ECOBANK GROUP
ANNUAL REPORT 2022

BUILDING ON PROGRESS

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ANNUAL REPORT
2022

Ecobank
The Pan African Bank

CONTENTS



DIVERSIFIED OPERATING MODEL AND UNIQUE PERFORMANCE

Throughout our 35-country presence in Africa and four countries in international markets, we focus on delivering sustainable returns and playing a catalytic role in transforming Africa. No other bank has such a wide African footprint.

Our state-of-the-art solutions and services leverage on technology to provide innovative consumer banking, commercial banking and corporate and investment banking solutions to delight our customers. We also provide investment banking and securities and asset management services. Our various business units have compelling value propositions including financial and non-financial solutions to address specific customers' needs. We always put the customer at the heart of every business decision.

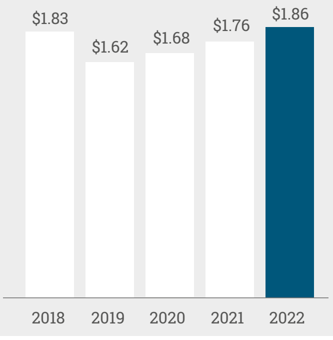
1 WHO WE ARE

OUR PERFORMANCE

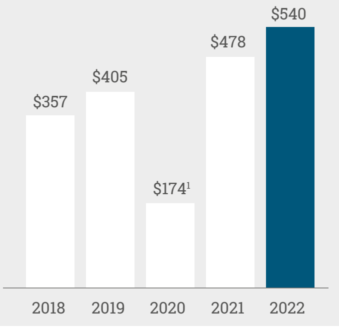
For the year ended 31 December (in millions of US dollars, except per share and ratio data)	2022	2021
Selected income statement data		
Operating income (net revenue)	1,862	1,757
Operating expenses	1,050	1,035
Pre-provision, pre-tax operating profit	811	722
Impairment charges on financial assets	198	218
Non-conversion premium on bonds	40	–
Operating profit after impairment charges and before taxation	573	504
Profit before tax	540	478
Profit after tax	367	357
Profit attributable to ordinary shareholders	286	262
Profit attributable per share ($):		
Basic	1.16	1.06
Diluted	1.16	1.06
Selected statement of financial position data		
Net loans and advances to customers	11,003	9,576
Total assets	29,004	27,562
Risk-weighted assets	15,356	15,271
Deposits from customers	20,813	19,713
Equity attributable to ordinary shareholders	1,395	1,532
Total equity	2,027	2,164
Ordinary shares outstanding (in million)	24,730	24,730
Book value per ordinary share ($)[1]	5.64	6.20
Tangible book value per ordinary share (TBVPS) ($)	5.30	5.70
ETI share price ($ cent)[2]		
High	3.15	2.29
Low	2.05	1.15
Period end	2.30	2.05
Selected ratios		
Profit for the year to average total assets (ROA)	1.3%	1.3%
Profit for the year to total equity (ROE)[3]	19.6%	17.3%
Profit for the year to tangible total equity (ROTE)	21.1%	19.0%
Tier 1 capital ratio	10.2%	10.7%
Total capital adequacy ratio (CAR)	14.2%	14.8%
Net interest margin	4.9%	4.7%
Cost-to-income ratio	56.4%	58.9%
Non-performing loans ratio	5.2%	6.2%
Non-performing loans coverage ratio	86.5%	102.1%

1 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.
2 ETI share price on the Nigerian Stock Exchange at period-end converted into US dollars using Bloomberg applicable rate at period-end.
3 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.

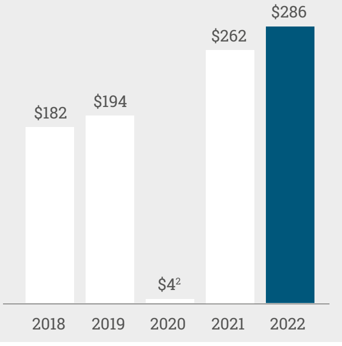
Operating income (net revenue) (US$ in billions)



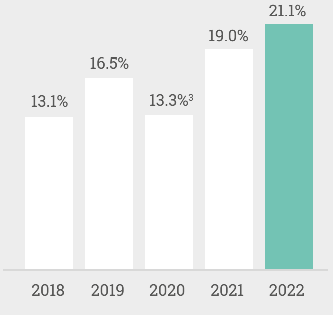
Profit before tax (US$ in millions)



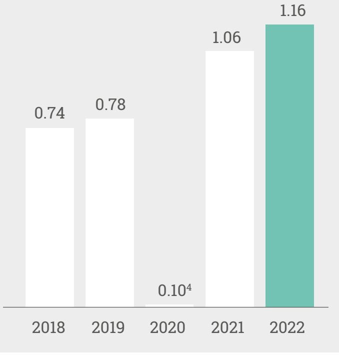
Profit available to ETI shareholders (US$ in millions)



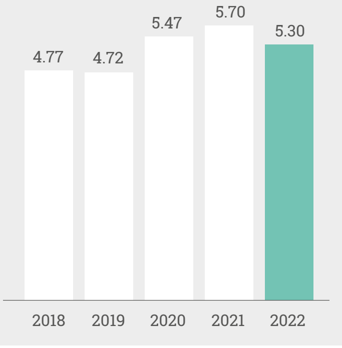
Return on tangible shareholders' equity (ROTE)



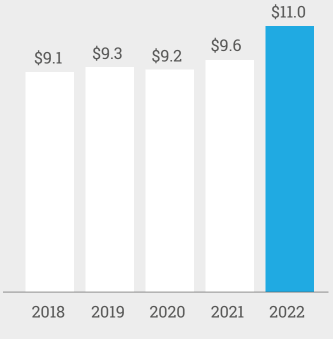
Basic earnings per share (EPS) (in US cents)



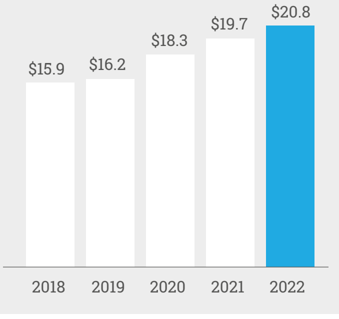
Tangible book value per share (in US cents)



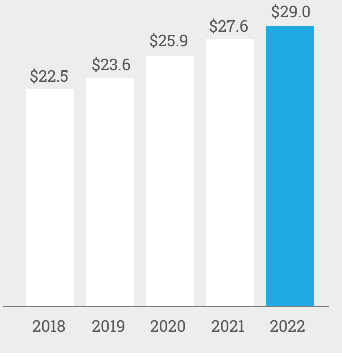
Net loans & advances to customers (US$ in billions)



Deposits from customers (US$ in billions)



Total assets (US$ in billions)



1 Profit before tax of US$174m includes the impact of the US$164m goodwill charge.
2 Profit available to ETI shareholders of $4m includes the impact of the US$164m goodwill charge.
3 ROTE of 13.3% for 2020 excludes the impact of the US$164m goodwill charge.
4 Basic EPS of 0.01 US cents includes the impact of the US$164m goodwill charge.

OUR VISION AND MISSION DRIVE US

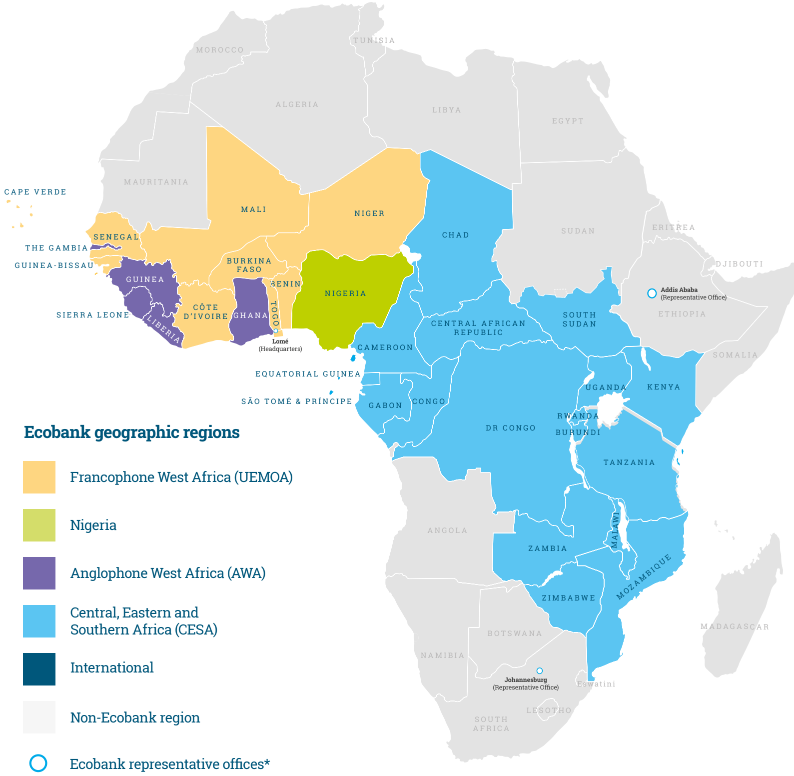
OUR VISION

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 GROUP



Total assets ($29.0bn)[1]

US$10.8	US$6.5	US$5.1	US$6.8	US$1.3

Customer deposits ($20.8bn)

US$7.4	US$4.3	US$3.9	US$5.0	US$0.2

Total equity ($2.0bn)

US$924	US$680	US$547	US$680	US$127

No. of countries

9	1	5	18	1

13,175 Employees from **43** Nationalities

32.4 million Customers

Present in
35 African Countries
38 Banking Subsidiaries[2] and
19 Non-banking Subsidiaries

US$2.0 billion Total Equity

1985
Founded in 1985
Headquartered in Lomé, Togo

US$29.0 billion Total Assets

669 Branches
110,834 Xpress Point Agents

International Offices in
Paris, London, Dubai, Beijing

2,427 ATMs

Ecobank MOBILE
13.8 million Mobile Users
131 million Mobile Users Digital Transactions

Listed on three Stock Exchanges
NGX, GSE and BRVM

* Data as of 31 December 2022.
1 Figures for total assets and total equity will not add up to Group-wide numbers because consolidation adjustments and eliminations have not been excluded.
2 Ecobank has 37 banking subsidiaries in Africa and a banking subsidiary in Paris, France.

GOING TO MARKET THROUGH OUR THREE CUSTOMER-FACING BUSINESS SEGMENTS

Central manufacturing and local distribution

Corporate and Investment Banking

Corporate and Investment Banking (CIB) offers relevant financial solutions to global and regional corporates, governments, financial institutions, international organisations and high local corporates. CIB offers a full spectrum of financial products and services, which include corporate lending, trade finance and services, cash management and payments solutions. The CIB division also provides treasury services, investment banking, securities, wealth and asset management services.

Eric Odhiambo leads this business.

Commercial Banking

Commercial Banking (CMB) focuses on building scale and offering relevant financial solutions to small- and medium-sized enterprises (SMEs) and local corporates across Africa. It provides its varied customer base with lending, cash management, trade finance, Fixed Income, Currencies and Commodities (FICC), and digital solutions to help grow its businesses faster and further. In line with the dominance of this sector in Africa – about 90% of companies in Africa are SMEs – CMB leverages digital solutions in its product offerings with EcobankPay, Point of Sale machines, RapidCollect and Omni Lite, enabling clients to effect payments and collections and manage cash flow efficiently.

Carol Oyedeji (acting) leads this business.

Consumer Banking

Consumer Banking offers a wide array of products and services tailored to the unique banking needs of individuals, giving each of our customers the ability to enhance their financial security, whilst supporting them to fulfil their aspirations. We aim to be the preferred bank for convenient banking across Africa, and to this end, remain focused on delivering world-class products and services to consistently delight our customers.

Nana Araba Abban leads this business.

Distribution

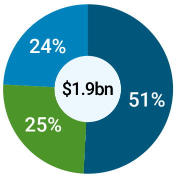
UEMOA

Nigeria

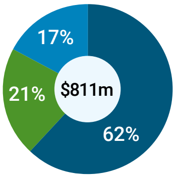
AWA

CESA

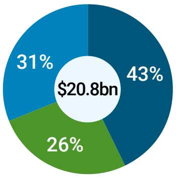
Net revenue by Business segment in US$[1]



Pre-provision, pre-tax operating profit by Business segment in US$[1]



Customer deposits by Business segment in US$



1 Percentage share for net revenue and pre-provision, pre-tax operating profit are based on totals which excludes consolidation and other adjustments.

OUR DIGITAL OFFERING

Accelerated Transaction Volumes on Digital Channels in 2022

US$5.7bn
Up 13% YoY
Ecobank App

US$251m
Down 10% YoY
Ecobank USSD

US$0.9bn
Up 3% YoY
Ecobank Online

US$4.9bn
Up 0.2% YoY
Omni Lite

US$5.2bn
Up 63% YoY
Xpress Point

US$0.6m
Down 82% YoY
Rapidtransfer App

US$51.4bn
Up 32% YoY
Omni Plus

US$11.3bn
Up 11% YoY
Indirect channels

US$1.5bn
UP 24% YoY
POS

PAYMENTS BUSINESS

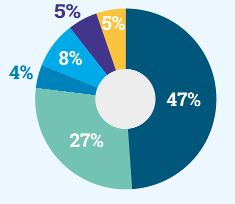
Payments revenue for 2022

US$234m

Up 12% YoY

Contribution to Group Revenues in 2022

Payments Revenue[1] Breakdown



Disbursements

Solutions facilitating business and individual disbursements (including fund transfers, internet and SMS banking, mobile money, etc.).

Card Solutions

Card issuance solutions (comprising card transactions and interchange fees). Today over 7.9 million cards have been issued.

Alternative Channels

ATMs supporting a broad range of electronic banking functionality. Over 2,427 ATMs available.

Biller Solutions

Innovative biller solutions through RapidCollect, providing seamless integration to customers' billing systems.

Merchant Solutions

Offer merchant payment acceptance solutions. Today we serve 580,000 merchants with a combination of POS, QR and agency banking. Also web acquiring online gateway merchant acceptance (i.e. e-commerce). Our online acquiring solution processes both local and international payments for our online merchants.

Remittance

Rapidtransfer enables users to send money instantly, digitally and affordably to 33 African countries and is especially useful for Africa's diaspora to send money to their families back home.

1 Payments revenue only includes fee income.

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.

EXCELLENCE

I go the extra mile.

I strive for excellence.

I am resilient.

I keep learning and delivering results.

I innovate and provide solutions.

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.

INTEGRITY

I preserve my integrity.

I do what I say I will do.

I am transparent, honest and trustworthy.

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.

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.

RAPIDCOLLECT ENABLES BUSINESSES TO COLLECT PAYMENTS ACROSS AFRICA

RapidCollect is an innovative collection facility enabling businesses to collect payments from their clients outside their countries instantly and at lower cost than any other current remittance solution using local currencies.

With the African Continental Free Trade Area creating untold trading growth opportunities for Africa's businesses, it is imperative that the payment and collection infrastructure proactively caters for the needs of our continent's small and medium-sized businesses by facilitating their cross-border trade. RapidCollect further advances Ecobank's determination to remove intra-African trade barriers by providing a fast, innovative, secure, hassle-free and reliable collection solution for our business customers and leverages upon the collective scale and strength of our sub-Saharan African network.

2 GROUP CHAIRMAN AND MANAGEMENT

A LETTER FROM THE GROUP CHAIRMAN

Alain Nkontchou
Chairman, Ecobank Group

"Our Group delivered a strong set of financial results in 2022, despite the difficult operating environment. The Group Return on tangible equity was 21.1%, which is the highest we have achieved in the last decade."

Dear shareholders,

It is a great pleasure to share with you the Annual Report of the activities of our Group and its financial performance for the year 2022.

I will also be pleased to meet some of you at ETI's forthcoming 35th Annual General Meeting.

On behalf of the Board of Directors, I would like to reiterate our commitment to serving the shareholders of ETI, which is the largest Pan-African bank.

Post year-end, we also saw the transition of the Group's CEO position with Jeremy Awori replacing Ade Ayeyemi who has retired. Jeremy effectively assumed the position in March 2023.

The Group continued its strong progress in 2022. We were able to resume the payment of a dividend by the parent company in 2021, and I am again pleased to confirm that the Board has recommended the payment of a dividend of US$28.0 million for the full year 2022 (equivalent to 0.11 US dollar cents per ordinary share).

The prevailing macroeconomic environment calls for prudence when it comes to dividend distribution. In March this year, the Commission Bancaire in the UEMOA region provided a timely reminder to banking institutions to exercise circumspection in their dividend distribution for the year 2022. The Board of ETI is fully aware of its duty in that regard. It is our intention to maintain a cautious dividend payment policy, reflecting the market environment, the performance of the Group and the sustained loyalty of our shareholder base.

Macro environment

I would like to take this opportunity to discuss the macro and operating environment across our continent and the countries in which our Group operates.

2022 was expected to be a year of economic rebound globally, including across our countries of operation. Though the world was prepared for monetary restraint following the significant expansionary measures to cushion the negative effects of COVID-19, the ongoing Russia-Ukraine war and the related global energy and food supply shocks have significantly muted the expected growth.

To stem the worldwide inflationary pressures, most Central Banks have responded by raising interest rates. Higher than expected inflation and the tightening of monetary policy will continue to restrain consumer spending. This challenging operating environment has impacted businesses around the world and Ecobank is no exception. Our countries of operation have been impacted.

According to the IMF, real GDP growth for sub-Saharan Africa in 2022 will be 3.8%, down from 4.7% in 2021.

At Ecobank, we have developed a deep market knowledge of Africa, enabling us to navigate these challenging conditions and avoid costly mistakes. We also collaborate with the countries, as we duly play our key role of provider of long-term funding to their economies.

A stronger Ecobank Group

Ecobank is one of the leading banking groups in Africa and by far the largest in terms of countries of presence. The Group is renowned for its constant delivery of innovation and excellence in customer service. Over recent years our financial performance and stability has steadily improved.

The Group has significantly invested in its digital capabilities, including mobile banking, internet banking and payments infrastructure. This focus on digital banking enables us to reach more customers, reduce our costs and improve our efficiency. Our technology platform is at the core of our competitive advantage and will continue to help us to significantly improve and deliver excellence in Customer Experience.

It is also worth bearing in mind that we must remain cautious and maintain a discipline in our risk approach. The asset quality has improved significantly across our operations, and we must make sure we continue to be disciplined in our risk management framework.

Your Board of Directors is confident that our newly appointed Group CEO, Jeremy Awori, is joining a strong organisation with a dedicated and focused leadership team.

Ecobank's unique position in connecting Africa's economies provides immense opportunities to the firm and we will continue to seize them.

Financial performance

Our Group delivered a strong set of financial results in 2022, despite the difficult operating environment.

The Group Return on tangible equity was 21.1%, which is the highest we have achieved in the last decade.

For the consolidated Group, net revenues increased by 6% to US$1,862 million and profit before tax increased by 13% to US$540 million.

Profit available to ETI shareholders was US$286 million, up 9% from US$262 million in the previous year, resulting in improved diluted earnings per share of 1.16 US dollar cents, compared to 1.06 US dollar cents in 2021.

Our balance sheet is liquid and adequately capitalised. As of December 2022, our Tier 1 capital ratio was 10.2%, versus 10.7% in December 2021, and our total capital adequacy ratio (CAR) was 14.2%, compared to 14.8% in 2021. Fuller commentary on our results is provided in the Group CEO's letter.

Shareholder returns

The parent company's profit for the year was US$222 million.

The Board of Directors has recommended the payment of a dividend of 0.11 US dollar cents (US$0.0011) per ordinary share, equivalent to a total amount of US$28.0 million. Over the last two years, the Group will have paid a cumulative dividend of US$68 million. This is a strong testament to the progress achieved recently and the dedication and hard work of all Ecobankers.

In 2022, ETI's share price rose on all the three stock exchanges on which it is traded. The shares gained 22% on the Nigerian Exchange (NGX), its main trading venue. The NGX's Banking 10 Index was up 3% over the same period.

On the BRVM, ETI shares gained 6% during 2022, having seen an increase in trading volumes. Finally, ETI's share price was up 7% on the Ghana Stock Exchange. This is the second year in a row in which our share price has finished in growth territory, and we are confident that our sustained financial performance will help to maintain this trend.

Major developments during the year

Our Corporate and Investment Banking (CIB) business maintains its leadership in advising large corporate clients:

- In 2022, CIB executed transactions of US$2.3 billion, representing 53% year-on-year growth across our key markets. These included a landmark US$300 million environmental bond issuance for a gold mining client in Ghana, a US$670 million debt capital market bond issuance for a petrochemical project in Nigeria and a US$100 million reserve based corporate facility for an oil and gas client in Nigeria.

We continue to improve our offerings in the Commercial Banking space:

- Access to Finance: we successfully concluded a risk sharing facility with the European Investment Bank (EIB) under the "SME Access to Finance" Risk Sharing Facility Agreement that will support loans totalling €95 million to SMEs in nine of our markets.
- RapidCollect: in 2022 we simplified collections across Africa by launching RapidCollect, which is a fast, innovative, secure, hassle-free and reliable collection solution for our SME customers leveraging on the collective scale and strength of our 33-country Pan-African network.
- Introduction of Super-POS: To help our customers sell more and sell faster we introduced the Super-POS. Exclusive to Ecobank, the Super-POS delivers all payment types through just one device, making it easy for merchants to receive customer payments via card (chip & PIN), EcobankPay QR (scan and pay) and Mobile Money (contactless).
- Bancassurance offering: we extended the Ecobank Bancassurance offering to 17 more affiliates and now serve SMEs with bancassurance products in 29 countries.

We also redesigned and streamlined our Omni Lite internet banking platform for SMEs.

In 2022 our Consumer Banking business introduced a Wealth Management product offering with specialised advisory services to address the needs of customers who expect world-class bespoke products and services to grow, protect and transfer their wealth to their next generations.

The 2022 edition of our Fintech Challenge competition shortlisted six Fintech companies for the grand finale. Finalists were from Democratic Republic of Congo, Nigeria, Senegal, South Africa and Togo. Touch and Pay, which provides the infrastructure to digitise and process microtransactions in Africa through their Cowry app or their offline-based Cowry card, won the top prize of US$50,000.

Board of Directors changes and corporate governance

The Board was very pleased to reconnect with the shareholders in May 2022 for our Annual General Meeting, after the virtual session of 2021 due to the COVID-19 pandemic.

The Board took the opportunity to welcome new Board members in person.

The Board's strategy session in November 2022 provided an opportunity to have in-depth discussions about our organisation, with all the Chairpersons of our affiliates also imparting their experience. Chairpersons' committees were put in place aligned with the regions and languages spoken to foster collaboration among the Boards of different affiliates.

This year we look forward to welcoming shareholders in Lomé, Togo, for our 35th Annual General Meeting.

There was no change in the Board Composition during 2022.

In February 2023, M. Jeremy Awori was co-opted as a Director and his election will be proposed at the upcoming Annual General Meeting.

Leadership

On behalf of the Board of ETI, I would like to pay tribute to our former Group CEO, Mr Ade Ayeyemi. As the head of our institution since September 2015, Ade's leadership has helped to stabilise an institution that had experienced difficulties in the past and has successfully steered us towards sustainable long-term profitability.

Working with the Board of Directors, Ade has contributed to the strengthening of Ecobank's corporate governance standards. Jeremy will draw upon Ade's strong legacy to drive the firm towards its next ambitions.

Regarding our financial performance, the Group is in a very solid position today:

- We have increased our market share in several geographies and the Bank is in the top three banks in 15 countries.
- Ecobank is the preferred partner of governments and international organisations operating across Africa.
- An exceptional performance in 2022 with profit before tax of US$540 million.
- Allow me here to salute the discipline in terms of cost management which has achieved a cost-to-income ratio of 56% – our lowest since 2000.
- The Group's capital position has declined. As at December 2022, the Group CAR stood at 14.2%.
- Our institution has a resolute commitment to digitalisation for which we continue to be a market leader.
- Ecobank is recognised for its beneficial impact in the communities of the countries in which we operate through the work of our Ecobank Foundation and all the ESG initiatives that we have undertaken.

- The payment of dividends to the Group's shareholders in 2021 and 2022 is a signal that crowns the gradual improvement of our performance metrics over the past few years.

Thanks to the work, dedication and determination of Ade and his teams, our organisation is in a much better shape today than it was when he joined back in 2015. We will always be grateful for his leadership and the results achieved.

As we welcome Jeremy Awori as the new Group CEO, the Board is confident that the Group is on a stronger footing.

Jeremy is a highly respected leader in the banking industry with tremendous achievements in his previous roles. The Board of Directors strongly believes that his drive and strong focus on results will be instrumental in steering the Group towards and through its next challenges. I fully expect all of us to give our full and unrelenting support to Jeremy, as he leads the Ecobank Group in its next phase of sustainable long-term success.

On behalf of the Board, I would also like to express our great appreciation to two of ETI's Group Executives, who retired this year.

- Mr. Cheikh Travaly retired as Regional Executive Central, Eastern and Southern Africa (CESA) and Managing Director of Ecobank Kenya. Mr. Travaly joined the Group in 1996.
- Mr. Moustapha Fall retired as Group Executive, Internal Audit and Management Services, having joined Ecobank in 1999.

They have been great contributors to our institution and I would like to express our sincere gratitude for their long service and wish them well.

Mrs. Josephine Anan-Ankomah (formerly our Group Executive, Commercial Banking) replaced Mr. Travaly as Regional Executive, CESA and Managing Director, Ecobank Kenya.

Last year also saw some changes in nine affiliates with new Managing Directors starting at Ecobank Democratic Republic of the Congo, Ecobank Chad, Ecobank Congo Brazzaville, Ecobank Central African Republic, Ecobank Equatorial Guinea, Ecobank Gabon, Ecobank Gambia, Ecobank Rwanda and Ecobank South Sudan.

I would like to extend the congratulations of the Board and our support to these senior managers in their new roles.

Outlook

As we progress into 2023, we are excited about the opportunities for our organisation, though we recognise that the operating environment remains challenging.

Despite the ongoing uncertainty caused by the consequences of the war in Ukraine and the inflationary pressures in various economies where we operate, we remain confident in our ability to adapt and succeed.

Our focus this year will be on accelerating our growth, reinforcing and streamlining the internal processes and leveraging on our technology platform.

I would like to reiterate the Board's gratitude to all Ecobankers for their dedication and the great care they show to our customers. Thanks to their hard work, Ecobank is a strong and renowned organisation, of which we can all be proud. Together we will continue to deliver for our stakeholders and help shape the future prosperity that we want for our continent, as well as making a positive impact in our communities.

Thank you.

Alain Nkontchou
Chairman, Ecobank Group

A LETTER FROM THE GROUP CEO

Ade Ayeyemi
Group Chief Executive Officer
September 2015 – February 2023

"Our strong results reflected our diversified business model's resilience to adverse markets, underlying business momentum, disciplined management of costs, focus on risk and control framework, and the competence of Ecobankers in serving our customers and clients."

Fellow ETI shareholders,

Four words characterised the Group in 2022 and enabled it to successfully navigate a year of unexpected shocks: Resilience, Agility, Focus and Competence.

2022 – A 'home-run' year

2022 was the second and final year of our 'Execution Momentum' Strategy. We considered it a 'home-run' year for us to accelerate revenue generation, value-based and disciplined spending, enhanced risk management and more excellent execution of imperatives. You will recall that in the first three years of the 2016-2020 Roadmap to Leadership Strategy, Ecobankers worked hard and diligently, in the face of many headwinds, to build the foundations necessary for the Group to deliver excellence to our customers, communities and shareholders. Then in 2018-2020, we transitioned into execution mode under our 'Execution Momentum' strategy, extended into 2022, which was designed to generate long-term sustainable returns on tangible shareholders' equity (ROTE) through a focus on our Trade, Payments and FICC businesses, digital transformation of our businesses, building partnerships to reach 100 million customers and exercising stringent cost and risk management discipline. I am proud that our performance across these objectives has been admirable. Admittedly, we did not achieve 100% of the plans intended, but we made significant strides upon which we can continue to build progressively.

We confronted a challenging operating environment in 2022 – war in europe, inflation, weak african currencies and much more

The operating environment in 2022 was challenging for all economic participants, particularly the vulnerable in society. Just when the COVID-19 pandemic loosened its noose around the global economy thanks to vaccines and economies beginning to recover, Russia's invasion of Ukraine derailed the recovery. Global growth, as a result, practically halved from a rebound of 6% in 2021 to 3.2% in 2022, while sub-Saharan Africa (SSA) experienced a drop from 4.7% to 3.6%. Global inflation peaked in 2022 at 8.8%, from 2.5%. In SSA, average inflation peaked at 8.9%; and in certain countries, it was as high as the 20s. Some of our operating countries were in hyperinflation territory. Sharp increases in the cost of living, high unemployment, increased insecurity and widening inequalities continued to be a significant concern. To tame inflation, the U.S. Federal Reserve tightened its monetary policy, rolling out multiple interest rate increases and attracting resources to the U.S. Central banks of developed and developing nations similarly hiked interest rates. With the resulting flight to the dollar, most African currencies depreciated against the U.S. dollar, further exacerbating inflationary pressures and the cost of imports. The currency depreciation in SSA countries against the U.S. dollar, our reporting currency, ranged from 6% to 40%. In addition, certain SSA countries, particularly Ghana, exacerbated an already worrisome sovereign debt sustainability situation. We ended the year with looming defaults in Ghana on both local and foreign currency debt and concerns about the risk of contagion.

Opportunities, even in a challenging operating environment

The impact of the Russia-Ukraine war, particularly the disruption of supply chains and increased food prices for wheat and oil, was a hard lesson for SSA. It was no longer prudent for Africans to overly rely on imported goods and services to the detriment of developing local manufacturing capacities and promoting entrepreneurship among its citizens. Therefore, seeing a few affected countries turn these crises into opportunities by adopting policies and programmes for increased food and input production, including local processing, was encouraging.

As a champion of Africa's economic development and financial integration, Ecobank took the opportunity to prudently lend its balance sheet to these initiatives by allocating capital to support agricultural sector projects, particularly those that ensure value added at a higher level of the product value chain and facilitate access to financing or markets. These policies and programmes, if well executed, will increase export revenues, create jobs and provide economic livelihoods to many Africans.

An example is the Adetikope Industrial Platform in Togo, a strategic project for unlocking additional value in Togo's economy. To be completed in two phases, the project leverages a partnership between Arise Group, Afreximbank and Ecobank. The first phase involved the construction of an industrial zone, a logistics zone and a commercial and residential centre. The second phase, which is just starting, consists of the establishment of factories for processing crops and fruits, including cashew, pineapple, corn, mango and sesame.

Another is the Farm Pass project, a digital marketplace platform that provides a ready market of suppliers and buyers for smallholder farmers' produce. The project utilises Ecobank's operations in 33 SSA countries and Mastercard's Farm Pass.

Resilience, agility, focus and competence underpinned our strong financial performance

Our strong results reflected our diversified business model's resilience to adverse markets, underlying business momentum, disciplined management of costs, focus on risk and control framework, and the competence of Ecobankers in serving our customers and clients.

As a result, Ecobank generated US$286 million in profit attributable to ETI shareholders, or 1.16 US dollar cents (US$0.0116) per ordinary share. Moreover, the Board has declared a payment to shareholders, dividends of 0.11 US dollar cents (US$0.0011) per ordinary share. This dividend payout is lower than last year's primarily because Ecobank Ghana will not be paying a dividend to ETI on its 2022 results due to the negative impact of the GoG's debt restructuring exercise on its financial results.

Profit before tax increased by US$62 million, or US$185 million at constant currency, to US$540 million. The increase in profits reflected our continued delivery of positive operating leverage, where we ensure revenue growth is higher than cost growth. The pre-provision, pre-tax operating profit (PPOP) captures this outcome perfectly and, in 2022, increased by US$89 million, or US$231 million at constant currency, to US$811 million.

A few significant items impacted profit before tax for the year

First, we 'released' and returned to profits US$126 million from the US$206 million of centrally accumulated impairments for expected credit losses (AECL) that we allocated to cover the US$200 million loans that the RV bought from Ecobank Nigeria in the third quarter of 2022. The AECL release followed a valuation of collateral associated with one of the loans in the RV by an independent third-party valuer and the subsequent impairment assessment on the net exposure to the Group concerning the RV. This writeback was positive for profits.

Secondly, we took US$170 million of Group-wide impairment charges related to Ecobank Ghana's financial assets eligible under the Government of Ghana's (GoG) Domestic Debt Exchange Program (DDEP) and the Group's exposure to the GoG's Eurobonds. As you may recall, on 4 December, Ghana's Ministry of Finance announced a DDEP in line with its agreement with the International Monetary Fund (IMF) to restore macroeconomic stability. The subsequent exchange of these eligible local currency bonds for the GoG's new bonds under the DDEP resulted in Ecobank Ghana booking a significant impairment charge of US$96 million because the new bonds had lower coupon rates and longer maturities than the old bonds. In addition, the affiliates holding Eurobond took an additional impairment charge of US$74 million relating to its exposure to the GoG.

Third, the Group incurred a US$40 million expense associated with repaying the US$400 million convertible debt (CD) we borrowed in 2017. As part of the contractual agreement, if the CD holders did not exercise their rights to convert their debt into ordinary shares, Ecobank had to redeem the debt at 110% of the principal amount at maturity.

Finally, we contended with excessive and out-of-control general price increases in Zimbabwe and South Sudan that negatively impacted our financial results. These hyperinflationary conditions led to us taking a net monetary loss of US$34 million in 2022.

The net impact of these four critical items adversely affected our profit before tax by US$118 million.

Revenue generation improved, increasing by 6%, or 26% at constant currency, and was strong across all regions, business segments and products, driven by growth in net interest income and non-interest revenue. The higher interest rate environment and growth in earning assets, primarily loans, increased net interest income by 7%. Non-interest revenues rose 4%, thanks to higher fees from merchant acquiring, wholesale payments, cards and customer-driven FX currency trading.

We are proud of the discipline we have embedded in managing costs across the Group, which continues to pay off handsomely. Today we can boast a cost-to-income ratio of 56.4%, our lowest in a decade, thanks to our actions around branch closures, digitisation, staff optimisation, procurement rationalisation and improved operational risks and controls. For example, we have reduced staff costs by a compounded annual growth rate (CAGR) of 4% since 2015. This reduction was achieved while still making the necessary essential investments in technology, people and processes to ensure that we continue serving our customers and communities better.

Our balance sheet ended the year at US$29 billion, up 5% or 19% at constant currency, and was supported by robust levels of capital and liquidity, enabling us to support our clients' lending needs.

Our capital levels were above regulatory minimums. The consolidated Group's total capital adequacy ratio (CAR) was an estimated 14.2% as of 31 December 2022, compared to 14.8% the previous year. Common Equity Tier 1 (CET1) and Tier 1 ratios were 9.6% and 10.2%, compared with 10.0% and 10.7% in 2021. One major factor that tends to impact our capital ratios is converting our affiliates' financial results in local currency into US dollars, the Group's reporting currency. Given that the US dollar typically strengthens against most of our key African currencies, the foreign currency translation reserve (FCTR) reduces the capital base (the numerator of the capital ratio). However, because we hold most of our risk-weighted assets (RWAs) in local currencies (the denominator), they decline somewhat in lockstep, mitigating the overall impact on capital ratios.

The deposit growth we experienced, particularly during the COVID-19 pandemic, created robust liquidity for Ecobank. For example, our ratio of loans to deposits was 55.4% in 2022 compared to an average of 60.2% in 2016-2022. In addition, our holdings of investment securities have increased from US$3.3 billion in 2016 to US$7.0 billion in 2022, representing a 14% CAGR. On the other hand, we increased customer deposits by 6%, or 19% at constant currency, to US$21 billion, crossing the US$20 billion threshold for the first time. The importance of having deposits whose sensitivity to rising interest rates is low is critical to maintaining stable funding. These 'sticky' deposits, or Current Accounts and Savings Accounts (CASA), typically reflect consumers' and small businesses' confidence and connection to the Ecobank brand through years of fostering deepened relationships. In 2022, CASA deposits increased by US$1 billion, constituting 82% of total customer deposits.

Hence, we grew net loans by 15%, or 27% at constant currency, to US$11 billion, driven by solid Corporate and Commercial Banking loan growth.

Credit quality remained strong, thanks to our actions over the years to address legacy loan problems, including strengthening our risk and control framework, setting up the RV to ringfence legacy loans from the core loan portfolio, and intensifying our non-performing loans recovery and remedial strategy. These actions have led us to progressively reduce the amount of non-performing loans as a percentage of total loans across the Group, from 8.2% at the end of 2015 to 5.2% in 2022.

We also brought down our cost-of-risk (CoR), the net impairment charge computed to reflect the expected credit losses on our loans divided by the average gross loans for the period. The CoR reflects the risk inherent in our loan portfolio, and prudently managing it allows more of our revenues to flow to profits. The CoR for 2022 was 0.09% compared to 1.69% in 2021. The US$126 million impairment charge release related to the RV was the primary driver of the reduction in the CoR for 2022.

Overall, we delivered a record return on average tangible shareholders' equity of 21.1% compared to 19% in the previous year. The ROTE was above the estimated point-in-time cost of equity, or the return our shareholders expect on the capital they have entrusted to us, which is about 16%, and reflects the value we continue to create for our shareholders.

All our businesses delivered meaningful progress on their strategic imperatives

Despite the many headwinds they faced, I am proud of the progress and underlying momentum in our businesses – Consumer, Commercial, Corporate and Investment Banking – in serving our communities and customers. They provided them with loans, managed their deposits, digitally facilitated their payments, advised them on risk management, offered financial literacy for women-led businesses, built meaningful partnerships, supported Africa-wide initiatives such as the African Continental Free Trade Area (AfCFTA) and the Pan-African Payment and Settlement System (PAPSS), and much more.

Each Group Executive for our lines of business has written a letter in this Annual Report (pages x-y), which shed enormous light on their achievements and how they continue to innovate for our customers. I urge you to read these letters. First, however, let me briefly touch on each business's marvellous strides achieved for their customers and clients and their 2022 financial highlights.

Consumer Banking (CSB) has made remarkable progress in its vision to become the preferred bank for convenient banking across Africa. Through its Xpress Points agency banking network, CSB has widened access to banking for the under and unbanked by increasing the number of its agent locations (Xpress Points) from 446 in 2017 to 110,000+ in 2022, and transaction volumes processed in 2022 were US$5.2 billion. In addition, CSB has grown its partnerships with mobile network operators, Fintechs and downstream oil markers to increase its customer base further. As a result, its customer base has grown from approximately 10 million in 2016 to about 31 million in 2022.

Moreover, CSB has improved its card issuance business with cards that offer innovative features for customers, such as loyalty programmes, while continuing to invest in its digital channel capabilities. For example, it introduced new features on its award-winning Mobile Banking app.

In 2022 CSB earned US$132 million in profit before tax, an increase of 52% from the previous year, driven by higher revenues and lower costs, although an increase in impairments partially offset these. Net revenues rose 10% to US$468 million.

Commercial Banking (CMB) made excellent progress on its six strategic pillars – scale, digitisation, deposits, loans, talent cultivation and social impact. For example, Omni Lite, its internet banking platform, supports digital payments for CMB's small business customers and generated transaction volumes of US$4.9 billion in 2022. Further, CMB invested in EcobankPay, its scan-and-pay payments solution for consumers and merchants and deployed more point-of-sale systems (POSs) with advanced features.

In addition, CMB's gender-based financing programme, Ellevate, has successfully financed over 50,000 women's businesses, providing nearly US$179 million in loans and generating about US$465 million in deposits. In 2022, the Ellevate Programme added to its financial offering and non-financial assistance by training 35 women entrepreneurs, from all our regions, in partnership with the Global Business School Network. The faculty that delivered the training was from Stanford SEED, MIT, INSEAD, American University, Cairo, and the University of Cape Town.

With the launch of new deposit products, CMB's deposits increased by US$605 million, and loans grew by US$225 million in 2022.

In 2022, CMB increased profit before tax by 100% to US$134 million, thanks to revenue growth, efficiency gains and reduced credit losses. Revenues grew by 15% to US$471 million, driven by cash management, FICC and Trade.

Corporate and Investment Banking (CIB) undertook some important initiatives in 2022 to support their clients. They were the lead arranger and book runner for the biggest IPO in the UEMOA region, Orange Côte d'Ivoire's US$2.3 billion IPO. To further their goal of becoming the preferred Trade Bank on the continent, they launched the Ecobank Single Market Trade Hub, a portal to help clients understand and navigate the AfCFTA. Moreover, CIB increased its trade loans by 11% to US$2.7 billion and increased new business growth by 30%. Importantly, they continued to grow their market share in their Trade Services business, increasing their share of the Letters of Credit (LC) market to 6.2% and growing volumes by 27% year-on-year. Finally, with the strategic support of Ecobank International, our Paris-based bank, CIB, continued to support its foreign clients with their local currency needs.

In 2022, CIB's profit before tax declined by 17% to US$333 million, mainly due to the impairment charges we took regarding Ghana's debt restructuring exercise. Revenues generated were US$985 million, an increase of 5% from the previous year.

Our people – a force for delivery

Our people remain our greatest strength. The Group's results were only possible due to their commitment to place the customer and client at the centre of everything they do and to deliver on our strategic goals even in challenging circumstances. Ensuring their comfort at the workplace is paramount. Therefore, various affiliates are at different stages of construction or renovation projects to make their offices and branches more comfortable, adaptable and aligned to future workplace needs.

Furthermore, our HR services have become entirely digitised, improving awareness of rules, regulations and benefits. The digitisation programme has dramatically improved the appraisal process, including a 360º process on which feedback has been hugely positive and will inform future decisions around talent management, training and career advancements.

In 2022, the Ecobank Academy, our Learnings and Development institution, embarked on a digitisation project, fully empowering Ecobankers in their Learning and Development journey through on-demand programmes and courses. As a result, our staff can access courses on demand. In just four months, Ecobankers completed more than 120,000 eLearning courses.

We expect Ecobankers to maintain high standards given the far-reaching implication for our customers, clients and the Ecobank brand if these are compromised. Therefore, while strengthening consequence management, we have also provided a robust recognition and rewards programme to entrench these standards and promote appropriate behaviours.

The greatest testament to the quality of Ecobankers and the result of their commitment is demonstrated by the 37 awards received across the Ecobank Group in 2022. These are just a few of them:

- African SME Bank of the Year (African Banker Awards 2022);
- Global Finance Best Bank for Cash Management in Africa;
- Best Bank in Africa (Euromoney);
- Best Digital Bank in Africa (Euromoney);
- Best Bank for SMEs in Africa (Euromoney); and
- Ecobank was also named as one of the Best Places to Work in Africa.

Technology – the investment that keeps on giving

Our investment in technology continues to be one of our most transformational and visionary decisions, both from business and the firm's perspectives. Technology was our game-changer during the COVID-19 years and is critical to what helps us deliver as a Pan-African banking group. Investments in infrastructure and systems continue to support our digitisation agenda, and 95% of our transaction volumes are being delivered through our digital channels: ATM, POS, Ecobank Mobile app, Ecobank Online, Omni Plus and Omni Lite to name a few. Through four releases in 2022, we enhanced our award-winning Mobile app – a one app, four languages and 33 countries' product. It remains one of the best-in-kind globally and is an achievement of which Ecobankers continue to be proud.

In addition, consistent with our Ecobank-as-a-Service strategy, we enhanced our Ecobank Sandbox with additional APIs in response to the dynamic needs of our Fintech ecosystem. With 102 new partners now integrated into the system, Fintech registrations and transaction volumes increased. Furthermore, we upgraded, enhanced and launched our Ecobank Online (for the consumer) and Omni Lite (for commercial) online banking platforms, with new features and functionalities, in response to the growing needs of our customers and clients. We also introduced a Mobile app version of both products. Finally, in response to our transactions' increased speed and volume, we implemented an Enterprise Fraud Management system to improve risk management and strengthen the monitoring controls across the organisation. This fraud management system further complemented our investments in reinforcing our cybersecurity.

Commitment to climate change

The devastating effects of climate change on people, infrastructure, agriculture, health and the economy compounded the challenges experienced by SSA countries. It has been estimated that extreme climate events in 2022 alone killed at least 4,000 people and affected 19 million people in Africa. In addition, our operating countries experienced droughts, floods, severe storms and more. As a banking group, we have intensified our investments in sustainability while reinforcing our capacity to manage and mitigate climate change risks better. During the year, Africa hosted COP27 in Sharm El Sheikh, Egypt. The breakthrough of that COP was the establishment of a fund to aid countries facing severe damage from climate change. In addition, we participated in the COP and the Africa Adaptation Summit in the Netherlands, ensuring that we continue to be part of the dialogue and the solutions.

I signed the African Business Leaders Climate Statement, along with 56 other firms, pledging our support for adaptation, mitigation and a just transition.

Furthering our sustainability agenda

Following the successful listing in June 2021 of our US$350 million Tier 2 Sustainability Notes, the first by a financial institution in SSA, we issued our first Ecobank Group Sustainability Note Allocation and Impact Report in 2022. Our third-party assurance auditor was Deloitte. The Report revealed that we allocated US$380million (US$30 million above the amount of the bond proceeds), with 96% to eligible Social Projects and 4% to Green Projects. The specific projects include Ecobank Ghana's financing of the construction and installation of the largest hospital solar installation in Africa, a 700 kW solar plant for an orthopaedic hospital.

Moving on

In my 2015 letter to shareholders, my first after taking on the role of Group CEO in September 2015, I noted that "I am honoured indeed to have the privilege of leading this great African institution, Ecobank. I take pride in what Ecobank stands for, the vision of its founders and the foundations built by many men and women before me. We have inherited a unique legacy, and I feel an immense sense of obligation to continue to drive the business forward, building on what has already been achieved".

After over seven exciting years at the helm of the Ecobank Group, I still hold on to these words with pride and honour. But now, the time has come for me to step aside for another to take this great institution's leadership reins. The Board has identified a seasoned and capable banker, Jeremy Awori, to succeed me. Rest assured that the institution's leadership is in capable hands. The successful transition process reflected robust institutional maturity and a seamless passing of the baton of leadership.

As a firm, we have come a long way. Each Group CEO before me positively contributed to building a great institution and realising the founders' dream for a world-class Pan-African banking institution. Indeed, through its delivery of banking services and its 'One Bank', 'One Mobile app', and 'Single Gateway' model, Ecobank has made an Africa without borders a reality, even before the African Continental Free Trade Area initiative.

My deep appreciation goes to the bold founders who were not afraid to dream big for Africa and to step out and realise their daring dreams. History will never forget them, they have created an example for African entrepreneurs. The significant successes of the past 7.5 years would not have been possible without the support of the shareholders who gave me this great opportunity, a committed and seasoned Board, a fantastic Group Executive Committee and a team of hardworking and diligent Ecobankers who delivered daily to meet the needs of our customers and clients.

I will always be an Ecobanker and root for this great institution. Ecobank will always be at the forefront of the evolution of banking, financial services and enabling technologies. Its boldness to lead knowledgeably and the humility to embrace the new will continue to assure its success. I thank you all for the opportunity and your valuable support.

Ade Ayeyemi
Chief Executive Officer, Ecobank Group

A LETTER FROM OUR NEW GROUP CEO

"I am conscious of the significant opportunities that exist on the continent, particularly for a Pan-African banking group such as ours. As a firm, we have fully embraced technology, mobilised the best talent and maintained a boldness and readiness to innovate in the delivery of our Pan-African vision."

Jeremy Awori
Group Chief Executive Officer
From March 2023

Dear Shareholders,

I have the honour of writing this first letter to Shareholders in my capacity as Chief Executive Officer of Ecobank Transnational Incorporated, a position I have occupied since 1 March 2023. Over the years, Ecobank Group has consistently delivered value for Africa, Africans and friends of Africa. I am excited about the opportunities to deliver even greater value and continue to play our part in providing world-class financial services and contributing to the economic integration of the continent. Despite the challenging global macroeconomic environment, including the volatility affecting the banking sector, I am conscious of the significant opportunities that exist on the continent, particularly for a Pan-African banking group such as ours. As a firm, we have fully embraced technology, mobilised the best talent – currently representing 43 nationalities – and maintained a boldness and readiness to innovate in the delivery of our Pan-African vision. More than any other financial institution, we have created an Africa without borders, through the delivery of our financial services and 'One Bank' model. We have a valuable brand that is not easily replicated, and our commitment to enabling communities to thrive on the continent is without question.

Since my appointment, I have had the privilege of visiting and engaging with some of you, as well as our regulators, authorities, and affiliates. I have revalidated our opportunities, while experiencing first-hand the challenges that we must address. I am proudly leading my colleague Ecobankers on a firm course to decisively realise the opportunities and overcome the challenges, while monetising our strategic investments across the continent and beyond. We are committed to delivering value to our shareholders and will ensure disciplined attention to the basic requirement of running an efficient and sound banking group. Furthermore, we will place our customers and clients at the centre of all that we do.

Ecobank Group has been on a results-oriented journey of transformation. For this and the commendable results, I would like to applaud my predecessor, Ade Ayeyemi, for his hard work and leadership. We will build on what has been achieved. I am conscious that our two-year Execution Momentum Strategy ended in December 2022. I will work with management and the Board to build our strategy for the future, which will decisively take the Ecobank Group to its next levels in the service of the continent. We will focus on further growing our large markets, and this will include further transformation of our Nigeria business, consolidation of our leadership positions in the markets where we are leading and grow and transform our businesses in currently subscale markets. Clearly, the foundations laid in the payments business have created opportunities for the firm which we will pursue with vigour. Moreover, while preserving the important positioning and impact of our Corporate and Investment Banking business, we also recognise the opportunities that a youthful, entrepreneurial and thriving Africa presents for our Commercial Banking and Consumer Banking businesses. Significant resources have been invested to clean up our legacy portfolio. We will preserve these benefits, ensure discipline and rigour in asset creation, diligence in the application of internal controls and commitment to value-based spending. In this connection, we will also tap into the energy and creativity of our youthful workforce; ensure that we maintain our growth trajectory both sustainably and inclusively; while we preserve our leadership positions and gain new ground. Our focus, in conclusion, will be on growth, transformation and returns.

Jeremy Awori
Chief Executive Officer, Ecobank Group

A LETTER FROM GROUP EXECUTIVE, CONSUMER BANKING

Nana Araba Abban
Group Executive,
Consumer Banking

"We remained cautious in our lending and strengthened our collections framework, thereby improving the quality of our loan portfolio and achieving a non-performing loan (NPL) ratio of 4.8%, compared to 6% in 2021."

Introduction

Our core purpose is to contribute to the prosperity of Africa by providing financial solutions tailored to the unique banking needs of individuals, giving each of our customers the ability to enhance their financial security, whilst supporting them to fulfil their aspirations. We aim to be the preferred bank for convenient banking across Africa. To this end, we remain focused on delivering world-class products and services that financially empower and consistently delight our customers.

Performance highlights

2022 was a turbulent year for the global economy and Africa was not spared. We experienced a gradual recovery from the COVID-19 pandemic, as economies opened and travel and consumer spending increased. However, this recovery was cut short early in the year by the unexpected Russia-Ukraine war, which caused volatility in our markets and spiralling inflationary pressures which adversely affected consumer spending power and their outlook.

Despite the headwinds, we are pleased to have been able to support our clients through all of these challenges while recording a resilient performance. We delivered strong business profitability of US$132 million on revenue of US$470 million, reflecting growth of 52% and 10%, respectively, on prior year performance. This was driven by healthy income growth along key product lines and reflected our cost containment initiatives which we will continue to pursue. Our cost-to-income ratio (CIR) improved from 74% to 67% in 2022.

We attracted healthy levels of low-cost deposits which, despite currency devaluation in our key markets, resulted in total deposits increasing by 2% to US$6.5 billion. Card transaction volumes were up by 15% to US$11 billion, as consumers increased their use of debit and prepaid cards. Simultaneously, payment services delivered through our Mobile banking channels increased significantly for both domestic and cross-border payments seeing year-on-year growth of 13% to US$6 billion.

We remained cautious in our lending and strengthened our collections framework, thereby improving the quality of our loan portfolio and achieving a non-performing loan (NPL) ratio of 4.8%, compared to 6% in 2021.

	2021	2022	Growth
Revenue (US$ millions)	426	470	**10%**
Profit before tax (US$ millions)	87	132	**52%**
Card Transaction Volume (US$ billions)	9.6	11.1	**15%**
Number of Ecobank Mobile transactions (millions)	117	131	**12%**
Value of Ecobank Mobile transactions (US$ billions)	5.3	6.0	**13%**
Value of Xpress Point Transactions (US$ billions)	3.2	5.3	**66%**

Expanding access to financial services

Financial inclusion is a critical enabler of Ecobank's mission to contribute to the financial prosperity of the continent and the Sustainable Development Goals (SDGs) of poverty eradication and women's empowerment. We seek to ensure access to basic financial services that enables low-income earners and women to earn more, build their assets and cushion themselves against external shocks.

We have remained consistent in our plans to expand access to our financial products across the continent. Our digital channels, agency banking (Xpress Point) network and partnerships are being strengthened and expanded to ensure wider distribution of our products.

To further simplify access to financial services, we launched an Xpress Point app which allows basic bank account opening on the go. The flexibility of the Xpress Point app enables any individual to serve as an agent of the Bank just by having a phone and this goes a long way towards enabling easy access to financial services across our communities.

We are offering various lending products to micro-entities leveraging digital channels and have disbursed over US$550 million in microloans with over 30% of these loans disbursed to women.

