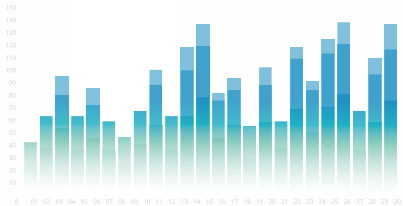
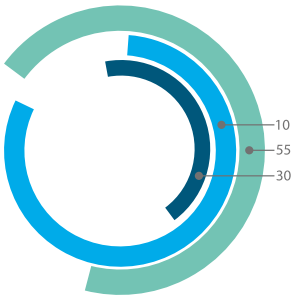
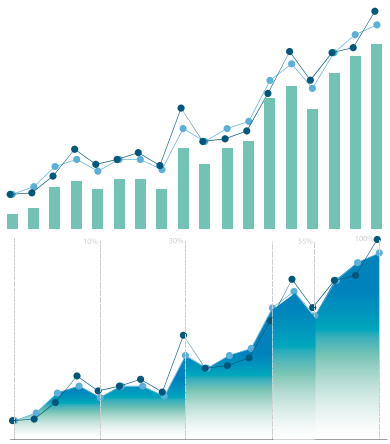
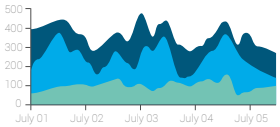
Exponential Possibility

Harnessing the power of partnership
and evolving the reach of digital banking.









Ecobank Group
Annual Report 2016

Ecobank
The Pan African Bank

Exponential Possibility

Harnessing the power of partnership
and evolving the reach of digital banking.

Ecobank Group
Annual Report 2016

Ecobank
The Pan African Bank

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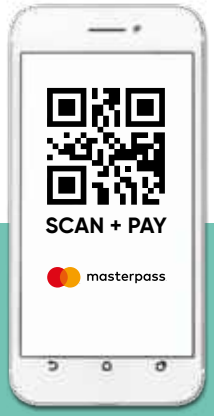
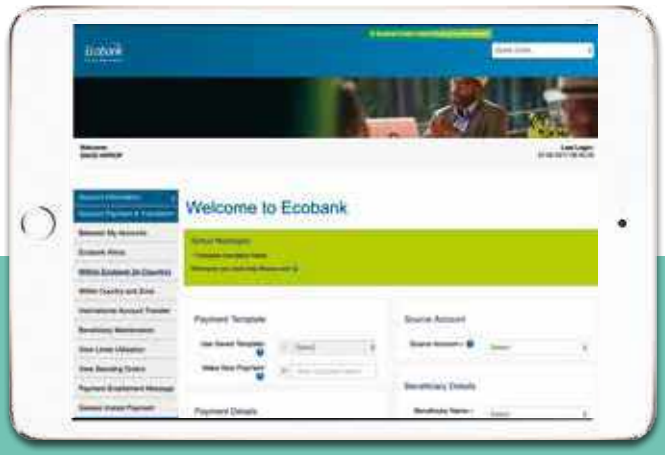
SEND
SHOP
PAY
OPEN
RECEIVE

Faster.
Easier.
Better.





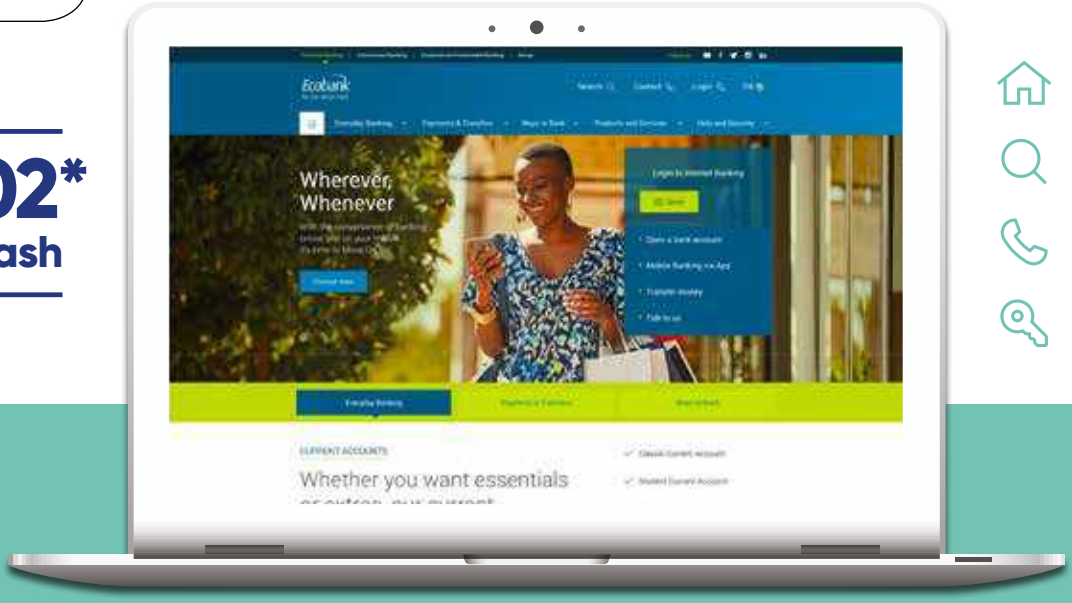
01

Performance Highlights

Omni

Africa is_on
Ecobank_on

402
mCash



Ecobank's underlying financial performance remained resilient during an exceptionally challenging year, reflecting the strength of our diversified business model. Despite the bottom line being adversely affected by higher impairments, top line growth in constant dollars was encouraging and our operating efficiency drive yielded significant savings.

Performance highlights

Selected income statement data

For the year ended 31 December (in millions of $, except per share amounts)	2016	2015
Net revenue	1,972	2,106
Operating expenses	1,237	1,368
Pre-impairment income	735	738
Impairment losses	864	532
Profit/(Loss) before tax	(131)	205
Profit/(Loss) for the year	(205)	107
Profit/(Loss) attributable to ETI shareholders (from continuing operations)	(250)	66
Profit/(Loss) attributable per ordinary share (US cents):		
Basic	(1.01)	0.28
Diluted	(1.01)	0.28
Cash dividends declared per ordinary share (US cents)	0.00	0.20

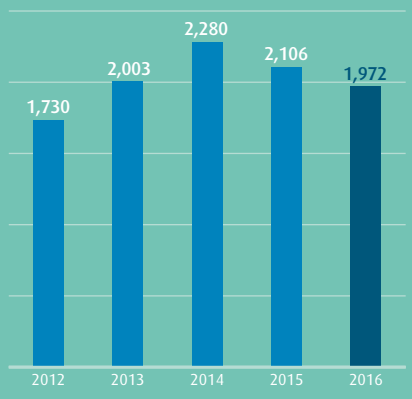
Selected statement of financial position data

For the year ended 31 December (in millions of $, except per share amounts)	2016	2015
Loans and advances to customers, net	9,259	11,200
Total assets	20,511	23,554
Customer deposits	13,497	16,428
ETI's shareholders' equity	1,578	2,451
Total equity	1,764	2,523
Ordinary shares outstanding	24,730	24,100
Book value per ordinary share (US cents)	7.13	10.47
Tangible book value per ordinary share (US cents)	6.00	8.90
Share price (US cents):		
High	3.82	11.56
Low	3.04	7.23
Period end	3.26	8.03

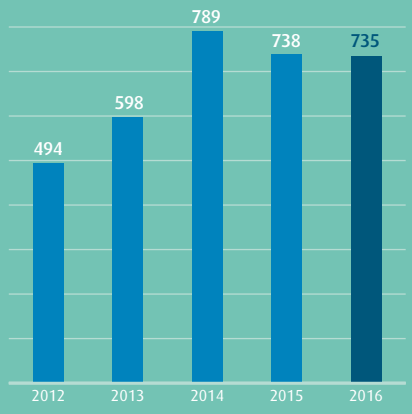
Selected ratios

	2016	2015
Profit for the year to average total assets ('ROA')	-0.9%	0.4%
Profit for the year to total average equity ('ROE')	-9.6%	4.2%
Basel I Tier 1 capital ratio	23.4%	23.9%
Total capital adequacy ratio	25.3%	20.5%
Net interest margin	6.9%	6.8%
Cost-to-income ratio	62.7%	64.9%
Non-performing loans ratio	9.6%	8.2%
Non-performing loans coverage ratio	63.4%	67.9%

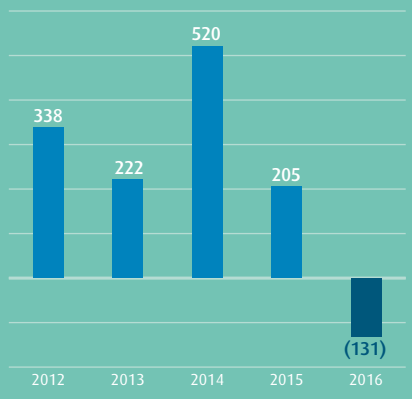
Net revenue
($m)



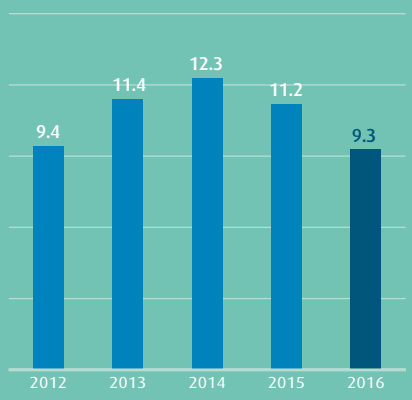
Pre-impairment income
($m)



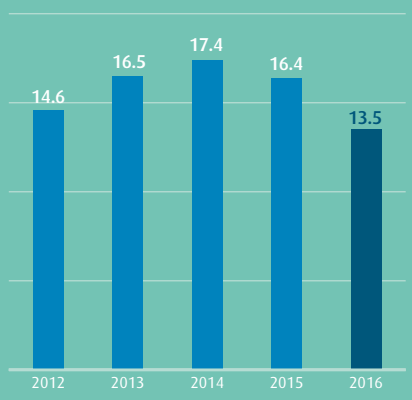
Profit before tax
($m)



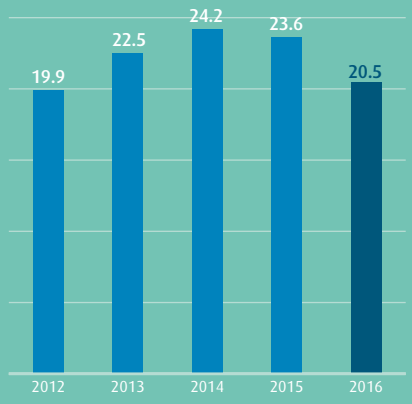
Customer loans
($bn)



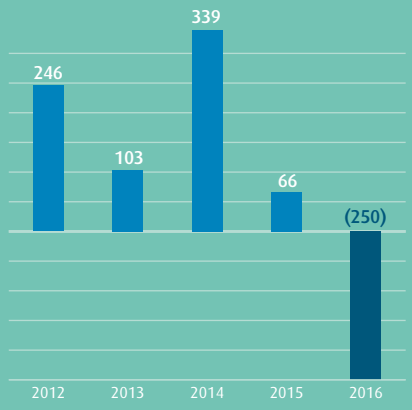
Customer deposits
($bn)



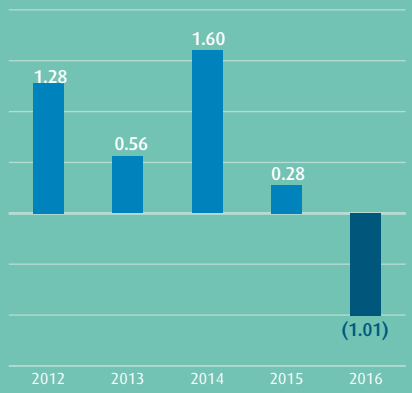
Total assets
($bn)



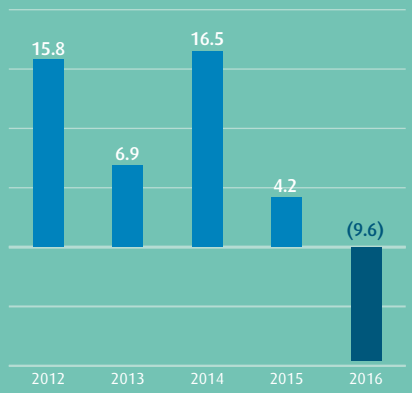
Profit attributable to ETI shareholders from continuing operations ($m)



Diluted earnings per ordinary share
($cents)



Return on average equity
(%)



EPS for 2014 has been restated to reflect the 1-for-15 bonus issue in June 2015

Ecobank is the leading pan-African banking institution

Founded in 1985 and headquartered in Lomé, Togo, Ecobank provides consumer and commercial banking, corporate and investment banking, and securities and asset management to approximately 10 million customers, ranging from individuals, small and medium-sized enterprises, regional and multinational corporations, financial institutions and international organisations via 1,265 branches and offices, 2,829 ATMs, the internet (ecobank.com), and mobile banking.

Ecobank is present in 36 African countries, with international offices in Paris, London, Dubai and Beijing, to support our customers who conduct business in the global economy.

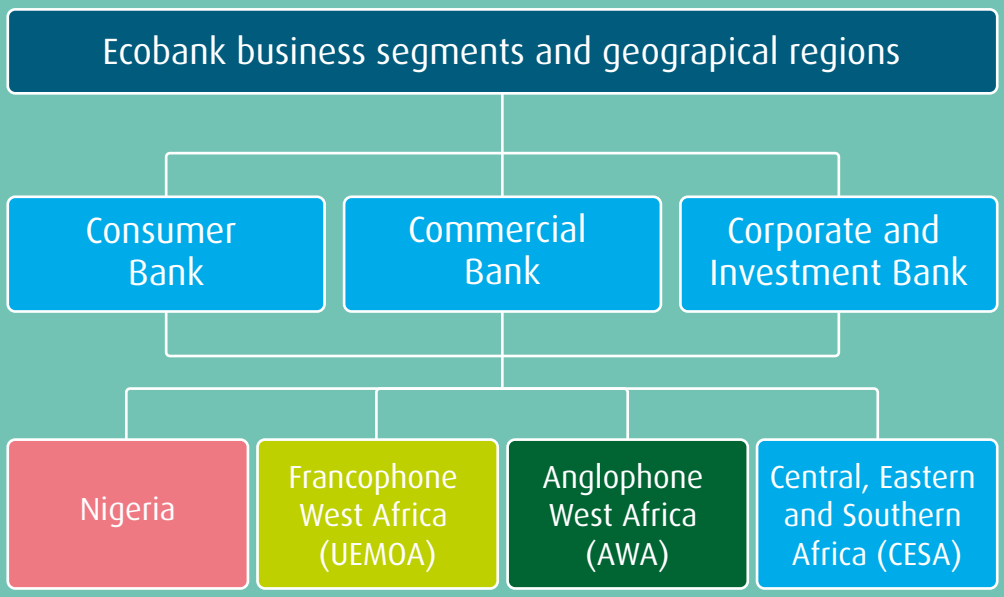
Our vision, which steers us towards growth and success, is to build a world-class pan-African bank and contribute to the economic development and financial integration of Africa.

Our mission is to provide all of our customers with convenient and reliable financial products and services.

As of 31 December 2016, Ecobank had $20.5 billion in total assets and $1.8 billion in total equity.

Ecobank Transnational Incorporated ('ETI'), the parent holding company of the Ecobank Group, is listed on the Nigerian Stock Exchange ('NSE'), in Lagos, the Ghana Stock Exchange ('GSE'), in Accra and the Bourse Régionale des Valeurs Mobilères SA ('BRVM') in Abidjan.

Ecobank is organised, for management reporting purposes, into three customer-centric business segments and four geographical regions. The business segments are Consumer Banking, Commercial Banking, and Corporate and Investment Bank. The geographical regions are Nigeria, Francophone West Africa ('UEMOA'), Anglophone West Africa ('AWA'), and Central, Eastern and Southern Africa ('CESA').



Business Model

At Ecobank we serve our customers in each of our geographical regions via our three customer-centric business segments – Consumer Banking, Commercial Banking, and Corporate and Investment Bank – with a product suite that meets the financial needs of all of our customers.

Ecobank
The Pan African Bank

Business segments

Consumer Bank

Customers

- Premier
- Advantage
- Classic
- Youth
- Microfinance

Products

- Current & Savings accounts
- Cards & eBanking
- Remittances & Mobile Money
- Personal & Mortgage Loans
- FX
- Bancassurance

Financial Performance*

Net revenue
$484 m
Pre-impairment income
$81 m
Profit before tax
$30 m

Commercial Bank

Customers

- Small and Medium Sized Enterprises (SMEs)
- Medium Local corporations
- High Value Local Corporations
- Non-government public sector (Local Government, Domestic NGOs, Faith-based institutions, Educational institutions, Healthcare institutions)

Products

- Fixed income, currencies and commodities (FICC)
- Trade Finance
- Cash Management
- Internet & eBanking
- Loans and Liquidity

Financial Performance*

Net revenue
$374 m
Pre-impairment income
$90 m
Loss before tax
$36 m

Corporate and Investment Bank

Customers

- State-Owned Enterprises
- Regional Corporates
- Global Corporates
- Financial Institutions
- International Organisations
- High-End Local Corporates

Products

- Trade Finance & Services
- Cash & Liquidity Management
- Investment Banking
- Loans & Liquidity
- Securities and Asset Management
- FICC

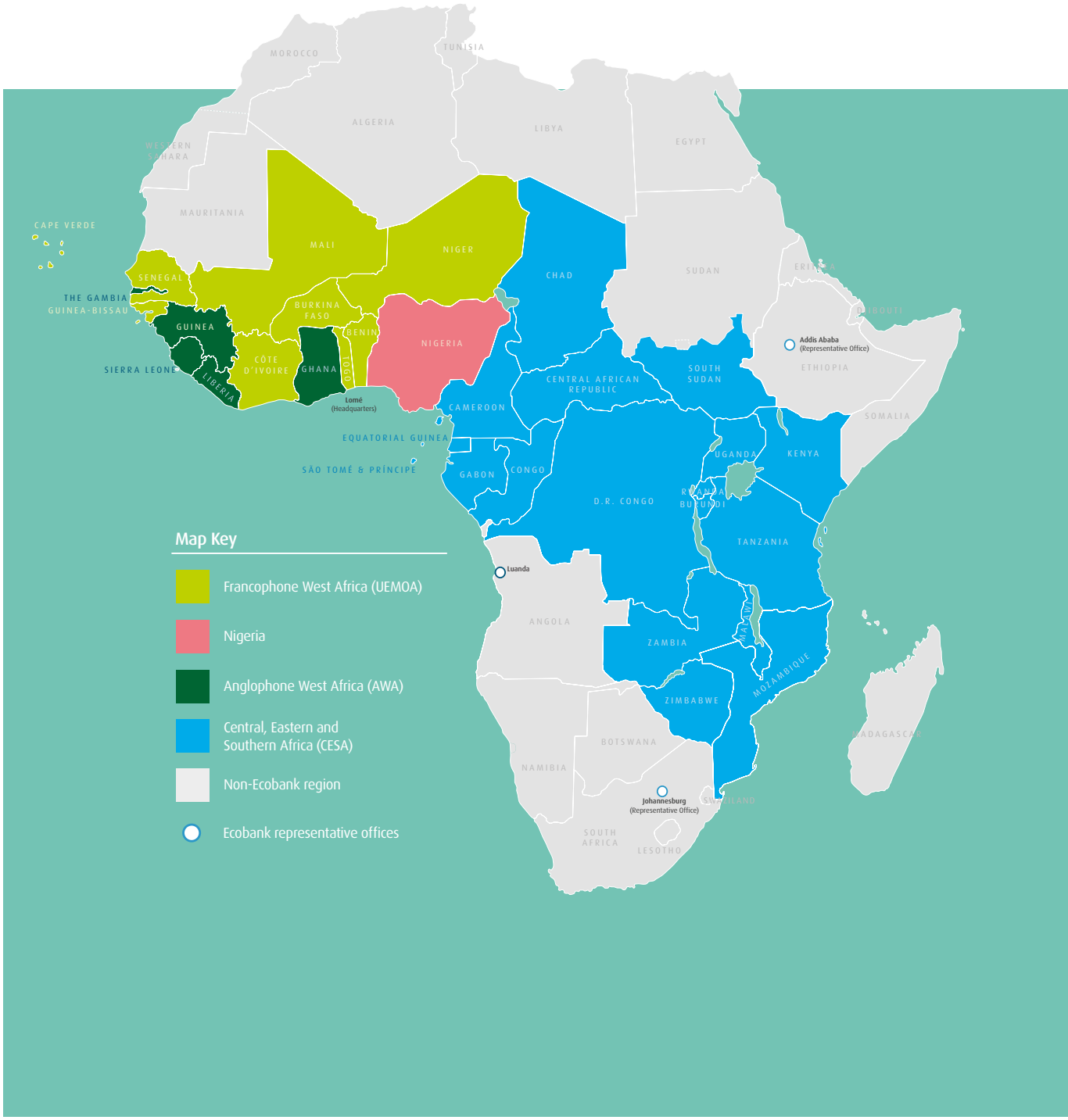
Financial Performance*

Net revenue
$1,074 m
Pre-impairment income
$568 m
Loss before tax
$40 m

* The income statement and balance sheet data displayed in the table above reflects performance figures for the individual lines of business only. A summation of these numbers will not yield reported numbers for each of these lines, because it excludes the impact of other non-banking entities and consolidation adjustments.

Our pan-African footprint

Our geographical footprint is segmented into four regions – Francophone West Africa (UEMOA) Nigeria, Anglophone West Africa (AWA) and Central, Eastern and Southern Africa (CESA).



(In millions of $, except countries, branches and offices, and employee data)

	Nigeria	Francophone West Africa (UEMOA)	Anglophone West Africa (AWA)	Central, Eastern and Southern Africa (CESA)
Net revenue	726	443	407	357
Profit before tax	23	103	140	24
Total assets	6,183	7,891	2,751	4,059
Countries	1	9	5	18
	• Nigeria	• Benin • Burkina Faso • Côte d'Ivoire • Cape Verde • Guinea-Bissau • Mali • Niger • Senegal • Togo	• Gambia • Ghana • Guinea • Liberia • Sierra Leone	• Cameroon • Chad • Central Africa Republic • Congo Brazzaville • Gabon • São Tomé and Príncipe • Equatorial Guinea • Burundi • Kenya • Rwanda • Uganda • South Sudan • Tanzania • DR Congo • Malawi • Mozambique • Zambia • Zimbabwe
Branches and offices	512	286	153	282
Employees	4,077	2,925	2,473	3,183

The income statement and balance sheet data displayed in the table above reflects performance figures for the individual geographic regions only. A summation of these numbers will not yield reported numbers for each of these lines, because it excludes performance figures from ETI, the parent company, eProcess, our technology service company, our international businesses in Paris, London, Dubai, and Beijing, the impact of consolidation eliminations, other affiliates, and structured entities of ETI. A reconciliation of these numbers to Group reported numbers can be found in the full annual report under 'Notes to the Financial Statements'.

Employee figures comprise permanent, seconded and contract staff. But excludes outsourced staff

02 Board and Management

We have significantly up-scaled and invested in senior management, including the redeployment of experienced executives to oversee key elements of Ecobank's restructuring. We now have management teams in place with the business acumen and experience to deliver our Roadmap to Leadership strategy.

Group Chairman's statement

The Board fully appreciates our shareholders' concerns. We have now stabilised the situation and are making real progress in dealing with the outstanding issues. We ask for your continued support and patience, whilst we address business imperatives and build on Ecobank's inherent strengths.

Emmanuel Ikazoboh
Group Chairman
Ecobank Group

Macroeconomic Environment

2016 proved to be a difficult year, both for Ecobank Transnational Incorporated ('ETI'), our parent company, and for our shareholders. The operating environment was particularly demanding, as depressed commodity prices led to local currency weakness relative to the US Dollar, our reporting currency, rising inflation and higher interest rates. These factors conspired to slow down economic activity across sub-Saharan Africa, affecting business and household incomes in equal measure.

Financial Performance

Despite the weak macroeconomic situation, Ecobank's 2016 revenues remained resilient at $2.0 billion. Equally, pre-impairment income remained stable at $735 million compared to $738 million in 2015. However, asset quality issues emerged with respect to certain legacy assets in Nigeria and an increase in non-performing loans in our Francophone West Africa and Central, Eastern, and Southern Africa geographical regions. In the light of these, we took the prudent decision to increase impairment charges significantly to $864 million, compared to $523 million in 2015.

This served to depress our bottom line performance in 2016. The loss attributable to ETI shareholders amounted to $250 million, compared to a prior-year profit of $66 million. This equated to a diluted loss per share of 1.01 US cents, versus diluted earnings per share of 0.28 US cents in 2015. As a result, return on average total equity was an unsatisfactory -9.6%, versus +4.2% for the prior year. Nevertheless, your Board and management are confident that the strategic actions being taken should position Ecobank to generate sustainable return on equity of between 20% and 25% throughout the economic cycle.

Management of our non-performing loans

As a result, we took immediate remedial action to put Ecobank on a more secure financial footing and to accelerate the recovery in the Group's overall performance. To specifically address the challenged assets in Nigeria, we set up a separate entity, or Resolution Vehicle ('RV'), to manage its legacy loan portfolio. The RV purchased this portfolio, using a short-term financing facility, and its book value was subsequently written down to zero.

By segregating these challenged legacy assets from Ecobank Nigeria's core assets, senior management will now be able to concentrate on delivering the desired results. Furthermore, this will improve Ecobank Nigeria's liquidity and help the effective management of capital, thereby accelerating the turnaround of the business. This is crucial for Ecobank's overall performance, given that Nigeria accounts for around 40% of our business and assets. We now have a dedicated Asset Management Team in place charged with maximising the recovery of the outstanding loans now held by the RV.

Suspension of dividends in the near term

It is a matter of great regret to your Board that ETI ended 2016 with no distributable profits. The parent company made a loss of $81 million for the year, compared with a profit of $61 million in 2015. This was largely due to the impairments taken to write-down the loans in the RV, which is wholly owned by ETI, and thus consolidated within the Group's balance sheet. As a result, your Board is unable to recommend the payment of a dividend with respect to the 2016 financial year. Moreover, as a result of Africa's still fragile economic recovery and our preparations to adopt IFRS 9, a new, forward-looking accounting approach to loan impairments, in 2018, we cannot currently give shareholders reassurance regarding the resumption of dividend payments. This is dependent on a number of factors, including the strength of the expected recovery in economic activity, an improving credit risk environment and our anticipated efficiency gains. This is particularly disappointing, given that in reinstating dividends in 2015, we were signalling our intention to return to a progressive dividend policy in the future.

We wish to assure our shareholders that these unsatisfactory circumstances have served to steel the Board and senior management to work urgently to address all of the outstanding issues in order to resume and sustain future dividend payments as soon as practicably possible.

Proposed Capital Issue

We are also looking to strengthen Ecobank's capital position via a proposed $400 million issue of a 5-year convertible bond in the second half of the current financial year. It will have a maturity of 5 years and a coupon of 6.46% above 3-month LIBOR, with an option to convert at an exercise price of 6 US cents during the conversion period. We are delighted with the strength of the support shown for the issue by our existing shareholders, as it both vindicates our actions and indicates their confidence in Ecobank's future. The balance will be offered to all of our shareholders on identical terms.

The proceeds of the issue will be used to resolve our legacy loans and to optimise the maturities of the Group's debt portfolio. $200 million has been earmarked for the repayment of the short-term bridging finance used to create the RV. The remaining $200 million will be allocated to a deliberate restructuring of the ETI's debt portfolio, replacing costly short-term borrowings with loans of a tenor in excess of 5 years.

Board changes

We have significantly up-scaled and invested in our senior management team, including the redeployment of experienced executives to oversee key elements of our restructuring process and the appointment of a new Chief Financial Officer, Greg Davis, who joins us from Standard Bank. I am confident that our executive and non-executive management teams now have the capabilities, business acumen and experience to deliver our Roadmap to Leadership strategy.

In this regard, I am delighted to officially welcome the two most recent Non-Executive appointees to the Group Board: Mr. Ignace K.A. Clomegah and Dr. Catherine W. Ngahu. Mr. Clomegah is a highly respected Togolese financier and businessman, with vast experience in accounting and corporate consulting, who currently is a Board representative of a number of leading Togolese companies and institutions. Dr. Catherine W. Ngahu is a senior lecturer at the University of Nairobi, a consultant and an entrepreneur with more than 25 years' experience of business strategy. She has a keen interest in corporate governance and sustainability issues, having previously served on the Boards of regulatory agencies and financial services and educational institutions.

Sustainability – Integral to Ecobank's Vision

We are committed to running Ecobank as a more sustainable and socially responsible business, serving our African customers of today in a way that will help future generations, thereby creating long-term value for civil society and all of our stakeholders. We see sustainability as a truly transformative approach to African banking, whilst recognising the inevitable trade-offs between business imperatives and the sustainability agenda.

In various initiatives aimed at supporting Africa's socio-economic development and increasing financial inclusion, we continue to demonstrate that these objectives and commercial viability are not mutually exclusive. As part of our vision of empowering Africa's entrepreneurs, Ecobank remains committed to providing its micro, small and medium-sized enterprise clients with tailored and responsive customer services.

2016 saw the re-launch of the Ecobank Foundation with a revitalised strategy, aiming to become the preferred African partner for organisations seeking to contribute to the transformation of the continent. Its main focus areas will be the application of digital technology to promote financial inclusion, improved access to healthcare and education and the empowerment of Africa's women.

We are also encouraging our staff to actively reach out to the communities that they serve. Since its inauguration in 2013, our annual 'Ecobank Day' celebration has become a flagship event to reinforce Ecobank's socially responsible values amongst our communities and employees alike, strengthening community relationships and encouraging internal team work in a morale-boosting way.

Our commitment to sustainability is also evident in our decision to provide our stakeholders with an annual, standalone Sustainability Report. This year's edition, entitled 'Ecobank's Digital Pathway to Sustainability' is available for download at ecobank.com.

Outlook

We fully appreciate investors' concerns over the loss of shareholder value over the past year and that our decision to suspend dividends in the near-term will come as a further disappointment.

We aim to create sustainable shareholder value through an ongoing emphasis on capital stewardship and efficient capital allocation. Your Board is confident that Ecobank will generate more than satisfactory returns, once our legacy issues have finally been resolved. We have now stabilised the situation and are making real progress in dealing with the outstanding issues.

We ask for your continued support and patience, whilst we address business imperatives and build on Ecobank's inherent strengths. We are reinforcing our risk management culture and procedures, with stringent credit origination, collection and monitoring. In 2017, we will be introducing half-yearly auditing of the Group's accounts in line with international best practice and to improve earnings transparency.

Our diversified business model provides resilience, our scale advantage enables strong partnerships with leading multinationals and development finance institutions active in Africa, and we have loyal, strategic shareholders. All this, together with the unceasing dedication of our employees, allows your Board to approach 2017's continuing challenges with well-founded confidence.

Emmanuel Ikazoboh
Group Chairman

Group Chief Executive's Review

We are pushing ahead with the digital transformation of all of our business lines. Our drive for operational efficiency is yielding significant cost-savings and we are proactively resolving our legacy loan issues. I am confident that these positive developments will be reflected in an improving performance from Ecobank.

Ade Ayeyemi
Group Chief Executive Officer
Ecobank Group

Dear Fellow Shareholders

In 2016, we embarked on the first full year of implementation of our 'Roadmap to Leadership' strategy. This coincided with various external challenges for Ecobank, including weak economic growth in most of the African countries in which we operate, recession in Nigeria, and depreciation of currencies in our major markets against the US Dollar, most notably the Naira, Cedi and CFA Franc, which fell by 35%, 9%, and 3% respectively.

As a result, reported revenue decreased by 6% to $2.0 billion. However, on a constant currency basis, revenue would have increased by 8% to $2.3 billion. Equally, our underlying pre-impairment income, which better represents Ecobank's earnings potential, when adjusted for adverse currency effects grew by 17% to $861 million (versus the $735 million reported), thanks to our positive operational leverage.

We made progress in improving our operating efficiency via headcount reductions, network rationalisation, vendor contract renegotiations, enhanced procurement and increasing digitisation of our internal processes. As a result, our cost-to-income ratio improved to 63%, compared to 65% in the prior year.

So, it is clearly very disappointing that our prudent but very necessary decision to absorb $864 million of impairment losses ($651 million of which were booked in the fourth quarter), served to turn a resilient underlying performance into a pre-tax loss of $131 million for 2016.

Nevertheless, the Group's balance sheet remained fairly robust. Our Basel I Tier 1 capital ratio stood at 23.4% (2015: 20.5%) and the total capital adequacy ratio ('CAR') at 25.3% (2015: 23.9%).

Our business lines reported mixed results. Consumer Bank's pre-tax profits fell 19% to $30 million. Commercial Bank reduced its pre-tax losses to $36 million, thanks to strong growth in its pre-impairment income, whilst Corporate and Investment Bank also made a small pre-tax loss of $40 million, versus pre-tax profits of $327 million in 2015, largely due to an increase in impairment losses on loans.

On a regional basis, our Francophone West Africa ('UEMOA') and Anglophone West Africa ('AWA') regions, where we remain a market leader, continued to perform strongly, together generating over 40% of Ecobank's revenues, with returns on

For the year ended 31 December (in millions of US dollars, except per share amounts)	2016	2015	% Change	*In constant currency
Selected income statement data				
Net revenue	1,972	2,106	-6%	2,268
Pre-impairment profit	735	738	0%	861
Impairment losses	864	532	62%	978
Profit/(Loss) before tax	(131)	205	n.m.	(118)
Profit/(Loss) attributable to ETI shareholders	(250)	66	n.m.	(247)
Diluted EPS (US cents)	(1.01)	0.28		
For the year ended 31 December (in millions of US dollars, except per share amounts)				
Selected statement of financial position data				
Loans and advances to customers, net	9,259	11,200		11,153
Customer deposits	13,497	16,428		16,083
Total equity	1,764	2,523		1,965
Book value per ordinary share (US cents)	7.13	10.47		
Tangible book value per ordinary share, TBVPS, (US cents)	6.00	8.90		
Selected ratios				
Profit for the year to total equity (ROE)	-9.6%	4.2%		
Cost-to-income ratio	62.7%	64.9%		
Total capital adequacy ratio	25.3%	20.5%		

* Constant currency excludes the impact of foreign exchange translation of our functional currencies into U.S. dollars for reporting purposes. The average exchange rates used in converting the income statement items for the year ended December 2016 are NGN255.88, XOF597.51 and GHS3.95

equity of above 24% and 32% respectively. Nigeria continued to restructure its operations in order to improve profitability and returns, resulting in a nearly 10-percentage point improvement in its cost-to-income ratio to 52%. However, our Central, Eastern and Southern African ('CESA') region still faces efficiency challenges resulting from the sub-scale nature of many of its operations.

I strongly encourage you to read the lines of business reviews of each of our Group Executives, which appear in the full annual report, to better understand their strategies for future growth. You will also find reviews of each of our regional businesses in the 'Business and Financial Review' section.

Asset quality an increasing investor concern

Ecobank's share price performance has been unsatisfactory in recent years, primarily due to the weak financial and operational performance of the Group, together with the decline in overall economic activity across Africa. The shares declined by around 40% in 2016 on each of our three stock markets and are currently priced below the per-share accounting book value. We believe this apparent undervaluation reflects a number of factors, including the weak macroeconomic environment but, more importantly, investor concerns regarding Ecobank's asset quality, liquidity and capital, as well as our ability to generate robust and sustained earnings growth. Let me address these investor concerns directly now.

Addressing our legacy issues head on

Essentially, the origins of Ecobank's asset quality issues have been both external and internal; those resulting from the impact of the difficult macroeconomic environment on borrowers' ability to service their loans and, in some cases, poor credit origination and monitoring procedures within Ecobank. This led to higher non-performing loans as a percentage of gross loans across all our businesses and regions.

Nigeria's asset quality issues were exacerbated by the country's economic recession. As a result, we took assertive action to address the deterioration of Ecobank Nigeria's mostly foreign currency-denominated legacy assets, thereby affording greater transparency and accountability.

This entailed the establishment of a Resolution Vehicle ('RV'), an entity wholly owned by ETI, to acquire these challenged assets. A total of $780 million of gross loans were transferred into the RV. $400 million of these were already written off; the remaining $380 million were partially impaired, with a carrying value of $263 million. The total $263 million consideration was made up of a $200 million short-term bridging facility and the transfer of an ETI-owned building in Nigeria, with an independent valuation of $63 million, to Ecobank Nigeria.

Resolution Vehicle[1] set-up to fulfil the potential of Ecobank Nigeria and maximise value for shareholders

Rationale

- Ring fence the core bank assets from the challenged assets

- Intensify management focus on the core bank
- Drive recovery actions on the RV

- Improve regulatory capital ratios
- Does not result in loss of permanent capital

Transaction status

Regulatory approval obtained

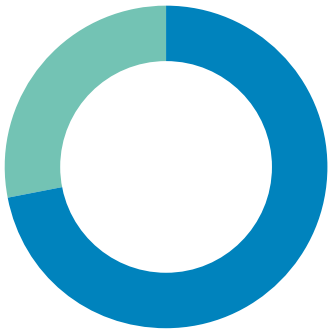
Transaction consummated between Ecobank Nigeria and Resolution Vehicle

Assets transferred

US$ million	Gross	Impairment	Net
On-balance sheet loans	380	117	263
Previously written-off loans	400	400	—
Total	**780**	**517**	**263**

1. Resolution vehicle – vehicle that holds the challenged assets on which aggressive recovery actions will be implemented

Loans by currency

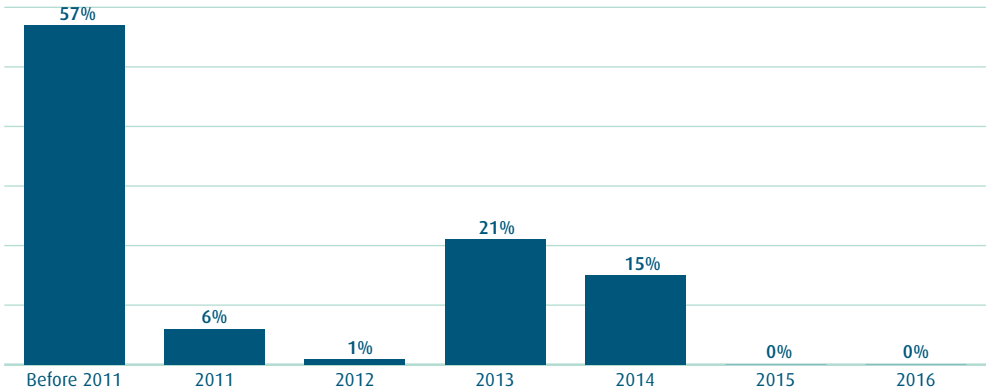


FCY	72%
Naira	28%

Loans by sector ($780M)

Wholesale & Retail	27%
General	19%
Construction	13%
Oil And Gas	11%
Mining & Quarrying	6%
Commercial Real Estate	5%
Manufacturing	5%
Capital Market	4%
Manufacturing	3%
Capital Market	7%

Loans by origination date ($780M)



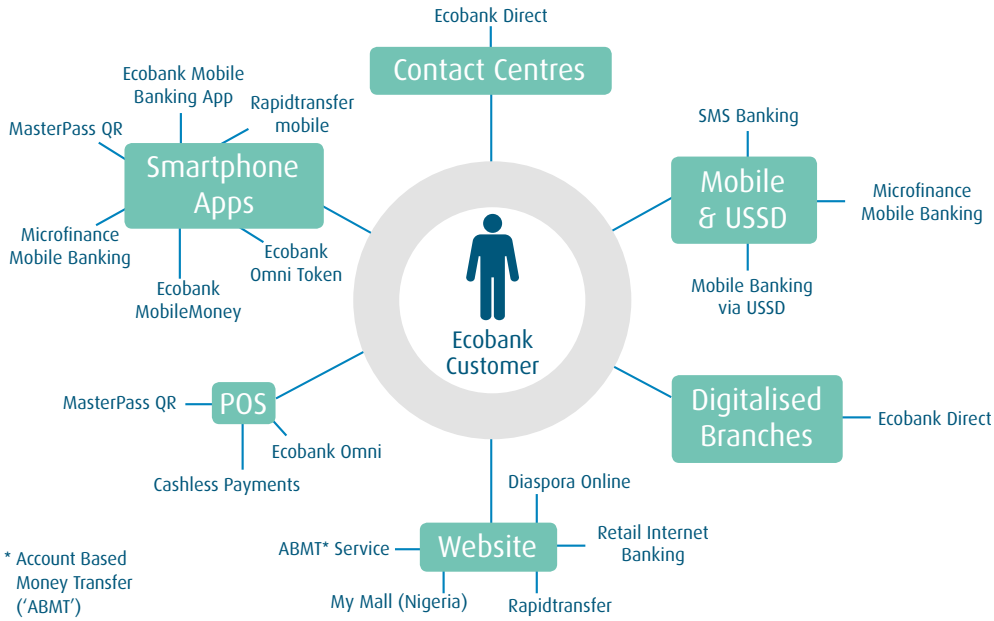
We have set up a dedicated asset management team for the RV to accelerate the recovery of these loans. With the value of the RV's assets now written-down to zero, any recoveries will contribute directly to ETI's shareholder funds. We are already starting to see positive results, with $2 million of recoveries achieved in the first quarter of 2017.

Reinforcing our risk and compliance culture

Clearly, our recent experience has obliged us to review critically our credit management procedures, in addition to the measures taken in 2015. As a result, we have placed a renewed emphasis on risk monitoring, including the adoption of enhanced risk-based pricing. We have introduced more granular risk tolerance limits that will be monitored by senior management, with zero-tolerance of non-compliance. We have established dashboards to monitor the development of key risk indicators for our subsidiaries to strengthen internal control.

We are implementing a new credit management model that has been approved by the Board of ETI and Executive Management. This involves the

Giving our customers access to numerous digital channels with more products and services on the way



establishment of a Credit Executive Management Committee to co-ordinate and direct strategic credit initiatives. This will include the introduction of Regional Heads of Credit, who will supervise the credit portfolio, people, processes and governance in each of our regions. We also will be introducing industry approvers to ensure the consistency and quality of transactions and sector-specific loan portfolios. We have established a transaction approval process, involving senior risk and business managers, to ensure that all new lending adheres to Ecobank's risk appetite. Credit management training, introduced last year for both business and credit personnel, will be rolled out further in 2017.

Making progress with our strategic initiatives

To remain relevant in Africa's banking world of tomorrow, there is a pressing need for banks to disrupt themselves, transforming their operating models and approaches to customer engagement. Ecobank is embracing these forces for change in its 'Roadmap to Leadership' strategy. We are seeking to build the most efficient digital banking platform in Africa, leveraging both our own and our partners' distribution capabilities to reach 100 million customers. The application of digital technologies presents ample opportunity to expand and enhance our customer delivery channels, thereby enabling us to deliver superior customer experience and in turn, potentially increase shareholder returns.

Increasing digitisation to enhance customer experience

At first sight, attaining a customer base of 100 million within five years might appear overly ambitious. The demand is out there – Africa's youthful demographics, the ubiquity of mobile telephony and the scale of our unbanked population are all contributory drivers.

Nevertheless, we are not the only organisation to see the potential of technology to bring convenient, accessible and cost-effective banking to the masses, so we need to move fast to maintain our competitive advantage. In articulating the 100 million figure, I want shareholders to appreciate the scale of the step change required to accelerate our deployment of digital and mobile capabilities.

There are two key elements that underpin our digital strategy – our ability to identify and satisfy unmet customer needs through in-house innovation and our strong alliances with global fintech providers, enabling us to provide proven solutions to our household and business customers alike.

I am delighted with the progress we have made with our digital agenda in 2016. Key milestones include:

- The launch of the Ecobank MobileApp: This represents a true 'game changer' in African banking, as it is the first unified, multilingual 'app' in operation in 33 countries. The take-up of this service, which provides instant access to a range of banking solutions, has been encouraging, generating more than 650,000 downloads in just a few months.

- Our new Ecobank XpressAccount, which allows the unbanked customer to open accounts within minutes using simple mobile phones. XpressAccount has received regulatory approvals in most of the countries in which we operate and over 1.5 million Xpress accounts have been opened to date.
- The roll-out of MasterPass™, with MasterCard, a smart, secure way to make payments in-store and online by mobile. We have on-boarded 46,000 merchants within six months, for whom MasterPass represents a more cost-effective solution.
- Pan-African agreements with Microsoft (e-Government initiative) and Visa International (roll-out of mVisa).
- The introduction of an innovative transfer service, Account Based Money Transfer ('ABMT') that allows customers to receive Western Union money transfers via their Ecobank accounts.

Whilst it is still early days, our digital initiatives are already gaining industry acclaim. For example, in conjunction with MasterCard, we recently won the 'Innovation in Banking' category in the African Banker's 2017 awards for the successful launch across 33 countries of MasterPass QR as part of our suite of mobile applications. Similarly, our Microfinance business was recently awarded the 'Best Microfinance Product in Africa' and 'Remittance Product of the Year' by Asian Banker in recognition of our innovative digital delivery of these products.

Driving operational efficiency

To achieve market leadership, our operations need to be more efficient than those of our peers. Ecobank's digital transformation will contribute significantly to achieving our goal of reducing the Group's cost-to-income ratio to below 50% in approximately 5 years.

Our emphasis on mobile and online banking will reduce the costs of servicing our mass market customers. By utilising technology to automate internal processes, improve regulatory compliance and monitor employee performance, we are increasing efficiency and achieving considerable cost savings.

We are also looking to reduce our fixed and personnel costs. A headcount reduction of more than 2,000 has led to savings of $52 million, whilst we achieved additional cost reductions of $96 million across the Group. We have streamlined our technology backbone by establishing consolidated data centres in Lagos and Accra. The role of the branch is fast moving away from transactions to an advice and service centre and, as we seek to optimise our network, further branch closures will be inevitable.

Achieving distribution leadership

Our unique footprint represents a significant competitive advantage, providing us with extensive distribution capabilities, and is the reason why many of our clients and partners choose to do business with us.

This goes beyond our Fintech partnerships. For example, our International Organisations business is developing milestone banking and partnership agreements with key development finance institutions ('DFIs') with a wide reach within Africa, such as The Global Fund to fight against AIDs, Tuberculosis and Malaria and the United Nations. These partnerships are not wholly altruistic, as the enablement of aid effectiveness by utilisng Ecobank's pan-African cash management platform and related services represents a major business opportunity.

Additionally, Ecobank is working with the International Finance Corporation ('IFC') and the European Investment Bank ('EIB') to help bridge the financing gap for small and medium-sized enterprises ('SMEs') across sub-Saharan Africa. The $110 million facility, which mobilises funding from donors, international financial institutions and the private sector, will enable Ecobank to de-risk and upscale its SME lending, with an initial focus on Francophone Africa.

