net Asset Value ($ Million)	9	17	34	7	13	24
Impact for GHS						
Projected Appreciation of the USD	5%	10%	20%	5%	10%	20%
Estimated Impact on Net Asset Value ($ Million)	(32)	(65)	(130)	60	114	210

5.2.2 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.

5.2.2 Interest rate risk (continued)

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 31 December 2020	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	2,108,468	85,923	33,815	–	–	1,524,390	3,752,596
Trading financial assets	27,008	50,187	79,295	–	–	–	156,490
Derivative financial instruments	27,799	-	87,363	–	–	–	115,162
Loans and advances to banks	1,406,795	323,680	141,696	139,172	–	–	2,011,343
Loans and advances to customers	1,833,955	943,081	2,223,418	3,127,050	1,112,444	–	9,239,948
Treasury bills and other eligible bills	345,575	280,031	1,058,319	45,952	968	–	1,730,845
Investment securities	1,263,600	387,066	468,431	2,532,219	1,422,928	–	6,074,244
Pledged assets	-	-	344,466	79,133	–	–	423,599
Other assets	61,345	32,646	360,120	28,445	39,175	399,836	921,567
Total financial assets	**7,074,545**	**2,102,614**	**4,796,923**	**5,951,971**	**2,575,515**	**1,924,226**	**24,425,794**
Liabilities							
Deposits from banks	847,833	6,305	25,017	–	–	1,507,592	2,386,747
Deposit from customers	12,603,164	983,317	1,526,061	823,933	142,384	2,218,093	18,296,952
Derivative financial instruments	5,488	–	73,420	–	–	–	78,908
Borrowed funds	443,610	67,222	195,494	938,323	262,000	16,533	1,923,182
Other liabilities	135,064	49,333	249,390	176,347	38,791	106,019	754,944
Total financial liabilities	**14,035,159**	**1,106,177**	**2,069,382**	**1,938,603**	**443,175**	**3,848,237**	**23,440,733**
Total interest repricing gap	**(6,960,614)**	**996,437**	**2,727,541**	**4,013,368**	**2,132,340**	**(1,924,011)**	**985,061**

As at 31 December 2019	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	1,002,082	6,305	25,017	–	–	1,795,909	2,829,313
Financial assets held for trading	38,145	32,338	112,179	–	–	–	182,662
Derivative financial instruments	5,488	–	59,971	–	–	–	65,459
Loans and advances to banks	1,179,898	242,690	469,302	–	–	–	1,891,890
Loans and advances to customers	1,574,323	1,357,250	2,089,842	2,958,640	1,296,553	–	9,276,608
Treasury bills and other eligible bills	42,381	322,189	1,078,543	180,332	9,304	–	1,632,749
Investment securities	46,539	68,442	595,835	2,701,259	1,445,687	–	4,857,762
Pledged assets	76,679	81,418	134,192	-	59,189	–	351,478
Other assets	281,437	57,728	19,830	54,569	-	736,072	1,149,636
Total financial assets	**4,246,972**	**2,168,360**	**4,584,711**	**5,894,800**	**2,810,733**	**2,531,981**	**22,237,557**
Liabilities							
Deposits from banks	898,293	–	12,539	–	–	1,296,758	2,207,590
Deposit from customers	7,892,319	1,083,018	1,086,277	1,049,545	359,010	4,775,951	16,246,120
Derivative financial instruments	15,430	10,000	25,825	–	–	–	51,255
Borrowed funds	365,703	10,256	79,781	1,410,559	199,702	9,000	2,075,001
Other liabilities	155,052	10,259	88,657	96,132	14,106	417,289	781,495
Total financial liabilities	**9,326,797**	**1,113,533**	**1,293,079**	**2,556,236**	**572,818**	**6,498,998**	**21,361,461**
Total interest repricing gap	**(5,079,825)**	**1,054,827**	**3,291,632**	**3,338,564**	**2,237,915**	**(3,967,017)**	**876,096**

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

5.2.2 Interest rate risk (continued)

Interest rate sensitivity analysis

The Group performs a periodic analysis of the sensitivity of its one-year projected earnings to an increase or decrease in market interest rates assuming a parallel shift in yield curves and a constant balance sheet position and the results using data as of 31 December 2020 and 31 December 2019 are shown below.

31 December 2020

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)	5.9	11.8	23.6	(5.9)	(11.8)	(23.6)

31 December 2019

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)	4.5	8.9	17.8	(4.5)	(8.9)	(17.8)

5.3 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.

5.3.1 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.

5.3.2 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, whereas the Group manages the inherent liquidity risk based on expected undiscounted cash inflows.

As at 31 December 2020	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Cash and balances with central banks	2,732,831	–	–	–	1,177,359	3,910,190
Trading financial assets	12,940	36,350	37,088	26,196	93,562	206,136
Derivative financial instruments	27,799	-	63,478	-	-	91,277
Loans and advances to banks	2,734,366	485,218	336,578	-	-	3,556,162
Loans and advances to customers	1,249,742	1,178,480	2,045,565	3,307,366	1,596,048	9,377,201
Treasury bills and other eligible bills	651,724	237,142	770,479	160,323	-	1,819,668
Investment securities	346,970	346,887	1,307,147	2,613,078	2,033,527	6,647,609
Pledged assets	-	-	423,600	-	-	423,600
Other assets	221,270	151,318	250,622	111,852	186,505	921,567
Total assets (expected maturity dates)	**8,468,522**	**2,435,395**	**5,234,557**	**6,218,815**	**5,087,001**	**27,444,290**
Liabilities						
Deposits from banks	2,875,823	43,844	637,485	220,514	–	3,777,666
Deposit from customers	15,047,313	801,335	1,621,283	749,645	194,383	18,413,959
Other borrowed funds	27,062	180,694	103,608	1,719,708	419,655	2,450,727
Other liabilities	179,698	106,670	130,997	311,915	25,664	754,944
Derivative financial instruments	11,069	–	67,839	–	–	78,908
Total liabilities (contractual maturity dates)	**18,493,675**	**1,132,543**	**2,913,922**	**3,001,782**	**639,702**	**26,181,624**
Gap analysis	**(10,025,153)**	**1,302,852**	**2,320,635**	**3,217,033**	**4,447,299**	**1,262,666**
Off-balance sheet items						
Loan commitments	–	–	771,725	324,993	–	1,096,718
Guarantees, acceptances and other financial facilities	–	–	2,371,940	530,859	–	2,902,799
Total	**–**	**–**	**3,143,665**	**855,852**	**–**	**3,999,517**

As at 31 December 2019	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Assets						
Cash and balances with central banks	1,748,025	–	–	–	1,264,686	3,012,711
Financial Asset held for trading	5,905	34,977	147,125	1,056	68,759	257,822
Derivative financial instruments	20,427	45,032	–	–	–	65,459
Loans and advances to banks	1,603,529	404,680	238,222	–	–	2,246,431
Loans and advances to customers	3,363,696	1,628,089	1,871,518	3,641,301	1,401,980	11,906,584
Treasury bills and other eligible bills	181,080	404,854	1,113,704	66,644	-	1,766,282
Investment securities	1,089,572	46,899	716,138	2,209,469	1,452,255	5,514,333
Pledged assets	–	–	351,478	–	–	351,478
Other assets	474,792	43,267	449,653	142,201	39,723	1,149,636
Total assets (expected maturity dates)	**8,487,026**	**2,607,798**	**4,887,838**	**6,060,671**	**4,227,403**	**26,270,736**
Liabilities						
Deposits from banks	3,135,012	526,621	223,189	199,602	–	4,084,424
Deposit from customers	12,987,391	1,183,962	1,161,846	816,802	221,060	16,371,061
Borrowed funds	145,114	38,584	167,677	2,515,933	54,640	2,921,948
Derivative financial instruments	672,660	373,110	1,189,981	26,452	565,847	2,828,050
Other liabilities	568,362	10,259	88,657	96,132	14,106	777,516
Total liabilities (contractual maturity dates)	**17,508,539**	**2,132,536**	**2,831,350**	**3,654,921**	**855,653**	**26,982,999**
Gap analysis	**(9,021,513)**	**475,262**	**2,056,488**	**2,405,750**	**3,371,750**	**(712,263)**
Off-balance sheet items						
Loan commitments	–	–	307,533	144,722	–	452,255
Guarantees, acceptances and other financial facilities	–	–	2,179,146	1,025,481	–	3,204,627
Total	**–**	**–**	**2,486,680**	**1,170,202**	**–**	**3,656,882**

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

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.

5.4 Offsetting

At 31 December 2020

	Gross amount	Gross amount set-off on SOFP	Net amount presented on SOFP	Related amount not set-off on SOFP	Net amount
Derivative financial assets					
• forwards	107,164	–	107,164	–	107,164
• swaps	7,998	–	7,998	–	7,998
• options	–	–	–	–	–
Derivative financial liabilities					
• forwards	73,271	–	73,271	–	73,271
• swaps	5,637	–	5,637	–	5,637
• options	–	–	–	–	–

At 31 December 2019

	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	40,459	–	40,459	–	40,459
• swaps	25,000	–	25,000	–	25,000
• options	–	–	–	–	–
Derivative financial liabilities					
• forwards	26,153	–	26,153	–	26,153
• swaps	25,102	–	25,102	–	25,102
• options	–	–	–	–	–

5.5 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	
	31 Dec. 2020	**31 Dec. 2019**	**31 Dec. 2020**	**31 Dec. 2019**
Financial assets:				
Cash and balances with central banks	3,752,596	2,829,313	3,752,596	2,829,313
Loans and advances to banks (*)	2,011,343	1,891,889	3,556,162	2,246,431
Loans and advances to customers	9,239,948	9,276,608	9,377,201	9,325,099
Other assets (excluding prepayments)	921,567	1,154,675	921,567	1,154,675
Financial liabilities:				
Deposits from banks	2,386,747	2,207,593	2,467,491	2,018,980
Deposit from customers	18,296,952	16,246,120	18,413,959	16,371,061
Other liabilities (excluding deferred income)	754,944	781,493	754,944	781,493
Borrowed funds	1,923,182	2,075,001	2,450,727	2,191,461

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

5.5 Fair value of financial assets and liabilities (continued)

(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:

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

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

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

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

	31 December 2020			31 December 2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Treasury and other eligible bills	449,241	1,281,604	–	879,087	753,662	–
Trading financial assets	–	156,490	–	166,724	15,938	–
Derivative financial instruments	–	115,162	–	–	65,459	–
Pledged assets	–	423,599	–	–	351,478	–
Investment securities	860,572	5,213,587	85	776,839	4,080,834	90
Total financial assets	**1,309,813**	**7,190,442**	**85**	**1,822,650**	**5,267,371**	**90**
Derivative financial instruments	–	78,908	–	–	51,255	–
Total financial liabilities	**–**	**78,908**	**–**	**–**	**51,255**	**–**

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

	31 Dec. 2020	31 Dec. 2019
	Level 3	Level 3
Opening balance	90	90
Disposal	(5)	–
Transfer from level 3 to level 2	–	–
Gains & losses recognised in other comprehensive income	–	–
Closing balance	**85**	**90**
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	**–**	**–**

Level 3 fair value measurement

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

Type of financial instrument	Fair value as at 31 Dec 2020	Valuation technique	Significant unobservable input	Change in unobservable input by 10 basis point	Change in unobservable input by 50 basis point
OCEANIC HEALTH MANAGEMENT	85	Discounted cash flow	Weighted average cost of capital	91	95

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

5.5 Fair value of financial assets and liabilities (continued)

(c) Financial instrument classification

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

At 31 December 2019	Amortised cost	FVTPL	FVTOCI - Debt Instruments	Equity Instruments at FVTPL	FVTOCI – Equity instruments	Liabilities at fair value through profit or loss	Liabilities at amortised cost	Total
Assets								
Cash and balances with central banks	2,829,313	–	–	–	–	–	–	2,829,313
Trading financial assets	–	182,662	–	–	–	–	–	182,662
Derivative financial instruments	–	65,459	–	–	–	–	–	65,459
Loans and advances to banks	1,891,889	–	–	–	–	–	–	1,891,889
Loans and advances to customers	9,276,608	–	–	–	–	–	–	9,276,608
Treasury bills and other eligible bills	–	–	1,632,749	–	–	–	–	1,632,749
Investment securities – Equity instruments	–	–	–	163,904	90	–	–	163,994
Investment securities – Debt instruments	–	–	4,693,769	–	–	–	–	4,693,769
Pledged assets	351,478	–	–	–	–	–	–	351,478
Other assets, excluding prepayments	1,154,675	–	–	–	–	–	–	1,154,675
Total	**15,503,963**	**248,121**	**6,326,518**	**163,904**	**90**	**–**	**–**	**22,242,596**
Liabilities								
Deposits from banks	–	–	–	–	–	–	2,207,593	2,207,593
Deposits from customers	–	–	–	–	–	–	16,246,120	16,246,120
Derivative financial instruments	–	–	–	–	–	51,255	–	51,255
Borrowed funds	–	–	–	–	–	–	2,075,001	2,075,001
Other liabilities, excluding non-financial liabilities	–	–	–	–	–	–	781,493	781,493
Total	**–**	**–**	**–**	**–**	**–**	**51,255**	**21,310,207**	**21,361,462**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

5.6 Financial risk management

The Group's capital management objectives are:

- To comply with the capital requirements set by regulators in the markets where the Group's entities operate and safeguard the Group's ability to continue as a going concern;
- To maintain a strong capital base that supports the development of the business; and
- To sustain a sufficient level of returns for the Group's shareholders.

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

The Group's capital is divided into two tiers:

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

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

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

	31 Dec 2020	31 Dec 2019
Regulatory Capital		
Tier 1 capital		
Share capital	2,113,961	2,113,957
Retained earnings	199,172	245,563
IFRS 9 Day One transition adjustment	99,767	99,767
Statutory reserves	632,762	584,396
Other reserves	(1,688,385)	(1,618,813)
Non-controlling interests	257,884	241,775
Less: goodwill	(18,844)	(191,634)
Less: intangibles	(133,026)	(118,340)
Less: other deductions	-	–
Total qualifying Tier 1 capital	**1,463,291**	**1,356,671**
Tier 2 capital		
Subordinated debt and other instruments	285,405	271,185
Revaluation reserves	102,955	102,955
Non-controlling interests included in Tier 2 capital	65,725	63,785
Total qualifying Tier 2 capital	**454,085**	**437,925**
Total regulatory capital	**1,917,376**	**1,794,596**
Risk-weighted assets:		
Credit risk weighted assets	12,334,703	12,126,499
Market risk weighted assets	103,260	82,123
Operational risk weighted assets	3,189,821	3,294,858
Total risk-weighted assets	**15,627,784**	**15,503,480**
Tier 1 Capital Adequacy Ratio	**9.4%**	**8.8%**
Total Capital Adequacy Ratio	**12.3%**	**11.6%**

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

6 Segment analysis

Following the management approach of IFRS 8, 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 and Investment Bank:** Focuses on providing one-stop banking services to multinationals, regional companies, government and government agencies, financial institutions and international organisations across the network. This unit provides also Treasury activities.