The suite of products and services available at our 111,000+ agency banking locations is being expanded to ensure that we reach the unbanked and underbanked with basic banking services. We continue to seek more agent partnerships to bring basic banking services closer to the communities in which we operate. Some of the new services introduced include the sale of prepaid cards, the enabling of POS terminals at Xpress Point locations to facilitate bank card withdrawals and the distribution of remittances from international money transfer organisations.

In 2022, we processed 22 million transactions at our Xpress Points totalling US$5.3 billion, which represented growth of 57% and 66%, respectively, year-on-year.

We also understand the need to leverage partnerships to achieve our financial inclusion ambition. Ecobank operates in 33 sub-Saharan African countries providing potential partnership opportunities with over 90 mobile network operators, 570+ fintechs and international development organisations with a focus on Africa.

We currently have partnerships with telcos and fintechs such as Airtel, MTN, Djamo, MFS, Semoa and Fingo which enable us to distribute financial products and services to their customers. This remains an area of strong focus in our bid to attain our joint objectives as partners.

Wealth Management business gaining momentum

Last year, we introduced our Wealth Management product which offers specialised advisory services. This specifically addresses the needs of customers who expect world-class bespoke products and services to grow, protect and transfer their wealth to the next generation. This product service is currently available in a number of our presence markets including Benin, Cameroon, Côte d'Ivoire, Ghana, Nigeria and Togo. The products we offer include fixed income securities, index and balanced funds, securities trading, offshore investments and bonds. This service has been well received and, as at end of 2022, we had about US$100 million in Assets under Management. We will continue to deepen our financial planning competencies and wealth management offerings as we look forward to expanding its delivery to other markets.

Owning a home for personal use and investment purposes is a critical aspect of wealth management and has been a focus for us. We have rolled out various initiatives to enhance our mortgage offerings both for our domestic and diaspora customers. These include partnerships with developers to finance buyers for their properties, sponsored mortgage fairs and product webinars facilitated by market experts. At the governmental level, we have recently signed a memorandum of understanding with the Government of Senegal for a mortgage partnership to offer mortgages to specific categories of civil servants. Our focus on our mortgage business resulted in portfolio growth of 11% in 2022.

Digitisation

Our Internet Banking Service, Ecobank Online, was upgraded to further improve the user experience and functionalities as well as making it available on an app, the Ecobank Online app. This innovation has been well received by customers and we will continue to innovate to enable us to consistently deliver outstanding customer experience.

The Ecobank Mobile Banking App and USSD services also saw enhancements to the user experience as well as new products such as the instant salary advance loan. We continue to see an increase in the Mobile Banking service transactions, which grew by 12% to 131 million during the year.

Our commitment to leveraging Open Banking for customer acquisition and financial product distribution continues to see us exploring partnerships to deliver innovative solutions. For instance, Fingo Africa, a youth-focused digital bank, allows customers in Africa to open digital accounts in minutes by leveraging on our digital account product, Xpress account.

The 2022 edition of our Fintech Challenge competition shortlisted six Fintech companies for the grand finale, which was held in October 2022 in Togo. Finalists were from the Democratic Republic of Congo, Nigeria, Senegal, South Africa and Togo. Touch and Pay, which provides the infrastructure to digitise and process microtransactions in Africa through their Cowry app or their offline-based Cowry card, won the top prize of US$50,000. We intend to explore opportunities for partnerships with Fintech companies to enrich our value proposition to our customers.

Focus on the growing youth population

Our engagement with the youth continues to drive brand awareness and product adoption across our footprint. During the year we launched our youth-focused debit card, Mobile Xpress (MX) card, in some of our markets.

MX is the brand we have adopted to communicate our youth-friendly products to the young population who have access to digital channels and appetite for digital engagement.

Going forward

We have good momentum going into 2023, having strengthened our product offerings in the previous year which resulted in our winning awards such as "The Best Savings Account in Africa award" from Digital Banker for our "Save as You Spend" product and the "Outstanding Innovation in Open Banking" award from Global Finance for our partnership with SEMOA. These, among other awards, drive us to continue developing products and partnerships that will deliver innovative financial solutions to Africans. In 2023, we will continue to focus on digitising access and delivery of our product suites to improve the convenience and consequently the experience that our customers derive from using our solutions.

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
Group Executive, Consumer Banking

A LETTER FROM GROUP EXECUTIVE, COMMERCIAL BANKING

Josephine Anan-Ankomah
Group Executive,
Commercial Banking

"To help entrepreneurs succeed, access to finance alone is not sufficient. Increasingly businesses are looking beyond financial support to non-financial interventions. To remain relevant, we offer a range of non-financial support which include training programmes, knowledge sharing webinars, business development services and access to markets."

Introduction

It is an honour for me to report on what your company has achieved within the Commercial Banking business in 2022. The end of 2022 is also notable as it marks the end of the distinguished stewardship of the Group Chief Executive Officer, Mr. Ade Ayeyemi, who is retiring from the Bank. In view of this milestone, my report will not only highlight what was accomplished in 2022 but will also take the opportunity to reflect on the broader Commercial Banking story since I assumed responsibility for this business in 2018 under Mr. Ayeyemi's leadership. Together with the executive management team we embraced his five-year Roadmap to Leadership strategy, a journey which has come to define the leadership and resilience of Ecobank as an institution.

The Commercial Banking journey

Central to the Roadmap to Leadership strategy is the Group's diversified operating model of central manufacturing and local distribution. This operating model seeks to deliver value to our customers through three business lines – Consumer Banking, Commercial Banking and Corporate and Investment Banking. From the centre, these three business lines are responsible for designing and improving the product suite. These manufactured products and solutions are delivered to our customers through our affiliates which serve as distribution channels across our markets.

Within Commercial Banking, we have successfully used this strategic approach of central manufacturing and local distribution to scale our Business Account, which comes with free digital solutions in all our markets; Ellevate by Ecobank – our Gender Financing programme which is available in all 33 countries; and Omni Lite which is Commercial Banking's internet banking platform designed exclusively for small and medium-sized enterprises (SMEs), local corporates, schools, local NGOs and faith-based organisations to manage their payments efficiently and securely.

To ensure the growth and efficiency of the Commercial Banking business, it is important to build scale and broaden our client base while at the same time lowering our average cost-to-serve. It involves working with SMEs to optimise their daily operations, through working capital support and other solutions to help them grow faster and go further as they contribute to job creation and boost economic value.

Maximising the value of our six strategic pillars

Our mission is to serve as a trusted partner in building strong, profitable and sustainable businesses. Commercial Banking is focused on delivering relevant solutions that help African businesses to grow. To fulfil this mission our business is structured around six strategic pillars which I will briefly explain.

Our six strategic pillars	
1	Building scale
2	Digitising our business
3	Accelerating deposit growth
4	Sustaining Loan growth
5	Cultivating talent
6	Achieving social impact

1 Building scale

This strategic pillar focuses on customer acquisition and increasing transaction volumes and values which will translate into increased revenues.

2 Digitising our business

We continue to digitise our business by giving our customers the power, choice and convenience to self-serve on our digital platforms and in so doing we grow customer numbers and improve customer experience.

3 Accelerating deposit growth

Our deposit growth strategy is to win in the digital collections and payments space. We have seen our strategic focus on digital solutions impact positively on our deposit growth during the last four years.

4 Sustaining loan growth

To expand access to credit and build scale in a sustainable way. For example, in recent years we have harnessed the support that development finance institutions (DFIs) provide in terms of risk sharing facilities, which has expanded our lending capacity and reduced collateral requirements.

5 Cultivating our talent

To effectively deliver on our strategic objectives we place priority on upskilling the Commercial Banking staff. With the support of the Ecobank Academy we provide tailored training programmes for our staff based on skill gaps identified. These training programmes help sharpen their skills and provide them with the tools needed to serve our customers better. In addition to this, we have instituted a Branch Managers Academy which runs modular training programmes specifically for Branch Managers.

6 Achieving social impact

To help entrepreneurs succeed, access to finance alone is not sufficient. Increasingly, businesses are looking beyond financial support to non-financial interventions. To remain relevant, we offer a range of non-financial support which include training programmes, knowledge sharing webinars, business development services and access to markets, which you will learn more about in this report.

Our financial performance

Commercial Banking revenue has shown steady growth in the last four years, from US$354 million in 2018 to US$471 million in 2022, representing a cumulative average growth rate of 7%. Between 2021 and 2022 revenue grew by 15% from US$410 million to US$471 million.

The main product lines contributing to revenue are Cash Management (contributed 50% of revenue), Fixed Income Currencies and Commodities (29%) and Trade Finance (12%). Collections through our various payment platforms and RapidCollect have also helped to boost our performance.

In the last four years we have witnessed Commercial Banking return to profit. In 2018 we delivered a profit before tax of US$29 million, following the pre-tax losses recorded in prior years. As the impact of the COVID-19 pandemic abated and businesses rebounded, in 2021 profit before tax grew to US$67 million and improved further to US$134 million in 2022, representing year-on-year growth of 100%. These results were achieved on the back of our revenue expansion strategy, cost discipline and our renewed focus on quality loan growth and recoveries.

In our last report we stated that in 2022 we would focus on asset quality. We have made exceptional progress in reducing our non-performing loans (NPL) as a percentage of total loans from 13% to 5% through collections, recoveries and write-offs.

Given the positive trajectory we are confident that we have put the Commercial Banking business on the right path to sustained profitability in the long term and will be able to deliver the full benefits to you, our cherished shareholders.

In terms of net loans, the business has grown from US$1.2 billion in 2018 to US$1.7 billion in 2022 and recording a year-on-year growth of US$318 million over the 2021 performance. The increase in loan growth is largely on the back of short-term self-liquidating assets and we remain focused on increasing the loan portfolio with good quality assets.

Customer deposits increased from US$3.3 billion in 2018 to US$5.4 billion at the close of 2022 and achieved 13% year-on-year growth from 2021. Increased usage of our digital platforms and a focus on our cash management products supported this growth.

Our cost-to-income ratio improved significantly from 73% in 2018 to 62% in 2022. This is attributable to improved efficiency through our digital solutions and a reduction in our branch network, which have both reduced our cost-to-serve.

We have seen our customer base more than double from 523,697 customers at the end of 2019 to 1,193,362 at the end of December 2022.

Digitising our business

Digitising our business remains core to our strategy. Since 2018 we have accelerated the digitisation of our business in response to market changes where agility and the ability to scale are competitive prerequisites. We have introduced more cutting-edge solutions aimed at solving customers' pain points.

Omni Lite continues to perform strongly with the value of transactions processed growing by 0.2% from US$4.8 billion in 2021 to close the year at US$4.9 billion. Omni Lite onboards increased by 68,000 to end the year at 248,000, which represents 30% year-on-year growth.

EcobankPay, our scan and pay solution enables our customers to receive secure digital payments from their customers by scanning a QR code or inputting a terminal ID. This digital solution has seen the value of transactions increase by 14% to end the year at US$159.4 million. Merchant onboards grew by 30% from 358,000 to close the year at 464,000. Our marketing campaigns and targeted sales activities continue to drive the onboarding and utilisation of our digital solutions.

Finally, our Point of Sale Terminals (POS) recorded US$1.1 billion worth of transactions, representing a 10% increase from the 2021 collections. POS onboards increased by 109% and ended the year at 118,000. This strong performance is attributable to our POS aggregator model which assists in driving POS onboards.

Growing deposits

As part of measures to grow our deposits we are leveraging throughput from POS and providing incentives to merchants to attract deposits. In the last quarter of 2022, we launched a financing package to support POS Merchant liquidity. This is currently available to top tier POS merchants across our markets and is designed to drive utilisation of our POS and generate more deposits. We continue to follow through on our Retrieve, Reactivate and Redeploy POS strategy to increase transaction volumes and boost active POS rates.

We are also working with our teams to increase the number of Billers (institutions that payments are made to) on our payment channels as a way of attracting more deposits. We successfully onboarded an additional 1,107 Billers in 2022 to end the year with 3,308 Billers.

2022 saw the launch of RapidCollect, our regional collection solution to help mobilise more deposits. This solution enables businesses to receive payments instantly and cheaply from their clients across Ecobank's network of 33 affiliates using a single account. By the end of the year, it had achieved transaction volumes of US$431 million.

Loan growth

To improve access to credit for viable SMEs across our markets we have harnessed the support that DFIs provide in terms of risk sharing facilities. Since 2018, we have successfully increased our risk sharing facilities from US$50 million to US$250 million by the close of 2022. We will continue to engage DFIs to expand our existing risk sharing facilities by at least an additional US$150 million in 2023.

Portfolio management

Under the five-year Roadmap to Leadership strategy we developed a conservative approach to credit underwriting, pursued aggressive recovery activities and improved risk management within the portfolio. Asset quality remains one of the major focal points of the Commercial Banking business.

A two-pronged approach was adopted with respect to reducing the NPL ratio, namely prudent loan growth and proactive portfolio management. Remarkable progress was made with the NPL ratio improving from 26% to 5% from 2018 to 2022 through recoveries and write-offs.

Furthermore, the NPL portfolio is adequately covered with provisions set aside to absorb any losses. We registered an increase in the coverage ratio from 64% in 2018 to above 100% levels in 2022.

Cultivating our talent

We continue to place strong emphasis on professional development to effectively deliver on our strategic objectives of customer acquisition, loan and deposit growth, digitisation and revenue generation. Commercial Banking staff have access to a range of career development and learning resources to enhance their ability in performing their roles.

Over the period there has been a shift to more flexible learning formats that allow staff to access learning resources anytime and anywhere. Since 2018 we have consistently trained over 1,500 staff with the purpose of embedding a culture of excellence, ensuring execution that drives growth and preparing them for future opportunities.

In keeping with our digital agenda, our strategy is to position our branch staff to be more sales oriented and to actively join in the sales and marketing efforts. To achieve this objective, a Branch Managers Academy was instituted to ensure a smooth transition and provide the needed support. In the last four years over 500 Branch Managers have successfully undertaken modular programmes in Product Knowledge, Sales, Business Management and Customer Experience.

Achieving social impact

Ellevate by Ecobank

Ellevate by Ecobank, our gender financing initiative with a unique offering of financial and non-financial support, continues to positively impact the businesses of women entrepreneurs across our markets.

Since its launch two years ago nearly 50,000 customers have been onboarded. We have extended loans of US$179 million and attracted deposits of US$445 million.

Under Ellevate Equip, the training and capability building platform for this initiative, we partnered with the Global Business School Network to organise a Leadership Programme for our top tier Ellevate customers in 2022. The pioneering graduating class was made up of participants from Cameroon, Ghana, Kenya, Liberia, Malawi, Nigeria, Senegal, Sierra Leone, Uganda, Zambia and Zimbabwe. Participants benefited immensely from a world-class faculty from the MIT Global Program, INSEAD Africa Initiative and INSEAD Gender Initiative, the American University of Cairo School of Business, Stanford SEED and the University of Cape Town Graduate School.

This learning experience has not only impacted the personal development of women business owners but also how they conduct their businesses, relate to their employees and stay resilient in the face of challenges that may arise. Given the level of interest generated and the very positive testimonials received we intend to build on this achievement by running other Master Classes in partnership with the Global Business Schools Network.

SME booster series

In 2022, we successfully ran our flagship MSME Training for Financing programme. Customers completed six training modules covering introduction to risk, budgeting, selling online, cash flow, marketing techniques and customer experience.

This was an expanded programme from the initial eight pilot countries in 2021 to all our 33 markets in 2022. Developed by the Ecobank Academy, the programme was delivered entirely by Ecobankers with 4,300 SMEs participating.

The AfCFTA webinar series

As the bank with the most extensive footprint on the African continent, initiatives to drive intra-African trade and business growth cannot be overlooked. It was for this reason that we initiated the AfCFTA webinar series in 2021, in collaboration with the AfCFTA Secretariat.

The second in the series was held in Q3 2022 in collaboration with AfCFTA Hub and DHL. This edition attracted over 3,000 registrations and was targeted at women-owned businesses. It was an opportunity for us to showcase our regional collection solution, RapidCollect, and how it can effectively and efficiently support cross-border payments.

Participants benefited from discussions on how to take advantage of Africa's new trade area, access new markets and confidently negotiate logistical hurdles and scale their trading or ecommerce business.

Introduction of the Financial Literacy Series

This year we introduced the Financial Literacy Series, a collaboration between Commercial Banking, Ecobank Securities Wealth and Asset Management and EDC Investment Banking. Our objective is to further strengthen our competitive advantage in the delivery of non-financial support to SMEs. The first in the series was on 'Preparing SMEs for the Capital Markets' and it attracted nearly 3,500 registered participants. In the coming year we will continue the series with very engaging and relevant sessions to sustain the interest built.

Awards and recognition

In recognition of our contribution to nurturing and supporting African SMEs and women-owned businesses on the continent, we have been the recipient of several awards during the tenure of the Group Chief Executive Officer, Mr. Ade Ayeyemi. Notable among them are the following:

Industry recognition of Commercial Banking

1. **Outstanding Crisis Finance Innovations – Ellevate By Ecobank**, Global Finance – Innovators awards 2021
2. **SME Bank of the Year**, – IC Publication, 2021 African Banker Awards
3. **Best New product Launch – Ellevate by Ecobank**, – The Digital Banker – Middle East & Africa (MEA) 2021 Retail Innovation Awards
4. **Excellence in SME Banking**, The Digital Banker – Middle East & Africa (MEA) 2021 Retail Innovation Awards
5. **Impact Award 2021 – Ellevate by Ecobank**, Financial Alliance for Women
6. **African SME Bank of the Year**, – African Banker Awards 2022
7. **Best SME Bank**, Euromoney 2022
8. **Ellevate by Ecobank**, – Shortlisted 2022 FT-IFC Transformational Awards
9. **SME Financier of the Year, Honourable Mention**. 2022 Global SME Finance Awards

2023 – Anticipating the new year

Looking ahead to 2023, one of our key priorities will be revenue growth. We will achieve this by exploring growth opportunities, enhancing our product offerings and expanding our revenue sources while controlling costs.

We will maintain our credit discipline and grow our loan book sustainably with additional risk sharing facilities.

We will continue to be innovative and positively impact the lives and businesses of our communities and remain the SME bank of choice on the African continent.

Conclusion

In conclusion, my sincere thanks go to our cherished Commercial Banking customers for the trust and confidence they have placed in us.

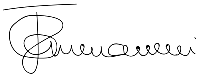
To Mr. Ade Ayeyemi, I say a big thank you for your invaluable support and contribution to the success of Commercial Banking. You leave behind a great legacy, and we wish you the very best in your retirement.

We commit to carrying on with your passion for this institution, the people and businesses across this continent which is our home.

I also thank the Commercial Banking team for their steadfast commitment to delivering for our customers. We can take pride in what we have achieved together in the last few years and can step into 2023 with confidence.

Let's make 2023 another successful year.

Thank you.



Josephine Anan-Ankomah
Group Executive,
Commercial Banking

A LETTER FROM GROUP EXECUTIVE, CORPORATE AND INVESTMENT BANKING

Eric Odhiambo
Group Executive,
Corporate and Investment Banking

"We continue to play our role in ensuring a vibrant capital market despite the macroeconomic challenges. As the Lead Arranger and Bookrunner, we led the execution of the biggest IPO in the capital market history of the UEMOA region which achieved market capitalisation of US$2.3 billion."

Corporate and Investment Banking (CIB) performed strongly during 2022, a year in which the business navigated through a highly volatile environment as it dealt with the lingering effects of the COVID-19 pandemic, the debt sustainability crisis in some key markets, the war in Ukraine, economic slowdown in major markets, restrictive monetary policies and elevated inflation across most of our economies.

Notwithstanding, CIB recorded total revenue of US$985 million, the highest in five years, representing 5% growth from 2021. However, due to the debt restructuring by the Government of Ghana and the resulting impairment charges from the default, profit before tax for the year closed at US$333 million compared to US$404 million in 2021, a 17% decline. The strong growth in revenue and our ability to shoulder the impact of the debt crisis, which although unfortunate, points to the strength of the diversified business across our footprint and the overall execution of the Group's strategic objectives in the continent and beyond.

This achievement on revenue comes as the Group continues to lead and support the integration of the economies across the continent through the African Continental Free Trade Area (AfCFTA). During the year, we successfully created the Ecobank Single Market Trade Hub, a portal designed to help small and medium-sized enterprises (SMEs), regional and local corporates to navigate the AfCFTA's rules and opportunities, showcase their products and find reliable business partners across the continent for regional trade. The Trade Hub was launched in March 2023.

Further, we continue to play our role in ensuring a vibrant capital market despite the macroeconomic challenges. As the Lead Arranger and Bookrunner, we led the execution of the biggest IPO in the capital market history of the UEMOA region which achieved market capitalisation of US$2.3 billion. The IPO was oversubscribed by 32% and highlights the appetite that exists in our financial markets.

Cash Management

Our Payments and Cash Management business is core to the CIB business and has continued to deliver value to our diverse clientele. Leveraging on world-class technology, we provide effective working capital management and transactional banking solutions to our clients in numerous markets and in multiple currencies.

On the sales and new business development front, we continued to win key customer banking mandates across all our geographies, registering 30% growth in new business wins over the previous year. This continued to demonstrate the relevance of our Pan-African banking platform to SMEs, state owned enterprises, corporates, multinationals, international organisations and financial institutions operating in the continent.

Our disbursement business growth is reflected in the increased volumes and values of our electronic payments. For the full year 2022, a total of 29 million transactions valued at US$51 billion were processed on our corporate electronic payment delivery channel – Omni Plus – representing 40% and 32% growth respectively from 2021. The growth in the disbursement volume and value was driven by improved processing efficiency, better availability of the payment platforms, together with the continued improvement in agility during 2022 resulting in the increased adoption of the payments products across all our customer segments within the CIB and Commercial Banking (CMB) business units. In 2023, we will continue to focus on driving digital payments processing across all our delivery channels, continue product innovation, enhancements and establishing more partnership initiatives. We expect to see continued growth in transaction counts across all our markets.

Our acquiring business continued to record year-on-year growth in terms of transaction count and value across the markets in which we operate. We recorded 69% year-on-year growth in the transaction count and 106% growth in the value of acquired transactions compared to 2021. This was driven by expanding the use cases for our acquiring products, together with new customer acquisitions and our continued focus on strategic partnerships with Fintech partners within our coverage markets. As we continue to grow our digital transactions, risk management has become very critical, especially for our offline and online acquiring business. During the year, we have seen more and more countries begin to enforce regulations on new market entrants, specifically for Fintechs. In response to this, we have revamped our product programmes and rolled out training programmes to upscale all our product, control and risk functions to ensure continued compliance. We expect to see stronger growth in the coming years on our acquiring products as we continue to deploy value added services across our existing acquiring products as well as continuing our merchant acquisition drives across our markets.

Our Receivables business grew flows from our digital collection platform, RapidCollect, by more than 20% year-on-year. The continued growth in the flows demonstrates our unrivalled collection capabilities which is reflected in the year-on-year growth in the number of collection mandates won in the key industries of airlines, power, water, donations, wholesale distributors, schools, universities, non-government organisations, municipalities, local governments and TV subscriptions. The RapidCollect platform offers multiple cost-effective collection channels, enhances the client's collection process, improves the receivables cycle and enhances the reconciliation processes for our customers through customised payment reports. We continued to add more capability in 2022 – launching our Ecobank Pan-African Wallet designed as a wallet API to help our customers collect through their websites and our Ecobank digital channels.

In recognition of our services, our Cash Management business won four prestigious Awards at the Global Finance Treasury and Cash Management Awards 2022. The awards were Global Finance Best Bank for Cash Management in Africa. In addition, Ecobank Cameroon, Ecobank Côte d'Ivoire and Ecobank Kenya were all named Best Cash Management Banks 2022 in their respective countries. Additional awards won in 2022 included the EMEA Finance Award for the Best Payment Services in EMEA and from Euromoney, Ecobank Ghana won the Digital Solutions – Market Leader Award.

Looking ahead to 2023, our Payments and Cash Management business is well positioned to continue supporting our customers as they do business across the world. We will continue to seamlessly deliver our products across our Pan-African banking network and will continue to innovate. We have full confidence in the investments that we have made in technology. We are excited about our future as our technology has laid the foundation needed for the rapid growth and acceleration of our Payments and Cash Management business.

Trade Services and Finance

In 2022, we progressed our objective to be the preferred trade bank of the continent. Indeed, our trade loan book grew by 10% year-on-year to US$2.74 billion on account of domestic and regional supply chain financing across key corridors, as well as lead arranger roles and participation in key soft commodities campaign financing across the continent. The latter notably covered cotton, cacao, soya beans, fertilisers, wheat and cashew nuts, reaching total funding of US$400 million.

On the Trade Services front, our volumes of letters of credit (LCs) across the continent grew by 27% and achieved a 6.2% market share, while critically leveraging on our network's advantage and Ecobank International (known as EBI SA) as a gateway for LCs confirmation, discounts and payments. Our e-trade transaction volumes grew by 70% totalling a record US$1.4 billion this year as we persevered in using our digital bank drive as a lever to improve our customers' experience.

In recognition of our market leadership in trade, Global Trade Review named our Group as the Best Trade Finance Bank in West Africa, while Global Finance Magazine recognised Ecobank Côte d'Ivoire, Ecobank Rwanda, Ecobank Burkina Faso and Ecobank Ghana as Best Trade Finance providers in their respective countries, epitomising the continued progress in our agenda to be the preferred trade bank in the continent.

Further, after the first two years of the AfCFTA's implementation, together with the critical role of the private sector in growing intra-African trade, I am pleased to announce that we have now launched the Ecobank Single Market Trade Hub. This is a portal designed to help SMEs, regional and local corporates navigate the AfCFTA, showcase their products and services and find reliable business partners across regional trade corridors. It further positions our Group as the go-to bank for the AfCFTA, leveraging on our trade finance and multi-currency payments solutions.

Fixed Income Currencies and Commodities (FICC)

From the start of the year, the war in Ukraine and the resultant spike in commodity prices and inflation set the tone for the year. After decades of easy money, regulators focused on aggressive inflation fighting, which was compounded by the unfavourable terms of trade for most countries in sub-Saharan Africa. The year was also marked by a very strong US dollar and severe FX shortages in our key countries (Nigeria, Ghana and Kenya). Towards the end of the year there were some challenges in the UEMOA region. As we head into the new year, key challenges include the adverse country problems we are seeing due to the major fiscal restructuring in Ghana. The credit risk has skyrocketed in Ghana as the country struggles to manage its fiscal challenges. Ghana is in the final stages of closing an agreement with the IMF and we are keenly watching and awaiting the final outcome.

Despite these challenges, our client centric strategy paid dividends. 2022 saw FICC growing the client FX volumes by 19% compared to 2021. We have grown our FX market share in several markets across the continent, and we are a key partner for foreign investors looking to transact in local currencies. We continue to focus on Ecobank International as a hub and face to the international markets, allowing our clients cutting-edge solutions. The strength of the US dollar hampered new hedging transactions in the monetary unions pegged to the euro, however some of our earlier hedge clients took advantage of this strength and decided to unwind some of their hedges. Again, Ecobank was there to facilitate clients with our reach into the international markets via our Paris affiliate.

On the professional market side, we saw headwinds due to the tightening monetary policy, raising our cost of funds meaningfully. While this may have challenged one product of our Bank, on an overall basis however, we were able to grow net interest income.

The FICC business overall grew by 8% in 2022, closing at US$487 million, due to the strength of our client focused business and growth. Our client centric strategy will continue in the 2023, and we intend to grow our market share of fixed income sales and bespoke client hedging solutions.

Investment Banking (IB)

The Investment Banking business is on its path to consolidation following the implementation of the structural and transformative initiatives. Consolidation efforts on productive collaboration with the rest of CIB yielded some impressive results despite the headwinds in some of our key markets during 2022.

IB executed transactions of US$2.3 billion in 2022, representing 53% year-on-year growth across our key markets. This included a US$300 million environmental bond issuance for a gold mining client in Ghana, a US$670 million debt capital market bond issuance for a petrochemical project in Nigeria, and a US$100 million reserve based corporate facility for an oil and gas client in Nigeria.

The outlook for 2023 is positive as indicated by our healthy US$1.5 billion forward order book deal pipeline which cuts across debt capital markets, syndication and equity capital markets.

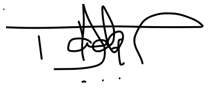
Securities, Wealth and Asset Management (SWAM)

Our Asset Management business encountered severe macroeconomic headwinds in 2022 as global markets faced challenges with rising inflation, interest rate hikes, FX deterioration and falling prices for most investment securities. Our asset management offering in Ghana also encountered turbulent challenges as the country's macroeconomic health deteriorated with headline inflation ending 2022 at 54% and the local currency losing value against the dollar by over 50% as at November 2022 before recovering to 30% at the end of December 2022. This, coupled with concerns on Ghana's debt sustainability, triggered extraordinary levels of redemptions from investment products in Ghana.

Total value of Assets under Management (AUM) was impacted by FX translation losses and macroeconomic headwinds. At the end of 2022, AUM was valued at US$870 million, down by 37% from the US$1.376 billion at the end of 2021. This notwithstanding, the business maintained its market leadership in managing collective investment schemes in Ghana and UEMOA.

On the other side of our SWAM business, Securities & Investor Services executed transactions worth US$3.5 billion, up from transactions worth US$1.3 billion in 2021. Despite the current macroeconomic challenges that have impacted the rate of issuances, we executed the biggest IPO (Orange CIV) in the capital market history of the UEMOA region where we also maintained our market leadership as the foremost securities broker. The IPO for which we were Lead Arranger and Bookrunner was oversubscribed by 32% and achieved market capitalisation of US$2.3 billion. The Total Assets under our Custody business closed 2022 at US$1.9 billion, an increase of 11% from 2021.

We continue to focus on deepening our asset management franchise in CEMAC, a business we launched in 2020. We have expanded our coverage in that market to Gabon and Congo and look forward to launching a money market fund in early 2023, to complement the bond fund that we launched in 2021. We will also continue to focus on concluding our expansion initiatives in East Africa during 2023.



Eric Odhiambo
Group Executive,
Corporate and Investment Banking

ECOBANK SINGLE MARKET TRADE HUB

The Ecobank Single Market Hub's innovative combination of first-rate solutions positions Ecobank as the go-to bank for the African Continental Free Trade Area for SMEs, regional, multinational and local corporates.

It provides:

- MyTradeHub – an online match-making platform enabling importers and exporters to upload their profile, showcase their goods and services and source those that they require, and connect/contract with buyers and suppliers across Africa;
- an information repository on AfCFTA helping SMEs and corporates to familiarise themselves with the African single market and grow their trade in new markets across Africa; and
- a gateway to Ecobank's full range of products and solutions, including Trade Finance and Services, Cash Management Solutions such as RapidCollect, Payments, FICC (foreign exchange), Investment Banking (e.g. debt raising, advisory), Capex Financing and more.

3 CORPORATE GOVERNANCE

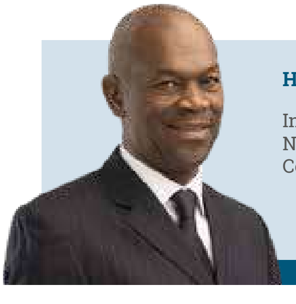
BOARD OF DIRECTORS

Alain Nkontchou

Chairman
Non-Executive Director
Cameroonian

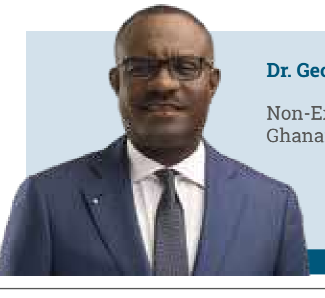
Ade Ayeyemi

Executive Director
Group Chief Executive Officer
Nigerian



Hervé Assah

Independent
Non-Executive Director
Congolese (Brazzaville)



Dr. George Donkor

Non-Executive Director
Ghanaian

Simon Dornoo

Independent
Non-Executive Director
Ghanaian

Mfundo Nkuhlu

Non-Executive Director
South African

Brian Kennedy

Non-Executive Director
South African

Prof. Enase Okonedo

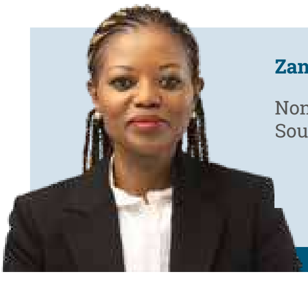
Independent
Non-Executive Director
Nigerian

Deepak Malik

Non-Executive Director
Indian

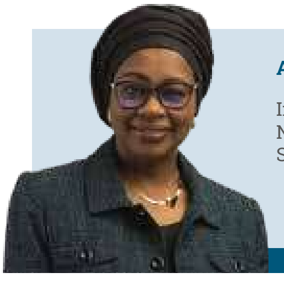
David O'Sullivan

Non-Executive Director
Irish



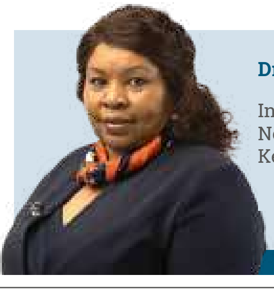
Zanele Monnakgotla

Non-Executive Director
South African



Aichatou Agne Pouye

Independent
Non-Executive Director
Senegalese



Dr. Catherine Ngahu

Independent
Non-Executive Director
Kenyan

Dr. Aasim Ahmad Qureshi

Non-Executive Director
British

BOARD OF DIRECTORS BIOGRAPHIES

Alain Nkontchou (59)

Chairman since 2020, previously Independent Non-Executive Director since 2014
Cameroonian

Current external role(s):
- Co-founder of Enko Capital, an Africa-focused multi-asset manager, based in London, Johannesburg, Abidjan and Yaoundé. Managing Partner and Chief Investment Officer of Enko Africa Debt Fund.
- Member of the Acquisition Committee for African Art at the Tate Modern Museum in London (United Kingdom).
- Overseas member of the Fondation Maeght based in Saint-Paul de Vence, France.

Relevant skills:
- Asset management, Economics, Executive Compensation, Executive leadership, Investment, Investment Banking, Monetary Policy and Bank Supervision.

Previous experience/roles:
- Prior to founding Enko in 2008, he was Managing Director in Global Macro Trading at JP Morgan Chase, Credit Suisse and BlueCrest Capital Management, between 1989 and 2008.
- Board member of Laurent-Perrier, a leading champagne company listed on the Paris Stock Exchange, from 1999 to 2009.

Education & Qualifications:
MSc in Electrical Engineering from Ecole Supérieure d'Electricité in Paris and Pierre et Marie Curie University, Paris.
MSc in Finance and Accounting from Ecole Supérieure de Commerce in Paris.

Ade Ayeyemi (60)

Executive Director since 2015
Group Chief Executive Officer
Nigerian

Ade Ayeyemi is the Group Chief Executive Officer of Ecobank Transnational Incorporated, the parent company of the Ecobank Group. He is an experienced banker of over 30 years, who before joining Ecobank in 2015, had a long and successful career with Citigroup, where he was CEO of Citigroup Sub-Saharan Africa, based in Johannesburg.

Ade has significant and diverse experience in Operations & Technology, Corporate & Investment Banking, Transaction Services, Senior Credit Analysis, and Public Sector Advisory amongst others.

He 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. He also studied at the University of London and is an alumnus of the Harvard Business School's Advanced Management Programme.

A chartered accountant, whose many interests include business strategy, economics, process engineering and technology, Ade has led the Ecobank Group as GCEO since September 2015, when he commenced the Group's roadmap to leadership and digital transformation journey. He has repositioned the banking group to a leadership position across Africa, leveraging state-of-the-art innovation, strategic understanding of the marketplace and technology.

Mfundo Nkuhlu (56)

Non-Executive Director since 2015 (nominee of Nedbank Group Limited)
South African

Board Committees[1]: F

Current external role(s):
- Chief Operating Officer and Executive Director, Nedbank Limited and Nedbank Group Limited since 2015. Senior roles at Nedbank for previous 18 years, including Managing Executive, Nedbank Corporate, Corporate Banking, and Nedbank Africa.

Relevant skills:
- Business Acumen & Leadership; Credit, Executive, Leadership & Emerging Market Risks Management; Digital Transformation; International Trade Negotiations; Operational Change & Risk; Optimising Shared Services.

Previous experience/roles:
- Chief Director, Africa and NEPAD programme, DTI.

Education & Qualifications:
- BA Honours, University Western Cape.
- Completed Strategic Management in Banking, INSEAD.
- Alumnus, Advanced Management Programme, Harvard Business School.

Dr. Catherine Ngahu (61)

Independent Non-Executive Director since 2016
Kenyan

Board Committees[1]: G, I*

Current external role(s):
- Senior Lecturer, University of Nairobi; Chairperson SBO Research; directorships.

Relevant skills:
- Branding; Business Administration, Research & Strategy; Communications; Consumer Behaviour; Corporate Governance; Data Analysis; Digital Transformation; Executive Management; Government/Public Affairs; HR & Market Development; ICT Policy; Marketing; Management Education; Public Sector Board Service, Policy, Regulatory, Succession Planning & Funds; Sustainability.

Previous experience/roles:
- Founder, Managing Director, SBO Research.
- Chairperson, Advisory Council Universal Service Fund for ICT, Kenya; Kenya ICT Authority; Uchumi Supermarkets PLC. Project Governance, Kenya Transparency and Communications Infrastructure Project.

Education & Qualifications:
- PhD Business Administration, MBA & Bachelor, Education, University of Nairobi.
- Business Research Fellow, Wharton Business School, University of Pennsylvania.
- Elder, Order of the Burning Spear, Kenya.

David O'Sullivan (48)

Non-Executive Director since 2017 (nominee of Qatar National Bank)
Irish

Board Committees[1]: A

Current external role(s):
- Group General Counsel QNB Group. Over 20 years' experience as lawyer and investment banker for corporate and financing transactions in emerging markets (Middle East, Africa and Eastern Europe). Leading role in QNB's Ecobank investment. Director, QNB Global Funds ICAV – EU fund authorised by Central Bank of Ireland with sub-funds including MENA.

Relevant skills:
- Asset Management; Capital Markets and Treasury; Compliance Risk; Corporate Banking & Finance; Restructuring & Strategy; Governance; ESG; Financial Services & Advisory; Governance; Executive Leadership, International Business, Credit, Strategic & Talent Management; Investment; Investment Banking; Lawyer, Legal and Regulatory; Public Company Board Service and Succession Planning; Public Administration, Policy and Regulatory Affairs; Project, Structured, Sustainable & Trade Finance; Transaction Services.

Previous experience/roles:
General Counsel of QNB Group since 2012.

Education & Qualifications:
- Chartered Financial Analyst.
- Solicitor and Member of the Law Society of England and Wales.
- Law degree (LLB), Trinity College, Dublin.

[1] Key for Committee Membership: A = Audit, Internal Control and Compliance Committee; F = Finance, Risk and Credit Committee; G = Governance, Nomination, Remuneration and Ethics Committee; I = Information Technology, Social and Reputation Committee;
* Denotes Committee Chairperson

BOARD OF DIRECTORS BIOGRAPHIES

Brian Kennedy (62)

Non-Executive Director since 2017 (nominee of Nedbank Group Limited)
South African

Board Committees[1]: G

Previous external role(s):
- Nedbank Group for 24 years, holding various senior leadership roles including CEO of Nedbank's CIB franchise, and was Group Exco and Group Alco member from 2003 until 2020. He was instrumental in a vast array of Capital market transactions in many jurisdictions on the African continent during this period.

Relevant skills:
- Capital Market Transactions, Compliance Risk, Corporate Strategy, Credit Management, Investment Banking, Governance, Human Resources, Risk Management.

Previous experience/roles:
- Leadership positions in Investment Banking for nine years prior to joining Nedbank.

Education & Qualifications:
- BSc (Eng), MSc (Eng) and MBA, University of the Witwatersrand.

Aichatou A. Pouye (64)

Independent Non-Executive Director since 2018
Senegalese

Board Committees[1]: A*, I

Current external role(s):
- Member, Advisory Committee on Oversight, UN WOMEN.

Relevant skills:
- Audit; Accounting; Business Administration; Corporate Strategy; Commercial Banking; Governance; Enterprise Strategy; Executive Leadership; Financial Services & Advisory; Market Development; Public Sector Board Service, Succession Planning, Regulatory Affairs; Sales; Strategic Planning; Trade Finance.

Previous experience/roles:
- Director, Business and Institutional Support; and Market Development, International Trade Centre, Geneva.
- Director General, MCA Senegal.
- Minister of SMEs and Trade, Senegal.
- General Administrator, Economic Promotion Fund – refinancing fund for SMEs established by AfDB and Senegalese Government.
- Manager, Resident Vice-President, Group Vice-President and member, Management Committee, Citibank.
- Auditor, Auditor Senior, and Auditor Supervisor, EY International, Dakar, Senegal.

Education & Qualifications:
- Specialised Postgraduate Degree, Management and Business Administration, IAE.
- BSc and MSc Economics, Université de Paris 9 Dauphine.

Dr. Aasim Ahmad Qureshi (46)

Non-Executive Director since 2019 (nominee of Qatar National Bank)
British

Board Committees[1]: F

Current external role(s):
- 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 large regulated investment fund and oversees a significant European real estate portfolio.

Relevant skills:
- Advising Private and Listed Companies, Capital Markets, Corporate and Sovereign Bonds, Corporate Financing, Corporate Restructurings, Corporate Strategy, Investment Banking, Merger and Acquisition Transactions from origination to close, Primary and Secondary Initial Public Offers.

Previous experience/role(s)
- Investment banker at Nomura Code Securities Limited.
- Lawyer with CMS Cameron McKenna LLP, advising private and listed corporate clients.

Education & Qualifications:
- Various postgraduate qualifications in law, management and medicine.

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Deepak Malik (65)

Non-Executive Director since 2019 (nominee of Arise B.V.)
Indian

Board Committees[1]: G

Current external role(s):
- Non-Executive Director of listed and non-listed companies across banking, Fintech freight services, trade finance, private equity.

Relevant skills:
- Audit; Accounting; Business Administration & Strategy; Capital Markets, Treasury; Change Management; Commercial Banking; Corporate Strategy; Development, Structured, Sustainable & Trade Finance; Executive Leadership, Management & Compensation; Financial Services, Advisory & Technology; Governance.

Previous experience/roles:
- Retired as CEO, Arise B.V. in 2022 – investment/development partner for sub-Saharan African financial service providers.
- Head, Southern Africa Office; and Financial Institutions, Norfund - overall responsibility for Southern African, Central American and South Asian financial institutions.
- Regional Representative, Denmark Government's Investment Fund for Developing Countries.
- MD, Development Bank of Zambia.
- Various Board positions, including banks.

Education & Qualifications:
- Fellow Member, Institute of Chartered Accountants, India.
- Bachelor's Degree, Commerce, University of Delhi, India.

Dr. George Agykum Donkor (56)

Non-Executive Director since 2020 (nominee, EBID)
Ghanaian

Board Committees[1]: I

Current external role(s):
- **President and Chairman** ECOWAS Bank for Investment and Development (EBID).
- **Board Member**, WAICA Reinsurance Corporation Plc, Sierra Leone.
- **Council Member**, University of Ghana.
- **Board Member**, Asky Airlines – passenger airline serving West and Central Africa.

Relevant skills:
- Administration; Business and Corporate Strategy; Business, Change and Talent Management; Compliance; Governance; Development and Project Finance; Executive Leadership; Finance; Investment Banking; Law; Marketing; Operational Transformation.

Previous experience/roles:
- Vice-President, Finance and Corporate Services, EBID.
- Head, Legal Division/Compliance, EBID.
- Head, Legal/Regulatory and Compliance, ARB Apex Bank, Ghana.
- Practiced law in Ghana.

Education & Qualifications:
- Called to Ghana Bar 1994.
- Doctor of Business Administration and Master of Applied Business Research, SBS Swiss Business School.
- PhD (Marketing), Commonwealth Open University, British Virgin Island.
- Executive MBA (Marketing), University of Ghana Business School.
- Postgraduate Certificate in Contemporary Management, Nobel International Business School, Ghana.
- LLB (Hons), University of Ghana.
- Post Graduate Professional Law Certificate, Ghana School of Law.

Recipient of many awards including 2022 Prix de la Fondation award.
Named in the list of 100 personalities transforming Africa – financial afrik, (2022)

Simon Dornoo (61)

Independent Non-Executive Director since 2020
Ghanaian

Board Committees[1]: A, F*

Current external role(s):
- Business consultant with over 30 years' experience in banking and financial services.
- Board Director, Hollard Life Ghana Limited.

Relevant skills:
- Audit and Accounting; Business and Corporate Strategy; Corporate Restructuring; Credit Management; Debt Capital Markets and Treasury; Executive Leadership; Governance and Risk Management.

Previous experience/roles:
- Former Managing Director, GCB Bank, Ghana, successfully led turnaround and restructuring into modern, profitable and resilient commercial bank. Senior management positions at Barclays Bank, Ghana, including Finance Director and Country Treasurer. Finance Director for Barclays Africa overseeing Finance Operations in 11 African and Indian Ocean countries.
- Finance Director and Head of the Credit and Relationship Banking Units, Cal Bank Ghana.
- Assurance services, KPMG.
- Served on Boards of financial services, trade facilitation and healthcare companies and the Stock Exchange.

Education & Qualifications:
- Chartered Accountant, (CA Ghana); Member, Institute of Chartered Accountants (Ghana).
- MBA Finance, Manchester Business School, UK.

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* Denotes Committee Chairperson

BOARD OF DIRECTORS BIOGRAPHIES

Prof. Enase Okonedo, FCA (56)

Independent Non-Executive Director since 2020
Nigerian

Board Committees[1]: F, G*

Current external role(s):
- Professor of Management and Vice-Chancellor, Pan-Atlantic University, Nigeria.
- Board member of Global Business School Network (GBSN); Principles for Responsible Management Education (UNPRME); and ATC Nigeria Wireless Infrastructure Limited.

Relevant skills:
- Business Strategy, Capital Markets, Corporate Governance, Financial Services, Management Education.

Previous experience/roles:
- Dean of Lagos Business School (LBS), Nigeria (2009-2020). 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.

Education & Qualifications:
- Fellow of the Institute of Chartered Accountants of Nigeria (FCA); Institute of Directors, Nigeria; the Society of Corporate Governance Nigeria; and the International Academy of Management.
- Doctorate in Business Administration, International School of Management, Paris.
- MBA, IESE Business School, Barcelona.
- BSc in Accounting, University of Benin.

Zanele Monnakgotla (51)

Non-Executive Director since 2020 (nominee of the Public Investment Corporation)
South African

Board Committees[1]: I

Current external role(s):
- Founder & Executive, Freewi Technologies – innovative IT, WiFi and network systems company.
- NED, Sasol Khanyisa; Sasol South Africa; and Philafrica Pty Ltd.

Relevant skills:
- Business Administration; Business, Corporate Strategy; Change, Credit, Strategic, Real Estate, Talent & Technology Management; Commercial & Corporate Banking; Compliance Risk; Governance; Development, Project & Structured Finance; Digital Innovation, Transformation and Fintech; Economics; Executive Management; Financial Services & Advisory; Investment; Legal and Regulatory; Operations Transformation; Public Administration, Policy & Regulatory Affairs; Risk Evaluation.

Previous experience/roles:
- Head of Innovation, Head of Strategic High Impact Projects, Manager of CEO's Office & Senior Project Manager, Industrial Development Corporation.

Education & Qualifications:
- Chartered Director, Institute of Directors, South Africa.
- Diploma, Property Investment, University of Cape Town.
- Master's, Finance, Wits Business School.
- LLM, Tax, Wits University.
- LLB and B Com, Rhodes University.

Hervé S. Assah (62)

Independent Non-Executive Director since 2020
Congolese (Brazzaville)

Board Committees[1]: F, G

Current external role(s):
- Managing Partner, Æquaria Capital – fund management company.

Relevant skills:
- Business Administration; Corporate, Development, Project, Structured & Trade Finance; Financial Advisory; Fund & Strategic Management; International Business and Management; Investment Banking.

Previous experience/roles:
- Deputy Director, Thales Group's Investment Bank.
- Deutsche Bank's Emerging Markets Group.
- BNP-Paribas – led originating, structured financing, corporate investment opportunities & advisory for debt and equity investments.
- 25 years+ at World Bank Group including IFC's Oil Gas and Mining Investment Department; Finance Competitiveness and Innovation Global Practice, advising governments on sectors to improve competitiveness and attract FDI.
- NED, Africa Reinsurance Corporation; & West Africa Development Bank.
- Resident Representative/Country Manager, African Development Bank, Nigeria.

Education & Qualifications:
- MBA, Finance, Wharton School, University of Pennsylvania.
- MSc, International Economics and Finance, Paris Sorbonne University.
- MBA, Institut Supérieur de Gestion.

[1]Key for Committee Membership: A = Audit, Internal Control and Compliance Committee; F = Finance, Risk and Credit Committee; G = Governance, Nomination, Remuneration and Ethics Committee; I = Information Technology, Social and Reputation Committee; * Denotes Committee Chairperson

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 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 in these 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 banking operations in 33 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 2022, ETI continued to drive the central development of products in the three business segments of the Group, namely Corporate and Investment Banking (CIB), Commercial Banking (CMB) and Consumer Banking (CSB), for distribution in the subsidiaries providing fit-to-market and purpose products in order to remain competitive across the network.

The Group also continued to leverage on its digital platforms to provide banking services to its broad range of customers across its network.

A detailed review of the Group's business for 2022 is contained in the 'Business and Financial Review' section of the annual report on pages 119 to 143.

Highlight of results

ETI made a profit after tax of US$222 million for the financial year ended 31 December 2022.

The detailed results for 2022 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 2022, at its meeting on 24 February 2023.

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).

Dividend

The Directors recommend the payment of a dividend of 0.11 US cents ($0.0011) per ordinary shares.

Share capital

The Authorised Capital of ETI is US$1,250,000,000 as at 31 December 2022.

Trading in ETI shares

Approximately 3,774,614 units of ETI ordinary shares were traded on the Nigeria Stock Exchange (NSE), Lagos, Bourse Régionale des Valeurs Mobilières (BRVM), Abidjan, and the Ghana Stock Exchange (GSE), Accra, in 2022.

Major changes in shareholding

There were no major changes in the shareholding of ETI in 2022.

Board of Directors

The names of the Directors of the Company appear on pages 48 to 49 of this annual report.

As at 31 December 2022, the Board was composed of fourteen (14) Directors: thirteen (13) Non-Executive Directors and one (1) Executive Director, comprising of ten (10) male and four (4) female Directors from 10 nationalities.

The Board of Directors met seven (7) times during the year. The Governance, Nomination, Remuneration and Ethics Committee met seven (7) times. The Audit, Internal Control and Compliance Committee and the Finance, Risk and Credit Committee met five (5) times. The Information Technology, Social and Reputation Committee met four (4) times.

Directors' interest in shareholding

Please find below a table containing shareholdings of ETI Directors:

		Direct		Indirect*		Total	
S/N	Name	2022	2021	2022	2021	2022	2021
1	Mr. Alain Nkontchou	5,999,999	261,714,332	394,916,489	–	400,916,488	261,714,332
2	Mr. Ade Ayeyemi	21,513,000	21,513,000	–	–	21,513,000	21,513,000
3	Mr. Hervé Assah	–	–	–	–	–	–
4	Dr. Georges A. Donkor (Representing EBID)	–	–	240,209,077	240,209,077	240,209,077	240,209,077
5	Mr. Simon Dornoo	–	–	–	–	–	–
6	Mr. Brian Kennedy (Nominated by Nedbank Group)	–	–	– [1]	– [1]	–	–
7	Mr. Deepak Malik (Nominated by Arise BV)	–	–	3,487,337,828	3,487,337,828	3,487,337,828	3,487,337,828
8	Ms. Zanele Monnakgotla (Nominated by GEPF/PIC)	–	–	3,333,333,333	3,333,333,333	3,333,333,333	3,333,333,333
9	Dr. Catherine Ngahu	–	–	–	–	–	–
10	Mr. Mfundo Nkuhlu (Nominated by Nedbank Group)	–	–	5,249,014,550	5,249,014,550	5,249,014,550	5,249,014,550
11	Prof. Enase Okonedo	–	–	–	–	–	–
12	Mr. David O'Sullivan (Nominated by QNB)	–	–	4,970,904,524	4,970,904,524	4,970,904,524	4,970,904,524
13	Mrs. Aichatou Agne Pouye	–	–	–	–	–	–
14	Dr. Aasim Ahmad Qureshi (Nominated by QNB)	–	–	– [2]	– [2]	–	–
	Total	**27,512,999**	**283,227,332**	**17,675,715,801**	**17,280,799,312**	**17,703,228,800**	**17,564,026,644**

* 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.

1 To avoid double counting Nedbank Group Ltd.'s shareholding is only listed alongside Mr. Mfundo Nkuhlu's entry.

2 To avoid double counting Qatar National Bank (QNB)'s shareholding is only listed alongside Mr. David O'Sullivan's entry.

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 pages 62 to 72. 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 Monétaire Ouest-Africaine (UMOA) on Corporate Governance, the BRVM Code of Corporate Governance, the SEC Code of Corporate Governance and the Nigerian Code of Corporate Governance 2018.

Subsidiaries

In 2022, the number of ETI subsidiaries remained unchanged from 2021. The Group is focused on translating the achieved Pan-African scale advantage to deliver 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 57.

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 2022, 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 Joint Auditors of the Company, Deloitte & Touche Nigeria and Grant Thornton Côte d'Ivoire, will continue in office in line with the terms of their engagement.

In line with the applicable regulations in Togo, the firms Ernst & Young (EY) Nigeria and KPMG Togo will continue to act as alternate auditors of the Company.