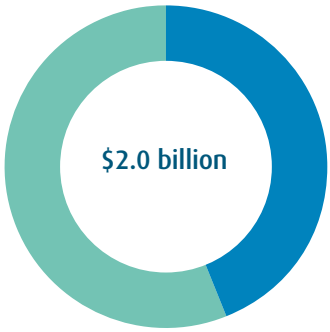
Increasing share of non-interest revenues

Non-interest revenue (non-funded income) as a percentage of Ecobank's total revenue of approximately 44% is much higher than most of our peers and reflects the benefits of our diversified business model and geographic footprint. It is a strategic priority to grow this line of revenue, so we are positioning our wholesale businesses to take full advantage of the many opportunities that present themselves.

Corporate and Investment Bank's revenue growth of 3% in constant currency in 2016 to $1.0 billion, demonstrates our ability to grow by providing cross-border solutions to an expanding client base Our online corporate banking platform – Ecobank Omni – is gaining increasing traction with our corporate and public sector clients, registering 14% and 91% year-on-year growth in the number and value of transactions respectively. Similarly, our foreign exchange sales and trading platform in Paris remained very active, maintaining its number one ranking for most of the 25 African currencies transacted. For our multinational clients, our pan-African platform eliminates the need for multiple correspondent relationships. Associated cost savings/efficiency gains, coupled with our strong relationship management and advisory skills, form the basis for sustained growth in our non-interest income going forward. We are investing in technology and up-skilling our personnel to support this anticipated growth.

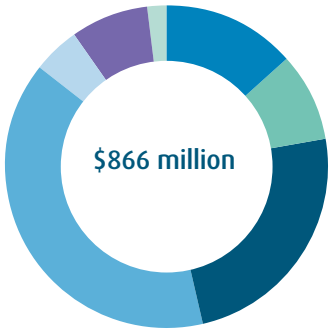
Revenue diversification – FY 2016

Balanced net interest income (NII) and non-interest revenue (NIR)



NIR	44%
NII	56%

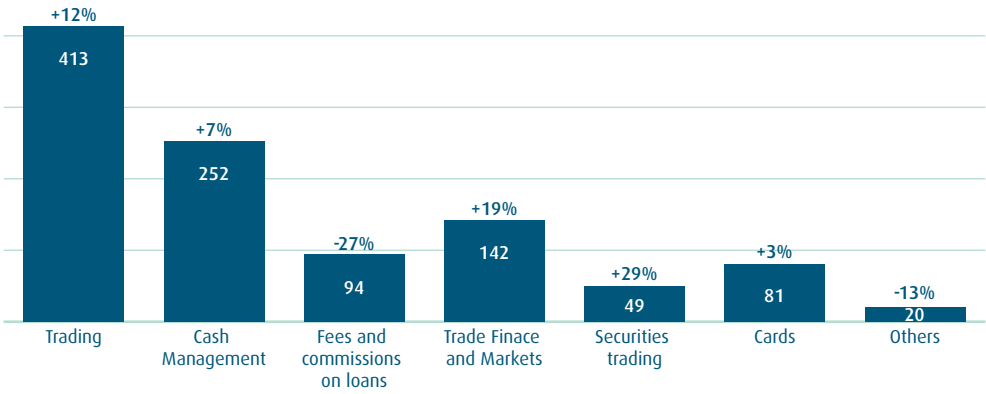
Diversified fee generation (% of non-interest revenue)



Trade finance and markets	14%
Fees and commission on loans	9%
Cash management	24%
Trading	39%
Securities trading income	5%
Cards	8%
Other income*	2%

* Other income includes lease, dividend, net gains from govt. investment securities and other operating income

The underlying drivers of non-interest revenue (year-on-year % growth in constant currency)*



* Constant currency excludes the impact of foreign exchange translation of our functional currencies into U.S. dollars for reporting purposes. The average exchange rates used in converting the income statement items for the year ended 31 December 2016 are NGN255.88, XOF597.51 and GHS3.95

Current trends of increased intra-African trade and regional integration also play to our strengths. Ecobank is increasingly being seen as the gateway to intra-Africa trade and cash management for governments, corporate clients, suppliers and distributors. In extending more than $800 million of trade and investment loans to Ecobank, the African Development Bank ('AfDB') and Afreximbank are tacitly acknowledging this. Again, we are investing in technology to provide a digital backbone to support the growth of the business, with the aim of becoming Africa's leading trade finance bank within 5 years. Building on our growing reputation for providing innovative trade finance solutions, Ecobank was recently recognised as the 'Best Trade Finance Bank in West Africa' by the influential industry publication, Global Trade Review ('GTR').

Enabling our people

2016 was the first full year of the implementation of our new 2020 People Strategy, which has been specifically designed to support the execution of our Roadmap to Leadership strategy. Our priorities have been to build capacity within key disciplines (most notably Credit and Risk Management, Cash Management and Trade Finance), to introduce a Group-wide approach to talent management and succession planning, and to improve the cost-effectiveness of our Human Resources function. In partnership with KPMG, we have also developed a more holistic approach to staff compensation and benefits to promote a sustainable performance culture, creating a closer alignment between the interests of the Group, our employees and our shareholders.

Looking ahead

As evidenced, our new strategic direction is already delivering tangible results. We are pushing ahead with the digital transformation of all of our business lines, leveraging our partnerships with global players to accelerate this process. Our drive for operational efficiency is yielding significant cost-savings and more remains to be achieved. We are proactively resolving our legacy loan issues and implementing aggressive recovery actions. I am confident that these positive developments will be reflected in an improving performance from Ecobank in 2017 and beyond.

Ultimately, we seek investor recognition of Ecobank's fundamental strengths; that it is a systemically important bank in Nigeria, a leading bank in both Francophone and Anglophone West Africa, and a bank that is growing selectively within Central, Eastern and Southern Africa. As our other regional businesses grow, we expect Nigeria's contribution to Group earnings to fall in percentage terms. If we achieve our medium-term objective of a 20% return on equity, that would suggest the potential for a significant stock market re-rating of Ecobank's shares.

In closing, I must to take this opportunity to thank our shareholders, customers, partners and all my Ecobank colleagues for keeping the faith over the past, very challenging year. Please be assured that, as we move forward, your loyalty and patience will be richly rewarded.

Ade Ayeyemi
Group Chief Executive Officer

Consumer Bank

Mirroring the Group's 2016-2020 strategic plan, the consumer banking business has formulated its own 'Roadmap to Leadership'. Our priorities will be to ensure the utmost customer satisfaction at key touch points, focusing on digital distribution, with an emphasis on mobile solutions, and driving operational excellence through the implementation of a supportive organisational structure. For example, we are selectively operating physical advice centres in major cities for our Premier and Advantage banking clients.

Leveraging the growth trajectory of the demography of our continent, the ubiquity of mobile and Internet access and our strength as an unrivalled pan-African financial transactions platform, our goal is to be the consumer bank of choice across Africa, delighting our customers with banking convenience and delivering attractive returns for our shareholders.

We have implemented a suite of products and services to ensure that we are providing relevant solutions to meet the day-to-day transactional needs of our customers. These include instant payments and transfers, both within country and across Africa, instant collections and instant digital accounts, most notably the Ecobank XpressAccount. These solutions are delivered directly to our mobile and online customers via our EcobankDigital platforms; these comprise the Ecobank Mobile App, mobile USSD,[1] Ecobank retail Internet banking, Ecobank Merchant QR payment codes, Ecobank Cards, ATMs and POSs. Our aim is to scale our business efficiently by leveraging digital technology, with a goal of growing our customer base to 100 million over the next 4-5 years.

The Ecobank Mobile App is Africa's first, unified 'app', covering 33 countries in 4 languages and 18 currencies, which gives our customers instant access and fulfilment for a broad range of banking services from the convenience of their mobile phones. The same functionality is provided on USSD for customers who do not yet own a smartphone in markets where we have the support of multinational Telcos. EcobankMobile enables us to leverage scale to deliver services at an affordable price point for customers whilst generating sustainable economic returns for our shareholders.

As part of our drive towards financial inclusion across Africa, we have introduced the Ecobank XpressAccount, a KYC-light, digital account, which allows the unbanked to open accounts within minutes on their mobile phones. Ecobank XpressAccount has received regulatory approvals in most of the countries in which we operate and we have already acquired over 1.5 million Ecobank Xpress account holders.

Our Ecobank Rapidtransfer payment platform can now be accessed via a mobile phone for the immediate transfer of funds across 33 countries in Africa. The ensuing efficiencies have enabled us to appropriately price small value payments and cross-border transactions, thereby enhancing access and convenience for our customers. We have a unique value proposition, whereby our customers are able to confirm the beneficiaries before the transfer is executed in order to improve assurance of fulfilment.

We have revamped our Internet banking services and our website to better serve our customers. As a result, Ecobank's retail Internet banking portal was recently ranked number 1 in an independent poll, ran by Phillips Consulting in Nigeria in 2017. We also won the following awards in 2017:

- **Innovation in Banking** – African Bankers Awards
- **Remittance Product of the Year** – Asian Banker Awards
- **Best Microfinance Product in Africa** – Asian Banker Awards
- **Product Innovation of the Year** – Retail Banker International Awards
- **Retail Banking Launch of the Year** – Retail Banker International Awards

In partnership with retail chains, Telcos and major electronic payment associations across the continent, we are implementing our agency services to distribute to the 'last mile' in an efficient and sustainable way. Through our pan-African partnership with MasterCard, we simultaneously launched Ecobank MasterPass Merchant QR ('Quick Response') in 28 countries, the first service of its kind in sub-Saharan Africa. Our Merchant QR code technology is gaining acceptance amongst micro, small and larger retailers and service providers as it is cost-effective relative to POS machines, consumes less electricity and reduces the risk of repudiation, whilst enhancing safety and security. We see this collection platform as key to delivering on the potential of 'Cashless Africa'; we have already successfully on-boarded over 40,000 merchants. In Nigeria, we have also implemented the mCASH QR solution. in collaboration with Nigeria Interbank Settlement System ('NIBSS'). We have also come to a Memorandum of Understanding ('MOU') with Visa International to implement Ecobank mVisa across our markets.

Our people remain central to our ability to deliver on our goals. In 2017, our focus will be on further improvements to our customer service and driving sales, whilst exerting financial control to sustain our profitability. We have reorganised, reskilled and reinforced our team to deliver these priorities. We now operate a central manufacturing approach to leverage skills and scale in the standardisation and packaging of our offerings. We employ a localised sales and distribution model to ensure market proximity and the identification of specific market requirements. The strong commitment and dedication of every member of our team, together with the continued support of the Board and our key stakeholders, gives us confidence that we will deliver our medium-term objective.

Patrick Akinwuntan
Group Executive
Consumer Bank

[1] USSD (Unstructured Supplementary Service Data) is a Global System for Mobile ('GSM') communication technology used to send text messages between a mobile phone and an application programme.

Commercial Bank

Commercial Bank serves our local corporate, Small and Medium-sized Enterprise ('SME') and non-governmental public sector clients with a range of services and expertise to support their growth. These go beyond traditional bank lending to include access to our pan-African online banking platform, trade finance, liquidity and cash management, foreign exchange and value chain finance.

Its origins emanate from the decision to hive off all of Consumer Banking's non-retail clientele into a separate business unit. This recognises the very particular requirements of our commercial banking customers, especially improving their access to growth finance. Small and local businesses represent an important engine of Africa's growth, accounting for around a third of the continent's GDP, as well as being drivers of job creation, employing more than half of Africa's labour force.

Commercial Bank has embraced the Group's 2020 vision to establish its own 5-year strategic plan with the ultimate goal of becoming the leading pan-African commercial banking provider and a significant earnings contributor to the Ecobank Group. To achieve this, we face a number of challenges, relating to the optimisation of our loan portfolio, improving product knowledge to enable cross-selling of services and a changed mindset to focus on profitable customer service

We have identified three areas of strategic focus that will enable us to achieve our medium-term objectives:

- People empowerment: Relationship management is at the heart of our business and we recognise the need to upskill our staff to enable them to play a client advisory role.
- Encouraging wider adoption of digital channels: We offer a range of online and mobile tools, which need to be packaged to meet the varying needs of our diverse customer base.
- Customer value creation: We seek to differentiate ourselves and build lasting relationships by providing our customers with solutions to their business challenges, anticipating their changing needs.

We are developing a lean, efficient and cost-effective organisational structure and putting in place the necessary framework of processes and controls. We are also strengthening our internal credit risk function, most notably by establishing Collections Desks within our subsidiaries. This has resulted in a significant reduction in past due obligations in the second half of 2016. Our focus on the recovery of non-performing loans has yielded better than expected results, with effective recoveries amounting to US$74.2 million.

To generate more sustainable revenues and profit for Ecobank, we are shifting our emphasis away from corporate lending towards deposit mobilisation and non-lending activities (such as Trade, Cash management and Treasury solutions), whilst maintaining the value chain as our prime focus.

In the final quarter of 2016, Commercial Bank implemented two pilot launches (in Nigeria for the Anglophone regions and in Togo for Francophone Africa) of MasterPass, the digital collection and payment solution developed by MasterCard. We see MasterPass as a real game changer, enabling us to boost low-cost deposits and collections and re-engage with our merchant customer base. We will be rolling out MasterPass across our platform in 2017.

As a result of these strategic actions, Commercial Bank's financial performance is steadily improving, as evidenced by a 22% increase in pre-impairment income in 2016 to US$90 million and a reduction in pre-tax losses to US$36 million from US$58 million in 2015. Whilst we are highly encouraged by this progress, our prime objective is to return Commercial Bank to profitability in the near future.

Looking ahead, we believe that we have put in place the solid foundations required not only to achieve the financial turnaround required, but also place Commercial Bank on a sustained growth trajectory. Ecobank remains committed to providing its commercial banking clients with tailored, responsive customer service, as part of our vision of empowering Africa's entrepreneurs to create positive socio-economic change across our continent.

Laurence do Rego
Group Executive
Commercial Bank

Corporate and Investment Bank

Despite a challenging economic environment across much of sub-Saharan Africa, the Corporate and Investment Bank ('CIB') produced a creditable performance in 2016. This demonstrates the strength of our diversified, pan-African banking model and our ability to provide holistic solutions for our local, regional and international clients. We believe that we are uniquely positioned to service our clients' evolving regional banking needs via our pan-African technology platforms, such as Ecobank Omni.

During 2016, the Corporate Banking team worked closely with our client base to help them to meet these operational challenges by providing a tailored approach to their banking arrangements. We assisted a number of our clients, most notably in the aviation sector, to expand their businesses across Africa and beyond by deploying our digital solutions.

To instill a specialised, client-focused approach, we sub-divided our Trade Finance and Cash Management operations last September. We aim to establish ourselves as the leading Trade Finance Bank in Middle Africa within the next 5 years, through a combination of new products and the creation of specialised assets to support the key trade flows in our markets. To achieve this vision, we have invested in a 'state-of-the-art' technology platform to support the development of our trade business. Full automation of the front and back office functions will result in a seamless processing capacity, improving efficiency and customer experience. The platform has already been implemented successfully in Côte d'Ivoire, Ghana and Nigeria, with a roll-out in our remaining countries scheduled for 2017.

The Cash Management business provides the necessary digital tools to handle collections and payments efficiently. The migration of our cash management processes from paper to electronic transactions is key. Our online banking platform – Ecobank Omni – is a real-time business enabler, providing our clients with seamless connectivity. In 2016, Ecobank Omni registered 14% and 91% year-on-year growth in the number and value of transactions respectively. Complementary to Omni are our host-to-host and SWIFT integrated solutions, which are targeted at our high-volume customers, who process their transactions from shared services centres. In 2017, we will continue to adapt our cash management products, concentrating on improving our straight-through processing ('STP') rate and cooperating closely with our partners to develop tailored solutions for African markets. Additionally, banking is changing rapidly in Africa thanks to improved adoption of technology and therefore innovation is now becoming more important than ever. The cash management business is leading the effort to develop innovative solutions to assist our customers respond to this changing digital business environment including deploying a new version of Ecobank Omni that is easy to integrate with partner systems.

There is considerable potential to increase our non-interest bearing liabilities with customised collection solutions, which remain an area of continued investment. Our innovative, pan-African Cash Management solutions are gaining increased industry recognition; for example, in 2016 Global Finance named Ecobank as the 'Best Bank for Payments and Collections in Africa' for the third consecutive year.

Our Investment Banking team remains focused on Loan and Debt Capital Market opportunities across sub-Saharan Africa. We successfully closed a number of transactions in 2016, including a CFA Franc 140 billion facility for MTN Cote d'Ivoire, a CFA Franc 165 billion, 5-year bond issue for the Republic of Cameroon and a CFA Franc 103 billion, 7-year loan for AGEROUTE, a transport infrastructure agency in Senegal.

Our Securities, Wealth and Asset Management ('SWAM') division supports our retail and institutional clients in their capital markets activities and provides tailored fund management services. In 2016, the anaemic recovery in Europe, coupled with weak commodity markets, contributed to a rising level of uncertainty. Nevertheless, thanks to its focus on West Africa, via operational hubs in Côte d'Ivoire, Ghana and Nigeria, SWAM has been able to maintain the momentum of its development, signing its largest ever Investment Management mandate with an institutional investor.

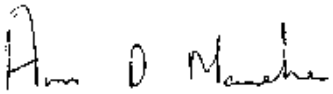
Our Fixed Income, Currencies and Commodities ('FICC') business provides our clients with innovative foreign exchange and fixed income solutions, leveraging the bank's balance sheet to manage liquidity. During 2016, we strengthened our Sales, Trading and Balance Sheet Management activities. Trading activities, which consist primarily of managing FX risk, were undertaken only in France, Ghana, Kenya, Zambia and Nigeria.

In 2016, Ecobank's international platform continued to support our CIB clients and Group subsidiaries with their Foreign Currency and Trade Finance transactions. Despite the challenging environment, our foreign exchange platform in Paris remained very active, maintaining its number 1 ranking for most of the 25 African currencies transacted. Leveraging our dual strengths of proximity to European markets and pan-African reach, Ecobank continues to support international organisations in managing with their African financial flows. In 2017, we will evaluate the provision of additional core banking services for this important client segment.

Corporate and Investment Bank

During 2016, our Research team was consolidated into three hubs in London, Lagos and Nairobi. It comprises nine analysts, with a focus on FICC, Trade Finance and Financial Services in Middle Africa. The Research team works closely with Nedbank; for example, providing the macroeconomic outlook for Nedbank's East African workshop in Nairobi last October. Last year the team published over 200 reports and expanded its distribution network to over 10,000 clients, businesses and institutions.

We remain committed to providing holistic solutions to manage our clients' working capital needs and bespoke digital services to enhance their customer experience. This will enable us in the medium-term to cement our position as the leading provider of corporate finance, treasury and investment management expertise across Africa.



Amin Manekia
Group Executive
Corporate and Investment Bank

03

Corporate Governance

Ecobank recognises the importance of corporate governance in building a sustainable and cohesive organisation. We seek to implement the highest of standards and international best practice to ensure fairness, transparency and accountability for the benefit of all of our stakeholders. We remain committed to the continual strengthening of governance within Ecobank, reflecting the evolution of regulatory environments across Africa.

Board of Directors

1. **Emmanuel Ikazoboh**
   Chairman
   Non-Executive Director
   Certified Chartered Accountant
   Nigerian

2. **Ade Ayeyemi**
   Executive Director
   Group Chief Executive Officer
   Nigerian

3. **Alain F. Nkontchou**
   Non-Executive Director
   Managing Partner and Co-Founder, Enko Capital Management LLP
   Cameroonian

4. **Dr. Catherine W. Ngahu**
   Non-Executive Director
   Consultant, Educator and Entrepreneur
   Snr. Lecturer at the University of Nairobi
   Kenyan

5. **Kadita Tshibaka**
   Non-Executive Director
   Retired Banker
   American

6. **Bashir M. Ifo**
   Non-Executive Director
   President ECOWAS Bank for Investment and Development (EBID)
   Nigerian

7. **Ignace K.A. Clomegah**
   Non-Executive Director
   Certified Chartered Accountant
   Togolese

8. **Dolika E. S. Banda**
   Non-Executive Director
   CEO of African Risk Capacity Insurance Co. Ltd and an Independent Consultant
   Zambian

9. **Abdulla M. Al Khalifa**
   Non-Executive Director
   Executive General Manager and Chief Business Officer, Qatar National Bank
   Qatari

10. **Adesegun A. Akin-Olugbade**
    Non-Executive Director
    Chief Operating Officer and General Counsel, Africa Finance Corporation
    Nigerian

11. **Tei Mante**
    Non-Executive Director
    Economic and Financial Consultant
    Ghanaian

12. **Dr. Daniel M. Matjila**
    Non-Executive Director
    CEO and Executive Director, Public Investment Corporation
    South African

13. **Mfundo C. Nkuhlu**
    Non-Executive Director
    Chief Operating Officer and Executive Director, Nedbank Ltd and Nedbank Group Ltd
    South African

Directors' biographies

Emmanuel Ikazoboh (67)

Chairman
Non-Executive Director since 2014
Independent
Nigerian

Emmanuel has more than 30 years' experience in senior management roles, executing high profile advisory assignments for public and private sector clients in Nigeria, Côte d'Ivoire, Cameroon and South Africa. He spent most of his career with Deloitte and Touche, holding the position of Chairman and CEO of Deloitte West and Central Africa between 2007 and 2009.

From 2010 to 2011, he served as Interim Administrator of the Nigerian Stock Exchange. He was appointed by Nigeria's Securities & Exchange Commission to restructure the stock exchange, equities market, stockbrokerage and corporate governance processes to meet with best practice and put in place a new management team. As Chairman of Nigeria's Central Securities Clearing System, Emmanuel led its restructuring and transformation to conform to global standards.

He is currently the only African board representative of the International Institute for Sustainable Development (IISD) in Canada and serves as the Chairman of Audit and Risk Committee.

Emmanuel is a UK Certified Accountant and a Fellow of the Chartered Association of Certified Accountants, the Institute of Chartered Accountants (Nigeria) and the Nigeria Institute of Taxation. He holds an MBA in Financial Management and Marketing from Manchester University's Business School. He was also one of the top CEOs seconded to the Kellogg Senior Management School, Northwestern University Chicago, USA.

ETI Board Committee:
Finance & Regulatory Requirements Committee

Ade Ayeyemi (54)

Executive Director since 2015
Group Chief Executive Officer
Nigerian

Ade Ayeyemi, was appointed Group Chief Executive Officer of Ecobank in June 2015 and assumed office on 1 September 2015. He is an experienced banker, who, before joining Ecobank, had a long and successful career with Citigroup, where he was CEO of Citigroup's sub-Saharan Africa division based in Johannesburg. Ade is an accounting graduate of the University of Ife, now Obafemi Awolowo University, Ile-Ife, Nigeria, where he gained a Bachelor of Science degree with First Class Honours. He also studied at the University of London and is an alumnus of Harvard Business School's Advanced Management Programme. A Chartered Accountant, he is also a trained UNIX Administrator and Network Operating Systems Manager. His many interests include business strategy, economics, process engineering and technology.

ETI Board Committees:
In attendance of the
Finance & Regulatory Requirements Committee;
the Social, Reputation and Ethics Committee and
the Risk Committee

Adesegun A. Akin-Olugbade (54)

Non-Executive Director since 2014
Independent
Nigerian

Dr. Akin-Olugbade is the Chief Operating Officer and General Counsel of the Africa Finance Corporation (AFC), where he oversees the Corporate Governance, Legal, Administration, Corporate Communications, ICT, Country membership and Investor Relations functions. Between 2009 and 2014 he was AFC's Executive Director (Corporate Services) and General Counsel and its General Counsel and Corporate Secretary in 2008.

With over 30 years' experience as a practicing lawyer and in the financial services sector, Dr. Akin-Olugbade also served as a Director and General Counsel of the African Development Bank Group (2000-2007) and Chief Legal Officer for the African Export-Import Bank (1994-1997).

He is on the Advisory Board of International Lawyers for Africa (ILFA) and serves as non-executive director of AFC Equity Investments Limited Mauritius, OBA Transport Limited and Axion Realty and Development Company Limited.

Dr. Akin-Olugbade graduated from King's College London with Bachelors and Masters degrees in International Finance and Corporate Law. He holds a Masters and Doctorate from Harvard Law School. He was called to the Nigerian Bar in 1984. The Nigerian Government conferred him with the National Honour of Officer of the Order of the Niger ('OON') in 2012.

ETI Board Committees:
Finance & Regulatory Requirements Committee; Governance Committee

Abdulla M. Al Khalifa (43)

Non-Executive Director since 2015
Qatari

Abdulla Mubarak Al Khalifa is the Executive General Manager and Chief Business Officer of the Qatar National Bank (QNB) Group, the largest bank in the Middle East and Africa, with a network spanning 30 countries. He has Group-wide responsibilities for QNB's business functions, including Group Corporate and Institutional Banking, Retail Banking, International Banking Division, Group Treasury, Group Assets and Wealth Management, QNB Capital, and QNB Financial Services.

Abdulla joined QNB Group in 1996, subsequently holding a variety of executive positions and gaining extensive experience in strategic planning, sales and marketing, risk management, business partnerships, mergers and acquisitions and customer relations. Abdulla is also an Executive board member of QNB Capital, Qatar, QNB Al Ahli, Egypt, Housing Bank Trade & Finance, Jordan, and board member of QNB Finansbank, Turkey.

Abdulla holds a Bachelor's Degree in Business Administration from Eastern Washington University (USA).

ETI Board Committees:
Finance & Regulatory Requirements Committee; Risk Committee

Ignace K.A. Clomegah (69)

Non-Executive Director since 2016
Independent
Togolese

Ignace Clomegah is a certified chartered accountant (France) and has over 40 years professional experience in audit and consulting. He was the Managing Partner for West and Central Africa for Arthur Andersen and was the Managing Partner/founder of Afrique Audit & Consulting (AAC Togo, Côte d'Ivoire and Benin), which became Deloitte Togo.

Ignace served as Chairman and member of the board of Groupe Helios Afrique (West and Central Africa Group of Audit and Accounting Firms) from 2006 to 2012. He is currently serving as Chairman of the audit committee and board member of NSIA Group (Insurance Companies) and also sits on the board of several of the Group's subsidiaries. He is also the Chairman of the Togolese phosphate company (SNPT) and a board member of the state investment company, Togo Invest. The Togolese Government conferred him with the national Honour of Officer of the 'Ordre du Mono' (2010).

He holds a Bachelor degree in Law. He also holds degrees in Economics and Finance from the Institute of Political Science of Paris. He has attended several executive programmes of HEC Paris.

ETI Board Committees:
Audit and Compliance Committee; Governance Committee

Directors' biographies

Dolika E. S. Banda (54)

Non-Executive Director since 2014
Independent
Zambian

Dolika Banda is currently Chief Executive Officer for African Risk Capacity Insurance Company Limited ('ARC' Limited), an organisation which uses modern finance mechanisms, such as risk pooling and risk transfer, to create pan-African climate response systems.

In addition, Dolika is an independent consultant, with over 25 years' experience in international banking and financial management who, more recently, has focused on supporting the banking and economic development of sub Saharan Africa. From 2013 to 2015, she was with the UK's Commonwealth Development Company ('CDC') where she served as Regional Director and Private Equity Fund of Funds Director for Africa. Prior to this, she was a senior advisor and director of the International Finance Corporation ('IFC'), working for 16 years in the Financial Markets, Credit, Accounting and Treasury departments. She has also held senior roles in Corporate and Merchant Banking at Barclays Bank, Zambia, and in Financial Control, Credit, Treasury and International Relationships at Citibank, Zambia.

Dolika is a non-executive director of Harith General Partners, a pan-African infrastructure fund, and DFID/UK AID's Financial Sector Deepening Africa and Financial Sector Deepening Zambia. She also chairs the Focus Investment Group, a SME financial services provider in Zambia.

She holds a Bachelor's degree in International Business and Marketing from Schiller International University (UK), and a Masters in International Business and Banking from Schiller University (France).

ETI Board Committees:
Social, Ethics & Reputation Committee;
Risk Committee

Bashir M. Ifo (57)

Non-Executive Director since 2011
Nigerian

Bashir Mamman Ifo is currently the President of the ECOWAS Bank for Investment and Development ('EBID') in Togo. He has more than 30 years of experience within the public and private sectors. He has held several senior management roles at EBID, including Head of the Financial Operations Division, Director of the Treasury Department, Head of Finance and Administration, Acting Managing Director of the former ECOWAS Regional Investment Bank ('ERIB') and Vice President for Finance and Corporate Services. From 1982 to 1995, Mr. Ifo worked in both the public and private sectors in Nigeria.

Bashir is a non-executive director on the Board of Asky Airlines.

He holds a Bachelor's degree in Business Administration (Banking and Finance) and an MBA in Finance, both from the Ahmadu Bello University, Zaria, Nigeria.

ETI Board Committees:
Nomination & Remuneration Committee;
Governance Committee

Tei Mante (67)

Non-Executive Director since 2014
Independent
Ghanaian

Tei Mante is an economic and financial consultant with forty years of experience in financial markets, including investment banking, project finance and private equity. He worked with the World Bank Group in Washington D.C. from 1975 to 2000, where, amongst a variety of assignments, he headed up the Africa and Agribusiness Departments of the International Finance Corporation (IFC).

Tei has also worked as a consultant for the African Development Bank, the Government of Ghana, the European Commission, UNECA and the Government of Sierra Leone. He served as a special advisor to the Ghanaian Government's Economic Management team between 2001 and 2004. He was Chairman of the Board of Ecobank Ghana Ltd from 2006 to 2010. He is currently an Independent member of the Investment Committee of the West Africa Emerging Markets Growth Fund.

He graduated with a BSc in Administration from The University of Ghana and holds an MBA from Columbia University, New York. He is also an alumnus of INSEAD (IEP).

ETI Board Committees:
Audit & Compliance Committee;
Governance Committee

Dr. Daniel M. Matjila (54)

Non-Executive Director since 2012
South African

Dr Daniel Matjila is a senior leader and respected figure in the investment management industry both in South Africa and rest of the world. Dr Dan is Chief Executive Officer, as well as Executive Director, for the Public Investment Corporation ('PIC') in South Africa, where he is responsible for managing and investing funds for a diversified group of clients.

Prior to PIC, Dr Dan served as Senior Manager: Quantitative Research Analysis, at Stanlib and at Anglo American plc.

Dr. Dan holds a B.Sc. in Applied Mathematics from the University of Fort Hare, a M.Sc. in Applied Mathematics from Rhodes University, a Ph.D. in Mathematics from University of the Witwatersrand, a Post Graduate Diploma in Mathematical Finance from Oxford University, Post Senior Management Programme from University of Pretoria and Advanced Management Programme from Harvard University.

ETI Board Committees:
Finance & Regulatory Requirements Committee; Risk Committee

Dr. Catherine W. Ngahu (55)

Non-Executive Director since 2016
Independent
Kenyan

Dr. Catherine Ngahu is a consultant, educator and entrepreneur with over 25 years of experience in business strategy, marketing, communications, ICT policy, culture change, business research and corporate governance. She is a senior lecturer at the University of Nairobi and is the founder and Executive Chairman of SBO Research Ltd. She has consulted for a wide range of organisations in the financial services, FMCG, energy, ICT and manufacturing sectors in Africa.

Dr Catherine has extensive board experience and is currently the Chair of the Universal Service Advisory Council of the Communication Authority of Kenya and Uchumi Supermarkets Limited, a Nairobi Stock Exchange (NSE) listed company. She is a member of the boards of AAR Insurance and Eveready EA Limited. She was awarded the Elder of the Order of the Burning Spear (EBS) in 2011 by the President of the Republic of Kenya for devoted service.

She holds a PhD in Business Administration, a Master of Business Administration and a Bachelor of Education (First Class Honours) from the University of Nairobi. She was a Business Research Fellow at Wharton Business School, University of Pennsylvania (1992-1993). She also has several certifications in ICT and corporate governance.

ETI Board Committees:
Nomination & Remuneration Committee; Social, Ethics & Reputation Committee

Alain F. Nkontchou (53)

Non-Executive Director since 2014
Independent
Cameroonian

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

Alain was an adviser of Laurent Perrier, a champagne company in France, having also been a non-executive director from 1999 to 2009. He previously worked in London between 1995 and 2008 as Managing Director of Credit Suisse's Global Macro Trading Group and also with JP Morgan Chase & Co. Between 1989 and 1994, he worked with Chemical Bank in Paris and New York, where he became Vice-President, Head of Trading and Sales. Alain has a track record of business success, having generated significant dollar revenues for each of these bulge bracket institutions.

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

ETI Board Committees:
Nomination & Remuneration Committee; Audit Committee

Directors' biographies

Mfundo Clement Nkuhlu (50)

Non-Executive Director since 2015
South African

Mfundo Nkuhlu has served as Chief Operating Officer and Executive Director of Nedbank Limited and Nedbank Group Limited since January 2015. He has worked in senior roles with Nedbank for 13 years, including Managing Executive of Nedbank Corporate (2009-2014), Managing Executive of Corporate Banking (2005-2009) and Managing Executive of Nedbank Africa (2004-2005).

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

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

ETI Board Committees:
Nomination & Remuneration Committee; Finance & Regulatory Requirements Committee; Social, Reputation & Ethics Committee

Kadita Tshibaka (69)

Non-Executive Director since July 2014
American

Kadita Tshibaka has over 40 years of experience in corporate and retail banking, risk management, operations, treasury and people development.

Kadita spent 33 years at Citigroup, reaching the position of Head of Corporate Risk Management, responsible for some 77 emerging markets, between 2002 and 2004. After his retirement, he moved to the Lloyds TSB Group, where he worked as the Divisional Risk Director, Wholesale and International Banking, (2005-2007) in London and Executive Vice-President and Country Manager USA (2007). He subsequently provided leadership support, including as interim CEO and Board member, to Opportunity International, a global microfinance organisation, between 2008 and 2013.

He currently serves on the Boards of Citibank Kazakhstan, the Eleazar Wheelock Society (integrating faith, reason, and vocation) at Dartmouth College, and Africa New Day (rehabilitating, educating, training, developing sound ethical life skills for adults, youth and children in the DRC).

Kadita holds a Bachelor of Economics degree from Dartmouth College (USA) and an MBA from The Amos Tuck School of Business Administration (Dartmouth College).

ETI Board Committees:
Audit & Compliance Committee; Risk Committee; Social, Ethics & Reputation Committee

Directors' report

Principal Activity

Ecobank Transnational Incorporated ('ETI'), the parent company of the Ecobank Group, is a bank holding public 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).

Its principal activity is the development of operating units for the provision of banking, economic, financial and development services.

Business Review

In 2016, ETI continued to drive the deployment of its revised 5-year strategic plan, dubbed 'Roadmap to Leadership', which sets out a framework that focuses on generating sustainable shareholder returns by building a customer-centric organisation with a simplified business model, anchored on improving its risk culture, operational efficiency and service excellence.

A detailed review of the Group's business and financial performance for 2016 is contained in the 'Business and Financial Review' section of the full annual report.

Results

ETI made a loss of $80,779,345.64 for the financial year ended 31 December 2016.

The detailed results for 2016 are set out in the consolidated financial statements. The Board of Directors approved the financial statements of the parent company and of the Group for the year ended 31 December 2016 at its meeting held on 24 March 2017.

Messrs. Emmanuel Ikazoboh and Ade Ayeyemi were authorised to sign the accounts on behalf of the Board.

International Financial Reporting Standards

The accounts of both the parent company and the Group are prepared in accordance with International Financial Reporting Standards ('IFRS').

Dividend

The Directors do not recommend the payment of a dividend for the 2016 financial year.

Capital

The Authorised Capital of the Company is $1,276,664,511.

Pursuant to the Articles of Association of the Company, the window for the conversion of the preference shares issued to the Asset Management Corporation of Nigeria Limited ('AMCON') and other pre-acquisition shareholders of Oceanic Bank International Plc closed on October 31, 2016.

From January 2016 to the date of closure of the preference shares conversion window, 2,419 holders of preference shares exercised their right of conversion over 819,424,548 preference shares that, upon conversion amounted to 630,325,909 ordinary shares. A total of 212,091,363 preference shares that were not converted will be redeemed by ETI at the rate of ₦16.40 per share.

Also, the approval of the 2015 Annual General Meeting for the increase in the nominal value of the ordinary shares, from two and a half (2.5) to fifty (50) US cents by consolidating every twenty (20) ordinary shares held into one (1) new ordinary share, is yet to be implemented due to prior share transactions that are yet to be concluded.

The ordinary shares of the company continue to be traded on three West African stock exchanges, namely the BRVM (Bourse Régionale des Valeurs Mobilières) in Abidjan, the Ghana Stock Exchange in Accra and the Nigerian Stock Exchange in Lagos.

Directors

The names of the Directors of the Company appear on pages 32 and 33 of this annual report.

As of 31 December 2016, the Board was composed of thirteen (13) Directors: twelve (12) Non-Executive and one (1) Executive Director.

Dr. Catherine W. Ngahu and Mr. Ignace Clomegah were elected at the 2015 Annual General Meeting.

The Board of Directors met six (6) times during the year. All the Board Committees, namely the Governance Committee, the Audit & Compliance Committee, the Risk Committee, the Finance & Regulatory Committee and the Social, Reputation & Ethics Committee met three (3) times to deliberate on issues under their respective responsibilities.

Directors' report

Corporate governance and compliance

There has been considerable improvement in the Group's corporate governance practices. More details are provided in the Corporate Governance Report. The Company continues to maintain corporate policies and standards designed to encourage good and transparent corporate governance, 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 to strengthen this area.

Subsidiaries

In 2016, the number of ETI subsidiaries remained unchanged in comparison to 2015. The Group's erstwhile geographical expansion across Middle Africa has been replaced with a focus on translating the achieved pan-African scale advantage into sustainable long-term value for stakeholders.

ETI has a majority equity interest in all of its subsidiaries and provides them with management, operational, technical, training, business development and advisory services. The total number of ETI subsidiaries consolidated in this Annual Report is 52.

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 2016 or the result for the year ended on the same date that 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, Akintola Williams Deloitte, Nigeria, and Grant Thornton, Côte d'Ivoire, have indicated their willingness to continue in office.

A resolution will be presented at the 2017 Annual General Meeting to authorise the Directors to renew their mandates.

Dated in Lomé, 25 May 2017
By Order of the Board,

Madibinet Cissé
Company Secretary

Corporate Governance

Introduction

Ecobank recognises the importance of Corporate Governance in building a sustainable and cohesive organisation. We seek to implement the highest standards and best practice in corporate governance in accordance with the most widely accepted corporate governance codes thereby ensuring fairness, transparency and accountability to our shareholders and other stakeholders.

As an independent pan-African banking group, founded on the spirit of regional co-operation and the economic integration of African countries, Ecobank acknowledges the critical nature of our relationships with all the regulatory bodies across our footprint in executing our vision and discharging our responsibilities with respect to our customers, lenders, shareholders and the communities within which we operate.

This ensures that their needs and interests are taken into account in a balanced and transparent manner. Ecobank believes that only good governance will deliver sustained business performance and, ultimately, appropriate returns for shareholders. These objectives are clearly articulated within our corporate literature.

Corporate literature

The Articles of Association of the Company, 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 the non-interference of the Board in management functions and the full disclosure of information to shareholders. Whilst the Board approves policies and general strategy, it is the duty of Executive Management to ensure the day-to-day implementation of policies and strategies adopted by the Board.

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

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 strategies and policies to enable the execution of Ecobank's overall vision, which is to be recognised as 'a world class pan-African banking group'. The Governance Charter is regularly updated to reflect a constantly evolving business environment.

Delegation of power and authority

Since the ultimate corporate power belongs to our shareholders, we ensure that their rights are both respected and exercised effectively.

The shareholders delegate their authority to the Board and subsequently to the Board Committees. The Board then delegates the day-to-day operations of the Group to Executive Management. The scope of the authority for each of these corporate bodies is clearly defined and agreed.

Beyond the interests of shareholders, the legitimate interests of all of our stakeholders are duly recognised and taken into account.

There are clear and published terms of reference and accountability for committees at Board and Executive levels. The Board is structured in a manner to enable it to add value to the Group and shareholders through its composition, size and the commitment of all of its members.

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 legal requirements and its responsibility to shareholders, regulators and other stakeholders.

The Board ensures that the necessary leadership, financial and human resources are made available to enable the Group to achieve its objectives. It confirms that there are no potential conflicts of interest between Executive Management, members of the Board and shareholders.

The Board also ensures that reporting lines of key control functions, such as Internal Audit, Compliance and Risk Management, are structured to ensure the effectiveness of checks and balances and the independence of such functions.

The Board reports annually to shareholders on the integrity and timely disclosure of the financial performance of Ecobank via the Group's consolidated annual report and accounts, including other substantive financial and non-financial information, about which shareholders and potential investors should be informed.

The Board is responsible for assessing the ability of the Group to meet its obligations and is accountable to its shareholders.

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

Appointment of Board Directors

The process of nomination and appointment of the Board of Directors has been clearly defined in the Governance Charter. It provides for a Nomination and Remuneration Committee, which is charged with the selection and appointment of Board Directors. Prior to any appointment, this Committee defines the functions and core competencies for each Directorship role. It then develops suitable selection criteria, screens and interviews potential candidates. The Committee then recommends the short-listed candidates to the Board. Thereafter, successful candidates are presented for the approval of the Annual General Meeting. Directors appointed during the year are co-opted by the Board and then presented for ratification at the following Annual General Meeting. New Directors are issued with letters of appointment including clear terms and conditions regarding the discharge of their duties.

The following competencies are also taken into account in appointing Directors to the Board.

- **Demonstrable business acumen**
  Directors must have considerable business experience, together with proven understanding of corporate and business processes, thanks to a successful track record and a flawless reputation in the business community.
- **Leadership and Board experience**
  A recognised ability to add value and display leadership, together with an ability to assert balanced and constructive views at Board level.
- **Special technical skills or expertise**
  Experience in international best practice banking, with specific reference to African markets. 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 Board as a whole is expected to exhibit these competencies, reflecting the combined experience of all the Directors.
- **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 carry out the duties of a Non-Executive Director adequately.

The Articles of Association of the Company limit the tenure of Directors to nine (9) years. Directors are appointed for an initial period of three years and are eligible for re-appointment. However, re-appointment is not automatic. Directors are required to be evaluated periodically; the outcome of this evaluation and the competency needs of the Board, as well as Directors' contributions and input, are taken into account in assessing potential re-appointments. There are clear guidelines for the dismissal/retirement of a Director, in addition to statutory provisions. A Director may be dismissed for breach of their fiduciary duties under the terms of their letter of appointment or other corporate documents or for lack of performance.

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, comprising four (4) nominees of major institutional shareholders (i.e. investors with a shareholding of at least 10% of the total issued shares of the Company), one (1) representative of the ECOWAS Bank for Investment and Development ('EBID'), one of Ecobank's founding institutional shareholders, seven (7) independent Directors, including two (2) representatives of individual minority shareholders and a maximum of three Executive Directors, including the Group CEO. Where there are more than four major institutional shareholders, they may jointly nominate four Directors to the Board.

The composition of the Board takes into account, as much as practicably possible, the geographical coverage of the Group, relevant professional experience, shareholders' representation and gender equality.

The Board has established six (6) committees, namely:

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

The charters of the various Board Committees have been established in accordance with best practice. The composition of the Board Committees excludes the membership of Executive Directors. Also, for the purposes of revitalising the Board Committees, the tenure of members has been restricted to a maximum of two (2) three-year terms, which may be extended, if it is deemed fit.

Independence of Directors

The Governance Charter has an independence evaluation policy and a definition of an 'Independent Director', which adopts the following principles:

- **Not an officer or employee:** Neither the Director, nor an immediate family member of the Director is, or within the last two years has been, an officer or employee of a member of the Group. An immediate family member of an individual is the individual's spouse, parent, child, sibling, mother-in-law, father-in-law, sister-in-law, brother-in-law, daughter-in-law, son-in-law and anyone, other than an employee, who resides in the individual's home. An officer of the Group includes an individual who performs a policy-making function on behalf of Ecobank, or who makes, or participates in, decisions that affect all or a substantial part of the business of Ecobank, whether or not the individual is an employee and whether or not the individual does so directly or through another organisation.
- **Not a substantial shareholder:** The Director or an immediate family member is not, nor has not been in the last three years, a substantial shareholder of a member of the Group or affiliated with a substantial shareholder of a member of the Group. A substantial shareholder of ETI is a person who beneficially owns, directly or indirectly, or exercises control or direction over, 0.1% or more of the voting rights of the Company, or 1% of the shares of a subsidiary or affiliate of the Company. An individual is affiliated with ETI if the individual is a Director, officer, employee, principal, partner or Managing Director of the Group, or occupies a similar position within the Group, or is a substantial shareholder of a member of the Group.

Corporate Governance

- **No material contractual relationship**: The Director does not have any material contractual relationship with a member of the Group other than as a Director. The test of whether a contractual relationship is material will be based on all the circumstances relevant to the Director.
- **Does not receive consulting or other advisory fees or payments**: Neither the Director, nor an immediate family member or related entity of the Director, receives, or within the last three years has received, consulting or other advisory fees or payments from the Group, other than compensation for Board services, payments arising from investments in securities of Ecobank or, in the case of an immediate family member who is not an officer of a member of the Group, compensation for services as an employee of a member of the Group. An entity is a related entity of a Director if the Director, or an immediate family member of the Director, is a Director, officer, employee, principal, partner or Managing Director of, or occupies a similar position within, the entity or is a substantial shareholder of the entity.
- **Does not receive consulting or other advisory fees or payments**: Neither the Director, nor an immediate family member or related entity of the Director, receives, or within the last three years has received, consulting or other advisory fees or payments from the Group, other than compensation for Board services, payments arising from investments in securities of Ecobank or, in the case of an immediate family member who is not an officer of a member of the Group, compensation for services as an employee of a member of the Group. An entity is a related entity of a Director if the Director, or an immediate family member of the Director, is a Director, officer, employee, principal, partner or Managing Director of, or occupies a similar position within, the entity or is a substantial shareholder of the entity.
- **Does not receive incentive compensation**: The Director does not participate in any share-based incentive scheme or performance-related pay scheme of the Group.
- **Is not a professional consultant or advisor**: Neither the Director, nor an immediate family member of the Director, is, or within the last three years has been, an auditor, other professional consultant or advisor to a member of the Group or affiliated with an auditor or other professional consultant or advisor to a member of the Group. A professional consultant or advisor includes an entity that provides accounting, actuarial, consulting, legal, investment banking or financial advisory services.
- **Is not a material supplier or customer**: Neither the Director nor an immediate family member of the Director is, or within the last three years has been, a material supplier or customer of the Group or affiliated with a material supplier or customer of the Group. A material supplier or customer of the Group is a person to which the Group made or from which the Group received payments (other than payments arising from investments in securities of the Company) in any year that exceed 5% of the consolidated annual gross revenues of the entity.
- **Has not served too long**: The Director has not served on the Board for a period that, in the determination of the Board, could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Group.