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

c) **Consumer Bank:** 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 31 December 2020	CIB	Commercial	Consumer	Others	Total business segment	Consolidation adjustments	Ecobank Group
Net interest income	550,319	179,047	229,307	(52,001)	906,672	554	907,226
Net fees and commission income	398,349	192,840	170,670	238,199	1,000,058	(227,519)	772,539
Operating income	**948,668**	**371,887**	**399,977**	**186,198**	**1,906,730**	**(226,965)**	**1,679,765**
Impairment charges on financial assets	(126,214)	(52,345)	(21,681)	(26,785)	(227,025)	-	(227,025)
Operating expenses	(426,713)	(280,181)	(326,274)	(147,475)	(1,180,643)	126,605	(1,054,038)
Operating profit after impairment charges	**395,741**	**39,361**	**52,022**	**11,938**	**499,062**	**(100,360)**	**398,702**
Share of loss from associates	(103)	–	–	–	(103)	(194)	(297)
Net monetary loss arising from hyperinflationary economy	(31,464)	(16,294)	(9,678)	(3,087)	(60,523)	–	(60,523)
Goodwill Impairment	–	–	–	–	–	(163,564)	(163,564)
Profit before tax from continuing operations	**364,174**	**23,067**	**42,344**	**8,851**	**438,436**	**(264,118)**	**174,318**
Total assets	**14,594,715**	**1,587,584**	**1,075,198**	**3,893,508**	**21,151,005**	**4,788,468**	**25,939,473**
Total liabilities	**12,251,226**	**4,509,393**	**6,416,268**	**1,802,357**	**24,979,244**	**(1,242,651)**	**23,736,593**
At 31 December 2019							
Net interest income	395,196	155,217	211,917	(13,421)	748,909	820	749,729
Net fees and commission income	151,819	104,651	168,085	25,053	449,608	(30,092)	419,516
Other income	266,698	100,052	36,912	225,178	628,840	(175,826)	453,014
Operating income	**813,713**	**359,920**	**416,914**	**236,810**	**1,827,357**	**(205,098)**	**1,622,259**
Impairment charges on financial assets	(60,660)	(32,737)	(15,452)	(24,708)	(133,557)	-	(133,557)
Operating expenses	(423,275)	(277,461)	(334,561)	(62,730)	(1,098,027)	24,646	(1,073,381)
Operating profit after impairment charges	**329,778**	**49,722**	**66,901**	**149,372**	**595,773**	**(180,452)**	**415,321**
Share of loss from associates	(156)	–	–	(620)	(776)		(776)
Net monetary loss arising from hyperinflationary economy				(9,466)	(9,466)		(9,466)
Profit before tax from continuing operations	**329,622**	**49,722**	**66,901**	**139,286**	**585,531**	**(180,452)**	**405,079**
Total assets	**13,898,717**	**1,750,062**	**1,003,741**	**4,013,305**	**20,665,825**	**2,975,359**	**23,641,184**
Total liabilities	**12,957,810**	**3,813,213**	**5,505,945**	**1,942,446**	**24,219,414**	**(2,464,007)**	**21,755,407**

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

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(All amounts in thousands of US dollars 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.

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 Tome. 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 31 December 2020 is as follows:

	UEMOA	NIGERIA	AWA	CESA	Others and consolidation adjustment	Ecobank Group
At 31 December 2020						
Net interest income	310,815	160,608	317,349	210,713	(92,259)	907,226
Non interest income	200,600	108,829	158,590	247,267	57,253	772,539
Operating income	**511,415**	**269,437**	**475,939**	**457,980**	**(35,006)**	**1,679,765**
Impairment charges on financial assets	(55,642)	(12,197)	(39,706)	(28,857)	(90,622)	(227,025)
Operating expenses	(304,042)	(222,064)	(235,077)	(249,059)	(43,796)	(1,054,038)
Operating profit	**151,731**	**35,176**	**201,156**	**180,064**	**(169,424)**	**398,702**
Share of loss from associates	-	-	-	(103)	(194)	(297)
Net monetary loss arising from hyperinflationary economy	-	-	-	(60,523)	-	(60,523)
Goodwill impairment	-	-	-	-	(163,564)	(163,564)
Profit before tax	**151,731**	**35,176**	**201,156**	**119,438**	**(333,182)**	**174,318**
Taxation	(10,761)	(1,908)	(62,025)	(30,740)	16,099	(89,335)
Profit after tax	**140,969**	**33,268**	**139,131**	**88,698**	**(326,309)**	**88,319**
Total assets	**9,969,419**	**5,629,754**	**4,303,693**	**5,961,280**	**75,326**	**25,939,473**
Total liabilities	**9,147,215**	**5,124,621**	**3,718,862**	**5,366,479**	**554,582**	**23,911,760**
At 31 December 2019						
Net interest income	290,809	102,690	254,766	193,921	(92,457)	749,729
Non interest income	217,500	153,040	181,891	250,424	69,675	872,530
Operating income	**508,309**	**255,730**	**436,657**	**444,345**	**180,130**	**1,622,259**
Impairment losses on financial assets	(32,477)	(6,713)	(53,979)	(2,899)	(37,489)	(133,557)
Operating expenses	(302,148)	(242,760)	(203,386)	(259,194)	(65,893)	(1,073,381)
Operating profit	**173,684**	**6,257**	**179,292**	**182,252**	**(126,164)**	**415,321**
Share of loss from associates	-	-	3	(159)	(620)	(776)
Net monetary loss arising from hyperinflationary economy	-	-	-	(9,466)		(9,466)
Profit before tax	**173,684**	**6,257**	**179,295**	**172,627**	**(126,784)**	**405,079**
Taxation	(27,011)	(3,080)	(53,741)	(60,335)	9,302	(134,865)
Profit after tax	**146,673**	**3,177**	**125,554**	**112,292**	**(117,482)**	**270,214**
Total assets	**8,960,332**	**5,932,641**	**3,576,629**	**5,597,660**	**(426,078)**	**23,641,184**
Total liabilities	**8,263,104**	**5,439,475**	**3,122,567**	**5,080,545**	**(150,284)**	**21,755,407**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

7 Net interest income

	2020	2019
Interest income		
Loans and advances to banks	34,567	64,309
Loans and advances to customers:		
• Corporate	507,136	535,674
• Commercial	125,653	128,539
• Consumer	123,826	108,475
Treasury bills and other eligible bills	222,003	195,266
Investment securities	358,100	332,265
Trading financial assets	16,442	37,739
Others	2,711	9,731
	1,390,438	**1,411,998**
Interest expense		
Deposits from banks	77,758	115,320
Due to customers:		
• Corporate	140,200	161,341
• Commercial	39,142	53,993
• Consumer	109,333	136,389
Borrowed funds	108,308	174,208
Interest expense for lease liabilities	4,425	6,458
Others	4,046	14,560
	483,212	**662,269**

8 Net fee and commission income

	2020	2019
Fee and commission income		
Credit related fees and commissions	127,099	134,470
Corporate finance fees	16,264	13,951
Portfolio and other management fees	10,900	21,243
Brokerage fees and commissions	3,418	5,383
Cash management and related fees	187,226	198,499
Card management fees	64,553	79,430
Other fees	15,129	6,890
	424,589	**459,866**
Fee and commission expense		
Brokerage fees paid	1,911	1,459
Other fees paid	33,732	38,891
	35,643	**40,350**

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.

8 Net fee and commission income (continued)

Analysis of net fees and commissions by region

	UEMOA	NIGERIA	AWA	CESA	Other and consolidation adjustment	Total
31 December 2020						
Fee and commission income						
Credit related fees and commissions	31,197	10,285	29,333	44,626	11,658	127,099
Corporate finance fees	4,321	–	1,595	2,697	7,651	16,264
Portfolio and other management fees	10,105	333	154	305	3	10,900
Brokerage fees and commissions	543	762	1,823	292	(1)	3,418
Cash management and related fees (*)	60,804	17,849	36,144	69,589	2,840	187,226
Card management fees	16,166	9,480	14,648	23,977	282	64,553
Other fees	3,805	442	13,182	2,326	(4,626)	15,129
Total	**126,941**	**39,151**	**96,879**	**143,812**	**17,807**	**424,589**
Fee and commission expense						
Brokerage fees paid	1,081	311	–	518	1	1,911
Other fees paid	6,805	3,617	5,454	12,657	5,199	33,732
Total	**7,886**	**3,928**	**5,454**	**13,175**	**5,200**	**35,643**
Net fees and commission	**119,055**	**35,223**	**91,425**	**130,637**	**12,607**	**388,946**
31 December 2019						
Fee and commission income						
Credit related fees and commissions	27,483	14,458	22,776	30,213	39,540	134,470
Corporate finance fees	5,739	471	5,577	3	2,161	13,951
Portfolio and other management fees	6,960	–	–	191	14,092	21,243
Brokerage fees and commissions	354	1,152	3,597	190	90	5,383
Cash management and related fees (*)	45,682	13,461	27,417	57,814	54,124	198,499
Card management fees	12,691	14,111	12,985	19,423	20,220	79,430
Other fees	4,425	610	371	6,550	(5,066)	6,890
Total	**103,334**	**44,263**	**72,723**	**114,384**	**125,161**	**459,866**
Fee and commission expense						
Brokerage fees paid	465	461	–	151	382	1,459
Other fees paid	3,293	4,614	2,357	10,149	18,477	38,891
Total	**3,758**	**5,075**	**2,357**	**10,300**	**18,859**	**40,350**
Net fees and commission	**99,576**	**39,188**	**70,366**	**104,084**	**106,302**	**419,516**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

8 Net fee and commission income (continued)

Analysis of net fees and commissions by business unit

	CIB	Commercial	Consumer	Other and consolidation adjustment	Total
31 December 2020					
Fee and commission income					
Credit related fees and commissions	85,111	31,790	7,937	2,261	127,099
Corporate finance fees	8,614	–	–	7,650	16,264
Portfolio and other management fees	9,341	–	1,557	2	10,900
Brokerage fees and commissions	3,192	11	215	–	3,418
Cash management and related fees (*)	50,027	66,487	69,146	1,566	187,226
Card management fees	474	4,550	59,264	265	64,553
Other fees	16,857	2,407	974	(5,109)	15,129
Total	**173,616**	**105,245**	**139,093**	**6,635**	**424,589**
Fee and commission expense					
Brokerage fees paid	1,849	62	–	–	1,911
Other fees paid	22,344	6,282	3,977	1,129	33,732
Total	**24,193**	**6,344**	**3,977**	**1,129**	**35,643**
Net fees and commission	**149,423**	**98,901**	**135,116**	**5,506**	**388,946**
31 December 20119					
Fee and commission income					
Credit related fees and commissions	68,671	26,011	7,505	32,283	134,470
Corporate finance fees	10,767	–	1,023	2,161	13,951
Portfolio and other management fees	7,058	–	93	14,092	21,243
Brokerage fees and commissions	5,162	14	117	90	5,383
Cash management and related fees (*)	41,976	52,020	54,632	49,871	198,499
Card management fees	567	1,624	57,019	20,220	79,430
Other fees	3,604	5,585	939	(3,238)	6,890
Total	**137,805**	**85,254**	**121,328**	**115,480**	**459,866**
Fee and commission expense					
Brokerage fees paid	1,062	13	2	382	1,459
Other fees paid	16,295	5,236	3,082	14,278	38,891
Total	**17,357**	**5,249**	**3,084**	**14,660**	**40,350**
Net fees and commission	**120,448**	**80,005**	**118,244**	**100,819**	**419,516**

* Cash management and related fees is the sum of : Funds transfer commissions , Euro commissions, Rapid transfer, Current account servicing, Draft issuance commissions, Western Union commissions, Internet and SMS banking commissions, Mobile money revenues, Other cash management commissions, Money Gram Commissions, RIA Commissions, WARI Commissions, Bancassurance Commissions, Cash management from affiliates

9 Net trading income

	2020	2019
Foreign exchange	265,459	295,558
Trading income on securities	80,817	86,133
	346,276	**381,691**

10 Net investment income

	2020	2019
Net gains from investment securities	16,617	6,879
	16,617	**6,879**

11 Other operating income

	2020	2019
i) Lease income		
Equipment	–	4,153
Motor vehicles	184	14
Other leased assets	22	6
	206	**4,173**
ii) Dividend income		
Trading securities	255	36
Other equity securities	5,412	7,899
	5,667	**7,935**
iii) Others		
Fair value loss on investment properties	(2,730)	–
Profit on sale of property and equipment	1,928	–
Others	15,629	52,336
	14,827	**52,336**
Total other operating income	**20,700**	**64,444**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

12 Operating expenses

Year ended 31 December	2020	2019
a) Staff expenses		
Salaries, allowances and other compensation	398,483	421,306
Social security costs	44,303	44,994
Pension costs:		
• defined contribution plans	15,562	6,923
Other post-retirement benefits	4,644	17,088
	462,992	**490,311**
b) Depreciation and amortisation		
Depreciation of property and equipment (Note 28)	61,687	66,207
Depreciation of right-of-use assets (Note 28)	20,992	21,937
Amortisation of software and other intangibles (Note 27)	21,527	20,360
	104,206	**108,504**
c) Other operating expenses		
Directors' emoluments	2,137	1,891
Restructuring costs	31,682	10
Social responsibility	2,097	1,417
Rent and utilities	42,978	33,795
Insurance	31,423	30,690
Advertising and promotion	18,929	20,310
Professional and legal costs	63,949	67,379
Operational losses and fines	6,115	12,949
Communications and technology	136,180	120,561
Business travels	8,391	16,685
AGM and board activities	1,602	2,670
Training	3,875	9,746
Employee activities	12,135	11,698
Repairs and maintenance	20,605	25,293
Supplies and services	9,378	9,239
Cash transportation	17,301	18,796
Fuel	6,849	11,543
Other taxes	20,665	24,438
Listing fees	2,072	2,407
Banking resolution sinking fund cost (AMCON)	34,671	36,537
Other administrative expenses	13,806	16,512
Total	**486,840**	**474,566**
Total operating expenses	**1,054,038**	**1,073,381**

13 Impairment losses on loans and advances

	2020	2019
Impairment losses on loans and advances	**312,072**	**314,177**
• Impairment losses stage 3	240,157	184,572
• Impairment losses stage 1 and 2	71,915	129,605
Recoveries / Release of provisions	**(130,517)**	**(204,262)**
	181,555	**109,915**

14 Impairment losses on other financial assets

	2020	2019
Impairment charge on other financial assets (Note 25)	45,470	23,642

15 Taxation

	2020	2019
Current income tax	140,619	126,462
Deferred income tax (Note 37)	(51,284)	8,403
	89,335	**134,865**

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 parent as follows:

Profit before tax	174,318	405,079
Tax calculated at local tax rates applicable to profits in the respective countries	158,355	141,890
Tax impact on income not subject to tax	(42,524)	(13,700)
Tax impact on expenses not deductible for tax purposes	6,850	7,099
Utilisation of previously unrecognised tax losses	(33,346)	(424)
Income tax expense	**89,335**	**134,865**

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.

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

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 period.

	2020	2019
Profit attributable to equity holders of the Company from continuing operations	**2,401**	**191,409**
Profit attributable to equity holders of the Company from discontinued operations	**1,801**	**2,549**
Weighted average number of ordinary shares in issue (in thousands)	**24,592,619**	**24,592,619**
Basic earnings per share (expressed in US cents per share) from continuing operations	**0.010**	**0.778**
Basic earnings per share (expressed in US cents per share) from discontinued operations	**0.007**	**0.010**

Diluted

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

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

Profit attributable to equity holders of the company from continuing operations	2,401	191,409
Interest expense on dilutive convertible loans	–	–
	2,401	191,409
Profit attributable to equity holders of the company from discontinued operations	1,801	433
Interest expense on dilutive convertible loans	–	–
	1,801	433
Weighted average number of ordinary shares in issue (in thousands)	24,592,619	24,592,619
Adjustment for dilutive convertible loans		
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	24,592,619	24,592,619
Dilutive earnings per share (expressed in US cents per share) from continuing operations	0.010	0.778
Dilutive earnings per share (expressed in US cents per share) from discontinued operations	0.007	0.010

17 Cash and balances with central banks

	31 Dec. 2020	31 Dec. 2019
Cash in hand	716,391	636,886
Balances with central banks other than mandatory reserve deposits	1,858,846	927,741
Included in cash and cash equivalents (Note 42)	**2,575,237**	**1,564,627**
Mandatory reserve deposits with central banks	1,177,359	1,264,686
	3,752,596	**2,829,313**

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

18 Trading financial assets/financial assets held for trading

	2020	2019
Debt securities:		
• Government bonds	156,490	182,662
Total	**156,490**	**182,662**
Current	156,490	182,662
	156,490	**182,662**

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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.