Dated in Lomé, 14 April 2023.

By Order of the Board,

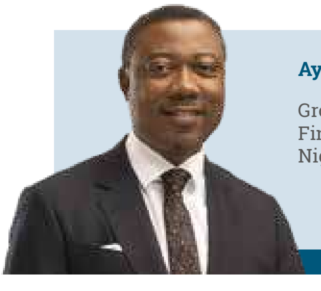
Madibinet Cissé
Company Secretary.

GROUP EXECUTIVE COMMITTEE ECOBANK GROUP

The GEC meets monthly and is responsible for the day-to-day operational management of the Group and its subsidiaries. It has decision-making powers in specific areas of Group management.

Ade Ayeyemi

Group Chief
Executive Officer
Nigerian



Ayo Adepoju

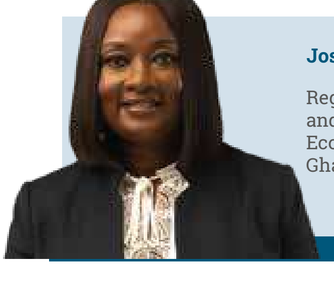
Group Chief
Financial Officer
Nigerian

Bolaji Lawal

Regional Executive
and Managing Director,
Ecobank Nigeria
Nigerian

Divine Fola

Group Chief
Compliance Officer
Cameroonian



Josephine Anan-Ankomah

Regional Executive, CESA
and Managing Director,
Ecobank Kenya
Ghanaian

Chinedu Ikwudinma

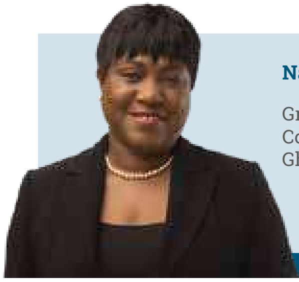
Group Executive,
Chief Risk Officer
Nigerian

Mamat Jobe

Group Executive,
Internal Audit and
Management Services (Acting)
Gambian

Daniel Sackey

Regional Executive, AWA
and Managing Director,
Ecobank Ghana
Ghanaian



Nana Araba Abban

Group Executive,
Consumer Banking
Ghanaian

Eric Jones Odhiambo

Group Executive,
Corporate and
Investment Banking
Kenyan

Paul-Harry Aithnard

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

Carol Oyedeji

Group Executive,
Commercial Banking
(Acting)
Nigerian

Tomisin Fashina

Group Executive,
Operations and Technology
Nigerian

Madibinet Cisse

Group General Counsel/
Company Secretary
Guinean

Yves Mayilamene

Group Executive,
Human Resources
Congolese

CORPORATE GOVERNANCE

Introduction

At Ecobank, Corporate Governance structures are designed to promote fairness and responsibility, in addition to making the institution more transparent and accountable 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 the objectives of Ecobank, to be a world-class Pan-African Banking Group that ensures fairness and responsibility.

Ecobank was founded on the spirit of regional co-operation and the economic integration of African countries. It 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 should 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 institutional investors and the capital markets and undertakes to repay such funds on the due contractual date. It provides lending to its clients and also provides them 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 Ecobank Transnational Incorporated (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 financial report and accounts 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 for 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, ETI 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 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. Functional managers in the subsidiaries have a functional reporting line to the Group Head/Executive at the parent company.

The Board holds two 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 ETI, 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.

CORPORATE GOVERNANCE

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, Nomination, Remuneration and Ethics Committee, which is responsible for the selection and to propose the appointment of members of the Board of Directors.

Prior to any appointment, the Governance, Nomination, Remuneration and Ethics 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
Have 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 (9) years. Directors are appointed for an initial mandate of three (3) years, which may be renewed.

However, renewal is not automatic. Directors are required to be evaluated periodically. The outcome of the 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/resentment of a Director. A Director may be dismissed for breach of his/her fiduciary duties and/or underperformance under the terms of his/her 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 fifteen (15) members. The Board composition is representative of shareholders' interest. The Governance Charter stipulates that the Board shall comprise:

- Nominees of any shareholder for each ten% (10%) 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 (2) seats per shareholder.
- One (1) representative of Ecowas Bank for Investment and Development (EBID).
- Not more than two (2) Executive Directors, including the GCEO.
- A minimum of five (5) 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 2022

The Board of Directors met seven (7) times during 2022.

	Name	Role	Year appointed to Board	Meetings eligible to attend	Number of meetings attended
1.	Mr. Alain Nkontchou	Chairman	2015	7	7
2.	Mr. Ade Ayeyemi	Chief Executive Officer	2015	7	7
3.	Mr. Hervé Assah	Non-Executive/Independent	2020	7	7
4.	Dr. George Donkor (BIDC)	Non-Executive	2020	7	7
5.	Mr. Simon Dornoo	Non-Executive/Independent	2020	7	7
6.	Mr. Brian Kennedy (Nedbank Group Ltd)	Non-Executive	2017	7	7
7.	Mr. Deepak Malik (Arise B.V.)	Non-Executive	2019	7	7
8.	Ms. Zanele Monnakgotla (Government Employees Pension Fund/Pic)	Non-Executive	2020	7	7
9.	Dr. Catherine Ngahu	Non-Executive/Independent	2016	7	7
10.	Mr. Mfundo Nkuhlu (Nedbank Group Ltd)	Non-Executive	2015	7	7
11.	Prof. Enase Okonedo	Non-Executive/Independent	2020	7	7
12.	Mr. David O'Sullivan (Qatar National Bank)	Non-Executive	2017	7	7
13.	Mrs. Aichatou Agne Pouye	Non-Executive/Independent	2018	7	7
14.	Dr. Aasim Qureshi (Qatar National Bank)	Non-Executive	2019	7	7

CORPORATE GOVERNANCE

Board Committees

As of 31 December 2022, there were four (4) Board Committees, namely:

Audit, Internal Control and Compliance Committee
Finance, Risk and Credit Committee
Governance, Nomination, Remuneration and Ethics Committee
Information Technology, Social and Reputation Committee

The charters of the various Board Committees have been established in accordance with best practice and the rules applicable to the Company. 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 (2), three (3)-year terms, which may be extended, if it is deemed appropriate. Each Committee has a majority of independent Directors and is chaired by an independent Director.

Board Committees' membership

Governance, Nomination, Remuneration and Ethics Committee

The Governance, Nomination, Remuneration and Ethics Committee met seven (7) times during the year 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	7	7
Mr. Hervé Assah	Member	7	7
Mr. Brian Kennedy	Member	7	7
Mr. Deepak Malik	Member	7	7
Dr. Catherine Ngahu	Member	7	6

The Group General Counsel and Company Secretary or his designate serves as Secretary to the Committee.

Responsibilities of the Governance, Nomination, Remuneration and Ethics 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.
- Evaluates 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.
- 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.
- Oversees the Group's approach to diversity and inclusion, employee wellbeing, bullying and harassment and employee engagement.
- Oversees the way the Group manages its culture, values and adherence to the Group's Code of Conduct.
- Oversees compliance with Group's policies on ethical conduct including discovery, investigation, conflicts of interest, financial crimes, transparent accounting, fraud and bribery and responsible selling and marketing.

During the year ended 31 December 2022, the Committee reviewed and made recommendations to the Board (for its non-objection) on the nomination of Directors and chairmanship candidates in the subsidiaries and the selection process of candidates.

The Committee also reviewed the replacement process of retiring Group executives in the organisation including the selection of the GCEO Designate.

The Committee oversaw the setting up of Affiliate Chairpersons Committees in order to enable better interaction within the network of Chairpersons community of the Group.

The Committee has begun a remuneration survey for Non-executive Directors across the Group.

Audit, Internal Control and Compliance Committee

The Audit, Internal Control and Compliance Committee met five (5) times to deliberate on issues under their respective responsibilities.

Composition and attendance:

Name	Role	Number of Meetings held	Number of Meetings attended
Mrs. Aïchatou Agne Pouye	Chairperson	5	5
Mr. Simon Dornoo	Member	5	5
Mr. David O'Sullivan	Member	5	5

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, Internal Control 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 regarding external auditors and their remuneration.
- Works with external auditors to review the annual financial statements before full Board approval.
- Ensures compliance with all applicable laws, regulations and operating standards.

During the 2022 financial year, the Committee reviewed and recommended for approval the revised Ecobank AML/CFT Policy, the Group Risk map, the revised Internal Control Charter, the Amendment of the Group Fund Management policy, the Revised Code of Practice for Staff and Directors Dealing in Ecobank Securities, the 2023-2025 risk-based Internal Audit and Management Services Plan, the 2023 Compliance Monitoring Plan and the ETI Recovery and resolution plan among others.

Finance, Risk and Credit Committee

The Finance, Risk and Credit Committee met five (5) times to deliberate on issues under their respective responsibilities.

Composition and attendance:

Name	Role	Number of meetings held	Number of meetings attended
Mr. Simon Dornoo	Chairman	5	5
Mr. Hervé Assah	Member	5	5
Mr. Mfundo Nkuhlu	Member	5	5
Prof. Enase Okonedo	Member	5	5
Mr. Aasim Qureshi	Member	5	5

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

The Group Chief Risk Officer and the Chief Financial Officer serve as joint Secretaries to the Committee.

Responsibilities of the Finance, Risk and Credit 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.
- Reviews all other risks (e.g. technology, market, insurance, reputation and regulatory).
- Oversight of finance strategies, capital and liquidity.
- Reviewing the Company and Group's financial performance.
- Reviewing compliance with applicable financial regulatory requirements.
- Reviewing certain corporate development matters as the Board may direct.

During the 2022 financial year, the Committee reviewed and recommended for approval the revised Group Risk Appetite policy, the Group Risk Assessment criteria, the revised Group Internal Charter, the revised Group Fund Management policy, the Revised Group Credit Policy and procedure manual and various fund-raising initiatives.

CORPORATE GOVERNANCE

Information Technology, Social and Reputation Committee

The Information Technology, Social and Reputation Committee met four (4) 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	4	4
Ms. Zanele Monnakgotla	Member	4	4
Mrs. Aichatou Agne Pouye	Member	4	4

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

Responsibilities of the Information Technology Social and Reputation 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 programmes 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.
- 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.
- 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.
- Reviewing Ecobank's sustainable business priorities, assuring that the Group has policies in place to respond to any issues arising from external factors.

In 2022, the Committee supervised the optimisation of technology assets, the collaboration of Ecobank with fintechs, the digitalisation drive and the modernisation of system architecture.

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 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 Managing Director 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 have adopted the provisions of the Group Corporate Governance Charter, subject 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 and regulatory/shareholder approvals, as appropriate.

Executive share options

In 2022, 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 insiders 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 insider 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. During the year, transactions executed by insiders were disclosed in line with applicable regulations.

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 judgement and decision-making.

As at the end of December 2022, there were fourteen (14) Directors on the Board, including five (5) independent Directors, namely Mr. Hervé Assah, 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, Nomination, Remuneration and Ethics 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 2022, Directors were trained on Recovery Planning and Anti-Money Laundering/Counter Financing of Terrorism.

Conflict of interest and related party policies

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 Finance, Risk and Credit 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.

Whistleblowing policy

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

Ecobank's whistleblowing portal fully guarantees the confidentiality of information exchanged via the portal. A third-party provider that specialises in providing whistleblowing 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;
- on-the-job 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.

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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 2022.

Name	Directors Fees (US$)	Sitting Allowance (US$)	Other Benefits (US$)*	Total (US$)
Mr. Alain Nkontchou	150,000	13,000	15,000	178,000
Mr. Hervé Assah	100,000	19,500	15,000	134,500
Dr. George Donkor	100,000	10,500	15,000	125,500
Mr. Simon Dornoo	100,000	14,250	15,000	129,250
Mr. Brian Kennedy (Nedbank Group Limited)	100,000	15,750	15,000	130,750
Mr. Deepak Malik (Arise B.V.)	100,000	15,000	27,182**	142,182
Ms. Zanele Monnakgotla (GEPF/PIC)	100,000	10,500	15,000	125,500
Dr. Catherine Ngahu	100,000	17,250	15,000	132,250
Mr. Mfundo Clement Nkuhlu (Nedbank Group Limited)	100,000	10,500		110,500
Prof. Enase Okonedo	100,000	19,500	15,000	134,500
Mr. David O'Sullivan (Qatar National Bank)	100,000	10,500	15,000	125,500
Mrs. Aichatou Agne Pouye	100,000	13,500	15,000	128,500
Dr. Aasim Qureshi (Qatar National Bank)	100,000	10,500	15,000	125,500
Total	**1,350,000**	**180,250**	**192,182**	**1,722,432**

* US$15,000 is the cash equivalent for two first class air tickets.
** This includes tickets of previous year.

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

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 remuneration 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 2022 financial year amounted to US$12.5 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 2022.

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, Nomination, Remuneration and Ethics 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, Nomination, Remuneration and Ethics Committee, the Chairman of the Governance, Nomination, Remuneration and Ethics 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, Nomination, Remuneration and Ethics 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 2022.

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 can be found on pages 50 to 54 of this annual report.

Group Executive Committee

As of 31 December 2022, the Group Executive Committee (GEC) comprised the following:

- Group Chief Executive Officer;
- Group Executive, Commercial Banking;
- Group Executive, Consumer Banking;
- Group Executive, Corporate and Investment Banking;
- Group Executive, Operations and Technology;
- Regional Executive, Anglophone West Africa;
- Regional Executive, Central, Eastern and Southern Africa;
- Regional Executive, Union Monetaire Ouest Africaine;
- Regional Executive, Nigeria;
- Group Chief Financial Officer;
- Group Executive, Human Resources;
- Group General Counsel/Company Secretary;

CORPORATE GOVERNANCE

- Group Executive, Internal Audit & Management Services;
- Group Chief Risk Officer; and
- Group Head, Compliance.

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.

SUSTAINABILITY REPORT

At Ecobank, we see sustainability as an integral part of our mandate. It's not just a buzzword or a trend, but rather a fundamental principle that drives everything we do.

Ade Ayeyemi

"Our activities have the potential to positively influence the environment and society, and I am committed to integrating sustainability into our business strategy."

For more information on our Sustainability Note Impact and Allocation Report, refer to the standalone 2022 Sustainability and ESG Report on our website.

Ecobank's commitment to sustainability is a driving force behind our financial institution's success. With the issuance of our first Sustainability Bond Impact and Allocation Report in 2022, we marked a significant milestone. This report is a monument to our devotion to achieving positive environmental, social and developmental outcomes in Africa, while also contributing to its economic development and financial integration.

The report highlights our progress in lending for sustainable financing, offering a thorough overview of our loan portfolio and the deployment of the US$350 million funds from our Tier 2 Sustainability Notes. It also emphasised the projected positive impacts of the net proceeds of the Notes.

Our commitment to sustainability goes beyond monetary investments. We're also decreasing our own carbon footprint and mitigating the impacts of climate and biodiversity risks in our portfolios. We believe that by setting an example in sustainable practices, we may inspire others to follow suit.

Our Sustainability Bond Impact and Allocation Report demonstrates our commitment to sustainability and our commitment to bringing about good change in Africa. We believe that by working together we can build a more sustainable future for everybody.

We have fully allocated the net proceeds from our Sustainability Notes and have provided a portfolio-based allocation report of our green and social loans. Below is a summary of how we allocated the funds.

SUSTAINABILITY NOTE

US$350M	US$382M	100%	US$14M	US$368M
Size of the Sustainability Note issuance	Total sum of Eligible Sustainable Finance Assets	Percentage of Sustainability Note proceeds allocated to Eligible Assets	Allocation to Eligible Green Assets	Allocation to Eligible Social Assets

Green Assets

Renewable Energy

US$13.8 million allocated

Six projects funded

38,494 tonnes of CO_2 emissions avoided

Social Assets

Ellevate – Women

US$95 million allocated

3,061 women-owned businesses funded

MFIs

US$5 million allocated

16 MFIs funded

SMEs

US$105 million allocated

75,246 SMEs funded

Affordable Basic Infrastructure

US$164 million allocated

Education

US$0.3 million allocated

2 educational institutions funded

Detailed breakdown of our Impact

Green Lending

We financed US$13.8 million in renewable energy projects, which helped to avoid 38,494 tonnes of CO_2 emissions.

Green Project Impact

US$13.8 million
Loan amount to renewable energy projects

68,703 MWh/year
Renewable energy generation*

38,494 tCO_2eqv
Estimated Carbon Emissions Avoided* per annum through renewable energy

Social Lending

Social Project Impact – Employment generation

75,246
Number of loans to SMEs

US$95 million
Loan amount to women (Ellevate)

US$105 million
Loan amount to SMEs

3,061
Number of eligible businesses financed under Ellevate programme

16
Number of loans to Microfinance Entities (MFIs)

US$5 million
Loan amount to MFIs

FOUNDATION REPORT

The Creation of the Foundation

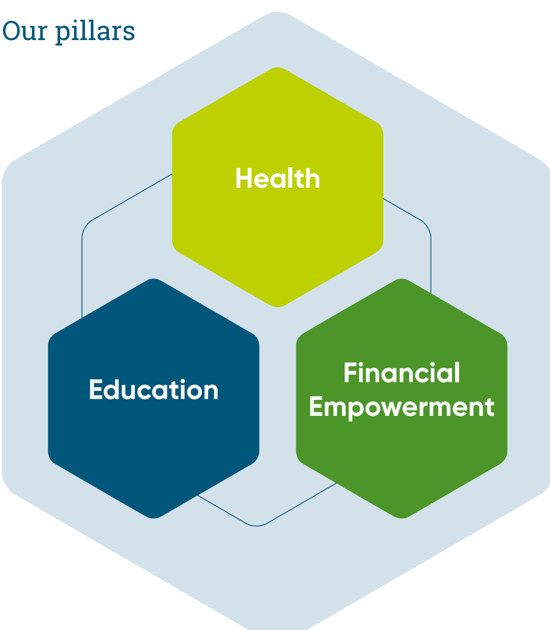
Established in 1997, the Ecobank Foundation is an Africa-focused organisation seeking to improve the quality of life of the people across Africa.

Our founders insisted from the outset on the need for Ecobank to be not only a profitable institution, but also an institution committed to making a difference and contributing to the social and economic development of the communities in which it operates.

Therefore, the Foundation has a critical role in reinforcing the positioning and the brand of the Ecobank Group as being a 'do-good' institution, both at the continental and global levels.

The Foundation's programmes are designed and implemented by deploying Ecobank's resources, knowledge, expertise and leveraging its wide presence and network across the continent. This approach also fosters the establishment of close partnerships between the Foundation and other business lines in Ecobank, the Ecobank Academy and key development stakeholders.

Our pillars



2022 main achievements

1. Health Pillar: Contributing to the elimination of malaria

Malaria remains a threat for people around the world, causing over 619,000 deaths in 2021 – and more than 90% of these deaths occurred in sub-Saharan Africa. In some African countries, malaria reduces GDP growth by up to 1.3% and places a significant burden on private-sector businesses. The disease continues to affect company profits across the African continent and beyond – through employee absenteeism, reduced productivity and escalating benefit costs. Malaria among a company's employees also increases the potential for transmission to the wider local community, which then impacts the local economy through the deterioration of human capital, losses in savings, investments and tax revenues.

Private sector participation in malaria control and elimination can energise national goals by bringing more partners and resources to the table. The private sector has a vested interest in achieving malaria elimination as a healthier workforce means a healthier economy. Therefore, we continued leading the Zero Malaria Business Leadership Initiative to help mobilise private sector support, funding and engagement to fight malaria in Africa, with our focus being on Benin, Burkina Faso, Senegal and Uganda.

The Foundation has already committed US$600,000 to the initiative. Since its inception, a total of US$1.29 million has been mobilised from the private sector in the form of in-kind and financial contributions. In addition to the 19 companies who have made concrete contributions in Senegal, Benin and Burkina Faso, an additional 50 companies and umbrella organisations have been engaged through the project. In Uganda, great progress has been made in fully establishing the project and integrating it within national structures and strategies, and resource mobilisation in partnership with and as a part of Malaria-Free Uganda, with a total of US$105,000 mobilised in financial and in-kind contributions. The project is well placed to expand private sector mobilisation in 2023.

Emmanuel Ikazoboh,
Chairman, Ecobank Foundation

"As a leading Pan-African institution founded by Africans for Africans, we regard it a sacred responsibility to contribute to improving the wellbeing and quality of life of our people across the continent."

2. Education Pillar: Promoting women's leadership

Since 2021, the Foundation has supported the ShARE organisation, which has the objective of growing a new generation of leaders who will 'Do Well Do Good'.

In Togo, 120 students have been enrolled in the Programme of Excellence for Women in Africa. Through these programmes, they learn all the soft skills that will allow them to be great leaders who will transform their communities.

The Programme of Excellence for Women in Africa has just been launched in Côte d'Ivoire with an initial cohort of 40 women supported by the Foundation.

Education Pillar: Promoting digital skills

In 2022, we renewed our support for the Global Partnership for Education, focusing on the promotion of Information and Communications Technology (ICT) and Science, Technology, Engineering and Mathematics (STEM) for girls and young women.

3. Financial Empowerment Pillar: 'Leave no one behind! Financial inclusion for all'

For Ecobank Day 2022 we focused on driving financial literacy and financial inclusion, particularly among women and youth in marginalised communities. Ecobankers from across the Group visited local communities where they shared their knowledge on how to improve financial literacy through budgeting, saving and much more.

There were multiple initiatives and activities undertaken across the 33 sub-Saharan African countries in which Ecobank operates. Examples of affiliate activities included Ecobank Benin's donation of 5 million FCFA to SOS Children's Village, while our Burundi, DR Congo, Senegal, Sierra Leone, Togo and Tanzania affiliates all provided financial literacy training to women in their communities.

In addition, we held a Group-wide Pan-African webinar on 'Financial Inclusion for All' in partnership with UN Women. It was attended by over 1,600 people across the continent.

Elisa Desbordes,
Chief Operating Officer, Ecobank Foundation

"The Foundation aims to have a positive and sustainable impact on the communities that the Bank serves. We make a difference by leveraging on our resources, knowledge and expertise."

Ade Ayeyemi,
Group Chief Executive Officer, Ecobank

"During my time leading Ecobank, I have always remembered the ambition of our founders to focus on protecting and unleashing the potential of the people across all our countries. This is why I am proud of the work of the Foundation."

4. Ad hoc: 'Break the Bias' Campaign

In March 2022, we launched the 'Break the Bias' campaign to show support for International Women's Day 2022. During the year we hosted three gender equality focused webinars, all featuring influential women from various industries sharing their insight on how to encourage and empower women and girls.

Following International Women's Day, our inaugural webinar showcased young women entrepreneurs working in the sustainable agri-industry who gave their insight on female empowerment in the sector.

The second webinar was organised to commemorate International Day of Girls in ICT. Together with the Global Partnership for Education, we hosted a webinar encouraging young women to expand their careers by studying ICT and STEM subjects.

Last but not least, we partnered with the African Sports and Creative Institute to talk about women in the sports industry. It coincided with the 2022 Women's Africa Cup of Nations. Our webinar encouraged more women and girls to participate in sport, whether personally or professionally.

These webinars attracted 712, 168 and 290 participants, respectively.

5. Ad hoc: Tackling gender-based violence

Over one-in-three women will suffer gender-based violence during their lifetime, while less than 40% of these women will seek help. Violence against women also increased during the COVID-19 pandemic.

This is why the Foundation led the Group in joining the '16 days of Activism against Gender-Based Violence', a campaign led by its new partner UN Women. This global initiative aims to eradicate violence against women and girls, as well as emphasising that gender-based violence is a violation of human rights.

12.11.22

FINANCIAL INCLUSION FOR ALL

Ecobank Foundation

In support of UN WOMEN

PEOPLE REPORT

Delivering strategy-driven people solutions for sustained business growth

Yves Mayilamene, Group Executive, Human Resources

"As a company, we recognise that our people are one of the key pillars of our success. Therefore, in 2022, our HR team closely collaborated with the leadership of the Bank, various departments and all other key stakeholders within the Group to develop and implement targeted initiatives aligned with our overall business strategy. By closely aligning these efforts with the broader objectives of the business, we were able to drive tangible results and make a meaningful impact on the company's performance."

Our efforts to enhance employee experience (EX) continue to show positive results, as evidenced by the year-on-year increase in our employee experience measurements. For example, in 2022 our overall engagement score improved from 72% to 75%. Other key areas of our employee experience scores also continue to show improvement, with 'Meaningful Work' at 93% (92% in 2021), 'Connected to the Purpose' at 92% (89%), our 'Quality Leadership' at 78% (76%) and 'Enabled to Deliver' at 80% (76%).

We continued to roll out business-empowering learning solutions through our corporate university, the Ecobank Academy. This is aligned with our long-term objective to skill, reskill and upskill our workforce with the best learning solutions. In 2022, we delivered an unprecedented 10 programmes for staff. We also recorded more than 120,000 hours of learning for all staff within the 12-month window. In addition, we continued to partner with the business to help develop thousands of external organisations across the continent, which were mostly micro, small and medium-sized enterprises (MSMEs). We also deployed our new flagship Africa Women SME CEO programme in collaboration with some of the leading global business schools.

We implemented a new performance management process that focuses on both the goals and the methods of how performance is delivered. This approach helps to create a strong performance culture that aligns with our RACE-IT values (Respect, Accountability, Customer centricity, Excellence, Integrity and Teamwork). Our efforts in reviewing compensation and benefits across the Group are also starting to show positive results, and we will continue to work on standardising our approach across all entities.

Furthermore, we continue to optimise our people cost and digitise our processes to drive productivity. These continued efforts will unlock the full potential of our workforce and the businesses that they serve. We also ran graduate and entry-level programmes in all regions and filled all key positions through a structured resourcing framework, strengthened our succession planning efforts, and further scaled our women's development programme, high potential programmes and other talent management interventions.

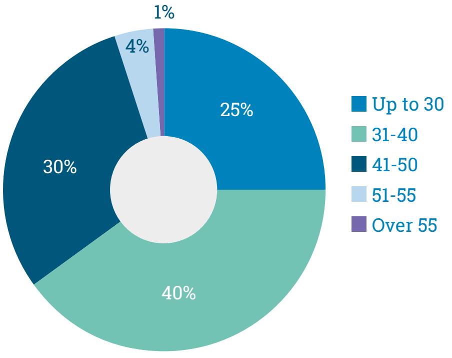
Our efforts in having the best-in-class people solutions received two external awards: the Africa Best Place to Work Award and the Africa Best Employer Brand Award. We are proud of these achievements and will continue to strive for excellence in all aspects of our work to support the Company to achieve the vision and mission set by Ecobank's founding fathers.

As we look into the future, we will continue supporting the business and our employees as we all work towards contributing to the organisation's sustainable growth.

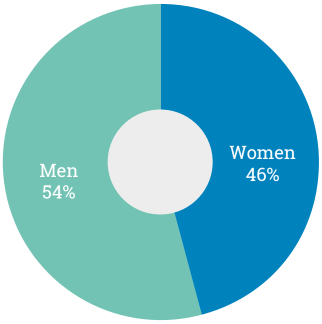
1. People/HR metrics

Region/ Entity	Corporate & Investment Banking	Commercial Banking	Consumer Banking	Operations & Technology	Client engagement	Other enabling functions	Total
CESA	198	246	291	1,360	235	559	**2,889**
NIGERIA	134	548	518	2,493	202	307	**4,202**
UEMOA	218	294	345	1,408	201	482	**2,948**
AWA	145	222	252	1,071	263	285	**2,238**
International	35	0	0	29	2	43	**109**
EDC Group	104	0	0	10	0	23	**137**
eProcess	0	0	0	490	0	10	**500**
ETI Holdco	15	9	13	22	0	93	**152**
Group overall	**849**	**1,319**	**1,419**	**6,883**	**903**	**1,802**	**13,175**

Ageing profile



Diversity



This report provides a detailed progress update on our 2022 initiatives positioned to support the execution of our strategy and unlock the potential of our workforce.

- Continuing employee experience initiatives.
- Skilling, reskilling and upskilling of our people for current and future capabilities.
- Implementing integrated performance management to drive the right behaviours and sustained business outcomes.
- Expanding organisational effectiveness for strategy execution.
- Powering talent mobility through internal skills and experience first talent marketplace.
- Ensuring long-term business continuity through talent management and succession planning.

PEOPLE REPORT

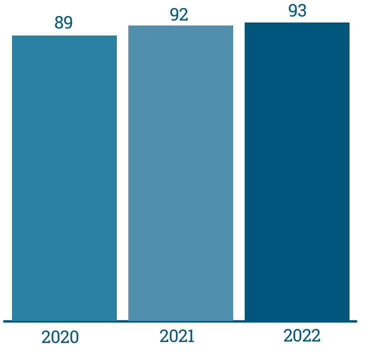
2. Employee experience

Employee experience remains one of the key focus areas for the Group, and in 2022 we recorded improved scores in all measurements compared to the previous year. We observed a year-on-year increase in core employee engagement among our employees, from 60% in 2017 to 81% in 2022. We also observed significant improvements in 'Meaningful Work'; 'Connected to the Purpose'; and 'Enabled to Deliver' scores.

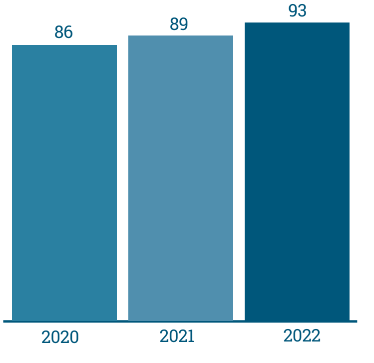
Guided by our philosophy of continuous improvement, we will continue to put more focus on the following:

1. Implementing initiatives to have competitive compensation and improve career opportunities, e.g., the introduction of an all-in-one recruitment platform, implementing standardised job grading across the Group, and releasing the second generation of our internal career portal platform.
2. Automating employee experience action plan with the introduction of the digital action planning platform.
3. Integrating culture pulse survey into overall employee experience survey to ensure we address culture and employee experience pain points at once.
4. Continuing to adjust our ways of working to accommodate remote and hybrid working for certain areas of our organisation, especially within the Technology Department. We will continue to observe the impact of this new way of working and scale it to other areas of the organisation where it is possible and productive over time.
5. We will also continue to invest in training and development opportunities for our employees, focusing on reskilling, upskilling and career advancement. This will enable the firm to effectively manage the retention rates, especially for our high potential talent.

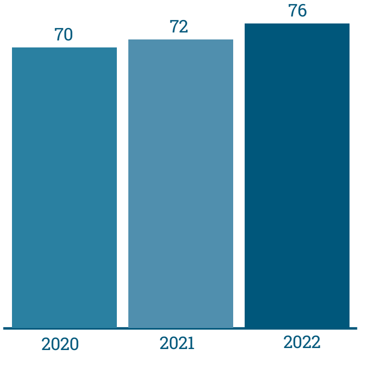
Meaningful work



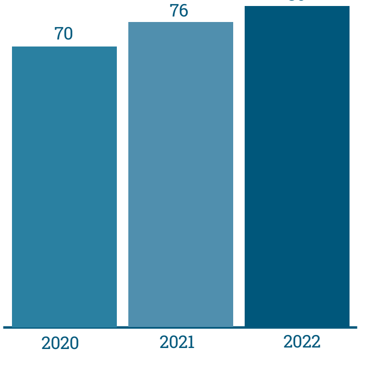
Connected to the purpose



Overall engagement



Enabled to deliver



3.Organisational effectiveness

In 2022, our HR organisation worked closely with management teams across the Group to implement strategic initiatives to improve the effectiveness of our organisation. These initiatives included enhancing our culture, conduct and ethics, increasing productivity, supporting customer experience transformation and facilitating strategy execution across the Bank. We also focused on continued HR digitalisation and improving our people management practices.

Below is a detailed update on our achievements in 2022 under the organisational effectiveness pillar.

People practices

Photo: Group Executive, HR, Yves MAYILAMENE receiving the Best Place to Work In Africa 2022 Award for the Ecobank Group at the ceremony in Paris.

We are pleased to have received two global recognitions: the Best Place to Work in Africa 2022 and Africa's Best Employer Brand Award 2022-2023. These international recognitions reaffirm our commitment to designing and implementing best-in-class HR solutions that support the execution of our corporate strategy. In addition, we always work to equip our people with the skills, processes and tools that they need to excel in their work while ensuring a conducive workplace environment.

We believe in continuous improvement by capturing all employees' voices, improving their workplace experience and delivering the best solutions for our business, people and stakeholders.

Driving productivity and digitisation of HR

In 2022, we completed the deployment of our HR platform (MY-HR) and continued to find ways to improve the overall user experience. As of December 2022, the platform's adoption rate was almost 100%. In addition, all staff have used the platform to complete a minimum of four end-to-end transactions related to goal setting, performance management, leave management and learning. In particular, the platform's learning application has seen extremely high adoption, with thousands of employees logging in each week to develop new skills.

We are committed to leveraging technology and optimising costs to support our employees and drive productivity.

Compensation and benefits

In 2022 we continued to implement the long-term project of reviewing job grades in all affiliates and entities. Below is an update as of 31 December 2022. This initiative and the staff recognition programme remain among key focus areas for our compensation and benefits team.

Focus areas	% of entities implemented in 2022	% of entities to be implemented in 2023
Job evaluation and grading	64%	36%
Compensation structure review	81%	19%

The long-term impact of this structured job evaluation and grading process includes:

1. Ensuring fairness and consistency in how jobs are evaluated and compensated in all entities of the Group. Improving fairness and equity in compensation and benefits is one of the key focus areas of our employee experience initiatives.
2. Having heads of department align individual job roles and responsibilities with the overall goals and objectives. This will improve overall organisational efficiency and productivity.
3. Providing a clear framework for how individual career levels are identified with clear guidelines of what development and progression within the Company looks like. This will help employees have a roadmap for advancement within the organisation.

PEOPLE REPORT

Supporting Customer Experience (CX) transformation

We continue to implement several initiatives to help the organisation transform its overall customer experience, and below are some of the top HR championed initiatives implemented in 2022:

Focus areas	2022 update
Continue to Scale CX Academy	Rolled out the second phase of the Customer Experience Academy in 2022 by: 1. Implementing programmes focused on Bank's CX principles. 2. Reaching a total of 23,000 hours of learning dedicated to CX upskilling.
Staff CX Recognition Awards	Operationalised the recognition programme in all affiliates. This programme recognises staff who have demonstrated excellence in driving CX. In 2022, 100 staff members received CX awards in various categories.
CX 360 Assessment	We completed the design of the CX skills gap 360 assessment platform that identifies and addresses gaps in our 13 CX core skills. This assessment will help the Group identify any gaps in our staff's CX capabilities and provide them with the solutions to close the gap.
CX Awareness to Staff	Continued to raise awareness of the importance of CX to business success and what is required through: • Leadership campaigns. • Staff participation in the customer week. • Internal leader-led webinars on CX behaviours.
Monitoring CX and EX Metrics	We continue to track and report on employee and customer experience (EX and CX) metrics. Showing positive experience in the workplace is essential for delivering positive CX. In 2022, 100% of our workforce had CX Key Performance Indicators (KPIs), and the leadership team had additional mandatory EX KPIs.

Supporting the strategy execution process

By year end, we had supported the facilitation and monitoring of 6,000 weekly business strategy execution sessions using the adapted execution process and the 4DX (The 4 Disciplines of Execution) digital platform. These sessions are led by management at all levels and cascaded throughout Group, regions, businesses and functions.

The purpose of these sessions remains to improve Ecobankers' execution capabilities and enable the organisation to achieve our widely important business objectives, such as business growth, profitability and the quality of our portfolio.

Culture, Conduct and Ethics (CCE)

The management of the CCE programme was transitioned to HR's TLOD (Talent, Learning and Organisational Development) function in the second half of 2022 to institutionalise the culture, conduct and ethics. During 2022, we implemented the following key initiatives:

Embedding corporate values into how we work

In 2022, we institutionalised our values by integrating them into our performance management process as part of the Group's focus on embedding a sustainable performance culture.

The corporate compliance and ethics week

Globally this ran from 6th to 12th November 2022, but at Ecobank we celebrated it throughout November by implementing the following targeted initiatives to reinforce the importance of compliance, culture, conduct and ethics:

- All staff received reinforcement communications from the Group CEO, Group Executive Committee and affiliate leadership teams.
- About 6,000 staff occupying supervisory positions were trained on Ethics in Leadership and the Ethical Decision-Making Framework (The Right, The Good and The Fitting).
- All staff received weekly best practices on good work ethics through various communication channels (computer screensavers, banners, posters and emails).

Organisational learning from misconduct

- We have developed an Ethics and Conduct Organisational Learning (ECOL) programme and launched its digital platform. ECOL is designed to share case studies and lessons learned about misconduct, ethical issues and operational activities across the Ecobank Group. Run in collaboration with Internal Control, the purpose of ECOL is to promote ethical conduct and prevent misconduct within the organisation.
- The programme aims at reinforcing key messages around the Ecobank Code of Conduct and Values, ethical decision making, consequence management and building trust and confidence in the organisation for customers, staff and other stakeholders.

Whistleblowing/ending silence on malpractices programme

Whistleblowing continues to be one of the critical areas for the long-term transformation of our culture, conduct and ethics. Managed by the Compliance team with the technical support of HR, below are some of the areas this initiative is ensuring are observed, captured and addressed to strengthen our CCE agenda further.

a. Abuse of authority.

b. Fraud or illegal activities.

c. Discrimination, harassment, equal employment and diversity issues.

d. Business relationships with clients, suppliers and vendors.

e. Business practices (policy and procedural issues).

4. Talent management

Resourcing and graduate programmes

We continue to have structured resourcing and graduate programmes across the Group, and below are some of the initiatives implemented.

- Senior executive resourcing: All senior positions earmarked for 2022 have been filled, and we are preparing to fill upcoming critical vacancies in 2023 – primarily due to retirements – to ensure smooth business continuity.
- Developing the next generations of Ecobank leaders: We continue to build a future leadership pipeline through our graduate, management and entry-level development initiatives.
  - 60 new graduate and management programme candidates from the Ecobank Ghana Management Programme and the UEMOA Regional Graduate Programme are scheduled to join the Bank as full-time staff in 2023.
  - 100 more graduates are expected to be part of the new CESA region graduate programme, which begins in 2023.
  - About 200 students received internships across the Group, and some of them will be offered employment opportunities.
- In November 2022, we launched the Career Platform, a digital platform that centralises all recruitment needs across the Group. This tool enables all staff and external candidates to apply for jobs across the Group and streamlines the recruitment process.

2022 Talent review and interventions

Regional talent reviews and succession planning:

- In 2022, we held annual talent reviews in all our regions to assess the current and future needs of the organisation and identify potential successors for key roles.
- We implemented succession planning programmes to support and develop the skills of identified successors as they prepare for future leadership positions.

Mentoring and coaching programmes:

- In 2022, we successfully implemented on-the-job mentoring through various initiatives, including the Women's Mentoring Programme, which provides structured mentoring for the development of women in 12 countries. We also provided mentoring toolkits to the rest of the Bank to support their employees' professional development.

Career development planning:

- In 2022, we made available a digital learning platform that offers several courses which help employees work on their career planning aspirations. This platform also provides thousands of courses for employees to upskill or reskill in line with our competency development model. Additionally, we finalised the enhancement of the career portal platform, which will be released in 2023 and launched a centralised resourcing application for staff to apply for available jobs across the Group. These initiatives have resulted in a 7% year-on-year increase in career opportunity engagement scores to reach 61% (54% in 2021).

High-potential development programmes: We successfully implemented the 2022 class of high potentials, which included various learning initiatives, mentoring and on-the-job developmental programmes.

PEOPLE REPORT

5. Performance management

Effective performance management is a key pillar of our People Strategy. In 2022, we continued to strengthen and implement all the core principles of our performance management approach:

- Ensure alignment (line of sight) between the process and expected business outcomes by cascading goals from the Group Executive Committee to the front-line.
- Reinforce specific, measurable, achievable, relevant and time-bound (SMART) goal setting for all staff at the beginning of the year.
- Promote a culture of year-long performance discussions and check-ins between the line manager and employee.
- Formal mid-year and year-end performance reviews.
- Strengthen performance culture by adding behavioural assessment (see more information below).
- Calibrate the results through performance committees to promote transparency and equity.
- Link performance to pay.
- Identify and implement development plans.

As part of our People Strategy, we are committed to embedding a sustainable performance culture by integrating behavioural assessments into our performance management process. In 2022 we made significant progress in this area by designing a comprehensive, integrated performance management process that combines traditional performance evaluations (the What of performance) with our RACE- IT-based 360-degree behavioural assessment (the How of performance). In the first year of implementation (2022 cycle), the target audience was all staff occupying managerial positions – approximately 1,400 individuals. Although this represents just over 10% of our workforce, the 360-degree process will provide feedback from various perspectives, including line managers, matrix managers, direct reports and peers. This will ensure that the impact of our enhanced performance management process is felt throughout the organisation.

Our 2022 performance cycle was implemented digitally using our digital HR system, MY-HR.

6. Learning and development

Learning and development is a critical component of the 'people pillar' in our organisation. We are continuously improving our approach to designing, implementing and scaling learning initiatives. These initiatives are tailored to meet the needs of the business and contribute to our ability to increase revenue, improve profitability, and enhance our portfolio, digital transformation and controls.

Additionally, they help to improve customer experience, cyber security, banking operations and other areas.

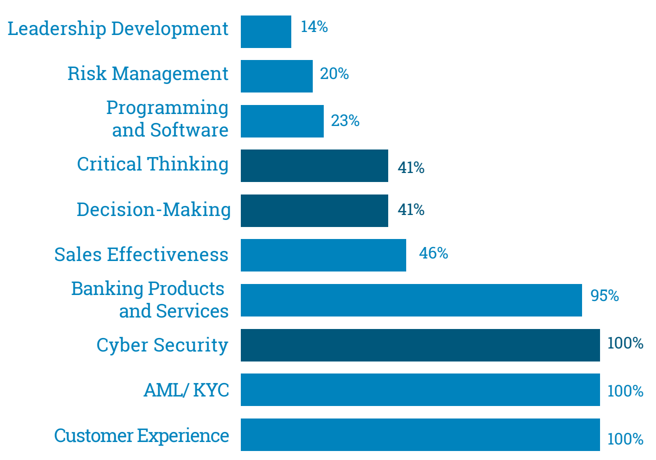
In 2022, in close collaboration with leadership and all stakeholders we continued to accelerate the delivery of business-driven learning solutions and provide opportunities for employees' professional and personal development.

Building on years of tremendous learning growth and scaling our Ecobank Academy into one of the largest corporate universities in Africa, we achieved the following key results in 2022:

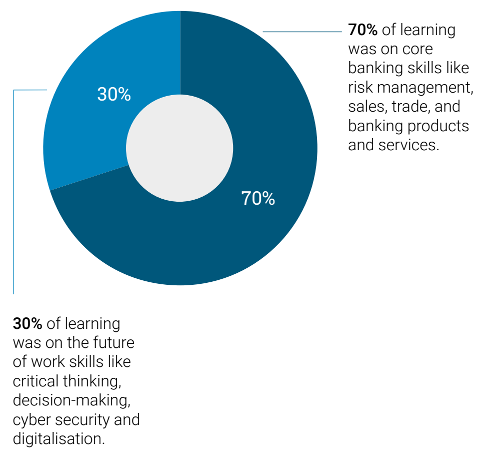
1. We improved our learning platform by replacing our previous Learning Management System (LMS) with a Digital Learning Platform (DLP) accessible through our HR system. As a result of this change, our staff can access tens of thousands of courses. In just four months, our staff completed more than 120,000 eLearning courses.
2. Continue to scale structured instructor-led solutions across the Group. While most of these were delivered virtually in 2022, we started to run some of the solutions in person while continuing to observe safety rules in line with local regulations. We delivered over 1,200 programmes across the Group.
3. Building targeted skills. In 2022 we continued to prioritise the implementation of programmes that enable us to build the core skills required today and the work skills of the future.

In 2022 we continued to develop critical skills across the Group

Sample list of programmes delivered in 2022



% of the workforce trained during the period of Jan–December 2022



Through the DLP, we continue to skill, upskill and reskill our workforce in key areas crucial to the development of self, our teams, our departments and the entire Bank.

Deployment of learning solutions to clients

Through the Ecobank Academy, we continue to partner with the business to provide training and awareness to the Bank's clients. These initiatives support the business in providing non-financial support to our clients and acquiring new customers. In 2022, we trained more than 3,700 MSMEs in our four regions (AWA, CESA, Nigeria and UEMOA). More training sessions are being organised for 2023.

In 2022 we trained more than 3,000 external organisations

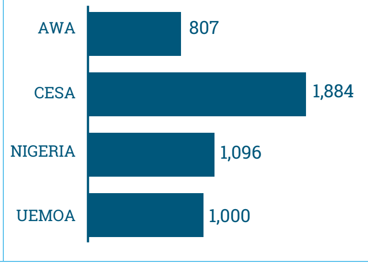
Analysis of the cumulative number of learning solutions delivered through Ecobank Academy to Ecobank clients

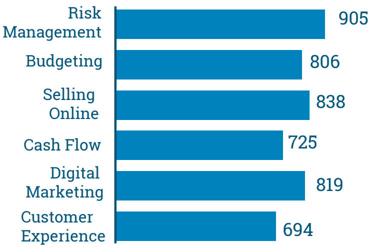
Learning Solutions

By Region
Number of MSMEs and SMEs trained by region

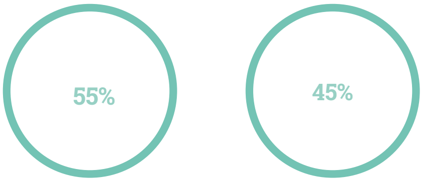
People trained per area
Analysis by focus areas

Number of Trainings Delivered to SMEs and MSMEs





Percentage of Women MSMEs participants



Percentage of Men MSMEs participants

Africa Women CEO SME programme

The first cohort from our Ellevate Women Leadership Programme graduated in 2022. This unique and world-class programme was designed by the Ecobank Academy and co-delivered with some of the leading business schools (at no cost to the Bank) including Stanford, MIT, INSEAD, LBS, CBS and others. Women CEOs and founders of SMEs from across the continent participated in the programme.

7. Conclusion and looking ahead

In 2022, our people initiatives saw steady improvement, supporting the Company to realise its most important business goals. We developed 100% of our workforce on several critical skills for our current and future business growth and we also trained thousands of the Bank's customers. We enhanced our performance management process and filled key positions through a structured resourcing process. In addition, we continued to implement job grades review in all affiliates and entities and ran the annual talent review process across the organisation. We also continued to support the Bank on strategy execution facilitation with leadership teams across all entities and continued to implement initiatives to drive our culture, conduct and ethics.

We are honoured to have received two external awards for the Best Place to Work in Africa 2022 and the Africa Best Employer Brand. As every year, our biggest recognition is knowing that our 2022 people solutions had a direct impact on our business performance and empowered our workforce to do their best work possible.

Looking to the future, we will continue to empower the voices of our employees and improve their workplace experience. We will also continue with organisational transformation and delivering the best possible solutions for our people, our business and our customers.

To support the achievement of the Group's Execution Momentum Strategy, our priorities in 2023 will include the following:

1. Continuing employee experience initiatives.
2. Implementing integrated performance management to drive the right behaviours and sustained business outcomes.
3. Expanding organisational effectiveness for strategy execution.
4. Rolling out our reward strategy across the Group by reviewing and evaluating all jobs and reviewing compensation structures in all affiliates.
5. Ensuring long-term business continuity through talent management.
6. Continuing the development of our people for current and future capabilities.
7. Reinforcing the digitalisation of the HR administration.

Sincerely,

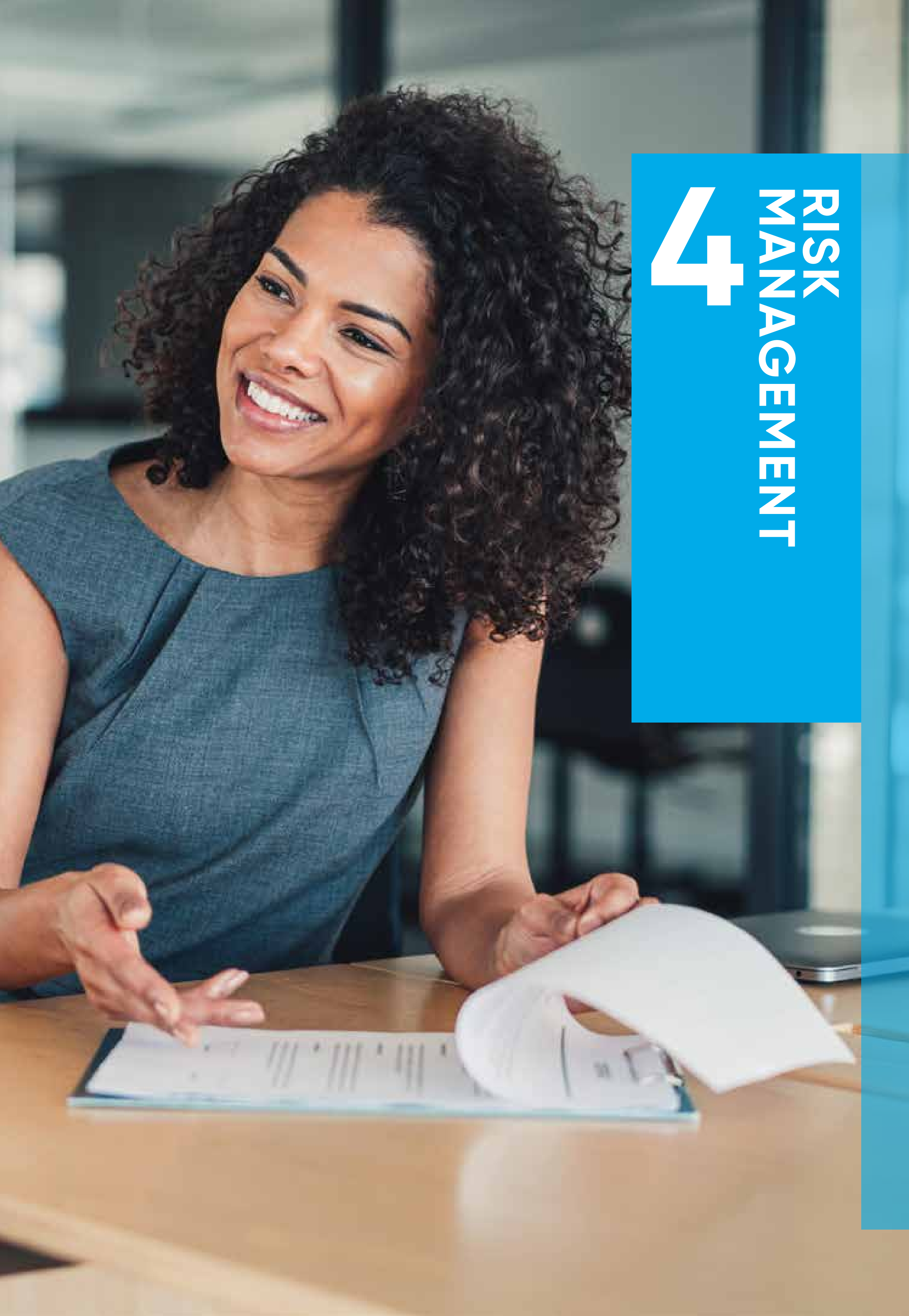
Yves Mayilamene,
Group Executive, Human Resources


Ecobank is
proud to support
International
Women's Day 2022
International Women's Day
#BreakTheBias
Ecobank
The Pan African Bank
ecobank.com

WEALTH MANAGEMENT SOLUTIONS FOR THE RETAIL MARKET

In 2022 Consumer Banking launched its Wealth Management proposition including specialised advisory services.

Ecobank provides world-class bespoke products and services to address the needs of customers who expect to grow, protect and transfer their wealth to their next generations. Products offered include fixed income securities, index and balanced funds, securities trading, offshore investments and bonds. We will continue to broaden our wealth management offerings and expand our delivery to serve this growing market.



4 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 Finance, Risk and Credit Committee and the Audit, Internal Control and Compliance Committee of the Board.

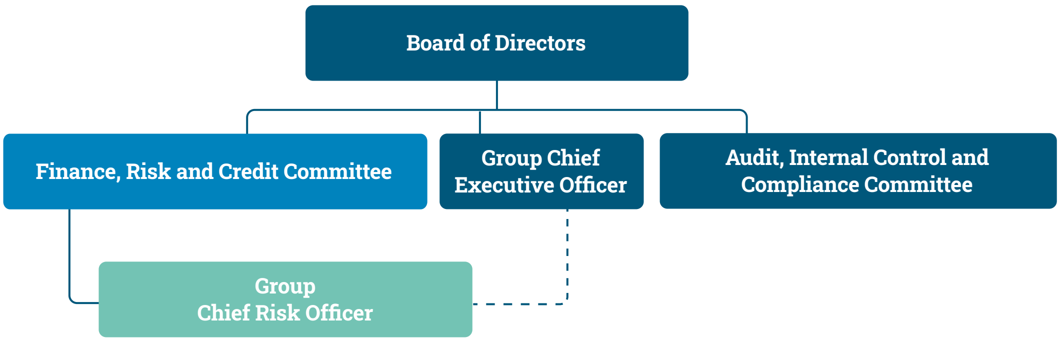
The Finance, Risk and Credit Committee proposes risk policies and the overall approach to risk management and monitors the adequacy of controls, compliance with risk policies and the Group's risk profile. The Finance, Risk and Credit Committee is composed of not less than three Non-executive Directors.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

The Audit, Internal Control 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, and 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 Finance, Risk and Credit Committee and the Board.