  A Director may be considered to have served too long on the Board for the purposes of the assessment of his/her independence, if he/she has been on the Board for more than six years.
- **Has no other material business relationship**: Neither the Director nor an immediate family member or related entity of the Director has, or within the last three years has had, directly or indirectly, any other material business relationship with the Group. The test of whether a business relationship is material will be based on the circumstances relevant to the Director.
- **Has no significant links with other Directors**: The Director does not hold cross directorships or have any significant links with any other Director (e.g. through involvement with other entities) that would materially interfere with the ability of the Director to exercise independent judgement or to act in the best interests of the Group.
- **Is independent**: The Director must be independent in character and judgement.
- **Is not affiliated** with an organisation to which the Ecobank Foundation, or any other member of the Group, has made significant charitable contributions.
- **Is free from any relationship with Ecobank**: The Director has no relationship with its Executive management or major shareholders that may impair, or appear to impair, the Director's abilities to make independent judgement.

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 above.

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

As at the end of December 2016, there were, thirteen Directors on the Board, including seven independent directors, namely: Mr. Emmanuel Ikazoboh, Dr. Adesegun Akin-Olugbade, Ms. Dolika Banda, Mr. Ignace Clomegah, Mr. Tei Mante, Dr. Catherine Ngahu and Mr. Alain Nkontchou. Although not all of the Non-Executive Directors need to meet the 'Independent Director' definition above, all should be capable of exercising independent judgment and decision-making.

Board and Directors' performance

The Board takes a number of steps to ensure that Directors discharge their duties with the requisite competence and skills. Firstly, prior to an appointment, the Nomination and Remuneration 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 on-going professional development to meet the ever-changing demands of their roles. All Directors are expected to avail themselves of appropriate training courses, where necessary and at the earliest opportunity, to fulfil their competency requirements.

Conflict of interest and related party policies

A conflict of interest policy and associated procedures, covering all staff and Group Directors, are in place. Directors are required to complete standard forms each year to confirm that no conflict of interest exists. The review of related party credits is conducted on a monthly basis and reported to the Board by the Risk Committee.

Assurance monitoring

The internal control and internal audit charters provide the framework for the two functions. In May 2016, in line with industry best practice and conforming to the Institute of Internal Auditors ('IIA') Standards, ETI's Board of Directors mandated Ernst & Young to conduct a Quality Assurance review of Ecobank's Internal Audit function.

Significant progress has been made in implementing the review's recommendations that will further strengthen the Internal Audit function and position it as a strategic and valued Group resource.

Whistle blowing policy

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

Ecobank's whistle blowing portal fully guarantees the confidentiality of information exchanged via the portal. A third party provider that specialises in whistle blowing services operates the portal, 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 form 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 independent investigation of allegations by whistle blowers and appropriate follow-up actions have been put in place. Cases are managed by Compliance and investigated by Audit. The Board is informed of the cases and the progress made towards their resolution.

Corporate Governance

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 Group. 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 to 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, effort and 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 makes a decision, which is submitted to the Annual General Meeting of the Company for approval.

Non-Executive Directors receive fixed fees of $100,000 per annum for services to the Board of ETI. The Chairman receives $150,000 per annum. In addition, Directors receive attendance fees for Board and Board Committee meetings. Non-Executive Directors receive neither short–term nor long–term performance incentives.

Consistent with Ecobank's objective of being an employer of choice in our markets and to attract the best talent, Senior Executives are compensated with a combination of fixed compensation (salary, benefits and pension) and variable compensation (bonuses and share options scheme). The total remuneration paid to all Senior Executives during the 2016 financial year amounted to $11.29 million.

Code of conduct

There is a code of conduct for all Directors within the Group and its subsidiary boards.

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.

It prohibits a Director, without the consent of the Board, from placing himself/herself in a position such that his/her personal interests conflict, 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 and affiliates in which he/she, or any Director of the Group or any associated company, may have material interests, whether directly or indirectly, until a Board resolution has been passed to approve the contract.

There were no breaches of the Directors' code of conduct in 2016.

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 applies to all board members at all times in the performance of their duties.

The Governance Committee is the resolution body for disputes within Ecobank's Board. The Committee recommends a course of action for consideration by the full Board, if necessary. Where the dispute involves a member or members of the Governance Committee, the Chairman 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 Committee ensures that the dispute is discussed openly and that questions are asked of all parties involved to formulate remedial action.

No such disputes arose between Board members in 2016.

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, and
- The standard of conduct and procedures for Directors.

The key principles underlying the Group's governance structures are as follows:

- The Group, as much as possible, operates a standardised organisational structure at ETI and subsidiary levels, known as the 'One Bank' concept.
- The organisational structure of the Group may be revised from time to time by the Group Executive Committee ('GEC'), subject to the approval of the ETI Board, to address the changing needs of the institution and the marketplace.
- ETI is responsible for the overall strategy of the

Group. As the parent company, ETI acts as the 'Strategic Architect' of the Group, with appropriate input in operational management and decision-making at the subsidiaries' level. It sets the overall strategy and direction of the Group, develops policies and procedures and monitors them through reviews and audits to ensure compliance, not only with Group strategy, policies and procedures, but also with local laws and regulations.

- Group decisions and policies are implemented by of all members of the Group and are binding upon all subsidiaries, taking into account applicable local laws and regulations. Where there is a conflict with Group policies, local laws and regulations will prevail.
- Key senior staff positions at the subsidiary level require the review and approval of the Group Executive Committee and ETI's Board.
- ETI's Board holds bi-annual meetings with the Chairpersons of subsidiary Boards and the Group's Functional Heads to disseminate information on the overall direction and major policy decisions of the Group.
- Operational decision-making is maintained at an appropriate level, as close as possible to the day-to-day management to remain responsive to changing market conditions.
- Individual accountability and responsibility are institutionalised and embedded through empowerment and the granting of relevant levels of authority.
- Group-wide coordination is achieved through high levels of interaction between the parent company and its subsidiaries, as well as amongst the subsidiaries at Board and Executive Management levels.
- Clear terms of reference and accountability are laid out for Board and Executive level committees. There is effective communication and information sharing outside of meetings.

The following comprise the governance units within the Group:

- The parent company ('ETI') Board of Directors
- Country Board of Directors
- Group Executive Committee
- Group Management Committee
- Business Leaders' Conference
- Country Management Committees

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

Parent Company Board of Directors

- The Board of Directors of ETI is elected by and 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.
- The Group's governance charter requires the Board of Directors to be guided by the following principles:
  - The clear delineation and segregation of Executive Management responsibilities needs to be safeguarded to ensure that the Board does not interfere in the operational management of the Group.
  - The Board is responsible for developing Group policies and general strategies, whilst management ensures their day-to-day implementation.
  - The Board needs to exercise objective judgment on corporate affairs, independent of Executive Management.
  - The Board needs to take actions on a fully informed basis, in good faith, with due diligence and care and in the best interests of the Group and its shareholders.
  - The Board needs to comply with applicable laws and regulations in line with Group strategy and direction.
  - The Board needs to operate transparently to avoid conflicts of interest between the Directors and Ecobank's businesses.
  - The Board needs to ensure the full disclosure of accurate, adequate and timely information regarding the personal interests of the Directors.

At the end of 2016, there were thirteen (13) Board members, comprising one (1) Executive, and twelve (12) Non-Executive Directors, of whom seven (7) were Independent Directors. The Board of Directors met six (6) times during 2016.

The Governance Committee met three (3) times to deliberate on issues under their respective responsibilities.

Corporate Governance

Board attendance

	Name	Role	Year appointed to Board	Number of Meetings held	Number of Meetings attended
1	Mr. Emmanuel Ikazoboh	Chairman/Independent	2014	6	5
2	Mr. Ade Ayeyemi	Chief Executive Officer	2015	6	6
3	Mr. Abdulla Al Khalifa (Qatar National Bank SAQ)	Non-Executive	2015	6	2
4	Dr Adesegun Akin-Olugbade	Non-Executive/Independent	2014	6	3
5	Ms. Dolika Banda	Non-Executive/Independent	2014	6	5
6	Mr. Ignace Clomegah	Non-Executive/Independent	2016	6	4
7	Mr. Bashir Ifo (Ebid)	Non-Executive	2011	6	3
8	Mr. Tei Mante	Non-Executive/Independent	2014	6	5
9	Dr Daniel Matjila (GEPF/PIC)	Non-Executive	2012	6	4
10	Dr. Catherine Ngahu	Non-Executive/Independent	2016	6	4
11	Mr. Mfundo Nkuhlu (NEDBANK)	Non-Executive	2015	6	6
12	Mr. Alain Nkontchou	Non-Executive/Independent	2015	6	5
13	Mr. Kadita Tshibaka (IFC)	Non-Executive	2014	6	6

Board changes

Mr. Ignace Clomegah and Dr Catherine Ngahu, joined the Board on June 17, 2016. After a detailed search and review, supported by KPMG, the Nomination and Remuneration Committee recommended the appointment of Mr. Ignace Clomegah as a Director representing the UEMOA region, in line with the Group's policy of geographical diversity amongst the Board. His appointment followed the death of his predecessor, Mr. André Bayala, in 2015. The Committee also recommended Dr. Catherine Ngahu as a director from the EAC region, replacing Mrs. Sheila Mmbijjewe, who resigned from the Board in 2015. The election of Dr. Ngahu has enhanced the gender diversity of the Board.

Mr. Ignace Clomegah joined the committee following his appointment to the Board in June 2016

The Group General Counsel and Company Secretary is the Secretary to the Committee.

Board attendance

Governance committee

The Governance Committee met on 31 March, 21 September and 1 December 2016.

Composition and attendance

Name	Role	Number of Meetings held	Number of Meetings attended
Dr. Adesegun Akin-Olugbade	Chairman	3	3
Mr. Bashir Ifo	Member	3	3
Mr. Tei Mante	Member	3	3
Mr. Ignace Clomegah	Member	3	2

Responsibilities:

- Formulates, reviews and generally ensures implementation of policies applicable to all units of the Group and ensures good governance throughout the Group,
- Manages the relationship between the company and its shareholders and subsidiaries, including the relationships with the Boards of the subsidiaries,
- Formulates new, and reviews existing, Group-wide policies, including organisational structure,
- Handles relationships with regulators and third parties,
- Manages Board affairs in between Board meetings or when the Board is not sitting,
- Recommends the appointment of Executive and Non-Executive Directors,
- Reviews the human resources strategy and policies of the Group, and
- Ensures that the Annual Board Evaluation is carried out.

All the committee members have relevant business knowledge and skills, including familiarity with accounting policies and practices.

The Group Head of Audit serves as the Secretary to the Committee.

Audit and Compliance

The Committee met on 30 March, 21 September and 1 December 2016.

Name	Role	Number of Meetings held	Number of Meetings attended
Mr. Tei Mante	Chairman	3	3
Mr. Kadita Tshibaka	Member	3	3
Mr. Alain Nkontchou	Member	3	1
Mr. Ignace Clomegah	Member	3	1

Messrs Nkontchou and Clomegah attended only one meeting as they joined the committee following the reconstitution of board Committees on September 23, 2016.

Responsibilities:

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

Risk Committee

The Committee met on 31 March, 21 September and 1 December 2016.

Name	Role	Number of Meetings held	Number of Meetings attended
Mr. Kadita Tshibaka	Chairman	3	3
Dr. Daniel Mmushi Matjila	Member	3	2
Ms. Dolika Banda	Member	3	2
Mr. Abdulla Al Khalifa	Member	3	2

All the committee members have experience of business, finance, banking, credit and general management.

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

Responsibilities:

- Determines and defines policies and procedures for the approval of all 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 of regulatory or supervisory authorities,
- Reviews periodic credit portfolio reports and assesses portfolio performance, and
- Reviews all other risks (e.g. technology, market, insurance, reputation, regulations, etc.).

Corporate Governance

Nomination & Remuneration Committee

The Committee met on 30 March, 21 September and 1 December 2016.

Composition and attendance

Name	Role	Number of Meetings held	Number of Meetings attended
Mr. Alain Nkontchou	Chairman	3	3
Mr. Bashir Ifo	Member	3	2
Mr. Mfundo Nkuhlu	Member	3	3
Dr. Catherine Ngahu[1]	Member	3	2

1. Dr. Catherine Ngahu joined the committee following her appointment to the Board in June 2016

The Group General Counsel and Company Secretary is the Secretary to the Committee.

Responsibilities:

- Determines the policy for the remuneration (including benefits, pension arrangements and termination payments) of Non-Executive Directors, Chairman of the Board, the Chief Executive Officer, the Executive Directors and the Senior Executives of ETI,
- Sets the terms of and reviews any share option scheme operated by or to be established by the Group,
- Develops suitable criteria for the selection and appointment of new Board members and for the selection, appointment and removal of the Group and Country Directors.
- Identifies and recommends suitable candidates for appointment to the Board, or to any relevant management position in the parent company, as well as within the subsidiaries,
- Develops and implements plans for identifying, assessing and enhancing Director competencies,
- Develops succession plans to maintain the appropriate balance of skills, expertise and experience on the Board and within senior management,
- Regularly reviews the structure, size and composition of the Board and makes recommendations to the Board regarding any adjustments that are deemed necessary,
- Prepares role descriptions, including capabilities required, for senior management positions,
- Identifies and nominates candidates to fill Board vacancies, as and when they arise, subject to Board approval,
- Handles the procedures for re-election of any Director by shareholders, and
- Discusses the position of Chief Executive Officer with all the Non-Executive directors, when appropriate, on an independent and confidential basis.

Finance & Regulatory Requirements Committee

The Committee met on 30 March, 22 September and 1 December 2016.

Name	Role	Number of Meetings held	Number of Meetings attended
Mr. Mfundo Nkuhlu[1]	Chairman	3	2
Dr. Adesegun Akin-Olugbade	Member	3	3
Dr.Daniel Matjila	Member	3	2
Mr. Abdulla Alkhalifa	Member	3	1

1 Mr Nkuhlu attended only two meetings as he joined the committee following the reconstitution of board Committees on September 23, 2016.

The function of the Finance & Regulatory Requirements Committee is to assist the Board of Directors in fulfilling its responsibilities with advice on matters relating to the following:

- Supervision of finance strategies, capital and liquidity management of the Company,
- Reviewing the Company and Group's financial performance,
- Reviewing compliance with applicable financial regulatory requirements, and
- Reviewing certain corporate developments, as directed by the Board.

The Group Manager, Reporting is the Secretary to the Committee.

Social, Ethics & Reputation & Committee

The Committee met on 31 March, 23 September and 1 December 2016.

Name	Role	Number of Meetings held	Number of Meetings attended
Ms. Dolika Banda	Chairperson	3	3
Mr. Kadita Tshibaka	Member	3	3
Dr. Catherine Ngahu[1]	Member	3	2
Mr. Mfundo Nkuhlu	Member	3	3

1. Dr Catherine Ngahu joined the committee following her appointment to the Board in June 2016

The Social, Ethics & Reputation Committee assists the Board with the following:

- Overseeing and reviewing the positioning of the Ecobank brand, ensuring that a clear strategy is being implemented to increase the value of the brand and enhance 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 Group's Risk Appetite Statement,
- Overseeing Ecobank's development and delivery of its brand promise, with regard to activities/businesses in which it will/will not be involved, and
- Reviewing Ecobank's sustainable business priorities, making sure that the Group has policies in place to respond to issues arising from external trends.

Corporate Governance

Subsidiary boards

The Boards of Directors of subsidiaries operate as separate legal entities in their respective countries. ETI is the majority shareholder in all the subsidiaries, but host country citizens and institutions are typically investors 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. As a rule, but subject to local regulations and the size of the Board, the Boards of Directors of subsidiaries have the same number of committees as the parent company. However, an individual country's regulatory requirements may necessitate more committees. 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 the respective countries. In the event of any conflict with Group policies, the local laws prevail.

Subsidiary governance model

The subsidiary governance model of the Group is the 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 properly run. As a result, the subsidiary CEO has a 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 board is legally constituted and Directors' duties comply with the host country's legal system.

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

Candidates for directorship positions in the subsidiaries are shortlisted by Directors of the subsidiary and ETI Directors or other credible persons. Then the proposed candidates are screened by the board of the subsidiary and presented to ETI's Board for approval. If ETI so requires, candidates may be interviewed. Upon clearance by the Board of ETI, the candidates go through the formal internal Board processes of the subsidiary including, as appropriate, Board Committees, regulatory and/or shareholder approvals.

Following clearance by the Group Board, ETI's Company Secretary will forward the names of the pre-selected candidates to the board of the subsidiary via its Company Secretary. The Board of ETI may screen candidates for membership of subsidiary boards directly and forward names of such candidates to the local board.

Group Executive Committee

In 2016, the Group Executive Committee ('GEC') comprised the following:

- Chief Executive Officer
- Deputy GCEO/Chief Regulatory Officer
- Group Executive, Finance
- Group Executive, Consumer Banking
- Group Executive, Operations & Technology
- Group Executive, Corporate & Investment Bank
- Group Company Secretary/General Counsel
- Group Head, Internal Audit
- Group Chief Risk Officer
- Group Executive, Human Resources & Corporate Affairs
- Regional Executive, CESA
- Regional Executive, Nigeria
- Regional Executive, WAMZ
- Regional Executive, UEMOA

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 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 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 where authority is delegated to the GEC.

Group Management Committee ('GMC')

The GMC is the wider arm of the GEC. For purposes of Group succession planning, critical country and business roles are consulted in the decision-making and execution of Group strategy. It comprises all members of the GEC and/or such other Executives as the GCEO may determine. The GCEO is the Chairman of the GMC. The Group Company Secretary or his/her designate is the Secretary to the Committee.

The GMC is charged with the following:

- Reviewing the operational and financial performance of the respective lines of business to ensure that actual performance is in line with overall strategy, business goals and objectives,
- Reviewing operational performance on an on-going basis against plan and expectations,
- Assessing progress and achievements of business unit projects and major initiatives,
- Determining appropriate responses to operational and financial performance issues, and
- Disseminating strategy and policies across the Group.

Business Leaders' Conference

The Business Leaders' Conference ('BLC') is a collegial group of all subsidiary CEOs and Group functional heads to encourage collaboration in strategy and policy formulation. It comprises the GMC, all subsidiary CEOs (i.e. country operations and other subsidiaries). The GCEO is the Chairman of the BLC. The Group Head, Strategy, or his/her designate, is the Secretary to the Committee.

The Business Leaders' Conference is the primary coordinating body for Group cohesion and integration and the implementation of Group strategy.

The Conference is a consultative body and not a decision-making body.

The Conference 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 Subsidiary 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 response 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 regulation impacting on Group policies.

Corporate Governance

Directors' interests in contracts

No Director has any interest either directly or indirectly in contracts with the Company or any subsidiary of the company.

Director's interests in Ecobank Ordinary Shares

The Directors' interests in the issued ordinary shares of the Company as of the date of the statement of financial position are disclosed in tables below

		Direct		Indirect*		Total	
S/N	Name	2016	2015	2016	2015	2016	2015
1	Mr. Emmanuel Ikazoboh	480,000	480,000	0	0	480,000	480,000
2	Mr. Ade AYEYEMI	0	0	0	0	0	0
3	Mr. Abdulla Al Khalifa (Representing Qatar National Bank SAQ)	0	0	4,896,904,524**	4,333,615,045	4,896,904,524	4,333,615,045
4	Dr. Adesegun Akin-Olugbade	392,319	392,319	0	0	392,319	392,319
5	Ms. Dolika Banda	0	0	0	0	0	0
6	Mr. Ignace Clomegah	92,075	92,075			92,075	92,075
7	Mr. Bashir Mamman Ifo (Representing EBID)	6.400	5,333	240,209,077	240,209,077	240,209,077	240,209,077
8	Mr. Tei Mante	106,758	106,758	0	0	106,758	106,758
9	Dr. Daniel Matjila (Representing GEPF/PIC)	0	0	3,333,333,333	3,333,333,333	3,333,333,333	3,333,333,333
10	Dr. Catherine Ngahu	0	0	0	0	0	0
11	Mr. Alain Nkontchou	0	0	0	0	0	0
12	Mr. Mfundo Nkuhlu (Representing Nedbank)	0	0	5,249,014,550	4,988,488,565	5,249,014,550	4,988,488,565
13	Mr. Kadita Tshibaka (Nominee of IFC)	0	0	0	0	0	0
	Total	**1,076,485**	**1,076,485**	**13,719,461,484**	**12,895,646,020**	**13,720,532,636**	**12,896,717,172**

* The indirect holdings above are shares held by Major Institutional Shareholders who nominated the Directors on the Board. These are not shares held by the Directors in their individual capacity.

** The holding of QNB includes preference shares that have been converted but not yet listed.

Executive share options

In 2016, no new ETI executive share options were awarded to Executives under the staff options scheme.

Related Party Security Trading policy

The Group has a code of practice for staff dealing in Ecobank securities that requires them to seek the approval of the Group Company Secretary, or the Company Secretary of a subsidiary of the Group, prior to the purchase of shares of the parent company or any member of the Ecobank Group. The policy makes it mandatory for such staff to disclose the nature of the securities, the amount to be invested, the nature of the transaction and interest. The 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. The policy will be updated to include other related parties.

Shareholders' Rights

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

The Annual General Meeting is a key forum for information and decision-making, fostering active shareholder participation.

The shareholders' right to information is an essential principle underlying the philosophy of Corporate Governance and is a pre-requisite in establishing a meaningful dialogue.

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.

The Board ensures that there is on-going 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, to the Investor Relations Unit and/or the Company Secretary. Their contact details are available at Ecobank's Group website, ecobank.com.

Sustainability Report

"I am proud to be a Board member of a Group that so willingly wants to be a leader in sustainable banking practices."

Dolika Banda

ETI Non-Executive Director and Chairperson, Social, Ethics and Reputation (SER) Committee

In response to growing demand from our stakeholders for the assessment and disclosure of sustainability issues that are material to the Group's businesses and operations, in 2015, the Ecobank Board set up the Social, Ethics and Reputation ('SER') Committee. Its role is to work with Ecobank's senior management to adopt and implement sustainability practices as part of a strategic approach towards achieving the Group's vision of contributing to the economic development and financial integration of Africa. In essence, we are focusing on sustainability as a truly transformative approach to African banking, whilst taking into account the inevitable trade-offs between business imperatives and the sustainability agenda.

Sustainability in Ecobank

Ecobank is a strong supporter of transformative initiatives toward the socio-economic development of Africa, including the United Nations' ('UN') Sustainable Development Goals ('SDGs') Agenda. Notably, the bank has aligned its internal sustainability framework with the SDG, with a view to contributing towards achieving the UN's 2030 global goals.

To date our efforts in the implementation of specific SDGs have been focused on:

- Health and Wellbeing (SDG 3)
- Education (SDG 4)
- Gender Equality (SDG 5)
- Affordable, Clean Energy (SDG 7)
- Ethical Working Conditions and Economic Growth (SDG 8),
- Industry, Innovation and Infrastructure (SDG 9)
- Climate Action (SDG 13), and
- Partnerships for the Goals (SDG 17).

These initiatives build on our commitment to the achievement of the Millennium Development Goals ('MDGs'), namely tackling poverty and hunger, improving access to energy and potable drinking water and environmental protection.

In 2016, we reaffirmed our commitment to the promotion of sustainability across our footprint, whilst seeking to balance profitability with sustainable outcomes for our businesses and operations. Understanding of sustainability approaches amongst senior management and staff has been enhanced and accelerated via the Ecobank Academy's learning and knowledge platform. Similarly, the Ecobank Day community outreach programme, together with other sustainability-related activities carried out by Ecobank's subsidiaries, further underscore our desire to promote sustainable banking practices across the Group.

Our most notable sustainability achievements during the year include:

- The introduction of the Ecobank MobileApp digital channel to promote financial inclusion,
- The continued migration to electronic banking operations, reducing paper usage,
- The organisation of an enhanced sustainability knowledge-sharing workshop for the Ecobank Board and Group Executive Committee, and
- An increase in collaborative partnerships for development under the auspices of the Ecobank Foundation.

Sustainability Highlights in 2016

Ecobank MobileApp

Key 2016 initiatives towards achieving our goal of growing our customer base to 100 million by 2020 have been upgrades to our digital platforms and the introduction of the Ecobank MobileApp. The latter represents a true 'game changer' in African banking, as it is the first unified, multilingual (available in English, French, Portuguese and Spanish) 'app' in operation in 33 countries.

This technology has the potential to meet the twin goals of vastly reducing the cost of providing banking services and servicing our customers in a faster and more convenient manner. By lowering servicing costs, Ecobank MobileApp will have a positive impact on Africa's economic development, promoting financial inclusion amongst the unbanked and underbanked.

Additionally, we have devised the Ecobank Xpress account that allows customers to instantly open a mobile banking account, leveraging the KYC ('Know Your Customer') initiatives implemented by African Telcos. To date, regulators in 25 countries across our footprint have approved this KYC-light account, as financial inclusion is seen as a high priority. Ecobank has also developed its own payments platform, ensuring instant fund transfers across our network of 33 countries. This eliminates the former high tariffs on low value cross-border transfers, which were prohibitively expensive for many Ecobank customers. Hence, thanks to enhancements to its digital banking platform, Ecobank is now reducing transaction costs and improving access for its existing and potential new clients, thereby furthering financial inclusion and improving customer service.

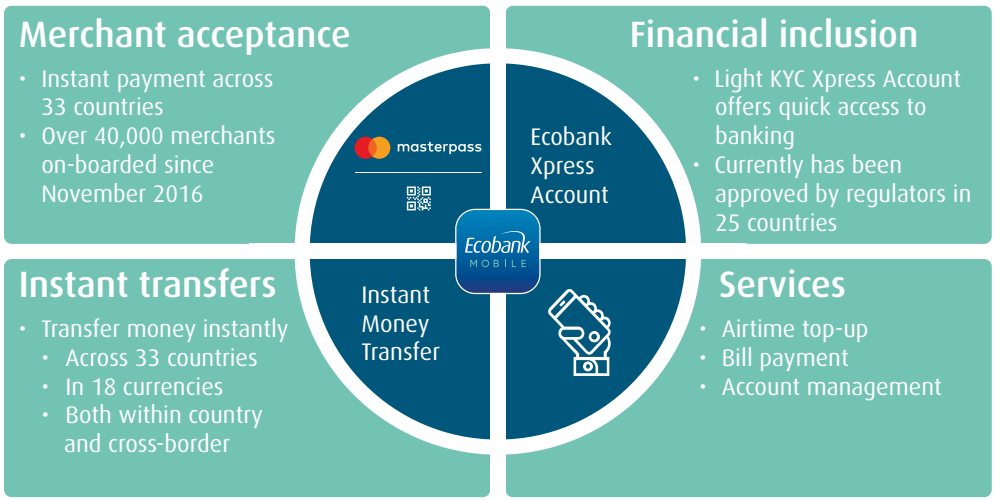
African consumers are eagerly adopting digital banking and the Ecobank MobileApp enables our customers to carry out their financial transactions 'on the go', including fund transfers to Ecobank and other banks, bill payments, instant purchasing of airtime and other banking services, such as blocking cards, stopping cheques and checking balances or foreign exchange rates. Ecobank is taking digital banking beyond providing customers with 24/7 banking services; we are also applying digital technology internally to automate processes, create new products, improve regulatory compliance and transform and monitor employee performance, thereby honing our decision making and overall efficiency.

Speeding Migration to 'Paperless' Operations

In line with the bank's strategy of pursuing innovation to create sustainable value, the Electronic Records and Document Management System ('ERDMS'), introduced in 2015, has benefitted the environment, as well as improving operational efficiency. Today fewer hard copy documents are being kept to meet regulatory compliance requirements for business information.

By scanning documents and using a customised file-naming system, front-office staff have fingertip access to the information database. Furthermore, memos and internal newsletters are being circulated via the Group Intranet. The result is an uncluttered office, with more efficient and better-informed staff. By way of illustration, as of December 31, 2016, Ecobank Ghana's electronic library has stored a total of 4.6 million bank teller records and saved a total of over 10 million sheets of A4 paper.

Ecobank MobileApp's payment ecosystem



Sustainability Report

A top-down approach to sustainability knowledge sharing

As we intensify our efforts to explore emerging business opportunities in sustainability and the green economy, Ecobank's Group Board members and the Group Executive Committee are increasingly focused on improving risk management approaches and adopting best practices to maximise profits. This has called for enhanced capacity development within Ecobank's senior management to enable informed assessment of sustainability-related business opportunities and the promotion of sustainability thinking and practices amongst Ecobank's staff and its wider stakeholder audiences.

Collaborative development partnerships

To engage with multi-/bi-lateral organisations in Africa's advancement (including United Nations' agencies, embassies, development financial institutions and local and international Non-Governmental Organisations), Ecobank has adopted a collaborative approach to create an environment conducive to the formation of developmental partnerships at national and global levels. This has included the offer of complementary banking and financial services to support the implementation of the development agenda in Africa. At a time when overall global development flows into Africa are slowing, affected by the migrant crises in Europe and a number of fiscal challenges in the US, our International Organisations business continued to open new project accounts in many countries and signed milestone banking and/or partnership agreements with several key multilateral development organisations in 2016, including the Global Fund to fight against AIDs, Tuberculosis and Malaria ('The Global Fund').

In 2016, Ecobank has collaborated with a number of such institutions to reach coherent and common developmental goals in Africa. This has led to Ecobank's:

- enhancement of development aid effectiveness through cash management and transfers using our technology platforms,
- participation in a risk-sharing facility, aimed at the development of agribusiness and food security,
- support of improvements to health and nutrition and access to education and technology,
- financing of safe water and sanitation initiatives, and
- awareness raising of opportunities for the empowerment of women and gender equality within the development agenda.

Ecobank's Sustainability Framework

Ecobank's Sustainability Framework ('the Framework'), developed in 2011, is the principal tool for promoting sustainable business practices within the bank's operations. It is underpinned by Ecobank's aspirations to drive economic transformation in Africa, to be a socially responsible financial institution, to contribute to quality human capital development and to protect our environment and natural resources. In essence, the framework facilitates the integration of social, economic and environmental dimensions in a balanced manner, taking into account the interplay between the sustainability agenda and business imperatives.

Following its adoption of the SDG 2030 global agenda, Ecobank is striving to align the Framework with the SDG agenda. Accordingly, the bank has resolved to implement both the tenets of the SDG Agenda and the Framework concurrently, as illustrated in the figure below.

In line with Ecobank's overall commitment to the sustainability agenda, we reaffirm our commitment to:

- Support access to sustainable resources and services in all our businesses and operations
- Balance our drive for profitability with improved prosperity and protection of our planet
- Forge collaborative partnerships in sustainable development to promote economic growth

Sustainability – Platform 1: Driving economic transformation

Public sector banking

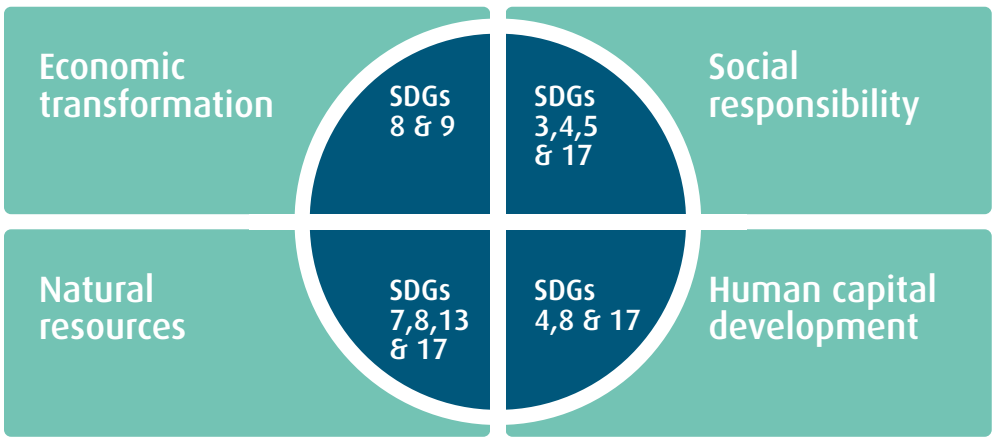
As public sector institutions look to transform their service delivery, Ecobank is positioning itself as an intermediary between the public and private sectors, providing credit to catalyse economic activity. This allows businesses to invest beyond their cash in hand, families to buy houses without saving the entire amount in advance and governments to invest in long-term infrastructure projects by smoothing out the cyclical pattern of their tax revenues. Our transformational banking solutions are thus supporting a dynamic and growing sector, which is predicated on the need to support Africa's trade and infrastructural development.

In 2016, Ecobank continued to stimulate investment and banking opportunities in a number of public sector projects, including agriculture and agribusiness, hospitals and schools and conventional and renewable energy, as well as other developmental infrastructure, such as roads and airports.

In our public sector banking relationships, we seek to position ourselves as a partner of reference for integrity, accountability and transparency – critical factors for donor funds. We have won several mandates to be the custodian of project accounts funded by donors, including the World Bank, in a number of countries, including Benin, Côte d'Ivoire, Gambia, Ghana, Kenya and Malawi. In recognition of the need to mobilise public and private investment for development, we have been actively involved in financing opportunities that are being created in infrastructure finance, project finance and bond market development through public-private partnerships.

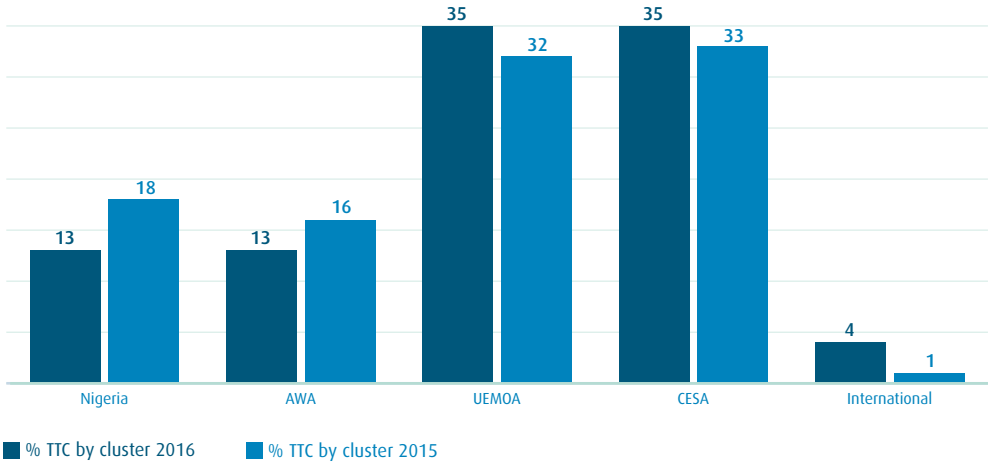
Furthermore, via our Ecobank-Nedbank Alliance and many other correspondent banking relationships, we have become a pan-African gateway for business. We recently signed memoranda of understanding with two leading multilateral development financial institutions to facilitate trade financing in Africa, namely the African Development Bank and the African Export-Import Bank (Afreximbank).

Our four sustainability platforms



Sustainability Report

Total tax contribution per cluster by geographic regions
(2016 vs 2015)



Creating economic value through tax contributions

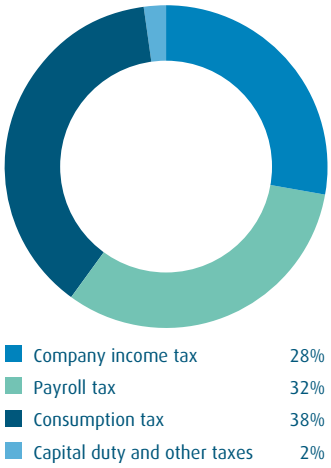
The Group continues to make significant tax payments across the jurisdictions in which we operate. Ecobank's total tax contribution ('TTC') in 2016 amounted to US$310 million, a 9% reduction in comparison to the 2015 financial year, due to the reduction in Group gross income.

The chart above compares the 2016 TTC and 2015 TTC by geographies. Whilst the overall TTC of the Group decreased year-on-year, the contributions from the UEMOA, CESA and International clusters increased slightly.

Taxes by category

In percentage terms, the largest category of taxes paid in 2016 was consumption tax at 38% (2015: 35%), followed by people taxes at 32% (2015: 31%), corporate tax at 28% (2015: 32%) and stamp duties at 2% (2015: 1%), as illustrated in the chart on the right.

Total tax contribution by tax category
(2016)



Consumption taxes (38%) Indirect taxes on production and consumption of goods and services, they include value added tax, customs duties, tax on banking activities, tax on money transfers, withholding taxes on imported services, vehicle taxes etc. As an operator in the financial industry, consumption taxes continue to represent a significant part of the taxes paid/collected by Ecobank.

	% TTC by Tax Type
Consumption Tax Borne	
Irrecoverable VAT	3
Reverse VAT	2
Withholding tax on imported services	1
Others	6
Consumption Tax Collected	
Net VAT	9
Tax on Banking Activities	5
Money Transfer Tax	11
Others	0
Total	**38**

People taxes (32%) Withheld on employment earnings, they include income tax, employee social security contributions ('SSC') collected through PAYE, employers' social security contributions, payroll taxes and other related contributions. The 2016 breakdown is shown in the table below.

	% TTC by Tax Type
People Tax Borne	
Payroll Tax	1
Employer SSC	7
Other Employer Contributions	0.3
People Tax Collected	
PAYE	19
Employee SSC	4
Total	**32**

Corporate taxes (28%) Levied on profits, they include both taxes borne (corporation tax and other taxes on turnover) and taxes collected (tax deducted at source, including withholding tax on services and interest). The 2016 breakdown is shown in the table below.

	% TTC by Tax Type
Corporate Tax Borne	
Company Income Tax	13
Others	2
Corporate Tax Collected	
Tax deducted at source	13
Total	**28**

Property taxes (2%) Applied on the ownership, sale, transfer or occupation of property, they include business rates, bank levies, stamp duty tax etc.

	% TTC by Tax Type
Property/Registration Tax Borne	
Property Tax	1.2
Property/Registration Tax Collected	
Stamp Duty & Patents	0.8
Total	**2.0**

Taxes borne

Taxes borne are those taxes that are a cost to the business and which, therefore, directly affect Ecobank's financial results. They are estimated at US$116 million in 2016, versus US$129 million in 2015.

Taxes collected

Taxes collected are those taxes that Ecobank collects and administers on behalf of governments, and which are generated as a result of Ecobank's activities. Taxes collected are not a cost to Ecobank (other than the administration cost) and do not directly affect Ecobank's results. Taxes collected in 2016 are estimated at US$194 million, against US$213 million in 2015. The Group breakdown of these taxes is presented in the table below:

Taxes collected

Tax Profile/Category	Tax Collected 2016 (US$ millions)	% of Total Tax Collected	Tax Collected 2015 (US$ millions)	% Year-on-year change
Payroll tax	59,609	31	66,431	-10
Tax deducted at source	37,961	20	43,853	-13
Tax on Banking Operation/ Tax on Financial Activities	35,040	18	32,006	+9
VAT (net)	27,506	14	29,566	-7
Tax on money transferred	16,182	8	20,445	-21
Employee social security contributions	13,165	7	16,799	-22
Stamp duties	1,736	1	1,192	+46
Other	2,461	1	2,587	-5
Total	193,660		212,879	-9

Sustainability Report

Value added creation

Activity	Base	Value Added ($'000)	% Value Added	Value Added ($'000) 2014	% Value Added 2014	% Increase/ (Decrease) 2014 – 2015
Suppliers of Funds	Financing Interest	566,406	37%	602,746	39%	-6%
Shareholders/ Reinvest.	Profit After Tax	(204,958)	14%	107,464	7%	-291%
Employees	Wages and Salaries less Employment Taxes	436,389	29%	480,803	31%	-9%
Government	Tax Borne	116,343	8%	129,484	8%	-10%
Government	Tax Collected	193,660	13%	212,880	14%	-9%
		1,517,756	**100%**	**1,533,377**	**100%**	

Value Added Creation

Value Added is a measure of the economic values contributed by an economic entity. In 2016, Ecobank contributed a stable total amount of US$ 1.52 billion (compared to US$ 1.53 billion in 2015). The Bank's Suppliers of Funds remains the most significant value addition, as detailed in the table above.

The Bank's investment in employees remains the most significant value addition, as detailed in the table above.

Development Partnerships

Our International Organisations business is focused on providing banking services to the development sector, with whom Ecobank is a preferred African financial services provider, given its unique ethos and reach across developing Middle Africa countries. Our main clients are global and regional NGOs, multilateral and bilateral development agencies, such as the United Nations, and global foundations and trusts.

The Group's growing deployment of digital banking services is allowing Ecobank's clients to extend their penetration his into previously unbanked territories, as well as facilitating internal collaboration between Commercial and Consumer Banking and the Ecobank Foundation to support financial inclusion and SME growth. The business also provides thought leadership, with a particular emphasis on health and education initiatives.

In working with our partners, especially in countries that access donor funds and those seeking significant bilateral relationships with leading global economies, and with multilateral development institutions, we have positioned ourselves as a partner of reference for integrity, accountability and transparency, factors that are mission-critical to international financial institutions.

Sustainability – Platform 2: Socially responsible finance

Ecobank Microfinance

Impact, reach and scale

Across Africa, Ecobank Microfinance provides smart, inclusive banking to over 4 million low-income individuals and micro-entrepreneurs. 2 million of these are served directly by microfinance banking subsidiaries in 4 countries (Burkina Faso, Cameroon, Ghana and Sierra Leone), together with dedicated internal units in Nigeria and Mozambique.

In addition to direct client engagement, Ecobank also reaches several million more customers indirectly by supporting over 200 independent microfinance institutions across its footprint. This effective pan-African reach makes Ecobank Microfinance one of the largest microfinance operations and financial inclusion programmes in sub-Saharan Africa.

Comprehensive coverage and offerings

In addition to low-income individuals, our client base is made up of a variety of microbusinesses, including traders, artisans, microprocessors and farmers. We are able to provide them with a full range of inclusive banking products and services, including micro-savings and loans, bill payments, transfers and remittances, mobile banking and advisory services.

Awards and recognition

Ecobank's success and leadership in bringing financial services to the unbanked is receiving increasing international attention and recognition. In 2016, we were selected as the 'Best Bank in Financial Inclusion in Africa' by African Banker magazine and we also won the 'Best microfinance product in West Africa' category in Asian Banker's annual awards.

Digital platforms enabling financial inclusion

In line with the Group's strategy of employing technology to extend its mass-market reach, our microfinance businesses are leveraging mobile technology to reach several million more of the unbanked and underbanked populations.

The growth in mobile phone usage in sub-Saharan Africa has created an opportunity to introduce cheaper and more convenient means of servicing low-income clients in urban and remote areas. For example, in 2016, Pan-African Savings and Loans Limited, our microfinance subsidiary in Ghana, introduced a full self-service mobile banking solution, the first of its kind in West Africa. This innovative service, developed in partnership with mobile operators, enables users to open accounts and carry out transactions on their mobile phones, without physical interaction with the bank, anytime and anywhere.

This service, which offers convenient, cheap and easy access to financial services for the unbanked population, has great potential to fast-track increased banking penetration. In less than 3 months, over 20,000 new clients in Ghana were on-boarded digitally. This service will be rolled–out in the other Ecobank Microfinance countries in 2017, with the aim of acquiring millions of new clients in the medium term.

Commercial viability and sustainability

All of Ecobank's microfinance subsidiaries and units are profitable, thus demonstrating that financial inclusion and providing banking to the poor and low-income people can be commercially viable. Ecobank has substantiated that its twin objectives in serving the poor and low-income population of commercial and socioeconomic development focus can be achieved in any market, if the right model is applied.

Ecobank Foundation

Our Foundation's vision is to be an impact-driven agent of change that contributes to the transformation and prosperity of Africa. To realise our vision, we are working to:

- Position the Ecobank Foundation as the 'go-to' partner in Africa;
- Demonstrate evidence of impact through a growing number of partnerships; and
- Enhance thought leadership on issues affecting the continent.

We have chosen to focus on health, education and financial inclusion as agents of Africa's transformation, with gender equality underpinning our engagement with communities across the continent.

In 2016 we began implementing the Foundation's new strategy, focused on building partnerships with like-minded organisations with an active involvement in the development of the African continent. To expand our community reach, we are working closely with the Ecobank Group to maximise the potential of digital solutions to provide financial services to the communities in which we operate.

Sustainability Report

Amongst our developmental partnerships, we would highlight the following achievements in 2016:

The Global Fund to fight against AIDs, Tuberculosis and Malaria ('The Global Fund').

We have renewed our partnership with the Global Fund for a further three years, covering the 2017-2019 period. We hosted the relaunch of the Foundation during the 5th Replenishment of the Global Fund in Montreal, where we presented our revitalised vision.

Our joint investment with the Global Fund in Nigeria has contributed to the following results:

- The first-line antimalarial treatment of over 7.7 million presumed and confirmed malaria cases at public and private sector health facilities;
- The distribution of over 10.5 million long-life insecticidal nets to at-risk populations via mass campaigns;
- The distribution of over 2.7 million long-life insecticidal nets to targeted risk groups (primarily pregnant women and children under five) through public and private sector distribution channels; and
- The provision of intermittent preventive treatment ('IPT') for malaria to 475,000 pregnant women attending antenatal clinics.

We are also working with the Global Fund's Treasury department, in conjunction with Ecobank's Paris-based sales and trading hub (EBI SA) to develop a bespoke financial solution for the Global Fund and its recipient countries in Africa.

OneFamilyHealth

Our partnership with OneFamilyHealth represents a replicable and sustainable healthcare model that is making a significant contribution to access to health care in Rwanda. This joint venture has created more than 340 jobs, with around 60% of the franchises run by women. Nearly 1 million patients have registered with the OneFamilyHealth network of health clinics, with more than 1.5 million patient visits served and average travel times to the nearest facility cut by around an hour.

Ecobank and OneFamilyHealth partnership activity in Rwanda

AfricaThriving International

This partnership was established in 2016 to implement the Model School Project, which was launched in Agbogba, Ghana, last September. This is an initiative that aims to improve educational facilities and enhance pupils' access to the teaching of science, technology, engineering and mathematics. The construction of the school will be completed in the first half of 2017, with a planned inauguration in the following September.

The Foundation also contributed to the 'Doctors in the Gap' initiative, which focuses on community health engagement and volunteering.

We will continue to develop our partnership with MyAfricaThriving Foundation in 2017.