	31 December 2020			31 December 2019		
		Fair Value Assets			Fair Value Assets	
Derivatives	Notional Amount	Assets	Liabilities	Notional Amount	Assets	Liabilities
Currency forwards	1,633,892	107,164	73,271	1,222,323	40,459	26,153
Cross-currency interest rate swaps	20,311	7,998	5,637	7,071	25,000	25,102
Total	**1,654,203**	**115,162**	**78,908**	**1,229,394**	**65,459**	**51,255**

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

	2020	2019
Items in course of collection from other banks	56,031	64,238
Deposits with other banks (Note 42)	1,279,772	1,226,587
Placements with other banks	675,540	601,064
	2,011,343	**1,891,889**

All loans and advances to banks are current.

21 Loans and advances to customers

	31 December							
	CIB		Commercial		Consumer		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
a) Analysis by type:								
Overdrafts	690,749	1,060,015	420,046	430,407	57,771	74,039	1,168,566	1,564,461
Credit cards	-	-	-	-	3,961	3,450	3,961	3,450
Term loans	6,303,592	6,085,231	1,217,856	1,178,417	964,664	860,147	8,486,112	8,123,795
Mortgage loans	-	-	-	-	139,424	141,952	139,424	141,952
Others	-	-	-	-	-	-	-	-
Gross loans and advances	**6,994,341**	**7,145,246**	**1,637,902**	**1,608,824**	**1,165,820**	**1,079,588**	**9,798,063**	**9,833,658**
Less: allowance for impairment	(209,422)	(199,777)	(273,136)	(277,721)	(75,557)	(79,552)	(558,115)	(557,050)
Net loans and advances	**6,784,919**	**6,945,469**	**1,364,766**	**1,331,103**	**1,090,263**	**1,000,036**	**9,239,948**	**9,276,608**
b) Analysis by stage:								
Gross loans								
Stage 1	5,690,903	5,680,928	1,063,966	1,030,412	1,053,408	980,865	7,808,277	7,692,205
Stage 2	1,004,973	957,534	208,887	214,573	26,872	13,681	1,240,732	1,185,788
Stage 3 (Impaired)	298,465	506,784	365,049	363,839	85,540	85,042	749,054	955,665
Total	**6,994,341**	**7,145,246**	**1,637,902**	**1,608,824**	**1,165,820**	**1,079,588**	**9,798,063**	**9,833,658**
Impairment								
Stage 1	(53,864)	(18,918)	(17,260)	(26,298)	(19,094)	(7,533)	(90,218)	(52,749)
Stage 2	(67,344)	(26,581)	(21,248)	(36,951)	(4,297)	(10,584)	(92,889)	(74,116)
Stage 3 (Impaired)	(88,214)	(154,279)	(234,628)	(214,472)	(52,166)	(61,434)	(375,008)	(430,185)
Total	**(209,422)**	**(199,777)**	**(273,136)**	**(277,721)**	**(75,557)**	**(79,552)**	**(558,115)**	**(557,050)**
c) Analysis by security:								
Secured against real estate	898,241	2,122,400	638,782	627,441	225,945	161,266	1,762,967	2,911,107
Otherwise secured	4,977,005	3,879,607	917,225	900,941	523,169	274,248	6,417,399	5,054,796
Unsecured	1,119,095	1,143,239	81,895	80,441	416,706	644,074	1,617,697	1,867,755
	6,994,341	**7,145,246**	**1,637,902**	**1,608,824**	**1,165,820**	**1,079,588**	**9,798,063**	**9,833,658**
Current							6,074,799	6,096,868
Non current							3,723,264	3,736,790
							9,798,063	**9,833,658**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

21 Loans and advances to customers (continued)

d) Movements in loans and advances

Reconciliation of loans and advances by class is as follows:

At 31 December 2020

	CIB			Commercial			Consumer				Total
	Overdrafts	Term loans	Others	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term loans	Mortgage	
At 1 January	1,060,015	6,085,231	–	430,407	1,178,417	–	74,039	3,450	860,147	141,952	9,833,658
Disbursed during the period	446,682	3,191,797	–	277,868	1,041,949	100	72,755	3,297	332,115	208,085	5,574,648
Paid off during the period	(645,577)	(2,971,377)	(1,859)	(304,657)	(1,134,810)	(87)	(82,306)	(2,760)	(191,265)	(219,768)	(5,554,466)
Amounts written off as uncollectible	–	(171,422)	–	–	–	–	–	–	–	–	(171,422)
Reclassification	(185,844)	108,435	1,859	10,145	115,098	(13)	(7,798)	(76)	(48,889)	7,083	-
Exchange difference	15,473	60,928	–	6,283	17,202		1,081	50	12,556	2,072	115,645
At 31 December 2020	**690,749**	**6,303,592**	**–**	**420,046**	**1,217,856**	**–**	**57,771**	**3,961**	**964,664**	**139,424**	**9,798,063**

At 31 December 2019

	CIB			Commercial			Consumer				Total
	Overdrafts	Term loans	Others	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term loans	Mortgage	
At 1 January	892,806	6,473,076	–	294,653	1,182,134	1,654	86,788	3,101	766,737	106,260	9,807,209
Disbursed during the year	1,187,282	3,168,186	31,394	279,768	952,790	89	28,463	3,201	483,095	183,069	6,317,337
Paid off during the year	(765,770)	(3,551,171)	(31,912)	(168,108)	(1,030,254)	(1,694)	(40,157)	(2,911)	(183,899)	(146,455)	(5,922,331)
Amounts written off as uncollectible	–	(163,773)	–	–	–	–	–	–	–	–	(163,773)
Reclassification	(123,320)	304,196	518	(17,835)	–	–	–	251	(166,130)	2,320	–
Exchange difference	(130,983)	(145,283)	–	41,929	73,747	(49)	(1,055)	(192)	(39,656)	(3,242)	(204,784)
At 31 December 2019	**1,060,015**	**6,085,231**	**–**	**430,407**	**1,178,417**	**–**	**74,039**	**3,450**	**860,147**	**141,952**	**9,833,658**

21 Loans and advances to customers (continued)

e) Allowance for impairment

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

At 31 December 2020

	CIB			Commercial			Consumer				Total
	Overdrafts	Term loans	Others	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term loans	Mortgage	
Specific impairment (stage 3)											
At 1 January	6,533	126,558	-	88,379	170,871	-	29,275	1,377	6,531	661	430,185
Provision for loan impairment	468	107,128	1,098	10,664	86,904	455	2,276	-	30,963	201	240,157
Recoveries / Release of provisions	(6,330)	(52,230)	(2,675)	(19,831)	(67,628)	2	(3,405)	(1,276)	(4,681)	(619)	(158,673)
Loans written off during the period	-	(171,422)	-	-		-	-	-		-	(171,422)
Reclassification	3,292	76,383	1,577	(13,878)	(16,632)	(457)	4,377	951	(15,025)	1,176	41,764
Exchange difference	(106)	(2,060)	-	(1,439)	(2,782)	-	(14,678)	(22)	14,095	(11)	(7,003)
At 31 December 2020	**3,857**	**84,357**	**-**	**63,895**	**170,733**	**-**	**17,845**	**1,030**	**31,883**	**1,408**	**375,008**

At 31 December 2020

	CIB			Commercial			Consumer				Total
	Overdrafts	Term loans	Others	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term loans	Mortgage	
Collective impairment (Stage 1 and 2)											
At 1 January	35,943	30,743	-	-	18,471	–	39,257	99	1,622	730	126,865
Provision for loan impairment	3,182	16,125	3,918	32,953	21,833	3,208	1,695	-	(11,975)	976	71,915
Recoveries / Release of provisions	(1,495)	39,387	(188)	(3,168)	3,247	(757)	(723)	-	(7,318)	(829)	28,156
Reclassification	2,433	(4,025)	(3,730)	(27,142)	(7,385)	(2,451)	(1,006)	3	1,012	527	(41,764)
Exchange difference	(585)	(500)	-	-	(301)	-	(639)	(2)	(26)	(12)	(2,065)
At 31 December 2020	**39,478**	**81,730**	**-**	**2,643**	**35,865**	**–**	**38,584**	**100**	**(16,685)**	**1,392**	**183,107**
Total allowance for impairment	**43,335**	**166,087**	**–**	**66,538**	**206,598**	**–**	**56,429**	**1,130**	**15,198**	**2,800**	**558,115**

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

21 Loans and advances to customers (continued)

e) Allowance for impairment (continued)

At 31 December 2019

	CIB			Commercial				Consumer				Total
	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term loans	Others	Overdrafts	Credit cards	Term loans	Mortgage	
Specific impairment (stage 3)												
At 1 January	19,127	260,488	–	56,895	2	184,650	–	19,337	–	6,949	-	547,448
Provision for loan impairment	22,745	311,601	1,070	20,483	–	136,344	1,012	(5,686)	–	227,213	547	715,329
Recoveries / Release of provisions	(29,056)	(207,526)	(24,511)	(42,199)	–	(115,095)	–	(1,364)	–	(196,959)	(41)	(616,751)
Loans written off during the period	–	(163,773)	–	–	–	–	–	–	–	-	-	(163,773)
Reclassification	(6,283)	(70,130)	23,441	53,200	(2)	(35,028)	(1,012)	16,988	1,377	(30,057)	155	(47,351)
Exchange difference	–	(4,102)	–	–	–	–	–			(615)	–	(4,717)
At 31 December 2019	**6,533**	**126,558**	**–**	**88,379**	**–**	**170,871**	**–**	**29,275**	**1,377**	**6,531**	**661**	**430,185**

At 31 December 2019

	CIB			Commercial				Consumer				Total
	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term loans	Others	Overdrafts	Credit cards	Term loans	Mortgage	
Collective impairment (stage 1 and 2)												
At 1 January	43,616	106,552	-	3,242	–	13,304	-	47,957	1,361	(46,445)	974	170,561
Provision for loan impairment	1,067	(3,447)	679	51,592	–	44,707	346	443	-	33,389	829	129,605
Recoveries / Release of provisions	(2,121)	(12,358)	(1,619)	(41,915)	–	(39,237)	(733)	(12,585)	-	(6,615)	(1,085)	(118,268)
Reclassification	(1,491)	12,476	(22,501)	(3,279)	–	48,991	1,399	4,072	(2,639)	10,466	(143)	47,351
Exchange difference	(5,128)	(72,480)	23,441	(9,640)	–	(49,294)	(1,012)	(630)	1,377	10,827	155	(102,384)
At 31 December 2019	**35,943**	**30,743**	**–**	**–**	**–**	**18,471**	**–**	**39,257**	**99**	**1,622**	**730**	**126,865**
Total allowance for impairment	**42,476**	**157,301**	**–**	**88,379**	**2**	**189,342**	**–**	**68,532**	**1,476**	**8,153**	**1,391**	**557,050**

21 Loans and advances to customers (continued)

f) Investment in finance leases

At 31 December	2020	2019
Loans and advances to customers include finance lease receivables analysed below.		
Gross investment in finance leases, receivable		
No later than 1 year	123	495
Later than 1 year and no later than 5 years	1,695	8,694
	1,818	**9,189**
Unearned future finance income on finance leases	-	(10)
Net investment in finance leases	**1,818**	**9,179**
Analysis by industry on gross loans		
The net investment in finance lease may be analysed as follows:		
No later than 1 year	98	495
Later than 1 year and no later than 5 years	1,720	8,684
	1,818	**9,179**

22 Treasury bills and other eligible bills

At 31 December	2019	2018
Maturing within three months (Note 42)	637,364	381,444
Maturing after three months	1,093,481	1,251,305
	1,730,845	**1,632,749**
Current	637,364	381,444
Non current	1,093,481	1,251,305
	1,730,845	**1,632,749**

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

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

23 Investment securities

At 31 December	2020	2019
Debt securities		
• At FVTOCI listed	2,654,410	1,901,387
• At FVTOCI unlisted	3,259,519	2,793,413
Total	5,913,929	4,694,800
Equity securities		
• At FVTOCI unlisted	85	90
• At FVTPL listed	1,797	2,169
• At FVTPL unlisted	159,749	161,735
Total	161,631	163,994
Total investment securities before impairment	6,075,560	4,858,794
Allowance for impairment	(1,316)	(1,031)
Total investment securities	**6,074,244**	**4,857,763**
Current	718,487	718,487
Non current	5,355,757	4,139,276
	6,074,244	**4,857,763**

The movement in investment securities may be summarised as follows:

	2020	2019
At 1 January	4,857,763	4,568,262
Additions	3,419,589	2,911,125
Disposals (sale and redemption)	(2,547,499)	(2,570,480)
Losses from impairment of investment securities	14	23
Gains/(loss) from changes in fair value	76,639	60,667
Exchange differences	267,738	(111,834)
At 31 December	**6,074,244**	**4,857,763**

24 Pledged assets

At 31 December	2020	2019
Treasury bills	389,033	292,288
Government bonds	22,566	47,190
Eurobonds	12,000	12,000
	423,599	**351,478**

Pledged assets have been stated at fair values

Current	344,466	106,597
Non-current	79,133	244,881
	423,599	**351,478**

25 Other assets

At 31 December	2020	2019
Fees receivable	10,642	9,302
Accounts receivable	733,769	738,616
Prepayments	206,633	156,458
Repossessed assets	198,647	170,389
Sundry receivables	150,342	236,368
	1,300,033	**1,311,133**
Impairment charges on receivable balances	(171,833)	(126,363)
	1,128,200	**1,184,770**
Current	1,058,426	1,078,996
Non-current	69,774	105,774
	1,128,200	**1,184,770**

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

1 January	126,363	141,134
Increase in impairment	45,470	23,642
Write-off	-	(38,413)
At 31 December	**171,833**	**126,363**

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

26 Investment in associates

At 31 December	2020	2019
At 1 January	3,664	6,147
Share of results	(297)	(776)
Derecognition of Old Mutual Life Insurance	-	(1,657)
Exchange differences	101	(50)
At 31 December	**3,468**	**3,664**

Investment in associates balances are non-current.

	At 31 December 2020			At 31 December 2019		
	OLD MUTUAL General insurance	EB-ACCION Cameroon	Accion Microfinance Bank Ltd (Nigeria)	OLD MUTUAL General insurance	EB-ACCION Cameroon	Accion Microfinance Bank Ltd (Nigeria)
Current assets	18,614	14,992	29,640	18,078	12,863	30,761
Non-current assets	79	378	2,154	88	515	3,238
Total assets	**18,693**	**15,370**	**31,793**	**18,166**	**13,378**	**33,999**
Liabilities	8,852	13,834	19,018	9,297	11,968	19,249
Total liabilities	**8,852**	**13,834**	**19,018**	**9,297**	**11,968**	**19,249**
Revenues	2,983	2,743	10,202	2,604	2,709	15,503
Profit after tax	(387)	(227)	(311)	383	(320)	2,895

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

	At 31 December 2020			At 31 December 2019		
	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)
EB-ACCION Cameroon	Cameroon	1,536	49.87%	Cameroon	1,410	49.87%
Accion Microfinance Bank Ltd (Nigeria)	Nigeria	12,776	21.73%	Nigeria	14,750	21.73%
OLD MUTUAL General insurance	Nigeria	9,841	30.00%	Nigeria	8,869	30.00%

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

At 31 December 2020	OLD MUTUAL General insurance	EB-ACCION Nigeria	EB-ACCION Cameroon	Total
Opening net assets	8,869	14,750	1,410	25,029
Profit / (loss) for the period	(387)	(311)	(227)	(925)
Exchange differences	1,358	(1,663)	354	49
Closing net assets	**9,841**	**12,776**	**1,536**	**24,153**
Interest in associates	2,952	2,776	766	6,495

At 31 December 2019	OLD MUTUAL General insurance	EB-ACCION Nigeria	EB-ACCION Cameroon	Total
Opening net assets	5,391	19,278	477	25,146
Profit/(loss) for the year	383	2,895	(320)	2,958
Exchange differences	3,095	(7,424)	1,254	(3,075)
Closing net assets	**8,869**	**14,750**	**1,410**	**25,029**
Interest in associates	2,661	3,205	703	6,569

27 Intangible assets

At 31 December	2020	2019
At 1 January	191,634	199,105
Goodwill impairment	(163,564)	-
Exchange differences	(9,226)	(7,471)
At 31 December	**18,844**	**191,634**

Goodwill is tested annually for impairment, or more frequently when there are indications that impairment may have occurred. There was an impairment identified as of 31 December 2020 of $163.6 million (2019: nil).