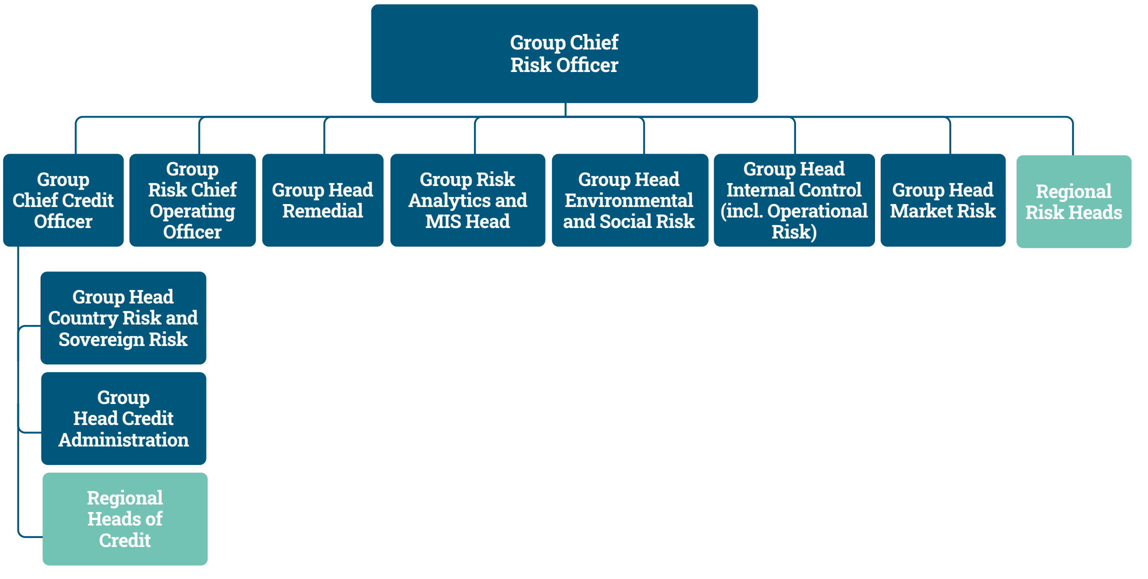
Risk Management Governance Structure



The Group Chief Risk Officer reports functionally to the Board Finance, Risk and Credit 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 the 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 includes 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 transfer and convertibility risk.
- **Sovereign risk,** the risk that a sovereign or 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 leads 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 a 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, which is 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 exceed the Group's ability to realise cash from its assets. Interest rate risk and liquidity risk are interconnected in the 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 the 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.

Sustainability risk refers to negative impacts on environmental, social or governance aspects that can affect a company's long-term viability and ability to create value.

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 Finance, Risk and Credit 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, small and medium-sized enterprises (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 but 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'; those risk-rated 7 are classified as 'borrowers requiring caution', those risk-rated 8 and 9 are 'substandard borrowers', and those risk-rated 10 are 'borrowers at risk of permanent default'.

Risk ratings are assigned to both obligors and individual facilities. An obligor risk rating 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 is usually equivalent to the obligor risk rating but may differ due to factors such as facility structure or collateral.

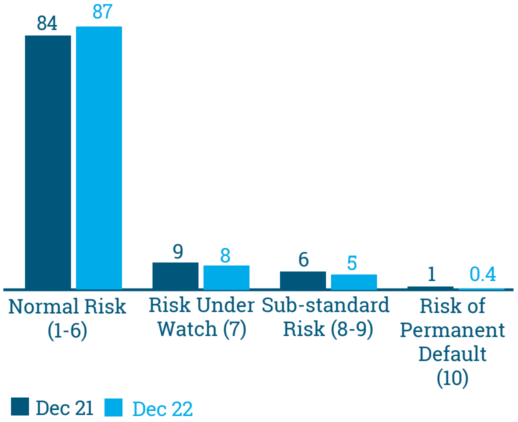
With regard to consumer lending, the Group utilises a credit programme approach, whereby credit is extended on the basis of product-specific risk parameters using scoring systems. The products involved are secured and are of a self-liquidating nature.

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 2022, 87% of the credit portfolio was categorised as "normal credit risk", compared to 84% as of 31 December 2021. This positive migration is largely driven by new onboarded counterparties with strong credit quality, which are mostly in the "normal risk" category.

Overall, the portfolio risk rating improved year on year, as evidenced by the increase of the "normal risk" category and the decrease in the "sub-standard risk" category.

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 enable 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 US$31.1 billion as of 31 December 2022; a 6% increase from the US$29.5 billion recorded a year earlier. This was primarily driven by our loans and advances to customers and our debt securities which increased by US$1.4 billion and US$0.5 billion, respectively, during the year.

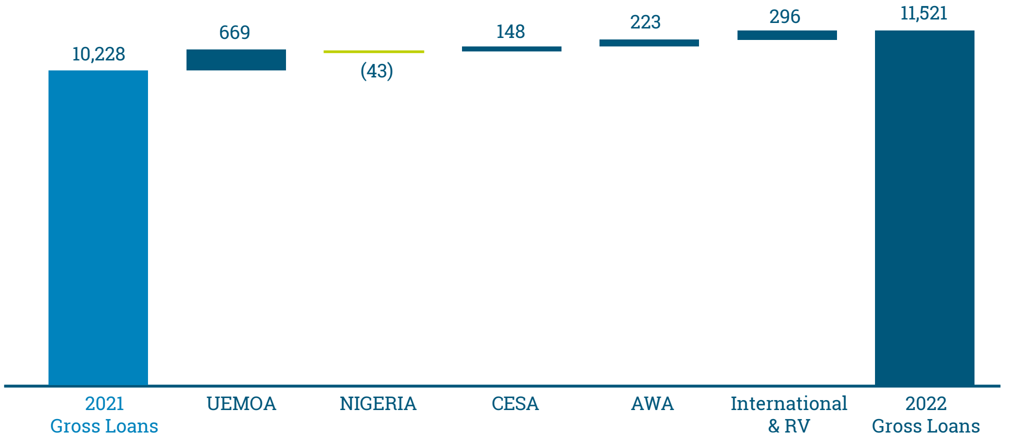
The portfolio consisted of loans and advances to customers (US$11.0 billion), treasury bills (US$2.5 billion), debt securities (US$7.0 billion), loans, advances and placements with banks and financial institutions (US$1.5 billion), deposits with central banks (US$4.3 billion) and off-balance sheet exposures (US$4.9 billion) in the form of financial and performance guarantees, as shown in the table below.

Risk assets (US$ millions)	2022	2021
Loans and advances to customers	11,003	9,576
Treasury bills	2,456	2,087
Debt securities (incl. Government bonds)	7,004	6,560
Loans and advances to banks and financial institutions	1,497	2,289
Deposits with central banks	4,293	4,209
Sub-total direct exposures	**26,253**	**24,721**
Import letters of credit	1,647	1,977
Other guarantees & undertakings	3,216	2,753
Sub-total contingent exposures	**4,863**	**4,730**
Total portfolio	**31,116**	**29,451**

Gross loans and advances

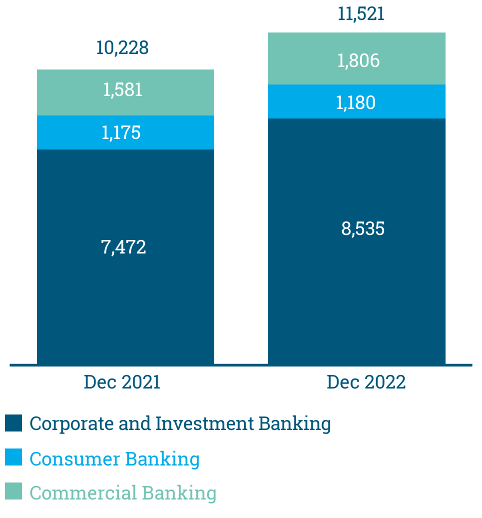
In the year to 31 December 2022 gross loans and advances to customers increased to US$11.52 billion, from US$10.23 billion in the previous year. During 2022, gross loans increased in UEMOA (+US$669 million), International and Resolution Vehicle (+US$296 million), AWA (+US$223 million) and CESA (+US$148 million) while our exposure reduced in Nigeria (-US$43 million).

Geographical contribution to the increase in loans to customers (US$ million)

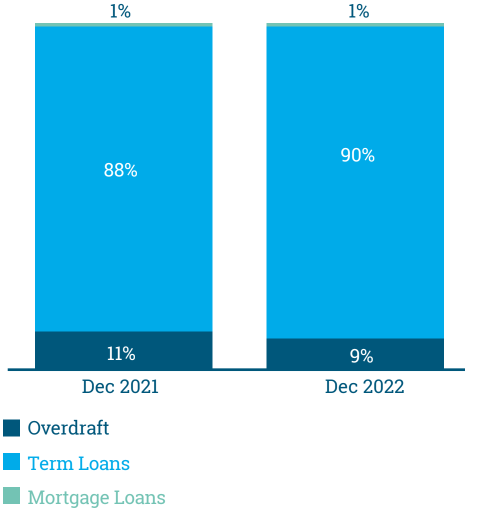


As of 31 December 2022, the Corporate and Investment Banking segment represented 74% (2021: 73%) of total gross loans and advances to customers, Consumer Banking was at 10% (2021: 11%) and Commercial Banking accounted for 16% (2021: 15%). At the product level, loan expansion was driven by term loans, which represented 90% of total loans (2021: 88%).

Gross loans by business segment (US$ million)



Gross loans by product concentration



Asset quality

Non-performing loans (NPLs) decreased by 6% from US$639 million in December 2021 to US$599 million in December 2022. At the regional level, Nigeria recorded the highest level of NPLs, accounting for 30% (67% in December 2021) of total NPLs, followed by CESA and UEMOA which accounted for 16% (9% in December 2021) and 11% (17% in December 2021) of total NPLs, respectively.

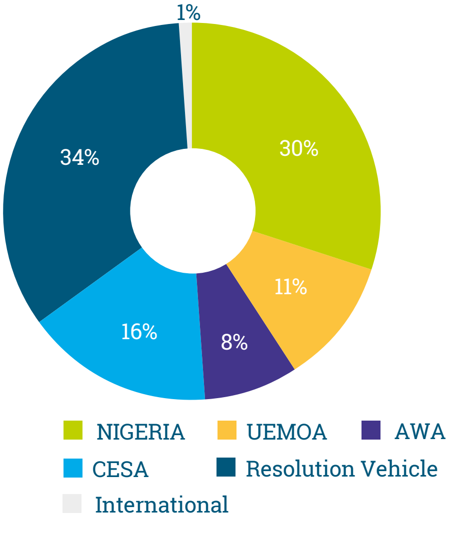
As a result of the 6% decrease in non-performing loans, the ratio of non-performing loans to gross loans and advances ('NPL ratio') decreased from 6.2% as of December 2021, to 5.2% as of December 2022.

The non-performing loans book remained concentrated within Corporate and Investment Banking (76%; 58% in December 2021) and Commercial Banking (15%; 31% in December 2021).

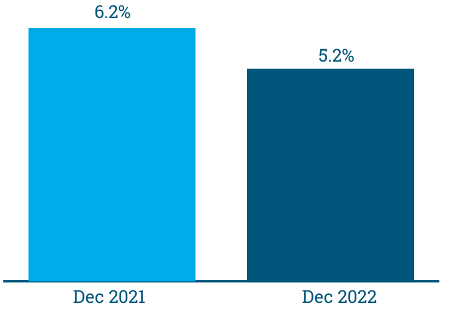
The total NPL provisioning rate ('Total NPL coverage') decreased from 102% in 2021 to 87% in 2022, and the Stage 3 coverage ratio also decreased from 67% to 53%.

The total impairment loss on loans and advances to customers for the year amounted to US$10 million, lower than was recorded in 2021 (US$170 million). Defined as the ratio of impairment losses to average gross loans and advances, the cost-of-risk therefore decreased from 1.7% in 2021 to 0.1% in 2022.

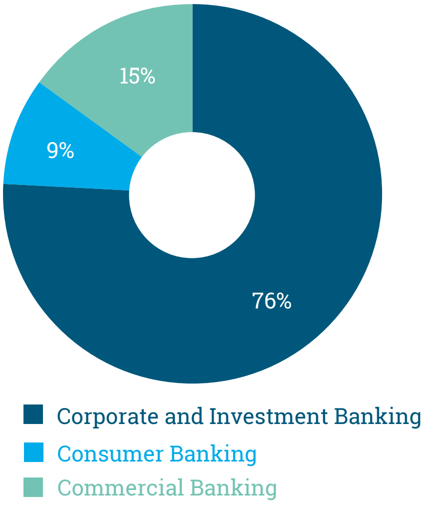
Non-performing loans by region



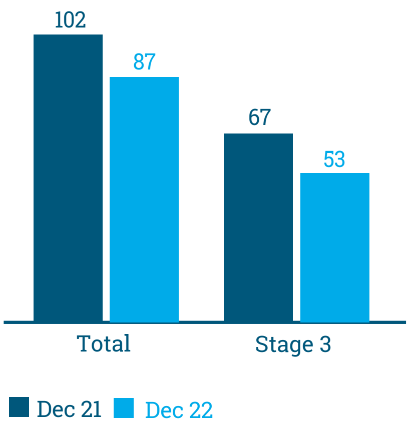
NPL ratio trend (%)



Non-performing loans by business segment



NPL coverage ratio (per cent)



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 Finance, Risk and Credit 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 regards 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.

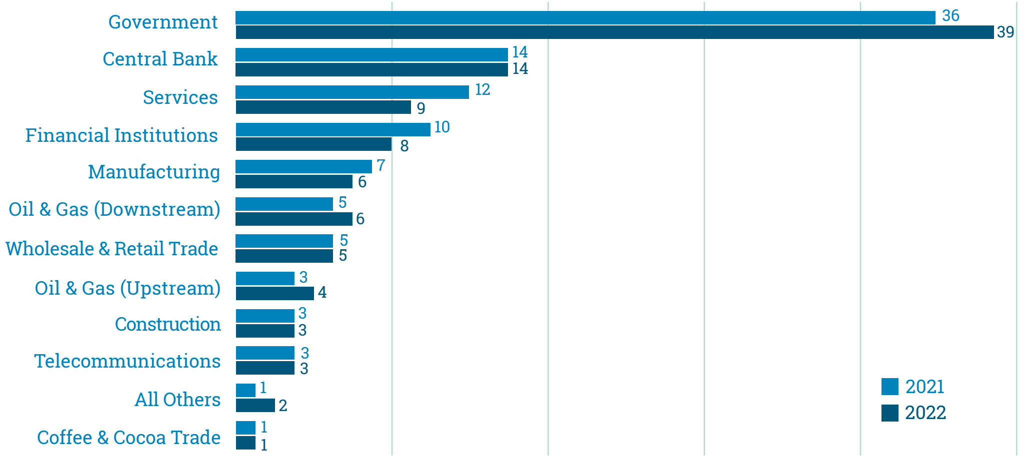
Obligor concentration

A large exposure is defined as any single exposure that represents at least 10% of the total credit portfolio, or any obligor or borrower, whose total exposure across the Group represents at least 10% of the Group's capital. As of 31 December 2022, there was no exposure equal to or greater than 10% of total portfolio. However, two non-bank obligors had an individual outstanding balance in excess of 10% of the Group's capital.

Industry diversification

The credit portfolio was dominated by the government, central bank and services sectors. The government and central bank sectors are mainly comprised of treasury bills and government bonds held for liquidity management purposes.

Diversification by industry –% of total portfolio



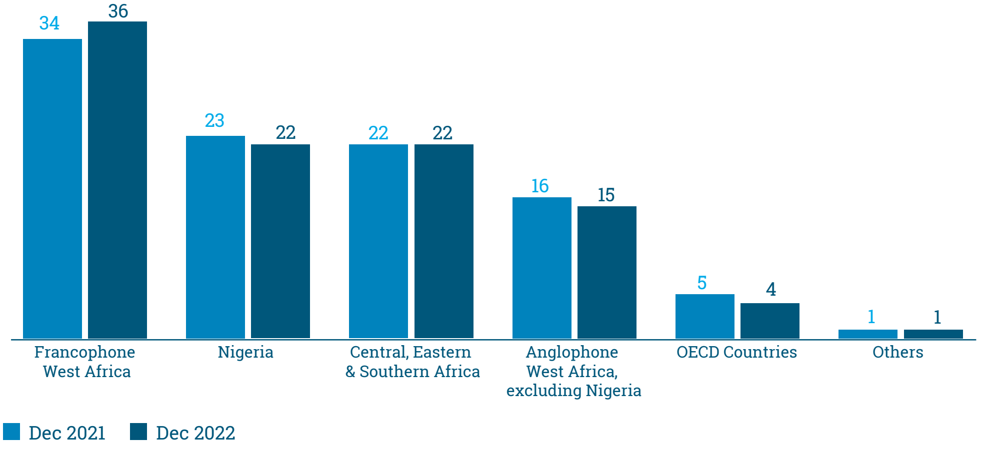
Geographic diversification

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

As at 31 December 2022, the breakdown of the Group credit portfolio was as follows: Francophone West Africa (36%), Nigeria (22%), Central, Eastern & Southern Africa (22%), Anglophone West Africa, excluding Nigeria (15%), and OECD countries (4%).

At the country level, 22% of the Group credit portfolio was granted to obligors in Nigeria (December 2021: 23%), and 13% to obligors in Côte d'Ivoire (December 2021: 12%). Apart from these, no other country represented more than 10% of the portfolio.

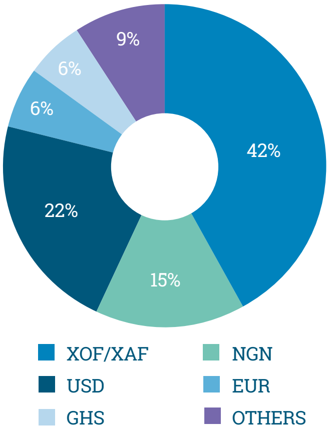
Exposures by region of residence –% of total portfolio



Currency breakdown

The portfolio remained predominantly denominated in three major currencies, namely the CFA Franc (42%), the US dollar (22%) and the Nigerian Naira (15%). These three currencies accounted for 79% of the credit portfolio.

Credit portfolio per currency



Portfolio stress testing

Stress tests are an important means of analysing our risk profile because 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.

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 Banking, the Group Executive Commercial Banking, the Group Executive Corporate and Investment Banking, the Group Executive Operations and Technology, the Group Treasurer, the Group Head Market Risk, 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 Finance, Risk and Credit 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 Group Head Market Risk (GHMR) plays a coordination, aggregation, facilitation and enabling function. The GHMR drafts market risk policies, defines market risk management standards, develops and distributes tools and techniques and is responsible for training across the Group. The GHMR approves price risk limits and liquidity contingency plans for Ecobank's subsidiaries. In addition, the GHMR constantly monitors that market risk exposures are maintained at prudential levels. The GHMR 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 due to 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; and
- 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 1-day VaR for the foreign exchange and fixed income trading positions in 2022. The average VaR decreased slightly from US$2.93 million in 2021, to US$2.85 million as of 2022, largely driven by a reduction in duration in Ghana over the year despite increased volatility in that market.

Risk category	Average VaR	Minimum VaR	Maximum VaR
2022 Value at risk (US$000)			
Foreign exchange risk	30	5	96
Interest risk	2,850	373	5,828
Total VaR	2,851	373	5,829

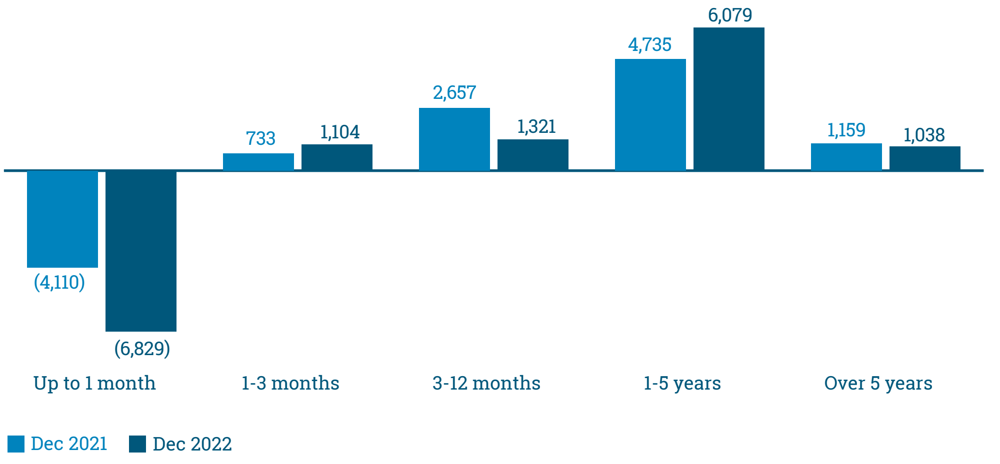
Interest rate risk

The repricing profile of the Group as of 31 December 2022, shows that the Group's balance sheet is liability sensitive in the up to 1-month bucket and asset sensitive for 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 2022, it is estimated that a 100 basis points decrease/(increase) in rates across the maturity buckets is expected to increase/(decrease) one-year earnings by approximately US$37 million (US$33 million as of December 2021).

Interest rate repricing profile (US$ millions)

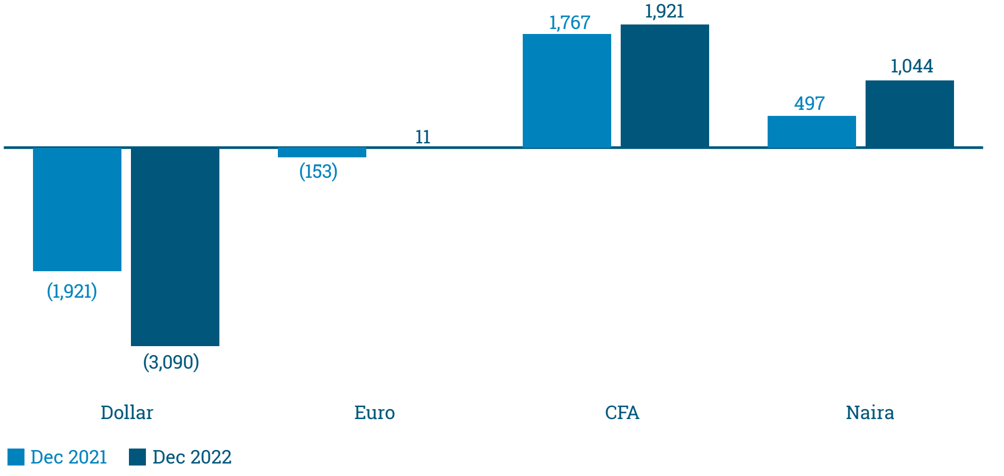


Foreign exchange risk

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 42%, 22% and 15% of the Group's credit portfolio, respectively, at the end of 2022, 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 2022, the Group had a net on-balance sheet long open position in EUR of US$11 million (net short position of US$153 million in December 2021), a net short open position in USD of US$3,090 million (net short position of US$1,921 million in 2021) and a net long open position in CFA Franc of US$1,921 million (US$1,767 million long position in December 2021) as shown in the graph below.

Net foreign exchange position

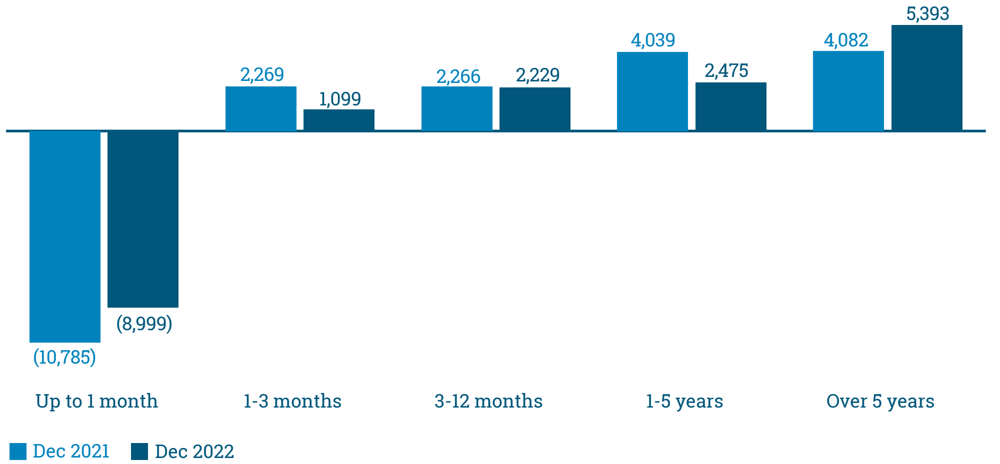


Liquidity risk

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.

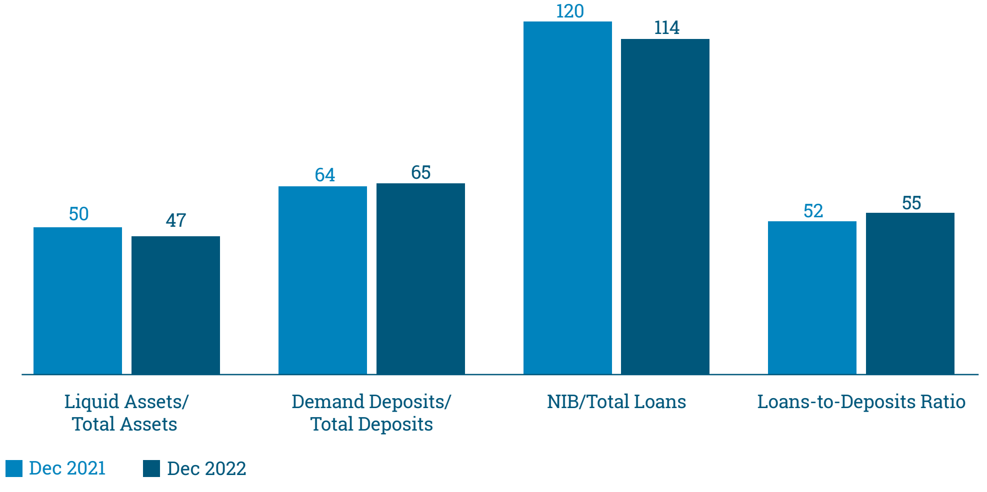
As of 31 December 2022, the Group was exposed to liquidity risk for maturities of up to one month as shown in the graph below. This was due mainly to the overnight contractual maturity of current and savings deposits which accounted for over 86% of total deposits and are included in this maturity bucket. 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 continued to improve during the period. The Loans-to-Deposits ratio (LDR) increased from 52% to 55%, while the Liquidity Ratio (Liquid Assets/ Total Assets) decreased from 50% to 47% between December 2021 and December 2022. The ratio of Demand Deposits/ Total Deposits increased from 64% as of December 2021, to 65% as of December 2022 and the ratio of Non-interest-bearing deposits (NIB) reduced marginally from 120% to 114% over the period.

Key liquidity indicators (per cent)



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 are thus 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% as of 31 December 2022.

4.3 Operational risk and Internal Control

Group Internal Control and Operational Risk Management continue to proactively work 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

COVID-19 global pandemic

In 2022, the Group Operational Risk/Internal Control function continued playing an integral part in supporting the Group's COVID-19 initiatives to ensure continued operations and the safety of stakeholders, in line with public health guidelines.

The Group continued the monthly task force meetings, chaired by Group Internal Control/Group Risk Management, with focus on staff and customer safety, as well as ensuring compliance with local authorities' directives and measures around the COVID-19 pandemic.

As of 31 December 2022, there was no active case across the Group. No death due to COVID-19 was recorded during the year 2022 across the subsidiaries.

Enhanced cybersecurity

The cybersecurity threat landscape is evolving with emerging threats. In accordance with Ecobank's strategy to provide secure, resilient and stable services to its customers, Information Security has put in place the following security mechanisms:

- Security controls to protect all digital channels offered to customers to ensure confidentiality, integrity and availability.
- Continuous review of the threat landscape and existing controls through annual Group-wide Information Security risk management and third-party risk management.
- Implemented threat defence security capabilities to measure and significantly reduce the Mean Time to Detect and Respond to security incidents.
- Centralised and automated 24/7/365 monitoring of security events and responding to incidents across the Ecobank Group.
- Continuous compliance regarding industry and regulatory standards like PCIDSS (Cardholder Data Environment), ISO-27001 (Information Security Management System), ISO-22301 (Business Continuity Management System), ISO-27701 (Privacy Information Management System) and SWIFT CSP (SWIFT's Customer Security Programme).
- Continuous discovery of sensitive and critical data, and implementation of controls to secure such data.

Technology disaster recovery capability

Data protection across the data centres (Accra and Lagos 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.

The annual Technology Disaster Recovery test was conducted in October 2022, and was able to demonstrate that the Group's centralised technology services could be recovered and run from the second Data Centre when network blackout was simulated.

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, Internal Control and Compliance Committee (BAICCC) and the Board Finance, Risk and Credit Committee (BFRCC). These Committees have increased their focus on operational risk related events to drive 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 continuous risk identification and assessment, control design and monitoring, 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.

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 the 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 exigences of the varied regulatory bodies that govern the activities.

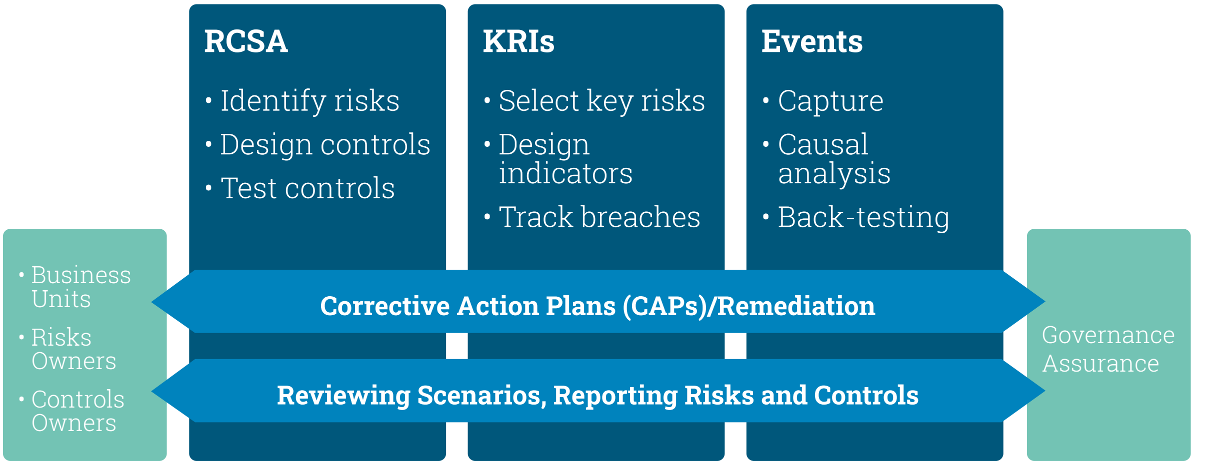
Operational risk reporting

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 regulatory requirements.

Operational Risk Management Framework



Risk and Control Self-Assessment

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

The Group's RCSA programme facilitates a comprehensive and consistent identification of risks (inherent and emerging risks), control gaps and weaknesses across the business and functional units Group-wide. It also provides an avenue for monitoring of the identified risks and the continuous assessment, testing and improvement of related mitigation actions.

The 2022 Enterprise Risk Map was drafted and approved by the ETI Board. The Risk Map codifies the existing top key risks and controls in one document and aligns with the Group's Risk and Audit methodology relating to risk assessment.

The Risk Register, which is the key component of the Risk Map is composed of the approved top risks and controls, a subset of the Process, Risk and Controls (PRC) as designed by each business and function in line with the Annual Risk Assessment (ARA) process as part of the Risk and Control Self-Assessment (RCSA) framework. The Annual Risk Assessment aims to review and update the firm's key risks in line with changes in business objectives, processes, systems and regulatory environment.

The Risk Map:

- Provides the institution with continuous monitoring tools focalising on key risks and controls, deriving from the RCSA process.
- Enables the ability to provide executive management with a snapshot view of the enterprise risks, based on the approved risk assessment methodology.

Control issue monitoring and remediation

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

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

In 2022, the Group Office Internal Control/Operational Risk Management team held a series of training and awareness sessions with stakeholders across the Group to sensitise and drive effective control issue remediation.

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 Group Investigations), 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 risk losses are categorised under the seven Basel event categories event types: Internal Fraud, External Fraud, Employment Practices and Workplace Safety, Damage to Physical Assets, Business Disruption and Systems Failures; Execution, Delivery and Process Management, and Clients, Products and Business Practice.

Net operational Risk losses recorded Group-wide for the period FY 2022 were US$8.2 million, compared to US$7.9 million in 2021, indicating a 4% increase in the overall operational risk loss for the Group. The 2022 Group Operational Risk Loss amount represents 0.45% of the Group's FY 2022 revenue, which is within the Group's risk appetite of 1% of revenue.

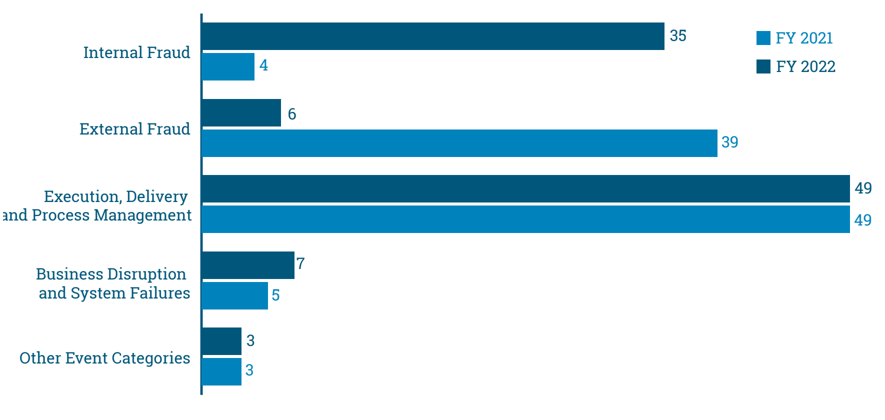
The Group's 2022 operational loss figure was mainly driven by:

- Historical losses from 2008 to 2021 totalling approximately US$4.8 million (59% of total net operational risk loss) detected or reported in 2022.
- Internal fraud related events in Nigeria (US$1.2 million) and Benin (US$583,000).
- Execution, Delivery and Process Management (EDPM) related events, which were mainly regulatory fines and penalties, totalled approximately US$1.8 million. This was mainly driven by the Anglophone West Africa (AWA) region, and specifically Ghana (US$1 million).

The Group, however, recorded a 75% decrease in losses related to fines and penalties, compared to the high amount recorded in 2019. Internal Fraud events totalled US$2.8 million, representing 35% of the total net loss for the year; External Fraud events totalled US$513,000, being 6% of the total net loss for 2022. Execution, Delivery and Process Management events totalled US$4 million, representing 49% of the total net loss for the period. Business Disruption and Systems Failure losses totalled US$594,000 or 7% of the total net loss.

Other Events Category totalled US$246,000, or 3% of the total net loss.

Net operational losses – percentage of total



In 2020 and 2021, an upsurge of operational losses from fraud relating to branch Causal, as the COVID-19 pandemic negatively impacted the ability to conduct several branch-related controls. However, this was not reflected in the operational losses reported in these years. 2022 witnessed the detection and identification of those 2020 and 2021 events.

The Group Internal Control/Operational Risk Management, in collaboration with key stakeholders, implemented various actions and activities to address internal fraud risk and also to drive operational loss reduction within the organisation. Some of the corrective and mitigating actions included staff and management training, policy review, enhanced consequence management, lessons learnt, driving of whistle blowing culture, customer onboarding on digital and electronic channels, and robotic process automation.

The firm continues to implement activities such as fraud and database monitoring activities, success transfers/lessons learnt, 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.

In addition, to focus on listed remediation actions, the deployment of the enterprise fraud monitoring system which is ongoing will improve oversight over internal and external fraud.

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%) of positive annual gross income.

Business continuity management

Ecobank's 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 the 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 anaemic 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 Risk Management

Ecobank recognises the importance of managing social and environmental risks in its corporate operations. To guide decision-making, the Bank has developed an Environmental and Social Risk Policy and Procedure based on industry best practices and principles, such as the Equator Principles, IFC and OECD Guidelines.

The aim of the Bank's environmental and social risk management programme is to reduce negative impacts on the environment and society. The policy outlines Ecobank's commitment to identifying, evaluating and mitigating environmental and social risks associated with its commercial activities.

Ecobank has implemented a stringent due diligence procedure to ensure that all transactions comply with the environmental and social risk management policy. This procedure includes defining the transaction's nature and scope, evaluating its potential social and environmental concerns, assessing the customer's processes for managing social and environmental risks, and creating effective risk mitigation strategies.

All transactions, new and old, undergo screening as part of this procedure. Transactions are monitored and reviewed to ensure adherence to the Bank's environmental and social risk management policy.

In addition to the environmental and social risk policies, Ecobank has an exclusion list policy. The policy identifies sectors that have significant detrimental effects on the environment and society. Transactions in these sectors are not financed unless the Bank grants special permission.

The excluded sectors include tobacco, weapons, gambling, logging in primary tropical forests and uranium mining. These sectors were chosen due to their harmful effects on the environment and public health.

The exclusion list policy aligns with Ecobank's dedication to sustainable development and ethical banking. It encourages sustainable business practices while reducing negative impacts on the environment and society.

Transactions that fall under the exclusion list require extraordinary permission. The Bank grants such permission only after a thorough due diligence procedure verifies that sufficient risk mitigation measures are in place. By using this strategy, the Bank ensures that its business practices reflect its commitment to sustainable development and responsible banking.

Role and responsibilities of the E&S team

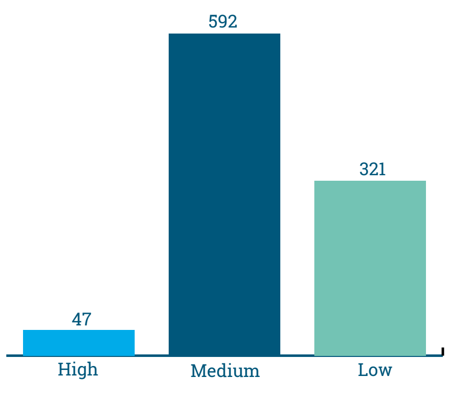
The Ecobank's E&S team is responsible for overseeing the Bank's Environmental and Social Risk policies and ensuring that the Bank operates in a sustainable and responsible manner. The team has several key functions, which include:

- Developing and maintaining policies for sensitive industry sectors: The E&S team is responsible for developing and updating policies for industry sectors that are known to have a high environmental or social risk. These policies help to guide the Bank's lending practices and ensure that the Bank is not contributing to negative impacts on the environment or society.
- Assessing transactions for environmental and social risk: The E&S team reviews all transactions that the Bank is considering to ensure that they are aligned with the Bank's environmental and social risk policies. This includes conducting due diligence on potential clients to assess their environmental and social risks and developing strategies to mitigate those risks.
- Monitoring high-risk clients to ensure compliance with sustainability criteria: The E&S team also monitors high-risk clients to ensure that they are meeting the Bank's sustainability criteria. This involves ongoing monitoring and reporting to ensure that clients are meeting their commitments and that the Bank is not exposed to undue risk.
- Spreading E&S awareness throughout Ecobank: The E&S team is responsible for promoting awareness of environmental and social risks throughout the Bank. This includes providing training and education to staff and developing communication strategies to ensure that all employees are aware of the Bank's policies and commitments.
- Participating in global and local advisory groups: The E&S team also participates in several global and local advisory groups, including the Equator Principles. These groups help to ensure that all banks are operating to the same high standard and that best practices are shared across the industry.

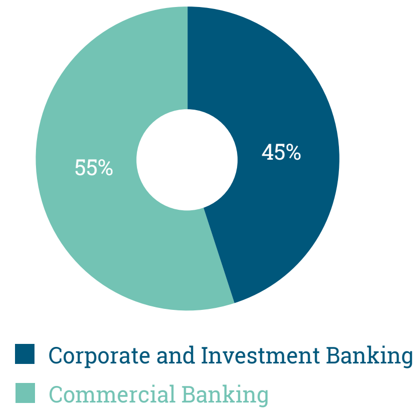
E&S portfolio review

In 2022, the E&S team reviewed 960 transactions for environmental and social risks. We identified and managed E&S risks in several potential transactions and portfolio companies, and in some cases decided to forgo participation due to the high levels of risk that could not be mitigated or that did not align with our policies or sustainability commitments.

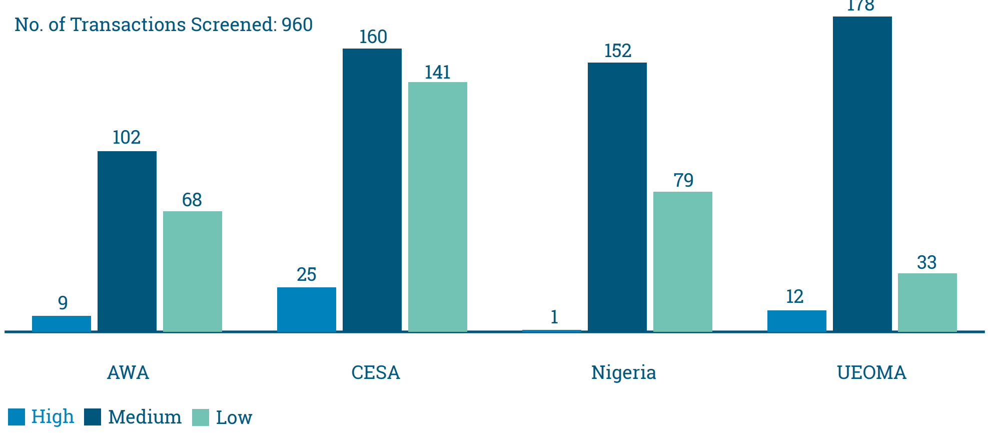
Environmental and Social Risk Transactions Screened



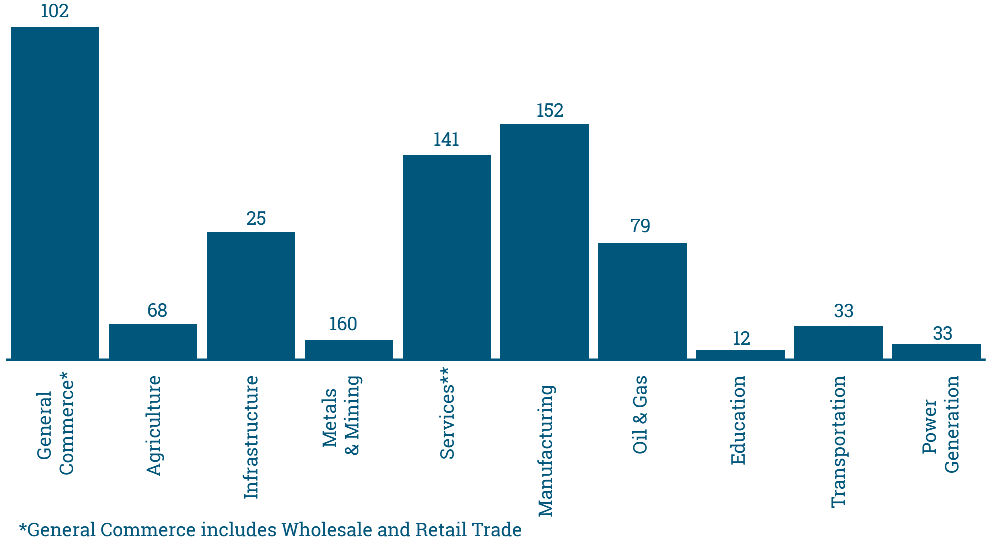
E&S Risk Transactions by Business Unit



E&S Risk Transactions Screened by Region



E&S Risk Transactions by sector or industry



*General Commerce includes Wholesale and Retail Trade
** Services

5. Capital management

5.1 Group level

The Group Capital Management Policy aims to maintain compliance with all regulatory capital requirements and to 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.

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.

As of 31 December 2022, the Group was compliant with BCEAO regulatory minimum capital adequacy ratios.

DIGITISING AGRICULTURAL VALUE CHAINS

In 2022 Ecobank partnered with Mastercard Farm Pass to roll out an innovative solution connecting smallholder farmers to financial and agricultural ecosystems. It digitises the agricultural value chains across our 33 sub-Saharan African countries of operations.

Farm Pass provides millions of smallholder farmers with digital access to markets, quality inputs, financial services, real-time pricing information, and makes it safer and easier for them to sell their produce at a fair price. It brings together various agri-sector stakeholders from the supply and demand sides, in one agricultural marketplace, amplifying the collective positive impact on farming communities. It enables smallholder farmers to get paid and to make payments digitally, which will develop their financial profile and unlock financing opportunities for working capital and inputs.

5 BUSINESS AND FINANCIAL REVIEW

BUSINESS AND FINANCIAL REVIEW

Introduction

Ecobank Transnational Incorporated (ETI) and its banks, non-bank subsidiaries and affiliates are collectively known as the 'Ecobank Group', or '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 32 million customers, has US$29.0 billion in total assets and US$2.03 billion in total equity as of 31 December 2022.

The Group organises its activities into three primary reportable business segments for management purposes. Consumer Banking is the Group's retail business, and Commercial Banking and Corporate and Investment Banking 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 in accordance with 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 2022 and 31 December 2021.

Executive summary

The Group's business and financial results for 2022 were once again evidence of the power and strength of its diversified business model. Ecobank is diversified across geographical regions, business lines, financial products and services. The Group's diversification provides a natural hedge against situations where economic and business outcomes in its geographical markets are uncorrelated. For example, in 2022, Russia's invasion of Ukraine caused inflation to rise globally, and Central Banks' hiked interest rates in decisive response. These developments had a spill-over effect in the Group's operating regions, leading it to contend with high inflation, depreciating currencies, and foreign currency scarcities in some countries, particularly Nigeria. Additionally, it had to contend with other macroeconomic challenges, such as hyperinflation in Zimbabwe and South Sudan and the Government of Ghana's debt restructuring exercise. Despite these headwinds, the Group's financial performance exhibited resilience and growth because of its diversification benefits.

Net revenue rose 6%, or 26% if the effects of foreign currency translations are excluded, to US$1.86 billion thanks to decent lending volumes, higher interest rates, and fees from trade finance and payments. In addition, the Group maintained cost discipline in the face of high inflation. As a result, it posted a record cost-to-income ratio of 56.4% in 2022, while delivering solid returns with a return on tangible shareholders' equity of 21.1%. Moreover, the Company's balance sheet remained resilient with customer deposits – mostly core and stable deposits – growing at 19% at constant currency to US$20.81 billion with ample liquidity. The portion of the Group's US$11.52 billion in gross loans that are non-performing is at a record low of 5.2%, the lowest since the third quarter of 2015. In addition, regulatory capital levels are adequate and above regulatory minimums, despite the adverse impact of Ghana's debt restructuring exercise on the Group's performance.

Financial result highlights

Year ended 31 December (in thousands of US dollars, except per share data and ratios)	2022	2021
Operating income (net revenues)	1,861,797	1,756,714
Pre-provision, pre-tax operating profit	811,416	722,016
Profit before tax and net monetary loss	573,350	504,336
Profit before tax	540,029	477,992
Profit after tax	366,691	357,366
Profit attributable to ordinary shareholders	286,430	262,234
Diluted earnings per ordinary share, EPS (US cents)	1.165	1.063
Tangible book value per ordinary share, TBVPS (US cents)	5.30	5.70
Gross loans and advances	11,521,012	10,228,241
Customer deposits	20,813,313	19,713,349
Total equity	2,027,015	2,164,306
Non-performing loans ratio	5.2%	6.2%
Net interest margin	4.9%	4.7%
Return on equity (ROE)(1)	19.6%	17.3%
Return on tangible equity (ROTE)(2)	21.1%	19.0%

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.

Income statement analysis

Operating income (net revenue)

Year ended 31 December (in thousands of US dollars)	2022	2021	Change %	Constant Currency %
Net interest income (NII)	1,013,703	944,430	7%	29%
Non-interest revenue (NIR)	848,094	812,284	4%	24%
Net revenue	**1,861,797**	**1,756,714**	**6%**	**26%**
Contribution of NIR to Net revenue	45.6%	46.2%	–	–

BUSINESS AND FINANCIAL REVIEW

Operating income (net revenue)

Net revenue, the sum of the net interest income (NII) and non-interest revenue (NIR), was US$1.86 billion, an increase of US$105 million or 6%, compared with 2021. Net interest income, excluding the impact of exchange rate movements, increased by US$225 million, reflecting robust underlying client activity in the Group's lines of business across geographical regions despite a challenging operating environment. Revenues also benefited from the focus on growing market share in the Group's Trade, Payments and FICC businesses and continual investments in its people, technology and processes.

Net interest income (NII) and margin

Year ended 31 December (in thousands of US dollars)	2022	2021	Change %
Interest income	1,617,454	1,473,554	10%
Interest expense	(603,751)	(529,124)	14%
Net interest income (NII)	**1,013,703**	**944,430**	**7%**
Average interest-earning assets	20,822,744	20,043,257	4%
Gross yield on interest-earning assets	7.8%	7.3%	
Less: gross yield on interest-bearing liabilities	2.6%	2.3%	
Net interest spread	5.2%	5.0%	
Net interest margin	**4.9%**	**4.7%**	

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. Interest income earned on loans and advances to customers and other financial institutions, debt securities, and other interest-earning assets increased by US$144 million, or 10%, to US$1.62 billion. This was primarily driven by an increase in interest income from Corporate and Commercial Banking loans, excess deposits invested in treasury bills and inter-bank placements, and higher income from the investment securities and trading assets portfolio. As a result, the average gross yield earned on interest-earning assets increased from 7.3% in 2021 to 7.8% in 2022. On the other hand, interest expense on customer deposits, other deposits, and short and long-term borrowings increased by US$75 million, or 14%, to US$604 million, primarily driven by an increase in the costs on deposits within the Corporate and Commercial Banking business segments and increased financing cost on borrowed funds. As a result, the average gross interest rate paid on all funding sources increased to 2.6% in 2022 versus 2.3% in 2021. Hence, the net interest margin (NIM) associated with the Group's funding business, which is technically the spread earned on transforming interest-bearing liabilities into interest-earning assets, improved to 4.9% from 4.7% in 2021.

Non-interest revenue (NIR)

Year ended 31 December (in thousands of US dollars)	2022	2021	Change %
Fee and commission income			
Credit related fees and commissions	140,871	144,412	(2)%
Corporate finance fees	18,329	8,438	117%
Portfolio and other management fees	13,032	9,525	37%
Brokerage fees and commissions	9,140	10,174	(10)%
Cash management and related fees (*)	236,046	218,671	8%
Card management fees	94,733	78,177	21%
Others	21,461	30,752	(30)%
Total fees and commissions income, gross	**533,612**	**500,149**	**7%**
Less: fees and commissions expense	(62,915)	(48,720)	29%
Total fees and commissions income, net	**470,697**	**451,429**	**4%**
Trading income			
Foreign exchange (FX) income	291,017	268,776	8%
Securities trading	19,589	26,841	(27)%
Total trading income	**310,606**	**295,617**	**5%**
Net gains from investment securities	13,230	18,563	(29)%
Other operating income	53,561	46,675	15%
Total other revenue	**66,791**	**65,238**	**2%**
Non-interest revenue (NIR)	**848,094**	**812,284**	**4%**

* Cash management and related fees is the sum of: Funds transfer commissions, Euro commissions, Rapidtransfer, 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 and Bancassurance Commissions.

BUSINESS AND FINANCIAL REVIEW

Non-interest revenue

Non-interest revenue (NIR) increased by US$36 million, or 4%, to US$848 million. Excluding the impact of foreign currency effects, NIR increased by US$164 million. The associated NIR ratio (non-interest revenue as a percentage of total net revenue) was 45.6%. The NIR ratio reflects revenue diversification and, more importantly, sources of revenue that are stable, recurring and less volatile, such as fees and commissions from payments, cash management, current account and savings account (CASA) deposits and trade finance. Moreover, NIR for 2022 includes a one-off gain of US$21.5 million from the sale of Ecobank Nigeria's old head office building and other non-core properties. Net fees and commission income increased by US$19 million to US$471 million, thanks to higher fees from merchant acquiring, wholesale payments, cards, and corporate and trade finance. Fees generated from trading income were US$311 million, rising by US$15 million, driven by robust customer-driven FX currency trading activity, partially offset by a decrease in fixed-income trading.

Operating expenses

Year ended 31 December (in thousands of US dollars)	2022	2021	Change %
Staff expenses	**447,358**	**454,937**	**(2)%**
Depreciation and amortisation	**101,282**	**108,669**	**(7)%**
Communications and technology	156,065	133,967	16%
Professional & legal fees	72,620	54,282	34%
Rent and utilities	28,291	41,350	(32)%
Repairs and maintenance	19,206	18,726	3%
Insurance	35,658	34,659	3%
Restructuring costs	–	681	
Others[1]	189,901	187,427	1%
Other operating expenses	**501,741**	**471,092**	**7%**
Total operating expenses	**1,050,381**	**1,034,698**	**2%**
Cost-to-income ratio	**56.4%**	**58.9%**	

1 Others include operational losses and fines, advertising and promotion, business travels, supplies and services, fuel, etc.