We have also signed Memoranda of Understanding with the African Union and Vodacom. We will be working with the African Union to promote the development of Africa's future business leaders, in conjunction with the Ecobank Academy. The focus will be on performance management in the public sector and the development of female business leaders, working closely with professional associations for women. We will be collaborating with Vodacom on health, education and financial inclusion projects across Africa, deploying our mezzanine platform where possible.

Community engagement initiatives

Ecobank Day

In 2013, Ecobank's management designated the first Saturday of October as an annual day to celebrate the establishment of the bank, the so-called 'Ecobank Day'. It is also a day set aside for staff to volunteer for corporate and community engagement activities. Since then, Ecobank Day has become a flagship event to reinforce Ecobank's values in the eyes of our communities and employees alike, strengthening community relationships and encouraging collaboration amongst our staff in a morale boosting way.

The 2016 Ecobank Day commemorations adopted the dual themes of promoting ICT education in schools and improving maternal health in Africa. Over 10,000 staff contributed an estimated 20,000 hours (or over 800 days) around to work on community-based projects that embraced these themes. For example, our employees participated in clean-up and renovation work in selected hospitals and health centres, installing medical essentials and donating medical equipment to the maternity units across our geographic footprint in Africa.

Gender Equality Initiatives

UN Women

We participated in the UN Africa Consultation on Women's Economic Empowerment in 2016. This included a presentation to the UN Secretary-General, at the invitation of the President of Costa Rica and the CEO of IKEA, in which we positioned the Ecobank Foundation to lead an initiative on financial inclusion for women in Africa.

United Nations International Women's Day

The United Nations celebrates International Women's Day on the 8th of March each year. The theme for 2016 was 'Planet 50:50 by 2030 - Step it up for Gender Equality'. At Ecobank, we place a strong emphasis on gender equality and value our female staff highly. As the largest pan-African bank, we are conscious that we operate in a continent where women are more active economic agents than elsewhere in the world, making a significant contribution to Africa's socio-economic development. Of our 17,000 employees, 43% are female and 57% male. With our on-going commitment, we are confident that we will achieve the UN's Planet 50:50 objectives for gender parity in the workplace well before 2030.

Celebration of the World AIDS Day at Ecobank

On December 1, Ecobank joined the United Nations in celebrating the 2016 World AIDS Day, the theme of which was 'Hands Up for #HIVprevention'. The aim of the day was to raise awareness of the HIV threat, as well as showing support for people living with HIV. As part of Ecobank's observance of the day, over 600 employees, in four locations (Group HQ, Ghana, Kenya and Zimbabwe), tested themselves for HIV. Other 2016 World AIDS Day activities within the bank included:

Senior management engagement

The Ecobank Board and staff demonstrated their support for the campaign by displaying messages on their hands to highlight different aspects of HIV prevention. Ecobank's Chairman also made a formal statement highlighting the need to support African governments, as well as active community engagement, to eradicate HIV. Ecobank's Group CEO also circulated a message internally, emphasising the need to stop the discrimination and social stigma shown towards people living with HIV and called for more support for HIV screening and treatment.

Peer engagement

Video documentaries featuring Ecobank staff were circulated, e.g.:

- In Côte d'Ivoire, Ecobank employees discussed the need to promote awareness of HIV and encourage regular testing and the adoption of preventative measures.
- Ecobank Ghana staff focused on maternal and child health, especially the prevention of mother to child transmission of HIV, as well as conveying a positive portrayal of living with HIV.

Media and Public Awareness:

- Online publication of an article by the CEO of the Ecobank Foundation on HIV awareness and prevention, including AllAfrica.com and Ventures Africa, amongst others.
- Circulation of a press release reinforcing the Group's commitment to the fight against HIV and its eventual eradication in Africa.
- Photography and videos of staff and senior management's participation in the 'Hands Up' campaign were posted on social media
- We collaborated with the Global Fund's HIV awareness and prevention campaign that reached 150,000 Twitter followers.

Sustainability Report

Sustainability – Platform 3: Environmental Protection

Protecting Natural Resources

As we transition to a more sustainable banking institution, the implementation of environmental and social risk management ('ESRM') within Ecobank represents a strategic control assessment, aimed at identifying and capitalising on business opportunities, whilst protecting the environment and upholding social standards. For Ecobank, Environmental and Social Risk ('ES') management is an attempt to shift away from unsustainable business practices by adjusting our lending criteria and prioritising the deployment of green and low carbon technologies. This engenders a continuous review of the ES risk associated with eligible credit transactions, enhanced staff and management awareness of ES processes and increasing acceptance by leading global ESG implementation partners, as well as the enforcement of ES measures within internal operations.

ESRM Due Diligence Process in 2016

In Ecobank, ES policy and procedures offer a consistent approach to identification, screening, classification, mitigation and compliance monitoring within our decision-making processes. The ES policy follows the Group Credit Process and Procedures Manual ('GCPPM'), which defines the nature and level of risk that Ecobank is willing to take in pursuit of its strategic and business objectives.

In 2016, Ecobank's ESRM due diligence took on a different dimension, following the realignment of Ecobank's subsidiaries from 6 clusters to 4 regional groupings. This meant that our ESRM processes needed to be refined and reinforced to focus on material environmental and social issues specific to each region. A comparison of our ES activities in the past two financial years is presented in the following table.

Summary of ES transaction activity in 2015 and 2016

Activity	2016	2015
Total number of transactions	**2,073**	**2,379**
No. of High risk	40	28
No. of Medium A risk	886	999
No. of Medium B risk	394	444
No. of Low risk	753	926
Exclusion List transactions	0	2
Total number of transactions	**2,073**	**2,379**

Of the total of 2,073 transactions that were screened and managed for ES risk in 2016, 62% were in the Medium B[1] and Medium A[2] ES risk categories, versus 60% in 2015. Low-risk[3] transactions as a percentage of the total fell from 39% in 2015 to 36% in the year under review, whilst the percentage of High-risk[4] transactions screened increased marginally from 1% in 2015 to 2% in 2016.

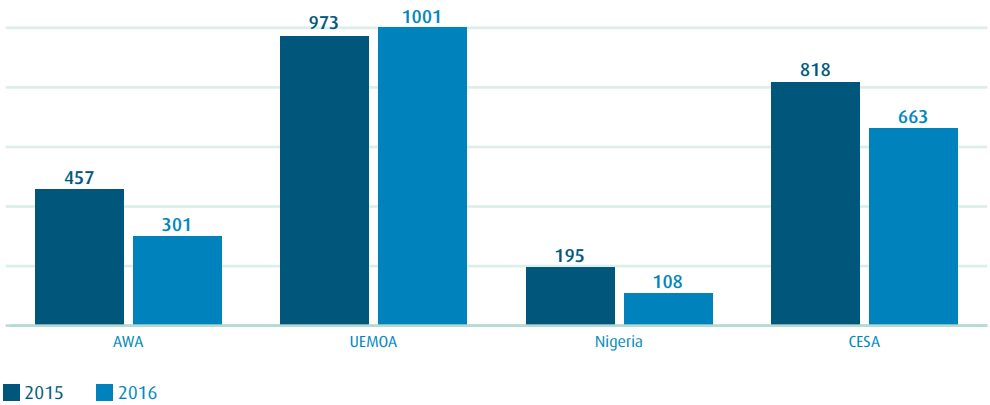
The number of transactions managed for ES High risk across the Group increased to 40 in 2016. This is due partly to the bank's exposure to new oil and gas activities in Ghana and Côte d'Ivoire, as well as to heavy infrastructure construction projects in Cameroon, Gambia, Kenya, Malawi and Senegal.

The percentage concentration of the ES eligible transactions in the Medium A and Medium B risk categories signifies that Ecobank's exposure to potentially ES sensitive activities is well within operational containment limits and, hence, largely manageable.

In the regions, specific environmental and social risk due diligence criteria were adopted in assessing regional cross cutting issues such as biodiversity impacts that heightened the ES risks. The graph on the following page presents the number of transactions screened and managed for potential ES risks by Ecobank Regions in 2015 and 2016.

Despite being the largest Ecobank region by market size and as a percentage of total assets, Ecobank Nigeria accounted for only 5.2% of the total transactions managed for ES risk in 2016, compared to 14% in the previous year. This reduction in the volume of ES transactions is partly due to the contraction in Nigeria's economic growth as a result of falling commodity prices and lower foreign direct investment and remittances, as well as the increase in domestic interest rates. Its total portfolio exposure to ES sensitive sectors, such as extractive industries, manufacturing, thermal power plants, heavy construction and real estate, rose slightly to 45% at year end 2016, compared to 42% in the previous year.

Comparative number of transactions screened and anaged for the E&S risks by Ecobank Regions
(2016 and 2015)



The total portfolio exposures to ES sensitive sectors in Anglophone West Africa ('AWA') and the West Africa Economic and Monetary Union ('UEMOA') regions as of December 2016 were 26% (2015: 28%) and 28% (2015: 36%) respectively. AWA accounted for 14% (2015: 16%) of the total transactions managed for ES risk in 2016, whilst UEMOA had the largest number of transactions managed for ES risk of all of Ecobank's regions, making up 48% of the Group total (2015: 40%). Within these regions, emerging environmental degradation in Burkina Faso, Mali, Niger, Senegal and Ghana, as well as potential social concerns in Côte d'Ivoire, Benin, Guinea Conakry and Mali have been identified. Corrective action plans have subsequently been formulated to address their possible impact on Ecobank's businesses and its clients' activities alike.

The Central, Eastern and Southern Africa ('CESA') region is the largest Ecobank region in terms of number of subsidiaries, including 18 in total. In 2016 CESA's total portfolio exposure to ES sensitive sectors fell to 34%, down from 39% in 2015. The region accounted for 32% of the total transactions managed for ES risk, representing a small decline in comparison to the previous year. Nonetheless, analysis of 2016 data revealed that the ES data integrity management in the region has continued to improve. This is partly due to a 'bottom-up' risk assessment, in which the subsidiaries' ES risk information is aggregated at the Group level. This is helping to ensure that a wide range of perspectives and critical analyses are incorporated to ensure balanced and objective ES risk management overall.

Environmental and Social Risk Management ('ESRM') Procedures

In the implementation of our ES policy, the Relationship Managers have primary responsibility for managing ES risk, with the Country Risk Management ('CRM') serving as a second line of defence, providing enterprise oversight and assisting the Relationship Managers in the completion of ES due diligence. The Group ES management provides the third line of defence with the open review and discussion of ES risk across all impact categories.

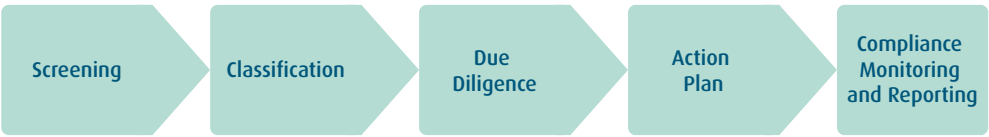
In order to make better credit and business decisions, our ES risk management evaluates our customers' commitment, capacity and track record in managing ES risks to provide a better understanding of their operations and longevity. This reflects our commitment to ensuring that our lending strategies do not lead to unacceptable environmental and social impacts.

In 2016, we worked to integrate ES risk management into other business processes, including Commercial Banking's Product Programme ('PP'), where we have incorporated thorough assessment and risk mitigation practices.

We continue to review competitor ES practices to ensure that our ES management is aligned with international best practice.

Presently, our ESRM procedures can be summarised as follows:

Environmental and Social Risk Management ('ESRM') Procedures



Sustainability Report

Our ESRM implementation procedures include the following:

- Screening transactions against activities on the Exclusion List
- Reviewing transactions for ES risks in accordance with sector guidelines
- Identifying project/transaction sectors for Environmental and Social risk classification
- Verifying transactions for potential ES risk identification
- Classifying transactions into Low, Medium A, Medium B and High ES risk
- For ES low risk transactions, the Relationship Managers ('RM') will sign off Environmental and Social Due Diligence ('ESDD') forms to be verified by the Country Risk Manager ('CRM')
- For all Medium A, Medium B and High risk transactions, detailed ESDD is required (RM and CRM will sign-off all Medium risk rated transactions, to be verified by the Group ES Manager, in relation to:
  - General Information
  - Legislation
  - Health, Safety and Security
  - Labour and Working Conditions
  - Environmental resource efficiency (energy, waste, pollution etc.)
  - Community
  - Internal Environmental and Social Management System ('ESMS')
  - Mitigation and Improvement Action Plan
  - Compliance Monitoring and Reporting

Exclusion List and Exceptional consideration

As a responsible bank, which recognises and supports the need to limit the concentration of greenhouse gases in the atmosphere, from time to time we review credit applications for environmentally high-risk transactions. In such instances, exceptional consideration for approval may be given to environmentally high-risk transactions on the Ozone Depleting Substances ('ODS') List on a contingent basis, where host country regulations have recognised the business line(s), coupled with the compelling justification of high socio-economic benefits and the possibility of reversing environmental damage. In this situation, Ecobank will expect the client to employ good business practices and complement these by considering the future allocation of resources into activities with acceptable environmental and social performance standards.

For example, we analysed a credit application for a coal-fired power plant transaction in Niger. Although coal-fired power operations will trigger ODS action, this transaction received ESRM funding approval on the basis of its net positive socio-economic and environmental impacts. We concluded that the power plant would improve access to energy, which, in turn, will stimulate local industrialisation, as well as creating employment opportunities and reducing poverty. With regards to the environment, the power plant is located in an arid desert area, with no meaningful vegetation cover and a sparse and dispersed population. This means that the impact on biodiversity and the displacement of human settlement will be minimal. Furthermore, with little industrialisation in Niger, the country's current net greenhouse gas emission levels are positive, so the impact of additional emissions from the operation of this plant will be insignificant.

Internal capacity development

Ecobank recognises that adequate capacity building is the single most important component in translating current ES risk management into viable business opportunities. We equally acknowledge that quality bank lending is critical to the advancement of the environmental and social dimensions of sustainable banking. It is only through deeper knowledge of sustainable banking opportunities, technologies, products and processes that the desired shift to sustainable business practices can be made.

Over the past year, we have worked toward improving the quality of our ES risk management training manual and our training delivery to meet international standards. As a result, 291 members of staff, including Group Board Members, the Group Executive Committee, relationship managers and other staff, participated in ES training conducted via various media.

Environmental and social risk training across Ecobank Group in 2016

Board Members and Group Executives Committee	19
Classroom setting for staff (Face to face for staff)	170
Telephone webinars for staff	16
Virtual Banking Institute Online toolkit for staff	86

Sustainability knowledge-sharing workshop for senior management

The Board and Group Executive Committee adopt an integrated approach to manage inherent risks with appropriate best practices to maximise profits. In June 2016, an environmental and sustainability workshop was organised, facilitated by the International Institute for Sustainable Development ('IISD'). IISD is a Canada-based, United Nations-affiliated organisation that provides practical solutions to the challenges of integrating environmental and social priorities with economic development.

The aim was to deepen the Board's understanding of what constitutes a 'Sustainable Ecobank', as well as highlighting the value of sustainable practices to the Group's businesses and operations. It brought fresh perspectives regarding various issues of economic, social and environmental sustainability and offered a platform for the participants to discuss and proffer solutions to emerging sustainability issues of strategic importance to the Group leadership.

Sustainability workshop - ETI Board and GEC members

Sustainability Report

Internal carbon footprint

Goal	KPI	Progress thus far
Waste	Amount spent on office waste	Periodic lifespan audits of office equipment are being carried out and old equipment is recycled via donations to charitable organisations. Other heavy equipment is recycled under the lease agreements.
Diesel	Amount spent on diesel generators	Low capacity generators are being installed for off-peak powering of the central processing unit, while solar lighting and LED bulbs are being installed in the office premises
Paper	Amount spent on A4 bond paper	An Electronic Records and Document Management System ('ERDMS') has been installed for direct data capture and storage. Usage of office printers is being discouraged.
Vehicles	Amount spent on official vehicle fuelling and maintenance	Policy on car sharing has been adopted and teleconference and e-meeting are being harnessed to reduce car usage and fuel consumption
Air travel	Amount spent on air travel for official business	Travel must be via direct, shortest routes and teleconferencing and e-meetings are being utilised to reduce air travel.

Internal carbon footprint

Ecobank believes that reducing CO_2 by monitoring a set of indicators, namely Waste, Diesel, Paper, Vehicles and Air travel, will invariably enhance efficiency, as well as contributing to low carbon business management. Given our commitment to sustainability in our businesses and operations, we hold ourselves accountable for the achievement of five carbon footprint goals across Ecobank Business Services ('EBS'). We have resolved to report on progress on a set of key performance indicators ('KPIs') that track performance towards these goals each year in the Group Annual Report.

Affiliation with Environment, Social and Governance ('ESG') Frameworks

As the urgent need for stronger cooperation in the implementation of ESG initiatives becomes more widely understood, responsible financial institutions, such as Ecobank, are increasingly implementing best practice policies and measures that address environmental, social and governance commitments, as well protecting their business interests.

Regional platform for sustainability in banking

Within Africa, Ecobank continues to be recognised as a thought leader, with informed opinion in the field of sustainable banking, and a constructive catalyst in regional discourse on sustainable finance between government regulators, development financial institutions, UN agencies and the Central banks. In 2016, Ecobank served as a resource to other banks in developing guidelines for expounding and applying the concept of sustainable banking, which has extended beyond Middle Africa.

Sharing its experience in the implementation of sustainable banking, Ecobank served on a panel to discuss the way forward for Green Banking in Africa at a conference organised jointly by BMCE, Bank of Africa and EBRD in Casablanca, Morocco, in October 2016. Other participants included the African Development Bank, FirstRand Bank of South Africa, the Central Bank of Nigeria and the Kenyan Bankers' Association, as well as representatives of financial institutions from the Maghreb and Europe. The forum recognised the need for strategic thought as to how Green Banking can be developed and implemented most effectively, without unfairly impeding business growth and opportunities. In essence, we are contributing to the promotion of sustainable banking as a truly transformative approach in banking.

Global platform on sustainability in banking

At the global level, Ecobank continues to ensure that its commitment to sustainability goes beyond compliance with legal requirements, whilst remaining an effective tool for gaining competitive intelligence and widening networking opportunities. Our participation in global sustainability initiatives is aimed at leveraging best practice to improve our internal programmes for the implementation of sustainability.

United Nations Environment Programme Finance Initiative ('UNEPFI')

UNEP Finance Initiative

Ecobank remains an active member of UNEPFI and a signatory to the UNEPFI Statements of Commitment by Financial Institutions on Sustainable Development to develop and promote financing for sustainable development and an inclusive green economy. Ecobank participated in the 2016 UNEPFI Annual General Meeting, held in Dubai, UAE. Ecobank is working with the UNEPFI African Task Force ('ATF') Secretariat in countries in which it is present to gain more members through workshops and awareness campaigns.

To develop the capacity needed for environmental and social analysis, selected Ecobank staff participated in an online training course on Environmental and Social Risk Analysis ('ESRA'), organised by UNEPFI. Participants leant how to include environmental and social variables in traditional lending and investment decision-making. The ESRA course provided in-depth, personalised training, as well as facilitating delegate debates. Ecobank's delegates were involved in a range of activities; from simulating the implementation of environmental and social policy guidelines and case study analyses to carrying out exercises based on their own client ESRA experiences. Ecobank's participation in this fee-paying training further underscores its strong commitment to environmental sustainability within its operations.

International Finance Corporation's (IFC) Environmental and Social Management Performance Standards

IFC

In line with Ecobank's contractual obligations with IFC, all the conditions related to the Environmental and Social Management System ('ESMS') have been met. Ecobank subsidiaries with direct IFC investments have also completed and submitted their Annual Environmental Performance Review ('AEPR') report. Ecobank has also prepared and published the grievance mechanism on its corporate websites, as requested by IFC. Furthermore, 8 Ecobank subsidiaries, which have recently signed an SME Risk Sharing Facility agreement with IFC, have also been trained on ESMS.

Ecobank participated actively in IFC events related to Environmental and Social Management, including the IFC Community of Learning event, held in London, UK, in November 2016.

Equator Principles

Ecobank adopted the Equator Principles ('EP') in 2012 and has modified them to help improve internal policies governing project finance and project related-corporate loans for projects with a total value of US$10 million or more. They are also applied to larger projects, where Ecobank's project-related corporate loans exposure is $50 million and above. Hence, Ecobank continues to demonstrate its commitment to environmental and social performance beyond the EP recommendations.

Furthermore, Ecobank has integrated the Equator Principles within its internal Environment and Social Management Systems ('ESMS'), which were developed on the basis of our engagement with the IFC Performance Standards, as well as our association with other financial institutions.

EP guidelines were taken into consideration in financing all EP eligible project finance and transactions in 2016. The bank did not compromise on its environmental and social performance obligations. Tenors of Ecobank's participation, both as sole financier and as a participant, range from renewable short-medium terms to long term financing.

As an Equator Principles Financial Institution ('EPFI') member, Ecobank actively participated in the former's activities, including attendance at the EPFI Annual Meeting in London in November 2016. Within the EPFI, Ecobank is an active member of the Cross Sector Biodiversity Initiative ('CSBI'). This group facilitates networking and knowledge sharing in cooperation with multilateral institutions and development banks that undertake project finance in Africa in accordance with EP guidelines.

United Nations Global Compact ('UNGC')

In November 2011, Ecobank Transnational Incorporated became a signatory to the Ten Principles of the United Nations Global Compact ('UNGC') in the areas of Human Rights, Labour, Environment and Anti-Corruption. In December 2012, the Bank reaffirmed its support of the UNGC and submitted its maiden annual report 'Communication on Progress'. The report outlined the bank's actions and steps being taken towards the integration of the Global Compact's principles into our business strategies and practices. The Ecobank Group is a registered member of UNGC and this membership covers all Ecobank subsidiaries. Thus, the annual membership obligation report to the UNGC secretariat is prepared at Group level and incorporates information from Ecobank's subsidiaries. At the country level, Ecobank is a steering committee member of the UNGC Local Networks in Ghana.

People report

Putting our people at the centre of sustained value creation

Human resources and sustainability are inexorably intertwined as a successful sustainability strategy can drive improvements in many human capital areas, including employee engagement and diversity, recruitment and talent management.

2016 was the first full year of the implementation of our new 2020 People Strategy, which has been carefully designed to support the execution of our 'Roadmap to Leadership' corporate strategy. Our priorities have been to build capacity within key disciplines (including Credit and Risk Management, Cash Management and Trade Finance), to introduce a structured, Group-wide approach to talent management and succession planning, and to improve the efficiency and cost-effectiveness of Human Resources in terms of service delivery

Employee data
(At financial year-end 2016)

	2016
Number of employees	17,343
Female Representation	44%
Nationalities	43
Attrition Rate	11%

Employees by geographic segment/clusters
(% As at December 31st 2016)

AWA	17%
CESA	21%
Nigeria	43%
UEMOA	19%

Employees by Business/Functions
(% As at December 31st 2016)

Corporate and Investment Bank	5%
Consumer Bank	14%
Commercial Bank	5%
Client Engagement	7%
Enabling Functions	69%

2016 Highlights

Aligned with our corporate strategy, in 2016 the primary focus for Human Resources was to efficiently execute our three-pillar People Strategy that aims to:

- Attract, develop and retain the right talent,
- Create a performance-driven culture and environment, and
- Leverage people and resources in the most productive and efficient manner.

In close partnership with the business units, we have made significant progress in our first full year of executing our enhanced People Strategy. This has been achieved by:

- Designing and delivering high-impact programmes to build capacity for strategy execution and talent bench-strength across all business units.
- Enhancing our current performance management platform to redefine a roadmap to a sustainable, performance-driven organisation.
- Launching a strategic talent review process to deliver a group-wide succession planning process, providing clear line of sight of high potential and emerging talent.
- Organising ourselves to succeed with optimal staff cost management, enhanced staff productivity and efficient staffing levels.
- Leveraging our gender diversity initiative to promote women to leadership positions.

People report

Overview of 2016

Ecobank has over 17,000 employees, representing 43 nationalities from around the world. The diversity of backgrounds and skills within our workforce plays a key role in our unique, pan-African culture.

At Ecobank, we recognise the importance of effective positioning and how we deploy our human capital for sustainable value creation. Alongside our unmatched footprint, customers and infrastructure, our people are at the centre of the execution of our 'Roadmap to Leadership' corporate strategy.

In 2016 the Human Resources department continued to accelerate and institutionalise our vision of providing the business with key enablers to generate the sustainable creation of shareholder value. The following key strategic Human Resources areas were further strengthened in 2016:

- Learning and Development
- Talent and Performance Management
- Compensation and Benefits
- Strategic Workforce Planning and People Efficiency
- Organisational Effectiveness
- Promotion of Diversity and Inclusion
- Improving Employee Welfare

Learning and Development

Building on the strong foundation of our work in previous years, the Group Learning and Development function (and its Ecobank Academy platform) continued to play a crucial role in ensuring that we develop 'must have' capabilities to drive the execution of our corporate strategy.

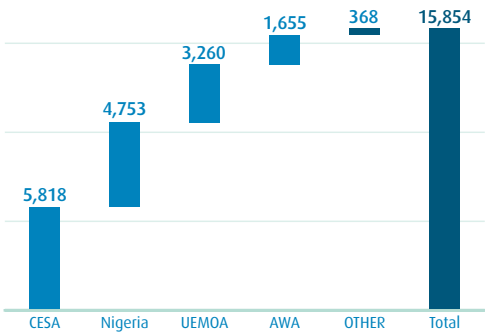
In 2016, our Learning and Development function has reinforced its position as a catalyst for capability development and competitive advantage for our institution, enabling Group-wide functions and the subsidiary network. With our consistent, collaborative approach, we were able to respond quickly to emerging business requirements whilst continuing to focus on implementing long-term competency and assessment-driven learning interventions by:

- **Designing and delivering high-impact business 'Game Changer' Training Programmes:** We have developed and executed assessment and certification-driven learning solutions to provide a structured Credit Risk management approach, strengthen the skill sets of our Transactional businesses (Trade Finance and Cash Management) and provide foundational skills in our control environment.
- **Rolling out Leadership and Management Development programmes:** In partnership with one of the foremost leadership development institutions in the world, in 2016 we continued to upscale our initiatives to develop leaders across the organisation. Cutting across all levels of leadership (senior, middle level and front-line managers), this programme is built around Ecobank's leadership competencies, values and strategic objectives.
- **Applying a 'design centrally and distribute locally' approach for learning sustainability:** To ensure that we engage with most of our staff in a cost-effective manner, we increased our efforts to enhance foundational Learning and Development capabilities across our four regional programme delivery 'hubs' (Nigeria, Côte d'Ivoire, Ghana and Kenya). This approach is delivering scale, sustainability and regionalisation of the training delivery to reach over 17,000 staff.

Over the course of 2016, 2,700 programmes were delivered (both instructor-led and via e-learning) to over 15,000 staff, of whom 14% were at managerial level, 76% were officers and 10% were outsourced.

The programmes delivered included: Credit and Risk Management, Trade Finance, Cash Management, Leadership and Management Development programmes, Operational Risk Certification programme, Environment and Sustainability programme, Customer Service Certification programme, FICC (Treasury) Certification programme and the Operations and Technology Middle Management Development programme.

A breakdown of number of participants by region



One of the key highlights of 2016 was the delivery of a structured Credit and Risk Management programme. Designed by Moody's Analytics, the Ecobank Academy and the Group Risk Management team, this world-class programme is assessment and certification-driven, targeting an audience of 2,500 of carefully selected members of staff.

The Credit and Risk Management curriculum is based on a structured framework that looks at the holistic approach to credit, including quality credit origination and underwriting, loan monitoring and remedial management and predictive modelling. Prior to rolling out this programme across the entire organisation, we started with the 'credit decision makers', targeting all Managing Directors and Business Heads (Corporate Banking, Commercial Banking and Consumer Banking) of the subsidiaries.

Staff trained by business (MDs and business heads)
(%)

CIB	27%
Consumer Banking	15%
Commercial Banking	26%
Affiliate MDs	23%

Following the success of this initial programme, the bank launched the foundational, intermediate and advanced level training programmes in March 2017 and has a full schedule throughout 2018. The programme demonstrates a very successful partnership with Moody's Analytics, with a significant commitment on both sides to improve credit standardisation to open up future opportunities for Ecobank across the continent.

Talent and Performance Management

2016 was a key year for the Talent and Performance Management function. Over the course of the year, we implemented the following strategic initiatives:

- **Implementing the second phase of Group's Talent Management initiatives**: In partnership with the Group CEO, we launched the second phase of our integrated Talent Management approach – the Ecobank Strategic Talent Review Process ('eSTAR'). Aligned with best practices, the eSTAR process is a critical management initiative aimed at adding value to our business by providing:
  - A structured Succession Planning process across the Group;
  - A clear line of sight of high potential and emerging talent, and
  - 'Fit for purpose' developmental plans to equip high performers and successors with the necessary capabilities for their current and future roles.

Following these Talent Review sessions, in 2017 we will institutionalise similar processes across all the enabling functions and our subsidiary network by implementing impact-driven talent interventions, including high-potential programmes, gender programmes, structured role rotation and an Innovative Management Associate Programme.

Strengthening Performance Management Process by:

- Continuing to promote our vision of achieving a 100% paperless/automated Performance Management review process using our online platform.
- Enhancing our online performance management system by adding new features and customisations to enhance overall employee experience.

Compensation and Benefits

In 2016, in partnership with KPMG, we developed a more integrated and holistic concept of Total Rewards (Compensation and Benefits) to promote a sustainable performance culture and provide a closer alignment between our shareholders, the Group and its employees.

People report

Strategic Workforce Planning and People Efficiency

One of our key priorities as an organisation is to achieve operational efficiency and excellence. To meet this strategic objective, we worked closely with the business units to provide guidelines for efficient resource allocation/deployment and appropriate front and back office staffing ratios. Our aim is to ensure that we remain competitive and resource conscious, whilst leveraging the benefits of our technology platform. A notable example of this is the work we have done to optimise our resources in Nigeria. Continuous efforts are being made to identify and implement mechanisms to increase staff productivity further.

Organisational Effectiveness

The Ecobank Roadmap to Leadership calls for us to win business through speed, agility and adaptability. To deliver this mandate, we recognise the importance of organisational culture and employee engagement in the execution of our corporate strategy and the sustainability of Ecobank as an institution. For example, in 2016 we provided tools, processes and a platform for sustainable strategic execution, from ensuring that our new organisational structure is well in place to introducing new ways of tracking performance, with a clear focus on 'Must Win Battles'.

Another important example of our work in 2016 is the emphasis that has been placed on encouraging a Group-wide 'value creation' mind-set. To achieve this, we have applied the Strategy Execution model to our business. We have also begun to design a framework to drive cultural change initiatives in support of Ecobank's Digital Banking transformation, which will play a major role in our strategic initiatives in 2017 and beyond.

Promoting Diversity and Inclusion

"As a leading pan-African bank with the largest banking platform in Africa, we are very clear on our leadership responsibility on the continent. To ensure all aspects of a successful transformation of Africa, the advancement of women is a prerequisite. At Ecobank, SDG section 5.5 – increasing the number of women in decision-making roles – sits at the very core of our people strategy.

Focusing on the development of women is not just a nice thing to do, but a strong social and economic imperative that we cannot ignore."

Julie Essiam
Group Executive, Human Resources and Corporate Affairs and CEO of Ecobank Foundation

As one of the largest organisations in the continent, Ecobank embraces its highly diverse workforce, which reflects varying national, cultural and gender characteristics. The Group has prioritised the nurturing of a corporate culture in which employees want to work and choose to stay. The fact that our workforce is made up of more than 40 nationalities enhances our overall customer insight, as well as our ability to meet their needs and those of our other stakeholders.

We are continuing to make significant progress towards greater gender equality at all levels of the organisation. For example, women now make up 44% of the overall headcount, whilst 35% of the management team is female. We are proud of our progress towards gender parity in the workplace and are confident that we shall reach our Planet 50:50 goal well before the UN's 2030 deadline.

Yet we recognise that more needs to be done to address the challenges that are impeding Africa's women and girls from reaching their full potential. Evidence suggests that women are the most productive members of African society, and thus strong contributors to economic growth. Yet, many African women still lack access to basic credit. In particular, women in agriculture, the mainstay of most African economies and small businesses, require better access to financial services. In this regard, we are developing a new programme to further support gender equality that extends beyond the Group into the local communities that we serve. Our African businesswomen need access to working capital to better manage cash flow and fund investments in new equipment and technology. It is for these reasons that we consider women to be an especially valued segment of our pan-African customer base.

Last but not least, Ecobank continues to foster a culture where employees' contributions are listened to and valued. 'Voice of the Employee' surveys were conducted in various countries during the year, with transformational taskforces formed to address the issues identified.

Improving Employee Welfare

Ecobank's employee welfare policies have remained consistent. We continue to promote the well being of our employees and their families by providing various benefits, such as full medical cover (including medical examinations and repatriation in the event of critical illness). Other benefits include retirement schemes based on local regulations and practices and home leave air tickets. Reflecting the institution's commitment to family values, Ecobank sponsors annual activities, such as end of year parties and gifts for the children of our staff. Employees can also avail themselves of various loans at preferential rates, irrespective of their rank, enabling them to buy a home or other valuable assets.

There are also programmes and other workplace activities, such as sports, social and clubhouse activities, to encourage staff to be more physically active. In most countries, employees have access to an infirmary, where nurses are on call during normal working hours and doctors attend twice a week. Where there is no infirmary, staff healthcare arrangements are made with local medical centres.

The Group has also adopted best practice policies with respect to health and safety, stress management, violence, bullying and harassment in the work place.

Strategic HR Priorities for 2017

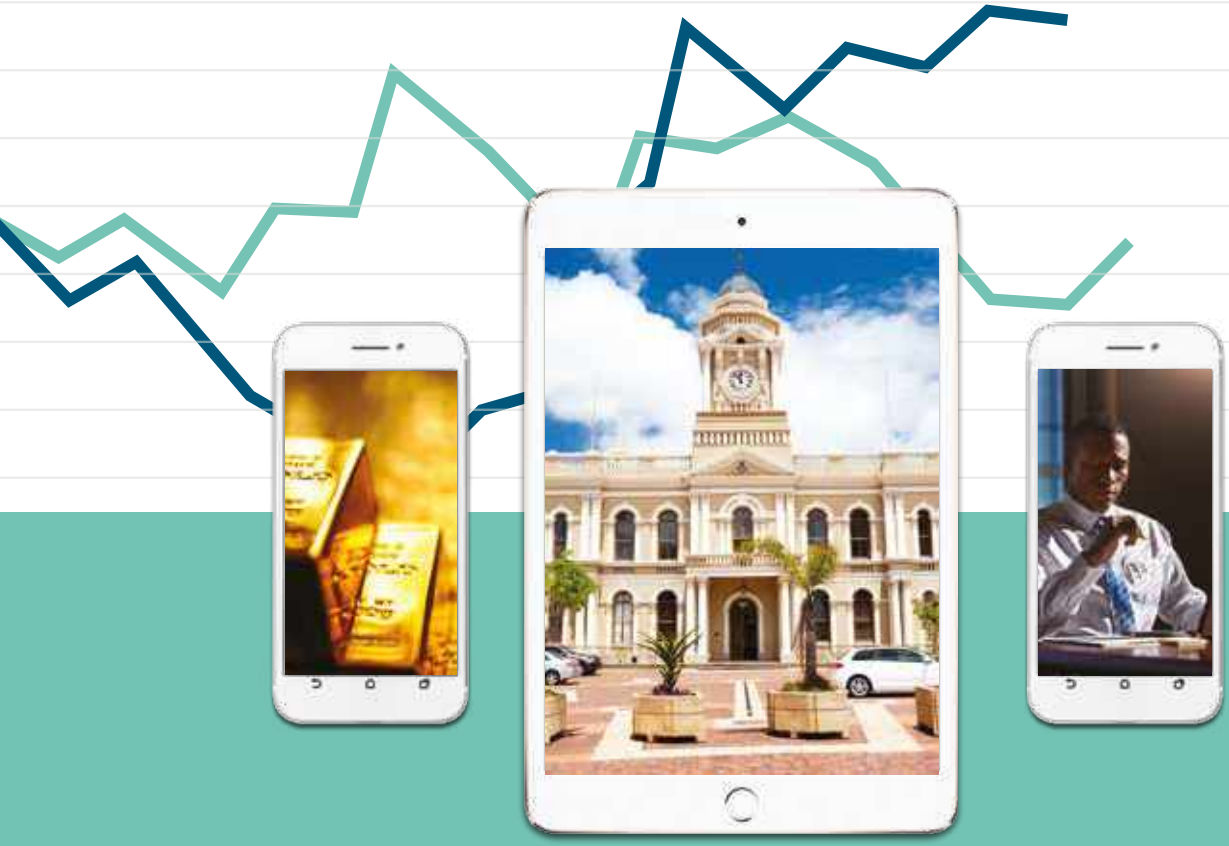
2017 presents a unique opportunity for our organisation as we expand our digital financial services with a clear objective to reach 100 million customers by the year 2020. For the Human Resources function, this means that we will accelerate the delivery of a new set of capabilities to support the growth of the digital banking business. Furthermore, we will focus more heavily on talent and performance management and total reward and organisational transformation to facilitate both individual and organisational reinvention, thereby becoming a digital organisation that is effectively aligned with our external business value proposition.

In addition, we will also make further progress towards the completion of our organisational redesign process to position ourselves to win. The object of this exercise is to allow us to make savings whilst, at the same time, providing superior customer service and enhanced shareholder returns.

Building on the progress made, we are positioning Human Resources to accelerate the impact of its work by focusing on the following six strategic initiatives in 2017:

- Scale up Learning and Development solutions,
- Implement transformational initiatives to embed the digital banking strategy,
- Further institutionalise Talent and Performance Management and scale Talent Review,
- Implement a Total Reward strategy to foster a sustainable performance culture,
- Increase employee efficiency and effectiveness, and
- Scale up interventions for organisational effectiveness.

04 Risk Management



We are redoubling our efforts to strengthen our capacity to identify and anticipate risk, thereby achieving a Group-wide improvement in the management of all types of risk. This will require a transformation in our risk culture, embedding shared and communicated principles and controls throughout Ecobank.

Risk Management

1. Risk Management Framework

Risk is inherent within the business activities of the Ecobank Group. Accordingly, Ecobank has designed a risk management framework and a governance structure to achieve an appropriate 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.

1.1 Risk Identification

The Group identifies risk by evaluating the potential impact of internal and external factors on business transactions and positions. Risk managers then develop strategies such as setting appropriate risk limits (by customer, product and business) and obtaining sufficient collateral coverage, to mitigate these identified risks.

1.2 Risk Measurement

The Group uses a variety of methodologies to measure risk. These include calculating probable loss (both expected and unexpected), assessing risk rating, conducting stress tests and benchmarking.

1.3 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 is based on the following central risk areas: credit risk (including counterparty risk), market risk, liquidity risk and operational risk. Risk 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.

1.4 Risk Reporting

The Group allocates considerable resources to ensure ongoing 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. Major Risk Types

The Group is exposed to the following major risk types:

Credit risk is the probability of financial loss arising from the default or the credit risk migration of a customer or counterparty. It can arise either because the borrower or the counterparty is unwilling to execute or because their ability to execute 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 the Group's guaranteed contractual obligations to a client 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 risk of default before settlement, also known as pre-settlement risk, arises when the counterparty defaults before the contract matures and the Group suffers a financial loss in the process of replacing the unexecuted contract. The settlement risk becomes direct credit risk at the time of default.

Market risk is 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. Losses may arise from changes in interest rates, exchange rates, equity values, commodity prices, etc. Positions that expose the Group to market risk can be trading or non-trading related. Trading risk relates to positions that the Group holds as part of its trading or market-making activities, whilst non-trading risk includes discretionary positions that the Group undertakes for liquidity or capital hedging purposes. Sources of market risk include:

- **Interest rate risk** is the exposure of current and future 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**, which arises from timing differences in the maturity or repricing of assets, liabilities and off-balance sheet instruments.
  - **Yield curve risk** is the risk that changes in market interest rates may have different effects on prices of similar instruments with different maturities.
  - **Basis risk** is the risk that changes in market interest rates may have different effects on rates received or paid on instruments with similar repricing characteristics (e.g. funding an adjustable rate loan that is indexed to a 3-month Treasury bill with deposits that are indexed to the 3-month LIBOR). Interest rates for various assets and liabilities change at the same time, but not necessarily by the same amount.

- **Options risk** is inherent in embedded options in assets and liabilities. An example is provisions in agreements that give borrowers the right (and not the obligation) to prepay their loans, or give depositors the right (and not the obligation) to withdraw funds at any time, often with little or no penalty. These options, if exercised, can affect net interest income and underlying economic value

- **Liquidity risk** arises from the general funding needs of the Group and in the management of its assets and liabilities. The Group is exposed to the risk that depositors' demands for withdrawals outstrip its ability to realise longer-term assets in cash. The Group, therefore, strikes a balance between its liquidity requirements and funding costs by capturing stable, reliable and low-cost sources of funding in all of its markets. There are two types of liquidity risk:
  - **Funding liquidity risk** is the risk that funds will not be available when needed to meet our financial commitments.
  - **Trading liquidity risk** is the risk that assets cannot be liquidated quickly enough at reasonable market prices. This can happen when market liquidity disappears, making it difficult, or costly, to close or modify positions without incurring unacceptably high losses.

- **Interest rate risk** and liquidity risk are interconnected, given that management of either side of the balance sheet has an impact on interest rate risk exposure.

- **Foreign exchange risk** is the risk to earnings and capital arising from sudden 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 foreign, as well as local, currencies. The Group is also exposed to foreign exchange risk arising from adverse movements in currency exchange rates used to translate carrying values and income streams in local currencies relative to the US Dollar, Ecobank's reporting currency.

- **Equity price risk** is the risk of loss from equity portfolio devaluations due to share price movements.

- **Commodity price risk** is the risk of loss from commodity portfolio devaluations due to commodity price fluctuations.

Operational risk is 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 manifests itself in a variety of ways, including internal fraud, external fraud, transaction processing errors, business interruptions and disputes with employees, clients and vendors. Operational risk also includes legal risk, the risk of loss resulting from the failure to comply with laws, prudent ethical standards and contractual obligations. These events can potentially result in reputational risk for the Group.

Reputational risk is defined as the current or prospective risk to earnings and capital arising from an adverse perception of the Ecobank brand amongst existing and potential transactional 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 and maintain access to sources of funding.

Sovereign risk includes political, convertibility and cross-border risks. Such risks can arise from actions of a sovereign state or from unforeseen circumstances, such as wars and civil unrest. They affect the ability of residents to meet their obligations to a lender who is domiciled in another country. In as much as the West African Economic and Monetary Union ('UEMOA') and the Central African Economic and Monetary Union ('CEMAC') share a common currency, with the support of the Banque de France, risk exposures taken by Group subsidiaries registered within either economic union on residents of any country within either economic union are not considered as cross-border risks.

Strategic and franchise risks arise whenever the Group launches a new product or a new service, or when it implements a new strategy. The risk is that the strategy may fail, causing damage to the Group's image, which may impair the Group's ability to generate or retain business. However, the Group always carefully assesses both the impact of external factors on its strategic decisions ('strategic risk') and the feedback from clients, shareholders and regulators regarding its results and capital ('franchise risk').

Compliance risk is related to violations of the rules and regulations in force in countries where the Group operates. Compliance risk also arises when the rules or regulations applicable to the products and activities of subsidiary banks are ambiguous. Such risks could result in sanctions, penalties, damages and even the voiding of existing contracts. Legal and regulatory risks are part of compliance risk.

Disclosure risk is the risk of loss due to the presentation of incomplete or false information to the general public, shareholders or regulatory bodies. Non-compliance with accounting rules and requirements for the delivery of reports to regulatory, supervisory or fiscal authorities could also give rise to strategic and franchise risks.

Risk Management

3. Governance Structure

The Group's Board of Directors supervises risk management through the **Risk Committee** and the **Audit and Compliance Committee** of the Board. The Board articulates the level of risk that Ecobank is willing to accept in the normal course of business ('risk appetite') and sets the overall risk profile for the Group. The Risk Committee proposes risk policies and the overall approach to risk management and monitors the adequacy of controls, compliance with risk policies and the Group's risk profile. The Audit and Compliance Committee ensures that the financial activities of the business are subject to independent review and external audit.

The **Group Chief Risk Officer** is Ecobank's most senior risk management officer, responsible for all risk activities, and reports functionally to the Board Risk Committee and administratively to the Group Chief Executive Officer. The Group Chief Risk Officer develops the risk management strategy, principles, framework and policies, and implements appropriate risk management processes, methodologies and tools.

The **Group Chief Risk** Officer advises and instructs management and business units on risk management, monitors the application and effectiveness of risk management processes and co-ordinates appropriate and timely delivery of risk management information to the Group Chief Executive Officer, the Group Executive Committee ('GEC'), the Risk Committee and the Board. The Group Chief Risk Officer provides overall supervision of a Credit Risk Department comprising a Corporate Credit Centre and a Consumer and Commercial Credit Centre, a Risk Strategy & Enterprise Risk Management unit, a Remedial Management unit, a Group Insurance unit, a Group Credit Administration unit, a Risk Analytics and Management Information System ('MIS') unit, an Operational Risk Management unit, a Market Risk Management unit and an Environmental and Sustainability unit.

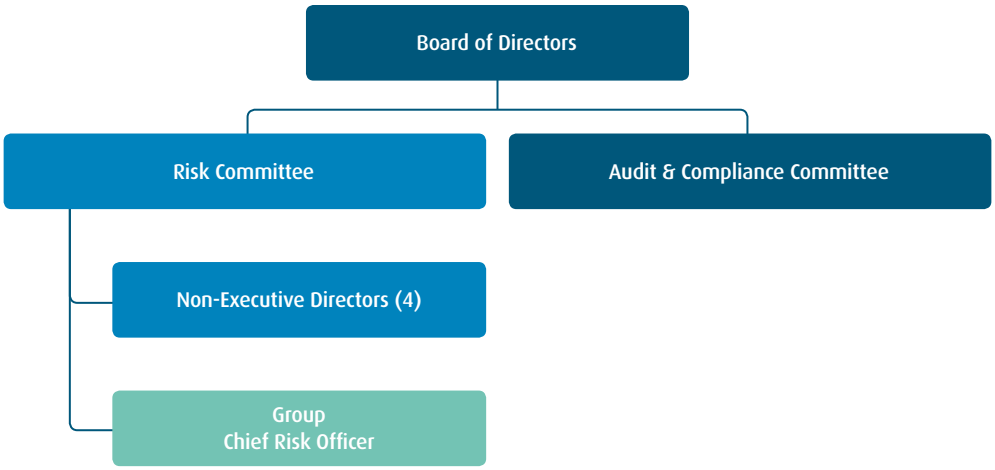
In each subsidiary bank, Group Risk Management is represented by a Risk Management department, which is completely independent from all the operating and risk-taking units. A Country Risk Manager, who reports functionally to the Group Chief Risk Officer, leads the Risk Management department

Group Risk Management is represented in each geographical cluster by a Regional Risk Manager, who reports administratively to a Regional Business Head and functionally to the Group Chief Risk Officer

The risk management approval process is centralised and fully independent of the businesses. Accordingly, all credit approval requests require the 'no objection' of Group Risk Management before submission to the relevant board of directors for approval.