A goodwill with a carrying value of $159.4 million as of 30 September 2020, arising from the acquisition of Oceanic bank in Nigeria done in 2011, was assessed as impaired. Although this goodwill had an opening balance of $168.9 million as of 1 January 2020, currency movement during the period resulted in a translation adjustment of $9.5 million and consequently an unadjusted period-end balance of $159.4 million as of 30 September 2020. Another goodwill with a carrying value of $4.8 million as of 31 December 2020, arising from the acquisition of SOFIPE in Burkina Faso done in 2014, was assessed as impaired of $4.1 million.

The requirement of IAS 36 (Impairment of assets) stipulates that goodwill should be assessed for impairment annually or more frequently where changes in circumstances are indicative of impairment. The impairment testing of the Oceanic goodwill indicated an impairment due to the recoverable value being lower than the carrying value. The value-in-use (VIU) computation, as a proxy of the recoverable value, was lower than the carrying value of the Nigerian business. The VIU takes into consideration the future cash flows, terminal growth rate and discount rate assumptions. There have been material changes in the underlying key variables, which led to a significantly lower VIU and consequently an impairment.

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

27 Intangible assets (continued)

	2020	2019
Software costs		
At 1 January	118,340	79,229
Purchase	25,393	58,369
Amortisation (Note 12)	(21,527)	(20,360)
Exchange differences	10,820	1,102
At 31 December	**133,026**	**118,340**
Total intangible assets	**151,870**	**309,974**

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 three years.

The goodwill is arising on acquisitions of the following subsidiaries:

At 31 December	2020	2019
Ecobank Nigeria (Oceanic Bank)	-	168,645
Ecobank Ghana (The Trust Bank)	7,048	7,298
Ecobank Rwanda	3,904	4,116
Ecobank Zimbabwe	79	390
SOFIPE	659	4,396
Ecobank Chad	2,863	2,621
Ecobank Central Africa	1,762	1,613
Ecobank Burundi	964	997
Ecobank Sierra Leone (ProCredit)	408	425
Ecobank Malawi	127	133
Ecobank Burkina Faso	543	497
Pan African Savings and Loans Ghana	487	503
	18,844	**191,634**

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

At 31 December	2020		2019	
Summary of key inputs Entities	Discount factor	Long term growth rate	Discount factor	Long term growth rate
Ecobank Nigeria (Oceanic Bank) *	23.5%	13.9%	12.69%	2.1%
Ecobank Ghana (The Trust Bank)	14.0%	6.5%		7.2%
Ecobank Rwanda	16.3%	6.8%		7.35%
Ecobank Zimbabwe	23.6%	4.3%		0.40%
SOFIPE	16.3%	7.2%		6.60%
Ecobank Chad	18.0%	5.5%		-0.20%
Ecobank Central Africa	18.0%	4.9%		5.00%
Ecobank Burundi	21.1%	4.3%		1.10%
Ecobank Sierra Leone (ProCredit)	18.0%	6.6%		3.65%
Ecobank Malawi	19.7%	7.3%		3.75%
Ecobank Burkina Faso	16.3%	7.2%		6.60%
Pan African Savings and Loans	17.3%	6.5%		7.20%

* Oceanic goodwill was assessed using the Naira cashflows and cost of equity

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 terminal growth rate of between 4.3% and 13.9% was applied in determining the terminal cash flows depending on the country the entity is domiciled.

3. In 2020, the cost of equity approach was adopted. Discount rates ranging from 14.0% to 23.6%, representing post-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.

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28 Property and equipment

	Motor Vehicles	Land & Buildings	Furniture & Equipment	Installations	Construction in progress	Total
At 1 January 2019						
Cost or Valuation	51,384	625,641	423,800	152,502	139,706	1,393,033
Accumulated depreciation	41,111	115,800	303,100	105,857	-	565,868
Net book amount	**10,273**	**509,841**	**120,700**	**46,645**	**139,706**	**827,165**
Year ended 31 December 2019						
1 January	10,273	509,841	120,700	46,645	139,706	827,165
Additions	5,822	237,111	98,590	57,716	7,128	406,367
Revaluation	–	11,398	–	–	–	11,398
Disposals – cost	(6,207)	(170,995)	(94,363)	(49,199)	(26,695)	(347,459)
Disposals – accumulated depreciation	6,077	21,764	23,559	3,648	107	55,155
Reclassifications – cost	(9)	(6,586)	(131)	6,669	57	–
Reclassifications – accumulated depreciation	(9)	(6,586)	(131)	6,669	57	–
Depreciation charge	(5,535)	(20,621)	(30,579)	(10,171)	–	(66,906)
Exchange rate adjustments	(367)	(36,364)	(8,415)	(7,580)	(1,812)	(54,538)
31 December 2019	**10,045**	**538,962**	**109,230**	**54,397**	**118,548**	**831,182**
At 31 December 2019/1 January 2020						
Cost or Valuation	50,624	681,250	421,302	156,762	118,548	1,428,486
Accumulated depreciation	40,579	142,288	312,072	102,365	–	597,304
Net book amount	**10,045**	**538,962**	**109,230**	**54,397**	**118,548**	**831,182**
Year ended 31 December 2020						
1 January	10,045	538,962	109,230	54,397	118,548	831,182
Additions	17,378	201,953	41,420	11,390	25,886	298,027
Revaluation	–	29,268	(37)	11	(34)	29,208
Disposals – cost	(17,180)	(193,441)	(49,827)	(23,106)	(31,248)	(314,802)
Disposals – accumulated depreciation	7,295	16,713	27,714	8,354	812	60,888
Reclassifications – cost	280	5,471	(1,208)	(595)	(3,948)	–
Reclassifications – accumulated depreciation	280	5,471	(1,208)	(5,994)	1,451	–
Depreciation charge	(4,270)	(23,952)	(25,462)	(8,003)	–	(61,687)
Exchange rate adjustments	(2,596)	(24,141)	2,042	(273)	(7,327)	(32,295)
31 December 2020	**11,232**	**556,304**	**102,664**	**36,181**	**104,140**	**810,521**
At 31 December 2020						
Cost	49,233	716,796	425,128	155,804	104,140	1,451,101
Accumulated depreciation	38,001	160,492	322,464	119,623	–	640,580
Net book amount	**11,232**	**556,304**	**102,664**	**36,181**	**104,140**	**810,521**

28 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 31 December 2020. The fair values are derived by applying internationally acceptable and appropriately benchmarked valuation techniques such as depreciated replacement cost or market value approach. The depreciated replacement cost approach involves estimating the value of the property in its existing use and the gross replacement cost. For this, appropriate deductions are made to allow for age, condition and economic or functional obsolescence, environmental and other factors that might result in the existing property being worth less than a new replacement. The market value approach involves comparing the properties with identical or similar properties, for which evidence of recent transaction is available or alternatively identical or similar properties that are available in the market for sale making adequate adjustments on price information to reflect any differences in terms of actual time of the transaction, including legal, physical and economic characteristics of the properties.

The revaluation surplus net of applicable deferred income taxes was credited to other comprehensive income and is shown in revaluation reserve – property and equipment' in shareholders equity (Note 40).

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

At 31 December	2020	2019
Cost	1,278,761	1,295,536
Accumulated depreciation	285,431	284,632
Net book amount	**993,330**	**1,010,904**

29 Right-use-assets

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:

	2020	2019
Motor Vehicles	821	778
Land & Buildings	66,861	86,672
Furniture & Equipment	1,914	2,254
Installations	964	41
	70,560	**89,745**

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	**778**	**86,672**	**2,254**	**41**	**89,745**
Additions	252	1,844	(160)	1,344	3,280
Depreciations	(196)	(20,233)	(143)	(420)	(20,992)
Exchange rate adjustments	(13)	(1,422)	(37)	(1)	(1,473)
At 31 December	**821**	**66,861**	**1,914**	**964**	**70,560**

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30 Investment property

At 31 December	2020	2019
1 January	21,710	29,787
Additions	7,023	4,222
Fair value loss	(2,730)	–
Reclassifications	(10,950)	–
Disposal	(3,985)	(12,047)
Exchange rate adjustments	1,297	(252)
At 31 December	**12,365**	**21,710**

The following amounts have been recognised in the income statement:

Rental income	362	407
Direct operating expenses arising from investment properties that generate rental income	(56)	(78)
Fair value	–	–
	306	**329**

Investment properties are carried at fair value. The valuation of investment properties has been done using the level 2 technique (inputs other than quoted prices that are observable for the asset or liability). There has been no change in the techniques used in the valuation of the investment properties. The fair value of investment property is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued. The fair value are derived using the sales comparison approach where the main inputs in the determination of the fair value are recent land sales or asking prices for similarly sized plots in the immediate vicinity of the investment property. In certain cases, due to the unavailability of similar large land size traded in the immediate property market, the valuers subdivided the entire land area into smaller plots; allowing for circulation and infrastructure and applying an adjusted sales price per plot to arrive at a gross sales price that was further discounted at 30% to reflect what a single purchaser will be willing to pay. In certain circumstances further adjustments are also done on the basis of quality of title and location.

31 Assets held for sale and discontinued operations

At 31 December	2020	2019
Union Bank of Cameroon (UBC)	153,783	85,539
ETI Investment Property	10,553	–
	164,336	**85,539**

31.1 Union Bank of Cameroon (UBC)

The assets and liabilities of Union Bank of Cameroon (UBC) have been classified as held for sale in line with IFRS 5 (Non current assets held for sale and discontinued operations). UBC was acquired as part of the Oceanic transaction in 2011 but was deemed as non-core to ETI's operations. Regulatory approval has been obtained for the sale and it is expected to be completed during 2021. UBC is classified under 'others' in the segment reporting. The assets and performance reviewed by the CODM does not include assets held for sale.

At 31 December	2020	2019
a) Assets held for sale		
Cash and balances with central banks	4,880	2,991
Treasury bills and other eligible bills	78,343	40,811
Loans and advances to banks	15,425	234
Loans and advances to customers	7,135	8,311
Investment securities	42,808	30,520
Intangible assets	63	13
Property and equipment	1,446	1,322
Other assets	165	1,338
	153,783	**85,539**
b) Liabilities classified as held for sale		
Due to customers	133,856	98,615
Other liabilities	39,765	7,801
Retirement benefit obligation	1,140	989
Deferred income tax liabilities	406	187
	175,167	**107,592**
c) Profit from discontinued operations		
Revenue	8,101	8,624
Costs	(5,404)	(3,904)
Profit before tax from discontinued operations	2,697	4,720
Profit from discontinued operations after tax	3,336	4,720
	3,336	**4,720**
Profit attributable to:		
Owners of the parent	1,801	2,549
Non controlling interests	1,535	2,171
	3,336	**4,720**
Cash flow statement		
Cash flow used in operating activities	(27,385)	(307)
Cash flow from investing activities	(9,681)	(28)
Total cash flows	**(37,066)**	**(335)**

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31.2 ETI : Property in Ogombo, Lagos, Nigeria

ETI owns a property in Ogombo, Lagos, Nigeria. ETI no longer intend to hold this property and is in an advanced stage of selling to a willing party. Negotiations for price has been concluded and part payment received. The value of this property has been reduced to its net realisable value per the requirement of IFRS 5. A fair value loss of $2.3 million has been recognised on reclassification.

32 Deposits from other banks

At 31 December	2020	2019
Operating accounts with banks	691,917	612,892
Other deposits from banks	1,694,830	1,594,701
	2,386,747	**2,207,593**

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

33 Deposit from customers

At 31 December	2020	2019
CIB		
• Current accounts	5,571,251	5,078,619
• Term deposits	1,988,355	2,105,570
	7,559,606	7,184,189
Commercial		
• Current accounts	3,560,036	2,840,124
• Term deposits	598,054	628,759
• Savings deposits	127,059	87,930
	4,285,149	3,556,813
Consumer		
• Current accounts	2,418,144	1,899,004
• Term deposits	624,470	840,588
• Savings deposits	3,409,583	2,765,526
	6,452,197	5,505,118
Total	**18,296,952**	**16,246,120**
Current	17,330,635	14,837,565
Non current	966,317	1,408,555
	18,296,952	**16,246,120**

Customer deposits carry variable interest rates.

33 Deposit from customers (continued)

At 31 December 2020	CIB		Commercial			Consumer			Total
	Current account	Term deposits	Current account	Term deposits	Savings	Current account	Term deposits	Savings	
At 1 January	5,078,619	2,105,570	2,840,124	628,759	87,930	1,899,004	840,588	2,765,526	16,246,120
Additions	2,021,030	734,633	1,146,697	150,896	54,803	608,520	38,120	639,263	5,393,962
Withdrawals	(1,479,760)	(782,622)	(346,629)	(169,648)	(12,263)	(122,916)	(235,393)	(38,925)	(3,188,156)
Exchange difference	(48,638)	(69,226)	(80,156)	(11,953)	(3,411)	33,536	(18,845)	43,719	(154,974)
At 31 December 2020	**5,571,251**	**1,988,355**	**3,560,036**	**598,054**	**127,059**	**2,418,144**	**624,470**	**3,409,583**	**18,296,952**

At 31 December 2019	CIB		Commercial			Consumer			Total
	Current account	Term deposits	Current account	Term deposits	Savings	Current account	Term deposits	Savings	
At 1 January	5,365,450	1,981,644	2,717,251	563,376	66,013	1,827,687	836,058	2,578,520	15,935,999
Additions	1,840,743	627,362	793,207	178,835	30,023	358,156	141,484	665,181	4,634,991
Withdrawals	(1,717,592)	(389,064)	(835,629)	(184,909)	(3,689)	(203,950)	(124,669)	(412,410)	(3,871,912)
Exchange difference	(409,982)	(114,372)	165,295	71,457	(4,417)	(82,889)	(12,285)	(65,765)	(452,958)
At 31 December 2019	**5,078,619**	**2,105,570**	**2,840,124**	**628,759**	**87,930**	**1,899,004**	**840,588**	**2,765,526**	**16,246,120**

34 Borrowed funds

	At 31 December	2020	2019
a	Eurobond	502,454	500,900
b	African Development Bank (AfDB)	–	318,475
c	Deutsche Bank	245,610	249,587
d	Credit Europe	129,829	–
e	FMO	110,510	180,004
f	Qatar National Bank	149,322	152,643
g	Development Bank of Nigeria	127,665	
h	Bank of Industry of Nigeria (BOI)	39,276	59,741
i	AL Khaliji	34,986	–
j	A/B Syndicated Subordinated Term Facility	47,427	79,652
k	European Investment Bank	13,760	21,056
l	Societe de Promotion et Participation pour la Coopération Economique (PROPARCO)	20,423	26,691
m	Nigeria Sovereign Investment Authority – NSIA	64,293	71,284
n	Central Bank of Nigeria	45,531	40,779
o	Caisse Régionale de Refinancement Hypothécaire (CRRH)	1,871	5,762
p	Bonds (Ivory Coast)	–	2,296
	Lease liability	87,290	125,107
	Other loans	302,936	241,024
		1,923,182	**2,075,001**
	Current	783,645	500,626
	Non current	1,139,537	1,574,375
		1,923,182	**2,075,001**

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

b) The African Development Bank (AfDB) granted a line of credit of $310 million for on-lending to ETI affiliates. $210 million was disbursed in December 2016 and $100 million in August 2018. The facility was repaid upon maturity in June 2020.

c) Deutsche Bank provided a $250 million 5-year convertible loan to ETI in September 2017. The loan is held by the Public Investment Corporation (PIC).

d) ETI obtained 1-year term loans of $100 million and $30 million in February 2020 and September 2020, respectively, from Credit Europe Bank.

e) A group of development finance institutions led by the Netherlands Development Finance Company (FMO) disbursed €42 million and $150 million for on-lending to ETI affiliates in August 2018. The final repayment date for the facility is in January 2025.

f) ETI issued a $150 million 5-year convertible bond on the London International Securities Market in October 2017; Qatar National Bank purchased $148.89 million and Convertible Bond Investment Company Mauritius purchased $1.11 million.

g) Ecobank Nigeria secured a NGN50 billion ($125 million) loan from Development Bank of Nigeria (DBN) in December 2020.