Operating expenses

erating expenses incurred during 2022 were US$1.05 billion, increasing by US$16 million, or 2%, from 2021. Excluding the impact of currency movements, operating expenses increased by US$158 million. The general increases in the prices of goods and services, particularly energy prices that prevailed, had a broad impact on operating expenses. Specifically, increased investments in communication and technology, and higher professional and legal costs, were primarily responsible for the increase. That said, notwithstanding ongoing expense outlays in important initiatives to drive customer satisfaction and grow revenues, management exercised heightened expense discipline in the face of inflationary pressures. As a result, for each US$100 in generated revenues, the Bank spent US$56 in expenses, resulting in a record cost-to-income ratio of 56.4%, versus 58.9% in 2021. Additionally, the cost-to-asset ratio, which measures the cost to average assets, demonstrated further improvements in the Bank's cost structure, improved to 3.7% from 3.9% in 2021, despite the increase in total assets in 2022.

Pre-provision, pre-tax operating profit

At 31 December (in thousands of US dollars)	2022	2021	Change %
Net revenues	1,861,797	1,756,714	6%
Operating expenses	(1,050,381)	(1,034,698)	2%
Pre-provision, pre-tax operating profit	**811,416**	**722,016**	**12%**

Pre-provision, pre-tax operating profit

Pre-provision, pre-tax operating (PPOP) is the sum of net interest income and non-interest revenue minus operating expenses before adjusting for impairment charges on financial assets. Management believes PPOP is an important metric as it illustrates the Company's underlying performance. In addition, it enables investors and others to assess the Company's ability to generate capital to cover expected credit losses through the credit cycle. PPOP increased by US$89 million, or 12%, to US$811 million, driven by diversification benefits, robust underlying revenue growth and continued expense discipline in the face of inflationary pressures.

Impairment charges (provision for credit losses)

Year ended 31 December (in thousands of US dollars)	2022	2021	Change %
Impairment charges on loans and advances			
Impairment charges on Stage 3 loans	242,016	271,705	(11)%
Impairment charges on Stages 1 and 2 loans	28,144	102,412	(73)%
Gross impairment charges on loans and advances	**270,160**	**374,117**	**(28)%**
Less recoveries & provisions no longer required	(259,832)	(204,507)	27%
Net impairment charges on loans and advances	**10,328**	**169,610**	**(94)%**
Impairment charges on other financial assets	187,738	48,070	291%
Total impairment charges on financial assets	**198,066**	**217,680**	**(9)%**
Cost-of-risk	**0.09%**	**1.69%**	

Impairment charges (provision for credit losses)

Total impairment charges on loans, advances and other financial assets were US$198 million in 2022, compared to US$218 million in 2021. These impairment charges (provisions for credit losses) are amounts charged to the income statement to reflect borrower/obligor default events over the following 12 months or the expected life of the financial instrument. For the loans and advances portfolio, gross impairment charges were US$270 million for 2022, compared with US$374 million in 2021. The comparatively lower gross impairment charges in 2022 reflected benign credit risk conditions within the portfolio, loan write-offs and expected credit loss (ECL) model modifications. As a result of these factors, gross impairment charges decreased by US$30 million on Stage 3 loans (NPLs) and by US$74 million on Stage 1 and 2 loans. Partially offsetting gross impairment charges were impairment releases (writebacks to the income statement) and loan recoveries of US$260 million in 2022 versus US$205 million in 2021. The primary driver in the increase in impairment releases and loan recoveries in 2022 was a fourth-quarter impairment release of US$126 million of the US$206 million central macro-overlay ECL allocated to the Resolution Vehicle (RV) following an independent third-party valuation assessment of these loans and their associated collateral. The evaluation revealed that collateral against one of these loans in the RV was more significant than the loan's carrying value, hence the ECL release. Therefore, the net impairment charge on loans for 2022 was significantly lower at US$10 million, compared to US$170 million in 2021. As a result of the significant decline in the net impairment charge, the cost-of-risk for the year improved to 0.09% compared with 1.69% a year ago. Impairment charges on other financial assets were US$188 million in 2022, compared to US$48 million in 2021. The significant increase was driven predominantly by impairment charges of US$170 million booked against eligible Government of Ghana (GoG) local currency domestic bonds held by Ecobank Ghana and Group-wide holdings of GoG Eurobonds affected by the GoG's debt restructuring exercise.

BUSINESS AND FINANCIAL REVIEW

Taxation

Income taxes were US$173 million compared with US$122 million in the prior year. The effective income tax rate (ETR) was 32.1%, versus 25.6% in 2021. Higher profits in different tax jurisdictions and the effects of the non-conversion premium of US$40 million paid by ETI on the Group's profit before tax (PBT) without a corresponding impact on the tax expense, given ETI's tax-exemption status and the impact of the deferred tax charges (US$38 million) because of the impairment release of US$126 million primarily drove the increase in ETR. Additionally, the introduction of minimal tax rules (computed based on total revenues) in Nigeria for Nigerian companies owned by foreign shareholders and legislative tax changes in Benin subjecting 30% of interest income earned on holdings of government securities issued by the other UEMOA member countries to be taxed, added to the increase in ETR.

Balance sheet analysis

The Group's balance sheet increased by US$1.4 billion, or 5%, to US$29.0 billion in 2022. Excluding currency translation effects, the balance sheet increased by US$4.6 billion, or 19%. The increase was driven mainly by net loans, which rose US$1.4 billion, or US$2.4 billion in constant currency, investment securities and treasuries funded by robust growth in customer deposits. The balance sheet is liquid, mainly funded through stable customer deposits with capital levels above regulatory minimums. The following details the balance sheet commentary for 2022 compared with 2021.

Total assets

At 31 December (in thousands of US dollars)	2022	2021	Change %
Assets			
Cash and balance with central banks	4,293,810	4,209,138	2%
Loans and advances to banks	1,496,567	2,289,445	(35)%
Trading financial assets	173,195	346,042	(50)%
Investment securities:			
Treasury bills and other eligible bills	2,455,739	2,087,085	18%
Derivative financial instruments	137,468	78,404	75%
Investment securities	7,004,434	6,560,228	7%
Pledged assets	153,970	206,001	(25)%
Loans and advances to customers (gross)	11,521,012	10,228,241	13%
Less, accumulated impairment charges	(518,107)	(652,376)	(21)%
Loans and advances to customers (net)	11,002,905	9,575,865	15%
Intangible assets	84,545	122,288	(31)%
Property and equipment	754,011	750,615	0.5%
Other assets	1,447,525	1,336,682	8%
Total assets	**29,004,169**	**27,561,793**	**5%**

Cash and balances with central banks

The Group deposits cash with central banks to meet reserve requirements and facilitate liquidity management as part of the ordinary course of the Group's business. Cash and balances with central banks at amortised cost were US$4.29 billion as of 31 December 2022, increasing by US$85 million, or 2%, compared with US$4.21 billion in 2021, reflecting an increase in central bank balances other than mandatory reserves. Mandatory reserve deposits with central banks increased by US$48 million to US$1.73 billion. Nigeria's relatively high Cash Reserve Ratio (CRR) means that a considerable amount of Group-wide reserves are contributed by Nigeria and earn no interest income.

Loans and advances to banks

Loans and advances to banks constitute deposits held with other banks to facilitate correspondent banking relationships and manage the Group's liquidity, interest rate risks and placements. Loans and advances to banks at amortised cost were US$1.50 billion in 2022, a decrease of US$793 million compared with US$2.29 billion in 2021.

Trading financial assets

Trading financial assets are securities that the Group holds for trading purposes and are mostly government bonds held in Ghana (77% of total Group trading financial assets), Nigeria (11%) and CESA (16%). As of 31 December 2022, holdings of trading financial assets at fair value through profit or loss (FVTPL) were US$173 million, representing a decrease of US$173 million, or 50%, from 2021, partly due to fair values losses from interest rate moves.

Investment securities

The investment securities portfolio consists mainly of government treasuries of various durations, debt and equity securities. The Group holds these securities to meet cash requirements, liquidity, and asset and liability management.

Treasury bills and other eligible bills

The Group invests the deposits it does not need to loan immediately to clients in government treasuries. At the end of 2022, holdings of treasuries and other eligible bills at fair value through other comprehensive income (FVTOCI) and amortised cost were US$2.46 billion, US$369 million more than in 2021. Of the total holdings, 42% and 37% were held in Nigeria and the CESA region, respectively.

Investment securities other than treasury bills

These are investment securities other than treasury bills. These comprise listed and non-listed debt and equity instruments. The debt instruments are held at FVTOCI, amortised cost and the equity instruments are a mix of FVTOCI and FVTPL. As of 31 December 2022, the Group held US$7.00 billion of total investment securities (of which 97% were in fixed-income securities and 3% in equities), increasing by US$444 million from the prior year. Additionally, 58% of investment securities are held in the UEMOA region.

Loans and advances to customers

At 31 December (in thousands of US dollars except ratios)	2022	2021	Change %
Group			
Loans and advances to customers (gross)	**11,521,012**	**10,228,241**	**13%**
Less: allowance for impairment	(518,107)	(652,376)	(21)%
Loans and advances to customers (net)	**11,002,905**	**9,575,865**	**15%**
Non-performing loans	598,666	639,158	(6)%
Non-performing loan ratio	5.2%	6.2%	–
NPL coverage ratio	86.5%	102.1%	–
Gross loans by Business Segments			
Corporate and Investment Banking	8,534,753	7,472,611	14%
Commercial Banking	1,805,884	1,580,839	14%
Consumer Banking	1,180,375	1,174,791	0.5%
Total loans and advances to customers	**11,521,012**	**10,228,241**	**13%**
Gross loans by Geographic Regions			
UEMOA	4,505,723	3,837,030	17%
NIGERIA	2,581,448	2,624,652	(2)%
AWA	1,621,519	1,399,208	16%
CESA	1,898,969	1,750,569	8%
OTHERS	913,353	616,781	48%
Total loans and advances to customers	**11,521,012**	**10,228,241**	**13%**

BUSINESS AND FINANCIAL REVIEW

Loans and advances to customers

The Group lends to customers from households and small businesses to regional and multinational corporates and sovereign-related entities. Loans and advances to customers are held at amortised cost. As of 31 December 2022, gross loans and advances to customers were US$11.52 billion, increasing by US$1.29 billion, or 13%, mainly in the fourth quarter. Excluding the effects of foreign currency translation, gross loans rose US$2.29 billion in 2022. Net loans and advances, gross loans net of accumulated expected credit losses (AECLs), were US$11.00 billion, increasing by US$1.43 billion, or 15%. Excluding the effects of foreign currency translation, net loans grew by US$2.35 billion. Robust client activity supported loan growth but mostly episodic lending opportunities, particularly in the fourth quarter, accelerated the growth. Corporate Banking led the rise in loans growing by US$1.06 billion, or 14%, while Commercial Banking loans increased by US$225 million, or 14%. However, high inflation leading to rising interest rates has stretched consumer household budgets, impacting their ability to utilise consumer loans. Hence, lending within Consumer Banking was essentially flat at US$1.18 billion, increasing by US$5.6 million, or 0.5%. Across the Group's geographical regions, net loans and advances to customers grew by US$669 million, US$222 million, and US$148 million in UEMOA, AWA and CESA, respectively. On the other hand, loans fell US$43 million, or 2%, in Nigeria, primarily due to a cautious stance to credit risk originations.

The loan loss allowance for impairment charges or allowance for expected credit losses (AECL) was US$518 million as of 31 December 2022, a decrease of US$134 million, compared with US$652 million as of 31 December 2021. The current period's AECL of US$518 million is 4.5% of total gross loans, down from 6.4% a year ago. AECLs for Stage 3 loans (non-performing loans) decreased by US$112 million, mainly driven by a US$40 million reduction in NPLs, a significant increase in impairment releases and recoveries of US$107 million, and an increase of US$88 million in written-off loans. Specifically, the primary driver in the increase in impairment releases and loan recoveries in 2022 was a fourth-quarter impairment release of US$126 million of the US$206 million central macro-overlay ECL allocated to the RV following an independent third-party valuation assessment of these loans and their associated collateral. The evaluation revealed that collateral against one of these loans in the RV was more significant than the loan's carrying value, hence the ECL release. AECL for Stages 1 and 2 loans decreased by US$22 million to US$201 million, reflecting a decrease in gross impairment charges in the current year.

Non-performing loans (impaired loans or Stage 3 loans) were US$599 million as of 31 December 2022. The associated non-performing loans as a percentage of total loans (NPL ratio) was 5.2%, the lowest since the third quarter of 2015. For 31 December 2021, non-performing loans were US$639 million, and the NPL ratio was 6.2%. Recoveries and write-offs primarily drove the decrease in NPLs. The gross impairments for expected credit losses decreased by US$134 million to US$518 million, primarily driven by impairment releases from the US$206 million central macro-overly following impairment assessments on the loans and collateral in the RV. The NPLs of US$599 million are still more than adequately covered by the gross impairment charges (allowance for loan loss reserves), resulting in an NPL coverage ratio of 86.5% compared to 102.1% in 2021.

Total liabilities and equity

At 31 December (in thousands of US dollars)	2022	2021	Change %
Liabilities			
Deposits from other banks	2,461,934	2,229,935	10%
Deposits from customers	20,813,313	19,713,349	6%
Borrowed funds	2,278,392	2,352,437	(3)%
Other liabilities	1,423,515	1,101,766	29%
Total liabilities	**26,977,154**	**25,397,487**	**6%**
Share capital and premium	2,113,961	2,113,961	–
Retained earnings	571,032	434,419	31%
Reserves	(1,290,145)	(1,015,989)	27%
Equity attributable to ETI shareholders	**1,394,848**	**1,532,391**	**(9)%**
Other equity instruments	74,088	74,088	
Non-controlling interest	558,079	557,827	0%
Total shareholders' equity	**2,027,015**	**2,164,306**	**(6)%**
Total liabilities and equity	**29,004,169**	**27,561,793**	**5%**

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Deposits from customers

Customer deposits are the primary source of funding for the Group, accounting for approximately 72% of total liabilities and equity. Customer deposits are held at amortised cost. As of 31 December 2022, customer deposits were US$20.81 billion, an increase of US$1.10 billion, or 6%, from 2021. Excluding the effects of foreign currency translation, customer deposits increased by US$3.35 billion in 2022. The main factors helping to drive deposit growth were the success of deposit mobilisation campaigns to gather low-cost CASA deposits, enhanced deposit servicing in a high-interest rate environment, and continued acceleration in payment activity across digital channels. CASA, primarily non-interest bearing, constituted 82% of total customer deposits and increased by US$1.01 billion to US$17.10 billion. Partially offsetting deposit growth were outflows from current accounts into higher-yielding financial securities because of the rising interest rate environment. Commercial Banking led deposit growth, with deposits growing by US$605 million to US$5.4 billion, Corporate and Investment Banking by US$370 million to US$8.9 billion, and Consumer Banking by US$126 million to US$6.5 billion.

Customer deposits

At 31 December (in thousands of US dollars)	2022	2021	Change %
Deposits from customers by business segment			
Corporate and Investment Banking	8,947,840	8,578,284	4%
Commercial Banking	5,368,611	4,764,099	13%
Consumer Banking	6,496,862	6,370,966	2%
Total deposits	**20,813,313**	**19,713,349**	**6%**
Deposits from customers by geographic regions			
UEMOA	7,366,951	6,976,583	6%
NIGERIA	4,349,455	3,950,947	10%
AWA	3,895,778	3,504,441	11%
CESA	5,037,364	5,088,288	(1%)
OTHERS	163,765	193,090	(15%)
Total deposits	**20,813,313**	**19,713,349**	**6%**
Deposits from customer by type			
Current	13,584,647	12,592,727	8%
Savings	3,518,965	3,503,713	0%
Term	3,709,701	3,616,909	3%
Total deposits	**20,813,313**	**19,713,349**	**6%**
Cost-of-funds	2.6%	2.3%	
Loan-to-deposit ratio	55.4%	51.9%	
CASA deposits ratio	82.2%	81.7%	

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. Borrowed funds are held at amortised cost. As of 31 December 2022, total borrowed funds for the Group were US$2.28 billion, decreasing by US$74 million, or 3%, from 2021, partly because of foreign currency translation. For further information on the composition of the Group's borrowed funds, please refer to Note 34: Borrowed Funds on pages 246-248 of this annual report.

Risk-weighted assets

As at 31 December (in millions of US dollars)	2022	2021	Change%
By risk type			
Credit risk	12,038,889	12,058,253	0%
Operational risk	3,281,166	3,135,424	5%
Market risk	35,674	77,745	(54%)
Total RWAs	**15,355,730**	**15,271,422**	**1%**

Regulatory capital and ratios

As at 31 December (in millions of US dollars)	2022	2021	Change%
CET1 Capital	1,466,647	1,533,701	(4%)
Additional Tier 1 capital (AT1)	98,628	97,931	1%
Tier 1 capital	**1,565,275**	**1,631,632**	**(4)%**
Tier 2 capital	612,018	623,798	(2)%
Total capital	**2,177,293**	**2,255,430**	**(3%)**
CET1 ratio	9.6%	10.0%	
Tier 1 capital ratio	10.2%	10.7%	
Total capital adequacy ratio (CAR)	14.2%	14.8%	
Total assets	**29,004,169**	**27,561,793**	
RWA density	**52.9%**	**55.4%**	

BUSINESS AND FINANCIAL REVIEW

Total equity

Total equity, including non-controlling interests (minority interest) and other equity instruments (Additional Tier 1) for 2022, was US$2.07 billion compared to US$2.16 billion in 2021. Equity available (attributable) to ETI shareholders was US$1.4 billion as of 31 December 2022, down 9% or US$138 million from 31 December 2021. An increase in foreign currency translation reserves by US$148 million and unrealised mark-to-market losses on fixed-income securities by US$11 million offset a US$24 million increase in profits available to ETI shareholders for the year. The dividend payment of US$40 million related to the 2021 financial results was also offsetting.

Risk-weighted assets

Total risk-weighted assets (RWA) for 2022 were US$15.36 billion, a decrease of US$84 million compared with 2021. Credit RWAs, which are measured by applying a hierarchy of risk weights to the nature of the risks associated with each of the Group's on- and off-balance sheet asset classes, were US$12.04 billion, decreasing by US$19 million from last year, primarily due to foreign currency translation impact. The Group calculates Operational RWAs by applying a scaling factor to the Group's average gross operating income over the last three years. Operational RWA was US$3.28 billion, an increase of US$146 million, compared to 2021. Market RWAs, which we compute by applying factors to the Group's trading exposures to foreign currencies, interest rates and other market prices, decreased by US$42 million to US$0.04 billion in 2022.

Capital position

The Group actively manages the Group's capital to comply with the regulatory requirements of ETI's regulator, the Central Bank of West African States (Banque Centrale des États de l'Afrique de l'Ouest, BCEAO), to support the strategy of the Group. The Group's estimated CET1 ratio, Tier 1 capital adequacy ratio (CAR), and Total CAR were 9.6%, 10.2% and 14.2% as of 31 December 2022, compared with 10.0%, 10.7% and 14.8% as of 31 December 2021. The slight decrease in CAR was predominantly driven by the adverse effects of foreign currency translation (FCTR) differences on Tier 1 capital (the numerator), carried in local currencies, partially offset by local currency assets within risk-weighted assets, RWA (the denominator). As a result, the net impact of FCTR on regulatory capital is relatively diminished. RWAs were US$15.36 billion at the end of 2022, slightly down compared to RWAs of US$15.27 billion a year ago.

BUSINESS SEGMENT REVIEW

Corporate and Investment Banking

Corporate and Investment Banking (CIB) offers relevant financial solutions to global and regional corporates, governments, financial institutions, international organisations and high local corporates. CIB offers a full spectrum of financial products and services, which include corporate lending, trade finance and services, cash management and payments solutions. The CIB division also provides treasury services, investment banking, securities, wealth and asset management services.

Corporate and Investment Banking

Selected income statement and balance sheet highlights Year ended 31 December (in millions of US dollars)	2022	2021	Change %
Net interest income (NII)	**592**	**551**	**8%**
Net fees and commissions income	184	176	5%
Net trading income	185	189	(2)%
Other income	25	24	3%
Non-interest revenue (NIR)	**393**	**389**	**1%**
Operating income (Net revenue)	**985**	**939**	**5%**
Operating expenses	(437)	(421)	4%
Pre-provision, pre-tax operating profit	**548**	**518**	**6%**
Impairment charges on financial assets	(199)	(105)	90%
Net monetary loss	(16)	(10)	66%
Profit before tax	**333**	**404**	**(17)%**
Gross loans & advances to customer	8,535	7,473	14%
Deposits from customers	8,948	8,578	4%
Selected ratios			
Cost-to-income ratio	44.4%	44.9%	
Loan-to-deposit ratio	95.4%	87.1%	
NPL ratio	5.3%	4.9%	
NPL coverage	67.6%	92.3%	

Note: selected income statement lines only and thus may not sum up

Corporate and Investment Banking delivered a profit before tax of US$333 million, a decrease of US$71 million, or 17%, compared to 2021. An increase in impairment charges on financial assets arising from the debt restructuring exercise in Ghana was the main driver.

Net revenue of US$985 million rose US$46 million, or 5%, thanks to higher interest rates and increased interest-earning assets. Net interest income increased by 41 million, or 8%, to US$592 million, benefitting from higher rates and volume growth, partially offset by higher funding costs. Non-interest revenue of US$393 million was essentially unchanged from the prior year, with an increase in fees generated from cash management and payments partially offset by a decrease in FICC-related income.

Operating expenses were US$437 million, up by US$16 million, or 4%, from the prior year, reflecting continued cost savings, helping to improve the cost-to-income ratio to 44.4% versus 44.9% in 2021. Credit impairment charges on loans and other financial assets increased by US$95 million, or 90%, to US$199 million, predominantly due to impairment charges related to Ghana's debt restructuring exercise in the final quarter of 2022.

BUSINESS AND FINANCIAL REVIEW
Business Segment Performance

Commercial Banking

Commercial Banking (CMB) focuses on building scale and offering relevant financial solutions to small- and medium-sized enterprises (SMEs) and local corporates across Africa. It provides its varied customer base with lending, cash management, trade finance, Fixed Income, Currencies and Commodities (FICC), and digital solutions to help grow its businesses faster and further. In line with the dominance of this sector in Africa – about 90% of companies in Africa are SMEs - CMB leverages digital solutions in its product offerings with EcobankPay, Point of Sale machines, RapidCollect and Omni Lite, enabling clients to effect payments and collections and manage cash flow efficiently.

Commercial Banking

Selected income statement and balance sheet highlights Year ended 31 December (in millions of US dollars)	2022	2021	Change %
Net interest income (NII)	**243**	**200**	**22%**
Net fees and commissions income	127	123	4%
Net trading income	96	81	19%
Other income	5	7	(19)%
Non-interest revenue (NIR)	**229**	**210**	**9%**
Operating income (Net revenue)	**471**	**410**	**15%**
Operating expenses	(291)	(280)	4%
Pre-provision, pre-tax operating profit	**180**	**130**	**38%**
Impairment charges on financial assets	(33)	(52)	(37)%
Net monetary loss	(13)	(11)	14%
Profit before tax	**134**	**67**	**100%**
Gross loans & advances to customer	1,806	1,581	14%
Deposits from customers	5,369	4,764	13%
Selected ratios			
Cost-to-income ratio	61.7%	68.2%	
Loan-to-deposit ratio	33.6%	33.2%	
NPL ratio	4.8%	12.7%	
NPL coverage	166.9%	93.0%	

Note: selected income statement lines only and thus may not sum up

Commercial Banking delivered profit before tax of US$134 million, an increase of US$67 million, or 100%, from the prior year, predominantly driven by solid revenue growth, efficiency gains and credit risk discipline. Net revenue increased by US$61 million, or 15%, to US$471 million due to solid growth in net interest income. Net interest income of US$243 million increased by US$43 million, or 22%, driven by higher interest-earning assets and higher rates. Non-interest revenue of US$229 million increased by US$18 million, or 9%, from the prior year, primarily driven by robust client activity in client-driven fixed-income and FX currency sales and an acceleration in fees from merchant acquiring within the payments business.

Operating expenses increased by US$11 million, or 4%, to US$291 million, driven by revenue-enhancing expenditures and inflation. However, the cost-to-income ratio improved to 61.7% from 68.2% in 2021, reflecting strong positive jaws. Credit impairment charges decreased by US$19 million, or 37%, to US$33 million, primarily driven by a decline in non-performing loans by US$114 million. As a result, the non-performing loans ratio improved significantly to 4.8%, compared to 12.7% in 2021.

Consumer Banking

Consumer Banking offers a wide array of products and services tailored to the unique banking needs of individuals, giving each of our customers the ability to enhance their financial security, whilst supporting them to fulfil their aspirations. We aim to be the preferred bank for convenient banking across Africa, and to this end, remain focused on delivering world-class products and services to consistently delight our customers.

Consumer Banking Selected income statement and balance sheet highlights Year ended 31 December (in millions of US dollars)	2022	2021	Change %
Net interest income (NII)	**270**	**241**	**12%**
Net fees and commissions income	161	154	4%
Net trading income	33	25	32%
Other income	6	6	(0.4)%
Non-interest revenue (NIR)	200	186	8%
Operating income (Net revenue)	**470**	**426**	10%
Operating expenses	(316)	(314)	1%
Pre-provision, pre-tax operating profit	**154**	**112**	37%
Impairment charges on financial assets	(17)	(21)	(19)%
Net monetary loss	(5)	(5)	11%
Profit before tax	**132**	**87**	52%
Gross loans & advances to customer	1,180	1,175	0.5%
Deposits from customers	6,497	6,371	2%
Selected ratios			
Cost-to-income ratio	67.3%	73.7%	
Loan-to-deposit ratio	18.2%	18.4%	
NPL ratio	4.8%	6.0%	
NPL coverage	116.4%	106.4%	

Note: selected income statement lines only and thus may not sum up

Consumer Banking generated profit before tax of US$132 million, an increase of US$45 million, or 52%, from 2021. Higher revenues and lower expenses were the primary drivers of profit before tax. Net revenue rose US$44 million, or 10%, to US$470 million, driven by funded and non-funded income growth.

Net interest income of US$270 million increased by US$29 million, or 12%, driven primarily by the net impact of higher interest rates. Non-interest revenue increased by US$15 million, or 8%, led by solid growth in fees from FICC-related businesses, cash management and payments.
Operating expenses were US$316 million, essentially flat from the prior year, with a resultant improvement in the cost-to-income ratio to 67.3%, compared to 73.7% in 2021.

Credit impairment charges of US$17 million declined by US$4.0 million from US$21 million on a reduction in non-performing loans. The decline in NPL led to an improvement in the NPL ratio to 4.8% compared to 6.0% in 2021.

BUSINESS AND FINANCIAL REVIEW
Regional Segment Performance

The Group segments its businesses into four geographical regions. These reportable operating segments are Francophone West Africa (UEMOA), Nigeria, Anglophone West Africa (AWA) and 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 the Group's geographic footprint are segmented into each country of their domicile and included accordingly into the applicable regional segments of UEMOA, Nigeria, AWA and CESA.

Francophone West Africa (UEMOA)

Year ended 31 December (in millions of US dollars)	2022	2021	YoY	CC*
Net interest income	330	345	(4)%	8%
Non-interest revenue	242	214	13%	27%
Net revenue	**572**	**559**	**2%**	**15%**
Operating expenses	(290)	(303)	(4)%	7%
Pre-provision pre-tax operating profit	**282**	**256**	**10%**	**24%**
Gross impairment charges on loans	(128)	(142)	(10)%	(1)%
Less loan recoveries and impairment releases	85	79	8%	18%
Net impairment charges on loans	**(43)**	**(63)**	**(32)%**	**(24)%**
Impairment charges on other assets	(1)	(1)	2%	28%
Impairment charges on financial assets	**(44)**	**(64)**	**(32)%**	**(24)%**
Profit before tax	**239**	**192**	**24%**	**40%**
Loans & advances to customers (gross)	4,506	3,837	17%	25%
Of which Stage 1	4,225	3,555	19%	26%
Of which Stage 2	213	174	22%	30%
Of which Stage 3 (non-performing loans)	68	108	(37)%	(26)%
Less: allowance for impairments (Expected Credit Loss)	(107)	(102)	5%	25%
Of which Stage 1: 12-month ECL[1]	(15)	(27)	(45)%	(42)%
Of which Stage 2: Lifetime ECL	(53)	(33)	62%	72%
Of which stage 3: Lifetime ECL	(39)	(42)	(7)%	33%
Loans & advances to customers (net)	4,399	3,735	18%	25%
Total assets	10,833	10,072	8%	14%
Deposits from customers	7,367	6,977	6%	12%
Total equity	924	894	3%	10%
Cost-to-income	50.7%	54.2%		
ROE	21.6%	20.3%		
Loan-to-deposit ratio	61.2%	55.0%		
NPL ratio	1.5%	2.8%		
NPL coverage ratio	157.3%	93.8%		
Stage 3 coverage ratio	57.2%	38.6%		

Note: Selected income statement line items only and thus may not sum up
* CC = year-on-year percentage change on a constant currency
1 ECL = Expected Credit Loss

UEMOA generated a profit before tax of US$239 million and a return on equity of 21.6%, compared to a profit before tax of US$192 million and a return on equity of 20.3% in 2021. Cost containment measures and decreased net impairment charges resulted in a 24% increase in profits or 40% at constancy currency.

Net revenue increased by 2% or 15% at constant currency to US$572 million, primarily driven by non-interest revenue. Net interest income decreased by 4% or increased by 8% at constant currency, with the strong loan growth generated in 2022 underwritten mainly in the fourth quarter and hence had minimal impact on NII. A healthy increase in customer activity and realised gains from selling government fixed-income securities, growth in fees from cash management, card and credit-related fees and commissions drove non-interest revenue growth of 13%, or 27% at constant currency, to US$242 million. Operating expenses of US$290 million decreased by 4% or, at constant currency, increased by 7%, mainly due to inflation. However, the cost-to-income ratio improved to 50.7% from 54.2%, with revenues growing faster than expenses. Net impairment charges on loans were US$43 million compared with US$63 million in the prior year, driven by a reduction in non-performing loans.

Expenses of US$303 million were essentially unchanged from the previous year. However, expenses decreased by US$12 million, or 4%, reflecting reduced discretionary costs on a constant currency basis. As a result, the efficiency ratio improved by 350 basis points to 50.7% in 2022.

Net impairment charges on loans were US$63 million compared with US$51 million in the prior year. The current period's impairment charges reflected increased provisions, partially offset by increased recoveries and collections on non-performing loans.

BUSINESS AND FINANCIAL REVIEW
Regional Segment Performance

Nigeria				
Year ended 31 December (in millions of US dollars)	2022	2021	YoY	CC*
Net interest income	107	91	18%	24%
Non-interest revenue	132	133	(0.7)%	4%
Net revenue	**239**	**224**	**7%**	**12%**
Operating expenses	(191)	(179)	6%	11%
Pre-provision pre-tax operating profit	**48**	**45**	**9%**	**14%**
Gross impairment charges on loans	(20)	(15)	35%	37%
Loan recoveries and impairment charges releases	3	4	(31)%	(32)%
Net impairment charges on loans	**(17)**	**(11)**	**n.m.**	**66%**
Impairment charges on other assets	(0.0)	(7)	n.m.	n.m.
Impairment charges on financial assets	**(17)**	**(17)**	**(0.4)%**	**3%**
Profit before tax	**31**	**27**	**14%**	**21%**
Loans and advances to customers (gross)	2,581	2,625	(2)%	7%
Of which Stage 1	1,746	1,567	11%	21%
Of which Stage 2	657	631	4%	13%
Of which Stage 3 (non-performing loans)	179	427	(58)%	(55)%
Less allowance for impairment charges (expected credit loss)	(136)	(230)	(41)%	(36)%
Of which Stage 1: 12-month ECL[1]	(15)	(11)	38%	50%
Of which Stage 2: Lifetime ECL	(61)	(75)	(19)%	(12)%
Of which Stage 3: Lifetime ECL	(61)	(144)	(58)%	(54)%
Loans and advances to customers (net)	2,445	2,395	2%	11%
Total assets	6,487	5,985	8%	18%
Deposits from customers	4,349	3,951	10%	20%
Total equity	680	703	(3)%	5%
Cost-to-income ratio	79.8%	81.2%		
ROE	3.8%	3.3%		
Loan-to-deposit ratio	59.4%	66.4%		
NPL ratio	6.9%	16.3%		
NPL coverage ratio	76.4%	53.9%		
Stage 3 coverage ratio	34.1%	33.8%		

Note: Selected income statement line items only and thus may not sum up

* CC = year-on-year percentage change at constant currency

1 ECL = Expected Credit Loss

The RV's financials were recategorised in 2022 to 'ETI & Others' and no longer are included in the Nigeria region. The region's 2021 income statement has been restated to exclude the RV's contribution of approximately US$29.3million in after-tax profits.

n.m. = not meaningful

Nigeria delivered a profit before tax of US$31 million and a return on equity of 3.8% amid challenging market conditions of lower oil output, higher inflation and FX liquidity problems. Profit before tax and return on equity in the comparable year were US$27 million and 3.3%, respectively, with the 14% increase in profit before tax, predominantly driven by positive operating leverage.

Net revenue of US$239 million increased by 7% or 12% at constant currency. An increase in Stage 1 loans, and other earning assets assisted by modest yields, partially offset by higher funding costs, led to an 18% increase or 24% at constant currency in net interest income to US$107 million. However, non-interest revenue growth was flat. But at constant currency, it grew by 4% to US$132 million, benefiting from higher fees from customer-driven FX sales partially offset by lower cash management fees, particularly in the fourth quarter when the government's cash replacement policy created acute cash shortage driving a precipitous fall in household and business activity. Included in non-interest revenue is a one-off gain of US$21.5 million from the sale of Ecobank Nigeria's old head office building and other non-core properties.

Operating expenses increased by 6%, or 11% at constant currency, to US$191 million, primarily driven by rising food and energy prices, Asset Management Corporation of Nigeria (AMCON) charges and deposit insurance costs. Despite the prevailing cost headwinds, progressive achievement in delivering positive operating leverage saw the cost-to-income ratio improve, albeit modestly, to 79.8%, compared to 81.2% in 2021.

Net impairment charges on loans were US$17 million compared to US$11 million in the prior year. The increase in net impairments in 2022 versus 2021 was driven by an increase in gross impairment charge in line with growth in Stage 1 loans. Management efforts to improve the ratio of non-performing loans to total loans further in the fourth quarter were successful. Hence, the NPL ratio reduced to 6.9% at year end from 8.7% in the third quarter and 16.3% in 2021. The reported sale of US$200 million of NPLs to the Resolution Vehicle in the third quarter contributed drastically to the US$248 million reduction in NPLs in 2022 and an improvement in the NPL ratio.

BUSINESS AND FINANCIAL REVIEW
Regional Segment Performance

Anglophone West Africa (AWA)				
Year ended 31 December (in millions of US dollars)	2022	2021	YoY	CC*
Net interest income	389	344	13%	41%
Non-interest revenue	165	176	(7)%	8%
Net revenue	**554**	**520**	**6%**	**29%**
Operating expenses	(246)	(241)	2%	26%
Pre-provision, pre-tax operating profit	**307**	**279**	**10%**	**32%**
Gross impairment charges on loans	(28)	(54)	(49)%	(34)%
Loan recoveries and impairment charges releases	13	14	(11)%	13%
Net impairment charges on loans	**(15)**	**(40)**	**(62)%**	**(51)%**
Impairment charges on other assets	(167)	(0.2)	n.m.	n.m.
Impairment charges on financial assets	**(183)**	**(40)**	**355%**	**482%**
Profit before tax	**124**	**239**	**(48)%**	**(38)%**
Loans and advances to customers (gross)	1,622	1,399	16%	48%
Of which Stage 1	1,444	1,306	11%	40%
Of which Stage 2	128	50	155%	226%
Of which Stage 3 (non-performing loans)	49	44	13%	97%
Less allowance for impairments (expected credit loss)	(60)	(70)	(13)%	36%
Of which Stage 1: 12-month ECL[1]	(14)	(17)	(17)%	9%
Of which Stage 2: Lifetime ECL	(11)	(12)	(8)%	17%
Of which Stage 3: Lifetime ECL	(35)	(40)	(13)%	61%
Loans and advances to customers (net)	1,561	1,330	17%	48%
Total assets	5,116	4,813	6%	31%
Deposits from customers	3,896	3,504	11%	37%
Total equity	547	649	(16)%	7%
Cost-to-income ratio	44.5%	46.4%		
ROE	14.2%	25.8%		
Loan-to-deposit ratio	41.6%	39.9%		
NPL ratio	3.0%	3.1%		
NPL coverage ratio	122.4%	159.3%		
Stage 3 coverage ratio	71.3%	92.6%		

Note: selected income statement line items only and thus may not sum up
* CC = year-on-year percentage change on a constant currency
1 ECL = expected credit loss
n.m. = not meaningful

Profit before tax in **AWA** decreased by 48%, or 38% at constant currency, to US$124 million, and the return on equity was 14.2% compared with 25.8% in 2021. The fall in profits was due to significantly higher impairment charges that Ecobank Ghana (which accounts for about 60% of the total assets of AWA) incurred following an impairment assessment on its domestic bonds and Eurobond exposure to the Government of Ghana (GoG) as part of the latter's debt restructuring exercise.

Net revenue was US$554 million, increasing by 6% or 29% at constant currency. Net interest income increased by 13% or 41% at constant currency to US$389 million, benefiting from higher yields and loan balances. Non-interest revenue was US$165 million, down 7%, but up 8% at constant currency due to significantly higher fees from card purchase volumes, customer deposit balances and cash management.

Operating expenses were US$246 million, increasing by 2% or 26% at constant currency, primarily due to increased prices of goods and services. But with revenues growing faster than expenses, the cost-to-income ratio improved slightly to 44.5%, compared to 46.4% a year ago.

Net impairment charges on loans were US$15 million compared with US$40 million in 2021. The comparatively lower impairment charge for 2022 reflected a decrease in gross impairment charges due to a decline in non-performing loans. Impairment charges on other financial assets were US$167 million, compared with US$0.2 million in 2021. Of the US$167 million, US$162 million were the impairment losses that Ecobank Ghana incurred on its GoG domestic bonds and Eurobonds.

BUSINESS AND FINANCIAL REVIEW
Regional Segment Performance

Central, Eastern and Southern Africa (CESA) Year ended 31 December (in millions of US dollars)	2022	2021	YoY	Ccy*
Net interest income	298	275	9%	31%
Non-interest revenue	262	245	7%	40%
Net revenue	**560**	**520**	**8%**	**35%**
Operating expenses	(288)	(274)	5%	24%
Pre-provision pre-tax operating profit	**272**	**246**	**11%**	**49%**
Gross impairment charges on loans	(55)	(45)	23%	35%
Loan recoveries and impairment charges releases	28	36	(22)%	(15)%
Net impairment charges on loans	**(27)**	**(9)**	**197%**	**242%**
Impairment charges on other assets	(17)	(17)	(1)%	11%
Impairment charges on financial assets	**(45)**	**(27)**	**68%**	**90%**
Net monetary loss arising from hyperinflationary economy	(34)	(26)	31%	–
Profit before tax	**194**	**194**	**0.0%**	**21%**
Loans and advances to customers (gross)	1,899	1,751	8%	24%
Of which Stage 1	1,683	1,519	11%	27%
Of which Stage 2	118	176	(33)%	(28)%
Of which Stage 3 (non-performing loans)	98	55	77%	114%
Less allowance for impairment charges (expected credit loss)	(129)	(78)	65%	97%
Of which Stage 1: 12-month ECL[1]	(17)	(22)	(20)%	(1)%
Of which Stage 2: Lifetime ECL	(14)	(23)	(40)%	(36)%
Of which Stage 3: Lifetime ECL	(97)	(33)	192%	276%
Loans and advances to customers (net)	1,770	1,672	6%	20%
Total assets	6,831	6,695	2%	22%
Deposits from customers	5,037	5,088	(1)%	19%
Total equity	680	690	(1)%	19%
Cost-to-income ratio	51.4%	52.7%		
ROE	22.3%	22.3%		
Loan-to-deposit ratio	37.7%	34.4%		
NPL ratio	5.2%	3.2%		
NPL coverage ratio	131.5%	141.5%		
Stage 3 coverage ratio	99.6%	60.4%		

Note: selected income statement line items only and thus may not sum up
* CC = year-on-year percentage change on a constant currency
1 ECL = expected credit loss

CESA made a profit before tax of US$194 million and a return on equity of 22.3%, essentially unchanged from 2021. However, growth in pre-provision pre-tax operating profit of 11% was significantly offset by an increase in impairments and net monetary losses in Zimbabwe.

Net revenue increased by 8%, or 35% at constant currency, to US$560 million, driven by modest net interest income and non-interest revenue growth. Net interest income increased by 9%, or 31% at constant currency, to US$298 million, driven by higher interest income on loans and investment securities supported by NIM expansion and increased deployment of excess liquidity into government fixed-income securities. Non-interest revenue increased 7%, or 40% at constant currency, to US$262 million, mainly driven by customer-driven FX sales, fixed-income securities trading, card revenues, and trade and transaction fees.

Operating expenses of US$288 million were up 5%, or 24% at constant currency, predominantly driven by higher inflation. The cost-to-income ratio improved slightly to 51.4%, compared with 52.7%, because of the higher revenue growth compared to growth in operating expenses in the period.

Net impairment charges on loans were US$27 million compared with US$9 million in the prior year period. A decrease in loan recoveries in 2022 compared to the prior year led to a rise in net impairment charges.

Conclusion

The Group's 2022 performance demonstrated its diversification strength, efficiency and resilience against a challenging macroeconomic backdrop. These attributes are expected to benefit the Group in 2023, especially when economic and financial conditions are forecast to remain tight. Accordingly, the Group will continue to focus on financial discipline, cost efficiency and stringent risk management controls to both safeguard and post healthy returns on shareholders' capital.

HARNESSING FINTECH INNOVATIONS THROUGH PARTNERSHIPS

Africa is a hotbed for Fintech innovation and Ecobank views fintechs as potential partners rather than as threats.

Our annual Ecobank Fintech Challenge supports early stage African fintechs. Finalists are inducted into Ecobank's Fintech Fellowship and get mentoring and networking support. Our Pan-African Banking Sandbox enables fintechs to test and develop their innovations by accessing Ecobank's APIs to develop their solutions. Both of these initiatives provide a pipeline of fintechs with whom Ecobank can explore potential partnerships to roll out their innovations across part or all of our 33-country footprint for the benefit of our customers.

It also advances our Bank as a Platform strategy, by enabling fintechs to open 'lite' bank accounts for customers. In addition, it facilitates the next generation of neobanks in Africa by enabling cash withdrawals through integration with our Ecobank Xpress cash API.

6 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 period that give a true and fair view of the financial position of the Group as at 31 December 2022 and the results of its operations, statement of cash flow, income statement and changes in equity for the year ended 31 December 2022 in compliance with International Financial Reporting Standards ("IFRS"). This responsibility includes ensuring that the Group:

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

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

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

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

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

The Directors are of the opinion that the consolidated financial statements give a true and fair view of the state of the financial affairs of the Group and of its profit or loss for the year ended 31 December 2022. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as adequate systems of internal financial control.

Approval of consolidated financial statements

The consolidated financial statements were approved by the Board of Directors on 24 February 2023 and signed on its behalf by:

Alain Nkontchou
Group Chairman

FRC/2020/003/00000021578

Ade Ayeyemi
Group Chief Executive Officer

FRC/2020/003/00000020528

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ECOBANK TRANSNATIONAL INCORPORATED

Deloitte. Grant Thornton

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 151 to 271 which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Ecobank Transnational Incorporated as at 31 December 2022, and its consolidated financial performance and statement of cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

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

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

Key audit matters

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

INDEPENDENT AUDITORS' REPORT 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 2022, gross loans and advances to customers was US$11,521 million (31 December 2021: US$10,228 million) against which total loan impairment amounted to US$518 million (31 December 2021: US$652 million), resulting in a net loan balance of US$11,003 million (31 December 2021: US$9,576 million). This asset represents 38% (31 December 2021: 35%) of the total assets as at the reporting date (see note 21).

The basis of the impairment amount is summarised in the accounting policies in the consolidated financial statements in note 2.30.3.

The Directors exercise significant judgement when determining both when and how much to record as loan impairment. This is because a number of significant assumptions and inputs go into the determination of expected credit loss impairment amounts on loans and advances to customers.

The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus were:

i. Modelling for estimation of ECL parameters including:
   - probabilities of default (PDs) – 12-month and lifetime,
   - loss given default (EAD),
   - exposure at default (LGD).
ii. Assessment and measurement of Significant Increase in Credit Risk ('SICR') using appropriate criteria;
iii. Identification and measurement of economic scenarios to measure ECLs on a forward-looking basis reflecting a range of future economic conditions;
iv. Ensuring the completeness and accuracy of data used to calculate the ECL;
v. Considering the completeness and validity of out of model adjustments and overlays; and
vi. Validating the loan staging and related disclosures in the financial statements.

Because of the significance of these estimates, judgements and the size of loans and advances portfolio, the audit of loan impairment is considered a key audit matter.

We focused our testing of the impairment on loans and advances to customers on the key assumptions and inputs made by Management and Directors. Specifically, our audit procedures included:

- Obtaining an understanding of the loan loss impairment calculation process within the group;
- Testing the design and implementation of key controls across the processes relevant to the Expected Credit Loss ('ECL'). This included model governance, controls that ensure data accuracy and completeness and related credit monitoring, allocation of assets into stages, the determination of economic scenarios, post model adjustments, individual impairment and processing of journal entries and disclosures;
- Assessing the ECL impairment levels by stage to determine if they were reasonable considering the Group's portfolio, risk profile, credit risk management practices and the macroeconomic environment;
- Challenging the criteria used to allocate asset to stage 1, 2 or 3 in accordance with IFRS 9;
- Testing the assumptions, inputs and formulae used in a sample of ECL models (covering at least 90% of the ECL provision with the support of our internal credit risk specialists;
- Considering the appropriateness of model design and the formulae used in determining the PD's LGD's and EAD's and valuation of collateral in the current economic environment;
- Through applying the assumptions and data included in management's model, we assessed the reasonableness of SICR classifications;
- Testing the data used in the ECL calculation by reconciling to source systems; and
- Assessing the Group's approach and methodology to incorporate the impact of changing macroeconomic conditions in the ECL model, by considering the assumptions used in the forward-looking economic model, the macroeconomic variables selected and the sensitivity of ECL components to each variable by comparing it to our own actuarial analysis and statistics with specific focus on affiliates operating in challenging economic circumstances;

Key audit matter	How our audit addressed the key audit matter
Impairment assessment on Government of Ghana Debt Securities.	
In December 2022, the Government of Ghana announced suspension of service payments of its Eurobonds, commercial loans and most bilateral loans. After the default announcement, the Government of Ghana then instituted a domestic debt exchange program in a bid to restructure its debts as part of the pre-condition in the staff level agreement with the International Monetary Fund ("IMF") for a US$3 billion macroeconomic support and bailout. Subsequently, the government of Ghana defaulted on the payment of coupons due on some series of the Eurobonds following the earlier announcement. The default event therefore necessitates the need for the Group to reassess the carrying value of its exposure to the Government of Ghana's Debt for impairment losses. Given the level of uncertainty involved, the significance of the group's exposure, lack of any proposals regarding specific restructuring program on the Eurobonds, and the materiality of the amount involved, it became pertinent that the Directors exercise some judgement and make some assumptions regarding certain inputs to enable them assess and determine the appropriate level of impairment on the Government of Ghana's Debt Securities. This is why this item is considered a key audit matter.	We focused our testing of the impairment assessment on Government of Ghana's securities on both the local (i.e., Cedi-denominated) bonds as well as the Eurobonds portfolios held by the Group as at 31 December 2022. We reviewed and challenged the key, judgement, assumptions and inputs made by Management and Directors. Specifically, our audit procedures included: • Obtained an understanding of management's process for estimating the expected credit loss on the instruments; • Obtained available information and data on the Government of Ghana debt securities which formed the basis of analysis by the Group Management and Directors; • Obtained and challenged key management and Directors' assumptions and inputs (i.e., cashflows, discount rates, and methodology) to assess accuracy and completeness as well as the reasonableness of the assumptions and inputs; • Performed a detailed review and assessment of the expected credit loss calculations by the Group; • Assessing the adequacy and appropriateness of disclosures for compliance with the accounting standards. Based on our review, we found that the Group's impairment methodology, including all the relevant assumptions and key inputs used by Management and Directors to estimate the amount of expected credit losses on the Government of Ghana's securities were appropriate in the circumstances.

Other information

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

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

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

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

Responsibilities of the Directors for the consolidated financial statements

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ECOBANK TRANSNATIONAL INCORPORATED

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.
- If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
16 March 2023.