- **Credits to Governments, Financial Institutions and Corporations**
  - Subsidiary banks initiate and approve credits within their approved limits.
  - Group Risk Management, through its Corporate Credit Centre ('CCC'), reviews all credits initiated by the subsidiaries for consistency with Group policies and procedures and provides its 'no objection'.
  - On receipt of the CCC's 'no objection' and other required approvers, depending on the facility limits and nature of the transaction, the initiating subsidiary submits the request to the local board for approval for transactions above their approved limits

Risk Management Governance Structure

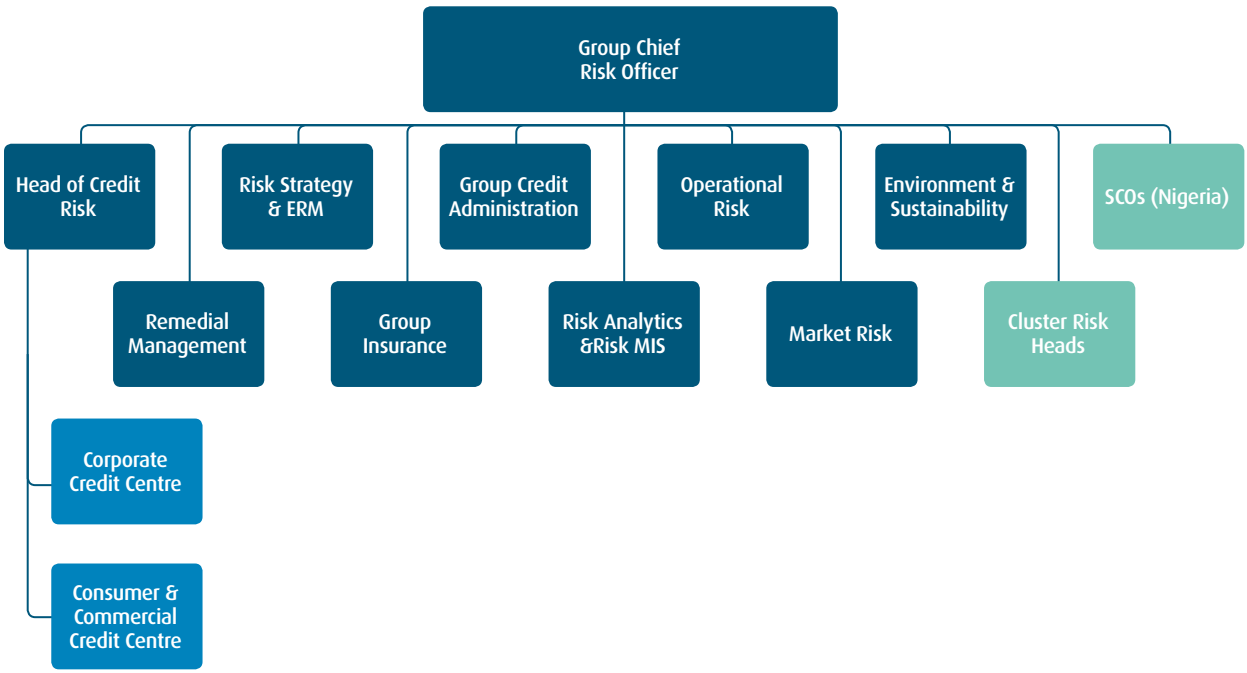


- **Credit to Individuals, SMEs and Local Corporates**
  - Credit transactions are approved under the terms and conditions of credit programmes previously approved by Group Risk Management through its Consumer and Commercial Credit Centre ('DCC').
  - DCC reviews credits above local limits for consistency with Group policies and procedures and provides its 'no objection'.
  - On receipt of 'no objection' from DCC, the initiating subsidiary submits credits above local limits to the local board for approval.

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 risk (mainly interest rate and liquidity risks). Its members are the Group Chief Executive Officer, the Group Executive Finance, the Group Executive Consumer Banking, the Group Executive Commercial Banking, the Group Executive Corporate Banking, the Group Executive Technology and Operations, the Group Treasurer, the Group Chief Risk Officer, All Regional Executives, the Group Head of Compliance and the Head of Group Asset and Liability Management ('ALM'). The committee meets quarterly 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.

Organogram of Group Risk Management



Risk Management

4. Risk Management Approach

4.1 Credit Risk

4.1.1 Organisation

The Group manages credit risk by means of a governance structure with clearly defined responsibilities and credit approval authority.

The Board of Directors of ETI is the highest credit approval authority in Ecobank. It sets credit policies and ensures that all officers involved in the extension of credit across the Group strictly adhere to these policies.

From time to time, the Board delegates its credit approval authority to individual credit officers based on their credit skills, experience and independence of judgment. While credit approval limits are delegated to individual credit officers, no credit officer approves credits alone. All extensions of credit are approved by at least three credit officers, one of whom must have an individual credit limit equal to or greater than the amount of credit extension under consideration. Also, because of the separation of duties between origination and risk management, at least one of the three credit officers must come from the Risk Management department. Furthermore, all credits require the 'no objection' of Group Credit Risk Managers at the Group level (as described in section 3).

The Board reviews and approves all credits in excess of the policy limit, defined as the maximum credit exposure to any borrower or group of related borrowers, currently set at 7.5% of Ecobank's consolidated shareholders' funds. It has, however, delegated this function through its Risk Committee to a Senior Credit Committee ('SCC'), consisting of five Senior Executives, two of whom must be the Group Chief Executive Officer and the Group Chief Risk Officer, which has the authority to approve all such credits when the Board is not sitting. The Risk Committee comprises four non-executive directors. The Group Chief Risk Officer participates in Risk Committee meetings in a consultative and record keeping capacity.

The primary responsibility for managing credit risk, however, lies with the Group Chief Risk Officer, who ensures that there are resources, expertise and controls in place for the efficient and effective management of credit risk across the Group. The Group Chief Risk Officer is expected to review all unusual risks, as well as extensions of credit that exceed the credit authority granted to the Corporate Credit Centre and the Consumer and Commercial Credit Centre, and to issue a 'no objection', where applicable. At the subsidiary level, a specially designated Country Risk Manager fulfils the above functions.

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.

4.1.2 Risk Identification

The Group's business activities can be divided into three segments: Consumer Banking, Commercial Banking and Corporate and Investment Banking, each of which have shared support units, designed to improve operating efficiency. Each of these activities entails various risks, which fall into the main categories of the Group risk management framework, namely credit, market, operational and liquidity risks.

Ecobank is exposed to credit risk through direct lending, the issuance of financial and performance guarantees and capital market activities. Credit risk analysts work in partnership with the sales function in identifying risk exposures within each subsidiary bank.

Credit decisions are based on an in-depth review of obligor creditworthiness. The Group utilises an internal risk rating system that is based on a 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 an AAA rating by Standard and Poor's. A risk rating of '10' is assigned to obligors of lowest quality or highest risk, equivalent to a D rating by Standard and Poor's. Obligors risk-rated 1 to 6 are classified as **'normal borrowers'**; those risk-rated 7 are classified as **'borrowers requiring caution'**, while those risk-rated 8 and 9 are **'substandard borrowers'**, and those risk-rated 10 are **'borrowers at risk of permanent default'**.

Risk ratings provide an objective means to compare obligors and facilities within a given portfolio and to measure and manage credit risk using the same standards across different geographies, industry sectors and other relevant risk factors. Accordingly, the level of credit authority required to approve any credit transaction is also based on the risk rating of obligors and facilities involved.

Risk ratings are assigned to obligors based on the probability that the obligor will default and to facilities based on the loss that is expected in the event of such a default. An obligor risk rating is defined as the risk of default on long-term unsecured debt in local currency over a twelve-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 risk of default 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 process for determining the obligor risk rating is carried out through automated decision-making tools.

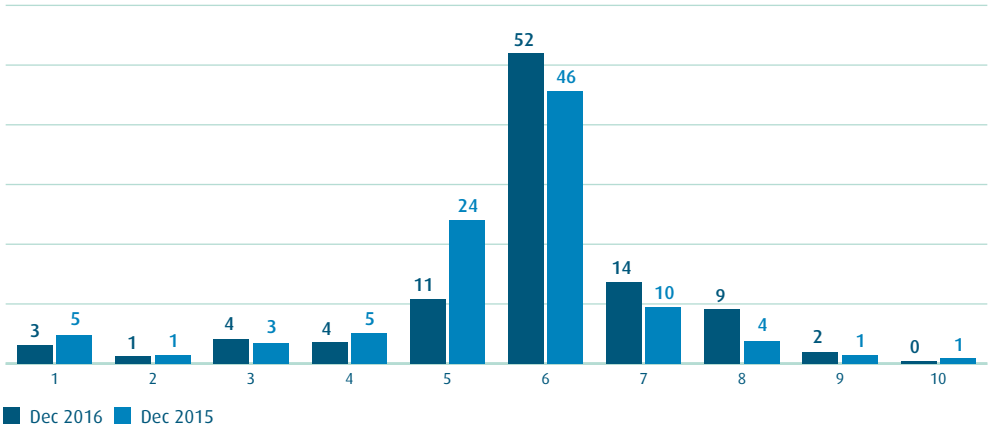
With regard to consumer lending, the Group utilises a credit programme approach, whereby credit is extended on the basis of product-specific risk parameters, using scoring systems. The products involved are secured and of a self-liquidating nature.

A facility risk rating describes the risk associated with a particular facility of a given obligor. It is usually equivalent to the obligor risk rating; however, a different facility risk rating may be assigned by adjusting the obligor risk rating to take into account such factors as the facility structure or collateral.

As of 31 December 2016, the credit portfolio distribution by facility rating deteriorated with the normal credit risk category representing 75% of the portfolio compared to 84% as of 31 December 2015.

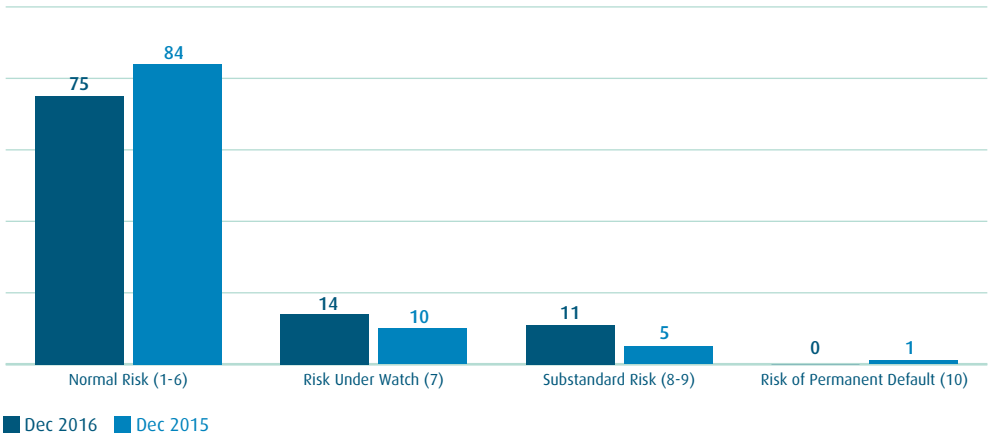
Portfolio Distribution by Facility Risk Rating

Percent of Total Portfolio



Portfolio Breakdown by Risk Category

Percent of Total Portfolio



Risk Management

4.1.3 Risk Measurement

Credit risk measurement takes into account the actual risk exposure ('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').

To measure credit risk, the Group estimates the level of the statistically expected economic loss in the event of default. This figure measures the net present value of credit costs that the Group would face from the time of default until the end of the recovery process. Credit costs include all provisions taken against bad debts, write-offs, fully reserved interest earned not collected and possibly legal fees incurred in the process of enforcing the Group's claims in court. Under the current methodology, the Group proceeds by assigning risk ratings to credit facilities of all the obligors in the credit portfolio. Then, the amount of credit exposure with a given facility risk rating is multiplied by the corresponding loss norms to arrive at a statistical measure of loss in the event of default on the exposure involved. The loss norm is the probability that an obligor will default within the next twelve months multiplied by the economic loss expected in the event of such a default. The weighted average loss norm provides a measure of the portfolio risk profile and portfolio risk rating. The results are compared with statistical loss measurement under the Group's economic capital model.

The portfolio risk rating deteriorated from 6 as ofDecember 2015 to 6- as of December 2016, and the average probability of default for the portfolio increased from 7.5% in December 2015 to 10.2% in December 2016. This deterioration was triggered by the migration of facilities with risk rating of 1 to 6 to risk rating of 7 to 10.

4.1.4 Risk Monitoring and Control

Credit risk exposures of subsidiaries are monitored at both the subsidiary level and at Group Risk Management level. At the subsidiary level, credit administration units monitor the performance of individual exposures on a daily basis, ensure regularity of credit approvals and line utilisations, authorise disbursements of credit facilities when approval conditions are met and perform periodical 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. Group Risk Management also determines the level of the statistical unexpected and expected economic loss, and the overall direction of the portfolio risk profile.

The Risk Analytics and MIS unit ensures that the Group is not exposed to excessive concentration of credit risk on any one obligor, asset class, industry sector or geography. In particular, the unit ensures that the Group achieves its strategic diversification objectives within the prescribed time horizon.

4.1.4.1 Credit Risk Portfolio

In accordance with Group Credit Policy, risk concentration limits are in place to ensure compliance with the Group's risk appetite. These limits are regularly reviewed by the Risk Committee to take into account changes in our operating environment or within our business segments.

The Group has developed a framework for setting concentration limits. Concentration risk is monitored by addressing credit quality deterioration and portfolio diversification. With respect to portfolio quality, the probability of default ('PD') of each risk factor (e.g. geography, industry sector, product, etc.) is the main driver for limit setting because any increase in the PD, or loss norms, is an indication of deterioration in portfolio quality; conversely, any decrease indicates an improvement in portfolio quality. With regard to portfolio diversification, concentration risk is measured by the level of statistically unexpected loss associated with each risk factor. Whereas expected losses have a direct impact on Group profitability, unexpected losses affect Group capital and, consequently, future performance. With the unexpected loss concept, Group Risk Management has been able to cap risk factors, which otherwise would have widened the gap between regulatory capital and economic capital.

The credit portfolio, net of provisions, amounted to $22.02 billion as of 31 December, 2016 ($25.46 billion as of 31 December, 2015). The 14% reduction was mainly a result of lower loans and advances to customers, which decreased by 17% year on year, and exposures to financial institutions (commercial and central banks) which declined by 23% over the same period. The portfolio consisted of loans and advances to customers, securities, deposits with central banks, loans, advances and placements with banks and financial institutions, as well as off-balance sheet exposures in the form of financial and performance guarantees as shown in the table below.

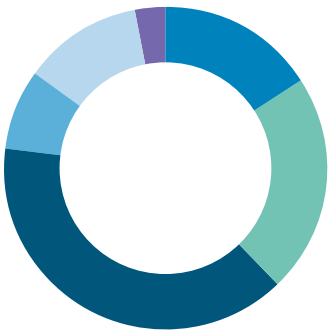
4.1.4.2 Obligor Concentration

A large exposure is defined as any individual exposure that represents at least 10% of the total portfolio, or at least 10% of the Group's capital at the obligor level. As of December 2016, there was no exposure equal to or greater than 10% of total portfolio. However, four non-bank obligors had individual outstanding balances in excess of 10% of capital. The twenty largest non-bank exposures represented 146% of the Group capital (December 2015: 123%) and 12% of the total non-bank credit exposures (December 2015: 15%). These exposures mainly emanate from four industry sectors, namely Oil & Gas, Manufacturing, Construction and Telecommunications.

Risk Assets
($ millions)

	2016	2015
Loans and advances to customers	9,259	11,200
Treasury bills & government bonds	4,421	4,669
Loans and advances to banks and financial institutions	1,414	1,770
Deposits with central banks	1,918	2,570
Other on-balance sheet assets	676	368
Sub-Total Direct Exposures	**17,688**	**20,577**
Import letters of credit	1,147	1,719
Other guarantees & undertakings	3,183	3,168
Sub-Total Contingent Exposures	**4,330**	**4,887**
Total Portfolio	**22,019**	**25,464**

2015 Top 20 Exposures per Industry Sector



Construction	16%
Manufacturing	22%
Oil & Gas	39%
Services	8%
Telecommunications	12%
Wholesale & Retail Trade	3%

2016 Top 20 Exposures per Industry Sector

Construction	14%
Manufacturing	21%
Oil & Gas	50%
Services	6%
Telecommunications	9%

Risk Management

4.1.4.3 Industry Diversification

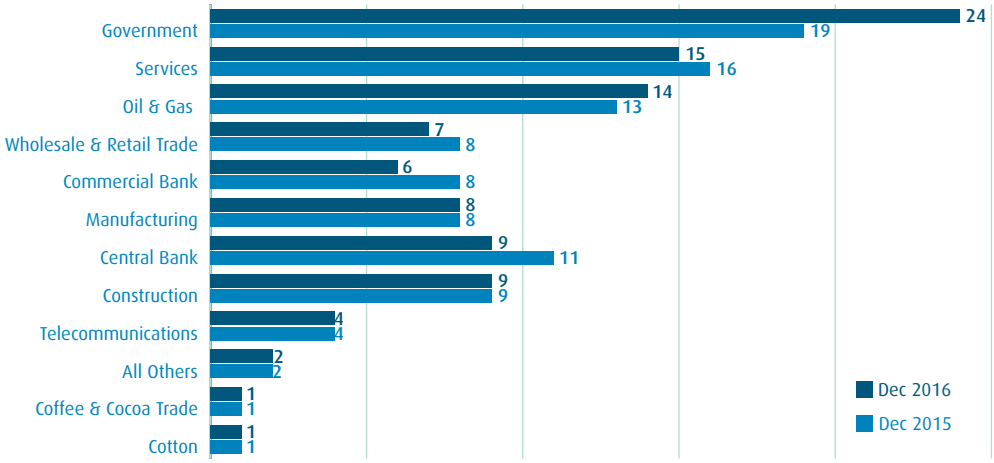
The portfolio breakdown by industry is consistent with a well-diversified credit portfolio, notwithstanding the highlighted concentrations in the governmental (mainly treasury bills held for liquidity management purposes), services and the oil and gas sectors. These three sectors accounted for 53% of the total credit portfolio (December 2015: 48%).

4.1.4.4 Geographic Diversification

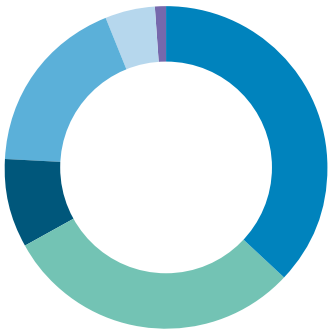
The Group has banking operations in 33 African countries and benefits substantially from the geographic diversification of its credit portfolio. As at the 2016 financial year-end, 23% of the Group credit portfolio was granted to obligors in Nigeria (December 2015: 37%) and 13% to obligors in Côte d'Ivoire (December 2015: 8%). Apart from these, no other country represented more than 10% of the portfolio.

At the regional level, the breakdown of the Group credit portfolio was as follows: Nigeria (23%), Francophone West Africa (39%), Anglophone West Africa, excluding Nigeria (12%), Central, Eastern & Southern Africa ('CESA') (20%) and OECD Countries (5%).

Diversification by Industry
(Percent of Total Portfolio)

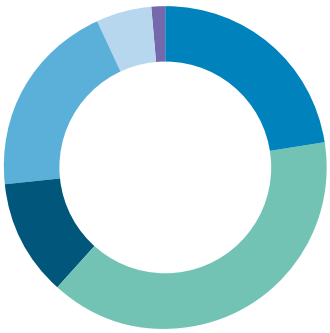


2015 Exposures by Region of Residence
Percent of Total Portfolio



Nigeria	37%
Francophone West Africa	30%
Anglophone West Africa, excluding Nigeria	9%
Central, Eastern & Southern Africa	18%
OECD Countries	5%
Others	1%

2016 Exposures by Region of Residence
Percent of Total Portfolio



Nigeria	23%
Francophone West Africa	39%
Anglophone West Africa, excluding Nigeria	12%
Central, Eastern & Southern Africa	20%
OECD Countries	5%
Others	1%

4.1.4.5 Currency Breakdown

The portfolio remained predominantly denominated in 3 major currencies, namely the CFA Franc (41%), the US Dollar (25%) and the Nigerian Naira (19%). These three currencies accounted for 85% of the lending portfolio.

4.1.4.6 Asset Quality

4.1.4.6.1 Gross Loans and Advances to Customers

Gross loans and advances to customers decreased by 17% in 2016 to $9.9 billion, largely due to exchange rate fluctuations. The Corporate and Investment Banking segment decreased by 18%, Consumer Banking fell by 32%, whilst Commercial Banking increased slightly by 2%.

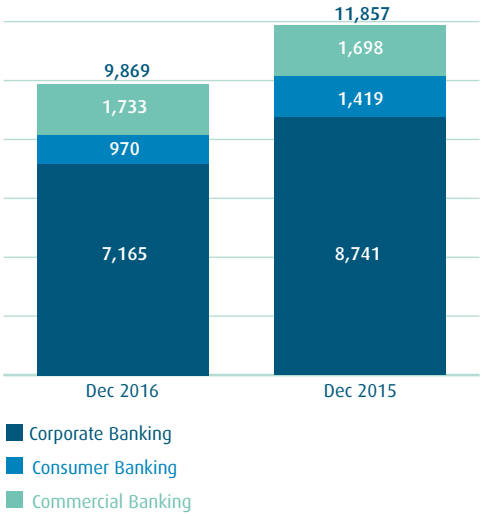
Gross loans and advances to customers decreased in Nigeria (-32%), Francophone West Africa (-6%), Anglophone West Africa, excluding Nigeria (-2%) and Central, Eastern & Southern Africa (-15%), whilst increasing in our International business (EBI SA) (2%).

At the product level, loan contraction was driven by term loans, which represented 77% of total loans (2015: 74%).

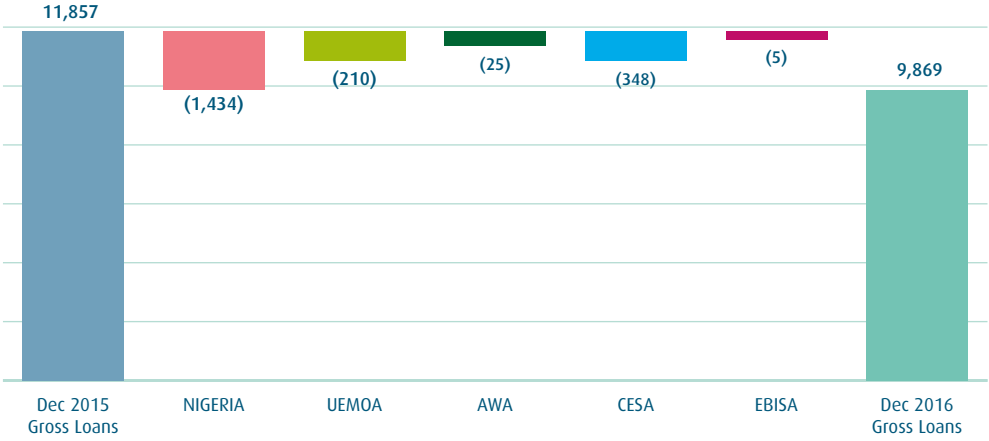
Credit Portfolio per Currency

XOF/XAF	41%
NGN	19%
USD	25%
EUR	5%
GHS	4%
OTHERS	6%

Gross Loans by Business Segment
($ millions)



Geographical Contribution to the Decrease in Loans to Customers
($ millions)



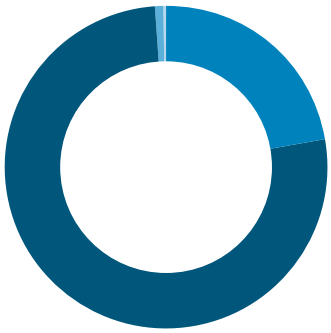
Risk Management

4.1.4.6.2 Non-Performing Loans
Non-performing loans ('NPLs') decreased by 2% from $967 million in December 2015 to $948 million in December 2016.

At the regional level, UEMOA recorded the highest level of NPLs, accounting for 38% (31% in December 2015) of total NPLs, followed by Nigeria and CESA which accounted for 29% (47% in December 2015) and 22% (17% in December 2015) of total NPLs, respectively.

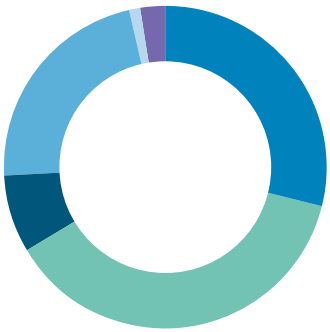
As a result of the sharp decrease in gross loans & advances to customers, the ratio of non-performing loans to gross loans and advances ('NPL ratio') deteriorated from 8.2% as of December 2015 to 9.6% as of December 2016.

Loans: Product Concentration (2016)



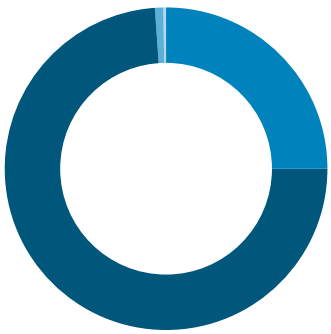
Overdraft	22%
Credit Cards	<1%
Term Loans	77%
Mortgage Loans	<1%
Others	<1%

Non-Performing Loans Contribution per Cluster



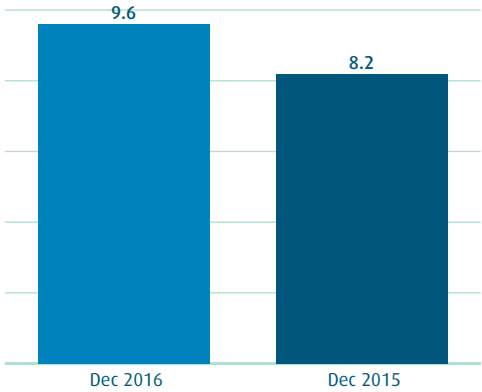
NIGERIA	29%
UEMOA: Francophone West Africa	38%
AWA: Anglophone West Africa, excluding Nigeria	8%
CESA: Central, Eastern & Southern Africa	22%
EBISA	1%
Others	2%

Loans: Product Concentration (2015)



Overdraft	25%
Credit Cards	<1%
Term Loans	74%
Mortgage Loans	<1%
Others	<1%

NPL Ratio Trend (%)

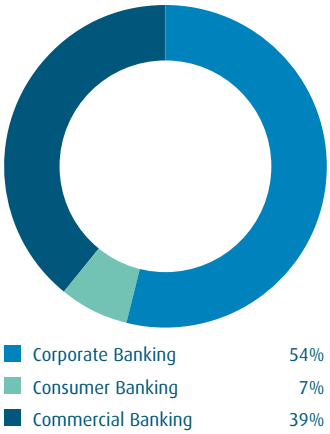


The breakdown of non-performing loans by business segment highlights greater concentrations in Corporate Banking (54%; 56% in December 2015) and Commercial Banking (39%; 32% in December 2015).

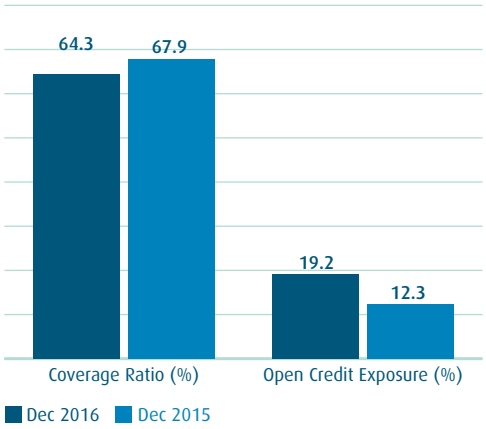
The NPL provisioning rate ('NPL coverage') deteriorated from 67.9% in 2015 to 64.3% in 2016, and the unreserved portion of the non-performing loans (i.e. the 'open credit exposure ratio') also deteriorated to 19.2% of the total equity in December 2016, compared with 12.3% in December 2015, due to lower accumulated loan loss provisions.

The total impairment loss on loans and advances to customers for the year increased considerably from $427 million in 2015 to $770 million in 2016, primarily as a result of a $255 million charge in a resolution vehicle and additional impairments in Nigeria. Defined as the ratio of impairment losses to average gross loans and advances, the cost of credit deteriorated from 354 basis points in 2015 to 709 basis points in 2016.

Non-Performing Loans per Business Segment



NPL Coverage and Net Open Exposure



4.1.5 Portfolio Stress Testing

Stress tests are an important means of analysing our risk profile since they give management a better understanding of how the Group portfolio is affected by macroeconomic changes, including the effects of negative events on the Group's capital. The tests support compliance with regulatory capital requirements and are an important tool in capital planning, where stress is applied to risks, income and costs. Stressing income affects the Group's capital, whilst stressing risk exposures affects capital requirements. Hence, stress testing quantifies the effect of macroeconomic changes on the capital buffer.

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 a greater need for capital. The exposure is stressed further by subjecting collateral to stress, that is, a reduction in the collateral value.

For other risk types, such as market risk, the Group uses scenario-specific variables on current market positions and this can result in a decline in market values. The changes in market value are considered as losses that reduce Group earnings and capital.

The outcomes of stress test scenarios are reviewed on a consolidated basis across all risk types and compared with the Group risk appetite. They are reviewed by the management and the Risk Committee of the Board to ensure that the Group is prepared for worst case scenarios and that appropriate and necessary decisions are taken in the areas of Group risk appetite and capital management.

Several stress testing exercises were undertaken during 2016 to assess the potential impact of various crises on our businesses. The results showed the resilience of the Group capital.

4.1.6 Risk Reporting

Group Risk Management submits periodic dashboards to the Group Chief Executive Officer and Group Executive Committee ('GEC'). The Risk Committee reviews Risk Management's quarterly reports to ensure that the portfolio performs in accordance with approved policies, limits and risk appetite. The Risk Committee refers decisions to the Board for final approval.

Risk Management

4.2 Market Risk

Market risk comprises both price risk and liquidity risk. Price risk measures the impact of changes in interest rates, foreign exchange rates, equity and commodity prices and their implied volatilities on earnings. Group trading and non-trading books are exposed to price risk. Liquidity risk on the other hand refers to the risk that an organisation is unable, or is perceived to be unable, to meet its financial commitments.

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

4.2.1 Organisation

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

The Head of Group Market Risk ('HGMR') plays a coordination, aggregation, facilitation and enabling function. The HGMR drafts market risk policies, defines market risk management standards, develops and distributes tools and techniques and is responsible for training and promoting common risk language across the Group. The HGMR also publicises knowledge on market risk to create awareness and understanding at all staff levels. The HGMR approves price risk limits and liquidity contingency plans for Ecobank's subsidiaries. In addition, the HGMR constantly monitors market risk exposures and ensures that they are maintained at prudential levels at all times. The HGMR also ensures that market risk management processes (including people, systems, operations, limits and controls) satisfy Group policies.

The staff and management working within the operational business units are responsible for the day-to-day management and control of market risk.

4.2.2 Risk Identification

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 intraday 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 exposures as well as economic and regulatory capital.

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. ALCO members, 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, on a daily basis. They also track liquidity indicators to ensure that Ecobank's subsidiaries meet their financial obligations at all times.

4.2.3 Risk Measurement

4.2.3.1 Banking Book

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 20 different currencies, the economic values of these positions may vary as a result of changes in market conditions, primarily fluctuations in interest and foreign exchange rates. The risk of adverse changes in the economic value of our non-trading positions is managed through the bank's Asset and Liability Management activities.

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

4.2.3.2 Trading Book

At Ecobank, trading market risk generally emanates from the Group's market making activities where the Group acts as a principal. It therefore arises from open positions in interest rate and foreign currency positions and it is generally affected by changes in the level and volatilities of yields and foreign exchange rates.

Tools used to manage trading risk exposures include:

- Risk limits, driven by the notional size of net open positions ('NOPs') by currency and subsidiary
- Management Action Triggers ('MATs')
- Stop Loss Limits, and
- Value at Risk.

Risk Management

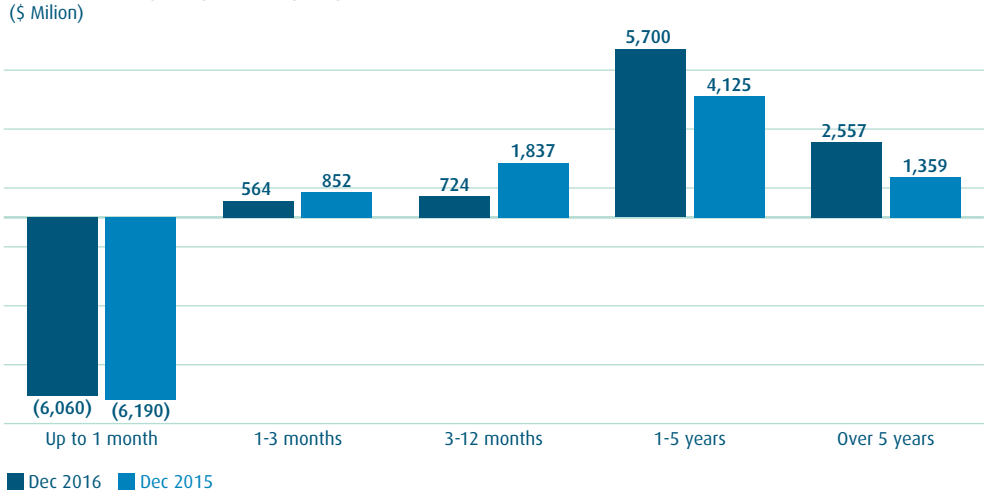
4.2.3.3 Liquidity Risk

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.

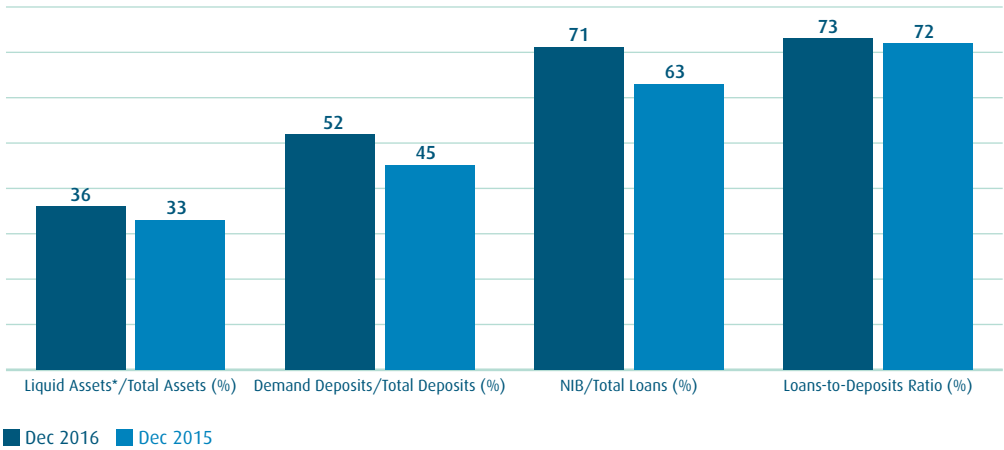
As shown in the graph below, the Group was exposed to liquidity risk as of 31 December 2016 for maturities of up to one month. This was due mainly to the overnight contractual maturity of current and savings deposits which accounted for over 75% of total deposits and are included in this maturity bucket. 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.

The Group liquidity position improved during 2016, with the liquidity ratio ('LR') increasing from 33.2% to 36.2% while the loan-to-deposit ratio ('LDR') increased slightly from 72.2% as of 31 December 2015 to 73.1% as of 31 December 2016.

Contractual Liquidity Maturity Gap
($ Milion)



Key Liquidity Indicators



* Liquid Assets refer to Cash + Balance with Central Bank (excludes minimum regulatory requirements) + Unencumbered Securities + Available Operating Account balances with Other Banks + Interbank Placements

In line with policy, the Group conducts stress tests to measure its immediate liquidity risk and to ensure that it has enough time to respond to potential crises. The stress test, which is conducted monthly, covers a time horizon of up to thirty days. The test estimates liquidity risk under various scenarios, including a name specific scenario and a general market crisis.

The analyses are based on the assumption that the Group does not reduce its lending activities. This means that existing lending activities are maintained and require funding. Most of the Group's unencumbered Treasury bill and bond holdings can be used as collateral for loan facilities with central banks and, thus, are considered liquid. Scenario specific haircuts are used on 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 into personal/corporate, core/non-core and term/non-maturing, as well as geographically, according to the Group'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.

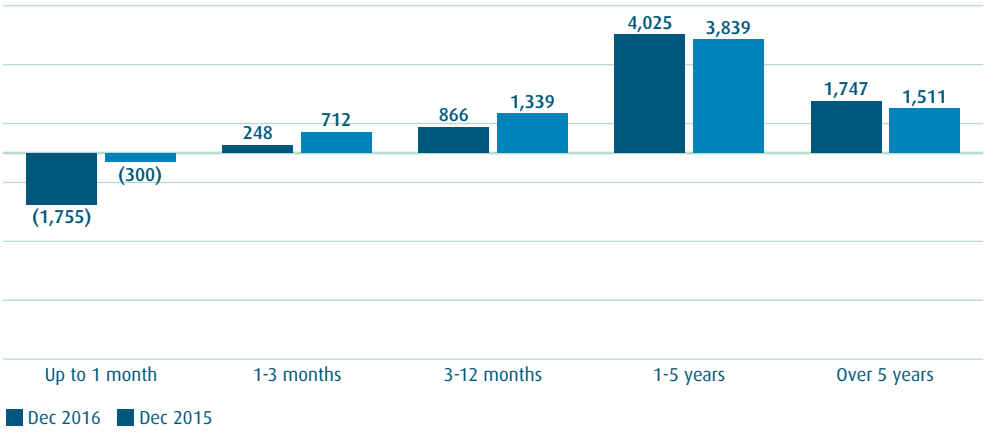
Ecobank was able to remain largely within its internal stress test targets throughout 2016.

4.2.3.4 Interest Rate Risk

As of 31 December 2016, there was a significant increase in the re-pricing mismatch in the up to 1-month bucket. Overall however, the bank continues to be liability sensitive in the up to the 1-month bucket, and asset sensitive through the rest of the time bands.

Based on the re-pricing profile as of December 31 2016, it is estimated that a 200 basis points decrease/(increase) in rates across the maturity buckets is expected to increase/(decrease) one-year earnings by approximately $9 million ($16 million in 2015). This is a reflection of the re-pricing profile (liability sensitive on the up to 1-month bucket and asset sensitive on the rest of the tenors) because, under rising /(falling) interest rate environments, the expected negative/(positive) impact on net interest income as the negative gap exposure in the up to 1-month bucket due to its size re-prices more than offsets the positive/(negative) impact on net interest income accruing from the longer buckets which are asset sensitive.

Interest Rate Repricing Profile
($ Milion)



Risk Management

In order to estimate the impact of varying interest rates on the economic value of Ecobank's total equity, duration-based weighting factors (based on an assumption of 200 basis points across the time frame) recommended by the Bank for International Settlements ('BIS') were applied to exposures in different maturity buckets and the results were expressed as a percentage of the Group capital. The results for the position as of 31 December 2016 are shown in the table below.

The aggregate interest rate risk ratio increased from 19.43% in December 2015 to 30.3% of capital as of December 2016. Thus, a 200 basis points increase in interest rates, is expected to reduce economic value by 30.3% (19.43% in 2015). Conversely, a 200 basis points reduction in rates is anticipated to positively impact the economic value of Group equity by the same magnitude.

4.2.3.5 Foreign Exchange Risk

Foreign exchange risk is the risk of losses on foreign currency positions caused by exchange rates fluctuations.

Ecobank is exposed to foreign exchange rate fluctuations in 20 currencies. The Group continues to have significant exposure to the Nigeria Naira, the US Dollar and the CFA Franc, accounting for 19%, 25% and 41% of the Group's credit portfolio respectively at the end of 2016. 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 2016 the Group had a net on-balance sheet long open position in EUR of $81 million (net long position of $52 million in December 2015), a net short open position in USD of $960 million (net short position of $879 million in 2015) and a net long open position in CFA of $281 million ($174 million long position in December 2015) as shown in the graph below.

Interest Rate Risk Ratio
($ millions except ratios)

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Gap	-1,755	248	866	4,025	1,747	
Weighting Factor (%)	0.08	0.32	1.08	5.28	17.94	
Adjusted Gap	-1.4	1	9	213	313	535
Interest Rate Risk Ratio (%)	-0.1	0.05	0.5	12.0	17.8	30.3

Net Foreign Exchange Position
($ Milion)

4.2.3.6 Value at Risk

The Group measures and manages price risks in its foreign exchange and fixed income trading portfolios on the basis of 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 table below shows basic statistics of the 1-day VaR for the foreign exchange and fixed income trading positions in 2016. The average VaR for 2016 was $1.2 million (2015: $1.4 million), of which $0.76 million was attributable to foreign exchange risk and $0.41 million to interest rate risk.

2016 Value at Risk
($ Millions)

Risk category	Average VaR	Minimum VaR	Maximum VaR
Interest rate risk	0.41	0.13	0.86
Foreign exchange risk	0.76	0.15	1.52
Total VaR	1.17	0.28	2.38

4.3 Operational Risk

Ecobank defines operational risk as the risk of loss arising from failed or inadequate internal control processes, systems or people, or from events external to the Group. Operational risks include fraud, legal, regulatory, compliance, execution and business practices, but exclude strategic and reputational risk. Other risks (such as reputational, credit and market risk) are seen as potential consequences of operational risk events. Legal risk is the risk of loss resulting from the failure to comply with laws, prudent ethical standards and contractual obligations. Legal risk also arises when contracts executed with counterparties are not legally enforceable or documented correctly. The Group has established a common risk language to provide a consistent framework for the definition and categorisation of risk.

General and specific training through workshops, newsletters and mandatory operational risk awareness are conducted throughout the Group. Group Operational Risk Management ('GORM') acts as the coordinating point where all significant operational risks are identified, measured, assessed, prioritised, managed, monitored, reported and treated in a consistent and effective manner across the Group. GORM also ensures that existing policies and procedures adequately address risks emerging from changing operating environments. All subsidiaries have adopted the Operational Risk Policies and Procedures Manual ('ORPPM') approved by the Board.

Risk Management

4.3.1 Operational Risk Policy

The Group's operational risk policy covers the following activities:

- Identifying, monitoring and managing current and potential operational risk exposures;
- Managing 'critical risks' identified in the course of business unit reviews;
- Following up on reports from Internal Audit and regulatory authorities and informing the Risk Committee of issues that involve Group operational risks; and
- Preparing management information on issues such as IT security, physical security, business continuity and compliance with legislation in these areas.

The Group enforces security, fraud, control and compliance policies that also support operational risk management.

4.3.2 Organisation

4.3.2.1 Board Approval/Board Reporting

Pursuant to the Group Operational Risk Policies and Procedures Manual, ETI's Board of Directors must be advised of Ecobank's Operational Risk Management Framework, alerted to the major aspects of Ecobank's operational risks and receive periodic reporting of Ecobank's operational risk exposures, loss experience and other relevant operational risk information.

The Group operates an operational risk structure that ensures that the Board of Directors and the Group Chief Executive Officer have direct responsibility for operational risk throughout the Group. The Board acts through the Board Audit & Compliance Committee, whose decisions are implemented by a centralised and independent Internal Control Function.

4.3.2.2 Operational Risk Governance Structure

Ecobank maintains an Operational Risk Management Framework with a governance structure to support its core operational risk management activities of anticipation, mitigation and recovery. To ensure effective management of operational risk across Ecobank, the Governance Structure presents three lines of defence.

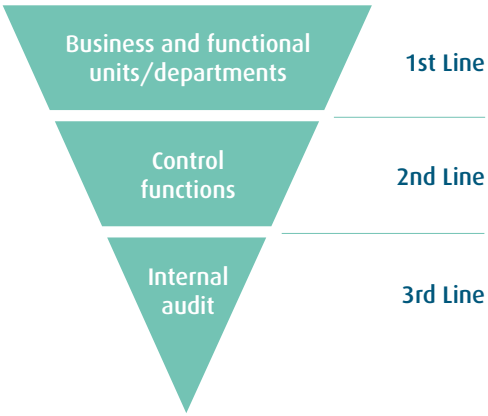
First Line of Defence: Each business unit owns its risks, including its operational risk, and is responsible for its management.

Second Line of Defence: Ecobank's control functions enhance the effectiveness of controls and manage operational risks across products and business lines. The Second Line of Defence includes Operational Risk Management, Compliance, Internal Control, Finance, Human Resources and Legal. Legal and Compliance additionally advise on legal and regulatory issues that affect our risk and control environment and provide information related to emerging risks.

The Operational Risk Management team within Internal Control oversees the management of the operational risk framework for Ecobank. Group Operational Risk Management works proactively with the businesses and functional units at the Group and Subsidiary levels to embed a strong operational risk management culture and framework across Ecobank through the effective identification, anticipation and mitigation of risks that could impact business objectives and in minimising operational risk events and losses.

Third Line of Defence: Internal Audit recommends enhancements on an ongoing basis and provides independent assessment and evaluation of the control environment.