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

i) ETI obtained a 1-year term loan of $35 million from Al Khalij Commercial Bank in March 2020.

j) $75 million Syndicated Subordinated Term Facility was obtained by Ecobank Nigeria in 2015 from FMO. The maturity date is January 15 2022.

k) European Investment Bank (EIB) granted a 7-year facility for on-lending to ETI affiliates. $40 million was disbursed in July 2015. The funds received were on-lent to the following affiliates: eProcess, Ecobank Tanzania, Ecobank Rwanda, and ETI Holding.

l) ETI obtained a facility from Societe De Promotion et De Participation Pour La Cooperation Economique S.A. (PROPARCO) in 2014 which was repaid in 2019. During the year 2013, ETI obtained an additional $50 million facility from PROPARCO. The facility matures in 2024.

m) NSIA granted some facilities to Ecobank Nigeria through ETI. These amounted to $64 million and mature during 2021.

n) Central Bank of Nigeria loan represents 7-year intervention funds for on-lending to customers of the Bank in the agricultural sector. The funds are administered at a maximum interest rate of 9% per annum.

o) 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%.

p) In 2013 Ecobank Côte d'Ivoire issued bonds with an interest rate of 6.5%, which was paid off in 2020.

Analysis of the convertible loans

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

Name of Institution	Contract interest	Effective interest rate	Tenor (Years)	Face value	Amount
Deutsche AG (see note c)	6.46% + 3 month Libor	9.37%	5	250,000	245,430
Qatar National Bank (see note c)	6.46% + 3 month Libor	9.35%	5	148,890	149,322
CBICMU (see note c)	6.46% + 3 month Libor	16.51%	5	1,110	994
				400,000	**395,746**

	2020	2019
Initial recognition:		
• Face value of convertible bond issued	400,000	400,000
• Equity conversion component net of deferred tax liability (Note 39)	–	–
Liability component	**400,000**	**400,000**

Interest on the convertible loan is calculated on the effective yield basis by applying the effective interest rate for an equivalent non-convertible loan to the liability component of the convertible loan and for the year ended 31 December 2020 amounted to US$395 million (2019: $395 million). The actual interest paid year to date in 2020 was US$23.6 million (2019: $35.5million).

Lease liabilities

Maturity analysis - contractual undiscounted cash flows	2020	2019
Less than one year	22,571	36,791
One to five years	11,140	18,516
More than five years	53,579	69,800
Total undiscounted lease liabilities	**87,290**	**125,107**
Lease liabilities included in borrowings		
Current	22,571	36,791
Non current	64,719	88,316
	87,290	**125,107**

Borrowed funds movement

Borrowed funds movement	2020	2019
At 1 January	**2,075,001**	**2,059,690**
Additions	358,827	686,359
Repayments	(510,646)	(671,048)
At 31 December	**1,923,182**	**2,075,001**

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34 Borrowed funds (continued)

Debt covenants

The company benefited for part of the reporting period from waivers of covenants in existing loan agreements. The waivers relate to some combination (as specified in each agreement) of a prescribed non-performing loan ratio, non-performing loan coverage ratio, open exposure ratio and / or government assets ratio.

None of the technical breaches relate to a default under any of the company's existing loan agreements during the reporting period of any payment of principal, interest, sinking fund or redemption amount. None of the technical breaches have resulted in any of the lenders demanding accelerated repayment, nor in the renegotiation of the maturity period of any of the loans.

If, prior to maturity, the company is unable to comply with any relevant financial covenant going forward, the company plans to seek additional waivers or amendments to the relevant loan agreements prior to the expiration period of the waivers.

35 Other liabilities

At 31 December	2020	2019
Accrued income	68,168	64,477
Unclaimed dividend	4,503	4,144
Accruals	226,042	202,518
Obligations under customers' letters of credit	60,465	68,482
Bankers draft	29,151	27,929
Accounts payable	61,339	51,830
Others	373,444	426,590
	823,112	**845,970**

Other liabilities are expected to be settled within no more than 12 months after the reporting date.

36 Provisions

	2020	2019
At 1 January	68,482	52,979
Additional provisions charged to income statement	13,264	27,013
Provision no longer required	(3,737)	(501)
Utilised during the year	(21,793)	(14,493)
Exchange differences	4,246	3,484
At 31 December	**60,462**	**68,482**

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:

	2020	2019
At 1 January	(48,868)	(63,616)
Income statement charge	(51,284)	8,403
Investment securities directly in OCI:		
• fair value remeasurement	2,025	1,852
Revaluation of property and equipment (directly in OCI)	9,605	9,444
Exchange differences	564	(4,951)
At 31 December	**(87,958)**	**(48,868)**

Deferred income tax assets and liabilities are attributable to the following items:		
Deferred income tax liabilities		
Accelerated tax depreciation	4,232	2,832
Investment securities	7,570	1,819
Revaluation of property and equipment	53,695	43,573
Provision for loan impairment (recovery)	8,486	9,189
Other temporary differences	2,545	10,143
	76,528	**67,556**

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

37 Deferred income taxes (continued)

	2019	2018
Deferred income tax assets		
Pensions and other post-retirement benefits	744	547
Provisions for loan impairment	46,218	10,323
Other provisions	12,992	10,684
Tax loss carried forward	40,708	40,612
Other temporary differences	54,923	48,800
On unutilised capital allowances	645	831
Investment securities	8,256	4,627
	164,486	**116,424**
Deferred tax liabilities		
• To be recovered within 12 months	44,621	62,960
• To be recovered after more than 12 months	31,907	4,596
	76,528	**67,556**
Deferred tax assets		
• To be recovered within 12 months	129,538	86,818
• To be recovered after more than 12 months	34,948	29,606
	164,486	**116,424**
The deferred tax charge in the income statement comprises the following temporary differences:		
Accelerated tax depreciation	1,400	1,802
Provision for loan impairment (recovery)	(703)	(5,198)
Pensions and other post-retirement benefits	(197)	(275)
Allowances for loan losses	(35,895)	8,758
Other provisions	(2,308)	5,922
Tax losses carry forward	(96)	(3,330)
Other temporary differences	(7,598)	6,832
Exchange differences	(5,887)	(6,108)
	(51,284)	**8,403**

37 Deferred income taxes (continued)

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

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

Income tax effects relating to components of other comprehensive income:

	31 Dec. 2020			31 Dec. 2019		
	Gross	Tax	Net	Gross	Tax	Net
Fair value gains on investment securities	76,718	(2,025)	74,693	65,740	(1,468)	64,272
Revaluation gains on property and equipment	29,208	(9,605)	19,603	13,224	(1,083)	12,141
	105,926	**(11,630)**	**94,296**	**78,964**	**(2,551)**	**76,413**

38 Retirement benefit obligations

Other post-retirement benefits

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

	2020	2019
Present value of funded obligations	33,244	22,444
Fair value of plan assets	(20,617)	(15,077)
	12,627	**7,367**
Present value of unfunded obligations	9,541	23,715
Liability in the statement of financial position	**22,168**	**31,082**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

38 Retirement benefit obligations (continued)

In 2020, the movement in the defined benefit obligation over the period is as follows:

	31 December 2020			31 December 2019		
	Present value of obligation	Fair value of plan assets	Total	Present value of obligation	Fair value of plan assets	Total
At 1 January	**51,959**	**(15,077)**	**36,882**	**52,563**	**(48,667)**	**3,896**
Current service cost	931		931	4,708	–	4,708
Interest expense and income	523	(603)	(80)	2,628	754	3,382
	1,454	(603)	851	7,336	754	8,090
Remeasurements						
Return on plan assets		(1,055)	(1,055)	–	(3,407)	(3,407)
Actuarial (gain)/losses	(4,094)		(4,094)	(3,154)	–	(3,154)
	(4,094)	(1,055)	(5,149)	(3,154)	(3,407)	(6,561)
Exchange difference	(4,649)	–	(4,649)	(5,222)	2,546	(2,676)
Contributions	473	(3,882)	(3,409)	4,936	3,600	8,536
Benefit payments	(675)	–	(675)	(4,500)	30,097	25,597
At 31 December	**44,468**	**(20,617)**	**23,851**	**51,959**	**(15,077)**	**36,882**

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

	31 December 2020					31 December 2019				
	Nigeria	ETI	UEMOA/ CEMAC	Others	Total	Nigeria	ETI	UEMOA/ CEMAC	Others	Total
Present value obligation	–	9,541	24,045	9,199	42,785	4,936	23,715	15,614	1,894	46,159
Fair value of plan assets	–	–	(20,617)	–	(20,617)	–	–	(15,077)	–	(15,077)
Total liability	–	9,541	3,428	9,199	22,168	4,936	23,715	537	1,894	31,082

38 Retirement benefit obligations (continued)

Income tax effects relating to components of other comprehensive income

At 31 December	2020	2019
The amounts recognised in the income statement are as follows:		
Current service cost	931	4,708
Net interest cost	523	2,628
Total included in staff costs	1,454	7,336
Other Comprehensive Income		
Actuarial gain /(losses) on obligations	(233)	781
Actuarial gain /(losses) on plan assets	-	121
	(233)	**901**

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 December 2020				31 December 2019			
	%	Quoted	Unquoted	Total	%	Quoted	Unquoted	Total
Cash	14%	–	–	2,176	14%	–	–	2,176
Equity instruments	0.05%	10	–	10	0%	8	–	8
Debt instruments (Bonds)	86%	14,123	(1,228)	12,895	86%	10,328	2,567	12,895
	100%	**14,133**	**(1,228)**	**15,081**	**100%**	**10,336**	**2,567**	**15,079**

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	
	2020	2019	2020	2019
Discount rate	5.5%	5.5%	4%	4%
Expected return on plan assets	4.45%	4.45%	1.8%	1.8%
Future salary increases	1.8%	1.80%	2%	2%

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38 Retirement benefit obligations (continued)

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.

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 materialise are disclosed in Note 36.

b) Capital commitments

At 31 December 2020, the Group had capital commitments of $ 2.6 m (December 2019: $ 5.2m) 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 31 December 2020 the Group had contractual amounts of the off-statement of financial position financial instruments that commit it to extend credit to customers guarantees and other facilities are as follows:

	2020	2019
Guaranteed commercial papers and banker acceptances	55,025	136,357
Documentary and commercial letters of credit	1,256,562	1,308,351
Performance bond, guarantees and indemnities	1,591,212	1,759,919
Loan commitments	1,096,718	452,255
	3,999,517	**3,656,882**

d) Tax exposures

The Group is exposed to ongoing tax reviews in some subsidiary entities. The Group considers the impact of tax exposures, including whether additional taxes may be due. This assessment relies on estimates and assumptions and may involve series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities would impact tax expense in the period in which such a determination is made. The total amount of tax exposure as at 31 December 2020 is $ 138 million (December 2019: $ 150 million). Based on Group's assessment, the probable liability is not likely to exceed $ 9 million (December 2019: $ 9 million) which provisions have been made in the books in Note 36.

40 Share capital

	No of shares ('000)	Ordinary shares	Share premium	Treasury shares	Total
At 1 January 2019	**24,592,619**	**618,255**	**1,499,145**	**(3,443)**	**2,113,957**
Treasury shares	–	–	–	–	–
At 31 December 2019/ 1 January 2020	**24,592,619**	**618,255**	**1,499,145**	**(3,443)**	**2,113,957**
Treasury shares	–	4	–	–	4
At 31 December 2020	**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 (December 2019: 50 billion) with a par value of US$0.025 per share (December 2019: US$0.025 per share). Total issued shares as of 31 December 2020 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 31 December 2020 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 follows:

	2020	2019
At 1 January	**110,488**	**112,488**
Forfeited	(27,488)	(2,000)
Lapsed	–	–
At 31 December	**83,000**	**110,488**

The share options exercised during the year were done at a price of US$0.08.

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

New share options totalling 119 million shares were also granted on 16 July 2012 with a contractual life of 5 years. New share options totalling 50 million shares were also granted in September 2015 with a contractual life of 5 years. This has been extended by two additional years.

The number of shares outstanding at the end of the year was as follows:

Expiry date:	2020	2019
2022	83,000	110,488
	83,000	**110,488**

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

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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.

41 Retained earnings and other reserves

	2020	2019
Retained earnings	199,172	245,563
Other reserves	(809,737)	(882,827)
	(610,565)	**(637,264)**

a) Retained earnings

Movements in retained earnings were as follows:

At 1 January	245,563	185,893
Profit for year	4,202	193,958
Transfer to general banking reserve	(2,227)	(28,124)
Transfer to statutory reserve	(48,366)	(106,164)
At 31 December	**199,172**	**245,563**

b) Other reserves

	2020	2019
General banking reserve	263,433	261,206
Statutory reserve	632,762	584,396
Revaluation reserve - Investment securities	74,304	(389)
Convertible bond - equity component	5,084	5,084
Revaluation reserve - property and equipment	166,498	146,895
Hyper-inflation reserve	(67,439)	(35,542)
Share option reserve	1,251	1,251
Remeasurements of post-employment benefit obligations	(7,132)	(6,899)
Translation reserve	(2,151,349)	(2,122,530)
Other Group reserves	272,851	283,701
	(809,737)	**(882,827)**

Movements in the other reserves were as follows:

i) General banking reserve

At 1 January	261,206	233,082
Transfer from retained earnings	2,227	28,124
At 31 December	**263,433**	**261,206**

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	584,396	478,232
Transfer from retained earnings	48,366	106,164
At 31 December	**632,762**	**584,396**

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

iii) Share option reserve

At 1 January	1,251	1,157
Transfer to retained earnings	–	94
At 31 December	**1,251**	**1,251**

iv) Remeasurements of post-employment benefit obligations

At 1 January	(6,899)	(7,801)
Actuarial gains on retirement benefit	(233)	902
At 31 December	**(7,132)**	**(6,899)**

v) Revaluation reserves

At 1 January	(389)	(64,661)
Net gain/(loss) from changes in fair value debt securities	76,639	65,924
Deferred income taxes (Note 37)	(2,025)	(1,468)
Net gain/(loss) from changes in fair value equity securities	79	(184)
At 31 December	**74,304**	**(389)**

The revaluation reserve shows the effects from the fair value measurement of investment securities after deduction of deferred taxes.

Convertible bond - equity component

Movement in equity component of convertibles were as follows:

At 1 January	5,084	7,779
Exercise of the convertible option	–	(2,695)
At 31 December	**5,084**	**5,084**

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

vi) Hyperinflation reserve

At 1 January	(35,542)	–
Movement arising during the year	(31,897)	(35,542)
At 31 December	**(67,439)**	**(35,542)**

vii) Revaluation Reserve – property and equipment

At 1 January	146,895	136,580
Net gains from changes in fair value	29,208	11,398
Deferred income taxes	(9,605)	(1,083)
At 31 December	**166,498**	**146,895**

viii) Translation reserve

At 1 January	(2,122,530)	(1,879,311)
Currency translation difference arising during the year	(28,819)	(243,219)
At 31 December	**(2,151,349)**	**(2,122,530)**

ix) Other Group reserve

At 1 January	283,701	247,319
Change in minority interest	(10,850)	–
Movement arising during the year	–	36,382
At 31 December	**272,851**	**283,701**

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.

	2020	2019
Cash and balances with central banks (Note 17)	2,575,237	1,564,627
Treasury Bills and other eligible bills (Note 22)	637,364	381,444
Deposits with other banks (Note 20)	1,279,772	1,226,587
Deposits from other banks (Note 32)	(691,917)	(612,892)
	3,800,456	**2,559,766**

43 Group entities

a) Significant subsidiaries

	Country of incorporation	Ownership interests 2020	Ownership interests 2019
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%	85%
Ecobank Senegal	Senegal	78%	80%
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 31 December 2020 and 31 December 2019.