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

For: Grant Thornton
Chartered Accountants
Abidjan, Cote d'Ivoire
16 March 2023

Engagement Partner: Missa Kone

CONSOLIDATED INCOME STATEMENT

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

For the year ended 31 December	Notes	2022	2021
Interest income	7	1,617,454	1,473,554
Interest income calculated using the effective interest method		1,598,318	1,465,593
Other interest income		19,136	7,961
Interest expense	7	(603,751)	(529,124)
Net interest income		**1,013,703**	**944,430**
Fee and commission income	8	533,612	500,149
Fee and commission expense	8	(62,915)	(48,720)
Trading income	9	310,606	295,617
Investment income	10	13,230	18,563
Other operating income	11	53,561	46,675
Non-interest revenue		**848,094**	**812,284**
Operating income		**1,861,797**	**1,756,714**
Staff expenses	12	(447,358)	(454,937)
Depreciation and amortisation	12	(101,282)	(108,669)
Other operating expenses	12	(501,741)	(471,092)
Operating expenses		**(1,050,381)**	**(1,034,698)**
Operating profit before impairment charges and taxation		**811,416**	**722,016**
Impairment charges on financial assets	13	(198,066)	(217,680)
Non-conversion premium on bonds	14	(40,000)	–
Operating profit after impairment charges on financial assets		**573,350**	**504,336**
Net monetary loss arising from hyperinflationary economies	2.5	(33,891)	(25,852)
Share of post-tax results of associates	25	570	(492)
Profit before tax		**540,029**	**477,992**
Taxation	15	(173,338)	(122,281)
Profit after tax from continuing operations		**366,691**	**355,711**
Profit after tax from discontinued operations	31.3	–	1,655
Profit after tax		**366,691**	**357,366**
Profit after tax attributable to:			
Ordinary shareholders		**286,430**	**262,234**
• Continuing operations		286,430	261,340
• Discontinued operations		–	894
Other equity instrument holder		**7,312**	–
Non-controlling interests		**72,949**	**95,132**
• Continuing operations		72,949	94,371
• Discontinued operations		–	761
		366,691	**357,366**
Earnings per share from continuing operations attributable to owners of the parent during the year (expressed in United States cents per share):			
• Basic	16	1.165	1.063
• Diluted	16	1.165	1.063
Earnings per share from discontinued operations attributable to owners of the parent during the year (expressed in United States cents per share):			
• Basic	16	–	0.004
• Diluted	16	–	0.004

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	2022	2021
Profit after tax		**366,691**	**357,366**
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Exchange difference on translation of foreign operations		(386,106)	(214,710)
Fair value loss on debt instruments at FVOCI		(112,540)	(53,482)
Taxation relating to components of other comprehensive income that may be subsequently reclassified to profit or loss		31,395	(6,607)
		(467,251)	(274,799)
Items that will not be reclassified to profit or loss:			
Property and equipment – revaluation gain		55,719	16,258
Fair value gain in equity instruments designated at FVOCI		–	509
Remeasurements of defined benefit obligations	41	(665)	(931)
Taxation relating to components of other comprehensive income that will not be subsequently reclassified to profit or loss		(15,700)	(4,076)
		39,354	11,760
Other comprehensive loss for the year, net of tax		**(427,897)**	**(263,039)**
Total comprehensive (loss)/profit for the year		**(61,206)**	**94,327**
Total comprehensive (loss)/profit attributable to:			
Ordinary shareholders		**(86,420)**	**36,190**
– Continuing operations		(86,420)	35,296
– Discontinued operations		–	894
Other equity instrument holder		**7,312**	-
Non-controlling interests		**17,902**	**58,137**
– Continuing operations		17,902	57,376
– Discontinued operations		–	761
		(61,206)	**94,327**

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	2022	2021
Assets			
Cash and balances with central banks	17	4,293,810	4,209,138
Trading financial assets	18	173,195	346,042
Derivative financial instruments	19	137,468	78,404
Loans and advances to banks	20	1,496,567	2,289,445
Loans and advances to customers	21	11,002,905	9,575,865
Treasury bills and other eligible bills	22	2,455,739	2,087,085
Investment securities	23	7,004,434	6,560,228
Pledged assets	24	153,970	206,001
Other assets	25	1,197,175	1,095,569
Investment in associates	26	1,016	4,863
Intangible assets	27	84,545	122,288
Investment properties	28	9,922	11,019
Property and equipment	29	754,011	750,615
Deferred income tax assets	37	229,434	201,996
		28,994,191	27,538,558
Assets held for sale	31	9,978	23,235
Total assets		**29,004,169**	**27,561,793**
Liabilities			
Deposits from banks	32	2,461,934	2,229,935
Deposits from customers	33	20,813,313	19,713,349
Derivative financial instruments	19	94,224	29,101
Borrowed funds	34	2,278,392	2,352,437
Other liabilities	35	1,069,131	821,264
Provisions	36	63,255	72,230
Current income tax liabilities		77,696	66,342
Deferred income tax liabilities	37	99,948	87,751
Retirement benefit obligations	38	19,261	25,078
Total liabilities		**26,977,154**	**25,397,487**
Equity			
Share capital and premium	40	2,113,961	2,113,961
Retained earnings and reserves	41	(719,113)	(581,570)
Equity attributable to ordinary shareholders		**1,394,848**	**1,532,391**
Other equity instruments holder	41	**74,088**	**74,088**
Non-controlling interests		**558,079**	**557,827**
Total equity		**2,027,015**	**2,164,306**
Total liabilities and equity		**29,004,169**	**27,561,793**

The accompanying notes are an integral part of these financial statements.
The financial statements were approved for issue by the Board of Directors on 24 February 2023 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			Equity attributable to owners of the parents		Non-controlling interests	Total equity
	Note	Share capital and premium	Retained earnings	Other reserves		Other equity instruments		
At 31 December 2020/At 1 January 2021		**2,113,961**	**199,172**	**(809,737)**	**1,503,396**	**–**	**524,317**	**2,027,713**
Net changes in debt instruments, net of taxes	41	–	–	(62,238)	(62,238)	–	2,149	(60,089)
Net changes in equity instruments, net of taxes	41	–	–	509	509	–	–	509
Foreign currency translation differences	41	–	–	(175,566)	(175,566)	–	(39,144)	(214,710)
Net gain on revaluation of property	41	–	–	12,182	12,182	–	–	12,182
Remeasurements of post-employment benefit obligations	41	–	–	(931)	(931)	–	–	(931)
Other comprehensive loss for the year		–	–	(226,044)	(226,044)	–	(36,995)	(263,039)
Profit for the year		–	262,234		262,234	–	95,132	357,366
Total comprehensive income for the year		**–**	**262,234**	**(226,044)**	**36,190**	**–**	**58,137**	**94,327**
Additional tier 1 capital	41	–	–	–	–	74,088	–	74,088
Group Reserve		–		(7,195)	(7,195)	–	–	(7,195)
Transfer to general banking reserves	41	–	(23,935)	23,935	–	–	–	–
Transfer to statutory reserve	41	–	(3,052)	3,052	–	–	–	–
Dividend relating to 2020		–	–	–	–	–	(24,627)	(24,627)
At 31 December 2021		**2,113,961**	**434,419**	**(1,015,989)**	**1,532,391**	**74,088**	**557,827**	**2,164,306**
At 1 January 2022		**2,113,961**	**434,419**	**(1,015,989)**	**1,532,391**	**74,088**	**557,827**	**2,164,306**
Net changes in debt instruments, net of taxes	41	–	–	(72,975)	(72,975)	–	(8,170)	(81,145)
Foreign currency translation differences	41	–	–	(323,504)	(323,504)	–	(62,602)	(386,106)
Remeasurements of post-employment benefit obligations	41	–	–	(665)	(665)	–	–	(665)
Net gain on revaluation of property	41	–	–	24,294	24,294	–	15,725	40,019
Other comprehensive loss for the year		–	–	(372,850)	(372,850)	–	(55,047)	(427,897)
Profit for the year			286,430	–	286,430	7,312	72,949	366,691
Total comprehensive loss for the year		**–**	**286,430**	**(372,850)**	**(86,420)**	**7,312**	**17,902**	**(61,206)**
Additional tier 1 capital coupon	41	–	–	–	–	(7,312)	–	(7,312)
Transfer from revaluation reserve property on disposed property	41	–	85	(85)	–	–	–	–
Transfer to non-controlling interests		–	–	(6,471)	(6,471)	–	6,471	–
Equity component not converted	41	–	–	(5,084)	(5,084)	–	–	(5,084)
Transfer from general banking reserves	41	–	2,120	(2,120)	–	–	–	–
Transfer to statutory reserve	41	–	(112,454)	112,454	–	–	–	–
Dividend relating to 2021		–	(39,568)	–	(39,568)	–	(24,121)	(63,689)
At 31 December 2022		**2,113,961**	**571,032**	**(1,290,145)**	**1,394,848**	**74,088**	**558,079**	**2,027,015**

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	2022	2021
Cash flows from operating activities			
Profit before tax		540,029	477,992
Adjustments for:			
Foreign exchange income		(266,645)	(200,115)
Net gain from investment securities income	10	(13,230)	(18,563)
Fair value loss on assets held for sale	11	799	592
Fair value gain on investment properties	11	(131)	–
Impairment charges on loans and advances	13	10,328	169,610
Impairment charges on other financial assets	13	187,738	50,255
Depreciation of property and equipment	12	67,682	75,177
Amortisation of software and other intangibles	12	33,600	33,492
Profit on sale of property and equipment	11	(25,212)	(15,778)
Share of post-tax results of associates	26	(570)	492
Income taxes paid		(153,829)	(160,211)
Changes in operating assets and liabilities			
• Trading financial assets		86,843	(189,552)
• Derivative financial instruments		(63,820)	36,758
• Treasury bills and other eligible bills		(366,724)	(385,958)
• Loans and advances to banks		416,734	21,783
• Loans and advances to customers		(2,265,460)	(430,178)
• Pledged assets		35,506	217,598
• Other assets		(223,534)	32,631
• Mandatory reserve deposits with central banks		(192,551)	(26,343)
• Other deposits from banks		(143,462)	(198,090)
• Deposits from customers		3,344,638	1,416,397
• Derivative liabilities		66,972	(49,807)
• Provisions		(4,888)	11,768
• Other liabilities		119,457	(1,848)
Net cash flow from operating activities		**1,190,269**	**868,102**
Cash flows from investing activities			
Purchase of software	27	(12,524)	(20,353)
Purchase of property and equipment	29	(299,730)	(276,250)
Proceeds from sale of property and equipment	29	36,401	205,919
Purchase of investment securities	23	(2,454,034)	(4,160,242)
Proceeds from sale and redemption of investment securities	23	1,451,676	3,152,384
Issue cost of other equity instruments	41	–	(912)
Cash payment for acquisition of Pan African Savings and Loans	31.3	–	(897)
Cash payment for disposal of subsidiary	31.3	–	(10,496)
Net cash flow used in investing activities		**(1,278,211)**	**(1,110,847)**
Cash flows from financing activities			
Repayment of borrowed funds	34	(728,818)	(448,579)
Proceeds from borrowed funds	34	659,923	729,361
(Coupon)/proceeds from Additional tier 1 capital	41	(7,312)	75,000
Dividends paid to Ordinary shareholders	41	(39,568)	–
Dividends paid to non-controlling shareholders		(24,121)	(24,627)
Net cashflow (used in)/from financing activities		**(139,896)**	**331,155**
Net (decrease)/increase in cash and cash equivalents		**(227,838)**	**88,410**
Cash and cash equivalents at start of year	42	3,986,309	3,800,456
Effects of exchange differences on cash and cash equivalents		(375,503)	97,443
Cash and cash equivalents at end of year	**42**	**3,382,968**	**3,986,309**

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 presence in 39 countries and employed over 13,175 people as at 31 December 2022 (31 December 2021: 13,167).

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

The consolidated financial statements for the year ended 31 December 2022 have been approved by the Board of Directors on 24 February 2023.

2 Summary of significant accounting policies

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

2.1 Basis of presentation and measurement

The Group's consolidated financial statements for the year ended 31 December 2022 have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) guidance. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared under the historical cost convention, except for the following:

- financial assets and liabilities at fair value through other comprehensive income or fair value through statement of profit or loss.
- investment properties at fair value.
- assets held for sale – measured at fair value less cost of disposal
- land and buildings
- the liability for defined benefit obligations recognised at the present value of the defined benefit obligation less the fair value of the plan assets.

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

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

The consolidated statement of cash flows shows the changes in cash and cash equivalents arising during the period from operating activities, investing activities and financing activities. Included in cash and cash equivalents are highly liquid investments.

The cash flows from operating activities are determined by using the indirect method. The Group's assignment of the cash flows to operating, investing and financing category depends on the Group's business model.

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

2.2 Going concern

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

2.3 New and amended standards adopted by the Group

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

a) Amendments to IFRS 3 Reference to the Conceptual Framework

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

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

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

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

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

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

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

d) IFRS 9: Fees in the '10%' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022. The amendment did not have an impact on the Group's financial statements.

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

The following standards have been issued or amended by the IASB but are yet to become effective for annual periods beginning on or after 1 January 2022.

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

i) IFRS 17 Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

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

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

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

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

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

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

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

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

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

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

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

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

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

iv) Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty." The definition of a change in accounting estimates was deleted. However, the IASB retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error.
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. The IASB added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The IASB has deleted one example (Example 3) as it could cause confusion in light of the amendments.

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

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

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

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

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The IASB also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities;
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset.
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

2.5 Foreign currency translation

a) Functional and presentation currency

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

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

b) Transactions and balances

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

Changes in the fair value of monetary securities denominated in foreign currency classified as FVTOCI are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as FVTOCI, are included in other comprehensive income.

c) Group companies

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

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

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

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

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

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

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

d) Classification of Zimbabwe and South Sudan as 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.

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

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

- The income statement is translated at the period end foreign exchange rate instead of an average rate; and
- Adjustment of the income statement to reflect the impact of inflation and exchange rate movement on holding monetary assets and liabilities in local currency.
- This resulted in a net monetary loss of $33.9 million recorded in the income statement.

2.6 Sale and repurchase agreements

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

2.7 Determination of fair value

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

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

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

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

The Group uses widely recognised valuation models for determining fair values of non-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.

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

2.8 Fee and commission income

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

Portfolio management advisory and service fees

Recognised based on the applicable service contracts, in most instances on a time-apportionment basis.

Commission and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party
Recognised on completion of the underlying transaction.

Asset management fees related to investment funds
Recognised over the period in which the service is provided. The initial fees that exceed the level of recurring fees and relate to the future provision of services are deferred and amortised over the projected period over which services will be provided.

Wealth management, financial planning and custody services recognised over the period in which the service is provided.
The initial fees that exceed the level of recurring fees and relate to the future provision of services are deferred and amortised over the projected period over which services will be provided.

2.9 Dividend income

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

2.10 Trading income

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

2.11 Impairment of non-financial assets

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

2.12 Share-based payments

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

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

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

2.13 Cash and cash equivalents

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

2.14 Repossessed collateral and properties

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

2.15 Leases

The Group leases various offices, branches, houses, ATM locations, equipment and cars. Rental contracts are typically made for fixed periods of 1 to 65 years but may have extension options as described in (ii) below. Lease terms are negotiated

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on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

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

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

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

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

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

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

2.16 Investment properties

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

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

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

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

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

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

2.17 Property and equipment

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

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

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

An independent valuation of the Group's land and buildings was performed by professionally qualified independent valuers to determine the fair value of the land and buildings as at year end. The revaluation surplus net of applicable deferred income taxes was credited to other comprehensive income and is shown in 'revaluation reserve – property and equipment' in shareholders equity (Note 41). Fair value is derived by applying internationally acceptable and appropriately benchmarked valuation techniques such as depreciated replacement cost or market value approach. The depreciated replacement cost approach involves estimating the value of the property in its existing use and the gross replacement cost. For these appropriate deductions are made to allow for age, condition and economic or functional obsolescence, environmental and other factors that might result in the existing property being worth less than a new replacement. The market value approach involves comparing the properties with identical or similar properties, for which evidence of recent transaction is available or alternatively identical or similar properties that are available in the market for sale making adequate adjustments on price information to reflect any differences in terms of actual time of the transaction, including legal, physical and economic characteristics of the properties.

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

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

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

2.18 Intangible assets

a) Goodwill

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

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

Goodwill is not amortised but it is tested for impairment

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

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

2.19 Income tax

a) Current income tax

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

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

b) Deferred income tax

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

The principal temporary differences arise from depreciation of property, plant and equipment, revaluation of certain financial assets and liabilities, provisions for pensions and other post-retirement benefits and carry-forwards; and, in relation to acquisitions, on the difference between the fair values of the net assets acquired and their tax base, fair value changes on investment securities, tax loss carried forward, revaluation on property and equipment. Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred income tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the difference will not reverse in the foreseeable future.

The tax effects of carry-forwards of unused losses or unused tax credits are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Deferred tax related to fair value re-measurement of investment securities, which are recognised in other comprehensive income, is also recognised in the other comprehensive income and subsequently in the consolidated income statement together with the deferred gain or loss.

2.20 Provisions

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

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

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

2.21 Employee benefits

a) Pension obligations

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

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

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

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 future payments is available.

b) Other post-retirement obligations

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

c) Termination benefits

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

d) Profit-sharing and bonus plans

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

e) Short-term benefits

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

2.22 Borrowings

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

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

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

2.23 Compound financial instruments

Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

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

2.24 Fiduciary activities

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

2.25 Share capital

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

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

a) Share issue costs

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

b) Dividends on ordinary shares

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

c) Treasury shares

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

2.26 Segment reporting

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

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

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

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

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

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

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

2.28 Discontinued operations

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

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

2.29 Comparatives

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

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

2.30 Financial assets and liabilities

2.30.1 Financial assets – Classification and Measurement Policies

Financial assets are measured at initial recognition at fair value, and are classified and subsequently measured at fair value through statement of profit or loss (FVTPL), fair value through other comprehensive income (FVTOCI) or 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 income' using the effective interest rate method.

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

i. the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial asset; and
ii. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments are those instruments that meet the definition of a financial liability from the holder's perspective, such as loans, government and corporate bonds. Movements in the carrying amount of these assets are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously

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recognised in OCI is reclassified from equity to profit or loss and recognised in Net investment income. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

c) A debt instrument is measured at FVTPL

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

d) Equity instruments

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

e) Business model assessment

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

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

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

The Group may decide to sell financial instruments held with the objective to collect contractual cash flows without necessarily changing its business model if one or more of the following conditions are met:

i. When the Group sells financial assets to reduce credit risk or losses because of an increase in the assets' credit risk.
ii. Where these sales are infrequent even if significant in value. A sale of financial assets is considered infrequent if the sale is one-off during the financial year.
iii. Where these sales are insignificant in value both individually and in aggregate, even if frequent. A sale is considered insignificant if the portion of the financial assets sold is equal to or less than one (1)% of the carrying amount (book value) of the total assets within the business model.
iv. When these sales are made close to the maturity of the financial assets and the proceeds from the sales approximates the collection of the remaining contractual cash flows. A sale is considered to be close to maturity

if the financial assets has a tenor to maturity of not more than one (1) year and/or the difference between the remaining contractual cash flows expected from the financial asset does not exceed the cash flows from the sales by ten (10)%.

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

- Selling the financial asset to 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. comply with liquidity requirements (infrequent).
- Other situations also depends upon the facts and circumstances which need to be judged by the management

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

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

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

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

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

2.30.2 Financial liabilities

Derivative liabilities are classified as at FVTPL and are measured at fair value with the gains and losses arising from changes in their fair value included in the consolidated income statement and are reported as 'Trading income'. These financial instruments are recognised in the consolidated statement of financial position as 'Derivative financial instruments.

Financial liabilities that are not classified as at fair value through profit or loss are measured at amortised cost. Financial liabilities measured at amortised cost are deposits from banks and customers, other deposits, financial liabilities in other liabilities, borrowed funds for which the fair value option is not applied, convertible bonds and subordinated debts.

2.30.3 Expected Credit Loss Impairment Model

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

The Group adopts a three-stage approach for impairment assessment based on changes in credit quality since initial recognition:

i. Stage 1 – Where there has not been a significant increase in credit risk (SICR) since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to remaining term to maturity is used.

ii. Stage 2 – When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.

iii. Stage 3 – Financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

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

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

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

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

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

Measuring ECL – Explanation of inputs, assumptions and estimation techniques

a) Measurement

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

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

b) Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised. (Refer to note 2.30.6).

The ECL are then measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

c) Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at 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 issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties;
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The Group considers failure by the issuer of debt securities to meet coupon and/or principal repayments within the required period, including any contracted grace periods, to infer that the debt security is credit-impaired.

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

In making an assessment of whether an investment in debt securities is credit-impaired, the Group considers the following factors.

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The issuer's ability to access the capital markets for new debt issuance.

- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.

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

Loan allowances for ECL are presented in the statement of financial position as follows:

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

e) Write-off

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

f) Definition of default

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

Quantitative criteria

- The borrower is more than 90 days past due on its contractual payments.
- The borrower has an internal obligor risk rating (ORR) of 9 or 10.

Qualitative criteria

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

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

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

Curing

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

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

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

Backward transition

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

The Probationary period to be applied shall be;

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

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

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

i. The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default (2.30.3 f above) and credit-impaired financial assets" (2.30.3 c above)), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. This 12M PD is used to calculate 12-month ECLs. The Lifetime PD is used to calculate lifetime ECLs for stage 2 and 3 exposures.

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

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

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

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

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

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

i) Forward-looking information incorporated in the ECL models

The assessment of Expected Credit Losses incorporates the use of forward-looking information. The Group has identified the key economic variables impacting its credit risk and expected credit losses and performed historical analysis to determine the significance and impact of these economic variables on its credit risk and expected credit losses. Significant economic variables and the impact of these variables on credit losses vary by clusters and affiliates within the Group. The key drivers for credit risk for the Group are: gross domestic product, commodity prices, oil prices, foreign exchange rates and inflation rate. The impact of these economic variables on the expected credit losses has been determined by performing multi-variate analysis to understand the impact that changes in these variables have had historically on default rates and on the components of expected credit losses.

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

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

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

The economic scenario forecasts used as at 31 December 2022 are as follows:

	Weighting	2022 Current year actual	2023 Forecast
Nigeria			
GDP Growth			
Base	40%	4.39%	4.11%
Upside	23%	4.39%	8.32%
Downside	37%	4.39%	(0.11%)
Price of Crude/USD			
Base	40%	85.25	89.41
Upside	23%	85.25	125.98
Downside	37%	85.25	52.83
UEMOA			
Commodity price index/USD			
Base	40%	627.48	625.73
Upside	17%	627.48	831.76
Downside	43%	627.48	419.70
GDP Growth			
Base	40%	6.30%	5.89%
Upside	17%	6.30%	9.32%
Downside	43%	6.30%	2.46%
AWA			
GDP Growth			
Base	40%	5.09%	5.39%
Upside	22%	5.09%	6.29%
Downside	38%	5.09%	4.48%

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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.

2.30.4 Interest income

Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' and 'interest expense' in the consolidated income statement using the effective interest method. The Group calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired (as set out in Note 2.30.3) and is, therefore, regarded as 'Stage 3', the Group calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

Interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost, financial instruments designated at FVTPL. Interest income on interest bearing financial assets measured at FVTOCI are also recorded by using the EIR method. The effective interest method is a method of calculating the 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, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a Group of similar financial assets has been written down as a result of an impairment loss, interest income is 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.

2.30.5 Reclassification of financial assets

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

A change in the Group's business model will occurs only when the Group either begins or ceases to perform an activity that is significant to its operations such as:

- Significant internal restructuring or business combinations;
- Disposal of a business line i.e. disposal of a business segment
- Any other reason that might warrant a change in the Group's business model as determined by management based on facts and circumstances

The following are not considered to be changes in the business model:

- A change in intention related to particular financial assets (even in circumstances of significant changes in market conditions)
- A temporary disappearance of a particular market for financial assets.
- A transfer of financial assets between parts of the Group with different business models.

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

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

2.30.6 Modification of financial assets

The Group sometimes renegotiates or otherwise modifies the terms of loans provided to customers. This may be due to commercial renegotiations, or for distressed loans, with a view to maximising recovery.

Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans.

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

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

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

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

2.30.7 Derecognition of financial liabilities

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

2.30.8 Derecognition of financial assets

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

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

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

2.31 Financial guarantee contracts and loan commitments

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

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance; and 2.32 Offsetting financial instruments
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

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

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

2.32 Offsetting financial instruments

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

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

2.33 Classes of financial instruments

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

Financial assets

Category (as defined by 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 judgements in applying accounting policies

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

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

a) Impairment losses on loans and advances

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

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

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

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

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

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

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

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

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

b) Fair value of financial instruments

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

c) Goodwill impairment

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.18. These calculations require the use of estimates. The recoverable amount of all CGUs has been determined based on value-in-use calculations. These calculations use post-tax cash flow projections based on financial budgets approved by management covering a five-year period. A goodwill impairment charge of $1.6 million arose in the year 2022.

d) Taxes

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

e) Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (please see financial assets sections of Note 2.30.1). The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

f) Hyperinflationary accounting

From 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.

g) Impact of Ghana Economic Environment

Recent adverse global events have placed pressure on the Ghanaian economy. Consequently, critical accounting estimates and judgements have been applied in preparation of the financial statements. Refer to note 46.

4 Financial risk management

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

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

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

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

4.1 Credit risk

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

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

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

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4.1.1 Credit quality analysis

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

Credit risk grading

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

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

Retail

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

Wholesale

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

Investment securities

For debt securities in the Treasury portfolio, external rating agency credit grades are used. These published grades are continuously monitored and updated. The PD's associated with each grade are determined based on realised default rates over the prior 12 months, as published by the rating agency.

The Group's rating method comprises 10 rating levels. The master scale assigns each rating category a specified range of probabilities of default, which is stable over time. The rating methods are subject to an annual validation and recalibration so that they reflect the latest projections in the light of all actually observed defaults.

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

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

The ratings of the major rating agency shown in the table above are mapped to the Group's rating classes based on the long-term average default rates for each external grade. The Group uses the external ratings where available to benchmark our internal credit risk assessment. Observed defaults per rating category vary year on year, especially over an economic cycle. As per the Group Credit Policy, the Bank does not originate loans rated worst than 7.

The Group's policy requires the review of individual financial assets that are above materiality thresholds at least annually or more regularly when individual circumstances require.

4.1.2 Risk limit control and mitigation policies

The Group manages, limits and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties and groups, and to industries and countries. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. 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; and/or
- 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.

4.1.2 Expected credit loss measurement

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

a. A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group.
b. If a SICR since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit impaired. Refer below for a description of how the Group determines when a significant increase in credit risk has occurred.
c. If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Refer below for a description of how the Group defines credit-impaired and default.
d. Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Refer below for a description of inputs, assumptions and estimation techniques used in measuring the ECL.
e. A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. Note 4.1.3 below includes an explanation of how the Group has incorporated this in its ECL models.
f. POCI financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

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

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

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

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

4.1.3 Significant increase in credit risk

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

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

a) Forward transitions: credit ratings

The Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement.

Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower. Notch differences between the current rating grade and initial rating grade can be indicative of significant increase in credit risks.

The Group specifies the number of notch increases that will be viewed as a significant increase in credit risk since origination. This number is specified separately for both low and high-risk accounts. The split between low and high-risk accounts is also specified by the Group. Assuming the account is currently classified as Stage 1, if the current credit rating increases by more notches than the specified number since origination, the account is classified as Stage 2.

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

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

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

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

b) Forward transitions: days past due

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

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

c) Forward transitions: watchlist 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 in accordance with the Group's credit policy and procedures manual (GCPPM) as either '1,1A, II, III, or IV'. This classification is considered together with days past due in determining the Stage classification. The table below summarises the account classification and days past due.

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

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

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

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

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

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

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

4.1.4 Grouping of instruments for losses measured on a collective basis

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

Retail – groupings for collective measurement

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

Wholesale – groupings for collective measurement

- Collateral type
- Credit rating band

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

4.1.5 Maximum exposure to credit risk

4.1.5.1 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.

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

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

US$'000	Loans and advances to banks				
	31 December 2022				
ECL staging	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit – impaired	Total
Gross carrying amount	1,496,567	–	–	–	1,496,567
Loss allowance	–	–	–	–	–
Carrying amount	**1,496,567**	**–**	**–**	**–**	**1,496,567**

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

US$'000	Investment securities – debt instruments				
	31 December 2022				
ECL staging	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit – impaired	Total
Gross carrying amount	6,024,593	–	1,184,976	–	7,209,569
Loss allowance	–	–	(205,135)	–	(205,135)
Carrying amount	**6,024,593**	**–**	**979,841**	**–**	**7,004,434**

US$'000	Investment securities – debt instruments				
	31 December 2021				
ECL staging	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit – impaired	Total
Gross carrying amount	6,361,916	–	–	–	6,361,916
Loss allowance	–	–	–	–	–
Carrying amount	**6,361,916**	**–**	**–**	**–**	**6,361,916**

US$'000	Other assets				
	31 December 2022				
ECL staging	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit – impaired	Total
Gross carrying amount	1,211,233	–	89,824	–	1,301,057
Loss allowance	(32,509)	–	(71,373)	–	(103,882)
Carrying amount	**1,178,724**	**–**	**18,451**	**–**	**1,197,175**

US$'000	Other assets				
	31 December 2021				
ECL staging	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit – impaired	Total
Gross carrying amount	1,304,890	–	–	–	1,304,890
Loss allowance	(209,321)	–	–	–	(209,321)
Carrying amount	**1,095,569**	**–**	**–**	**–**	**1,095,569**

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

US$'000			Off Balance sheet		
			31 December 2121		
ECL staging	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit – impaired	Total
Gross carrying amount	4,704,451	20,938	4,777	–	4,730,166
Loss allowance	(13,161)	(59)	(13)	–	(13,233)
Carrying amount	**4,691,290**	**20,879**	**4,764**	**–**	**4,716,933**

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

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

US$'000	31 December 2022	31 December 2021
Trading assets		
• Debt securities	173,195	346,042
• Derivatives	137,468	78,404
Financial assets designated at fair value		
• Debt securities	–	–
• Loans and advances to customers	–	–

4.1.5.3 Maximum exposure to credit risk before collateral held

	Maximum exposure	
	31 December 2022	31 December 2021
Credit risk exposures relating to on-statement of financial position assets are as follows:		
Balances with central banks	3,607,620	3,541,791
Treasury bills and other eligible bills	2,455,739	2,087,085
Loans and advances to banks	1,496,567	2,289,445
Loans and advances to customers:		
Corporate and Investment Banking		
• Overdrafts	643,979	669,825
• Term loans	7,582,991	6,462,455
Commercial Banking		
• Overdrafts	246,320	231,035
• Term loans	1,415,031	1,112,486
Consumer Banking		
• Overdrafts	28,330	61,531
• Credit cards	73	2,432
• Term loans	950,847	911,501
• Mortgages	135,334	124,600
Trading financial assets		
• Debt securities	173,195	346,042
Derivative financial instruments	137,468	78,404
Financial assets designated at fair value:		
Investment securities:		
• Debt securities	6,777,850	6,361,916
Pledged assets	153,970	206,001
Other assets	1,022,141	901,436
Credit risk exposures relating to off-balance sheet items are as follows:		
Financial guarantees	3,405,209	3,657,597
Loan commitments	1,457,686	1,072,569
	31,690,350	**30,118,151**

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

As shown above, 39% (December 2021: 39%) of the total maximum exposure is derived from loans and advances to banks and customers, 21% (December 2021: 21%) represents investments securities in debt securities.

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

- 85% (December 2021: 84%) of the loans and advances portfolio are considered to be neither past due nor impaired;
- 70% (December 2021: 83%) of loans and advances are backed by collateral;
- Investment in debt securities are largely government securities.

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4.1.6 Collateral and other credit enhancements

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

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

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

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

A portion of the Group's financial assets originated by the mortgage business has sufficiently low 'loan to value' (LTV) ratios, which results in no loss allowance being recognised in accordance with the Group's expected credit loss model. The carrying amount of such financial assets is US$140 million as at 31 December 2022.

The Group closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Group will take possession of collateral to mitigate potential credit losses. Financial assets that are credit-impaired and related collateral held in order to mitigate potential losses are shown in note 4.1.9 (c) below.

4.1.7 Loss allowance

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

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

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

Loans and advances to customers

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 2022	79,923	143,420	429,033	–	652 376
Movements with P&L impact					
New financial assets originated or purchased	36,066	8,176	42,326	–	86,568
Transfer from Stage 1 to Stage 2	(15,860)	15,860	–	–	–
Transfer from Stage 1 to Stage 3	(30,123)	–	30,123	–	–
Changes in PDs/LGDs/EADs	12,927	30,414	(110,988)	–	(67,647)
Changes to model assumptions and methodologies	(8,627)	374	(340)	–	(8,593)
Total net P&L charge during the year	**(5,617)**	**54,824**	**(38,879)**	**–**	**10,328**
Other movements with no P&L impact					
FX and other movements	(12,781)	(51,171)	119,878		55,926
Transfer from Stage 2 to Stage 3	–	(8,516)	8,516	–	–
Transfer from Stage 3 to Stage 2	–	956	(956)	–	–
Write-offs	–	–	(200,523)	–	(200,523)
Loss allowance as at 31 December 2022	**61,525**	**139,513**	**317,069**	**–**	**518,107**

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

Significant changes in the gross carrying amount of financial assets that contributed to changes in the loss allowances were as follows:

- The write-off of loans with a total gross carrying amount of US$201 million (2021: $113 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 2022	1,304	–	–	–	1,304
Movements with P&L impact					–
Changes in PDs/LGDs/EADs	–	–	170,190	–	170,190
Changes to model assumptions and methodologies	–	–	–	–	–
Modification of contractual cash flows of financial assets	–	–	–	–	–
Unwind of discount(a)	–	–	–	–	–
Total net P&L charge during the year	**–**	**–**	**170,190**	**–**	**170,190**
Other movements with no P&L impact					
FX and other movements	(35)	–	33,694	–	33,659
Transfer from Stage 2 to Stage 3	–	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–	–
Financial assets derecognised during the year	–	–	–	–	–
Write-offs	–	–	–	–	–
Loss allowance as at 31 December 2022	**1,269**	**–**	**203,884**	**–**	**205,153**

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 2021	1,316	–	–	–	1,316
Movements with P&L impact					
Changes in PDs/LGDs/EADs	–	–	–	–	–
Changes to model assumptions and methodologies	–	–	–	–	–
Modification of contractual cash flows of financial assets	–	–	–	–	–
Unwind of discount(a)	–	–	–	–	–
Total net P&L charge during the year	**–**	**–**	**–**	**–**	**–**
Other movements with no P&L impact					
FX and other movements	(12)	–	–	–	(12)
Transfer from Stage 2 to Stage 3	–	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–	–
Financial assets derecognised during the year	–	–	–	–	–
Write-offs	–	–	–	–	–
Loss allowance as at 31 December 2021	**1,304**	**–**	**–**	**–**	**1,304**

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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 2022	209,321	–	–	–	209,321
Movements with P&L impact					
New financial assets originated or purchased	–	–	–	–	–
Changes in PDs/LGDs/EADs	17,160	–	–	–	17,160
Changes to model assumptions and methodologies	–	–	–	–	–
Modification of contractual cash flows of financial assets	–	–	–	–	–
Unwind of discount(a)	–	–	–	–	–
Total net P&L charge during the year	**17,160**	**–**	**–**	**–**	**17,160**
Other movements with no P&L impact					
FX and other movements	(122,599)	–	–	–	(122,599)
Transfer from Stage 2 to Stage 3	–	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–	–
Financial assets derecognised during the year	–	–	–	–	–
Write-offs	–	–	–	–	–
Loss allowance as at 31 December 2022	**103,882**	**–**	**–**	**–**	**103,882**

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

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 2022	1,365	–	–	–	1,365
Movements with P&L impact					
New financial assets originated or purchased	–	–	–	–	–
Changes in PDs/LGDs/EADs	–	–	–	–	–
Changes to model assumptions and methodologies	–	–	–	–	–
Modification of contractual cash flows of financial assets	–	–	–	–	–
Unwind of discount(a)	–	–	–	–	–
Total net P&L charge during the year	**–**	**–**	**–**	**–**	**–**
Other movements with no P&L impact					
FX and other movements	1,132	–	–	–	1,132
Transfer from Stage 2 to Stage 3	–	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–	–
Financial assets derecognised during the year	–	–	–	–	–
Write-offs	–	–	–	–	–
Loss allowance as at 31 December 2022	**2,497**	**–**	**–**	**–**	**2,497**

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

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Off Balance sheet

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 2022	13,161	59	–	13	13,233
Movements with P&L impact					
New financial assets originated or purchased	388	–	–	–	388
Changes in PDs/LGDs/EADs	–	–	–	–	–
Changes to model assumptions and methodologies	–	–	–	–	–
Modification of contractual cash flows of financial assets	–	–	–	–	–
Unwind of discount(a)	–	–	–	–	–
Total net P&L charge during the year	**388**	**–**	**–**	**–**	**388**
Other movements with no P&L impact					
FX and other movements	(2,747)	(59)	–	(13)	(2,819)
Transfer from Stage 2 to Stage 3	–	–	–	–	–
Transfer from Stage 3 to Stage 2	–	–	–	–	–
Financial assets derecognised during the year	–	–	–	–	–
Write-offs	–	–	–	–	–
Loss allowance as at 31 December 2022	**10,802**	**–**	**–**	**–**	**10,802**

Off Balance sheet

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

4.1.8 Loans and advances exposure by internal rating

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

Credit Rating	31 December 2022		31 December 2021	
	Loans and advances US$'000		Loans and advances US$'000	
1	434,067	4%	220,323	2%
2	20,547	0%	13,695	0%
3	177,252	2%	79,301	1%
4	633,729	6%	566,416	6%
5	1,944,098	17%	1,078,285	11%
6	6,538,507	57%	6,588,530	64%
7	655,204	6%	487,638	5%
8	518,942	5%	554,895	5%
9	280,716	2%	306,787	3%
10	317,950	3%	332,371	3%
	11,521,012	**100%**	**10,228,241**	**100%**

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

Group's rating	31 December 2022				31 December 2021			
	Loans and advances US$'000		Impairment provision US$'000		Loans and advances US$'000		Impairment provision US$'000	
1 Current	9,367,774	81%	53,336	1%	8,018,837	78%	71,663	1%
1A. Watchlist	380,426	3%	8,189	2%	527,713	5%	8,260	2%
II. Substandard	1,174,146	10%	139,513	12%	1,042,533	10%	143,420	14%
III. Doubtful	519,957	5%	275,383	53%	554,781	5%	372,395	67%
IV. Loss	78,709	1%	41,686	53%	84,377	1%	56,638	67%
	11,521,012	**100%**	**518,107**	**4%**	**10,228,241**	**100%**	**652,376**	**6%**

4.1.9 Loans and advances by status

Loans and advances are summarised as follows:	31 December 2022		31 December 2021	
	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	1,496,567	9,748,200	2,290,810	8,546,550
Past due but not impaired	–	1,174,146	–	1,042,533
Impaired	–	598,666	–	639,158
Gross	**1,496,567**	**11,521,012**	**2,290,810**	**10,228,241**
Less: allowance for impairment	–	(518,107)	(1,365)	(652,376)
Net	**1,496,567**	**11,002,905**	**2,289,445**	**9,575,865**

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

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

a) Loans and advances neither past due nor impaired

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

31 December 2022

	Loans and advances to customers											
	CIB			Commercial				Consumer				Total
Grades:	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term loans	Others	Overdrafts	Credit cards	Term loans	Mortgages	
Current	645,028	6,170,680	–	186,090	–	1,294,675	–	35,203	1,542	911,814	122,742	9,367,774
Watchlist	32,970	255,454	–	30,610	–	43,336	–	137	–	14,818	3,101	380,426
Total	**677,998**	**6,426,134**	**–**	**216,700**	**–**	**1,338,011**	**–**	**35,340**	**1,542**	**926,632**	**125,843**	**9,748,200**

31 December 2021

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

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

b) Loans and advances past due but not impaired

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

31 December 2022

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

31 December 2021

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

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

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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 2022

	CIB			Commercial				Consumer				Total
Past due:	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term loans	Others	Overdrafts	Credit cards	Term loans	Mortgages	
Gross	22,130	433,414	–	28,961	–	57,648	–	16,202	–	37,735	2,576	598,666
Impairment allowance	(4,103)	(190,901)	–	(24,992)	–	(50,166)	–	(15,754)	–	(30,379)	(774)	(317,069)
	18,027	**242,513**	**–**	**3,969**	**–**	**7,482**	**–**	**448**	**–**	**7,356**	**1,802**	**281,597**
Fair value of collateral	(23,834)	(752,187)	–	(10,335)	–	(31,900)	–	(7,446)	–	(13,282)	(5,202)	(844,186)
Amount of (over)/under collateralisation	**(5,807)**	**(509,674)**	**–**	**(6,366)**	**–**	**(24,418)**	**–**	**(6,998)**	**–**	**(5,926)**	**(3,400)**	**(562,589)**

31 December 2021

	CIB			Commercial				Consumer				Total
Past due:	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term loans	Others	Overdrafts	Credit cards	Term loans	Mortgages	
Gross	64,575	304,007	–	78,661	–	121,682	–	21,074	–	47,804	1,355	639,158
Impairment allowance	(1,032)	(197,942)	–	(61,150)	–	(118,151)	–	(10,328)	–	(39,914)	(516)	(429,033)
	63,543	**106,065**	**–**	**17,511**	**–**	**3,531**	**–**	**10,746**	**–**	**7,890**	**839**	**210,125**
Fair value of collateral	(119,663)	(199,740)	–	(39,626)	–	(38,531)	–	(26,557)	–	(19,810)	(2,073)	(446,000)
Amount of (over)/under collateralisation	**(56,120)**	**(93,675)**	**–**	**(22,115)**	**–**	**(35,000)**	**–**	**(15,811)**	**–**	**(11,920)**	**(1,234)**	**(235,875)**

d) Other assets with exposure to credit risks

	Balances with central banks	Trading financial assets	Derivative financial instruments	Treasury bills and other eligible bills	Investment securities	Pledged assets	Other assets less prepayments	Total
31 December 2022								
Neither past due nor impaired	3,607,620	23,116	137,468	2,455,739	6,024,593	153,970	1,036,199	13,438,705
Past due but not impaired	–	–	–	–	–	–	89,824	89,824
Impaired	–	150,079	–	–	1,184,976	–	–	1,335,055
Gross	**3,607,620**	**173,195**	**137,468**	**2,455,739**	**7,209,569**	**153,970**	**1,126,023**	**14,863,584**
Less: allowance for impairment	–	–	–	–	(205,135)	–	(103,882)	(309,017)
Net	**3,607,620**	**173,195**	**137,468**	**2,455,739**	**7,004,434**	**153,970**	**1,022,141**	**14,554,567**
Carrying amounts	3,607,620	173,195	137,468	2,455,739	7,004,434	153,970	1,022,141	14,554,567
31 December 2021								
Neither past due nor impaired	3,541,791	346,042	78,404	2,087,085	6,361,916	206,001	1,110,757	13,731,996
Past due but not impaired	–	–	–	–	–	–	–	–
Impaired	–	–	–	–	–	–	209,321	209,321
Gross	**3,541,791**	**346,042**	**78,404**	**2,087,085**	**6,361,916**	**206,001**	**1,320,078**	**13,941,317**
Less: allowance for impairment	–	–	–	–	–	–	(209,321)	(209,321)
Net	**3,541,791**	**346,042**	**78,404**	**2,087,085**	**6,361,916**	**206,001**	**1,110,757**	**13,731,996**
Carrying amounts	3,541,791	346,042	78,404	2,087,085	6,361,916	206,001	1,110,757	13,731,996

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4.1.10 Concentration of risks of financial assets with credit risk exposure

a) Geographical sectors

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

As at 31 December 2022

	UEMOA	NIGERIA	AWA	CESA	OTHERS	Total
Cash and balances with central banks	836,115	1,386,145	835,073	910,992	325,485	4,293,810
Trading financial assets	–	19,553	134,459	19,183	–	173,195
Derivative financial instruments	21,810	63,366	–	–	52,292	137,468
Loans and advances to banks	414,650	282,766	395,586	282,320	123,742	1,499,064
Loans and advances to customers:						
CIB						
• Overdrafts	324,316	15,938	177,081	206,238	–	723,573
• Term loans	2,953,739	2,237,248	831,655	875,184	913,354	7,811,180
Consumer						
• Overdrafts	11,017	5,312	17,400	18,691	–	52,420
• Credit cards	–	–	1,348	194	–	1,542
• Term loans	559,744	71,135	150,976	204,799	–	986,654
• Mortgages	76,203	–	36,579	26,977	–	139,759
Commercial						
• Overdrafts	57,228	65,277	83,619	75,795	–	281,919
• Term loans	523,475	186,538	322,862	491,090		1,523,965
Treasury bills and other eligible bills	165,026	1,039,010	336,286	915,417	–	2,455,739
Investment securities – debt securities	4,454,463	340,959	1,077,172	1,336,746	229	7,209,569
Pledged assets	–	153,970	–	–	–	153,970
Other assets	206,277	389,110	153,443	270,171	107,022	1,126,023
Total	**10,604,063**	**6,256,327**	**4,553,539**	**5,633,797**	**1,522,124**	**28,569,850**
Credit commitments	**1,394,817**	**946,801**	**677,867**	**1,732,531**	**110,879**	**4,862,895**

4.1.10 Concentration of risks of financial assets with credit risk exposure (continued)

As at 31 December 2021

	UEMOA	NIGERIA	AWA	CESA	OTHERS	Total
Cash and balances with central banks	1,017,259	1,339,456	663,036	946,708	242,679	4,209,138
Trading financial assets	–	64,846	253,188	28,008	–	346,042
Derivative financial instruments	23,197	8,529	–	–	46,678	78,404
Loans and advances to banks	495,397	362,441	171,342	555,157	705,108	2,289,445
Loans and advances to customers:						
Corporate and Investment Banking						
• Overdrafts	293,841	28,441	213,605	174,312	586,211	710,199
• Term loans	2,394,229	2,230,323	633,537	918,112	–	6,762,412
Consumer Banking						
• Overdrafts	14,016	46,595	16,485	13,551	–	90,647
• Credit cards	–	25	2,317	187	–	2,529
• Term loans	532,729	38,078	164,646	219,782	–	955,235
• Mortgages	69,170	2	38,146	19,062	–	126,380
Commercial Banking						
• Overdrafts	50,576	88,611	58,201	98,699	–	296,087
• Term loans	448,013	139,248	251,373	446,118	–	1,284,752
Treasury bills and other eligible bills	84,674	663,016	489,193	850,202	–	2,087,085
Investment securities – debt securities	3,747,841	409,274	1,100,949	1,090,437	13,415	6,361,916
Pledged assets	–	206,001	–	–	–	206,001
Other assets	455,981	193,609	139,650	269,496	62,603	1,121,339
Total	**9,626,923**	**5,818,496**	**4,195,667**	**5,629,831**	**1,656,695**	**26,927,611**
Credit commitments	**1,691,087**	**1,022,090**	**737,021**	**988,949**	**291,019**	**4,730,166**

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

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 2022							
Cash and balances with central banks	4,293,810	–	–	–	–	–	4,293,810
Trading financial assets	145,330	–	–	27,865	–	–	173,195
Derivative financial instruments	115,658	–	–	21,810	–	–	137,468
Loans and advances to banks	1,333,083	–	–	7,854	–	158,127	1,499,064
Loans and advances to customers:							
• Overdrafts	9,900	349,717	123,012	27,803	98,100	449,380	1,057,912
• Credit cards	–	–	–	–	–	1,542	1,542
• Term loans	194,310	2,013,594	1,019,724	1,728,392	704,293	4,661,486	10,321,799
• Mortgages	27	5,038	6,948	3,516	5,694	118,536	139,759
Treasury bills and other eligible bills	1,627,293	–	–	783,698	–	44,748	2,455,739
Investment securities – debt securities	625,208	–	–	6,584,361	–	–	7,209,569
Pledged assets	153,970	–	–	–	–	–	153,970
Other assets	316,921	81,263	–	8,272	–	719,567	1,126,023
Total	**8,815,510**	**2,449,612**	**1,149,684**	**9,193,571**	**808,087**	**6,153,386**	**28,569,850**
Credit commitments	**2,036,329**	**815,125**	**171,019**	**191,664**	**462,687**	**1,186,071**	**4,862,895**
31 December 2021							
Cash and balances with central banks	4,209,138	–	–	–	–	–	4,209,138
Financial assets held for trading	82,158	–	–	263,884	–	–	346,042
Derivative financial instruments	55,207	–	–	23,197	–	–	78,404
Loans and advances to banks	2,226,704	32,526	–	–	–	30,215	2,289,445
Loans and advances to customers:							
• Overdrafts	24,522	319,385	112,291	46,913	81,848	511,974	1,096,933
• Credit cards	–	–	–	–	–	2,529	2,529
• Term loans	282,882	1,754,516	811,011	1,858,453	1,009,657	3,285,880	9,002,399
• Mortgages	2,484	4,502	6,010	7,072	6,242	100,070	126,380
Treasury bills and other eligible bills	1,227,913	–	–	859,172	–	–	2,087,085
Investment securities – debt securities	269,629	–	50,556	6,015,158	–	26,573	6,361,916
Pledged assets	206,001	–	–	–	–	–	206,001
Other assets	413,607	6,702	–	7,163	–	693,867	1,121,339
Total	**9,000,245**	**2,117,631**	**979,868**	**9,081,012**	**1,097,747**	**4,651,108**	**26,927,611**
Credit commitments	**1,581,004**	**371,988**	**172,126**	**1,595,191**	**192,833**	**817,024**	**4,730,166**

4.2 Market risk

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

It is 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.

Our VaR model is designed to take into account a comprehensive set of risk factors across all asset classes in our trading book. Our (VaR) model is predominantly based on historical simulation which derives plausible future trading losses from the analysis of historic market prices.

We use a three-year historical dataset, a one-day holding period and a 99% confidence level. This means that we would expect daily mark-to-market trading losses to exceed the reported (VaR) not more than once in 100 trading days. These assumptions are aligned with international standards for market risk management.

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

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

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4.2.1 Foreign exchange risk

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

As at 31 December 2022	Dollar	Euro	CFA	Naira	Cedis	Others	Total
Assets							
Cash and balances with central banks	537,807	379,474	1,130,863	1,375,787	440,653	429,226	4,293,810
Trading financial assets	46,591	–	–	17,450	97,785	11,369	173,195
Derivative financial instruments	–	52,292	21,810	63,366	–	–	137,468
Loans and advances to banks	345,705	316,729	270,887	137,655	53,194	372,397	1,496,567
Loans and advances to customers	2,241,886	509,467	5,090,545	1,532,272	933,225	695,510	11,002,905
Treasury bills and other eligible bills	159,426	–	441,979	1,039,198	1,725	813,411	2,455,739
Investment securities	668,592	63,304	5,117,688	265,762	408,357	480,731	7,004,434
Pledged assets	–	–	–	153,970	–	–	153,970
Other assets excluding prepayments	253,549	75,000	209,331	219,970	42,908	221,383	1,022,141
Total financial assets	**4,253,556**	**1,396,266**	**12,283,103**	**4,805,430**	**1,977,847**	**3,024,027**	**27,740,229**
Liabilities							
Deposits from banks	810,396	573,481	948,730	129	38,013	91,185	2,461,934
Deposit from customers	4,591,837	660,176	9,087,885	3,025,696	1,402,623	2,045,096	20,813,313
Derivative financial instruments	–	32,558	–	61,666	–	–	94,224
Other borrowed funds	1,748,137	22,795	100,509	359,500	9,374	38,077	2,278,392
Other liabilities excluding accrued income	193,430	96,293	225,300	303,244	90,971	46,595	955,833
Total financial liabilities	**7,343,800**	**1,385,303**	**10,362,424**	**3,750,235**	**1,540,981**	**2,220,953**	**26,603,696**
Net on-statement of financial position	**(3,090,244)**	**10,963**	**1,920,679**	**1,055,195**	**436,866**	**803,074**	**1,136,533**
Credit commitments	**2,209,428**	**494,383**	**1,437,045**	**–**	**421,398**	**300,641**	**4,862,895**

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

Currency sensitivity analysis

ETI periodically performs sensitivity analysis to determine the impact on Group's balance sheet resulting from a potential appreciation of the US dollar (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 2022 and 31 December 2021 are shown in the table below.

	31 December 2022			31 December 2021		
Overall impact						
Projected Appreciation of the USD	5%	10%	20%	5%	10%	20%
Estimated Impact on Net Asset Value ($ m)	(127)	(254)	(507)	(110)	(220)	(440)
Impact for NGN						
Projected Appreciation of the USD	5%	10%	20%	5%	10%	20%
Estimated Impact on Net Asset Value ($ m)	(39)	(78)	(155)	(18)	(37)	(74)
Impact for CFA						
Projected Appreciation of the USD	5%	10%	20%	5%	10%	20%
Estimated Impact on Net Asset Value ($ m)	(71)	(143)	(285)	(66)	(131)	(263)
Impact for EUR						
Projected Appreciation of the USD	5%	10%	20%	5%	10%	20%
Estimated Impact on Net Asset Value ($ m)	(0)	(1)	(2)	6	11	23
Impact for GHS						
Projected Appreciation of the USD	5%	10%	20%	5%	10%	20%
Estimated Impact on Net Asset Value ($ m)	(16)	(32)	(65)	(32)	(63)	(126)

4.2.2 Interest rate risk

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

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4.2.2 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 2022	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest bearing	Total
Assets							
Cash and balances with central banks	3,597,984	100,236	73,370	–	–	522,220	4,293,810
Trading financial assets	3,593	13,324	16,301	139,492	485	–	173,195
Derivative financial instruments	82,091	5,428	28,139	–	21,810	–	137,468
Loans and advances to banks	445,880	339,859	410,479	277,037	23,312	–	1,496,567
Loans and advances to customers	1,652,138	2,111,101	2,145,705	3,733,245	1,360,716	–	11,002,905
Treasury bills and other eligible bills	229,201	551,245	1,485,676	132,236	57,381	–	2,455,739
Investment securities	265,525	313,077	539,091	4,905,903	980,838	–	7,004,434
Pledged assets	–	–	153,970	–	–	–	153,970
Other assets excluding prepayments	187,588	96,130	381,730	198,670	17,048	140,975	1,022,141
Total financial assets	**6,464,000**	**3,530,400**	**5,234,461**	**9,386,583**	**2,461,590**	**663,195**	**27,740,229**
Liabilities							
Deposits from banks	1,445,054	300,005	83,103	121,293	1,719	510,760	2,461,934
Deposit from customers	9,625,341	1,833,659	3,188,358	1,482,015	3,287,055	1,396,885	20,813,313
Derivative financial instruments	61,327	6,998	25,899	–	–	–	94,224
Borrowed funds	31,020	10,809	257,925	972,191	1,006,447	–	2,278,392
Other liabilities	71,301	50,689	154,290	431,799	42,618	205,136	955,833
Total financial liabilities	**11,234,043**	**2,202,160**	**3,709,575**	**3,007,298**	**4,337,839**	**2,112,781**	**26,603,696**
Total interest repricing gap	**(4,770,043)**	**1,328,240**	**1,524,886**	**6,379,285**	**(1,876,249)**	**(1,449,586)**	**1,136,533**

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

4.2.2 Interest rate risk (continued)

Interest rate sensitivity analysis

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

31 December 2022

Projected Change in Interest Rates	25 basis points increase	50 basis points increase	100 basis points increase	25 basis points decrease	50 basis points decrease	100 basis points decrease
Estimated Impact on Earnings/Equity ($ Million)	9.4	18.7	37.4	(9.4)	(18.7)	(37.4)

31 December 2021

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

Effect of IBOR reform

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

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

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

The emerging LIBOR transition programme and the direction of thought is also heavily influenced by several notable market bodies:

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

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

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

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An impact assessment was done within the Group and we identified contracts which were linked to USD Libor and which were outstanding as at 31 December 2021.

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

Note that Libor is no longer in use.

Financial assets and liabilities subject to LIBOR Reform as at 31 December 2021.

31 December 2021

Assets	USD LIBOR
Loans and advances to customers	766,016
Total financial assets	**766,016**

Liabilities	USD LIBOR
Borrowed funds	591,364
Total financial liabilities	**591,364**

4.3 Liquidity risk

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

4.3.1 Liquidity risk management process

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

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

4.3.2 Undiscounted cash flows

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

As at 31 December 2022	Up to 1 month	1–3 months	3–12 months	1–5 years	Over 5 years	Total
Cash and balances with central banks	2,568,620	–	–	–	1,725,190	4,293,810
Trading financial assets	29,723	46,421	25,713	47,435	34,800	184,092
Derivative financial instruments	1,789	–	113,873	23,071	–	138,733
Loans and advances to banks	875,059	218,633	230,813	243,745	60	1,568,310
Loans and advances to customers	2,243,226	2,399,212	2,122,432	2,648,415	2,558,055	11,971,340
Treasury bills and other eligible bills	354,800	842,933	1,245,287	94,047	–	2,537,067
Investment securities	1,292,258	100,821	511,170	3,114,812	2,046,426	7,065,487
Pledged assets	–	–	94,095	61,801	–	155,896
Other assets excluding prepayments	48,138	177,325	292,911	282,629	221,138	1,022,141
Total assets (expected maturity dates)	**7,413,613**	**3,785,345**	**4,636,294**	**6,515,955**	**6,585,669**	**28,936,876**
Liabilities						
Deposits from banks	1,222,432	399,128	751,893	102,780	1,719	2,477,952
Deposit from customers	15,945,627	1,116,839	1,194,258	2,511,091	184,092	20,951,907
Other borrowed funds	60,921	20,226	138,159	1,060,224	1,066,896	2,346,426
Other liabilities excluding accrued income	55,818	197,762	286,033	303,308	112,912	955,833
Derivative financial instruments	27,845	13,540	48,368	6,989	–	96,742
Total liabilities (contractual maturity dates)	**17,312,643**	**1,747,495**	**2,418,711**	**3,984,392**	**1,365,619**	**26,828,860**
Gap analysis	**(9,899,030)**	**2,037,850**	**2,217,583**	**2,531,563**	**5,220,050**	**2,108,016**
Off-balance sheet items						
Loan commitments	–	–	991,226	466,460	–	1,457,686
Guarantees, acceptances and other financial facilities	–	–	2,315,542	1,089,667	–	3,405,209
Total	**–**	**–**	**3,306,768**	**1,556,127**	**–**	**4,862,895**

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

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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.