Operational risk governance structure: the three lines of defence



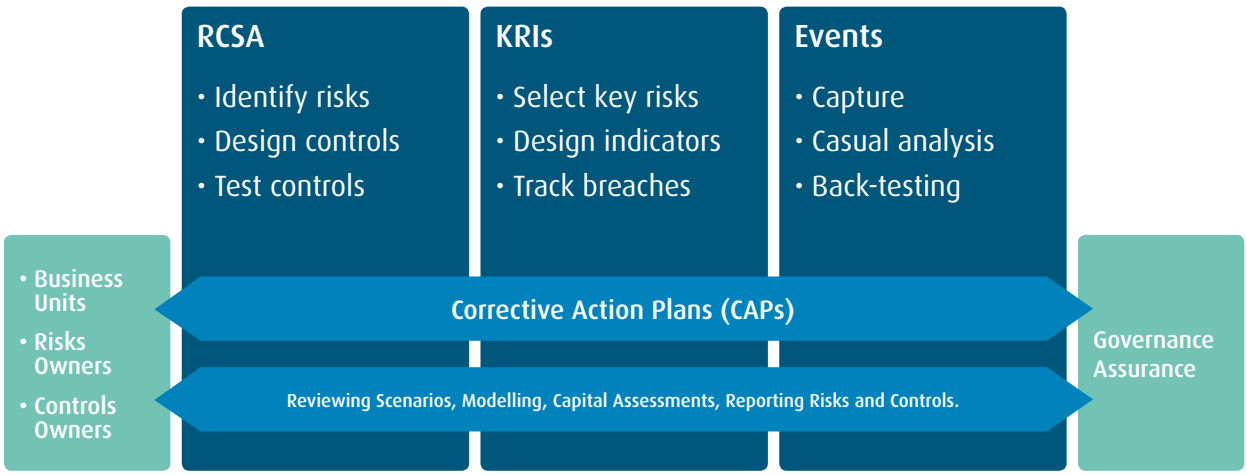
The Group Operational Risk Management ('GORM') within Group Internal Control, is supported by operational risk officers in all subsidiaries and affiliates. GORM drafts operational risk policies, defines operational risk management standards and develops tools, techniques, analysis, reporting, communication and training. It partners with Business Continuity Management ('BCM') in preparing, testing and reviewing the business continuity and disaster recovery plans. Business Continuity is coordinated from the BCM programme office. The Group Operational Risk Manager is responsible for coordination, aggregation, facilitation and enabling functions.

GORM also continues to disseminate the operational risk governance structure which has been in existence since 2010. Over the past year, GORM has been working on the framework for the effective implementation of the risk and control self-assessment ('RCSA') programme across the Group.

4.3.3 Operational Risk Management ('ORM') Framework

An operational risk framework is an essential prerequisite for the effective and efficient implementation of a risk and control assessment. It provides a clear understanding of the structure and process governing the identification of risks and controls and of how the risk and control assessment fits into the overall management of operational risks. The figure below illustrates the ORM framework, which anchors the Group's operational risk management approach and escalation processes.

Operational Risk Management Framework



Risk Management

4.3.4 Risk and Control Self-Assessment ('RCSA')

The Risks and Controls Self-Assessment ('RCSA') programme provides a range of diagnostic tools that assist Senior Business Managers to:

- Identify the most significant operational risks to business activities;
- Assess the overall effectiveness of Key Controls that mitigate significant operational risks;
- Detect and address specific weaknesses in the design and/or execution of Key Operational Controls and/or related business processes, and
- Detect and address emerging operational risks to business activities.

RCSA also provides a common framework to facilitate Group-wide, comprehensive and consistent Risk and Control Assessments, including control issue materiality, RCSA Entity Ratings and the detection of emerging risks and systemic control weaknesses.

4.3.5 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.

4.3.6 Know-Your-Customer ('KYC') and Transaction Monitoring

The quality of information collected from our customers is a key element in improving overall customer service with 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 firmly secured and protected against money laundering, corruption or terrorism financing ('AML/CFT'). Ecobank monitors customers' transactions to identify suspicious transactions with an effective and efficient 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.

4.3.7 Business Continuity Management ('BCM')

Ecobank's BCM programme is based on international BCM standards and principles. It outlines core business and function procedures for the recovery of operations or relocation 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 to ensure continuous and reliable service. The BCPs are based on predefined strategies and are designed to ensure provision of critical business processes and applications within predefined recovery time frames.

The BCM Programme has assigned roles and responsibilities, which are detailed in corporate policy and standards. This stimulates a unified approach throughout Ecobank and results in effective business continuity capabilities. Business continuity specialists manage the BCM Programme at both local and Group levels. Group BCM provide expertise and guidance to all Ecobank affiliates in developing, implementing, testing and maintaining effective BCPs and recovery procedures.

4.3.8 People Risk

People risk is subcategorised into intentional or dishonest acts (fraud, unauthorised policy and procedure breaches, collusion and sabotage) and unintentional causes (mistakes or errors due to a lack of awareness of policies and procedures), both of which can lead to losses. The Group maintains zero tolerance for all dishonest acts and imposes Codes of Ethics on all staff. Management has implemented a number of control measures, including more on-site reviews, heightened control awareness training, employee screening and disciplining staff involved in dishonest behaviour. People risk is further managed through the hiring process. Management continues to maintain a suitable balance in sales and processing staff ratios. Where services are outsourced, subsidiaries have been guided to assign less sensitive roles to such support staff. Employee screening has been extended to cover non-permanent staffing arrangements.

4.3.9 Reputational Risk

Ecobank has maintained a strong brand value across Africa. Following some past events that were reported in a way potentially detrimental to the Ecobank brand, executive management rolled-out a set of reforms, including the implementation of a Governance Action plan, a new, robust Corporate Governance Charter and a whistle blowing process. The completion of these reforms has resulted in renewed confidence in the institution and the strengthening of the Ecobank brand.

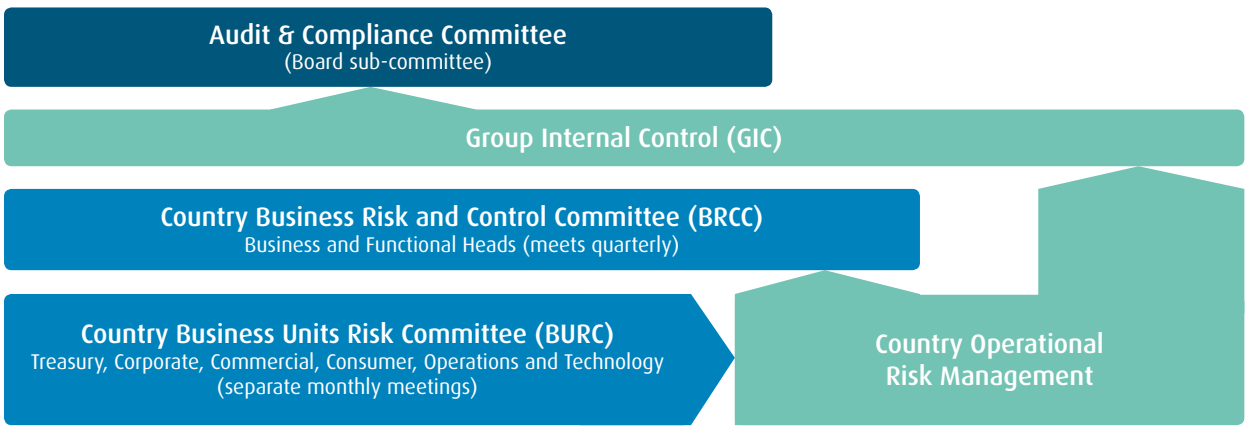
4.3.10 Legal Risk

The Ecobank Group is involved in various types of litigations in the normal course of its business. In addition to cases instituted by members of the Group, the Group is also defending a number of non-recovery litigation cases from the various jurisdictions in which it operates. The total provisions that have been taken in respect of these non-recovery litigation across the Group is $14,836,756.

4.3.11 Operational Risk Reporting

Operational risk reporting is an integral part of Ecobank's governance structure, with clear mandates having been established. In addition to the day-today monitoring of events and follow-ups, all country Business Unit Risk Committees ('BURCs') meet monthly to review operational risks specific to those units and also to identify emerging risks. Country Operational Risk and Country Internal Control or Internal Audit personnel observe the meetings, whose proceedings are documented and escalated to Group Operational Risk.

Country functional heads meet as members of the Country Business Risk and Control Committee ('BRCC') on a quarterly basis to review key operational risks. Responsibilities are assigned as appropriate to ensure that outstanding action plans are followed up. Country Operational Risk reports to GORM for escalation of significant issues to Group Internal Control and to the Audit Committee of the Group's Board.



Risk Management

4.3.12 Events and Losses

Group net operational risk losses in 2016 amounted to $5 million, against $122 million in 2015. Fraud events decreased year on year, from $3.9 million in 2015 to $3.5 million. Internal fraud of $3.3 million constituted 65.4% of the total net loss for the year (compared to $0.6 million, or 0.5%, in 2015). In 2016, external fraud amounted to $0.2 million; this represented 4.6% of the total net loss for 2016, versus $3.4 million, or 2.7%, in 2015. Execution delivery events amounted to $1.0 million, which represented 21.5% of the total net loss for 2016 (2015: $102.9 million or 84%) and other events constituted $0.4 million or 8.5%.

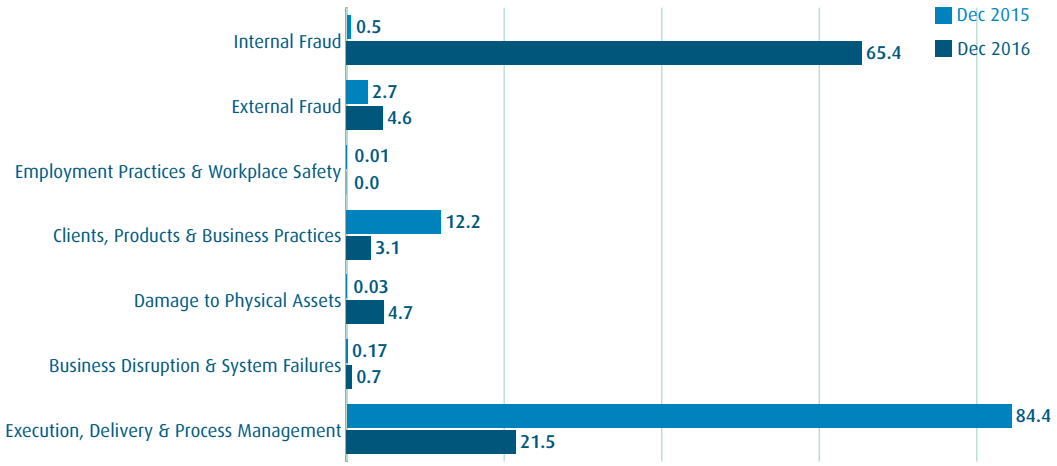
5. Capital Adequacy

5.1 Group Level

Our capital management policies support business strategy and ensure that the Group is sufficiently capitalised to withstand severe macroeconomic downturns. In addition, they are designed to ensure compliance with regulatory capital requirements and support the Group's credit rating objectives.

Ecobank has two approaches to the measurement of its capital requirements: a regulatory approach and an internal approach. The regulatory approach is based on fixed uniform rules for holding adequate capital to support the risk that the Group assumes. Therefore, in all of Ecobank's countries of operation, subsidiaries are required to hold a minimum capital level, which is determined by the regulators and is consistent with the recommendations of the Basel Committee on Banking Supervision. Under the original Basel accord, banks had to maintain a ratio of regulatory capital to risk-weighted assets of 8%. This ratio has been increased in some countries to 10% and, in some cases, 15%.

Net Operational Losses
Percentage of total



Since 2007, the Group has also been using an internal model based on Basel II standards for assessment of capital adequacy on a consolidated basis. In line with an evolving capital management framework and best-practice recommendations, in 2010 the Board approved the adoption of the economic capital concept as an additional internal method for capital assessment. At Ecobank, economic capital is defined as the amount of capital required to absorb unexpected losses arising from credit, operational and market risks over a period of one year at a 95% confidence level.

Under Basel I standards, risk-weighted assets decreased by 14% from $15.13 billion at year-end 2015 to $12.94 billion in December 2016, largely as a result of a $1.94 billion (17%) decline in customer loans and advances over the period.

Over the course of the 2016 financial year, the group's Total Regulatory Capital decreased by $0.34 billion to $3.27 billion in December 2016, whilst Tier I capital decreased by $0.08 billion to $3.03 billion.

Accordingly, the capital adequacy ratio under Basel I as of 31 December 2016 was 25.3% (2015: 23.9%), exceeding regulatory requirements and minimum international standards, and the core Tier-1 capital adequacy ratio was 23.4% (2015: 20.5%).

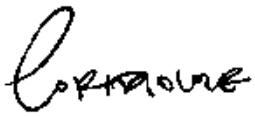
Our internal (Basel II and economic capital) models have also confirmed the adequacy of the capital funds of the Group.

5.2 Capital Adequacy in Affiliates

In 2016, the Council of Ministers of UMOA (West Africa Monetary Union - WAMU) approved new prudential guidelines for credit institutions and financial companies. This document is referred to as Basel II/III applicable in UMOA countries. Its full implementation will span a 5-year period, between January 2018 and January 2022.

Similarly, in 2016, the Central African Banking Commission ('COBAC') also approved new prudential guidelines applicable in Central Africa countries. This regulation became effective as of January 1, 2017, with its full implementation extending through to January 2019.

In line with our commitment to comply with local regulations and to ensure that our subsidiaries are well capitalised, the Group continues to monitor the capital adequacy of its subsidiaries. When a shortage arises, appropriate actions are taken to ensure immediate compliance with regulations.

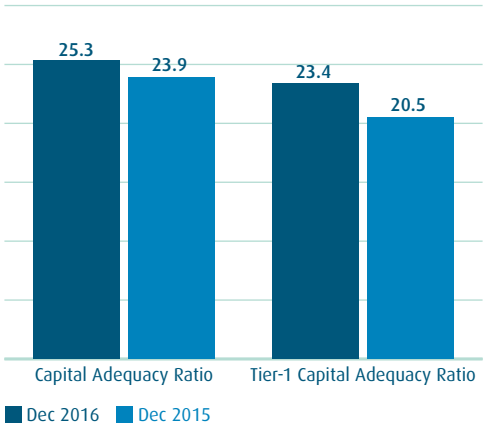


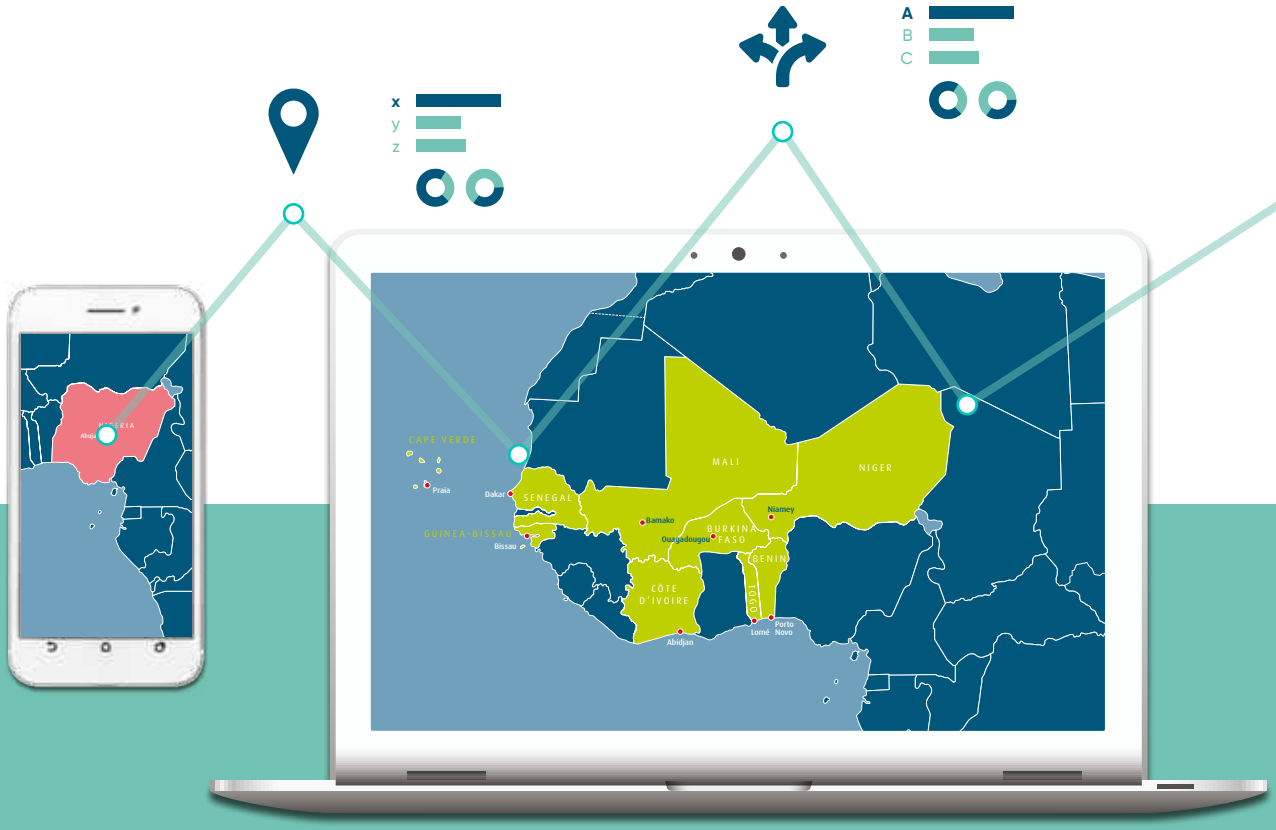
Dayo Orimoloye
Group Chief Risk Officer

Risk-Weighted Assets
($ million)

	2016	2015
Liquid assets	330	396
Loans to customers	9,259	11,200
Other on-balance sheet assets	2,486	2,559
Off-balance sheet assets	866	977
Total	12,941	15,133

Capital Adequacy Ratio
(%)





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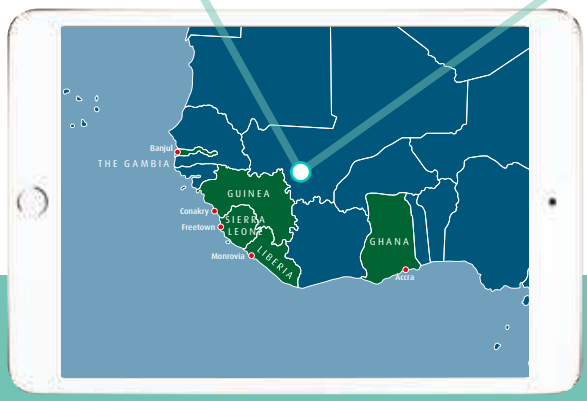
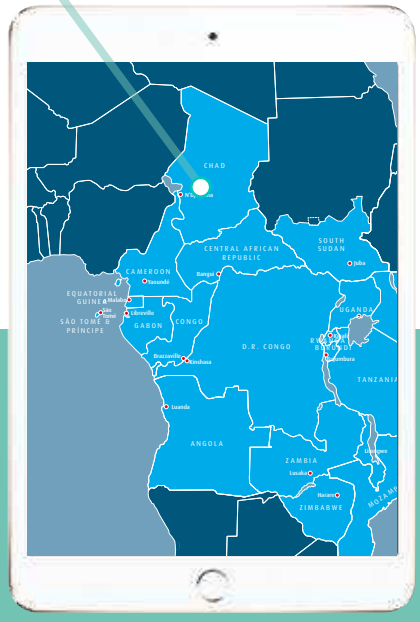
Business and Financial Review





To remain relevant in Africa's banking world of tomorrow, traditional operating models and approaches to customer engagement need to be changed radically. In our ambition to build Africa's best digital banking platform by 2020, we seek to leverage our pan-African distribution capabilities and strategic partnerships to generate sustainable, long-term returns above our cost of capital.

Business and Financial Review

Ecobank Transnational Inc. (ETI) and its subsidiaries and affiliates are collectively known as 'Ecobank Group', 'Ecobank' or 'The Group'. Ecobank is the leading pan-African banking institution in Africa, present in 36 African countries, with international offices in Paris, London, Dubai and Beijing. Ecobank serves approximately 10 million customers and has $20.5 billion in asset and $1.8 billion in total equity as of 31 December 2016.

For management purposes, the Group's activities are organised into three major business segments, namely Consumer Bank, Commercial Bank, and Corporate and Investment Bank and four geographical regions, 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 IFRS. The following 'Business and Financial Review' provide a comparative discussion of Ecobank's results for the periods ended 31 December 2016 and 31 December 2015.

Income Statement Analysis

Summary Consolidated Income Statement

Year ended 31 December In thousands of $	2016	2015	Change
Net revenue	1,972,263	2,105,975	(6)%
Operating expenses	1,237,211	1,367,518	(10)%
Pre-impairment income	**735,052**	**738,457**	**(0.5)%**
Impairment losses on financial assets	863,851	532,044	62%
Profit/(Loss) before income tax	**(131,341)**	**205,239**	**n.m**
Taxation	70,924	93,505	(24)%
Profit/(Loss) for the year from continuing operations	(202,265)	111,734	n.m
Profit/(Loss) for the year	**(204,958)**	**107,464**	**n.m**
Effective tax rate	-54.0%	45.6%	
Attributable to:			
Owners of the parent (total)	**(249,898)**	**65,539**	**n.m**
Profit/(Loss) for the year from continuing operations	(248,444)	67,845	n.m
Profit/(Loss) for the year from discontinued operations	(1,454)	(2,306)	(37)%
Non-controlling interest (total)	**44,940**	**41,925**	**7%**
Profit/(Loss) for the year from continuing operations	46,179	43,889	5%
Profit/(Loss) for the year from discontinued operations	(1,239)	(1,964)	(37)%
Profit/(Loss) for the year	**(204,958)**	**107,464**	**n.m**
Return on average total assets (ROAA)	**(0.9)%**	**0.4%**	
Return on average equity (ROAE)	**(9.6)%**	**4.2%**	
Basic EPS (US cents)	(1.01)	0.28	
Diluted EPS (US cents)	(1.01)	0.28	

Net revenue

Net revenue in 2016, that is the sum of net interest income and non-interest revenue, amounted to $2.0 billion, a year-on-year decrease of 6% or $134 million. This was due largely to foreign currency translation effects, resulting from the depreciation of the Nigerian Naira, the Ghanaian Cedi and the CFA franc relative to the US dollar, our reporting currency. Excluding these currency effects, net revenue would have increased by $162 million, or 8%, thanks to higher levels of net interest income.

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 less the interest paid on customer and other deposits and short- and long-term borrowings. Net interest income increased by $39 million, or 3%, to $1.1 billion in comparison with 2015. Adjusted for the effects of currency translation, net interest income rose by $131 million, or 11%, due to a combination of higher interest rates, lower funding interest expense and an increase in investment securities.

The net interest margin, which is the average interest rate on earning assets less the average interest rate paid for deposits and other funding sources, remained relatively stable in 2016 at 6.9% (2015: 6.8%). The slight increase was a function of a higher interest rate environment in some of our markets, notably in Nigeria and Ghana.

Non-interest revenue

Non-interest revenue of $866 million represented 44% of net revenue for 2016, compared with $960 million, or 46%, in 2015. The $95 million, or 10%, decrease in non-interest revenue was largely a result of currency translation effects. Excluding these, non-interest revenue increased 3%, primarily due to client-driven foreign-exchange sales, which were partially offset by a decrease in lending-related fees and commission income.

Fees and commission income

The slowdown in economic activity across our footprint resulted in lower trade flows, and a reduction in client activity and associated fees in 2016. As a result, net fee and commission income fell by 16%, or $96 million, to $486 million. Credit-related fees declined by $74 million, or 31%, reflecting a deliberate curb in credit origination. A 15% reduction in cash management and related fees, which fell by $35 million, was partially offset by strong growth in corporate advisory business, which grew by $20 million, or 496%, and portfolio and other management fees.

Net trading income

Trading income equates to the income earned from buying and selling foreign exchange on behalf of our clients to meet their trade finance, payments and cash management needs, together with securities trading income, derived largely from trading in government debt. Net trading income fell by $9.4 million, or 2% in comparison to 2015, to $404 million due to currency translation effects. These served to mask the underlying increase in trading activity as a result of volatile market conditions in 2016.

Revenue

Year ended 31 December In thousands of $	2016	2015	Change
Interest income	1,672,852	1,748,306	(4)%
Interest expense	(566,406)	(602,746)	(6)%
Net interest income (NII)	**1,106,446**	**1,145,560**	**(3)%**
Fees and commission income			
Credit related fees and commissions	167,287	241,521	(31)%
Corporate finance fees	23,768	3,987	496%
Portfolio and other management fees	11,044	5,892	87%
Brokerage fees and commissions	3,223	3,308	(3)%
Cash management and related fees	192,582	227,549	(15)%
Card management fees	70,529	77,990	(10)%
Others	17,688	21,757	(19)%
Fees and commission income	486,121	582,004	(16)%
Fees and commission expense	(52,492)	(35,477)	48%
Net fees and commission income	**433,629**	**546,527**	**(21)%**
Foreign-exchange income	361,017	308,785	17%
Securities trading income	42,538	104,173	(59)%
Net trading income	**403,555**	**412,958**	**(2)%**
Net profit/(losses) from investment securities	26,381	(951)	n.m
Other operating income	2,252	1,881	20%
Non-interest revenue (NIR)	**865,817**	**960,415**	**(10)%**
Net revenue (NII + NIR)	**1,972,263**	**2,105,975**	**(6)%**
Net interest margin (NIM)	6.9%	6.8%	
Contribution of NIR to net revenues	43.9%	45.6%	

Business and Financial Review

Operating expenses

Operating expenses fell by $130 million, or 10% in comparison to 2015, to $1.2 billion, due largely to beneficial currency movements. Adjusted for these currency effects, underlying operating expenses increased by $38 million, or 3%, due to non-recurring restructuring costs.

Hence, underlying operating expenses were constrained by the efficiency gains delivered by our cost reduction strategy. As a result, the cost-to-income ratio improved to 62.7% (from 64.9% in 2015), benefitting from the cost saving initiatives that were implemented in 2016, including headcount reductions, network rationalisation, procurement and travel savings and the increased digitisation of everyday processes.

In 2017, we anticipate further cost savings resulting from the consolidation of our data centres and the establishment of regional processing centres, designed to centralise back office functions.

Operating expenses

Year ended 31 December In thousands of $	2016	2015	Change
Staff expenses	535,061	591,543	(10)%
Depreciation and amortisation	99,197	112,520	(12)%
Communications and technology	129,755	126,766	2%
Professional fees	74,780	90,549	(17)%
Rent and utilities	70,155	65,468	7%
Repairs and maintenance	37,133	51,862	(28)%
Insurance	34,204	40,148	(15)%
Others[1]	256,926	288,662	(11)%
Other operating expenses	602,953	663,455	(9)%
Total operating expenses	**1,237,211**	**1,367,518**	**(10)%**
Cost-to-income ratio	62.7%	64.9%	

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

Impairment losses

Impairment losses on financial assets totalled $864 million in 2016, of which $770 million related to impairment charges on loans and advances. This represented a significant increase in comparison to 2015's impairment losses of $532 million, of which $427 million related to loans and advances. This was due mainly to an impairment charge of $263 million taken in the fourth quarter of 2016 on specific client names contained in the resolution vehicle, together with additional impairments on the credit portfolio of Nigeria.

The resolution vehicle ('RV'), an entity wholly owned by ETI, is the first private sector funded resolution vehicle of its kind in Nigeria. It was set up to segregate the legacy challenged assets from Ecobank Nigeria's core assets. These loans, with a gross value of $780 million and a net book value of $267 million, were purchased by the resolution vehicle using a $200 million short-term bridging facility, borrowed from ETI, and a building, independently valued at $67 million, as consideration. These loans were subsequently written-off to zero in the RV. The $200 million cash injection into Ecobank Nigeria's balance sheet by the RV improved its liquidity ratios to well above regulatory minima.

The impairment losses on other financial assets largely relate to $78 million of legacy assets.

Impairment losses

Year ended 31 December In thousands of $	2016	2015	Change
Provision for loan impairment	1,012,823	587,498	72%
Provision no longer required	284,607	166,895	71%
Specific impairment losses on loans and advances	728,216	420,603	73%
Collective impairment losses (net) on loans and losses	42,052	6,478	549%
Impairment losses on loans and advances	770,268	427,081	80%
Impairment losses on other financial assets	93,583	104,963	(11)%
Impairment losses on financial assets	**863,851**	**532,044**	**62%**
Cost-of-risk	7.1%	3.5%	

Taxation

The tax charge for 2016 was $71 million, compared with $94 million in 2015. The effective tax rate was a negative 54% compared to 46% in 2015. This was largely due to impairment loss charges during 2016 for which deferred tax assets were not recognised.

Profits

Ecobank generated a loss before tax of $131 million, compared with a pre-tax profit of $205 million in 2015. This was largely a function of the difficult operating environment, coupled with the higher impairment charges taken. Consequently the net loss for the year was $205 million, compared to a net profit of $107 million in 2015. The loss attributable to ETI shareholders for 2016 was $250 million, or a diluted loss per ordinary share of 1.01 US cents, compared with a profit of $66 million, or diluted earnings per ordinary share of 0.28 US cents in 2015.

Balance Sheet Analysis

Consolidated balance sheets overview

The Group's assets totalled $20.5 billion at year-end, a reduction of $3.0 billion from 31 December 2015. The decrease in the balance sheet value was due mainly to adverse currency translation effects. Adjusting for these effects, total assets would have increased by $483 million to $24 billion.

There follows a year-on-year analysis of significant changes to specific items within the Consolidated Balance Sheet.

Consolidated Balance Sheet data

At 31 December (In thousands of $)	2016	2015	Change
Earning assets			
Investment securities :			
Treasury bills and other eligible bills	1,228,492	1,436,405	(14)%
Financial assets for trading	77,408	171,334	(55)%
Investment securities: available-for-sale	3,272,824	2,669,692	23%
Assets	518,205	759,086	(32)%
Loans and advances to banks	1,413,699	1,770,036	(20)%
Loans and advances to customers	9,259,374	11,200,349	(17)%
	15,770,002	**18,006,902**	**(12)%**
Non-earning assets			
Cash and balances with central banks	2,462,302	3,245,363	(24)%
Intangible assets	280,766	382,451	(27)%
Property and equipment	861,047	893,855	(4)%
Derivative financial instruments	68,204	144,225	(53)%
Other non-earning assets	1,068,653	881,123	21%
	4,740,971	**5,547,017**	**(15)%**
Total assets	**20,510,973**	**23,553,919**	**(13)%**
Liabilities			
Deposits from other banks	2,022,352	1,433,386	41%
Deposits from customers	13,496,720	16,427,553	(18)%
Borrowed funds	1,608,564	1,779,277	(10)%
Other liabilities	1,619,260	1,390,458	16%
Total liabilities	**18,746,896**	**21,030,674**	**(11)%**
Equity			
Share capital	2,114,332	2,029,698	4%
Retained earnings	230,847	529,427	(56)%
Reserves	(767,255)	767,256	n.m
Total equity and reserves attributable	**1,577,924**	**2,346,009**	**(33)%**
Non-controlling interest in equity	186,154	177,236	5%
Total equity	**1,764,078**	**2,523,245**	**(30)%**
Total liabilities and shareholders' equity	**20,510,973**	**23,553,919**	**(13)%**

Business and Financial Review

Assets

Cash and balances with central banks

We deposit cash with central banks to meet reserve requirements and to facilitate liquidity management as part of the normal course of our business. As at 31 December 2016, cash and balances held with central banks amounted to $2.5 billion, a reduction of $783 million in comparison with 2015. The decrease was partly due to adverse currency translation effects, but also reflected lower deposit balances over the period.

Loans and advances to banks

Loans and advances to banks largely constitute deposits held with other banks to facilitate correspondent banking relationships and manage our liquidity and interest rate risks. At year-end 2016, loans and advances to banks amounted to $1.4 billion, a reduction of $356 million compared to 2015, largely as a result of adverse currency movements.

Investment securities

We hold trading and investment securities in the normal course of our business. We also hold securities for the purpose of cash, liquidity, and asset and liability management.

Treasury bills and other eligible bills

The Group holds deposits that are not immediately loaned to clients as treasury and other eligible bills. These amounted to $1.2 billion, down $208 million year-on-year, due to lower customer deposit balances in 2016.

Available-for-sale ('AFS') investment securities

Investment securities, other than Treasury bills, primarily comprise listed and unlisted debt and equity instruments, with debt securities accounting for about 90% of the AFS portfolio. At 31 December 2016, the available-for-sale investment securities portfolio amounted to $3.3 billion, an increase of $603 million in comparison to 2015. The growth in available-for-sale investment securities was primarily driven by Francophone West Africa, offset to a degree by a significant decline in Nigeria. AFS investments increased by $293 million in Côte d'Ivoire, by $126 million in Senegal, by $112 million in Mali and by $104 million in Burkina Faso.

Trading securities

Securities held for trading purposes, mostly government debt in Nigeria, amounted to $77 million, down $94 million, or 55%, from the prior year as favourable market conditions led to profit-taking.

Loans and advances to customers

The Group provides loans to customers, ranging from households and small businesses to regional and multinational corporates. Net customer loans of $9.3 billion at 31 December 2016 were down by $1.9 billion compared to 2015. This was partly due to adverse currency movements and a deliberate management decision to curtail credit origination in a weak economic environment.

From a business line perspective, Corporate Bank's loan portfolio decreased in value by $1.6 billion to $6.8 billion, whilst Consumer Banking's loans fell $409 million to $774 million. Commercial Banking recorded a slight uptick in loan growth, by $76 million to $1.7 billion, due to selective client lending, which was mostly short-term and self-liquidating in nature.

On a regional basis, selective credit origination saw slight underlying loan growth in Nigeria and Anglophone West Africa, partially offset by loan declines in the Francophone West Africa and CESA regions.

The allowance account for loan losses decreased by $46 million to $609 million, resulting from a reduction in the allowance account for Commercial and Consumer Banking.

The Group-wide ratio of non-performing loans as a percentage of total loans was 9.6%, compared with 8.2% in 2015. The current year's non-performing loans ratio reflected the challenging macroeconomic environment and the consequent rise in borrowers' inability to honour loan obligations.

Loans and advances to customers

At 31 December (In thousands of $)	2016	2015	Change
Group			
Gross loans	9,868,872	11,857,441	(17)%
Less: allowance for impairment	(609,497)	(657,092)	(7)%
Loans and advances to customers (net)	**9,259,374**	**11,200,349**	**(17)%**
Non-performing loans	948,185	967,129	(2)%
Loans-to-deposits ratio	73.1%	72.2%	
Non-performing loan ratio	9.6%	8.2%	
NPL coverage ratio	64.3%	67.9%	
Loans and advances by business segments:			
Corporate Bank			
Gross loans	7,165,191	8,744,581	(18)%
Less: impairment allowances	(339,416)	(310,943)	9%
Loans and advances to customers (net)	6,825,775	8,433,638	(19)%
Non-performing loans	509,659	542,430	(6)%
Loans-to-deposits ratio	118.0%	102.8%	
Non-performing loan ratio	7.1%	6.2%	
NPL coverage ratio	66.6%	57.3%	
Commerical Banking			
Gross loans	1,733,341	1,697,738	2%
Less: impairment allowances	(196,052)	(231,844)	(15)%
Loans and advances to customers (net)	1,537,289	1,465,894	5%
Non-performing loans	373,015	306,672	22%
Loans-to-deposits ratio	61.1%	59.6%	
Non-performing loan ratio	21.5%	18.1%	
NPL coverage ratio	52.6%	75.6%	
Consumer Banking			
Gross loans	970,340	1,415,123	(31)%
Less: impairment allowances	(74,030)	(114,305)	(35)%
Loans and advances to customers (net)	896,310	1,300,818	(31)%
Non-performing loans	65,511	118,026	(44)%
Loans-to-deposits ratio	21.1%	27.9%	
Non-performing loan ratio	6.8%	8.3%	
NPL coverage ratio	113.0%	96.8%	

Business and Financial Review

Liabilities and Equity

Deposits from banks

We take deposits from other banks to facilitate correspondent banking relationships and manage liquidity, interest rate, and currency risks. Deposits from other banks increased by $589 million year-on-year to $2.0 billion.

Customer deposits

Customer deposits represent the Group's major source of funding. For 2016, customer deposits fell $2.9 billion to $13.5 billion, largely due to the adverse currency translation effects. Adjusted for currency movements, customer deposits fell $483 million, reflecting heightened competition in the deposits market, particularly in Nigeria, where customer deposits fell by 11% in constant currency.

The decrease in customer deposits was particularly marked in our corporate banking business, where our more rate-sensitive clients transferred funds to higher yielding government securities. As a result, Corporate Bank saw deposits fall $2.4 billion to $6.1 billion. Consumer Banking lost some deposits as competition heightened, whereas Commercial Banking deposits remained largely unchanged.

Borrowed funds

Borrowed funds are an alternate source of relatively long-term funding and a critical component of the Group's liquidity and capital management activities. ETI, Ecobank's parent company, oversees capital planning and funding strategy for the Group. As at 31 December 2016, total borrowed funds were $1.6 billion, down $171 million on 2015. For further information on the composition of our borrowed funds, please refer to Note 33: Borrowed Funds on page 206 of this annual report.

Total equity

Total equity as at 31 December 2016 stood at $1.8 billion, down $132 million year-on-year. The decrease was primarily a result of negative currency translation movements, which saw the translation reserve for 2016 deteriorate to ($1.7) billion compared to ($1.1) billion in 2015. Additionally, retained earnings were reduced due to the loss for the year of $250 million.

Group-wide capital adequacy levels remained healthy. Our Basel I Tier 1 capital ratio was 23.4% compared with 20.5% in 2015, benefiting largely from a reduction in risk-weighted assets, thanks to currency translation benefits and a decrease in loan growth.

The Group's total capital adequacy ratio was $25.3%, compared to 23.9% in 2015.

Customer Deposits

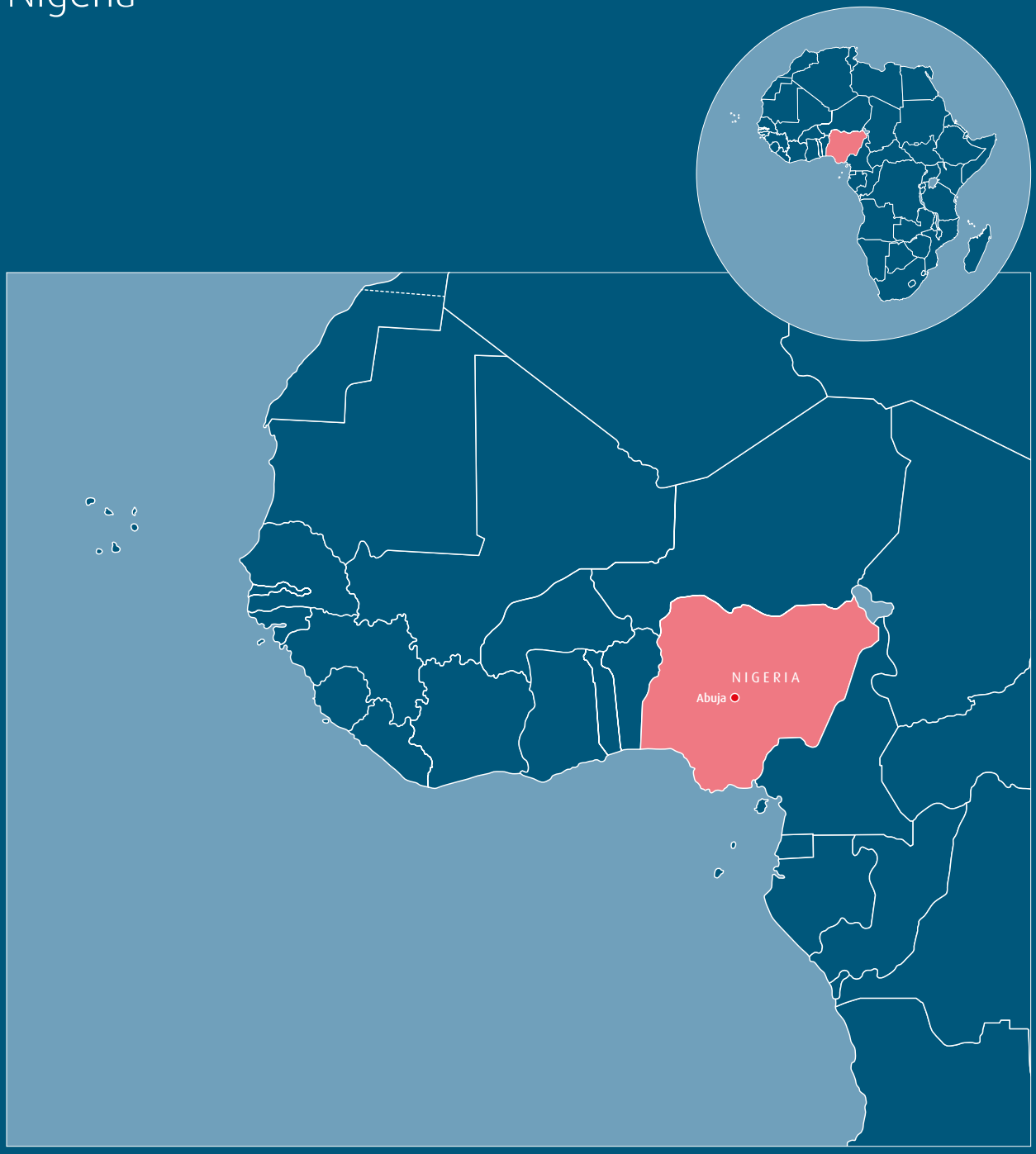
At 31 December

In thousands of $	2016	2015	% Change
Corporate Bank	6,073,590	8,507,318	(29)%
Commerical Bank	2,834,757	2,847,233	(0.4)%
Consumer Bank	4,588,373	5,073,002	(10)%
Total customer deposits	**13,496,720**	**16,427,553**	**(18)%**

Geographical breakdown of Ecobank's key financial items 2016

In millions of $ except for ratios	Nigeria	UEMOA	AWA	CESA	ETI & Others	Subtotals Entities	Non—core	Ecobank Group
Income Statement Highlights								
Total revenue	**726**	**443**	**407**	**357**	**43**	**1,994**	**(4)**	**1,972**
Total operating expenses	381	263	209	279	106	1,237	—	1,237
Pre—impairment income	**346**	**180**	**198**	**78**	**(62)**	**757**	**(4)**	**735**
Impairment losses	323	77	58	54	97	530	255	864
Profit before tax	**23**	**103**	**140**	**24**	**(160)**	**224**	**(259)**	**(131)**
Profit after tax	23	96	98	10	(173)	151	(259)	(205)
Balance Sheet Highlights								
Gross loans	3,010	3,391	1,189	2,013	242	9,846	23	9,869
Total assets	**6,183**	**7,891**	**2,751**	**4,059**	**(374)**	**20,511**	**7**	**20,518**
Customer deposits	3,537	4,750	1,940	3,065	205	13,497	—	13,497
Total equity	778	396	303	437	110	2,023	(259)	1,764
Ratios								
ROA	0.3%	1.3%	3.6%	0.2%	—	—	—	-0.9%
ROE	2.3%	25.3%	31.9%	2.3%	—	—	—	-9.6%
Cost-to-income ratio	52.4%	59.4%	51.3%	78.2%	—	—	—	62.7%
NPL ratio	9.1%	10.5%	6.1%	10.4%	—	—	—	9.6%
NPL coverage	56.8%	62.4%	104.5%	56.6%	—	—	—	64.3%
Loans-to-deposits ratio	85.1%	71.4%	61.3%	65.7%	—	—	—	73.1%

Business and Financial Review
Nigeria



Nigeria

After a sharp slowdown in 2015, Nigeria fell into recession in 2016, with annual GDP growth moving into negative territory (-1.5%) for the first time in a quarter of a century. The deterioration reflects the sharp decline in oil production, as a result of civil unrest in the Niger Delta, and the adverse impact of the scarcity of foreign currencies, notably the US Dollar, on economic activity and pro-cyclical fiscal expenditure. In addition, the Naira depreciated by 37% following the decision in June to adopt a flexible exchange rate regime, as weaker foreign exchange reserves reduced the Central Bank of Nigeria's ('CBN') ability to maintain its previous peg. The knock-on effects of exchange rate depreciation, as well as hikes in electricity and fuel prices, fuelled a spike in headline inflation to an eleven year high of 18.6%. Despite the pressures on oil exports, Nigeria recorded a small current account surplus (0.6% of GDP) due to a significant reduction in imported goods, following foreign exchange restrictions imposed by the CBN.

Performance overview

Ecobank Nigeria's pre-tax profit decreased by $35 million, or 60%, year-on-year to $23 million, due predominantly to higher impairment losses. Taking foreign currency translation effects into account, given that the Naira depreciated by approximately 37% against the US Dollar in 2016, the underlying pre-tax profit would have fallen by 49% to $30 million.

Net revenue of $726 million fell by 17%, or $152 million, largely due to these currency effects. On a constant currency basis, net revenue would have risen by $64 million, or 7%, as a result of higher net interest income, which was partially offset by lower non-interest revenue.

Currency translation effects also depressed Nigeria's net interest income, leading to a year-on-year decrease of $65 million, or 12%, to $461 million. Underlying net interest income, excluding currency movements, increased by $73 million, or 14%, due to the net impact of higher rates that were, to a degree, offset by lower interest-earning asset balances. Reported non-interest revenue decreased by $87 million, or 25%, to $265 million, again due to the depreciation of the Naira. Excluding currency translation effects, non-interest revenue, would have fallen by just 7%, resulting from lower net fees and commissions. Trade finance and cash management revenues suffered from a difficult operating environment, with Nigeria technically entering an economic recession in the second half of 2016.

On the other hand, currency translation effects contributed to a $164 million, or 30%, decrease in operating expenses to $164 million. In constant currency terms, operating expenses declined by 9%, or $51 million, thanks to lower staffing and procurement costs, the outsourcing of Ecobank Nigeria's real estate management and across-the-board efficiency gains. As a result, the cost-to-income ratio improved significantly to 52.4%, compared with 62% in 2015.