Entity	Ecobank Ghana		Ecobank Côte d'Ivoire		Ecobank Burkina	
NCI percentage	31%	31%	25%	25%	22%	22%
Period	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Loans and advances to customers	857,907	960,363	1,194,041	1,153,228	711,153	715,337
Investment securities	868,072	680,647	1,197,747	1,031,678	525,351	463,416
Other assets	111,470	133,822	122,092	60,552	82,343	41,860
Deposits from customers	2,078,602	1,744,574	1,815,781	1,315,492	1,398,737	1,171,439
Other liabilities	79,765	70,542	111,995	90,684	45,837	31,745
Net assets	424,813	320,469	300,194	240,759	113,527	97,894
Carrying amount of NCI	**131,978**	**99,561**	**75,065**	**60,203**	**24,777**	**21,365**
Operating income	323,495	296,120	149,823	140,839	85,283	81,623
Profit before tax	139,694	122,422	62,464	74,458	13,597	1,916
Profit after tax	97,886	85,502	56,654	63,470	15,396	1,020
Total comprehensive income	64,367	87,227	40,384	82,253	3,380	4,609
Profit allocated to NCI	**19,997**	**27,099**	**10,098**	**20,568**	**738**	**1,006**
Cashflows from operating activities	(75,712)	(398,984)	(207,455)	308,823	496,222	(259,105)
Cashflows from investing activities	(73,137)	(163,648)	(78,836)	(112,949)	(20,804)	(80,356)
Cashflows from financing activities	(19,895)	(10,510)	(109,817)	(71,205)	(1,453)	12,890
Net increase/(decrease) in cash and cash equivalents	**(168,744)**	**(573,143)**	**(396,108)**	**124,669**	**473,965**	**(326,570)**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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 December 2020.

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

The table below sets out information as at 31 December 2020 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	1,550	193
*Carrying amount of assets transferred by third parties to conduit vehicle		
Carrying amount of the financing received from unrelated third parties	21,587	2,944
The carrying value is stated at book value (costs less impairment)		

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

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	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
Loans outstanding at 1 January	533	–	1,997	11,899
Loans issued during the year	(7)	2,245	–	–
Loan repayments during the year	(29)	(1,712)	(9,902)	(9,902)
Exchange difference	–	–	–	–
Loans outstanding at 31 December	**497**	**533**	**1,997**	**1,997**
Interest income earned	27	112	100	595

No provisions have been recognised in respect of loans given to related parties (2019: nil).

44 Related party transactions (continued)

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

Deposits from related parties	Directors and key management personnel	
	31 Dec. 2020	31 Dec. 2019
Deposits at 1 January	1,370	1,370
Deposits received during the year	–	–
Deposits repaid during the year	–	(662)
Exchange difference	–	–
Deposits at 31 December	**1,370**	**1,370**
Interest expense on deposits	–	–

	31 Dec. 2020	31 Dec. 2019
Directors' remuneration		
Total directors fees and allowances	2,137	1,891

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 $35.3 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	8,022
NEDBANK	Director related	Guarantees	Non-impaired	1,964
QATAR NATIONAL BANK	Director related	Guarantees	Non-impaired	25,308
				35,294

Parent

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

45 Banking subsidiaries

	Ownership 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%
Non Banking subsidiaries	
SOFIPE Burkina	78%
Ecobank Micro Finance Sierra Leone	100%
Pan-African Savings and Loans	70%
EDC Holding	98%
Treasury Bond Protected Investment Company (TBPIC) (*)	0%
FCP Obligataire	47%
E Process international	100%
EBI SA (France)	100%
ARTSA	100%
Bewcastle	100%
Ecobank Specialised Finance Company LLC	100%

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

46 Impact assessment of the COVID-19

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections worldwide. Consequently, in most countries, a lot of measures were taken to contain the virus: limiting the movement of people, restricting flights and closing borders, temporarily closing businesses and schools, and cancelling events. This pandemic is having an immediate impact on businesses such as tourism, transport, retail, and entertainment. In response, the central banks of countries where ETI operates, along with respective governments, intervened with monetary and fiscal measures aimed at mitigating market concerns and providing liquidity to the market.

At Ecobank, the management team has taken appropriate steps to assess the impact on the Group's financial statement based on the information available as of date. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Group.

1. Governance around the pandemic

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

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

An online portal for Groupwide COVID-19 Preparedness Assessment was developed, where affiliates capture on a weekly basis their status of compliance with the various requirements. Responses are extracted and reviewed centrally by the Task Force to identify gaps and areas that require specific attention and support. The Task Force proactively provides support where necessary to ensure that all affiliates are complying with all the requirements and protocols. The data protection across the data centres and the integrity of the data have been tested.

2. Impact on Capital and Liquidity

The Company's liquidity remains resilient despite unprecedented challenges from the COVID-19 pandemic. As the world manages the fallout from a new wave of infections, the Company continues to monitor the situation proactively and provides guidance and support to its subsidiaries as needed.

During the year, various regulators that monitor the Group's banking subsidiaries responded to the risks associated with the pandemic by implementing a variety of actions to safeguard both capital and liquidity. These have included delays or reductions in prudential requirements, implementation of frameworks for restructuring credit facilities and providing payment moratoriums to customers, provision of liquidity support to banks, and reductions in cash reserve ratios. In June 2020, the Group's regulator extended the transition schedule for implementation of Basel II/III capital adequacy requirements in UEMOA by one year.

The Group has fully complied with UEMOA Basel II/III prudential regulations since implementation on 31 December 2017. As at 31 December 2020, the estimated Tier 1 and Total capital adequacy ratios were 9.4% and 12.3%, respectively. The Group's cautious lending practices and comprehensive portfolio management response to the pandemic have helped to manage asset quality risks. The Group will continue to prioritise balance sheet optimisation initiatives such as growth in no- or low- capital consuming businesses.

The Company has continued to meet all its debt obligations. Although some regulators temporarily suspended or limited dividend payments, reducing the dividend cash flows that the Company obtains from its subsidiaries, the Company has benefited from its strong liquidity buffers in addition to a structure that ensures that liquidity is optimised across its network. Group Treasury manages foreign currency liquidity centrally for the Group, ensuring that surplus liquidity from affiliates is deployed optimally and in compliance with local regulatory requirements. This model gives affiliates access to the Group's surplus foreign currency liquidity pool and is an affirmation of the strategic advantage that Ecobank has operating as a Banking Group. The Group maintains strong relationships with many development finance institutions (DFIs) and other institutional investors. Despite muted activity in capital markets during the year, the Group has successfully raised funding directly by

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

affiliates and indirectly via the Holdco to support its objectives. Group liquidity has also been bolstered by steady customer deposit growth due to the accelerated pace of digital adoption during the pandemic. The Company also implemented several cost reduction measures related to staff mobility, travel, and the use of digital infrastructure; these will result in reductions in operating expenses starting in 2021.

3. Impact on Revenue

The COVID-19 Pandemic has impacted some sectors of the economy. However, the level of impact depends on the nature of the industry. Considering that some clients may be much more vulnerable than others, we worked closely with our credit customers to assess their liquidity and operational cash flow needs and offered different relief measures such as credit restructures and granting of moratoriums for customers having financial difficulty in meeting up their repayment obligations. In terms of reduced volume of economic activities, this has translated into lower revenue for some of our subsidiaries. In addition, regulators have restricted dividend payment from affiliates and management fees in some cases. The impact of dividends and management fees is zero at the level of the consolidated income statement.

4. Impairment Charges and credit risk

Considering the disruption to economic and market activities and the resultant heightened probabilities of default occasioned by the pandemic, the Group has put in place measures to recognise the impact which the pandemic has on the impairment numbers as a result of worsening macro-economic variables which have been incorporated into the forward-looking information (FLIs) within the ECL model used in determining impairment charges.

Our Dynamic Approach to Mitigate Credit Risk during COVID-19

We conducted stress tests to determine the sectors, countries, and products most vulnerable to the COVID-19 pandemic and its fall out. We identified specific vulnerable obligors across the businesses. As a result, we froze further lending in some sectors. To ensure a consistent and systematic engagement across the Group, we issued policy guidance. Group Risk Management provided guidance to help manage the loan portfolio during the COVID-19 crisis. The guidance lists the sectors that were deemed to be vulnerable to the economic impact due to the COVID pandemic. We reached out to vulnerable obligors to identify mitigating measures that can be taken to avoid distress and default. We have also worked in line with specific regulatory or government guidance in various markets to provide forbearance or accommodation of various types.

5. Impact on Operating Expense

We were able to manage our controllable cost prudently even though we incurred some unexpected COVID-19 related costs. Some of which include additional investment in technology, to enable staff work from home, the cost associated with implementing enhanced safety procedures and other COVID 19 protocols. In addition, the impact of inflation was also pronounced during the year. We have made donations to efforts in controlling the pandemic in terms of cash, healthcare equipment, and supplies. Due to improved costs management and also the need for fewer travels, our operating expenses reduced by 2%. The cost-income ratio improved from 66% in 2019 to 63% in 2020.

6. Impact on Subsidiary Operations

The company has an experienced and competent management team that is well prepared to manage risks arising from the economic realities affecting different business environment. As of 31 December 2020, we continue to operate in all the 34 countries we have banking operations, we are confident that there will be no threats of either partial or complete cessation of any of the business operations due to the impact of the COVID-19 pandemic.

7. Conclusion

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

STATEMENT OF VALUE ADDED

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

Statement of value added

Year ended 31 December (in thousands of US dollars)	2020	2019
Gross income	**2,201,659**	**2,328,822**
Interest expenses paid	(483,212)	(662,269)
Fee and commission expenses	(96,166)	(49,816)
	1,622,281	**1,616,737**
Impairment loss on financial assets	(227,025)	(133,557)
Goodwill impairment	(163,564)	-
	1,231,692	**1,483,180**
Bought in material & services	(486,840)	(474,566)
Value Added	**744,852**	**1,008,614**
Distributions		
Employees		
Staff salaries and benefits	462,992	490,311
Government		
Income tax	89,335	134,865
Retained in the group		
Asset replacement (depreciation and amortisation)	104,206	108,504
Expansion(transfer to reserves and non-controlling interest)	88,319	274,934
	744,852	**1,008,614**

FIVE-YEAR SUMMARY FINANCIALS

	2020	2019	2018 Restated**	2017	2016
At the year end					
Total assets	25,939,473	23,641,184	22,502,727	22,431,604	20,510,974
Loans and advances to customers	9,239,948	9,276,608	9,089,200	9,357,864	9,259,374
Deposits from customers	18,296,952	16,246,120	15,935,999	15,203,271	13,496,720
Total equity	2,027,713	1,885,777	1,733,022	2,172,083	1,764,078
For the year					
Revenue	1,679,765	1,622,259	1,825,171	1,831,202	1,972,263
Profit / (loss) before tax	174,318	405,079	356,508	288,340	(131,341)
Profit / (loss) for the Year	88,319	274,934	249,180	228,534	(204,958)
Profit / (loss) attributable to owners of the parent	4,202	193,958	182,178	178,585	(249,898)
Earnings per share-basic(cents)	0.010	0.778	0.740	0.720	(1.010)
Earnings per share-diluted (cents)	0.010	0.778	0.740	0.720	(1.010)
Dividend per share (cents)	–	–	–	–	–
Return on average equity *	0.3%	13.2%	10.9%	10.3%	(12.2)%
Return on average assets	0.4%	1.2%	1.1%	1.1%	(0.9)%
Cost-to-income ratio	62.7%	66.2%	61.5%	61.8%	62.7%

*The profit results for 2020 includes the effects of goodwill impairment charge of $164m.
*Return on equity is calculated as profit attributable to ETI shareholders divided by the average end-of-periods shareholders equity.
**We restated our 2018 Financial Statements

PARENT COMPANY'S FINANCIAL STATEMENTS

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

Statement of comprehensive income

Year ended 31 December	2020	2019
Interest income	15,461	27,718
Finance cost	(107,701)	(133,111)
Net interest income	(92,240)	(105,393)
Net fees and commission income	28,047	28,423
Other operating income	2,136	23,097
Personnel expense	(24,380)	(34,479)
Depreciation and amortisation expense	(4,092)	(3,876)
Other operating expense	(15,906)	(16,760)
Foreign exchange translation	(4,002)	(8,629)
	(110,437)	(117,617)
Impairment charges on financial assets	(26,774)	(31,657)
Operating loss for the year	**(137,211)**	**(149,274)**
Share of results of associates	(113)	115
Share of affiliate's profit	421,642	451,096
Share of affiliate's tax	(83,408)	(117,621)
Profit for the year	**200,910**	**184,315**
Other comprehensive income:		
Items that will be reclassified to profit or loss:		
Share of affiliates other comprehensive income	88,644	69,797
Remeasurement of retirement benefit obligation	233	–
Net valuation gain on FVOCI securities	4,293	4,600
Other comprehensive income for the year	**93,169**	**74,397**
Total comprehensive income for the year	**294,080**	**258,713**

PARENT COMPANY'S FINANCIAL STATEMENTS

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

Statement of financial position

As at 31 December	2020	2019
Assets		
Operating accounts with banks	41,365	148,367
Loans and advances to banks	218,279	264,964
Investment in securities	8,576	4,347
Other assets	81,600	108,097
Investment property	-	13,282
Investment in associates	3,503	3,976
Investment in subsidiaries and other entities	3,142,443	2,963,266
Intangible assets	977	2,043
Property and equipment	40,982	43,058
	3,537,724	**3,551,401**
Assets held for sale	10,553	–
Total assets	**3,548,277**	**3,551,401**
Liabilities		
Other liabilities	49,139	41,739
Short term borrowings	160,203	55,743
Long term borrowings	1,272,230	1,521,605
Retirement benefit obligations	15,633	18,780
Total liabilities	**1,497,204**	**1,637,867**
Equity		
Share capital	618,259	618,255
Share premium	1,499,145	1,499,145
Retained earnings	985,947	785,037
Other reserves	(1,052,278)	(988,902)
Total equity	2,051,073	1,913,535
Total liabilities and equity	**3,548,277**	**3,551,401**

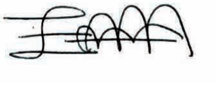
The financial statements were approved for issue by the Board of Directors on 25 February 2021 and signed on its behalf by:

Alain Nkontchou
Group Chairman

FRC/2020/003/00000021578

Ade Ayeyemi
Group Chief Executive Officer

FRC/2020/003/00000020528



Ayo Adepoju
Group Chief Financial Officer

FRC/2017/ICAN/00000017517

PARENT COMPANY'S FINANCIAL STATEMENTS

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

Statement of changes in equity

	Share capital	Share premium	Retained earnings	Other reserves	Total
At 1 January 2019	**618,255**	**1,499,145**	**600,722**	**(995,058)**	**1,723,064**
Profit for the year	–	–	184,315	–	184,315
Exchange difference on translation of foreign operations (associates)	–	–	–	–	–
Net unrealised gain on investments	–	–	–	74,396	74,396
Total comprehensive income	**–**	**–**	**184,315**	**74,396**	**258,712**
Transferred to retained earnings	–	–	–	–	–
Adjustment equity accounting (translation loss)	–	–	–	(67,834)	(67,834)
Share option granted	–	–	–	94	94
Equity component on convertible loan not converted during the year	–	–	–	(501)	(501)
At 31 December 2019 / 1 January 2020	**618,255**	**1,499,145**	**785,037**	**(988,902)**	**1,913,535**
Profit for the year	–	–	200,910	–	200,910
Other Comprehensive Income proceed from RBO	–	–	–	233	233
Net unrealised gain on investments	–	–	–	93,296	93,296
Exchange difference on translation of foreign operations (associates)				(360)	(360)
Total comprehensive income	**–**	**–**	**200,910**	**93,170**	**294,079**
Transferred to retained earning	–	–	–	–	–
Adjustment equity accounting (translation loss)	–	–	–	(156,546)	(156,546)
Share option granted	–	–	–	–	–
Adjustment to Ordinary shares	4	–	–	–	4
Equity component on convertible loan not converted during the year	–	–	–	–	–
At 31 December 2020	**618,259**	**1,499,145**	**985,947**	**(1,052,278)**	**2,051,073**

PARENT COMPANY'S FINANCIAL STATEMENTS

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

Statement of cash flows

For year 31 December	2020	2019
Profit for the year	**200,910**	**184,315**
Adjustment for non cash items:		
Interest income	(15,461)	(27,718)
Finance cost	107,701	133,111
Fair value loss/(gain) on investment property	2,730	(2,463)
Share of associates loss/(profit)	113	(115)
Adjustments to equity accounting	(90,532)	(172,206)
Profit on disposal of property plant and equipment	(217)	(88)
Depreciation and amortisation	4,092	3,876
Amortisation of government grant	(192)	(192)
Provision for doubtful receivables	28,897	20,328
Share option vested during the year	-	94
Current service cost and interest on benefit obligation	(2,913)	5,384
	235,127	**144,325**
Interest paid	(122,240)	(121,654)
Interest received	15,461	27,718
Changes in working capital		
– Other assets	(2,400)	34,802
– Other liabilities	8,482	(102,151)
– Loans and advances	(46,685)	(90,296)
Net cash from/(used in) operating activities	**87,746**	**(107,256)**
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(1,396)	(1,931)
Proceeds from the sale of property, plant and equipment	13,669	2,297
Addition to investment in subsidiaries	-	(110,841)
Net cash from/(used in) investing activities	**12,273**	**(110,475)**
Cash flows from financing activities		
Proceeds from borrowings	429,343	667,358
Repayment of borrowed funds	(636,363)	(420,660)
Net cash (used in)/from financing activities	**(207,020)**	**246,697**
Net (decrease)/increase in cash and cash equivalents	(107,001)	28,966
Cash and cash equivalent at the beginning of the year	**148,367**	**119,402**
Cash and cash equivalents at end of the year	**41,365**	**148,367**

We have remained consistent in our plans to expand access to our financial services through our Agency Banking service, the Ecobank Xpress Point. This is an efficient channel to extend our operational reach to communities without carrying the cost of bricks-and-mortar branches.