4.4 Offsetting

At 31 December 2022	Gross amount	Gross amount set-off on SOFP	Net amount presented on SOFP	Related amount not set-off on SOFP	Net amount
Derivative financial assets					
• forwards	115,658	–	115,658	–	115,658
• swaps	21,810	–	21,810	–	21,810
• options	–	–	–	–	–
Derivative financial liabilities					
• forwards	83,581	–	83,581	–	83,581
• swaps	10,643	–	10,643	–	10,643
• options	–	–	–	–	–

At 31 December 2021

	Gross amount	Gross amount set-off on SOFP	Net amount presented on SOFP	Related amount not set-off on SOFP	Net amount
Derivative financial assets					
• forwards	58,032	–	58,032	–	58,032
• swaps	20,372	–	20,372	–	20,372
• options	–	–	–	–	–
Derivative financial liabilities					
• forwards	10,643	–	10,643	–	10,643
• swaps	18,458	–	18,458	–	18,458
• options	–	–	–	–	–

There are no amounts that have been offsetted as at the year ended 31 December 2022 (December 2021: nil).

4.5 Fair value of financial assets and liabilities

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

a) Financial instruments not measured at fair value

The table below summarises the carrying amounts and fair values of those financial assets and liabilities not measured at fair value on the group's consolidated statement of financial position.

	Carrying value		Fair value	
	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
Financial assets:				
Cash and balances with central banks	4,293,810	4,209,138	4,293,810	4,209,138
Loans and advances to banks	1,496,567	2,290,810	1,499,725	2,988,638
Loans and advances to customers	11,521,012	9,575,865	11,721,340	9,720,135
Other assets, excluding prepayments	1,126,023	901,436	1,126,023	901,436
Financial liabilities:				
Deposits from banks	2,461,934	2,229,935	2,454,657	2,412,243
Deposit from customers	20,813,313	19,713,349	20,881,908	19,950,771
Other liabilities, excluding accrued income	955,833	756,924	955,833	756,924
Borrowed funds	2,278,392	2,352,437	2,293,588	2,898,837

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

4.5 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.

4.5 Fair value of financial assets and liabilities (continued)

	31 December 2022			31 December 2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Treasury and other eligible bills	275,525	2,180,214	–	148,405	1,938,680	–
Trading financial assets	48,361	124,834	–	64,043	281,999	–
Derivative financial instruments	–	137,468	–	–	78,404	–
Pledged assets	–	153,970	–	–	206,001	–
Investment securities	394,900	6,487,820	121,714	369,775	6,070,554	119,899
Total financial assets	**718,786**	**9,084,306**	**121,714**	**582,223**	**8,575,638**	**119,899**
Derivative financial instruments	–	94,224	–	–	29,101	–
Total financial liabilities	**–**	**94,224**	**–**	**–**	**29,101**	**–**

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

	31 Dec. 2022	31 Dec. 2021
	Level 3	Level 3
Opening balance	119,899	114,080
Disposal	–	–
Transfer from level 2 to level 3	–	334
Exchange difference	1,815	(3,581)
Gain recognised in the income statement	–	9,100
Loss recognised in other comprehensive income	–	(34)
Closing balance	**121,714**	**119,899**
Total gain for the year	**13,230**	**18,563**

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Level 3 fair value measurement

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

Type of financial instrument	Fair value as at 31 Dec 2022	Valuation technique	Significant unobservable input	Change in unobservable input by 10 basis point	Change in unobservable input by 50 basis point
African Finance Corporation	94,730	Dividend discount model	Weighted average cost of capital	101,324	105,778
Accion Microfinance Limited	1,566	Average of Income and Market Approach	Weighted average cost of capital	1,675	1,748
Afreximbank	3,808	Dividend discount model	Weighted average cost of capital	4,073	4,252
Nigerian Automated Clearing System/ NIBSS	5,303	Income Approach (Average of operating profit model and Free Cash Flow to Equity model)	Weighted average cost of capital	5,672	5,921
FMDQ	8,586	Income Approach (Average of operating profit model and Free Cash Flow to Equity model)	Weighted average cost of capital	9,184	9,588
Unified Payment Services Limited	601	Income Approach (Average of operating profit model and Free Cash Flow to Equity model)	Weighted average cost of capital	643	671
AGSMEIS	6,775	Discounted cash flow	Weighted average cost of capital	7,247	7,565
Credit Reference Company	237	Income Approach (Average of operating profit model and Free Cash Flow to Equity model)	Weighted average cost of capital	254	265
SANEF	108	Discounted cash flow	Weighted average cost of capital	116	121

4.5 Fair value of financial assets and liabilities (continued)

At 31 December 2022	Amortised cost	FVTPL	FVTOCI – Debt Instruments	Equity Instruments at FVTPL	FVTOCI – Equity instruments	Liabilities at fair value through profit or loss	Liabilities at amortised cost	Total
Assets								
Cash and balances with central banks	4,293,810	–	–	–	–	–	–	4,293,810
Trading financial assets	17,815	155,380	–	–	–	–	–	173,195
Derivative financial instruments	–	137,468	–	–	–	–	–	137,468
Loans and advances to banks	1,496,567	–	–	–	–	–	–	1,496,567
Loans and advances to customers	11,002,905	–	–	–	–	–	–	11,002,905
Treasury bills and other eligible bills	276,791	–	2,178,948	–	–	–	–	2,455,739
Investment securities – Equity instruments	–	–	–	104,870	121,714	–	–	226,584
Investment securities – Debt instruments	307,621	–	6,470,229	–	–	–	–	6,777,850
Pledged assets	153,970	–	–	–	–	–	–	153,970
Other assets, excluding prepayments	1,022,141	–	–	–	–	–	–	1,022,141
Total	**18,571,620**	**292,848**	**8,649,177**	**104,870**	**121,714**	**–**	**–**	**27,740,229**
Liabilities								
Deposits from banks	–	–	–	–	–	–	2,461,934	2,461,934
Deposit from customers	–	–	–	–	–	–	20,813,313	20,813,313
Derivative financial instruments	–	–	–	–	–	94,224	–	94,224
Borrowed funds	–	–	–	–	–	–	2,278,392	2,278,392
Other liabilities, excluding non-financial liabilities	–	–	–	–	–	–	955,833	955,833
Total	**–**	**–**	**–**	**–**	**–**	**94,224**	**26,509,472**	**26,603,696**

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At 31 December 2021	Amortised cost	FVTPL	FVTOCI – Debt Instruments	Equity Instruments at FVTPL	FVTOCI – Equity instruments	Liabilities at fair value through profit or loss	Liabilities at amortised cost	Total
Assets								
Cash and balances with central banks	4,209,138	–	–	–	–	–	–	4,209,138
Trading financial assets	–	346,042	–	–	–	–	–	346,042
Derivative financial instruments	–	78,404	–	–	–	–	–	78,404
Loans and advances to banks	2,289,445	–	–	–	–	–	–	2,289,445
Loans and advances to customers	9,575,865	–	–	–	–	–	–	9,575,865
Treasury bills and other eligible bills	–	–	2,087,085	–	–	–	–	2,087,085
Investment securities – Equity instruments	–	–	–	78,413	119,899	–	–	198,312
Investment securities – Debt instruments	214,659	–	6,147,257	–	–	–	–	6,361,916
Pledged assets	206,001	–	–	–	–	–	–	206,001
Other assets, excluding prepayments	901,436	–	–	–	–	–	–	901,436
Total	**17,396,544**	**424,446**	**8,234,342**	**78,413**	**119,899**	**–**	**–**	**26,253,644**
Liabilities								
Deposits from banks	–	–	–	–	–	–	2,229,935	2,229,935
Deposit from customers	–	–	–	–	–	–	19,713,349	19,713,349
Derivative financial instruments	–	–	–	–	–	29,101	–	29,101
Borrowed funds	–	–	–	–	–	–	2,352,437	2,352,437
Other liabilities, excluding non-financial liabilities	–	–	–	–	–	–	756,924	756,924
Total	**–**	**–**	**–**	**–**	**–**	**29,101**	**25,052,645**	**25,081,746**

5 Financial Capital Management

The Group's capital management objectives are:

- To comply with the capital requirements set by regulators in the markets where the Group's entities operate and safeguard the Group's ability to continue as a going concern;
- To maintain a strong capital base that supports the development of the business; and
- To sustain a sufficient level of returns for the Group's shareholders.

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

The Group's capital is divided into two tiers:

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

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

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The table below summarises the composition of regulatory capital and the ratios of the Group. UEMOA minimum regulatory capital requirements will go to 7.5% CET1 CAR, 8.5% Tier 1 CAR and 11.5% Total CAR with effect from 2023. The Group has remained compliant with the UEMOA minimum regulatory capital adequacy ratios for Regionally systemically important banks (8.5% CET 1 CAR, 9.5% Tier 1 CAR, and 12.25% for Total CAR). Regulatory capital ratios are submitted to our regulator every six months. The ratios for December 2022 were submitted to the regulator by 30 April 2023.

	31 December 2022	31 December 2022
Common Equity Tier 1 capital		
Share capital	2,113,961	2,113,961
Retained earnings	571,032	434,419
IFRS 9 Day One transition adjustment	74,825	99,767
Statutory reserves	748,268	635,814
Other reserves	(2.180,902)	(1,848,142)
Non-controlling interests	224,008	220,170
Less: goodwill	(13,923)	(18,339)
Less: intangibles	(70,622)	(103,949)
Less: other deductions	–	–
Total CET 1 capital	**1,466,647**	**1,533,701**
Additional Tier 1 capital		
Additional Tier 1 instrument	75,000	75,000
Minority interests included in Tier 2 capital	23,628	22,931
Total Additional Tier 1 capital	**98,628**	**97,931**
Total qualifying Tier 1 capital	**1,565,275**	**1,631,632**
Tier 2 capital		
Subordinated debt and other instruments	476,095	481,362
Revaluation reserve	69,421	83,305
Minority interests included in Tier 2 capital	66,502	59,131
Total qualifying Tier 2 capital	**612,018**	**623,798**
Total regulatory capital	**2,177,293**	**2,255,430**
Risk-weighted assets:		
Credit risk-weighted assets	12,038,889	12,058,261
Market risk-weighted assets	35,674	77,745
Operational risk-weighted assets	3,281,166	3,135,424
Total risk-weighted assets	**15,355,730**	**15,271,430**
CET 1 Capital Adequacy Ratio	**9.6%**	**10.0%**
Tier 1 Capital Adequacy Ratio	**10.2%**	**10.7%**
Total Capital Adequacy Ratio	**14.2%**	**14.8%**

6 Segment analysis

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

The Group's operating segments are described below:

a) **Corporate and Investment Banking:** 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 Banking:** Focuses on serving local corporates, small and medium corporates, SMEs, schools, churches and local NGOs and Public Sector.

c) **Consumer Banking:** 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.

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

At 31 December 2022	CIB	Commercial	Consumer	Others	Total business segment	Consolidation adjustments	Ecobank Group
Interest income	1,293,923	221,026	125,832	7,800	1,648,581	(31,127)	1,617,454
Interest expense	(331,994)	(65,501)	(105,989)	(131,935)	(635,419)	31,668	(603,751)
Inter-segment revenue	(369,896)	87,221	249,729	32,946	–	–	–
Fee and commission income	217,268	146,491	170,021	34,704	567,073	(33,461)	533,612
Fee and commission expense	(33,287)	(19,184)	(9,402)	(3,553)	(65,426)	2,511	(62,915)
Trading income	184,744	95,893	33,310	(3,341)	310,606	–	310,606
Other income	24,550	5,333	6,220	287,702	323,805	(257,014)	66,791
Operating income	**985,308**	**471,279**	**469,721**	**224,323**	**2,149,220**	**(287,423)**	**1,861,797**
Impairment charges on financial assets	(199,070)	(32,835)	(16,879)	(48,291)	(297,075)	99,009	(198,066)
Non-conversion premium on bond	–	–	–	(40,000)	(40,000)	–	(40,000)
Operating expenses	(437,044)	(291,000)	(316,092)	(164,487)	(1,208,623)	158,242	(1,050,381)
Operating profit	**349,194**	**147,444**	**136,750**	**(28,455)**	**603,522**	**(30,172)**	**573,350**
Share of post-tax results of associates	–	–	–	(40)	(40)	610	570
Net monetary loss arising from hyperinflationary economies	(15,869)	(12,989)	(5,033)	–	(33,891)	–	(33,891)
Profit before tax	**333,325**	**134,455**	**131,717**	**(28,495)**	**569,591**	**(29,562)**	**540,029**
Balance Sheet Highlights as at 31 December 2022							
Total assets	**16,252,647**	**2,371,379**	**1,116,807**	**3,931,886**	**23,672,719**	**5,331,450**	**29,004,169**
Total liabilities	**13,992,641**	**5,637,852**	**6,499,917**	**2,156,776**	**28,287,186**	**(1,310,032)**	**26,977,154**
At 31 December 2021							
Interest income	1,181,545	181,688	132,207	10,545	1,505,985	(32,431)	1,473,554
Interest expense	(286,102)	(47,501)	(101,291)	(127,268)	(562,162)	33,038	(529,124)
Inter-segment revenue	(344,725)	65,523	209,696	69,506	–	–	–
Fee and commission income	203,877	133,897	163,226	35,941	536,941	(36,792)	500,149
Fee and commission expense	(28,071)	(10,940)	(9,112)	(2,801)	(50,924)	2,204	(48,720)
Trading income	189,117	80,861	25,143	3,496	298,617	(3,000)	295,617
Other income	23,804	6,553	6,248	227,961	264,566	(199,328)	65,238
Operating income	**939,445**	**410,081**	**426,117**	**217,380**	**1,993,023**	**(236,309)**	**1,756,714**
Impairment charges on financial assets	(104,514)	(51,870)	(20,877)	61,285	(115,976)	(101,704)	(217,680)
Operating expenses	(421,427)	(279,738)	(314,048)	(153,943)	(1,169,156)	134,458	(1,034,698)
Operating profit	**413,504**	**78,473**	**91,192**	**124,722**	**707,891**	**(203,555)**	**504,336**
Share of post-tax results of associates	–	–	73	(861)	(788)	296	(492)
Net monetary loss arising from hyperinflationary economies	(9,562)	(11,403)	(4,541)	(346)	(25,852)	–	(25,852)
Profit before tax from continuing operations	**403,942**	**67,070**	**86,724**	**123,515**	**681,251**	**(203,259)**	**477,992**
Balance Sheet Highlights as at 31 December 2021							
Total assets	**15,301,941**	**1,930,386**	**1,105,350**	**4,036,776**	**22,374,453**	**5,187,340**	**27,561,793**
Total liabilities	**14,680,738**	**4,981,533**	**6,374,166**	**1,889,906**	**27,926,343**	**(2,528,856)**	**25,397,487**

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

6.1 Entity-wide disclosures

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

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

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

iii. Anglophone West Africa (AWA) region comprises all subsidiaries in West African countries not included in the common monetary zone described as UEMOA. This region currently includes subsidiaries in Ghana, Guinea, Liberia, Sierra Leone and The 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 São Tomé and Príncipe. These countries are: Cameroon, Chad, Central Africa, Congo Brazzaville, Gabon, São Tomé and Príncipe, Equatorial Guinea, Burundi, Kenya, Rwanda, Tanzania, Uganda, 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Segment results of operations

The segment information provided to the Group Executive Board for the reportable segments for the year ended 31 December 2022 and December 2021 are as follows:

	UEMOA	NIGERIA	AWA	CESA	Others and consolidation adjustment	Ecobank Group
At 31 December 2022						
Net interest income	330,275	107,265	388,978	298,273	(111,088)	1,013,703
Non interest income	241,648	131,996	164,555	261,778	48,117	848,094
Operating income	**571,923**	**239,261**	**553,533**	**560,051**	**(62,971)**	**1,861,797**
Impairment charges on financial assets	(43,503)	(17,225)	(182,598)	(44,526)	89,786	(198,066)
Non-conversion premium on bond	–	–	–	–	(40,000)	(40,000)
Operating expenses	(289,807)	(190,848)	(246,492)	(287,844)	(35,390)	(1,050,381)
Operating profit	**238,613**	**31,188**	**124,443**	**227,681**	**(48,575)**	**573,350**
Share of post-tax results of associates	–	–	–	–	570	570
Net monetary loss arising from hyperinflationary economies	–	–	–	(33,891)	–	(33,891)
Profit before tax	**238,613**	**31,188**	**124,443**	**193,790**	**(48,005)**	**540,029**
Taxation	(41,908)	(4,969)	(39,420)	(41,096)	(45,945)	(173,338)
Profit after tax	**196,705**	**26,219**	**85,023**	**152,694**	**(93,950)**	**366,691**
Balance Sheet Highlights as at 31 December 2022						
Total assets	**10,832,619**	**6,486,754**	**5,116,301**	**6,830,893**	**(262,398)**	**29,004,169**
Total liabilities	**9,908,234**	**5,806,878**	**4,569,096**	**6,151,380**	**541,566**	**26,977,154**
At 31 December 2021						
Net interest income	344,947	90,880	343,836	274,675	(109,908)	944,430
Non interest income	213,696	132,896	176,024	244,968	44,700	812,284
Operating income	558,643	223,776	519,860	519,643	(65,208)	1,756,714
Impairment charges on financial assets	(63,591)	(17,286)	(40,168)	(26,532)	(70,103)	(217,680)
Operating expenses	(302,742)	(179,249)	(241,050)	(273,632)	(38,025)	(1,034,698)
Operating profit	**192,310**	**27,241**	**238,642**	**219,479**	**(173,336)**	**504,336**
Share of post-tax results of associates	–	–	–	73	(565)	(492)
Net monetary loss arising from hyperinflationary economies	–	–	–	(25,852)	–	(25,852)
Profit before tax	**192,310**	**27,241**	**238,642**	**193,700**	**(173,901)**	**477,992**
Taxation	(18,253)	(2,520)	(79,243)	(50,585)	28,320	(122,281)
Profit after tax	**174,057**	**24,721**	**159,399**	**143,115**	**(145,581)**	**355,711**
Balance Sheet Highlights as at 31 December 2021						
Total assets	**10,072,445**	**5,983,950**	**4,812,643**	**6,695,297**	**(2,542)**	**27,561,793**
Total liabilities	**9,178,558**	**5,294,158**	**4,163,432**	**6,005,531**	**755,808**	**25,397,487**

7 Net interest income

	2022	2021
Interest income*		
Interest income calculated using the effective interest method		
Loans and advances to banks	56,080	34,245
Loans and advances to customers:		
• Corporate	564,778	511,862
• Commercial	172,786	140,898
• Consumer	124,576	131,352
Treasury bills and other eligible bills	221,007	198,596
Investment securities	456,649	445,025
Others	2,442	3,615
	1,598,318	**1,465,593**
Other interest income		
Trading financial assets	19,136	7,961
	1,617,454	**1,473,554**
Interest expense		
Deposits from banks	46,573	48,714
Due to customers:		
• Corporate	223,380	183,327
• Commercial	59,238	40,934
• Consumer	104,751	100,358
Borrowed funds	160,298	148,029
Interest expense for lease liabilities	4,277	4,533
Others	5,234	3,229
	603,751	**529,124**

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

8 Net fee and commission income

	2022	2021
Fee and commission income		
Credit related fee and commission	140,871	144,412
Corporate finance fee	18,329	8,438
Portfolio and other management fee	13,032	9,525
Brokerage fees and commission	9,140	10,174
Cash management fee	236,046	218,671
Card management fee	94,733	78,177
Other fee	21,461	30,752
	533,612	**500,149**
Fee and commission expense		
Brokerage fees paid	2,434	2,069
Bank charges	33,161	19,449
Other fees paid	27,320	27,202
	62,915	**48,720**

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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 2022						
Fee and commission income						
Credit related fees and commission	35,022	21,176	29,547	43,374	11,752	140,871
Corporate finance fees	11,728	869	2,426	3,306	–	18,329
Portfolio and other management fee	11,925	350	150	607	–	13,032
Brokerage fees and commission	640	1,537	1,648	5,303	12	9,140
Cash management fees	73,825	21,693	50,948	85,499	4,081	236,046
Card management fees	17,533	22,229	23,610	31,098	263	94,733
Other fees	3,518	419	12,753	4,637	134	21,461
Total	**154,191**	**68,273**	**121,082**	**173,824**	**16,242**	**533,612**
Fee and commission expense						
Brokerage fees paid	726	1,554	–	154	–	2,434
Bank charges	589	16,345	2,500	11,854	1,873	33,161
Other fees paid	7,245	6,781	5,555	2,847	4,892	27,320
Total	**8,560**	**24,680**	**8,055**	**14,855**	**6,765**	**62,915**
Net fees and commission	**145,631**	**43,593**	**113,027**	**158,969**	**9,477**	**470,697**
31 December 2021						
Fee and commission income						
Credit related fees and commission	33,133	24,988	28,624	48,954	8,713	144,412
Corporate finance fees	4,136	–	2,288	2,014	–	8,438
Portfolio and other management fees	8,583	326	–	616	–	9,525
Brokerage fees and commission	676	960	3,581	4,956	1	10,174
Cash management fees	67,310	20,303	48,596	78,050	4,412	218,671
Card management fees	19,926	11,583	18,964	27,705	(1)	78,177
Other fee	4,211	469	20,621	7,359	(1,908)	30,752
Total	**137,975**	**58,629**	**122,674**	**169,654**	**11,217**	**500,149**
Fee and commission expense						
Brokerage fees paid	776	1,243	–	49	1	2,069
Bank charges	3,884	6,629	5,439	9,096	–	25,048
Other fees paid	2,005	5,364	3,671	5,666	4,897	21,603
Total	**6,665**	**13,236**	**9,110**	**14,811**	**4,898**	**48,720**
Net fees and commission	**131,310**	**45,393**	**113,564**	**154,843**	**6,319**	**451,429**

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 2022					
Fee and commission income					
Credit related fees and commission	97,200	35,316	8,355	–	140,871
Corporate finance fees	17,724	605	–	–	18,329
Portfolio and other management fee	13,032	–	–	–	13,032
Brokerage fees and commission	5,457	2,082	1,601	–	9,140
Cash management fees	66,874	87,825	79,946	1,401	236,046
Card management fees	4,631	15,965	73,873	264	94,733
Other fee	12,350	4,699	4,834	(422)	21,461
Total	**217,268**	**146,492**	**168,609**	**1,243**	**533,612**
Fee and commission expense					
Brokerage fees paid	2,429	–	5	–	2,434
Bank charges	10,548	16,913	3,891	1,809	33,161
Other fees paid	20,310	2,271	5,506	(767)	27,320
Total	**33,287**	**19,184**	**9,402**	**1,042**	**62,915**
Net fees and commission	**183,981**	**127,308**	**159,207**	**201**	**470,697**
31 December 2021					
Fee and commission income					
Credit related fees and commission	103,087	32,371	8,948	6	144,412
Corporate finance fees	8,438	–	–	–	8,438
Portfolio and other management fees	9,522	–	3	–	9,525
Brokerage fees and commission	5,680	2,477	2,018	(1)	10,174
Cash management fees	66,909	75,561	76,193	8	218,671
Card management fees	1,764	7,813	68,602	(2)	78,177
Other fees	21,530	3,128	8,160	(2,066)	30,752
Total	**216,930**	**121,350**	**163,924**	**(2,055)**	**500,149**
Fee and commission expense					
Brokerage fees paid	2,068	62	–	(61)	2,069
Bank charges	18,827	3,847	5,219	–	27,893
Other fees paid	10,367	2,435	3,893	2,063	18,758
Total	**31,262**	**6,344**	**9,112**	**2,002**	**48,720**
Net fees and commission	**185,668**	**115,006**	**154,812**	**(4,057)**	**451,429**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

9 Trading income

	2022	2021
Translation gain less loss	266,645	202,714
Transaction gain less loss	24,372	66,062
Trading income on securities	19,589	26,841
	310,606	**295,617**

10 Net investment income

	2022	2021
Net gain from investment securities	13,230	18,563
	13,230	**18,563**

11 Other operating income

	2022	2021
i) Lease income	**518**	**420**
	518	**420**
ii) Dividend income		
Trading securities	171	37
Other equity securities	3,575	4,786
	3,746	**4,823**
iii) Others		
Fair value loss on asset held for sale	(799)	(592)
Fair value gain on investment properties	131	–
Profit on sale of property and equipment	25,212	15,778
Profit on deemed associates disposal (Pan African Savings and Loans of Cameroon)	–	543
Recovery	7,887	–
Rental income	5,054	–
Others	11,812	25,703
	49,297	**41,432**
Total other operating income	**53,561**	**46,675**

12 Operating expenses

Year ended 31 December	2022	2021
a) Staff expenses		
Salaries, allowances and other compensation	394,685	395,488
Social security costs	43,238	43,707
Pension costs:		
Defined contribution plans	6,204	8,809
Other post retirement benefits	3,231	6,933
	447,358	**454,937**
b) Depreciation and amortisation		
Depreciation of property and equipment (Note 29)	49,911	54,079
Depreciation of right-of-use assets (Note 30)	17,771	21,098
Amortisation of software and other intangibles (Note 27)	33,600	33,492
	101,282	**108,669**
c) Other operating expenses		
Directors' emoluments	1,787	1,696
Restructuring costs	–	681
Social responsibility	1,447	1,361
Rent and utilities	28,291	41,350
Insurance	35,658	34,659
Advertising and promotion	20,387	20,361
Professional and legal costs	72,620	54,282
Operational losses and fines	8,763	8,319
Communications and technology	156,065	133,967
Business travels	11,494	6,977
AGM and board activities	2,898	1,500
Training	6,553	4,929
Employee activities	16,206	13,725
Repairs and maintenance	19,206	18,726
Supplies and services	8,164	10,017
Cash transportation	19,768	19,244
Fuel	9,072	7,544
Other taxes	23,221	24,895
Listing fees	2,084	2,180
Banking resolution sinking fund cost (AMCON)	39,264	35,079
Other administrative expenses	18,793	29,600
Total	**501,741**	**471,092**
Total operating expenses	**1,050,381**	**1,034,698**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

13 Impairment charges on financial assets

	2022	2021
Impairment charges on loans and advances	270,160	374,117
Recoveries/Release of provisions	(259,832)	(204,507)
Net impairment charges on loans and advances	10,328	169,610
Impairment charges on off balance sheet	388	(2,185)
Impairment charges on investment securities	170,190	–
Impairment charges on other financial assets	17,160	50,255
	198,066	**217,680**

14 Non-conversion premium on bonds

	2022	2021
Non-conversion premium on bonds	40,000	–
	40,000	**–**

The Group issued a convertible bond in 2017, a 5-year instrument totalling US$400 million. The first tranche of US$250 million matured in September 2022 and the second tranche of US$150 million matured in October 2022. The conversion options on these bonds existed up until the maturity date. As such, ETI redeemed the bond at 110% of the nominal value in accordance with the signed contractual agreement. The non-conversion premium of US$40 million was accordingly expensed in the books (refer note 34(d)).

15 Taxation

	2022	2021
Current income tax	165,183	158,019
Deferred income tax (Note 37)	8,155	(35,738)
	173,338	**122,281**

The income tax rate applicable to the majority of income of the subsidiaries ranged from 25% to 45%.

Further information about deferred income tax is presented in Note 37. The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the Group as follows:

Profit before tax	540,029	477,992
Tax calculated at local tax rates applicable to profits in the respective countries	209,988	182,457
Tax impact on income not subject to tax	(44,057)	(43,378)
Tax impact on expenses not deductible for tax purposes:	6,344	3,778
Utilisation of previously unrecognised tax losses	1,063	(20,576)
Income tax expense	**173,338**	**122,281**

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

16 Earnings per share

Basic

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

	2022	2021
Profit attributable to equity holders of the Company from continuing operations	**286,430**	**261,340**
Profit attributable to equity holders of the Company from discontinued operations	**–**	**894**
Weighted average number of ordinary shares in issue (in thousands)	**24,592,619**	**24,592,619**
Basic earnings per share (expressed in US cents per share) from continuing operations	**1.165**	**1.063**
Basic earnings per share (expressed in US cents per share) from discontinued operations	**–**	**0.004**

Diluted

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

	2022	2021
Profit attributable to equity holders of the company from continuing operations	286,430	261,340
	286,430	**261,340**
Profit attributable to equity holders of the company from discontinued operations	–	894
	–	**894**
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	24,592,619	24,592,619
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	24,592,619	24,592,619
Dilutive earnings per share (expressed in US cents per share) from continuing operations	1.165	1.063
Dilutive earnings per share (expressed in US cents per share) from discontinued operations	–	0.004

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

17 Cash and balances with central banks

	2022	2021
Cash in hand	686,190	667,347
Balances with central banks other than mandatory reserve deposits	1,882,430	1,864,854
Included in cash and cash equivalents (Note 42)	**2,568,620**	**2,532,201**
Mandatory reserve deposits with central banks	1,725,190	1,676,937
	4,293,810	**4,209,138**

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

18 Trading financial assets

	2022	2021
Debt securities:		
• Government bonds	173,195	346,042
Total	**173,195**	**346,042**

All trading financial assets are current.

19 Derivative financial instruments

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

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

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

	31 December 2022			31 December 2021		
		Fair Value Assets			Fair Value Assets	
Derivatives	Notional Amount	Assets	Liabilities	Notional Amount	Assets	Liabilities
Currency forwards	1,059,714	115,658	83,581	884,793	58,032	10,643
Cross-currency interest rate swaps	62,893	21,810	10,643	51,734	20,372	18,458
Total	**1,122,607**	**137,468**	**94,224**	**936,527**	**78,404**	**29,101**

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

20 Loans and advances to banks

	2022	2021
Items in course of collection from other banks	73,588	46,151
Deposits with other banks (Note 42)	997,716	1,579,657
Placements with other banks	425,263	663,637
	1,496,567	**2,289,445**

All loans and advances to banks are current.

21 Loans and advances to customers

	31 December							
	CIB		Commercial		Consumer		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
a) Analysis by type:								
Overdrafts	723,573	710,199	281,919	296,087	52,420	90,647	1,057,912	1,096,933
Credit cards	–	–	–	–	1,542	2,529	1,542	2,529
Term loans	7,811,180	6,762,412	1,523,965	1,284,752	986,654	955,235	10,321,799	9,002,399
Mortgage loans	–	–	–	–	139,759	126,380	139,759	126,380
Gross loans and advances	**8,534,753**	**7,472,611**	**1,805,884**	**1,580,839**	**1,180,375**	**1,174,791**	**11,521,012**	**10,228,241**
Less: allowance for impairment	(307,783)	(340,331)	(144,533)	(237,318)	(65,791)	(74,727)	(518,107)	(652,376)
At 31 December	**8,226,970**	**7,132,280**	**1,661,351**	**1,343,521**	**1,114,584**	**1,100,064**	**11,002,905**	**9,575,865**
b) Analysis by stage:								
Gross loans								
Stage 1	7,104,132	6,268,461	1,554,711	1,207,552	1,089,357	1,070,537	9,748,200	8,546,550
Stage 2	975,077	835,568	164,564	172,944	34,505	34,021	1,174,146	1,042,533
Stage 3 (Impaired)	455,544	368,582	86,609	200,343	56,513	70,233	598,666	639,158
Total	**8,534,753**	**7,472,611**	**1,805,884**	**1,580,839**	**1,180,375**	**1,174,791**	**11,521,012**	**10,228,241**
Impairment								
Stage 1	(29,208)	(41,101)	(18,137)	(20,362)	(14,180)	(18,460)	(61,525)	(79,923)
Stage 2	(83,571)	(100,256)	(51,239)	(37,655)	(4,703)	(5,509)	(139,513)	(143,420)
Stage 3 (Impaired)	(195,004)	(198,974)	(75,157)	(179,301)	(46,908)	(50,758)	(317,069)	(429,033)
Total	**(307,783)**	**(340,331)**	**(144,533)**	**(237,318)**	**(65,791)**	**(74,727)**	**(518,107)**	**(652,376)**
c) Analysis by security:								
Secured against real estate	1,872,306	2,587,751	528,881	616,527	268,559	278,271	2,669,746	3,482,549
Otherwise secured	4,002,808	3,689,242	946,979	885,270	496,352	427,449	5,446,139	5,001,961
Unsecured	2,659,639	1,195,618	330,024	79,042	415,463	469,071	3,405,126	1,743,731
	8,534,753	**7,472,611**	**1,805,884**	**1,580,839**	**1,180,374**	**1,174,791**	**11,521,011**	**10,228,241**
Current							6,359,464	6,341,509
Non current							5,161,548	3,886,732
							11,521,012	**10,228,241**

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 2022

	CIB			Commercial				Consumer				Total
	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term loans	Others	Overdrafts	Credit cards	Term loans	Mortgage	
At 1 January	710,199	6,762,412	–	296,087	–	1,284,752	–	90,647	2,529	955,235	126,380	10,228,241
New loans*	401,801	4,474,645	–	583,696	–	1,058,162	459	32,060	177	376,025	89,287	7,016,312
Paid off during the period	(248,611)	(3,069,953)	–	(563,330)	–	(630,147)	–	(63,392)	(537)	(122,002)	(67,510)	(4,765,482)
Amounts written off as uncollectible	(37,403)	(72,746)	–	(9,466)	–	(65,294)	–	(4,342)	–	(10,618)	(654)	(200,523)
Reclassification	(40,688)	119,189	–	3,193	–	(88,147)	–	144,511	–	(143,824)	5,766	–
Exchange difference	(61,725)	(402,367)	–	(28,261)	–	(35,361)	(459)	(147,064)	(627)	(68,162)	(13,510)	(757,536)
At 31 December 2022	**723,573**	**7,811,180**	**-**	**281,919**	**-**	**1,523,965**	**–**	**52,420**	**1,542**	**986,654**	**139,759**	**11,521,012**

At 31 December 2021

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

* New loans includes modified and restructured facilities.

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 2022

	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	1,031	197,942	–	57,619	–	121,682	–	10,329	–	39,913	516	429,032
Provision for loan impairment	22,115	96,981	–	38,048	–	55,888	–	4,120	1,400	22,687	777	242,016
Recoveries/Release of provisions	(50,277)	(114,850)	–	(26,533)	–	(46,691)	–	(3,224)	–	(18,229)	(28)	(259,832)
Loans written off during the period	(53,735)	(63,730)	–	(15,396)	–	(41,965)	104	(4,345)	–	(20,970)	(486)	(200,523)
Reclassification	47,899	(62,492)	–	3,205	–	11,815	(104)	(1,190)	–	804	63	–
Exchange difference	88,626	85,494	-	(33,155)		(49,360)		6,524	(46)	7,361	932	106,376
At 31 December 2022	**55,659**	**139,345**	**–**	**23,788**	**–**	**51,369**	**–**	**12,214**	**1,354**	**31,566**	**1,774**	**317,069**

At 31 December 2022

	CIB			Commercial				Consumer				Total
	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term loans	Others	Overdrafts	Credit cards	Term loans	Mortgage	
Collective impairment (Stages 1 and 2)												
At 1 January	39,342	102,015	–	7,433	–	50,584	–	18,788	97	3,820	1,264	223,343
Provision for loan impairment	5,198	6,764	–	3,809	–	3,619	–	2,881	–	2,958	2,915	28,144
Recoveries/Release of provisions	–	–	–	–	–	–	–	–	–	–	–	–
Reclassification	(1,578)	(9,046)	–	(1,669)	–	4,630	–	(1,130)	–	9,080	(287)	–
Exchange difference	(19,027)	(10,889)	–	2,238	–	(1,268)	–	(8,663)	18	(11,617)	(1,241)	(50,449)
At 31 December 2021	**23,935**	**88,844**	**–**	**11,811**	–	**57,565**	**–**	**11,876**	**115**	**4,241**	**2,651**	**201,038**
Total allowance for impairment	**79,594**	**228,189**	**–**	**35,599**	**–**	**108,934**	**–**	**24,090**	**1,469**	**35,807**	**4,425**	**518,107**

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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 2021

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

At 31 December 2021

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

21 Loans and advances to customers (continued)

f) Investment in finance leases

At 31 December	2022	2021
Loans and advances to customers include finance lease receivables analysed below.		
Gross investment in finance leases, receivable		
No later than 1 year	19	–
Later than 1 year and no later than 5 years	485	4,027
	504	**4,027**
Unearned future finance income on finance leases	76	1,026
Net investment in finance leases	**580**	**5,053**
Analysis by transport industry on gross loans		
The net investment in finance lease may be analysed as follows:		
No later than 1 year	19	255
Later than 1 year and no later than 5 years	560	4,798
	580	**5,053**

22 Treasury bills and other eligible bills

At 31 December	2022	2021
Maturing within three months (Note 42)	780,446	607,646
Maturing after three months	1,675,293	1,479,439
	2,455,739	**2,087,085**
Current	2,266,122	2,074,082
Non current	189,617	13,003
	2,455,739	**2,087,085**

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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23 Investment securities

At 31 December	2022	2021
Debt securities		
• At FVTOCI listed	2,955,975	2,787,732
• At FVTOCI unlisted	3,514,254	3,359,525
• At Amortised cost	307,621	214,659
Total	**6,777,850**	**6,361,916**
Equity securities		
• At FVTOCI unlisted	102,050	119,899
• At FVTPL listed	3,213	2,148
• At FVTPL unlisted	121,321	76,265
Total	**226,584**	**198,312**
Total investment securities	**7,004,434**	**6,560,228**
Current	1,161,832	2,240,149
Non current	5,842,602	4,320,079
	7,004,434	**6,560,228**

The movement in investment securities may be summarised as follows:

	2022	2021
At 1 January	6,560,228	6,074,244
Additions	2,454,034	4,160,242
Disposal (sale and redemption)	(1,451,676)	(3,152,384)
Accrued interest on debt securities	97,263	36,439
Impairment on investment securities	(203,831)	–
Loss from changes in fair value	(112,540)	(53,482)
Exchange differences	(339,044)	(504,831)
At 31 December	**7,004,434**	**6,560,228**

Recent adverse global events have placed pressure on the Ghanaian economy. This has resulted in a surge in inflation, increasing discount rates, rapid exchange rate devaluation and growing national debt. On 5 December 2022, the Government of Ghana announced a debt exchange programme (The Programme) to restructure the Cedi denominated debt. The local debt restructure was postponed in late in December 2022 and is expected to be settled in 2023.

In terms of the Ghana Eurobond, the Government of Ghana (GoG) announced suspension of coupon payments on the bonds on 19 December 2022. There has been no further official communication from the Government of Ghana relating to the Eurobond.

Establishing estimated Credit loss on GoG Local bonds.

The Group's assessment was based on the guidance of IFRS 9 and the Institute of Chartered Accountants of Ghana (ICAG). As such, the new bonds were designated as collateral for the current bonds as of 31 December 2022. The collateral, cashflow projections on the new bonds, were discounted at 15.67% to present value. It resulted in estimated credit losses of $96 million for the local bonds and was accordingly booked in the 2022 financials by Ecobank Ghana.

Establishing estimated Credit loss on GoG Eurobonds.

The Government of Ghana has not issued any restructuring proposal for the Eurobond as of 31 December 2022. The Group's assessment relied heavily on the unofficial statement from the Ministry of Finance indicating a probable haircut on principal and interest of up to 30%. In determining the expected credit loss, the Group discounted the expected cashflows, after considering the anticipated haircut and probable timing of receipt of such cashflows.

The Group also utilised external benchmark data to corroborate this expected present value loss. For Ecobank Ghana, this resulted in estimated credit losses of $66 million. Including the impact of other affiliates who also held the Eurobond of GoG, the total Eurobond estimated credit losses booked in 2022 is $75 million for the Group.

24 Pledged assets

At 31 December	2022	2021
Treasury bills	95,995	138,362
Government bonds	57,975	67,639
	153,970	**206,001**

Pledged assets have been stated at fair values

Current	95,995	139,117
Non-current	57,975	66,884
	153,970	**206,001**

25 Other assets

At 31 December	2022	2021
Fees receivable	4,156	8,758
Accounts receivable	667,729	790,098
Prepayments	175,034	194,133
Repossessed assets	169,306	168,480
Sundry receivables	284,832	143,421
	1,301,057	**1,304,890**
Impairment charges on receivable balances	(103,882)	(209,321)
	1,197,175	**1,095,569**
Current	1,022,141	989,634
Non-current	175,034	105,935
	1,197,175	**1,095,569**

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

1 January	209,321	159,066
Net movement in impairment charges*	(105,439)	50,255
At 31 December	**103,882**	**209,321**

*Net movement includes write offs

26 Investment in associates

At 31 December	2022	2021
At 1 January	4,863	3,468
Share of results	570	(492)
Derecognition of Old Mutual General Insurance	(3,500)	–
Derecognition of Pan African Savings and Loans of Cameroon	–	(788)
Exchange difference	(917)	2,675
At 31 December	**1,016**	**4,863**

Investment in associates balances are non-current.

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	At 31 December 2022		At 31 December 2021		
	OLD MUTUAL General insurance	Accion Microfinance Bank Ltd (Nigeria)	OLD MUTUAL General insurance	Pan African Savings and Loans of Cameroon	Accion Microfinance Bank Ltd (Nigeria)
Current assets	Deemed disposal in 2022	30,835	35,035	Deemed disposal in 2021	33,229
Non-current assets		2,511	353		1,755
Total assets		**33,346**	**35,388**		**34,984**
Liabilities		18,396	12,678		20,590
Total liabilities		**18,396**	**12,678**		**20,590**
Revenues		14,508	5,590		11,225
Profit after tax		2,807	(2,949)		1,805

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

	At 31 December 2022			At 31 December 2021		
	Principal place of business/Country of incorporation	Net assets of associates	Share Holding (Direct and Indirect)	Country of incorporation	Net assets of associate	Share Holding (Direct and Indirect)
Accion Microfinance Bank Ltd (Nigeria)	Nigeria	14,950	21.73%	Nigeria	14,394	21.73%
OLD MUTUAL General insurance	Nigeria	–	0.00%	Nigeria	22,710	30.00%

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

At 31 December 2022	OLD MUTUAL General insurance	EB-ACCION Nigeria	Total
Opening net assets	22,710	14,394	37,104
Profit for the year	–	2,807	2,807
Exchange differences	(22,710)	(2,251)	(24,961)
Closing net assets	**–**	**14,950**	**14,950**
Interest in associates	–	3,249	3,249

At 31 December 2021	OLD MUTUAL General insurance	EB-ACCION Nigeria	Pan African Savings and Loans of Cameroon	Total
Opening net assets	9,841	12,776	1,536	24,153
(Loss)/profit for the year	(2,949)	1,805	–	(1,144)
Exchange differences	15,818	(187)	(1,536)	14,095
Closing net assets	**22,710**	**14,394**	**–**	**37,104**
Interest in associates	6,813	3,128	–	9,941

27 Intangible assets

At 31 December	2022	2021
At 1 January	18,339	18,844
Acquisition	–	552
Goodwill impairment	(1,623)	–
Exchange differences	(2,793)	(1,057)
At 31 December	**13,923**	**18,339**

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 2022 of $1.6 million (2021: nil).

Goodwill with a carrying value of $1.6 million as of 31 December 2022, arising from the acquisition of microfinance Ghana, microfinance Cameroon and microfinance Sierra Leone- were assessed as impaired.

	2022	2021
Software costs		
At 1 January	103,949	133,026
Purchase	12,524	20,353
Amortisation (Note 12)	(33,600)	(33,492)
Exchange differences	(12,251)	(15,938)
At 31 December	**70,622**	**103,949**
Total intangible assets	**84,545**	**122,288**

Impairment testing for cash-generating units containing goodwill

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

The goodwill is arising on acquisitions of the following subsidiaries:

At 31 December	2022	2021
Ecobank Ghana (The Trust Bank)	4,860	6,729
Ecobank Rwanda	3,546	3,760
Ecobank Zimbabwe	10	60
SOFIPE	–	608
Ecobank Chad	2,488	2,642
Ecobank Central Africa	1,531	1,626
Ecobank Burundi	921	935
Ecobank Sierra Leone (ProCredit)	–	367
Ecobank Malawi	95	120
Ecobank Burkina Faso	472	501
Pan African Savings and Loans Ghana (PASL Ghana)	–	465
Pan African Savings and Loans Cameroon (PASL Cameroon)	–	526
	13,923	**18,339**

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

At 31 December	2022		2021	
Entities	Discount factor	Long-term growth rate	Discount factor	Long-term growth rate
Ecobank Ghana (The Trust Bank)	22.37%	4.4%	22.30%	2.3%
Ecobank Rwanda	17.87%	4.7%	17.87%	2.3%
Ecobank Zimbabwe	30.50%	2.3%	40.50%	2.3%
SOFIPE	15.05%	5.1%	15.20%	2.3%
Ecobank Chad	19.06%	3.4%	17.96%	2.3%
Ecobank Central Africa	17.00%	2.8%	17.00%	2.3%
Ecobank Burundi	15.55%	2.3%	15.11%	2.3%
Ecobank Sierra Leone (ProCredit)	30.50%	4.5%	23.61%	2.3%
Ecobank Malawi	27.66%	5.2%	37.66%	2.3%
Ecobank Burkina Faso	15.05%	5.1%	15.20%	2.3%
PASL Ghana	22.37%	4.4%	22.30%	2.3%
PASL Cameroon	14.15%	5.1%	14.12%	2.3%

1. The cash flows were projected based on the Group's approved budget. The cash flows were based on past experiences and were adjusted to reflect expected future performances of the company taking into consideration the country's gross domestic product.
2. A range of terminal growth rate of 2.3-5.2 % was applied in determining the terminal cash flows depending on the country in which the entity is domiciled.
3. In 2022, the cost of equity approach was adopted. Discount rates ranging from 14.15% to 30.5%, representing pre-tax cost of equity of an entity was applied in determining the value in use. The growth rate used to extrapolate terminal cash flows for goodwill impairment testing is consistent with long term average growth rate for industry and countries.
4. The Group expects that through these acquisitions, it would create synergy that enhances its ability to tap into opportunities in the respective countries where the entities are domiciled;
5. The key assumptions described above and summarised below may change as economic and market conditions change. The Group estimates that reasonably possible changes in these assumptions would not cause the recoverable amount of either CGU to decline below the carrying amount.

28 Investment property

At 31 December	2022	2021
1 January	11,019	12,365
Fair value gain	131	(592)
Exchange difference	(1,228)	(755)
At 31 December	**9,922**	**11,019**

The following amounts have been recognised in the income statement:

Rental income	385	508
Direct operating expenses arising from investment properties that generate rental income	(77)	(77)
Fair value	131	(592)
	438	**(161)**

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

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29 Property and equipment

	Motor Vehicles	Land & Buildings	Furniture & Equipment	Installations	Construction in progress	Total
At 1 January 2021						
Cost or Valuation	49,233	716,796	425,128	155,804	104,140	1,451,101
Accumulated depreciation	38,001	160,492	322,464	119,623	–	640,580
Net book amount	**11,232**	**556,304**	**102,664**	**36,181**	**104,140**	**810,521**
Year ended 31 December 2021						
1 January	11,232	556,304	102,664	36,181	104,140	810,521
Purchase of property, plant and equipment	17,548	153,684	82,025	10,253	12,740	276,250
Initial recognition of ROU assets	35	17,515	455	317		18,322
Revaluation	–	16,199	59	–	–	16,258
Disposals – cost	(20,930)	(128,359)	(44,826)	(16,860)	(41,343)	(252,318)
Disposals – accumulated depreciation	11,112	18,729	23,757	7,857	722	62,177
Reclassifications – cost	–	(271)	(12,013)	12,284	–	–
Reclassifications – accumulated depreciation	44	1,429	(864)	(749)	140	–
Depreciation charge	(4,625)	(3,109)	(40,777)	(5,568)	–	(54,079)
Depreciation charge (ROU)	(217)	(20,414)	(331)	(136)		(21,098)
Exchange difference	(2,879)	(67,151)	(18,725)	(12,103)	(4,560)	(105,418)
31 December 2021	**11,320**	**544,556**	**91,424**	**31,476**	**71,839**	**750,615**
At 31 December 2021/1 January 2022						
Cost or Valuation	43,749	709,026	403,514	146,973	71,839	1,375,101
Accumulated depreciation	32,429	164,470	312,090	115,497	–	624,486
Net book amount	**11,320**	**544,556**	**91,424**	**31,476**	**71,839**	**750,615**
Year ended 31 December 2022						
1 January	11,320	544,556	91,424	31,476	71,839	750,615
Purchase of property, plant and equipment	5,546	187,385	81,350	13,563	11,890	299,734
Initial recognition of ROU assets	–	19,473	–	–	–	19,473
Revaluation	–	64,263	53	–	–	64,316
Disposals – cost	(3,990)	(167,576)	(80,708)	(4,889)	(11,589)	(268,752)
Disposals – accumulated depreciation	3,898	16,870	9,674	614	706	31,762
Reclassifications – cost	20	1,230	659	–	(1,909)	–
Reclassifications – accumulated depreciation	1,130	(310)	957	(308)	(1,469)	–
Depreciation charge	(5,262)	(13,962)	(23,123)	(7,564)	–	(49,911)
Depreciation charge (ROU)	(295)	(17,283)	(193)	–		(17,771)
Exchange difference	(1,989)	(54,996)	(14,767)	(1,962)	(1,741)	(75,455)
31 December 2022	**10,378**	**579,650**	**65,326**	**30,930**	**67,727**	**754,011**
At 31 December 2022						
Cost	41,483	741,047	368,105	146,570	67,727	1,364,932
Accumulated depreciation	31,105	161,397	302,779	115,640	–	610,921
Net book amount	**10,378**	**579,650**	**65,326**	**30,930**	**67,727**	**754,011**

29 Property and equipment (continued)

Land and buildings are measured using the revaluation model. The valuation of land and buildings has been done using the level 2 technique (inputs other than quoted prices that are observable for the asset). There has been no change in the valuation techniques used in the valuation of the land and buildings. The valuation of the Group's land and buildings was performed by independent valuers to determine the fair value of the land and buildings as at 31 December 2022. The fair values are derived by applying internationally acceptable and appropriately benchmarked valuation techniques such as depreciated replacement cost or market value approach. The depreciated replacement cost approach involves estimating the value of the property in its existing use and the gross replacement cost. For this, appropriate deductions are made to allow for age, condition and economic or functional obsolescence, environmental and other factors that might result in the existing property being worth less than a new replacement. The market value approach involves comparing the properties with identical or similar properties, for which evidence of recent transaction is available or alternatively identical or similar properties that are available in the market for sale making adequate adjustments on price information to reflect any differences in terms of actual time of the transaction, including legal, physical and economic characteristics of the properties.

The revaluation surplus net of applicable deferred income taxes was credited to other comprehensive income and is shown in 'revaluation reserve – property and equipment' in shareholders equity (Note 41).

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

At 31 December	2022	2021
Cost	400,779	432,733
Accumulated depreciation	109,864	109,864
Net book amount	**290,915**	**322,869**

30 Right-of-use assets

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

	2022	2021
Motor Vehicles	572	433
Land & Buildings	58,106	55,590
Furniture & Equipment	2,538	2,153
Installations	–	582
	61,216	**58,758**

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

	Motor Vehicles	Land & Buildings	Furniture & Equipment	Installations	Total
At 1 January	**433**	**55,590**	**2,153**	**582**	**58,758**
Additions	–	19,473	–	–	19,473
Depreciations	(295)	(17,139)	(337)	–	(17,771)
Exchange difference	434	182	722	(582)	756
At 31 December 2022	**572**	**58,106**	**2,538**	**–**	**61,216**

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

31 Assets and Liabilities held for sale

At 31 December	2022	2021
ETI Property	9,162	9,961
Ecobank Nigeria Property	816	13,274
	9,978	**23,235**

31.1 ETI: Property in Ogombo, Lagos, Nigeria

	2022	2021
Assets held for sale		
ETI Landed Property	9,961	10,553
Fair valuation loss on assets held for sale	(799)	(592)
	9,162	**9,961**

ETI owns a property in Ogombo, Lagos, Nigeria. An agreement to purchase the property has been signed with the prospective owner. At 31 December 2022, the first tranche of the agreed purchase price has been received. ETI expects receipt of the remaining portion before the end of the financial period. In accordance with the sales agreement, risk and rewards of ownership have not yet passed to the prospective owner. As a result the property is classified as a non-current asset held for sale per the requirement of IFRS 5 for the period ended 31 December 2022.

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

	2022	2021
Assets held for sale		
Land	–	137
Freehold buildings	816	13,137
	816	**13,274**

On 6 December 2021, Ecobank Nigeria publicly announced the decision of its Board of Directors to sell its former head office building located at 21 Ahmadu Bello Way, Victoria Island, Lagos and some other properties of the Bank. During the period to December 2022 a portion of land and freehold buildings were sold. At 31 December 2022, freehold buildings valued at $0.8 million still remain unsold. The remaining portion is expected to be sold within the next 12 months.

31.3 Union Bank of Cameroon (UBC)

	2022	2021
Profit on discontinued operations	–	1,655
Cash payment for Union Bank Cameroon (UBC) Exit	–	(10,496)
Cash consideration for transfer of UBC	–	897

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

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

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

As at 31 December 2022, UBC was no longer in the books of ETI.