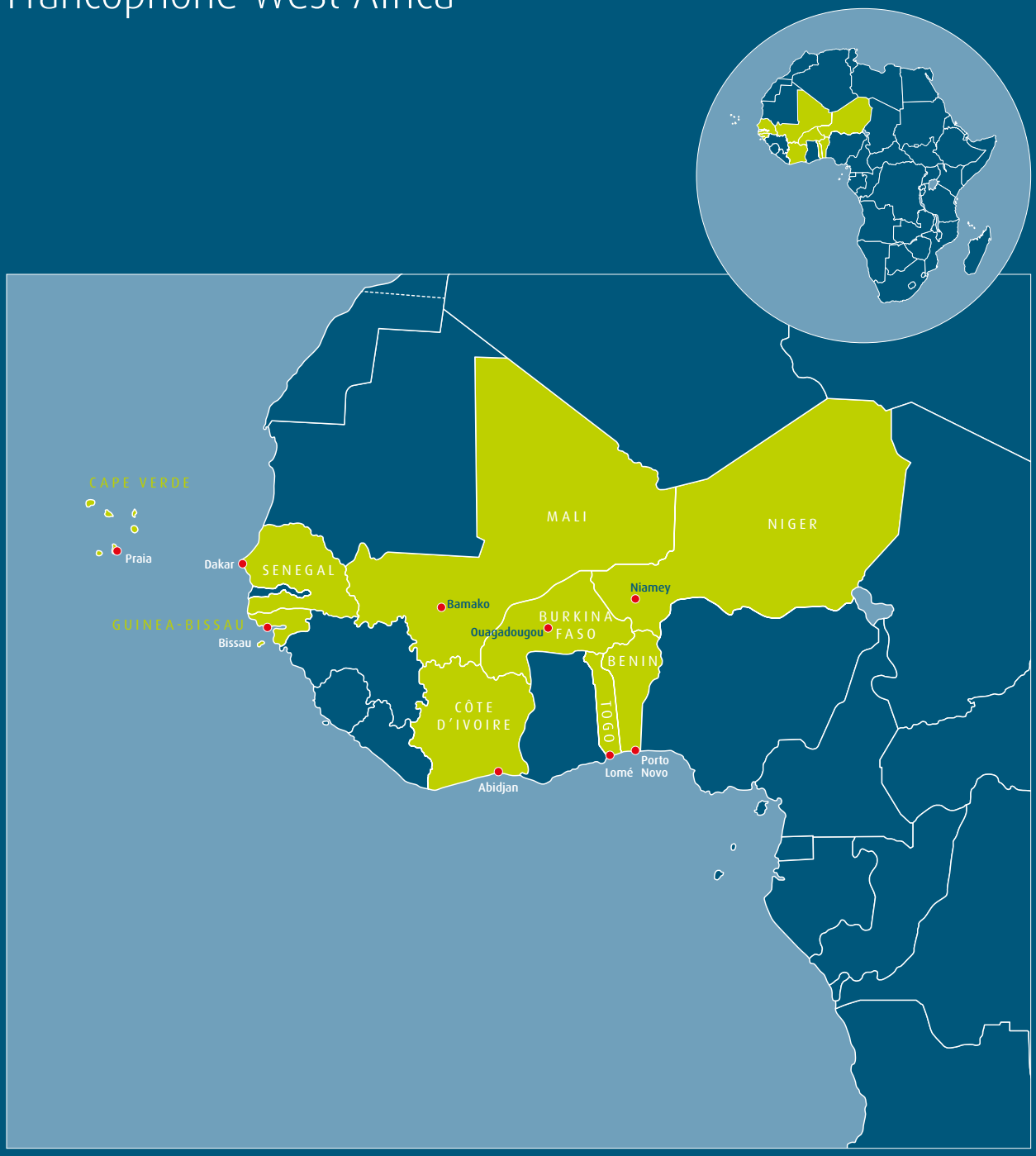
In constant currency, impairment losses increased $143 million, or 52%, primarily as a result of higher impairment charges on specific client names, recognised in the fourth quarter of 2016, together with additional write-downs due to the application of more stringent asset quality criteria.

Nigeria – Financial Highlights and Key Ratios

Year ended 31 (in millions of $)	2016	2015	change	In Constant $[1] 2016
Net interest income	461	526	(12)%	599
Non-interest revenue	265	352	(25)%	344
Net revenue	**726**	**878**	**(17)%**	**942**
Operating expenses	381	545	(30)%	494
Pre-impairment income	**346**	**333**	**4%**	**449**
Impairment losses	323	276	17%	419
Profit before tax	23	58	(60)%	30
Taxation	0.1	(0.4)	n.m	-
Profit after tax	**23**	**57**	**(60)%**	**30**
Customer loans (net)	2,854	4,101	(30)%	4,368
Total assets	6,183	9,189	(33)%	9,463
Customer deposits	3,537	6,114	(42)%	5,412
Total equity	778	1,225	(36)%	1,191
Cost-to-income ratio	52.4%	62.0%		
ROE	3.0%	4.8%		
Loans-to-deposits ratio	85.1%	72.7%		
NPL ratio	9.1%	10.2%		
NPL coverage ratio	57.6%	75.8%		
Capital Adequacy Ratio ('CAR')	16.7%	18.7%		

1 Reflects the impact of FX translation into U.S. dollars assuming average and end-of-period exchange rates for 2015

Business and Financial Review
Francophone West Africa



Francophone West Africa

Economic growth in the Francophone West Africa region remained stable at 6.2% in 2016, thanks to robust economic activity in Côte d'Ivoire and Senegal, coupled with sustained agricultural production and public investment spending. Despite strong domestic demand and currency weakness, inflation slowed to 0.4%, down from 1.0% in the previous year, thanks to above-average agricultural production, which reduced food-price inflation, and low oil prices. Against a background of revenue challenges and currency weakness, government spending remained robust, maintaining fiscal account deficits (4.5% of GDP). The current account deficit widened further to -6.1% of GDP (2015: -5.8%) as a result of this higher government spending, which increased import costs. However, the Euro-linked CFA Franc depreciated by around 2% against the US Dollar during the year, due to the Eurozone's deflationary challenges and the ECB's accommodative monetary policy.

Performance Overview

Francophone West Africa registered a pre-tax profit of $103 million, an increase of $6.8 million, or 7%, in comparison to 2015, thanks to a modest improvement in revenues and efficiency gains.

Net revenue effectively remained stable at around $440 million, as improved performances from Côte d'Ivoire, Burkina Faso and Senegal, thanks to higher net interest income, were offset by lower revenues from Benin and Mali.

A growth in both investment and client-driven foreign exchange trading led to a 4% increase in net interest income to $241 million. However, lower fees and commission income, reflecting the slowdown in economic activity across most of the region and its knock-on effects on client activity, led to a 3% reduction in non-interest revenues to $202 million.

Cost containment initiatives led to a $5.2 million reduction in operating expenses to $263 million. As a result, the cost-to-income ratio improved slightly to 59.4%, versus 60.9% in 2015.

Net impairment losses increased marginally, as lower impairments in Togo and Burkina Faso were partially offset by increased write-offs in Benin, Mali and Côte d'Ivoire.

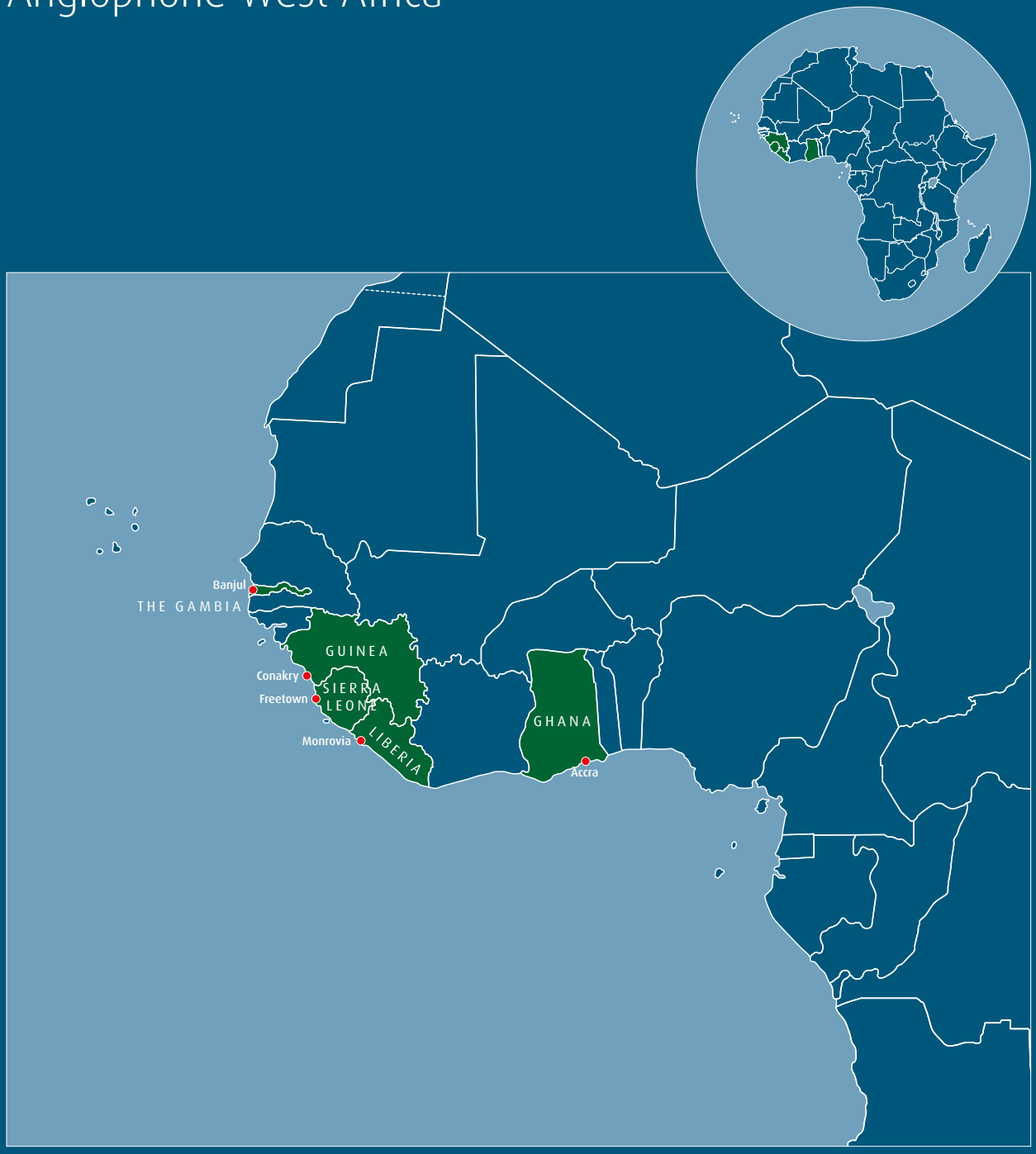
Continuing recovery efforts are expected to contribute to improved asset quality across the region. Key focus areas to drive profitability include leveraging mobile and digital banking and growing transaction volumes in trade finance and cash management. These should help generate cheaper deposits. Further efficiency gains will be derived from the establishment of a regional processing centre in Côte d'Ivoire.

Francophone West Africa (UEMOA) – Financial Highlights and Key Ratios

Year ended 31 (in millions of $)	2016	2015	change	In Constant $[1] 2016
Net interest income	241	233	4%	242
Non-interest revenue	202	208	(3)%	204
Net revenue	**443**	**441**	**1%**	**446**
Operating expenses	263	269	(2)%	265
Pre-impairment income	180	172	5%	181
Impairment losses	77	76	1%	77
Profit before tax	**103**	**97**	**7%**	**104**
Tax expense	(7)	(12)	(41)%	
Profit after tax	**96**	**85**	**14%**	**97**
Customer loans (net)	3,169	3,433	(8)%	3,273
Total assets	7,891	7,112	11%	8,150
Customer deposits	4,750	4,833	(2)%	4,906
Total equity	396	366	8%	409
Cost-to-income ratio	59.4%	60.9%		
ROE	24.3%	23.1%		
Loans-to-deposits ratio	71.4%	74.5%		
NPL ratio	10.5%	8.2%		
NPL coverage ratio	62.4%	56.6%		

1 Reflects the impact of FX translation into U.S. dollars assuming average and end-of-period exchange rates for 2015

Business and Financial Review
Anglophone West Africa



Anglophone West Africa

Economic growth in the rest of West Africa region rebounded in 2016 (+3.1%), as recovery in Guinea and Sierra Leone, which were badly affected by the Ebola crisis in 2015, helped to offset a contraction in Liberia and anaemic growth in Gambia and Ghana. Across the region, current account balances deteriorated due to depressed commodity prices that led to exchange rate depreciation. In addition, inflationary effects, resulting from adverse currency movements and hikes in electricity and water utility tariffs in Ghana, led to rising consumer prices.

Performance Overview

Anglophone West Africa's pre-tax profits increased by $6.0 million, or 4%, to $140 million, thanks to positive operational leverage, as operating costs were held in check.

Net revenues increased by $37 million, or 10%, to $407 million, thanks to the impact of higher rates on net interest income. On a constant currency basis, the net revenue increased $62 million, or 17%, driven by strong growth in net interest income.

Net interest income rose by $52 million, or 23%, to $277 million (+$68 million, or 30% in constant currency) thanks to higher interest rates, in Ghana particularly, and a growth in investment securities. Lower trade finance volumes, especially in Ghana's energy sector, led to a $15 million, or 11%, decrease in non-interest revenue to of $129 million, On a constant currency basis, non-interest revenue fell by 4%, reflecting reduced fees and commission income as a result of weaker client-driven foreign exchange activity.

Operating expenses rose by $6.6 million, or 3%, to $209 million. This equates to a 10% increase on a constant currency basis, due to higher inflation, which was reflected in increased personnel costs and investments in technology. Nevertheless, the cost-to-income ratio improved to 51.3%, versus 54.7% in 2015, as revenue growth surpassed increases in fixed costs.

Impairment losses increased by $24 million, or 72%, (up $28 million, or 83%, if adjusted for currency translation effects), to $58 million as a result of higher non-performing loans, due to the delayed resolution of lending exposures to bulk oil distribution companies in Ghana.

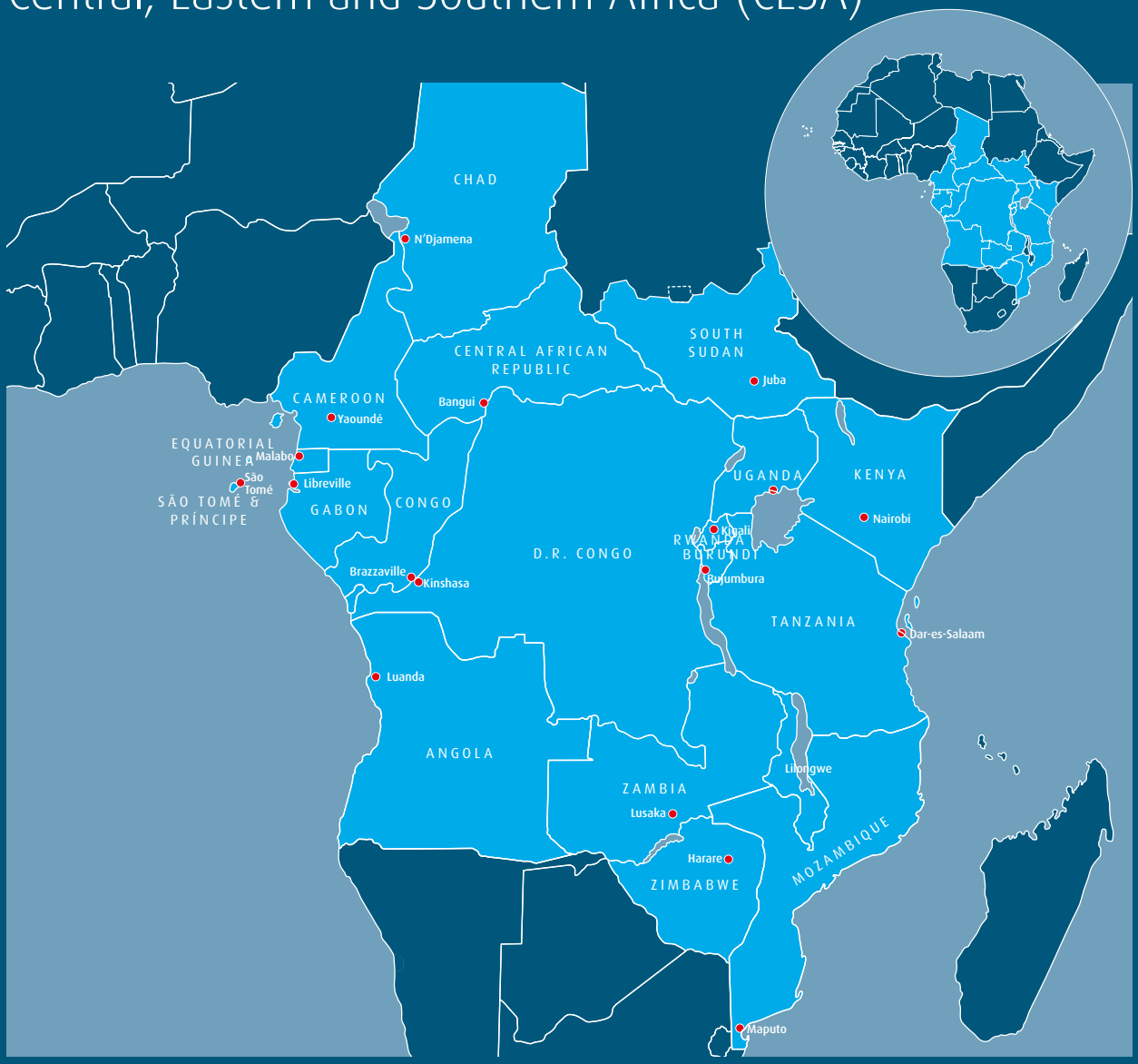
Anglophone West Africa (AWA) – Financial Highlights and Key Ratios

Year ended 31 (in millions of $)	2016	2015	change	In Constant $[1] 2016
Net interest income	277	225	23%	294
Non-interest revenue	129	145	(11)%	138
Net revenue	**407**	**370**	**10%**	**432**
Operating expenses	209	202	3%	222
Pre-impairment income	**198**	**168**	**18%**	**210**
Impairment losses	58	34	72%	61
Profit before tax	**140**	**134**	**4%**	**148**
Tax expense	(43)	(45)	(4)%	
Profit after tax	**98**	**90**	**9%**	**103**
Customer loans (net)	1,113	1,157	(4)%	1,245
Total assets	2,751	2,649	4%	3,085
Customer deposits	1,940	1,968	(1)%	2,181
Total equity	303	310	(2)%	338
Cost-to-income ratio	51.3%	54.7%		
ROE	32.3%	29.0%		
Loans-to-deposits ratio	61.3%	61.7%		
NPL ratio	6.1%	3.6%		
NPL coverage ratio	104.5%	131.1%		

1 Reflects the impact of FX translation into U.S. dollars assuming average and end-of-period exchange rates for 2015

Business and Financial Review

Central, Eastern and Southern Africa (CESA)



Central Africa

Real GDP growth in the CEMAC region recovered slightly in 2016 to 1.9% (2015: 1.6%), reflecting the impact of a moderate rally in oil prices during the year on the region's oil-producing countries. However, foreign currency reserves for the region remain extremely weak, having fallen by 54.1% year-on-year and by 74.5% from their peak at the end of 2013.

East Africa

Ethiopia led East Africa's growth in 2016, with its economy expanding by 8.0%. Tanzania's growth was also resilient, advancing bu 6.6% in 2016 thanks to buoyant trade and infrastructure investment. With the exception of Burundi and South Sudan, which contracted by 1.0% and 13.8% respectively, the other economies in the region grew by between 4.7 – 6.0%, reflecting robust domestic demand and strong industrial output. Annual inflation across the region ranged from between 5.5 – 7.3%, with the exception of South Sudan, which is experiencing hyperinflation (+379.8% last year). Lower fuel costs and broadly stable exchange rates helped to keep a lid on inflation, with annual rates ranging from between 5.5 - 7.3% across the region. The exception was South Sudan, which is experiencing hyperinflation (+379.8% last year).

Southern Africa

In 2016, GDP growth slowed across the Southern African region, due to the continued weakness in commodity prices. Across the region, GDP growth rates ranged from 0.6% in Zimbabwe to 3.3% in Mozambique. In Angola, the largest economy in the region, the impact of low oil prices was exacerbated by a decline in oil production and an elevated rate of inflation. The economies of the DRC and Zambia also came under also came under severe pressure as copper prices fell to their lowest level since 1998.

Performance overview

Pre-tax profits for the Central, East, and Southern Africa ('CESA') region fell by 68% year-on-year to $24 million. Adjusting for adverse currency movements, pre-tax profits would have decreased by 42%, or $32 million, primarily as a result of the near $28 million of pre-tax losses registered by Ecobank Kenya.

Net revenue decreased by $51 million, or 12%, to $357 million (a 7% decline on a constant currency basis), due to the combination of an $18 million write-down of a government bond portfolio in Kenya and a reduction in foreign exchange revenues and loan related fees.

Net interest income increased by $1.3 million, or 0.7%, (+$24 million, or 13%, in constant currency) to $189 million, thanks to the net impact of higher rates and the growth in client deposits in Zimbabwe and DR Congo. The positive impact of a reduction in interbank borrowings on the cost of funds in Kenya also contributed to the growth in net interest income. This was partially offset by lower loan balances in most parts of the region. Non-interest revenue decreased by $52 million, or 24%, to $168 million, (flat in constant currency terms), due to $18 million of impairments booked in Kenya, a reduction in loan-related fees and lower foreign exchange transaction volumes.

Operating expenses decreased by $9.2 million, or 3% to $279 million, (increasing $44 million, or 15% if adjusted for currency effects). The cost-to-income ratio was 78.2% compared with 70.7% in 2015. Excluding the bond write-down, the cost-to-income would have been 74.4%.

Higher impairments in Tanzania, Kenya, and Rwanda led to an overall 27% increase in impairment losses to $54 million (up 38%, adjusting for currency effects), This was partially offset by asset quality improvements in Chad and Congo Brazzaville, as a result of loan restructuring, and the reversal of provisions in Zimbabwe and Mozambique.

To turnaround CESA's financial performance, Ecobank is focusing on a number of strategic initiatives. These include the optimisation of its regional network, closing unprofitable branches and leveraging the delivery of digital banking services, There will be a continued emphasis on the development of regional trade and transaction banking opportunities within the East Africa Community, as well as the mobilisation of cheaper deposits, aggressive loan recoveries and an emphasis on new business and the upskilling of staff.

Central, East, and Southern Africa (CESA) – Financial Highlights and Key Ratios

Year ended 31 (in millions of $)	2016	2015	change	In Constant $[1] 2016
Net interest income	189	187	1%	211.0
Non-interest revenue	168	220	(24)%	223.2
Net revenue	357	408	(12)%	434
Operating expenses	279	288	(3)%	332
Pre-impairment income	78	119	(35)%	102
Impairment losses	54	42	27%	58
Profit before tax	24	75	(68)%	44
Tax expense	(14)	(26)	(45)%	
Profit after tax	**10**	**50**	**(80)%**	**24**
Customer loans (net)	1,894	2,278	(17)%	2,032
Total assets	4,059	4,253	(5)%	4,477
Customer deposits	3,065	3,237	(5)%	3,371
Total equity	437	436	0%	493
Cost-to-income ratio	78.2%	70.7%		
ROE	2.3%	11.4%		
Loans-to-deposits ratio	65.7%	73.0%		
NPL ratio	10.4%	7.4%		
NPL coverage ratio	56.6%	48.9%		

1 Reflects the impact of FX translation into U.S. dollars assuming average and end-of-period exchange rates for 2015

Business and Financial Review

Divisional Analysis of Financial Performance

Corporate and Investment Bank

In millions of $	2016	2015	% Change
Net interest income	593	597	(1)%
Non-interest revenue	481	670	(28)%
Net revenue	**1,074**	**1,266**	**(15)%**
Operating expenses	(506)	(592)	(15)%
Pre-impairment income	**568**	**674**	**(16)%**
Impairment losses	(608)	(347)	(75)%
Operating profit	(40)	328	n.m
Profit before tax	**(40)**	**327**	**n.m**
Total assets	11,098	18,623	(40)%
Total liabilities	10,689	11,889	(10)%

As a result of impairment losses recognised during the year, Corporate and Investment Bank registered a pre-tax loss of $40 million, compared to a pre-tax profit of $327 million in 2015.

Revenue of $1.1 billion decreased by $192 million, or 15%, year-on-year, due primarily to a lower growth in non-interest revenue. A favourable interest rate environment, particularly in Nigeria and Ghana, plus a growth in investment securities in the Francophone region, helped to support the division's net interest income, which decreased by $3.9 million, or 1%. On the other hand, weak economic activity and a slowdown in client activity depressed non-interest revenue, which fell by $188 million, or 28%, in comparison to 2015.

Operating expenses benefited from continued cost reduction initiatives, declining by 15%, or $86 million, to $506 million as a result.

Impairment losses of $608 million increased by $261 million, or 75%, largely due to heightened impairment charges as market conditions deteriorated and our corporate clients found it increasingly difficult to meet their financial obligations.

Commercial Bank

In millions of $	2016	2015	% Change
Net interest income	226	266	(15)%
Non-interest revenue	148	112	(32)%
Net revenue	**374**	**379**	**(1)%**
Operating expenses	(284)	(305)	(7)%
Pre-impairment income	**90**	**74**	**22)%**
Impairment losses	(126)	(132)	(5)%
Operating profit	(36)	(58)	(38)%
Profit before tax	**(36)**	**(58)**	**(38)%**
Total assets	1,546	2,068	(25)%
Total liabilities	2,835	10,267	(72)%

Commercial Banking reduced its pre-tax losses, from $58 million in 2015 to $36 million in the year under review, thanks to stable revenue and efficiency gains. Growth in non-interest revenue was, to a degree, offset by lower net interest income, such that net revenue of $374 million was largely unchanged in comparison to 2015's level.

Net interest income of $226 million fell by $40 million, or 15%, year-on-year, reflecting our deliberate decision to curb credit origination in a slowing economy, whilst aggressively addressing an elevated level of non-performing loans. Contrastingly, non-interest revenue increased by $36 million, or 32%, to $148 million, reflecting our continuing efforts to grow our cash management and trade finance businesses.

Given the continued weakness in the operating environment, cost discipline remained a priority. As a result of ongoing efficiency initiatives, operating expenses fell by $21 million, or 7%, compared to the prior year.

Impairment losses of $126 million were slightly lower than those of 2015, benefitting from our loan recovery efforts and a reduction in the levels of non-performing loans within our credit portfolio.

Consumer Bank

In millions of $	2016	2015	% Change
Net interest income	270	317	(15)%
Non-interest revenue	215	207	(4)%
Net revenue	**484**	**524**	**(8)%**
Operating expenses	(404)	(433)	(7)%
Pre-impairment income	**81**	**91**	**(11)%**
Impairment losses	(51)	(53)	(5)%
Operating profit	30	38	(21)%
Profit before tax	**30**	**37**	**(19)%**
Total assets	899	1,202	(25)%
Total liabilities	4,568	3,521	(30)%

Consumer Banking registered a 19% year-on-year decline in pre-tax profit to $30 million, due primarily to falling revenues.

Revenue decreased by $40 million, or 8%, to $484 million as a result of a combination of adverse currency movements and lower levels of net interest income.

Net interest income fell by $48 million, or 15%, from the prior year as a result of a reduction in customer deposits, reflecting our decision to curb consumer lending. However, non-interest revenue increased by $8.2 million, or 4%, thanks to our ongoing efforts to improve customer engagement and satisfaction through the expansion of our digital offerings. As a result, although still at a nascent stage, we derived increasing revenue from our mobile, online, cards and remittance products.

Operating expenses also benefitted from the digitisation of our processes, decreasing by $30 million, or 7%, in comparison to 2015.

Despite the competitive environment in which we were operating, impairment losses decreased slightly, from $53 million in 2015 to $51 million, reflecting our cautious approach to lending.

06 Financial Statements

Our 2016 earnings were adversely impacted by our bold, but very necessary, decision to address our legacy challenged assets, which resulted in a significant increase in impairment losses. With this action, we believe, we have reset our business, positioning Ecobank to deliver improving shareholder returns over the next few years.

Statement of directors' responsibilities

Responsibility for annual consolidated financial statements

The Directors are responsible for the preparation of the consolidated financial statements for each financial year that give a true and fair view of the state of financial affairs of the Group at the end of the year and of its profit or loss. This responsibility includes ensuring that the Group:

(a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the company and its subsidiaries;

(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 annual consolidated financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards.

Nothing has come to the attention of the Directors to indicate that the company and its subsidiaries will not remain a going concern for at least twelve months from the date of this statement.

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 company and its subsidiaries and of its profit or loss. 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 annual consolidated financial statements

The annual consolidated financial statements were approved by the Board of Directors on 24 March 2017 and signed on its behalf by:

Emmanuel Ikazoboh
Group Chairman

Ade Ayeyemi
Group Chief Executive Officer

Report of the Independent Auditors to the Members of Ecobank Transnational Incorporated

Report on the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Ecobank Transnational Incorporated and its subsidiaries ("the Group") which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss and other 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 present fairly, in all material respects, the consolidated financial position of Ecobank Transnational Incorporated as at 31 December 2016, and its consolidated financial performance and consolidated 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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in line with the requirements of the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B), together with other ethical requirements that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report of the Independent Auditors to the Members of Ecobank Transnational Incorporated

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters noted below relate to the consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Impairment of loans and advances to customers Loans and advances make up a significant portion of the total assets of Ecobank Transnational Incorporated. At 31 December 2016, gross loans and advances were US$9,869 million against which total loan impairment provisions of US$610 million were recorded, thus leaving a net loan balance of US$9,259 million which represents around 48% of the total assets as at the reporting date (see note 20). The basis of the provisions is summarised in the Accounting policies in the consolidated financial statements. In accordance with the provisions of IAS 39, Financial Instruments: Recognition and Measurement, the Directors have established the group's loan loss impairment methodology that addresses the two types of impairment allowances, specific and collective (which also includes latent or IBNR) impairments. The Directors exercise significant judgement when determining both when and how much to record as loan impairment provisions. This is due to the fact that a number of significant assumptions and inputs go into the determination of the specific and collective impairment amounts on loans and advances to customers. Some of these include: i. Estimate of probability of default ii. Estimate of loss given default iii. Loss emergence period iv. Exposure at default v. Credit rating or classification vi. Estimates of projected cash flows vii. Determination of effective interest rates Because of the significance of these estimates, judgements and the size of loans and advances portfolio, the audit of loan impairment provisions is considered a key audit matter.	We focused our testing of the impairment of loans and advances to customers on the key assumptions and inputs made by management and Directors. Specifically, our audit procedures included: We tested the design and operating effectiveness of the key controls to determine which loans and advances are impaired and provisions against those assets. These included testing: • System-based and manual controls over the timely recognition of impaired loans and advances; • Controls over the impairment calculation models including data inputs; • Controls over collateral valuation estimates; and • Governance controls, including attending key meetings that form part of the approval process for loan impairment provisions and assessing management's analysis and challenge in the actions taken as a result of the meetings. We tested a sample of loans and advances (including loans that had not been identified by management as potentially impaired) to form our own assessment as to whether impairment events had occurred and to assess whether impairments had been identified in a timely manner. We challenged management's judgement and we increased the focus on loans that were not reported as being impaired in sectors that are currently experiencing difficult economic and market conditions, such as the oil and gas sector. For the collective and latent impairment models used by the Group, we tested a sample of the data used in the models as well as assessing the model methodology and tested the calculations within the models. We involved our credit risk specialists who assessed whether the modelling assumptions used considered all relevant risks, and whether the additional adjustments to reflect un-modelled risks were reasonable in light of historical experience, economic climate, current operational processes and the circumstances of the customers as well as our own knowledge of practices used by other similar banks. We also tested the extraction from underlying systems of historical data used in the models. For individually assessed loans we selected a sample of loans for a review of their performance status. Where we deemed them to be impaired, we tested the estimates of the future expected cash flows from customers including amounts from realization of collateral held. This work involved assessing the work performed by external experts used by the Group to value the collateral or to assess the estimates of future cash flows. Where we determined that a more appropriate assumption or input in provision measurement could be made, we recalculated the provision on that basis and compared the results in order to assess whether there was any indication of error or management bias. Based on our review, we found that the group's impairment methodology, including the model, assumptions and key inputs used by management and Directors to estimate the amount of loan impairment losses were comparable with historical performance, and prevailing economic situations and that the estimated loan impairment losses determined was appropriate in the circumstances.

Report of the Independent Auditors to the Members of Ecobank Transnational Incorporated

Key audit matter	How our audit addressed the key audit matter

Valuation of goodwill
Goodwill carrying value was US$232.8 million on the group's statement of financial position as at 31 December 2016. This asset has been recognised in the consolidated statement of financial position as a consequence of the acquisitive nature of the Group.
 	
In line with the requirements of the applicable accounting standard, IAS 36, Impairment of Assets, management conducts annual impairment tests to assess the recoverability of the carrying value of goodwill. This is performed using discounted cash flow models. As disclosed in note 26, there are a number of key sensitive judgements adopted by management in determining the inputs into these models which include:
• Revenue growth
• Operating margins
• Exchange rate fluctuations and
• The discount rates applied to the projected future cash flows.
 	
Accordingly, the impairment test of this asset is considered to be a key audit matter.
 	
The Management have developed a valuation model to enable a fair determination of the discounted cash flows for the significant Cash Generating Units (CGUs) to which the goodwill relates.
	We focused our testing of the impairment of goodwill on the key assumptions made by management.
	
	Our audit procedures included:
	
	• We tested all relevant controls over the generation of the key inputs, e.g. financial forecasts, discount rate, revenue growth rate, etc. that go into the valuation calculation.
	• Engaging our internal specialists to assist with:
	  • Critically evaluating whether the model used by management to calculate the value in use of the individual Cash Generating Units complies with the requirements of IAS 36, Impairment of Assets.
	  • Validating the assumptions used to calculate the discount rates, projected cash flows and recalculating these rates.
	
	• Analysing the future projected cash flows used in the models to determine whether they are reasonable and supportable given the current macroeconomic climate and expected future performance of the Cash Generating Unit.
	
	• Subjecting the key assumptions to sensitivity analyses.
	
	• Comparing the projected cash flows, including the assumptions relating to revenue growth rates and operating margins, against historical performance to test the accuracy of management's projections.
	
	• Checking mathematical accuracy of the calculations
	
	We found that the assumptions used by management were comparable with historical performance and the expected future outlook and the discount rates used were appropriate in the circumstances. We consider the disclosure of the goodwill to be relevant and useful.

Valuation of investment properties The group's interest in investment properties is made up landed properties and buildings (see note 28). Investment properties are carried at fair value in line with the group's accounting policies and in compliance with IAS 40, Investment Property. However, due to the non-current nature of the asset class, the materiality of the carrying amount to the ETI Group financial statements, and determination of their fair value which involve the exercise of significant management judgement, and use of several key inputs and assumptions, we consider this to be a key audit matter. The Directors have engaged some Specialists, mostly professional Estate Surveyors and Valuers, to assist with the determination of the fair value of the properties and produce report of the assets' fair valuation detailing the relevant assumptions used, key inputs and data that go into the valuation of the properties.	Our audit approach consisted of a combination of test of controls and specific test of details. We focused on testing and reviewing details of management assumptions and controls over generation of key inputs that go into the fair value determination of the investment properties and the carrying amount of related indebtedness Our audit procedures included: • Critically evaluating whether the model used by management to arrive at the fair value estimate of the investment property complies with the requirements of IAS 40, Investment Property. • Validating the assumptions used to estimate the fair value and recalculating the valuation. • Analysing future projected cash flows that underlie the fair value determination used in the models to determine whether they are reasonable and supportable given the current macroeconomic climate and prevailing market data vis-à-vis historical patterns. • Subjecting the key assumptions to sensitivity analyses. We found that the assumptions used by management were comparable with historical performance and the expected future outlook and the estimated fair value determined was appropriate in the circumstances.

Report of the Independent Auditors to the Members of Ecobank Transnational Incorporated

Key audit matter	How our audit addressed the key audit matter
Valuation of unquoted investments The Group's investment securities include unlisted equities for which there are no liquid market. As contained in note 22, the assets are designated as available-for-sale instruments and are carried at fair value in line with the group's accounting policies and requirements of IAS 39, **Financial Instruments – Recognition and Measurement**. Given the non-availability of market prices for these securities, determination of their fair valuation by management involve exercise of significant assumptions and judgements regarding the cash flow forecasts, growth rate and discount rate utilised in the valuation model. This is why it is considered a key audit matter. The Directors have done a valuation to determine the fair value of the unquoted investment securities and details of the valuation work including all relevant assumptions used, key inputs and data that go into the estimate of the fair value of the unquoted investments was made available for our review.	We focused our attention on auditing the valuation of unlisted investment securities by looking specifically into the valuation model, inputs and key assumptions made by the management. Our audit procedures included: • Evaluated the operating effectiveness of controls over generation of key inputs that went into the valuation model. • Critically evaluating whether the model used by management to calculate the fair value of the unquoted securities complies with the requirements of IAS 39, **Financial Instruments – Recognition and Measurement**. • Validating the assumptions used to calculate the discount rates used and recalculating these rates. • Subjecting the key assumptions to sensitivity analyses. • Obtaining direct confirmation of the existence and units of the different holdings with the investees' registrars and/or secretariats. • Checking mathematical accuracy of the valuation calculations. We found that the assumptions used by management were comparable with the market, accord with best practice, key data and the discount rates used in estimating the fair value of the instruments were appropriate in the circumstances. We consider the disclosure relating to these instruments to be appropriate in the circumstances.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, Audit Committee's Report and the Chief Executive's report. The other information does not include the consolidated financial statements and our auditors' report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, if we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

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

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

Report of the Independent Auditors to the Members of Ecobank Transnational Incorporated

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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

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

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

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

  If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 audit committee and 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, related safeguards.

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

For: **Akintola Williams Deloitte**
Chartered Accountants
Lagos, Nigeria
April 2017
Engagement Partner: David Achugamonu

For: **Grant Thorton Côte d'Ivoire**
Chartered Accountants
Abidjan, Côte d'Ivoire
April 2017
Engagement Partner: Moustapha Coulibaly

FRC/2013/ICAN/0000000840

Consolidated income statement

(All amounts in US dollar thousands unless otherwise stated)

For the year ended 31 December 2016	Notes	2016	2015
Interest income	6	1,672,852	1,748,306
Interest expense	6	(566,406)	(602,746)
Net interest income		**1,106,446**	**1,145,560**
Fee and commission income	7	486,121	582,004
Fee and commission expense	7	(52,492)	(35,477)
Net trading income	8	403,555	412,958
Net losses from investment securities	9	26,381	(951)
Other operating income	10	2,252	1,881
Non-interest revenue		**865,817**	**960,415**
Operating income		**1,972,263**	**2,105,975**
Staff expenses	11	(535,061)	(591,543)
Depreciation and amortization	11	(99,197)	(112,520)
Other operating expenses	11	(602,953)	(663,455)
Operating expenses		**(1,237,211)**	**(1,367,518)**
Operating profit before impairment losses and taxation		**735,052**	**738,457**
Impairment losses on :			
• loans and advances	12	(770,268)	(427,081)
• other financial assets	13	(93,583)	(104,963)
Impairment losses on financial assets		**(863,851)**	**(532,044)**
Operating profit after impairment losses		**(128,799)**	**206,413**
Share of loss of associates	25	(2,542)	(1,174)
Profit/(Loss) before tax		**(131,341)**	**205,239**
Taxation	14	(70,924)	(93,505)
Profit/(Loss) for the year from continuing operations		**(202,265)**	**111,734**
Loss for the year from discontinued operations	29	(2,693)	(4,270)
Profit/(Loss) for the year		**(204,958)**	**107,464**
Profit/(Loss) attributable to:			
Owners of the parent		**(249,898)**	**65,539**
• Continuing operations		(248,444)	67,845
• Discontinued operations		(1,454)	(2,306)
Non-controlling interests		**44,940**	**41,925**
• Continuing operations		46,179	43,889
• Discontinued operations		(1,239)	(1,964)
		(204,958)	**107,464**
Earnings per share from continuing operations attributable to owners of the parent during the year (expressed in United States cents per share):			
• Basic	15	(1.01)	0.28
• Diluted	15	(1.01)	0.28
Earnings per share from continuing operations attributable to owners of the parent during the year (expressed in United States cents per share):			
• Basic	15	(0.01)	(0.01)
• Diluted	15	(0.01)	(0.01)

The accompanying notes are an integral part of these financial statements

Consolidated statement of comprehensive income

(All amounts in thousands of U.S. dollars unless otherwise stated)

For the year ended 31 December 2016	Notes	2016	2015
Profit/(loss) for the year		**(204,958)**	**107,464**
Other comprehensive income:			
Items that may be subsequently reclassed to profit or loss:			
Exchange difference on translation of foreign operations		(624,797)	(294,529)
Net fair value gain/(loss) on available-for-sale financial assets	40	(54,135)	133,964
Remeasurements of defined benefit obligations	37	(6,153)	3,837
Taxation relating to components of other comprehensive income that may be subsequently reclassed to profit or loss	36	22,658	(51,555)
		(662,427)	(208,283)
Items that will not be reclassed to profit or loss:			
Property and equipment – net revaluation gain	27	6,221	528
Taxation relating to components of other comprehensive income that will not be reclassed profit or loss	36	(5,704)	(190)
		517	338
Other comprehensive loss for the year, net of tax		**(661,910)**	**(207,945)**
Total comprehensive loss for the year		**(866,868)**	**(100,481)**
Total comprehensive loss attributable to:			
Owners of the parent		**(908,501)**	**(109,175)**
• Continuing operations		(907,047)	(107,050)
• Discontinued operations		(1,454)	(2,125)
Non-controlling interests		**41,633**	**8,694**
• Continuing operations		42,872	10,504
• Discontinued operations		(1,239)	(1,810)
		(866,868)	**(100,481)**

Items in the statement above are disclosed net of tax. The deferred income tax relating to each component of other comprehensive income is disclosed in Note 36.

The accompanying notes are an integral part of these financial statements

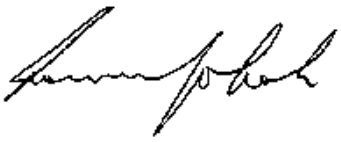
Consolidated statement of financial position

(All amounts in US dollar thousands unless otherwise stated)

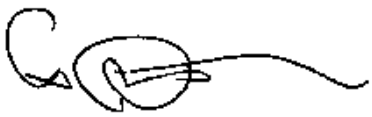
As at 31 December 2016	Notes	2016	2015
Assets			
Cash and balances with central banks	16	2,462,302	3,245,363
Financial assets held for trading	17	77,408	171,334
Derivative financial instruments	18	68,204	144,225
Loans and advances to banks	19	1,413,699	1,770,036
Loans and advances to customers	20	9,259,374	11,200,349
Treasury bills and other eligible bills	21	1,228,492	1,436,405
Investment securities: available-for-sale	22	3,272,824	2,669,692
Pledged assets	23	518,205	759,086
Other assets	24	850,821	513,629
Investment in associates	25	10,135	15,802
Intangible assets	26	280,766	382,451
Property and equipment	27	861,047	893,855
Investment properties	28	35,819	136,466
Deferred income tax assets	36	102,007	123,413
		20,441,103	23,462,106
Assets held for sale	29	69,871	91,813
Total assets		**20,510,974**	**23,553,919**
Liabilities			
Deposits from banks	30	2,022,352	1,433,386
Deposits from customers	31	13,496,720	16,427,553
Derivative financial instruments	18	23,102	1,336
Borrowed funds	33	1,608,564	1,779,277
Other liabilities	34	1,342,635	1,049,059
Provisions	35	28,782	28,694
Current income tax liabilities		54,539	69,081
Deferred income tax liabilities	36	60,169	117,821
Retirement benefit obligations	37	15,731	17,436
		18,652,594	20,923,643
Liabilities held for sale	29	94,302	107,031
Total liabilities		**18,746,896**	**21,030,674**
Equity			
Share capital and premium	39	2,114,332	2,029,698
Retained earnings and reserves	40	(536,408)	316,311
Equity attributable to owners of the parents		**1,577,924**	**2,346,009**
Non-controlling interests		**186,154**	**177,236**
Total equity		**1,764,078**	**2,523,245**
Total liabilities and equity		**20,510,974**	**23,553,919**

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 March 2017 and signed on its behalf by:



Emmanuel Ikazoboh
Group Chairman



Greg Davis
Group Chief Financial Officer

Ade Ayeyemi
Group Chief Executive Officer

Consolidated statement of changes in equity

(All amounts in US dollar thousands unless otherwise stated)

	Note	Attributable to equity holders of the Company: Share capital and premium	Retained earnings	Other reserves	Total	Non-controlling interests	Total equity
At 1 January 2015		**1,979,523**	**550,680**	**(79,378)**	**2,450,825**	**204,260**	**2,655,085**
Net changes in available for sale investments, net of taxes	40	—	—	82,409	82,409	—	82,409
Foreign currency translation differences	40	—	—	(261,298)	(261,298)	(33,231)	(294,529)
Remeasurements of post-employment benefit obligations	37	—	—	3,837	3,837	—	3,837
Net gains on revaluation of property		—	—	338	338	—	338
Other comprehensive income for the year		—	—	(174,714)	(174,714)	(33,231)	(207,945)
Profit for the year		—	65,539	—	65,539	41,925	107,464
Total comprehensive income for the year		**—**	**65,539**	**(174,714)**	**(109,175)**	**8,694**	**(100,481)**
Dividend relating to 2014	40	—	—	—	—	(35,718)	(35,718)
Treasury shares	40	8,229	—	(7,152)	1,077	—	1,077
Transfer from share option reserve	40	—	359	(359)	—	—	—
Transfer to general banking reserves	40	—	(21,165)	21,165	—	—	—
Transfer to statutory reserve	40	—	(28,331)	28,331	—	—	—
Net proceeds from shares issued:							
• Conversion of Preference shares		3,842	—	—	3,842	—	3,842
• Bonus issue	39	37,655	(37,655)	—	—	—	—
• Share option exercised		449	—	—	449	—	449
Convertible loans – equity component		—	—	(1,009)	(1,009)	—	(1,009)
At 31 December 2016/1 January 2016		**2,029,698**	**529,427**	**(213,116)**	**2,346,009**	**177,236**	**2,523,245**
Net changes in available for sale investments, net of taxes	40	—	—	(31,477)	(31,477)	—	(31,477)
Foreign currency translation differences	40	—	—	(621,490)	(621,490)	(3,307)	(624,797)
Remeasurements of post-employment benefit obligations	37	—	—	(6,153)	(6,153)	—	(6,153)
Net gains on revaluation of property	40	—	—	517	517	—	517
Other comprehensive income for the year		—	—	(658,603)	(658,603)	(3,307)	(661,910)
Profit/(Loss) for the year		—	(249,898)	—	(249,898)	44,940	(204,958)
Total comprehensive income for the year		**—**	**(249,898)**	**(658,603)**	**(908,501)**	**41,633**	**(866,868)**
Transfer to consolidation reserve		—	—	104,281	104,281	—	104,281
Dividend relating to 2015	40	—	(48,200)	—	(48,200)	(32,715)	(80,915)
Treasury shares	40	70	—	—	70	—	70
Transfer from share option reserve	40	—	12,037	(12,037)	—	—	—
Transfer to general banking reserves	40	—	6,827	(6,827)	—	—	—
Transfer to statutory reserve	40	—	(19,346)	19,346	—	—	—
Net proceeds from shares issued:							
• Conversion of Preference shares	39	84,564	—	—	84,564	—	84,564
Convertible loans -- equity component	40	—	—	(299)	(299)	—	(299)
At 31 December 2016		**2,114,332**	**230,847**	**(767,255)**	**1,577,924**	**186,154**	**1,764,078**

Consolidated statement of cash flows

(All amounts in US dollar thousands unless otherwise stated)

For the year ended 31 December 2016	Notes	2016	2015
Cash flows from operating activities			
Profit/(loss) before tax		(131,341)	205,239
Adjustments for:			
Net trading income – foreign exchange		(82,938)	(80,389)
Net losses from investment securities	9	(26,381)	951
Fair value loss on investment properties	10	29,672	22,160
Impairment losses on loans and advances	12	770,268	427,081
Impairment losses on other financial assets	13	93,583	104,963
Depreciation of property and equipment	11	85,112	90,662
Net interest income		(1,106,446)	(1,145,560)
Amortisation of software and other intangibles	11	14,084	21,858
Loss on sale of property and equipment		(938)	2,012
Share of loss of associates	25	2,542	1,174
Income taxes paid		(121,712)	(51,372)
Changes in operating assets and liabilities			
• Trading assets		93,926	108,100
• Derivative financial assets		76,021	103,439
• Other treasury bills		(30,695)	(263,179)
• Loans and advances to banks		371,394	17,568
• Loans and advances to customers		1,988,569	839,030
• Pledged assets		240,881	273,060
• Other assets		(337,193)	(27,311)
• Mandatory reserve deposits		440,073	526,764
• Other deposits		—	156,412
• Due to customers		(2,930,833)	(1,009,417)
• Derivative liabilities		21,766	(19,142)
• Other provisions		88	2,326
• Other liabilities		293,576	247,486
Interest received		1,672,852	1,748,306
Interest paid		(566,406)	(602,746)
Net cashflow from operating activities		859,524	1,699,475
Cash flows from investing activities			
Purchase of software	26	(31,321)	(24,154)
Purchase of property and equipment	27	(227,390)	(211,520)
Proceeds from sale of property and equipment		20,860	68,459
Purchase of investment securities	22	(1,513,241)	(1,459,656)
Purchase of investment properties		(1,101)	(7,980)
Proceeds from sale and redemption of securities		387,046	220,777
Net cashflow used in investing activities		(1,365,147)	(1,414,074)
Cash flows from financing activities			
Repayment of borrowed funds		(505,938)	(907,066)
Proceeds from borrowed funds		744,999	1,146,079
Proceeds of subscription of ordinary shares		—	264
Dividends paid to non-controlling shareholders		(32,715)	(35,718)
Dividends paid to owners of the parent		(48,200)	—
Net cashflow from financing activities		158,146	203,559
Net increase/(decrease) in cash and cash equivalents		**(347,478)**	**488,960**
Cash and cash equivalents at start of year	42	2,610,050	2,373,090
Effects of exchange differences on cash and cash equivalents		(241,734)	(252,000)
Cash and cash equivalents at end of year	**42**	**2,020,838**	**2,610,050**

Notes to consolidated financial statements

(All amounts in US dollar thousands unless otherwise stated)

1 General information

Ecobank Transnational Incorporated (ETI) and its subsidiaries (together, 'the group') provide retail, corporate and investment banking services throughout sub Saharan Africa outside South Africa. The Group had operations in 40 countries and employed over 17,343 people (2015: 19,568) as at 31 December 2016.