As at December 2020, we had over 66,000 Xpress Point agencies, which are complementing our physical network of 690 Ecobank branches. Despite COVID-19 restrictions and varying levels of lockdowns, transactions via our Xpress Point network grew by 50 per cent in 2020, from 2.1 million to 3.2 million.

Our instant access account, Xpress Account and instant loan, Xpress Loan, both of which are largely targeted at previously unbanked or underserved consumers, have been accessed by over 12 million customers, enabling us to deliver transactional savings and lending products to all consumers across our footprint who have access to a mobile phone.

07

CORPORATE INFORMATION

EXECUTIVE MANAGEMENT ECOBANK GROUP

Group Executive Committee

Ade Ayeyemi
Group CEO
Nigerian

Nana Araba Abban
Head, Group Consumer Bank
Ghanaian

Josephine Annan-Ankomah
Group Executive, Commercial Bank
Ghanaian

Akin Dada
Group Executive, Corporate and Investment Bank
Nigerian

Paul-Harry Aithnard
Regional Executive, UEMOA and Managing Director, Ecobank Côte d'Ivoire
Togolese

Patrick Akinwuntan
Regional Executive and Managing Director, Ecobank Nigeria
Nigerian

Daniel Sackey
Regional Executive, AWA and Managing Director, Ecobank Ghana
Ghanaian

Cheikh Travaly
Regional Executive, CESA and Managing Director, Ecobank Kenya
Senegalese

Ayo Adepoju
Group CFO
Nigerian

Eric Odhiambo
Group Executive, Chief Risk Officer
Kenyan

Madibinet Cisse
Group General Counsel and Company Secretary
Guinean

Eddy Ogbogu*
Group Executive, Operations and Technology
Nigerian

Yves Mayilamene
Group Executive, Human Resources
Congolese

Moustapha Fall
Group Executive, Internal Audit and Management Services
Senegalese

Managing Directors

UEMOA

Lazare Noulekou
Benin

Chanou Moukaramou
Burkina Faso

Paul-Harry Aithnard
Cote d'Ivoire & Regional Executive, UEMOA

Aminata Sakho
Cape Verde

Mamady Diakite
Mali

Didier Correa
Niger

Sahid Sallou
Senegal

Souleymane Toure
Togo

Ghislaine Samake
Guinea-Bissau

NIGERIA

Patrick Akinwuntan
Nigeria & Regional Executive, Nigeria

AWA

Daniel Sackey
Ghana & Regional Executive, AWA

Diawadou Bah
Guinea

Georges Mensah-Asante
Liberia

Aina Moore
Sierra Leone

Carl Asem
Gambia

CESA

Gwendoline Abunaw
Cameroon

Alassane Sorgo
Chad

Dalton Costa Gonçalves
Sao Tomé and Príncipe

Ibrahim Aboubakar Bagarama
Republic of the Congo

Nicholas Achiri
Gabon

Sylvain Pendi-Bisseyou
Central African Republic

Kouame Olivier Brou
Equatorial Guinea

Alice Kilonzo-Zulu
Rwanda

Cheikh Travaly
Kenya & Regional Executive, CESA

Desire Butwabutwa
Burundi

Annette Kihuguru (Acting)
Uganda

Charles Asiedu
Tanzania

Leonard Munene
South Sudan

Jean Baptiste Siate
Democratic Republic of the Congo

Raymond Fordwuo
Malawi

Charmel Ognin
Zambia

Moses Kurunjekwa
Zimbabwe

Jose Mendes
Mozambique

* Eddy Ogbogu was GE, Operations & Technology as of 31 December 2020. But he has since retired from the company. Tomisin Fashina has been appointed GE, Operations & Technology. Mr Fashina is also the Managing Director of eProcess International.

Heads of Representative Offices and Paris Subsidiary

Akin Dada
South Africa
(Johannesburg)

Jean Erwin Nizet (Acting)
France
(Paris)

Nathalie Villette (Acting)
United Kingdom
(London)

Ara Bakjejian
United Arab Emirates
(Dubai)

Shen Li
China
(Beijing)

James R Kanagwa
Ethiopia
(Addis Ababa)

Disclaimer

This annual report or any extract thereof including its abridged version could or may contain forward-looking statements that are based on current expectations or beliefs, as well as assumptions about future events.

These forward-looking statements involve known and unknown risks, uncertainties and other important factors that could in future cause actual results, performance or achievements of the Group to be materially different from those expressed or implied in the forward-looking statements.

These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward looking statements often use words such as 'anticipate', 'target', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'will', 'may', 'should', 'would', 'could' or other words of similar meaning.

Such forward-looking statements are based on assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future.

The Group expressly disclaims any obligation or undertaking to release any updates or revisions to any forward-looking statements contained herein to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Ecobank has made every effort to ensure the accuracy of the information contained in this annual report relating to such forward-looking statements and believes such information is reliable but does not warrant its completeness or accuracy. The Company shall not be held liable for errors of fact or opinion connected to such forward looking statements. This, however, does not exclude or restrict any duty or liability that Ecobank has to its customers under any regulatory system.

SHARE CAPITAL OVERVIEW

Share capital

Ordinary shares Authorised share capital of 50,000,000,000 at 2.5 US cents ($0.025) per share, of which 24,730,354,443 are issued and outstanding.

	Shareholders	Number of shares held	% Share of TSO
1	Nedbank Group Ltd.	5,249,014,550	21.22%
2	Qatar National Bank (QNB)	4,970,904,524	20.10%
3	Arise B.V.	3,487,337,828	14.10%
4	Government Employees Pension Fund/PIC	3,333,333,333	13.48%
5	Social Security and National Insurance Trust (SSNIT)	955,730,453	3.86%
6	Moon Investment Limited	787,239,062	3.18%
7	The Bank of New York Mellon	484,494,772	1.96%
8	Ecowas Bank for Investment and Development (BIDC)	240,209,077	0.97%
9	Mikeade Investment Company Ltd.	166,675,914	0.67%
10	AGL Africa Ex-SA Equity (USD) Fund-Trad	164,923,177	0.67%
	Top 10 shareholders	19,839,862,690	80.22%
	Other shareholders	4,890,491,753	19.78%
	Total shares outstanding (TSO)	**24,730,354,443**	**100.00%**

Data as of 31 December 2020

Ecobank Transnational Inc: share range analysis as at 31 December 2020

Share range	Number of ETI shareholders	% of Total shareholders	Number of ETI shares	% of Total ETI shares
1 - 1,000	456,026	72.09%	120,314,131	0.49%
1,001 - 5,000	131,575	20.80%	257,217,216	1.04%
5,001 - 10,000	21,479	3.40%	142,878,270	0.58%
10,001 - 50,000	17,645	2.79%	337,211,922	1.36%
50,001 - 100,000	2,558	0.40%	177,339,809	0.72%
100,001 - 500,001	2,346	0.37%	487,384,349	1.97%
500,001 - 1,000,000	469	0.07%	350,889,777	1.42%
1,000,001 - 10,000,000	360	0.06%	1,084,529,602	4.39%
10,000,001 and above	84	0.01%	21,772,589,367	88.04%
TOTAL	**632,542**	**100%**	**24,730,354,443**	**100%**

Potential dilutive securities

ETI $400 million convertible debt

The $400 million convertible debt due 2022 will have a maturity of five (5) years from date of issuance, a coupon rate comprising a reference rate of 3-month LIBOR plus a spread of 6.46% (i.e. 3-month LIBOR + 6.46%), payable semi-annually in arrears. The debt will be convertible into ETI ordinary shares at an exercise price of $0.06 (6.00 US cents, which translates into NGN22.85, GHS0.35 or XOF33.13 at current exchange rates for illustrative purposes only), during the conversion period of 19 October 2019 to 13 October 2022. This debt will be redeemed at 110% of principal amount if the conversion option is not exercised.

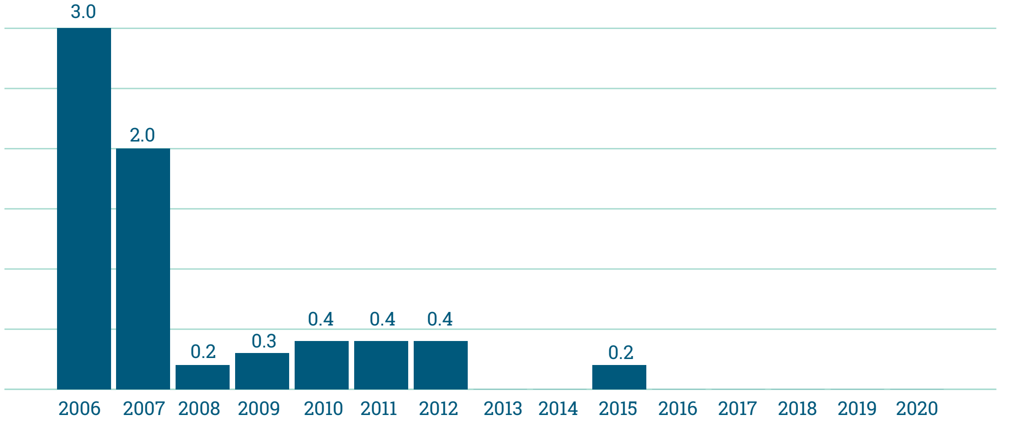
Share options

These are options outstanding to staff and management in respect of 83 million shares.

Ordinary share dividend history

Financial year	Dividend per ordinary share		Total dividend
	US$	US$ cents	US$ thousands
2006	0.030	3.0	18,355
2007	0.020	2.0	26,940
2008	0.002	0.2	17,500
2009	0.003	0.3	29,744
2010	0.004	0.4	39,653
2011	0.004	0.4	51,349
2012	0.004	0.4	68,849
2013	0.000	0.0	-
2014	0.000	0.0	-
2015	0.002	0.2	48,200
2016	0.000	0.0	-
2017	0.000	0.0	-
2018	0.000	0.0	-
2019	0.000	0.0	-
2020	0.000	0.0	-

Ordinary share dividend history (US cents)



Listings

Ecobank Transnational Incorporated's (ETI's) ordinary shares are listed on three stock markets in Africa:

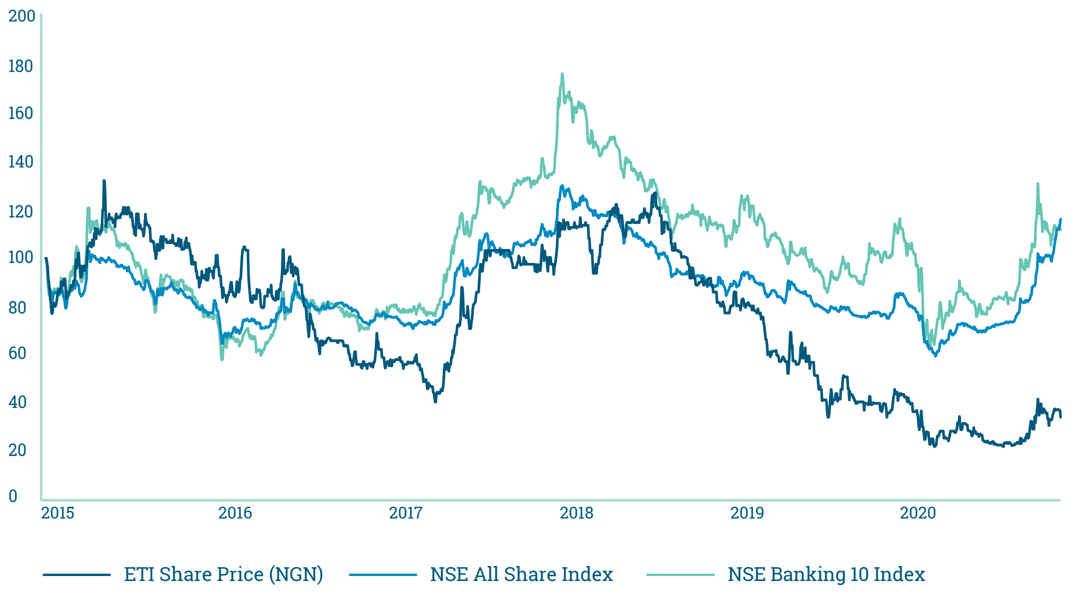
Stock market	NSE	GSE	BRVM
Location	Lagos, Nigeria	Accra, Ghana	Abidjan, Côte d'Ivoire
Share price as of 31 Dec 2020	NGN 6.00	GHS 0.08	XOF 13.00
% change on 2019	-7.7%	0.0%	-7.1%
Average daily trading volume for 2020	4,152,769	23,398	96,857
% change on 2019	65%	-34%	-57%
Shares held (millions)	20,380,819,119	2,563,592,868	1,785,942,456

ETI NSE share price (NGN) performance relative to the NSE All-share and NSE Banking 10 indices (data rebased to 100)

The graph below plots the performance of ETI's share price on the Nigerian Stock Exchange (NSE) against that of the NSE All-share and NSE Banking 10 indices over the period 2015 - 2020. The NSE All-share index tracks the general market movement of all listed equities, including those on the Alternative Securities Market (ASeM), regardless of market capitalisation. The NSE Banking 10 index comprises the largest 10 banking stocks. ETI is a component of both NSE indices.