32 Deposits from other banks

At 31 December	2022	2021
Operating accounts with banks	963,814	733,195
Other deposits from banks	1,498,120	1,496,740
	2,461,934	**2,229,935**

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

33 Deposit from customers

	2022	2021
Corporate and investment Banking		
• Current accounts	6,604,770	6,149,502
• Term deposits	2,343,070	2,428,782
	8,947,840	**8,578,284**
Commercial Banking		
• Current accounts	4,440,591	3,991,425
• Term deposits	803,839	633,300
• Savings deposits	124,181	139,374
	5,368,611	**4,764,099**
Consumer Banking		
• Current accounts	2,539,286	2,451,800
• Term deposits	562,792	554,827
• Savings deposits	3,394,784	3,364,339
	6,496,862	**6,370,966**
Total	**20,813,313**	**19,713,349**
Current	16,044,243	18,790,771
Non current	4,769,070	922,578
	20,813,313	**19,713,349**

Customer deposits carry variable interest rates.

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33 Deposit from customers (continued)

At 31 December 2022	CIB		Commercial			Consumer			Total
	Current account	Term deposits	Current account	Term deposits	Savings	Current account	Term deposits	Savings	
At 1 January	6,149,502	2,428,782	3,991,425	633,300	139,374	2,451,800	554,827	3,364,339	19,713,349
Additions	3,050,525	695,702	1,363,116	323,524	23,369	653,708	115,461	488,017	6,713,422
Withdrawals	(1,846,180)	(594,134)	(299,389)	(91,736)	(15,493)	(271,513)	(70,530)	(187,401)	(3,376,376)
Reclassification	(17,206)	16	(8,474)	28	–	26,051	(20)	(395)	–
Exchange difference	(731,871)	(187,296)	(606,087)	(61,277)	(23,069)	(320,760)	(36,946)	(269,776)	(2,237,082)
At 31 December 2022	**6,604,770**	**2,343,070**	**4,440,591**	**803,839**	**124,181**	**2,539,286**	**562,792**	**3,394,784**	**20,813,313**

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

34 Borrowed funds

	At 31 December	2022	2021
a	Eurobond	506,588	504,495
b	Eurobond II	343,336	342,419
c	Eurobond Nigeria	305,945	304,352
d	Deutsche Bank	–	248,658
e	FMO	–	67,038
f	Qatar National Bank	–	151,394
g	Development Bank of Nigeria	108,204	119,097
h	Bank of Industry of Nigeria (BOI)	10,876	23,497
i	AL Khaliji	–	50,201
j	Société de Promotion et Participation pour la Coopération Economique (PROPARCO)	71,050	74,378
k	Nigeria Sovereign Investment Authority – NSIA	11,085	50,843
l	Central Bank of Nigeria	238,074	42,115
m	Caisse Régionale de Refinancement Hypothécaire (CRRH)	1,783	2,763
n	Findev Canada	20,468	–
o	TMF GLOBAL SERVICES (UK)	98,890	–
p	Convertible bond Investment Company – CBICMU	–	1,071
q	Africa Finance Corporation facility	325,482	-
r	Lease liability	52,192	44,563
	Other loans	184,420	325,553
		2,278,392	**2,352,437**
	Current	531,063	531,063
	Non current	1,747,329	1,821,374
		2,278,392	**2,352,437**

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

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

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

d. Deutsche Bank provided a US$250 million 5-year convertible loan to ETI in September 2017. The loan was held by the Public Investment Corporation (PIC). The loan was repaid in September 2022.

   The conversion options on these bonds existed up until the maturity date. The holder did not exercise its conversion option as of the maturity date of 9 September 2022. As such, ETI redeemed the bond at 110% in accordance with the signed contractual agreement.

   The loan agreement provided certain clauses under which ETI had the ability to make prepayment(s) of the loan without having to pay any premium. Consequently, no liability was recognised for the non-conversion premium during the term of the instrument. The non-conversion premium immediately became due and payable on maturity. The non-conversion premium was accordingly expensed in the books on maturity. (see note 14).

e. A group of development finance institutions led by FMO disbursed €41 million and US$150 million facilities for on-lending to ETI affiliates in August 2018. The loans were fully prepaid in March 2022.

f. ETI issued a US$150million 5-year convertible bond on the London International Securities Market in October 2017; Qatar National Bank purchased US$18.89 million and Convertible Bond Investment Company Mauritius purchased US$1.11 million in note p. The loans matured in October 2022. The conversion options on these bonds exist up until the maturity date. No liability is recognised for the non-conversion premium during the term of the instrument. The non-conversion premium was expensed on maturity.

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

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

i. ETI obtained 1-year term loan of US$50 million from Al Khaliji Bank (5% + 3 months LIBOR) in August 2021 matured August 12, 2022

j. PROPARCO granted a facility of US$50 million (5.50% + 6 month LIBOR) to ETI in November 2013, to support the development of the Ecobank Group. The loan amortises over the period of the loan until the final repayment date in April 2024.

   A Proparco-led syndicate granted a US$60 million 3-year facility to ETI in October 2021. The loan matures in September 2024.

k. NSIA granted facilities to Ecobank Nigeria through ETI (5.5%). These amounted to US$20 million and is to mature in February 2023.

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

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

n. In December 2021, ETI signed a Senior Term Facility agreement with Development Finance Institute Canada (4.5% + 6 month LIBOR) (DFIC) Inc. ("FinDev Canada"). The funds were disbursed on March 31,2022.

   The proceeds of the Facility shall be used to support the ETI's general corporate purposes, at least thirty% (30%) of the proceeds of the Facility to be used for on-lending to WSMEs and not less than fifty% (50%) of the proceeds of the Facility to be used for on-lending to Sub-Borrower.

   Interest will be payable semi-annually, in arrears, at the end of the respective interest period.
   The tenure of facility is 4 years from the date of the Disbursement.

o. In August 2022, ETI raised a 2 -year US$100 million (4.25% + 6 month term LIBOR) senior loan from Credit Europe Bank.

p. Convertible Bond Investment Company Mauritius purchased US$1.11 million (4.25%+ 6 month Term SOFR).The bond was repaid in October 2022.The non-conversion premium was expensed.

q. In October 2022, a syndicate led by the Africa Finance Corporation, Bank of Africa and Rand Merchant Bank disbursed a total of US$325 million in two tranches of US$113 million for two years with maturity in 2024 and US$212 million (Facility A 6.17%+ 6-month Term SOFR, Facility B 5.20%+ 6-month Term SOFR) for three years with maturity in 2025.

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34 Borrowed funds (continued)

Analysis of the convertible loans

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

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

	2022	2021
Initial recognition:		
Deutsche AG (see note d)	–	248,658
Qatar National Bank (see note f)	–	151,394
CBICMU (see note p)	–	1,071
Liability component	**–**	**401,123**

Interest on the convertible loan is calculated on the effective yield basis by applying the effective interest rate for an equivalent non-convertible loan to the liability component of the convertible loan and had matured and been paid down during the year. The actual interest paid year to date in 2022 was US$22.4 million (Dec 2021: $23.8 million).

Lease liabilities

Maturity analysis – contractual undiscounted cash flows	2022	2021
Less than one year	2,593	2,288
One to five years	30,816	28,763
More than five years	22,476	20,049
Total undiscounted lease liabilities	**55,885**	**51,100**
Lease liabilities included in borrowings		
Current	2,593	2,234
Non current	49,599	42,329
	52,192	**44,563**
At 1 January	**2,353,508**	**1,923,182**
Interest expenses	10,055	148,029
Additions Borrowings	659,923	729,361
Additions Lease liabilities	19,473	18,322
Repayments	(728,818)	(448,579)
Exchange difference	(22,970)	(16,807)
At 31 December	**2,291,171**	**2,353,508**

35 Other liabilities

At 31 December	2022	2021
Accrued income*	113,298	113,298
Unclaimed dividend**	11,390	11,390
Accruals	279,249	279,249
Obligations under customers' letters of credit	63,256	63,256
Bankers draft	39,755	39,755
Accounts payable	167,587	167,587
Allowance for off balance sheet receivables	10,802	10,802
Others ***	383,794	383,794
	1,069,131	**821,264**

Other liabilities are expected to be settled within no more than 12 months after the reporting date.

*Accruals represent expense accrued for expenses like audit fees, bonus, directors fees, travel, training and other expenses which have not been paid at year end.

** For information about unclaimed dividends please visit https://ecobank.com/group/investor-relations

***Others are comprised of settlement accounts, customer foreign exchange purchase accounts, POS and VISA settlement accounts.

36 Provisions

	2022	2021
At 1 January	72,230	60,462
Additional provisions charged to income statement	16,970	17,644
Provision no longer required	(723)	(3,643)
Utilised during the year	(23,818)	(1,079)
Exchange differences	(1,404)	(1,154)
At 31 December	**63,255**	**72,230**

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

37 Deferred income taxes

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

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

	2022	2021
At 1 January	(114,245)	(87,958)
Income statement charge	8,155	(35,738)
Investment securities directly in OCI:		
• fair value remeasurement	31,395	6,607
Revaluation of property and equipment (directly in OCI)	(15,700)	4,076
Exchange differences	(39,091)	(1,232)
At 31 December	**(129,486)**	**(114,245)**

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37 Deferred income taxes (continued)

	2022	2021
Deferred income tax assets and liabilities are attributable to the following items:		
Deferred income tax liabilities		
Accelerated tax depreciation	3,755	5,495
Investment securities	14,892	10,476
Revaluation of property and equipment	65,319	49,619
Other temporary differences	15,982	22,161
	99,948	**87,751**
Deferred income tax assets		
Pension and other post retirement benefits	255	315
Impairment charges on financial assets	31,553	69,043
Other provisions	14,016	13,311
Tax loss carried forward	25,036	42,250
Other temporary differences	104,244	58,615
On unutilised capital allowances	750	693
Investment securities	53,580	17,769
	229,434	**201,996**
Deferred tax liabilities		
• To be recovered within 12 months	48,543	55,818
• To be recovered after more than 12 months	51,405	31,933
	99,948	**87,751**
Deferred tax assets		
• To be recovered within 12 months	167,568	136,440
• To be recovered after more than 12 months	61,866	65,556
	229,434	**201,996**
The deferred tax charge in the income statement comprises the following temporary differences:		
Accelerated tax depreciation	(1,740)	1,263
Pensions and other post retirement benefits	60	429
Impairment charges on financial assets	37,490	(22,825)
Other provisions	(705)	(319)
Tax losses carry forward	17,214	(1,542)
Other temporary differences	(6,179)	11,130
Exchange differences	(37,985)	(23,874)
	8,155	**(35,738)**

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

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

Income tax effects relating to components of other comprehensive income:

	31 Dec. 2022			31 Dec. 2021		
	Gross	Tax	Net	Gross	Tax	Net
Fair value loss on investment securities	(102,112)	29,137	(72,975)	(55,122)	(6,607)	(61,729)
Revaluation gain on property and equipment	34,711	(10,417)	24,294	16,258	(4,076)	12,182
	(67,401)	**18,720**	**(48,681)**	**(38,864)**	**(10,683)**	**(49,547)**

38 Retirement benefit obligations

Other post-retirement benefits

Apart from the pension schemes, the Group operates a post-employment gratuity payment scheme.

The method of accounting and the frequency of valuations are as described in Note 2.21.

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

	2022	2021
Present value of funded obligations	29,255	29,758
Fair value of plan assets	(19,748)	(18,075)
	9,507	**11,683**
Present value of unfunded obligations	9,754	13,395
Liability in the statement of financial position	**19,261**	**25,078**

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38 Retirement benefit obligations (continued)

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

	31 December 2022			31 December 2021		
	Present value of obligation	Fair value of plan assets	Total	Present value of obligation	Fair value of plan assets	Total
At 1 January	**43,153**	**(18,075)**	**25,078**	**44,468**	**(20,617)**	**23,851**
Current service cost	708	–	708	705	–	705
Interest expense and income	444	(723)	(279)	492	(825)	(333)
	1,152	**(723)**	**429**	**1,197**	**(825)**	**372**
Remeasurements						
Return on plan assets	–	(1,265)	(1,265)	–	(1,443)	(1,443)
Actuarial loss	(665)	–	(665)	(1,199)	–	(1,199)
	(665)	**(1,265)**	**(1,930)**	**(1,199)**	**(1,443)**	**(2,642)**
Exchange difference	(1,404)	199	(1,205)	(240)	227	(13)
Contributions	901	116	1,017	901	4,583	5,484
Reversal of provision	(1,683)	–	(1,683)	–	–	–
Retirement benefit payments	(2,445)	–	(2,445)	(1,974)	–	(1,974)
At 31 December	**39,009**	**(19,748)**	**19,261**	**43,153**	**(18,075)**	**25,078**

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

	31 December 2022				31 December 2021			
	ETI	UEMOA/ CEMAC	Others	Total	ETI	UEMOA/ CEMAC	Others	Total
Present value obligation	9,754	16,755	12,500	**39,009**	13,395	26,979	2,779	**43,153**
Fair value loss of plan assets	–	(19,748)	–	**(19,748)**	–	(18,075)	–	**(18,075)**
Total liability	9,754	(2,993)	12,500	**19,261**	13,395	8,904	1,465	**25,078**

Income tax effects relating to components of other comprehensive income

At 31 December	2022	2021
The amounts recognised in the income statement are as follows:		
Current service cost	708	705
Net interest cost	444	492
Total included in staff costs	**1,152**	**1,197**
Other Comprehensive Income		
Actuarial loss on obligations	(665)	(931)
Actuarial loss on plan assets	–	–
	(665)	**(931)**

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 2022				31 December 2021			
	%	Quoted	Unquoted	Total	%	Quoted	Unquoted	Total
Cash	13%	2,567	–	2,567	13%	2,350	–	2,350
Equity instruments	0%	10	–	10	0%	9	–	9
Debt instruments (Bonds)	87%	13,737	3,434	17,171	87%	12,573	3,143	15,716
	100%	**13,747**	**3,434**	**19,748**	**100%**	**12,582**	**3,143**	**18,075**

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

The principal assumptions used for ETI and the subsidiaries operating in UEMOA region were as follows:

	ETI		UEMOA	
	2022	2021	2022	2021
Discount rate	5.5%	5.5%	5.5%	5.5%
Expected return on plan assets	4.45%	4.45%	4.45%	4.45%
Future salary increases	1.8%	1.80%	1.8%	1.80%

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

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

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

c) Loan commitments, guarantee and other financial facilities

At 31 December 2022 the Group had contractual amounts of the off-balance sheet that commit it to extend credit to customers guarantees and other facilities are as follows:

	2022	2021
Guaranteed commercial papers and banker acceptances	125,374	55,811
Documentary and commercial letters of credit	1,647,020	1,977,046
Performance bond, guarantees and indemnities	1,632,815	1,624,740
Loan commitments	1,457,686	1,072,569
	4,862,895	**4,730,166**

An ECL amount of US$11 million (December 2021: US$13 million) has been recognised on the off balance sheet items shown above. This is reported in "other liabilities" (see note 35).

d) Tax exposures

The Group is exposed to ongoing tax reviews in some subsidiary entities. The Group considers the impact of tax exposures, including whether additional taxes may be due. This assessment relies on estimates and assumptions and may involve series of judgements about future events. New information may become available that causes the Group to change its judgement 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 2022 was US$173 million (December 2021: US$131 million). Based on Group's assessment, the probable liability is not likely to exceed US$12 million (December US$6 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 2021	**24,592,619**	**618,259**	**1,499,145**	**(3,443)**	**2,113,961**
At 31 December 2021/1 January 2022	**24,592,619**	**618,259**	**1,499,145**	**(3,443)**	**2,113,961**
Treasury shares	–	–	–	–	–
At 31 December 2022	**24,592,619**	**618,259**	**1,499,145**	**(3,443)**	**2,113,961**

The total authorised number of ordinary shares at year end was 50 billion (31 December 2021: 50 billion) with a par value of US$0.025 per share (December 2021: US$0.025 per share). Total issued shares as of 31 December 2022 were 24.730 billion shares. The adjustment for treasury shares on consolidation resulted in the share count of 24.592 billion shares.

Treasury shares were ETI shares held by subsidiaries and related entities within the Group as at period end. The Treasury shares count as at 31 December 2022 is 137.7 million shares.

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

Share options

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

Movement in the number of share options outstanding are as follows:

	2022	2021
At 1 January	**79,500**	**83,000**
Forfeited	(29,500)	(3,500)
Lapsed	–	–
At 31 December	**50,000**	**79,500**

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

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

The number of shares outstanding at the end of the year was as follows:

Expiry date:	2022	2021
2022	50,000	79,500
	50,000	**79,500**

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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, other reserves and other equity instruments

	2022	2021
Retained earnings	571,032	434,419
Other reserves	(1,290,145)	(1,015,989)
	(719,113)	**(581,570)**

a) Retained earnings

Movements in retained earnings were as follows:

At 1 January	434,419	199,172
Profit for year	286,430	262,234
Transfer from general banking reserve	2,120	(23,935)
Transfer to statutory reserve	(112,454)	(3,052)
Dividends paid to Ordinary shareholders	(39,568)	–
Transfer from revaluation reserve property on disposed property	85	–
At 31 December	**571,032**	**434,419**

b) Other reserves

	2022	2021
General banking reserve	285,248	287,368
Statutory reserve	748,268	635,814
Revaluation reserve – investment securities	(60,400)	12,575
Convertible bond – equity component	–	5,084
Revaluation reserve – property and equipment	202,889	178,680
Hyperinflation reserve	(67,439)	(67,439)
Share option reserve	1,251	1,251
Remeasurements of post-employment benefit obligations	(8,728)	(8,063)
Translation reserve	(2,650,419)	(2,326,915)
Other Group reserves	259,185	265,656
	(1,290,145)	**(1,015,989)**

Movements in the other reserves were as follows:

i) General banking reserve

At 1 January	287,368	263,433
Transfer to retained earnings	(2,120)	23,935
At 31 December	**285,248**	**287,368**

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

ii) Statutory reserve

At 1 January	635,814	632,762
Transfer from retained earnings	112,454	3,052
At 31 December	**748,268**	**635,814**

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

iii) Share option reserve

At 1 January	1,251	1,251
Transfer to retained earnings	–	–
At 31 December	**1,251**	**1,251**

iv) Remeasurements of post-employment benefit obligations

At 1 January	(8,063)	(7,132)
Actuarial loss on retirement benefit	(665)	(931)
At 31 December	**(8,728)**	**(8,063)**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

v) Revaluation reserves

	2022	2021
At 1 January	12,575	74,304
Net gain loss from changes in fair value debt securities	(102,112)	(55,631)
Deferred income taxes (Note 37)	29,137	(6,607)
Fair value gain in equity instruments designated at FVOCI	–	509
At 31 December	**(60,400)**	**12,575**

The revaluation reserve shows the effects from the fair value measurement of investment securities after deduction of deferred taxes. The net gain/loss from changes in fair value in this note (102,112) represents the owner's part while the amount in the amount in Statement of OCI represent the Group amount (112,540).

Convertible bond – equity component

Movement in equity component of convertibles were as follows:

At 1 January	5,084	5,084
Equity component of convertible loan not converted during the year	(5,084)	–
At 31 December	**–**	**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.

vi) Hyperinflation reserve

At 1 January	(67,439)	(67,439)
Movement arising during the year	–	–
At 31 December	**(67,439)**	**(67,439)**

vii) Revaluation Reserve – property and equipment

At 1 January	178,680	166,498
Transfer to retained earnings fair value on disposed property	(85)	–
Net gain from change in fair value	34,711	16,258
Deferred income taxes	(10,417)	(4,076)
At 31 December	**202,889**	**178,680**

viii) Translation reserve

At 1 January	(2,326,915)	(2,151,349)
Currency translation difference arising during the year	(323,504)	(175,566)
At 31 December	**(2,650,419)**	**(2,326,915)**

ix) Other Group reserves

At 1 January	265,656	272,851
Movement arising during the year	(6,471)	(7,195)
At 31 December	**259,185**	**265,656**

c) Other equity instruments

	2022	2021
At 1 January	74,088	–
Addition	–	75,000
Issue cost	–	(912)
Attributable to other equity instrument holder	7,312	–
Additional tier 1 capital coupon	(7,312)	–
At 31 December	**74,088**	**74,088**

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

42 Cash and cash equivalents

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

	2022	2021
Cash and balances with central banks (Note 17)	2,568,620	2,532,201
Treasury Bills and other eligible bills (Note 22)	780,446	607,646
Deposits with other banks (Note 20)	997,716	1,579,657
Deposits from other banks (Note 32)	(963,814)	(733,195)
	3,382,968	**3,986,309**

42 Group entities

a) Significant subsidiaries

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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 2022 and 31 December 2021.

Entity	Ecobank Ghana		Ecobank Côte d'Ivoire		Ecobank Burkina Faso	
NCI percentage	31.1%	31.1%	25.0%	25.0%	21.8%	21.8%
Period	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Loans and advances to customers	998,301	938,190	1,464,391	1,319,163	742,837	684,060
Investment securities	808,981	954,146	1,176,632	1,040,174	594,441	575,345
Other assets	114,824	135,632	87,936	115,335	42,161	40,093
Deposits from customers	2,419,530	2,187,875	2,043,746	1,856,311	1,247,110	1,288,651
Other liabilities	112,217	95,527	104,637	106,913	23,647	44,057
Net assets	323,954	444,729	317,908	311,101	122,531	117,804
Carrying amount of NCI	**100,644**	**138,166**	**79,494**	**77,792**	**26,742**	**25,710**
At 31 December						
Operating income	357,034	344,482	158,010	160,149	90,069	89,386
Profit before tax	26,556	154,064	71,923	60,919	34,749	24,032
Profit after tax	17,231	100,381	65,098	59,314	27,112	20,686
Total comprehensive income	11,486	82,335	17,019	57,832	4,779	21,503
Profit allocated to NCI	**3,568**	**25,579**	**4,256**	**14,461**	**1,043**	**4,693**
Cashflows from operating activities	220,150	37,832	476,878	551,722	105,707	630,320
Cashflows from investing activities	(434,107)	(168,272)	(224,557)	(44,079)	(49,344)	(44,853)
Cashflows from financing activities	(27,649)	(32,327)	15,914	(33,644)	(9,133)	(12,766)
Net increase/(decrease) in cash and cash equivalents	**(241,606)**	**(162,767)**	**268,235**	**473,999**	**47,230**	**572,701**

c) Significant restrictions

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

d) Involvement with unconsolidated structured entities

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

Name	Type of structured entity	Nature and purpose	Investment held by the Group
FCP UEMOA DIVERSIFIE (Incorporated in Ivory Coast in 2007)	Asset-backed structured entity	a) Provide investors with an exposure to a referenced asset such as debt instrument	None
FCP UEMOA RENDEMENT (Incorporated in Ivory Coast in 2007)	Asset-backed 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 2022 in respect of structured entities that the Group sponsors, but which the Group does not have an interest.

Asset-backed structured entities	FCP UEMOA DIVERSIFIE	FCP UEMOA RENDEMENT
Fee income earned from asset-backed structured entities	966	129
*Carrying amount of assets transferred by third parties to conduit vehicle		
Carrying amount of the financing received from unrelated third parties		
The carrying value is stated at book value (costs less impairment)	11,003	1,547

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

44 Related party transactions

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

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

Loans and advances to related parties	Directors and key management personnel		Related companies	
	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
Loans outstanding at 1 January	2,600	2,387	49,590	35,294
Loans outstanding at 31 December	**2,076**	**2,600**	**43,840**	**49,590**
Interest income earned	127	159	2,674	3,025

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

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

	31 Dec. 2022	31 Dec. 2021
Directors' remuneration		
Total directors fees and allowances	1,787	1,696

Related party credits

During the year the Group through its subsidiaries granted various credit facilities to directors and companies whose directors are also directors of ETI at rates and terms comparable to other facilities in the Group's portfolio. An aggregate of US$45.9 million was outstanding on these facilities at the end of the reporting period. The status of performance of each facility is as shown below:

Name of company/individual	Relationship	Type	Status	Amount
BIDC	Director related	Bonds	Non-impaired	4,065
NEDBANK	Director related	Guarantees	Non-impaired	23,864
QATAR NATIONAL BANK	Director related	Guarantees	Non-impaired	15,911
				43,840

Parent

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

45 Banking subsidiaries

		Ownership interests
1	Ecobank Cameroon	80%
2	Ecobank Chad	74%
3	Ecobank Sao Tomé	100%
4	Ecobank Central Africa	75%
5	Ecobank Congo Brazzaville	86%
6	Ecobank Gabon	75%
7	Ecobank Guinea Equatoriale	60%
8	Ecobank Benin	79%
9	Ecobank Burkina Faso	78%
10	Ecobank Côte d'Ivoire	75%
11	Ecobank Mali	93%
12	Ecobank Niger	81%
13	Ecobank Sénégal	78%
14	Ecobank Togo	82%
15	Ecobank Guinea Bissau	96%
16	Ecobank Cape Verde	99%
17	Ecobank Ghana	69%
18	Ecobank Guinea	83%
19	Ecobank Liberia	100%
20	Ecobank Sierra Leone	100%
21	Ecobank Gambia	97%
22	Ecobank Rwanda	97%
23	Ecobank Tanzania	100%
24	Ecobank Kenya	100%
25	Ecobank Burundi	75%
26	Ecobank Uganda	100%
27	Ecobank South Sudan	94%
28	Ecobank Nigeria	100%
29	Ecobank Malawi	96%
30	Ecobank Congo RDC	100%
31	Ecobank Zambia	100%
32	Ecobank Zimbabwe	100%
33	Ecobank Mozambique	99%
34	SOFIPE Burkina	78%
35	Ecobank Micro Finance Sierra Leone	100%
36	Pan-African Savings and Loans Ghana	70%
37	Pan-African Savings and Loans Cameroon	82%
38	EBI SA (France)	100%

		Ownership interests
Non Banking subsidiaries		
1	EDC Holding	98%
2	EDCN	85%
3	EDC Funds Management	98%
4	EDCNIB	98%
5	Oceanic Capital	98%
6	EIC	98%
7	EAM	98%
8	EDCGE	98%
9	EDCGI	98%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

10	EDC Ghana Sec	98%
11	EDCA	98%
12	EDCC	98%
13	EDC Kenya	98%
14	Treasury Bond Protected Investment Company (TBPIC) (*)	100%
15	FCP Obligataire	45%
16	E Process international	100%
17	ARTSA	100%
18	Bewcastle	100%
19	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 of Ghana Economic Environment

Recent adverse global events have placed pressure on the Ghanaian economy. This has resulted in a surge in inflation, increasing discount rates, rapid exchange rate devaluation and growing national debt. At the end of December 2022, inflation stood at 54% and the exchange rate had weakened against the US dollar.

Local bonds

On 5 December 2022, the Government of Ghana (the Government) announced a debt exchange programme (The Programme) aimed at restoring sound public finance and sustainable debt levels. The Programme was limited to certain domestic notes and bonds (collectively, the Eligible Bonds). On 19 December 2022, the deadline for the submission of offers to participate in The Programme was extended to 30 December 2022. On 24 December 2022, The Programme was amended and the deadline for submission of offers was extended to 16 January 2023. The Programme was not finalised or settled before 31 December 2022.

The Programme indicated significant deterioration in credit risk of the Eligible Bonds. Consequently, all Eligible Bonds are classified and disclosed as stage 3 exposures. Refer to note 4.1.5.1.

Estimated Credit loss (ECL)

The Group's assessment was based on the guidance of IFRS 9 and the Institute of Chartered Accountants of Ghana (ICAG). As such, the new bonds were designated as collateral for the current bonds as of 31 December 2022. The collateral, cashflow projections on the new bonds, were discounted at 15.67% to present value. Haircuts on local bonds that are used as collateral was applied, based on the same methodology. Overall this resulted in estimated credit losses of US$96 million for the local bonds and was accordingly booked in the 2022 financials by Ecobank Ghana.

Eurobonds

In terms of the Ghana Eurobond, the Government of Ghana (GoG) announced suspension of coupon payments on the bonds on 19 December 2022. There has been no further official communication from the Government of Ghana relating to the Eurobond.

Credit risk classification

The Group assessed an overall deterioration in credit risk and as a result the Group classified and disclosed the Eurobonds in stage 3. Refer to note 4.1.5.1.

Estimated Credit loss (ECL)

The Group's assessment relied heavily on the unofficial statement from the Ministry of Finance indicating a probable haircut on principal and interest of up to 30%. In determining the expected credit loss, the Group discounted the expected cashflows, after considering the anticipated haircut and probable timing of receipt of such cashflows. The Group also utilised external benchmark data to corroborate this expected present value loss. For Ecobank Ghana, this resulted in estimated credit losses of US$66 million. Including the impact of other affiliates who also held the Eurobond of GoG, the total Eurobond estimated credit losses booked in 2022 is US$75 million for the Group. Refer to note 4.1.7.

Forward looking information

Due to the evolving economic environment in Ghana, the Group has applied higher weighting to the downturn scenarios in determining the forward-looking component of the estimated credit losses for the Ghana loans and advances book. Consequently, the Group has applied higher forecasted probability of defaults on the Ghana FLI in the ECL model. Refer to note 2.30.3.

Credit Risk Mitigation Strategies

The Group continues to closely monitor the evolving Ghana environment and applies the following strategies:

- Regular stress tests focused on the impact of currency depreciation, inflation, and other macroeconomic variables on the portfolio quality.
- Slowdown in loan growth and increased credit origination monitoring.
- Enhanced and increased periodic review of collaterals on impacted exposures.
- Review of capital consumption of large loan exposures.

Management has considered Ecobank Ghana's capital, liquidity and regulatory requirements. Ecobank Ghana continues to operate as a going concern.

Bonds designated at FVTPL were measured in accordance with the Group's accounting policy. Refer to note 2.30.

46 Events after reporting date

Ghana local debt restructure

The Ghanaian government commenced a programme to restructure the Cedi denominated debt in December 2022. Ecobank Ghana subscribed to the new bond in February 2023 upon board approval and the new bonds were subsequently issued by the government in February 2023.

STATEMENT OF VALUE ADDED

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

Statement of value added

Year ended 31 December	2022				2021			
	US$'000	%	NGN'000	%	US$'000	%	NGN'000	%
Gross income	**2,529,033**		**1,079,723,479**		**2,335,721**		**956,392,588**	
Interest expenses paid	(603,751)		(257,760,231)		(529,124)		(216,656,986)	
Fee and commission expenses	(62,915)		(26,860,386)		(48,720)		(19,949,064)	
	1,862,367		**795,102,862**		**1,757,877**		**719,786,538**	
Impairment loss on financial assets	(198,066)		(84,560,585)		(217,680)		(89,132,023)	
Non-conversion premium on bonds	(40,000)		(17,077,254)		–		–	
	1,624,301		**693,465,023**		**1,540,197**		**630,654,515**	
Bought in material and services	(501,741)		(214,208,964)		(471,092)		(192,894,998)	
Value Added	**1,122,560**	**100%**	**479,256,059**	**100%**	**1,069,105**	**100%**	**437,759,517**	**100%**
Distributions								
Employees								
Staff salaries and benefits	447,358	40%	190,991,156	40%	454,937	43%	186,280,114	43%
Hyper inflation								
Net monetary loss arising from hyperinflationary economies	33,891	3%	14,469,130	3%	25,852	2%	10,585,451	2%
Government								
Income tax	173,338	15%	74,003,427	15%	122,281	11%	50,069,611	11%
Retained in the group								
Asset replacement (depreciation and amortisation)	101,282	9%	43,240,461	9%	108,669	10%	44,495,994	10%
Expansion (transfer to reserves and non-controlling interest)	366,691	33%	156,551,885	33%	357,366	33%	146,328,347	33%
	122,560	**100%**	**479,256,059**	**100%**	**1,069,105**	**100%**	**437,759,517**	**100%**

FIVE-YEAR SUMMARY FINANCIALS

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

	2022	2021	2020	2019	2018 Restated ***
At the year end					
Total assets	29,004,169	27,561,793	25,939,473	23,641,184	22,502,727
Loans and advances to customers	11,002,905	9,575,865	9,239,948	9,276,608	9,089,200
Deposits from customers	20,813,313	19,713,349	18,296,952	16,246,120	15,935,999
Total equity	2,027,015	2,164,306	2,027,713	1,885,777	1,733,022
For the year					
Revenue	1,861,797	1,756,714	1,679,765	1,622,259	1,825,171
Profit before tax	540,029	477,992	174,318	405,079	356,508
Profit after tax *	366,691	357,366	88,319	274,934	249,180
Profit attributable to ordinary shareholders	286,430	262,234	4,202	193,958	182,178
Earnings per share-basic (cents)	1.165	1.063	0.010	0.778	0.740
Earnings per share-diluted (cents)	1.165	1.063	0.010	0.778	0.740
Dividend (cents)	0.11	0.16	–	–	–
Cost to income ratio	56.4%	58.9%	62.7%	66.2%	61.5%
NPL Ratio	5.2%	6.2%	7.6%	9.7%	9.6%
NPL Cover	86.5%	102.1%	74.5%	58.3%	66.6%
Return on Average Assets	1.3%	1.3%	0.4%	1.2%	1.1%
Return on Tangible Equity (ROTE) **	21.1%	19.0%	0.3%	13.2%	10.9%
Cost of Risk	0.1%	1.7%	1.8%	1.1%	3.2%
Loans/Deposits	55.4%	51.9%	53.6%	60.2%	61.0%

*The profit results for 2020 include the effects of goodwill impairment charge of US$164 million.
**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	2022	2021
Interest income	7,773	10,538
Finance cost	(127,332)	(122,395)
Net interest income	**(119,559)**	**(111,857)**
Fee and commission income	32,372	36,845
Fee and commission expenses	(2,985)	(2,359)
Other operating income	1,850	5,059
Staff expense	(22,132)	(22,084)
Depreciation and amortisation	(2,851)	(3,852)
Other operating expense	(13,977)	(10,028)
Foreign exchange translation	(1,293)	571
	(128,575)	(107,705)
Non-conversion premium on bonds	(40,000)	–
Impairment charges on financial assets	(13,582)	2,852
Operating loss after impairment charges	**(182,158)**	**(104,853)**
Share of post-tax results of associates	(40)	(862)
Share of affiliates' profit	**518,396**	**523,046**
Share of affiliates' tax	**(114,457)**	**(122,757)**
Profit for the year	**221,740**	**294,574**
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss:		
Share of affiliates other comprehensive loss	(49,371)	(62,804)
Translation loss on Investment in affiliates	(352,914)	(174,077)
Remeasurement of retirement benefit obligation	665	931
	(401,621)	**(235,949)**
Items that will not be reclassified to profit or loss:		
Net valuation loss on FVOCI securities	(1,404)	(3,204)
Other comprehensive (loss) /income for the year	**(403,025)**	**(239,154)**
Total comprehensive income for the year	**(181,283)**	**55,421**

PARENT COMPANY'S FINANCIAL STATEMENTS

Statement of financial position

As at 31 December	2022	2021
Assets		
Cash and balances with banks	33,034	243,937
Loans and advances to affiliates	138,186	213,964
Investment in securities	4,140	4,241
Other assets	79,912	57,714
Investment in associates	–	3,500
Other Investments	186	273
Investment in subsidiaries and other entities	3,106,006	3,213,284
Intangible assets	15	33
Property and equipment	38,816	40,367
	3,400,295	**3,777,313**
Assets held for sale	9,162	9,961
Total assets	**3,409,457**	**3,787,274**
Liabilities		
Other liabilities	52,292	55,737
Short term borrowings	32,893	45,808
Long term borrowings	1,376,898	1,490,497
Lease Liabilities	1,049	1,256
Retirement benefit obligations	9,754	13,395
Total liabilities	**1,472,886**	**1,606,693**
Equity		
Share capital	618,259	618,259
Share premium	1,499,145	1,499,145
Retained earnings	1,444,619	1,280,521
Other reserves	(1,699,540)	(1,291,432)
Total shareholders' equity	**1,862,483**	**2,106,493**
Other equity instruments holder	74,088	74,088
Total equity	**1,936,571**	**2,180,581**
Total liabilities and equity	**3,409,457**	**3,787,274**

The financial statements were approved for issue by the board of directors on 24 February 2023 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	Other equity instruments	Total
At 1 January 2021	**618,259**	**1,499,145**	**985,947**	**(1,052,278)**	**–**	**2,051,072**
Profit for the year	–	–	294,574	–	–	294,574
Other Comprehensive Income proceed from RBO				931		931
Translation loss on Investment in affiliates	–	–	–	(174,077)	–	(174,077)
Net unrealised loss on investments	–	–	–	(67,140)	–	(67,140)
Exchange difference on translation of foreign operations (associates)	–	–	–	1,132	–	
Total comprehensive income for the year	**–**	**–**	**294,574**	**(239,154)**	**–**	**55,420**
Additional tier 1 capital	–	–	–	–	74,088	74,088
At 31 December 2021	**618,259**	**1,499,145**	**1,280,521**	**(1,291,432)**	**74,088**	**2,180,582**
At 1 January 2022	**618,259**	**1,499,145**	**1,280,522**	**(1,291,432)**	**74,088**	**2,180,582**
Profit for the year	–	–	221,740	–	–	221,740
Other Comprehensive Income proceed from RBO	–	–	–	665	–	665
Translation loss on Investment in affiliates	–	–	–	(352,914)	–	(352,914)
Net unrealised loss on investments	–	–	–	(50,728)	–	(50,728)
Exchange difference on translation of foreign operations (associates)	–	–	–	(47)	–	(47)
Total comprehensive loss for the year	**–**	**–**	**221,740**	**(403,025)**	**–**	**(181,284)**
Equity component not converted	–	–	–	(5,084)	–	(5,084)
Dividend paid to shareholders	–	–	(39,568)	–	–	(39,568)
Share option forfeited	–	–	(10,762)	–	–	(10,762)
Interest paid on other equity instruments	–	–	(7,313)	–	–	(7,313)
At 31 December 2022	**618,259**	**1,499,145**	**1,444,619**	**(1,699,541)**	**74,088**	**1,936,571**

Statement of cash flows

For year 31 December	2022	2021
Profit for the year	**221,740**	**294,574**
Adjustment for non-cash items:		
Fair value loss on assets held for sale	799	592
Share of post-tax results of associates	40	862
Adjustments to equity accounting*	(403,938)	(400,289)
Profit on disposal of property plant and equipment	(37)	(73)
Depreciation and amortisation	2,851	3,852
Amortisation of government grant	(192)	(192)
Provision for doubtful receivables	14,776	26,556
Foreign exchange income	1,293	(571)
Current service cost and interest on benefit obligation	(2,975)	(1,293)
	(165,642)	**(75,983)**
Changes in working capital		
– other assets	32,984	9,363
– other liabilities	3,445	6,785
– Leases	(203)	927
– Loans and advances	(75,778)	4,315
Net cash used in operating activities	**(205,194)**	**(54,593)**
Cash flows from investing activities		
Dividend received	122,169	92,567
Purchase of property, plant and equipment and intangible assets	(1,009)	(1,090)
Investment in Subsidiaries	(13,238)	–
Proceeds from the sale of property, plant and equipment	238	828
Net cash from investing activities	**108,160**	**92,305**
Cash flows from financing activities		
Proceeds from borrowings	621,372	405,756
Proceeds from other equity instruments	–	74,088
Repayment of borrowed funds	(735,241)	(314,984)
Net cash (used in)/from financing activities	**(113,869)**	**164,860**
Net (decrease) /increase in cash and cash equivalents	(210,903)	202,572
Cash and cash equivalent at the beginning of the year	**243,937**	**41,365**
Cash and cash equivalents at end of the year	**33,034**	**243,937**

* Dividend received in the comparative cash flow statement for 2021 has been reclassified to investing activities. Refer note 34.

OMNI PLUS – CORPORATE AND INVESTMENT BANKING'S DIGITAL BANKING PLATFORM

The Omni Plus platform is fully optimised to deliver everything that corporates need from online banking, enabling our Corporate and Investment Bank clients to transact digitally on their accounts.

The benefits of Omni Plus include:

- Smarter payment management including Ecobank-to-Ecobank transfers, domestic inter-bank transfers and international transfers in any currency;
- Simplified collections with a multi-channel gateway enabling real time updates for direct debit and cheque payments;
- Trade solution enables customers to create/ manage instructions for international trade transactions including letters of credit, standby letters of credit and bank guarantees;
- Advanced liquidity management tools for domestic sweeps and cross-border notional pooling;
- Simplified supply chain management with the ability to monitor invoices, financing, payment bond and loan requests;
- Single point access for customers to all their transactions and reporting (Ecobank and other banks); and
- Enhanced balance reporting with real time transaction information and reports for reconciliation, planning and forecasting.

7 CORPORATE INFORMATION

EXECUTIVE MANAGEMENT ECOBANK GROUP

Group Executive Committee	Title	Nationality
Jeremy Awori	Group Chief Executive Officer	Kenyan
Nana Araba Abban	Group Executive, Consumer Banking	Ghanaian
Carol Oyedeji	Group Executive, Commercial Banking (Acting)	Nigerian
Eric Jones Odhiambo	Group Executive, Corporate & Investment Banking	Kenyan
Paul-Harry Aithnard	Regional Executive, UEMOA & Managing Director, Ecobank Côte d'Ivoire	Togolese
Mobolaji Lawal	Regional Executive, Nigeria & Managing Director, Ecobank Nigeria	Nigerian
Daniel Sackey	Regional Executive, AWA & Managing Director, Ecobank Ghana	Ghanaian
Josephine Anan-Ankomah	Regional Executive, CESA & Managing Director, Ecobank Kenya	Ghanian
Ayo Adepoju	Group Chief Financial Officer	Nigerian
Chinedu Ikwudinma	Group Executive, Chief Risk Officer	Nigerian
Madibinet Cisse	Group General Counsel and Company Secretary	Guinean
Tomisin Fashina	Group Executive, Operations & Technology	Nigerian
Yves Mayilamene	Group Executive, Human Resources	Congolese
Mamat Jobe	Group Executive, Internal Audit and Management Services (Acting)	Gambian
Divine Fola	Head, Group Compliance	Cameroonian

Managing Directors	Ecobank Banking Affiliate
Name	**Country**
NIGERIA	
Mobolaji Lawal	Nigeria
Francophone West Africa (UEMOA) Region	
Lazare Noulekou	Benin
Noellie Cecile Djimon Dandjinou Tiendrebeogo	Burkina Faso
Aminata Nana Sakho	Cape Verde
Paul-Harry Aithnard	Côte d'Ivoire
Ghislaine Tankeu Samake	Guinea-Bissau
Mamady Diakite	Mali
Didier Correa	Niger
Sahid Yalou	Senegal
Souleymane Toure	Togo
Anglophone West Africa (AWA) Region	
John Nyaaba	Gambia
Daniel Sackey	Ghana
Diawadou Bah	Guinea
George Mensah-Asante	Liberia
Aina Moore	Sierra Leone
Central, Eastern and Southern Africa (CESA) Region	
Desire Butwabutwa Chanou	Burundi
Gwendoline Abunaw	Cameroon
Felix Njoume	Central Africa Republic
Sylvain Pendi	Chad
Alassane Sorgo	Democratic Republic of the Congo
Boubacar Diallo	Equatorial Guinea
Patrick Jules Egounlety	Gabon
Josephine Ankomah	Kenya
Raymond Fordwuo	Malawi
Lurdes Bernardo Chongo (acting MD)	Mozambique
Olivier Brou Kouame	Republic of the Congo
Carine Umutoni	Rwanda
Dalton Goncalves	Sao Tome and Principe
Didier Koffi Yobou	South Sudan
Charles Asiedu	Tanzania
Grace Bo Muliisa	Uganda
Misheck MKOKWEZA (acting MD)	Zambia
Moses Kurenjekwa	Zimbabwe

Heads of Representative Offices and Paris Subsidiary	
James Kanagwa	Addis Ababa, Ethopia (Country Rep)
Chanou Moukaram	MD, EBI SA, Paris, France
Eric Jones Odhiambo	Johannesburg, South Africa
Nathalie Villette	London, United Kingdom
Ara Bakjejian	Dubai, United Arab Emirates
Shen LI	Beijing, China

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.

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Ecobank
The Pan African Bank

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	% Holding
1	NEDBANK GROUP LIMITED	5,249,014,550	21.22%
2	QATAR NATIONAL BANK	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	955,730,453	3.86%
6	MOON INVESTMENTS LTD	787,239,062	3.18%
7	THE BANK OF NEW YORK MELLON	639,575,805	2.59%
8	ENKO OPPORTUNITY GROWTH FUND LTD	394,916,489	1.60%
9	ECOWAS BANK FOR INVESTMENT & DEVELOPMENT	240,209,077	0.97%
10	MIKEADE INVESTMENT COMPANY LIMITED	166,675,914	0.67%
	Top 10 shareholders	20,224,937,035	81.78%
	Other shareholders	4,505,417,408	18.22%
	Total shares outstanding (TSO)	**24,730,354,443**	**100%**

No shareholder under "OTHER SHAREHOLDERS" has up to 1% of ETI shares
Data as of 31 December 2022.

Ecobank Transnational Inc: share range analysis as at 31 December 2022

Share range	Number of ETI shareholders	% of Total shareholders	Number of ETI shares	% of Total ETI shares
1 - 1,000	454,793	72.20%	119,851,064	0.48%
1,001 - 5,000	130,737	20.75%	255,767,731	1.03%
5,001 - 10,000	21,288	3.38%	141,795,274	0.57%
10,001 - 50,000	17,505	2.78%	335,708,222	1.36%
50,001 - 100,000	2,497	0.40%	172,724,879	0.70%
100,001 - 500,001	2,259	0.36%	465,901,507	1.88%
500,001 - 1,000,000	402	0.06%	289,862,365	1.17%
1,000,001 - 10,000,000	392	0.06%	1,109,321,045	4.49%
10,000,001 and above	61	0.01%	21,839,422,356	88.31%
TOTAL	**629,934**	**100%**	**24,730,354,443**	**100%**

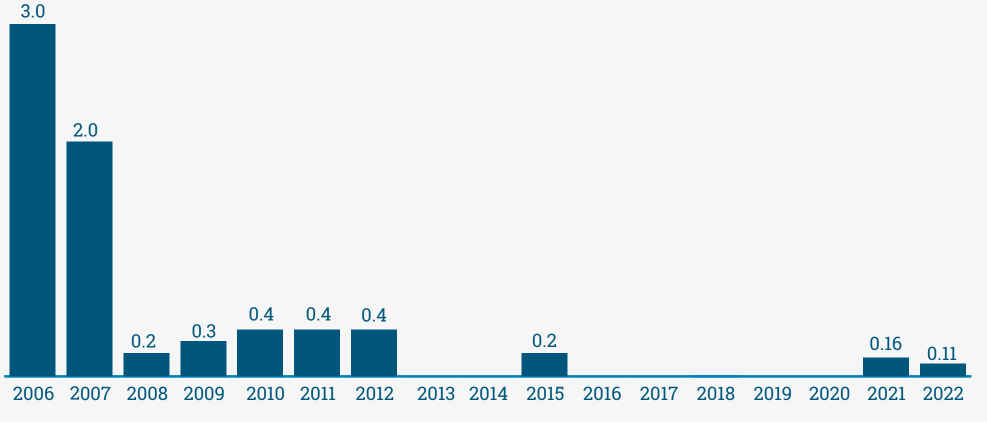
Share options

These are options outstanding to staff and management in respect of 50 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	-
2021	0.0016	0.16	40,000
2022	0.0011	0.11	28,000

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	NGX	GSE	BRVM
Location	Lagos, Nigeria	Accra, Ghana	Abidjan, Côte d'Ivoire
Share price as of 31 December 2022	10.60	0.15	19
% change in share price 2022 v 2021	21.8%	7.1%	5.6%
Average daily trading volume (ADTV) for 2022	3,052,142	29,014	693,458
% change in ADTV: 2022 v 2021	(21)%	(46)%	30%
Shares held (in millions)	20,380,819,119	2,563,592,868	1,785,942,456

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

1. Benin
Rue du Gouverneur Bayol
01 B.P. 1280, Cotonou – Benin
Tel: (229) 21 31 30 69
(229) 21 31 40 23

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

3. Burundi
6-Rue de la Science
B.P. 270 Bujumbura – Burundi
Tel: (257) 22 20 81 02 – 03

4. Chad
Avenue Charles de Gaulle
B.P. 87, N'Djaména – Chad
Tel: (235) 22 52 43 14/21

5. Cameroon
Rue Ivy French- Bonanjo
B.P 582 Douala-Cameroon
Tél: (237) 233 43 85 43
(237) 233 42 47 44

6. Cape Verde
Avenida Cidade de Lisboa
C.P. 374 /C Praia
Cape Verde
Tél.: (238) 260 36 60

7. Central African Republic
Place de la République
B.P. 910 Bangui – République Centrafricaine
Tel: (236) 21 61 00 42

8. Congo (Brazzaville)
Croisement des Avenues Gouverneur Général Félix EBOUE et Amical CABRAL
Quartier de la plaine, Centre-ville
B.P. 2485, Brazzaville – Congo
Tel: (242) 06 719 01 01

9. Congo (Democratic Republic)
Siège et Agence Principale
Avenue Kasa-Vubu N°2
Commune de Gombe
Kinshasa – RD Congo
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10. Côte d'Ivoire
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(225) 20 21 10 41

11. Equatorial Guinea
Avenida de la Independencia
APDO.268, Malabo –
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Tel: (240) 333 098 271
(240) 555 300 203

12. Gabon
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13. The Gambia
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Serrekunda – The Gambia
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14. Ghana
2 Morocco Lane, Off Independence Avenue, Ministerial Area
P. O. Box AN16746 Accra, Ghana
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Digital Address: GA-078-6717

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

16. Guinea-Bissau
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17. Kenya
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Nairobi – Kenya
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(254) 20 496 80 00
(254) 719 098 000

18. Liberia
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(231) 886 974 494
Cell:(231) 886 484 116

19. Malawi
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Corner Victoria Avenue and Henderson Street, Private Bag 389 Chichiri, Blantyre 3 – Malawi
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20. Mali
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Quartier du Fleuve
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Bamako – Mali
Tel: (223) 20 70 06 00

21. Mozambique
Avenue Vladimir Lenine
nº 210 – C.P. 1106
Maputo – Mozambique
Tel: (258) 21 31 33 44

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

23. Nigeria
Plot 21, Ahmadu Bello Way
P.O.: Box 72688, Victoria Island
Lagos – Nigeria
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24. Rwanda
KN3 AV4
P.O Box 3268
Kigali – Rwanda
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(250) 788 16 33 00

25. São Tomé and Príncipe
Edifício HB, Travessa do Pelourinho
C.P. 316
São Tomé – São Tomé e Príncipe
Tel: (239) 222 21 41

26. Senegal
Km 5 Avenue Cheikh Anta DIOP
B.P. 9095, Centre Douanes
Dakar – Senegal
Tel: (221) 33 859 99 99

27. Sierra Leone
3 Charlotte Street
P.O. Box 1007
Freetown – Sierra Leone
Tel: (232) 88 141 015 – 025

28. South Sudan
Heran Building, Juba National Stadium Road,
P.O. Box 150,
Juba, South Sudan
Tél: (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

30. Togo
20, Avenue Sylvanus Olympio
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Lomé – Togo
Tel: (228) 22 21 72 14

31. Uganda
Plot 8A Kafu Road
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Kampala – Uganda
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(256) 312 266 078

32. Zambia
Plot 22768 Thabo Mbeki Road,
PO Box 30705, Lusaka Zambia
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(260) 211 250 056
(260) 211 250 057

33. Zimbabwe
Block A, Sam Levy's Office Park
2 Piers Road
P.O. Box BW1464
Borrowdale
Harare – Zimbabwe
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885443/886607-8

34. EBI SA & ART SA
Les Collines de l'Arche
Immeuble Concorde F
76 route de la Demi-Lune
92057 Paris La Défense Cedex
France
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Fax: (33) 1 70 92 20 90

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36. Ecobank Advisory (Beijing) Ltd
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Beijing, China
Tel: +86 (10) 6629 0522

37. Ecobank South Africa
Representative Office
135 Rivonia Road
Block F, 8th Floor
Sandown 2196
Johannesburg – South Africa
Tel: (27) 11 505 0300

38. Ecobank Office in Dubai
Representative Office
Emaar Square – Building 1,
Office 504
Down Town Dubai,
P.O. Box: 29926
Dubai – UAE
Tel: (+971) 4 327 6996

39. Ecobank Office in Ethiopia
Gerdi Rd Yerer Ber Area,
SAMI Building, 6th Floor 602A
P.O. Box 90598
Addis Ababa – Ethiopia
Tel: (251) 116 291 101
Cell:(251) 934 169 784

eProcess International SA
2365, Boulevard du Mono
B.P. 3261, Lomé –Togo
Tel: (228) 22 22 23 70

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 PLC
Share Registry Unit
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

8th Floor
Ecobank Pan-African Center (EPAC)
270 B1, Ozumba Mbadiwe Avenue
Victoria Island, Lagos State
Nigeria
Tel: +234 1226 5493
+234 1226 5361

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: eicbourse@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 9955			Francophone
DR Congo	+243 996016000				Francophone
Equatorial Guinea	240 555300203 240 555300270				Spanish
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
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
Rwanda	250788384000 250788161000				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
South Sudan	211922018018 211922118118				Anglophone
Tanzania	0800110021	800110021			Anglophone
Togo	+228 22537650				Francophone
Uganda	256757080054 256417700100 256757080054 2566312354100				Anglophone
Zambia	260211367390				Anglophone
Zimbabwe	2637713977171				Anglophone

NOTES

Ecobank
The Pan African Bank

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The Pan African Centre
2365, boulevard du Mono
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