ETI Share Price (NGN) indexed to the NSE All-Share Index and the NSE Banking 10 Index

1 Jan 2015 =100



SHARE CAPITAL HISTORY

Year	Nature of capital raise	Additional shares	Share capital
2006	Private Placement	53,648,147	454,920,279
2006	Conversion of Convertible Debt	47,500,000	502,420,279
2006	5th Bonus Issue (1:5)	101,533,183	603,953,462
2006	Private Placement	5,248,881	609,202,343
2006	Issue for Market Making at Listing	1,801,205	611,003,548
2006	Employee Share Issue	1,284,449	612,287,997
2007	Share Split (2:1)	612,287,997	1,224,575,994
2007	6th Bonus Issue (1:10)	122,457,599	1,347,033,593
2008	Share Option (CEO)	7,920,000	1,354,953,593
May 2008	Share Split (5:1)	5,419,814,372	6,774,767,965
Aug-Oct 2008	Rights Issue	681,958,227	7,456,726,192
Aug-Oct 2008	Public Offer	1,275,585,719	8,732,311,911
Nov 2009	Conversion of the IFC Convertible Loan	1,181,055,863	9,913,367,774
Nov 2011	Issue to Oceanic Shareholders	2,488,687,783	12,402,055,557
Dec 2011	Issue to Ecobank Nigeria Minority Shareholders	401,524,001	12,803,579,558
Dec 2011	Share Option (CEO)	33,572,650	12,837,152,208
Jul 2012	Issue to GEPF-PIC	3,125,000,000	15,962,152,208
Sep 2012	Issue to IFC CAP FUND	596,590,900	16,558,743,108
Sep 2012	Issue to AFRICA CAP FUND	340,909,100	16,899,652,208
Sep 2012	Issue to IFC ALAC HOLDING COMPANY II	312,500,000	17,212,152,208
Jul 2014	Issue to IFC CAP FUND	628,742,514	17,840,894,722
Jul 2014	Issue to IFC ALAC HOLDING COMPANY II	209,580,838	18,050,475,560
Oct 2014	Issue to NEDBANK GROUP LIMITED	4,512,618,890	22,563,094,450
Dec 2014	Share Option Staff	425,000	22,563,519,450
Jun 2015	Share Option Staff	3,300,000	22,566,819,450
Jul 2015	Conversion of Preference Shares	26,988,980	22,593,808,430
Jul 2015	Bonus Issue	1,506,220,104	24,100,028,534
Oct 2016	Conversion of Preference Shares	630,325,909	24,730,354,443

HOLDING COMPANY AND SUBSIDIARIES

Headquarters:
Ecobank Transnational Incorporated
2365, Boulevard du Mono
B.P. 3261, Lomé – Togo
Tel: (228) 22 21 03 03
(228) 22 21 31 68
Fax: (228) 22 21 51 19

1. Benin
Rue du Gouverneur Bayol
01 B.P. 1280, Cotonou – Benin
Tel: (229) 21 31 30 69
(229) 21 31 40 23
Fax: (229) 21 31 33 85

2. Burkina Faso
49, Rue de l'Hôtel de Ville
01 B.P. 145
Ouagadougou 01 – Burkina Faso
Tel: (226) 25 33 33 33
(226) 25 49 64 00
Fax: (226) 25 31 89 81

3. Burundi
6-Rue de la Science
B.P. 270 Bujumbura – Burundi
Tel: (257) 22 20 81 02 – 03
Fax: (257) 22 22 54 37

4. Chad
Avenue Charles de Gaulle
B.P. 87, N'Djaména – Chad
Tel: (235) 22 52 43 14/21
Fax: (235) 22 52 23 45

5. Cameroon
Rue Ivy French- Bonanjo
B.P 582 Douala-Cameroon
Tel: (237) 233 50 07 00/01
Fax: (237) 233 43 86 09

6. Cape Verde
Avenida Cidade de Lisboa
C.P. 374 / Praia
Cape Verde
Tel: (238) 260 36 60
Fax: (238) 261 82 50

7. Central African Republic
Place de la République
B.P. 910 Bangui – République Centrafricaine
Tel: (236) 21 61 00 42
Fax: (236) 21 61 61 36

8. Congo (Brazzaville)
Immeuble de l'ARC, 3ème étage
Avenue du Camp
B.P. 2485, Brazzaville – Congo
Tel: (242) 06 621 08 08

9. Congo (Democratic Republic)
Siège et Agence Principale
Avenue Kasa-Vubu N°2
Commune de Gombe
Kinshasa – RD Congo
B.P. 7515, Kinshasa
Tel: (243) 99 60 16 000
Fax: (243) 99 60 17 070

10. Côte d'Ivoire
Immeuble Ecobank
Avenue Houdaille
Place de la République
01 B.P. 4107 – Abidjan 01
Côte d'Ivoire
Tel: (225) 20 31 92 00
(225) 20 21 10 41
Fax: (225) 20 21 88 16

11. Equatorial Guinea
Avenida de la Independencia
APDO.268, Malabo –
República de Guinea Ecuatorial
Tel: (240) 333 098 271
(240) 555 300 203

12. Gabon
214, Avenue Bouët
9 Étages, Montagne Sainte
B.P. 12111
Libreville – Gabon
Tel: (241) 01 76 20 71
(241) 01 76 20 73
Fax: (241) 01 76 20 75

13. The Gambia
42 Kairaba Avenue
P.O. Box 3466
Serrekunda – The Gambia
Tel: (220) 439 90 31 – 33
Fax: (220) 439 90 34

14. Ghana
2 Morocco Lane, Off Independence Avenue,
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P. O. Box AN16746 Accra, Ghana
Tel: (+233) 302 251 720 / 23 / 24
Fax: (+233) 302 251 734

15. Guinea (Conakry)
Immeuble Al Iman
Avenue de la République
B.P. 5687
Guinea – Conakry
Tel: (224) 627 27 27 15
(224) 666 70 14 34
Centre d'Appel
(224) 664 100 100
Fax: (224) 30 45 42 41

16. Guinea-Bissau
Avenida Amilcar Cabral
C.P. 126, Bissau – Guinea-Bissau
Tel: (245) 95 560 40 26
Fax: (245) 320 73 63

17. Kenya
Ushuru Pension Plaza
off Muthangari Drive
P.O. Box 49584, Code 00100
Nairobi – Kenya
Tel: (254) 20 288 30 00
(254) 20 496 80 00
(254) 719 098 000
Fax: (254) 20 288 33 04

18. Liberia
Sinkor, 11th Street
Tubman Boulevard
P.O. Box 4825
1000 Monrovia, 10 – Liberia
Tel: (231) 886 514 298
(231) 886974 494
Cell: (231) 886 484 116

19. Malawi
Ecobank House
Corner Victoria Avenue and Henderson Street, Private Bag 389
Chichiri, Blantyre 3 – Malawi
Tel: (265) 01 822 099
Fax: (265) 01 820 583

20. Mali
Place de la Nation
Quartier du Fleuve
B.P. E1272
Bamako – Mali
Tel: (223) 20 70 06 00
Fax: (223) 20 23 33 05

21. Mozambique
Avenue Vladimir Lenine
nº 210 – C.P. 1106
Maputo – Mozambique
Tel: (258) 21 31 33 44
Fax: (258) 21 31 33 45

22. Niger
Angle Boulevard de La Liberté
Et Rue des Bâtisseurs
BP.13804 Niamey – Niger
Tel: (227) 20 73 10 01 / 20 73 71 81
Fax: (227) 20 73 72 03 /04

23. Nigeria
Plot 21, Ahmadu Bello Way
P.O.: Box 72688, Victoria Island
Lagos – Nigeria
Tel: (234) 1 271 0391/92
Fax: (234) 1 271 0111

24. Rwanda
KN3 AV4
P.O Box 3268
Kigali – Rwanda
Tel: (250) 788 16 10 00 /
(250) 788 16 33 00
Fax: (250) 252 50132 /
(250) 252 501319

25. São Tomé and Príncipe
Edifício HB, Travessa do Pelourinho
C.P. 316
São Tomé – São Tomé e Príncipe
Tel: (239) 222 21 41
Fax: (239) 222 26 72

26. Senegal
Km 5 Avenue Cheikh Anta DIOP
B.P. 9095, Centre Douanes
Dakar – Senegal
Tel: (221) 33 859 99 99
Fax: (221) 33 859 99 98

27. Sierra Leone
3 Charlotte Street
P.O. Box 1007
Freetown – Sierra Leone
Tel: (232) 88 141 015 - 025
Fax: (232) 22 290 450

28. South Sudan
Koita Complex, Ministries Road,
P.O. Box 150, Juba
South Sudan
Tel: (211) 922 018 018
(211) 922 118 118

29. Tanzania
Acacia Building
Plot no. 84, Kinondoni Road
P.O.Box 20500,
Dar es Salaam – Tanzania
Tel: (255) 22 292 3471
Fax: (255) 22 292 3470

30. Togo
20, Avenue Sylvanus Olympio
B.P. 3302
Lomé – Togo
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Fax: (228) 22 21 42 37

31. Uganda
Plot 8A Kafu Road
P.O. Box 7368
Kampala – Uganda
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(256) 312 266 078
Fax: (256) 312 266 079

32. Zambia
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Lusaka – Zambia
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(260) 211 250 056
(260) 211 250 057
Fax: (260) 211 250 171

33. Zimbabwe
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Borrowdale
Harare – Zimbabwe
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Fax: (263-242) 851630

34. EBI SA Groupe Ecobank
Les Collines de l'Arche
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France
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Fax: (33) 1 70 92 20 90

35. EBI SA Representative Office
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36. Ecobank Office in China
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Fax: (8610) 66 29 05 33

37. Ecobank South Africa
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135 Rivonia Road
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Johannesburg – South Africa
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38. Ecobank Office in Dubai
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Shaikh Zayed Road, P.O. Box: 29926
Dubai – UAE
Tel: (971) 4 327 6996
Fax: (971) 4 327 6990

39. Ecobank Office in Ethiopia
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P.O. Box 90598
Addis Ababa – Ethiopia
Tel: (251) 116 291 101
Cell: (251) 934 169 784
Fax: (251) 116 291 425

eProcess International SA
2365, Boulevard du Mono
B.P. 3261, Lomé –Togo
Tel: (228) 22 22 23 70
Fax: (228) 22 22 24 34

SHAREHOLDER CONTACTS

Questions about your shares?

Please contact the Registrars for queries about:

- Missing or outstanding dividend cheques
- Share verification and de-materialisation or lost share certificate
- Estate questions
- Change/update address on the share register
- Direct payment of dividends into bank (e-dividend registration)
- Eliminating duplicate mailings of shareholder materials
- Uncashed dividend cheques.

Registrars

Abidjan

EDC Investment Corporation

Avenue Houdaille,
Place de la République,
Plateau Imm. Ecobank,
2ème étage
01 BP 4107 Abidjan 01 – C.I.
Tel: +225 20 21 50 00/72
+225 20 21 50 00/20
Contact: Moise Cocauthrey
Email: myao@ecobank.com

Accra

GCB Bank Limited
Share Registry Department
Thorpe Road, High Street
P. O. Box 134, Accra-Ghana
Tel: +233 0 244 338 508
+233 0 302 668 656
+233 0 302 668 712
Contact: Michael K. Wereko
Email: mwereko@gcb.com.gh
shareregistry@gcb.com.gh

Lagos

Greenwich Registrars and Data Solutions Limited
274 Murtala Mohammed Way
Yaba, Lagos
Tel: +234 (01) 2793168
+234 (01) 2793160-2
Email: info@gtlregistrars.com
Website: www.gtlregistrars.com

To buy or sell shares in ETI

Nigeria
EDC Securities Limited

19A Adeola Odeku Street
Victoria Island
Lagos, Nigeria
Tel: (234) 1 226 5493
(234) 1 226 5361
(234) 1 226 5660
EDC-clientservice-ng@ecobank.com

Côte d'Ivoire
EDC Investment Corporation

Avenue Houdaille,
Place de la République,
Plateau Imm. Ecobank,
2ème étage
01 BP 4107 Abidjan 01 – C.I.
Tel: (+225) 27 20 21 50 00 / 74
(+225) 27 20 21 50 00 / 77
Email: eic@ecobank.com

Cameroon
EDC Investment Corporation

2ème Etage, Immeuble ACTIVA
Rue Prince de Galles, Akwa
BP 15385 Douala – Cameroon
Tel: (237) 233 43 13 71
Email: edcceeac@ecobank.com

Ghana
EDC Stockbrokers Ltd

2nd Floor, 2 Morocco Lane,
Off Independence Avenue,
Ministerial Area, P. O. Box AN16746
Accra – Ghana
Tel: +233 302 610 400 / 302 634 165
Email: edctrading@ecobank.com

Other investor queries

For other queries about investing in ETI shares:

Ecobank Transnational Incorporated

Investor Relations

2365, Boulevard du Mono
B.P. 3261, Lomé – Togo
Tel: (228) 22 21 03 03
Fax: (228) 22 21 51 19
Contact: Ato Arku
Email: ir@ecobank.com

Company Secretary

Madibinet Cisse
2365, Boulevard du Mono
B.P. 3261, Lomé – Togo
Tel: (228) 22 21 03 03
(228) 22 21 31 68
Fax: (228) 22 21 51 19
Email: madicisse@ecobank.com

CUSTOMER CONTACT SERVICES

Services we provide

Account services	• Balance enquiry • Account restriction • Transaction confirmations • Transfer confirmations • Account Information
Card services	• Card activation for online transaction • PIN reset • Card blocking
Complaints	• ATM and POS complaints • Card complaints • Transaction complaints • Service/product delivery days • Staff attitude
Digital support	• Ecobank Online • Omni Lite • Omni Plus • Mobile App/USSD • eAlert & eStatements • AOP (online account opening)
Feedback management	• Customer feedback management and mediation
General enquiries	• Information on Ecobank services/products • Interest rates and FX rates • ATMs and branch locations • Branch contacts • Account opening requirements • Fees and charges
Outbound and telesales	• Customer update and complaint mediation • Telesales and marketing

If you have any enquiries or complaints, kindly call one of our Regional Contact Centres (table below) or email us at: www.ecobankenquiries@ecobank.com

Country	RCC Main Number	RCC Toll Free	RCC Premier Number	RCC Advantage Number	RCC Centre
Benin	+229 21315030				Francophone
Burkina Faso	+226 25327900		+226 25327979		Francophone
Burundi	+257 22280392				Francophone
Cameroon	+237 233505300		237 233505350		Francophone
Cape Verde	238 26 03 660			238 26 03 660	Francophone
Central African Republic	236 72278960 236 72752603				Francophone
Chad	235 22524314 2235 65 72 36 23	3202			Francophone
Congo Brazzaville	+242 058020100				Francophone
Côte d'Ivoire	+225 2721210021	80080088			Francophone
Gabon	+241 01791700		+241 (0)11791700	+241 (0)11791700	Francophone
Gambia	2204399033				Anglophone
Ghana	00233 302213999	0800003225 (MTN/ AirtelTigo only) 080030000 (Vodafone only)		00233 302213999	Ghana
Guinea Bissau	+245 965296800				Francophone
Guinea Conakry	+224 664100100				Francophone
Guinee Equatoriale	240 555300203 240 555300270				Spanish
Kenya	254709573000 254719098000 254204968000	8002212218			Anglophone
Liberia	231881506900 231881506901				Anglophone
Malawi	265999970355 265999970357 265310002329				Anglophone
Mali	+223 44979444		223 44979449		Francophone
Mozambique	258 21341300 25821313344 258828415945 258847184468				Lusophone
Niger	+227 20731360		227 20731373		Francophone
Nigeria	07005000000 2347080653700 23412701323	0700PREMIER (07007736437)	0700PREMIER (07007736437)	0700ADVANTAGE (070023268243)	Anglophone
DR Congo	+243 996016000				Francophone
Rwanda	250788384000 250788161000				Anglophone
S. Sudan	211922018018 211922118118				Anglophone
Sao Tome & Principe	239 222 21 41 239 222 26 72				Lusophone

Country	RCC Main Number	RCC Toll Free	RCC Premier Number	RCC Advantage Number	RCC Centre
Senegal	+221 33 849 23 00				Francophone
Sierra Leone	+232 88326326	+232 88326326	+232 88141011		Anglophone
Tanzania	0800110021	800110021			Anglophone
Togo	+228 22537650				Francophone
Uganda	256757080054 256417700100 256757080054 2566312354100				Anglophone
Zambia	260211367390				Anglophone
Zimbabwe	2637713977171				Anglophone

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Ecobank
The Pan African Bank

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The Pan African Centre
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