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

The consolidated financial statements for the year ended 31 December 2016 have been approved by the Board of Directors on 24 March 2017.

The Financial Reporting Council of Nigeria has granted a waiver to Ecobank Transnational Incorporated by allowing the Group Chief Executive Officer and Group Chief Financial Officer to sign 2016 Annual Report and financials statements without indicating any financial reporting council (FRC) number with the certification.

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 in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of Ecobank Transnational Incorporated and its subsidiaries.

2.1 Basis of presentation

The Group's consolidated financial statements for the year ended 31 December 2016 have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

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

- available-for-sale financial assets, financial assets and financial liabilities (including derivative contracts), investment properties measured at fair value
- assets held for sale measured at fair value less cost of disposal
- defined benefit pension plans: plan assets measured at fair value.

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

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

Notes to consolidated financial statements

(All amounts in US dollar thousands unless otherwise stated)

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 4.

a) New and amended standards adopted by the group

In the current year, the Group has applied a number of amendments to IFRS issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2016

I) Amendments to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations

Amends IFRS 11 Joint Arrangements to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to:

- apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11
- disclose the information required by IFRS 3 and other IFRSs for business combinations.

The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured).

The Group does not have any interest in joint operations and does not plan to acquire interests in same. Hence, the amendment does not impact the bank.

II) Amendments to IAS 1 – Presentation of financial statements

Amends IAS 1 to clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

These amendments are intended to assist entities in applying judgement when meeting the presentation and disclosure requirements in IFRS, and do not affect recognition and measurement.

The amendment does not in any way affect the bank nor its financial statements and accounting policies.

III) Amendments to IAS 27 – Presentation of financial statements

Amends IAS 27 to restore the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. The bank only has investments in subsidiaries which it accounts for using the cost method, one of the allowable methods of accounting for investments in subsidiaries. Hence, the amendment does not in any way affect the bank nor its financial statements and accounting policies.

IV) Amendments to IAS 16 – Property, Plant and Equipment

Amends IAS 16 to clarify that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefit embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits in an intangible asset. The Group's property, plant and equipment are depreciated using the straight line method and is therefore not impacted by the amendment.

V) IAS 38 – Intangible Assets

Amends IAS 38 to introduce a rebuttable presumption that a revenue-based amortization method for intangible assets is inappropriate for the same reasons as stated in amendment to IAS 16 above. The amendment stated that there are limited circumstances where the rebuttable presumption can be overcome. This is when the intangible asset is expressed as a measure of income and when it can be demonstrated that revenue and consumption of economic benefits of the intangible asset are highly correlated although there are no clear details as to the admissible evidence that is required to overcome the presumption. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of Group's intangible asset (software), hence the amendment does not impact the Group.

VI) IAS 41 – Agriculture and IAS 16 – Property, Plant and Equipment
The amendment seek to move biological assets that meet the definition of a "Bearer Plant" (e.g. Fruit trees) away from the fair value measurement approach as prescribed by IAS 41, Agriculture and bring it within the scope of IAS 16, Property, Plant and Equipment. This will enable entities to measure bearer plants at cost subsequent to initial recognition or at revaluation. The amendment also introduced an appropriate definition of a bearer plant. The Group does not have any operational business related to Agriculture and therefore is not in any way impacted by the standard or its amendments.

VII) IFRS 14 – Regulatory deferral accounts:
IFRS 14 is designed as a limited scope Standard to provide an interim, short-term solution for rate-regulated entities that have not yet adopted International Financial Reporting Standards (IFRS). Its purpose is to allow rate regulated entities adopting IFRS for the first time to avoid changes in accounting policies in respect of regulatory deferral accounts until such time as the International Accounting Standards Board (IASB) can complete its comprehensive project on rate regulated activities. This standard would not have an impact on the Group as it is not a first time preparer of IFRS financial statements. This is in addition to the fact that the regulators of the countries where we operate do not allow creation of any regulatory deferral account.

VIII) Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the consolidation exception
The amendments address issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. These amendments do not have any impact on the Group as no member of the Group is an investment entity.

IX) Amendments to IFRS 7 – Financial Instruments: Disclosures
Amends IFRS 7 to remove the phrase 'and interim periods within those annual periods' from paragraph 44R, clarifying that offsetting disclosures is not required in the condensed interim financial report. However, if the IFRS 7 disclosures provide a significant update to the information reported in the most recent annual report, an entity is required to include the disclosures in the condensed interim financial report.

On servicing contract, it clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in paragraphs IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required. This standard does not have any impact on this financial statement.

X) Amendments to IAS 19 - Defined Benefit Plans: Employee Contributions
Amends IAS 19 to clarify that high quality corporate bonds used in estimating the discount rate for post employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level).

XI) Amendments to IAS 34 – Interim Financial Reporting
Amends IAS 34 to clarify that the required interim disclosures must either be in the interim financial statements or incorporated by cross reference between the financial statements and wherever they are included within the greater interim financial report (e.g. management commentary or risk report). This standard does not have any impact on this financial statement.

XI) Amendments to IFRS 5 – Non Current Asset Held for Sale and Discontinued Operations
Amends IFRS 5 with specific guidance on changes in disposal methods, for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases for which held for distribution accounting is discontinued. The amendment clarifies that changing from one of these disposal methods to the other should not be considered to be a new disposal plan, rather it is a continuation of the original plan. This standard does not have any impact on this financial statement.

Notes to consolidated financial statements

(All amounts in US dollar thousands unless otherwise stated)

b) New standards and interpretations not yet adopted

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for the financial instruments project: classification and measurement; impairment; and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group plans to adopt the new standard on the required effective date. During 2016, the Group has performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. Overall, the Group expects no significant impact on its balance sheet and equity except for the effect of applying the impairment requirements of IFRS 9. The Group expects a higher loss allowance resulting in a negative impact on equity and will perform a detailed assessment in the future to determine the extent.

a) Classification and measurement

IFRS 9 replaces the multiple classification and measurement models in IAS 39 with a single model that has only three classification categories: amortized cost, fair value through OCI and fair value through profit or loss. It includes the guidance on accounting for and presentation of financial liabilities and derecognition of financial instruments which was previously in IAS 39. Furthermore for non-derivative financial liabilities designated at fair value through profit or loss, it requires that the credit risk component of fair value gains and losses be separated and included in OCI rather than in the income statement.

The Group does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9.

b) Impairment

IFRS 9 also requires that credit losses expected at the balance sheet date (rather than only losses incurred in the year) on loans, debt securities and loan commitments not held at fair value through profit or loss be reflected in impairment allowances. The bank is yet to quantify the impact of this change although it is expected to lead to an increased impairment charge than recognized under IAS 39, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of the impact.

c) Hedge accounting

The Group believes that all existing hedge relationships that are currently designated in effective hedging relationships will still qualify for hedge accounting under IFRS 9. As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, the Group does not expect a significant impact as a result of applying IFRS 9. The Group will assess possible changes related to the accounting for the time value of options, forward points or the currency basis spread in more detail in the future.

The Group is currently at the impact assessment phase of the IFRS 9 journey. The focus is on understanding the IFRS 9 financial and operational implications, with outcomes being key inputs to the design and implementation phases. Also, the phase will help the bank identify any gaps with the implementation of IFRS 9, especially in terms of the people, processes, technology and controls that will be necessary to drive an effective implementation.

The Group expects to enter the Design phase by the second quarter of 2017. This phase will involve obtaining information from current systems, adjusting the IT systems to capture the additional data requirements and determination of what constitutes a default and significant credit loss. By third quarter of 2017, it will be ready for a parallel run of the IFRS 9 and IAS 39 standards.

d) IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, effective for periods beginning on 1 January 2018 with early adoption permitted. IFRS 15 defines principles for recognising revenue and will be applicable to all contracts with customers. However, interest and fee income integral to financial instruments and leases will continue to fall outside the scope of IFRS 15 and will be regulated by the other applicable standards (e.g., IFRS 9, and IFRS 16 Leases).

Revenue under IFRS 15 will need to be recognised as goods and services are transferred, to the extent that the transferor anticipates entitlement to goods and services. The standard also specifies a comprehensive set of disclosure requirements regarding the nature, extent and timing as well as any uncertainty of revenue and the corresponding cash flows with customers. The Group does not anticipate early adopting IFRS 15 and is currently evaluating its impact.

e) Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. The Group will apply these amendments when they become effective.

f) IAS 7 Disclosure Initiative – Amendments to IAS 7

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of the amendments will result in additional disclosures provided by the Group.

g) IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in the opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. These amendments are effective for annual periods beginning on or after 1 January 2017 with early application permitted. If an entity applies the amendments for an earlier period, it must disclose that fact. These amendments are not expected to have any impact on the Group.

h) IFRS 2 Classification and Measurement of Share-based Payment Transactions — Amendments to IFRS 2

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted. The Group is assessing the potential effect of the amendments on its consolidated financial statements.

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I) IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

In 2017, the Group plans to assess the potential effect of IFRS 16 on its consolidated financial statements.

j) IAS 7 – Statement of Cash Flows

Effective 1 January 2017. Amends IAS 7 to include disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment specifies that the following changes arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

iii) IFRS 16 – Leases – effective 1 January 2019

Early adoption of this standard is permitted if IFRS 15 is also adopted at or before application of IFRS 16.

IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. IFRS 16 substantially carried forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The impact of this standard is currently being assessed.

iv) Annual Improvements to IFRSs 2012 to 2014 cycle – effective 1 January 2016

This annual improvements clarify the following:

- IFRS 5 – when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution' or vice versa, this does not constitute a change to a plan of sale or distribution and does not have to be accounted for as such
- IFRS 7 – specific guidance for transferred financial assets to help management determine whether the terms of a servicing arrangement constitute 'continuing involvement' and, therefore, whether the asset qualifies for derecognition
- IFRS 7 – that the additional disclosures relating to the offsetting of financial assets and financial liabilities only need to be included in interim reports if required by IAS 34
- IAS 19 – that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise
- IAS 34 – what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report' and adds a requirement to cross-reference from the interim financial statements to the location of that information.

The impact of this standard is currently being assessed.

v) Disclosure initiative – Amendments to IAS 1 – effective 1 January 2016

The amendments to IAS 1 Presentation of Financial Statements are made in the context of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments provide clarifications on a number of issues, including:

- Materiality – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- Disaggregation and subtotals – line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
- Notes – confirmation that the notes do not need to be presented in a particular order.
- OCI arising from investments accounted for under the equity method – the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

According to the transitional provisions, the disclosures in IAS 8 regarding the adoption of new standards/accounting policies are not required for these amendments. The impact of this standard is currently being assessed.

The following new or amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

- Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)
- IFRS 14 Regulatory Deferral Accounts.
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11).
- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38).
- Equity Method in Separate Financial Statements (Amendments to IAS 27).
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).
- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28).

2.2 Consolidation

a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

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Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.. When necessary amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates in profit or loss.

2.3 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 exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale 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.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

c) Group companies

The results and financial position of all group entities (none of which has the currency of a hyperinflationary economy) 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 recognized in other comprehensive income.

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

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.

2.4 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.

2.5 Financial assets and liabilities

All financial assets and liabilities – which include derivative financial instruments – have to be recognized in the consolidated statement of financial position and measured in accordance with their assigned category.

2.5.1 Financial assets

The Group allocates financial assets to the following IAS 39 categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. Management determines the classification of its financial instruments at initial recognition. Financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

a) Financial assets at fair value through profit or loss

This category comprises two sub-categories: financial assets classified as held for trading, and financial assets designated by the Group as at fair value through profit or loss upon initial recognition.

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A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorized as held for trading unless they are designated and effective as hedging instruments. Financial assets held for trading consist of debt instruments, including money-market paper, traded corporate and bank loans, and equity instruments, as well as financial assets with embedded derivatives. They are recognized in the consolidated statement of financial position as 'Financial assets held for trading'.

Financial assets and financial liabilities are designated at fair value through profit or loss when:

i) Doing so significantly reduces measurement inconsistencies that would arise if the related derivative were treated as held for trading and the underlying financial instruments were carried at amortized cost for such loans and advances to customers or banks and debt securities in issue;

ii) Certain investments, such as equity investments, are managed and evaluated on a fair value basis in accordance with a documented risk management or investment strategy and reported to key management personnel on that basis are designated at fair value through profit or loss; and

iii) Financial instruments, such as debt securities held, containing one or more embedded derivatives significantly modify the cash flows, are designated at fair value through profit or loss.

Gains and losses arising from changes in the fair value of derivatives that are managed in conjunction with designated financial assets or financial liabilities are included in 'net income from financial instruments designated at fair value'.

Derivative financial instruments included in this category are recognized initially at fair value; transaction costs are taken directly to the consolidated income statement. Gains and losses arising from changes in fair value are included directly in the consolidated income statement and are reported as 'Net trading income'. Interest income and expense and dividend income and expenses on financial assets held for trading are included in 'Net interest income' or 'Dividend income', respectively. The instruments are derecognized when the rights to receive cash flows have expired or the Group has transferred substantially all the risks and rewards of ownership and the transfer qualifies for derecognizing.

Financial assets for which the fair value option is applied are recognized in the consolidated statement of financial position as 'Financial assets designated at fair value'. Fair value changes relating to financial assets designated at fair value through profit or loss are recognized in 'Net trading income'.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

a) those that the Group intends to sell immediately or in the short term, which are classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss;

b) those that the Group upon initial recognition designates as available for sale; or

c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are initially recognized at fair value – which is the cash consideration to originate or purchase the loan including any transaction costs – and measured subsequently at amortized cost using the effective interest rate method. Loans and receivables are reported in the consolidated statement of financial position as loans and advances to banks and financial assets in other assets. Interest on loans is included in the consolidated income statement and is reported as 'Interest income'. In the case of an impairment, the impairment loss is reported as a deduction from the carrying value of the loan and recognized in the consolidated income statement as 'impairment losses for loans and advances', impairment on other financial assets.

c) Held-to maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity, other than:

a) those that the Group upon initial recognition designates as at fair value through profit or loss;

b) those that the Group designates as available for sale; and

c) those that meet the definition of loans and receivables.

These are initially recognized at fair value including direct and incremental transaction costs and measured subsequently at amortized cost, using the effective interest method. Interest on held-to-maturity investments is included in the consolidated income statement and reported as 'Interest income'. In the case of an impairment, the impairment loss is reported as a deduction from the carrying value of the investment and recognized in the consolidated income statement as 'net gains/(losses) on investment securities'.

There were no held-to-maturity financial assets as at the reporting date.

d) Available-for-sale

Available-for-sale investments are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are initially recognized at fair value, which is the cash consideration including any transaction costs, and measured subsequently at fair value with gains and losses being recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognized. If an available-for-sale financial asset is determined to be impaired, the cumulative gain or loss previously recognized in the equity is recognized under income statement. However, interest is calculated using the effective interest method, and foreign currency gains and losses on monetary assets classified as available for sale are recognized in the consolidated statement of comprehensive income. Dividends on available-for-sale equity instruments are recognized in the consolidated income statement in 'Dividend income' when the Group's right to receive payment is established. Treasury bills and pledged assets are classified as available for sale financial assets

2.5.2 Financial liabilities

The Group's holding in financial liabilities is in financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that are designated at fair value) and financial liabilities at amortized cost. Financial liabilities are derecognized when extinguished.

a) Financial liabilities at fair value through profit or loss

This category comprises two sub-categories: financial liabilities classified as held for trading, and financial liabilities designated by the Group as at fair value through profit or loss upon initial recognition.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorized as held for trading unless they are designated and effective as hedging instruments. Financial liabilities held for trading also include obligations to deliver financial assets borrowed by a short seller. Those financial instruments are recognized in the consolidated statement of financial position as 'Financial liabilities held for trading'.

Gains and losses arising from changes in fair value of financial liabilities classified as held for trading are included in the consolidated income statement and are reported as 'Net trading income'. Interest expenses on financial liabilities held for trading are included in 'Net interest income'.

Financial liabilities for which the fair value option is applied are recognized in the consolidated statement of financial position as 'Financial liabilities designated at fair value'. Fair value changes relating to such financial liabilities are passed through the statement of comprehensive income.

b) Other liabilities measured at amortized cost

Financial liabilities that are not classified as at fair value through profit or loss fall into this category and are measured at amortized cost. Financial liabilities measured at amortized cost are deposits from banks and customers, other deposits, financial liabilities in other liabilities, borrowed funds which the fair value option is not applied, convertible bonds and subordinated debts.

c) Determination of fair value

Fair value under 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) 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, broker, industry group, pricing service or regulatory agency, 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.

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

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

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

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

The fair values of contingent liabilities and irrevocable loan commitments correspond to their carrying amounts.

d) Derecognition

Financial assets are derecognized when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred. Financial liabilities are derecognized when they have been redeemed or otherwise extinguished.

2.6 Reclassification of financial assets

The Group may choose to reclassify a non-derivative financial asset held for trading out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near-term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortized cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

On reclassification of a financial asset out of the 'at fair value through profit or loss' category, all embedded derivatives are re-assessed and, if necessary, separately accounted for.

2.7 Financial guarantees and loan commitments

'Financial guarantees' are contracts that require the Group to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. 'Loan commitments' are firm commitments to provide credit under pre-specified terms and conditions.

Liabilities arising from financial guarantees or commitments to provide a loan at a below-market interest rate are initially measured at fair value and the initial fair value is amortised over the life of the guarantee or the commitment. The liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment to settle the liability when a payment under the contract has become probable.

2.8 Classes of financial instrument

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 IAS 39)	Class (as determined by the Group)	Note
Financial assets at fair value through profit or loss	Financial assets held for trading	17
	Derivative financial assets	18
Loans and receivables	Cash and balances with central banks	16
	Loans and advances to banks	19
	Loans and advances to customers	20
	Other assets excluding prepayments	24
Held-to-maturity Investments	None	Not applicable
Available-for-sale financial assets	Treasury bills and other eligible bills	21
	Investment securities – available for sale	22
	Pledged assets	23
Hedging derivatives	None	Not applicable

Financial liabilities

Category (as defined by IAS 39)	Class (as determined by the Group)	Note
Financial liabilities at fair value through profit or loss	Derivative financial liabilities	18
Financial liabilities at amortized cost	Deposits from banks	30
	Other deposits	32
	Deposits from customers	31
	Borrowed funds	33
	Other liabilities, excluding non-financial liabilities	34

Off balance sheet financial instruments

Category (as defined by IAS 39)	Class (as determined by the Group)	Note
Loan commitments	Loan commitments	38
Guarantees, acceptances and other financial facilities	Guarantees, acceptances and other financial facilities	38

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2.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.10 Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognized within 'interest income' and 'interest expense' in the consolidated income statement using the effective interest method.

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

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

2.11 Fee and commission income

Fees and commissions are generally recognized on an accrual basis when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognized as an adjustment to the effective interest rate on the loan. Loan syndication fees are recognized as revenue when the syndication has been completed and the Group has retained no part of the loan package for itself or has retained a part at the same effective interest rate as the other participants. Commission and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party – such as the arrangement of the acquisition of shares or other securities, or the purchase or sale of businesses – are recognized on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognized based on the applicable service contracts, usually on a time-apportionate basis. Asset management fees related to investment funds are recognized ratably over the period in which the service is provided. The same principle is applied for wealth management, financial planning and custody services that are continuously provided over an extended period of time. Performance-linked fees or fee components are recognized when the performance criteria are fulfilled.

2.12 Dividend income

Dividends are recognized in the consolidated income statement in 'Dividend income' when the entity's right to receive payment is established.

2.13 Impairment of financial assets

a) Assets carried at amortized cost

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

i) significant financial difficulty of the issuer or obligor;

ii) a breach of contract, such as a default or delinquency in interest or principal payments;

iii) the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

iv) it becomes probable that the borrower will enter bankruptcy or other financial reorganization;

v) the disappearance of an active market for that financial asset because of financial difficulties; or

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

The estimated period between a loss occurring and its identification is determined by local management for each identified portfolio. In general, the periods used vary between three months and 12 months; in exceptional cases, longer periods are warranted.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the Group and historical loss experience for assets with credit risk characteristics similar to those in the Group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the Group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Impairment charges relating to loans and advances to banks and customers are classified in loan impairment charges whilst impairment charges relating to investment securities (hold to maturity and loans and receivables categories) are classified in 'Net gains/(losses) on investment securities'.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the consolidated income statement.

When a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the income statement in impairment charge for credit losses.

b) Assets classified as available-for-sale

The Group assesses at each date of the consolidated statement of financial position whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is objective evidence of impairment resulting in the recognition of an impairment loss. A decline in value by fifty percent of acquisition value over a period of two consecutive years is also designated as an impairment indicator. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in the consolidated income statement. Impairment losses recognized in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the consolidated income statement.

c) Renegotiated loans

Loans that are either subject to collective impairment assessment or individually significant and whose terms have been renegotiated are no longer considered to be past due but are treated as new loans. In subsequent years, the asset is considered to be past due and disclosed only if renegotiated again. Where possible, the Bank seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms and the loan is no longer considered past due. Management continually reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original EIR.

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2.14 Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized 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 to sell 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 (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.

2.15 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 recognized 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 recognized in the consolidated income statement reflects the number of vested shares or share options. Where vesting conditions are related to market conditions, the charges for the services received are recognized regardless of whether or not the market related vesting condition is met, provided that the non-market vesting conditions are met.

2.16 Cash and cash equivalents

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.17 Repossessed collateral

Repossed collateral are equities, landed properties or other investments repossessed from customers and used to settle the outstanding obligations. Such investments are classified in accordance with the intention of the Group in the asset class which they belong.

2.18 Leases

Leases are accounted for in accordance with IAS 17 and IFRIC 4. They are divided into finance leases and operating leases.

a) A group company is the lessee

The Group enters into operating leases. The total payments made under operating leases are charged to other operating expenses in the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other longterm payables. The interest element of the finance cost is charged to the income statement 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 property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

b) A group company is the lessor

When assets are held subject to a finance lease, the present value of the lease payments is recognized as a receivable. The difference between the gross receivable and the present value of the receivable is recognized as unearned finance income. Lease income is recognized over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return.

c) Fees paid in connection with arranging leases

The Group makes payments to agents for services in connection with negotiating lease contracts with the Group's lessees. For operating leases, the letting fees are capitalized within the carrying amount of the related investment property, and depreciated over the life of the lease.

2.19 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 consolidated group, are classified as investment properties. Investment properties comprise office buildings and Domestic 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.

2.20 Property and equipment

Land and buildings comprise mainly branches and offices. All property and equipment used by the parent or its subsidiaries is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent expenditures are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, 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. The carrying amount of the replaced part is derecognized. All other repair and maintenance costs are charged to other operating expenses during the financial period in which they are incurred.

After recognition as an asset, an item of property and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations shall be 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 item of property, plant and equipment is revalued, the entire class of property, plant and equipment to which that asset belongs shall be revalued. The fair value of land and buildings is usually determined from market-based evidence by appraisal that is normally undertaken by professionally qualified valuers. The fair value of items of plant and equipment is usually their market value determined by appraisal.

Land and buildings are the class of items that are revalued on a regular basis. The other items are evaluated at cost.

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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 recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognized 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 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 and installations:** 3 – 5 years
- **Motor vehicles:** 3 – 10 years

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in other operating expenses in the consolidated income statement.

2.21 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 tested annually as well as whenever a trigger event has been observed for impairment by comparing the present value of the expected future cash flows from a cashgenerating unit with the carrying value of its net assets, including attributable goodwill and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

b) Computer software licences

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

Costs associated with developing or maintaining computer software programs are recognized as an expense incurred. 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 recognized as intangible assets. Direct costs include software development employee costs and an appropriate portion of relevant overheads.

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

2.22 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 recognized 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 of available-for-sale investment).

Where the Group has tax losses that can be relieved against a tax liability for a previous year, it recognizes 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 liabilies 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. 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 available for sale financial assets, tax loss carried forward, revaluation on property and equpment. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax assets are recognised when it is probable that future taxable profit will be available against which these temporary differences can be utilised. 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 available-for-sale investments, 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.

2.23 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 likely than not that an outflow of resources will be required to settle the obligation; and the amount has been 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 the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.24 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.

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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 voluntarybasis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

b) Other post-retirement obligations

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

c) Termination benefits

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

d) Profit-sharing and bonus plans

The group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to thecompany'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.

2.25 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.

2.26 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

There were no such borrowing costs capitalised as at the reporting date.

2.27 Compound financial instruments

Compound financial instruments issued by the group comprise convertible notes that can be converted to share capital at the option of the holder.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

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

2.28 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 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.

2.29 Share capital

a) Share issue costs

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

b) Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Company's shareholders. Dividends for the year that are declared after the reporting date are dealt with 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.

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2.30 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined the Group Executive Committee as its chief operating decision maker.

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.

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

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. 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.

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 (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Discontinued operations:

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

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.

2.32 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, changes in accounting estimates and errors’ applies, comparative figures have been adjusted to conform with changes in presentation in the current year.

3 Financial risk management

The Group's business involves taking on risks in a targeted manner and managing them professionally. The core functions of the group's risk management are to identify all key risks for the Group, measure these risks, manage the risk positions and determine capital allocations. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice. The Group's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance. The Group defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors.

Risk management is carried out by the Group Risk Management under policies approved by the Board of Directors. Group Risk Management identifies, evaluates and hedges financial risks in close co-operation with the operating units of the Group. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments. In addition, the Group Audit and Compliance is responsible for the independent review of risk management and the control environment.

The most important types of risk are credit risk, liquidity risk and market risk. Market risk includes currency risk, interest rate risk and other price risk.

3.1 Credit risk

The Group takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss to the Group by failing to pay amounts in full when due. Credit risk is the most important risk for the Group's business: management therefore carefully manages the exposure to credit risk. Credit exposures arise principally in lending and investment activities. There is also credit risk in off-balance sheet financial instruments, such as loan commitments. Credit risk management and control is centralised in the risk management team, which reports regularly to the Board of Directors.

3.1.1 Credit risk measurement

i) Probability of default:

The Group assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparty. They have been developed internally and combine statistical analysis with credit officer judgment and are validated, where appropriate, by comparison with externally available data. Clients of the Group are segmented into three rating classes. The Group's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. The rating tools are kept under review and upgraded as necessary. The Group regularly validates the performance of the rating and their predictive power with regard to default events.

Group's internal ratings scale and mapping of external ratings are as follows;

Group's rating	Description of grade	Mapping to external rating (Standards and Poors)
1 – 4	Investment Grade	AAA to BBB
5 – 6	Standard Grade	BB to B
7 – 10	Non Investment Grade	CCC to D

The ratings of the major rating agency shown in the table above are mapped to the group's rating classes based on the long-term average default rates for each external grade. The Group uses the external ratings where available to benchmark our internal credit risk assessment. Observed defaults per rating category vary year on year, especially over an economic cycle.

The Group's policy requires the review of individual financial assets that are above materiality thresholds at least annually or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at the reporting date on a case-by-case basis, and are applied to all individually significant accounts. The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account.

Collectively assessed impairment allowances are provided for:

(i) portfolios of homogenous assets that are individually below materiality thresholds; and (ii) losses that have been incurred but have not yet been identified, by using the available historical experience, experienced judgment and statistical techniques.

ii) Exposure at default

EAD is based on the amounts the Group expects to be owed at the time of default. For example, for a loan this is the face value. For a commitment, the Group includes any amount already drawn plus the further amount that may have been drawn by the time of default, should it occur.

iii) Loss given default/loss severity

Loss given default or loss severity represents the Group's expectation of the extent of loss on a claim should default occur. It is expressed as percentage loss per unit of exposure. It typically varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support.

iv) Debt securities and other bills

For debt securities and other bills, external rating such as Standard & Poor's rating or their equivalents are used by Group Treasury for managing the credit risk exposures. The investments in those securities and bills are viewed as a way to gain a better credit quality mapping and maintain a readily available source to meet funding requirements at the same time.

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(All amounts in US dollar thousands unless otherwise stated)

3.1.2 Risk limit control and mitigation policies

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

a) Collateral

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

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

Longer-term finance and lending to corporate entities are generally secured; individual credit facilities are generally unsecured. In addition, in order to minimise the credit loss the Group will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

b) Credit-related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions – are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

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

3.1.3 Impairment and provisioning policies

The internal rating systems described above focus more on credit-quality mapping from the inception of the lending. In contrast, impairment provisions are recognised for financial reporting purposes only for losses that have been incurred at the statement of financial position date based on objective evidence of impairment. Due to the different methodologies applied, the amount of incurred credit losses provided for in the financial statements usually differs from the amount determined from the expected loss model that is used for internal operational management and banking regulation purposes.

"Current": relate to assets classified as "Investment Grade" (no evident weakness) and "Non Investment Grade" (no significant weakness).

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

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

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

"Loss": These assets are considered uncollectible and of such little value that they should be fully written-off.

The impairment provision shown in the statement of financial position at year-end is derived from each of the three rating classes.

The internal rating tool assists management to determine whether objective evidence of impairment exists under IAS 39, based on the following criteria set by the Group;

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower;
- Breach of loan covenants or conditions;
- Initiation of legal proceedings to enforce security;
- Deterioration of the borrower's competitive position; and
- Deterioration in the value of collateral.

	2016				2015			
Group's rating	Loans and advances		Impairment provision		Loans and advances		Impairment provision	
1 Current	7,802,746	79%	89,728	1%	9,576,594	81%	86,059	1%
1A. Watchlist	536,098	5%	66,201	12%	479,744	4%	21,693	5%
II. Substandard	581,843	6%	28,881	5%	833,974	7%	46,892	6%
III. Doubtful	775,114	8%	281,589	36%	703,936	6%	242,163	34%
IV. Loss	173,071	2%	143,099	83%	263,193	2%	260,285	99%
	9,868,872	100%	609,498	6%	11,857,441	100%	657,092	6%

3.1.4 Credit Concentration

Maximum exposure to credit risk before collateral held	Maximum exposure 2016	2015
Credit risk exposures relating to on-statement of financial position assets are as follows:		
Balances with central banks	1,918,396	2,570,075
Treasury bills and other eligible bills	1,228,492	1,436,405
Loans and advances to banks	1,413,699	1,770,036
Loans and advances to customers:		
CIB		
• Overdrafts	1,597,664	2,145,307
• Term loans	5,227,821	5,762,602
• Others	196	21,648
Commercial		
• Overdrafts	448,340	640,747
• Credit cards	5	—
• Term loans	1,088,896	1,445,881
• Others	48	—
Consumer		
• Overdrafts	88,685	126,744
• Credit cards	3,015	6,311
• Term loans	710,172	942,994
• Mortgages	94,438	108,115
Financial assets held for trading		
• Debt securities	77,018	170,826
Derivative financial instruments	68,204	144,225
Financial assets designated at fair value:	—	—
Investment securities - available-for-sale:		
• Debt securities	3,048,735	2,473,560
Pledged assets	518,205	759,086
Other assets	561,359	334,928
Credit risk exposures relating to off-balance sheet items are as follows:		
Financial guarantees	3,853,202	4,663,161
Loan commitments	477,246	223,391
At 31 December	**22,423,836**	**25,746,042**

The above table represents a worse case scenario of credit risk exposure of the Group at 31 December 2016 and 2015, 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, 48% (2015: 50%) of the total maximum exposure is derived from loans and advances to banks and customers; 14% (2015: 10%) represents investments securities available for sale 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% (2015: 85%) of the loans and advances portfolio are considered to be neither past due nor impaired;
- 70% (2015: 74%) of loans and advances are backed by collateral;
- Investment in debt securities are largely government securities.

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(All amounts in US dollar thousands unless otherwise stated)

3.1.5 Loans and advances

Loans and advances are summarised as follows:	31 December 2016		31 December 2015	
	Loans and advances to banks	Loans and advances to customers	Loans and advances to banks	Loans and advances to customers
Neither past due nor impaired	1,413,699	8,338,844	1,770,036	10,056,338
Past due but not impaired	—	581,843	—	833,974
Impaired	—	948,185	—	967,129
Gross	**1,413,699**	**9,868,872**	**1,770,036**	**11,857,441**
Less: allowance for impairment	—	(609,498)	—	(657,092)
Net	**1,413,699**	**9,259,374**	**1,770,036**	**11,200,349**

Other financial assets are neither past due nor impaired except for investment securities available for sale and other assets with impairment provision in Note 22 and Note 24 respectively.

(a) Loans and advances neither past due nor impaired

The credit quality of the portfolio of loans and advances that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Group in the Group Credit Policy and Procedure Manual (see the Note 3.1.3 Impairment and provisioning policies – Group Rating).

31 December 2016

	Loans and advances to customers											
	Corporate Bank			Commercial				Consumer				Total
Grades:	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term Loans	Mortgages	Overdrafts	Credit cards	Term Loans	Mortgages	
Current	1,170,735	4,662,813	8,649	186,886	—	920,212	48	44,239	1,449	712,960	91,984	7,799,976
Watchlist	97,775	347,613	—	30,203	—	52,885	—	1,422	—	6,782	2,189	538,868
Total	**1,268,510**	**5,010,426**	**8,649**	**217,089**	**—**	**973,097**	**48**	**45,661**	**1,449**	**719,742**	**94,173**	**8,338,844**

31 December 2015

	Loans and advances to customers											
	Corporate Bank			Commercial				Consumer				Total
Grades:	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term Loans	Mortgages	Overdrafts	Credit cards	Term Loans	Mortgages	
Current	1,514,790	5,425,335	19,851	209,229	—	1,289,109	—	46,502	3,636	972,361	95,781	9,576,594
Watchlist	89,018	241,551	1,835	30,251	—	99,141	—	1,737	—	14,057	2,154	479,744
Total	**1,603,808**	**5,666,886**	**21,686**	**239,479**	**—**	**1,388,250**	**—**	**48,240**	**3,636**	**986,418**	**97,935**	**10,056,338**

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 2016

	Loans and advances to customers											
	Corporate Bank			Commercial				Consumer				Total
Past due:	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term Loans	Mortgages	Overdrafts	Credit cards	Term Loans	Mortgages	
Past due up to 30 days	26,976	138,588	—	14,390	—	24,471	—	1,708	2	559	870	207,565
Past due 30-60 days	45,811	84,624	—	12,489	—	18,534	—	1,498	—	1,359	—	164,314
Past due 60-90 days	55,038	2,939	5,586	88,709	5	29,702	—	25,566	1,544	865	10	209,964
Total	**127,825**	**226,151**	**5,586**	**115,588**	**5**	**72,707**	**—**	**28,772**	**1,546**	**2,783**	**880**	**581,843**
Fair value of collateral	37,300	167,845	—	12,644	—	13,084	—	797	—	748	13	232,431
Amount of (over)/under collateralisation	**90,525**	**58,306**	**5,586**	**102,944**	**5**	**59,623**	**—**	**27,975**	**1,546**	**2,035**	**867**	**349,412**

31 December 2015

	Loans and advances to customers											
	Corporate Bank			Commercial				Consumer				Total
Past due:	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term Loans	Mortgages	Overdrafts	Credit cards	Term Loans	Mortgages	
Past due up to 30 days	20,380	121,651	—	6,620	—	32,516	—	12,707	—	743	270	194,887
Past due 30-60 days	10,513	27,002	—	20,361	—	26,858	—	2,016	—	1,969	1,055	89,773
Past due 60-90 days	206,021	43,255	—	261,217	—	33,673	—	1,736	2,380	981	51	549,314
Total	**236,914**	**191,908**	**—**	**288,198**	**—**	**93,047**	**—**	**16,459**	**2,380**	**3,692**	**1,376**	**833,974**
Fair value of collateral	97,422	29,596	—	118,665	—	14,748	—	7,478	—	844	50	268,803
Amount of (over)/under collateralisation	**139,492**	**162,312**	**—**	**169,533**	**—**	**78,299**	**—**	**8,981**	**2,380**	**2,848**	**1,326**	**565,171**

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

i) Loans and advances to customers

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

31 December 2016

	Loans and advances to customers											
	Corporate Bank			Commercial				Consumer				Total
Past due:	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term Loans	Mortgages	Overdrafts	Credit cards	Term Loans	Mortgages	
Gross	220,464	289,195	—	170,088	—	202,927	—	24,821	20	40,253	417	948,185
Impairment allowance	(5,327)	(232,452)	—	(35,670)	—	(104,830)	—	(11,136)	—	(34,811)	(462)	(424,688)
	215,137	**56,743**	**—**	**134,418**	**—**	**98,097**	**—**	**13,685**	**20**	**5,442**	**(45)**	**523,497**
Fair value of collateral	(5,477)	(93,931)	—	(21,157)	—	(63,995)	—	(1,287)	—	(8,412)	—	(194,259)
Amount of (over)/under collateralisation	**209,660**	**(37,188)**	**—**	**113,261**	**—**	**34,102**	**—**	**12,398**	**20**	**(2,970)**	**(45)**	**329,238**

31 December 2015

	Loans and advances to customers											
	Corporate Bank			Commercial				Consumer				Total
Past due:	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term Loans	Mortgages	Overdrafts	Credit cards	Term Loans	Mortgages	
Gross	315,193	199,021	—	195,188	—	190,802	—	28,484	584	37,848	9	967,129
Impairment allowance	(5,451)	(228,180)	—	(34,920)	—	(167,142)	—	(10,902)	(289)	(55,503)	(61)	(502,448)
	309,742	**(29,159)**	**—**	**160,267**	**—**	**23,660**	**—**	**17,583**	**295**	**(17,655)**	**(52)**	**464,681**
Fair value of collateral	(60,684)	(57,841)	—	(71,516)	—	(113,464)	—	(4,349)	—	(14,914)	—	(322,768)
Amount of (over)/under collateralisation	**249,058**	**(87,000)**	**—**	**88,751**	**—**	**(89,804)**	**—**	**13,234**	**295**	**(32,569)**	**(52)**	**141,913**

(d) Other assets with exposure to credit risks

	Balances with central banks	Financial assets held for trading – debt securities	Derivative financial instruments	Treasury bills and other eligible bills	AFS debt securities	Pledged assets	Other assets less prepayments	Total
31 December 2016								
Neither past due nor impaired (Investment/standard grade)	1,918,396	77,018	68,204	1,228,492	3,048,735	518,205	561,359	7,420,409
Past due but not impaired	—	—	—	—	—	—	—	—
Impaired (Non-investment grade)	—	—	—	—	—	—	55,630	55,630
Gross	1,918,396	77,018	68,204	1,228,492	3,048,735	518,205	616,989	7,476,039
Less: allowance for impairment	—	—	—	—	—	—	(55,630)	(55,630)
Net	**1,918,396**	**77,018**	**68,204**	**1,228,492**	**3,048,735**	**518,205**	**561,359**	**7,420,409**
Carrying amounts	1,918,396	77,018	68,204	1,228,492	3,048,735	518,205	561,359	7,420,409
31 December 2015								
Neither past due nor impaired (Investment/standard grade)	2,570,075	170,826	144,225	1,436,405	2,473,560	759,086	334,928	7,889,105
Past due but not impaired	—	—	—	—	—	—	—	—
Impaired (Non-investment grade)	—	—	—	—	—	—	159,638	159,638
Gross	2,570,075	170,826	144,225	1,436,405	2,473,560	759,086	494,566	8,048,743
Less: allowance for impairment	—	—	—	—	—	—	(159,638)	(159,638)
Net	**2,570,075**	**170,826**	**144,225**	**1,436,405**	**2,473,560**	**759,086**	**334,928**	**7,889,105**
Carrying amounts	2,570,075	170,826	144,225	1,436,405	2,473,560	759,086	334,928	7,889,105

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3.1.6 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 2016. For this table, the Group has allocated exposures to regions based on the country of domicile of our counterparties.

As at 31 December 2016

	UEMOA	Nigeria	West African Monetary Zone	CESA	Others	Total
Balances with central banks	245,900	101,934	132,836	389,711	21,607	891,987
Financial assets held for trading	10,293	66,670	—	445	—	77,408
Derivative financial instruments	—	68,204	—	—	—	68,204
Loans and advances to banks	69,081	232,642	92,339	234,648	784,989	1,413,699
Loans and advances to customers:						
Corporate Bank						
• Overdrafts	205,123	760,797	51,693	291,927	305,269	1,614,810
• Term loans	1,542,836	2,504,535	110,005	767,064	625,745	5,550,185
• Others	—	—	—	—	196	196
Commercial						
• Overdrafts	42,080	189,536	33,668	66,106	161,613	493,003
• Credit cards	—	5	—	—	—	5
• Term loans	621,959	90,759	63,429	241,589	222,548	1,240,285
• Others	—	—	—	48	—	48
Consumer						—
• Overdrafts	16,241	40,240	3,825	13,043	29,537	102,886
• Credit cards	—	2,773	—	—	243	3,016
• Term loans	401,948	90,415	16,476	147,841	112,288	768,968
• Mortgages	49,907	16,424	1,993	9,670	17,477	95,470
Treasury bills and other eligible bills	364,137	347,644	226,696	290,016	—	1,228,492
Investment securities – debt securities	2,113,937	494,558	106,498	327,795	5,946	3,048,734
Pledged assets	—	518,205	—	—	—	518,205
Other assets	118,616	146,232	86,421	101,973	108,117	561,359
Total	**5,802,059**	**5,671,571**	**925,879**	**2,881,877**	**2,395,575**	**17,676,961**
Credit commitments	**1,173,747**	**1,193,047**	**307,481**	**1,505,303**	**192,259**	**4,371,837**

3.1.6 Concentration of risks of financial assets with credit risk exposure (continued)

As at 31 December 2015

	UEMOA	Nigeria	West African Monetary Zone	CESA	Others	Total
Balances with central banks	472,467	221,753	78,790	330,583	—	1,103,593
Financial assets held for trading	21	168,595	—	2,211	507	171,334
Derivative financial instruments	—	144,039	—	—	186	144,225
Loans and advances to banks	292,731	579,782	174,200	253,760	469,566	1,770,038
Loans and advances to customers:						
Corporate Bank						
• Overdrafts	469,205	1,016,412	362,141	308,056	—	2,155,814
• Term loans	1,592,977	2,610,873	566,234	1,054,080	232,967	6,057,131
• Others	21,742	—	—	—	—	21,742
Commercial						
• Overdrafts	102,769	363,609	63,849	135,058	—	665,286
• Credit cards	—	—	—	—	—	—
• Term loans	825,261	69,086	274,232	527,007	—	1,695,586
• Others	—	—	—	—	—	—
Consumer						
• Overdrafts	39,664	77,197	7,255	26,647	—	150,762
• Credit cards	—	4,973	1,146	481	—	6,600
• Term loans	533,334	68,824	71,233	322,504	—	995,895
• Mortgages	63,988	14,655	13,552	16,430	—	108,625
Treasury bills and other eligible bills	265,625	698,419	272,365	199,996	—	1,436,405
Investment securities – debt securities	1,312,606	822,736	70,614	266,919	685	2,473,560
Pledged assets	—	759,086	—	—	—	759,086
Other assets	98,029	118,666	54,659	60,970	2,604	334,928
Total	**6,090,419**	**7,738,705**	**2,010,270**	**3,504,702**	**706,515**	**20,050,611**
Credit commitments	**1,145,131**	**2,006,527**	**350,973**	**1,177,976**	**205,945**	**4,886,552**

Notes to consolidated financial statements

(All amounts in US dollar thousands unless otherwise stated)

3.1.6 Concentration of risks of financial assets with credit risk exposure (continued)

(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 2016							
Balances with central banks	891,987	—	—	—	—	—	891,987
Financial assets held for trading	1,305	—	—	76,103	—	—	77,408
Derivative financial instruments	68,204	—	—	—	—	—	68,204
Loans and advances to banks	1,397,581	815	—	—	—	15,304	1,413,699
Loans and advances to customers:							
• Overdrafts	44,056	710,200	474,474	35,159	244,582	702,228	2,210,699
• Credit cards	—	—	—	—	—	3,020	3,020
• Term loans	237,920	1,314,773	1,503,434	740,615	1,196,622	2,566,074	7,559,439
• Mortgages	32	1,471	131	182	202	93,453	95,470
• Others	196	—	—	—	48	—	244
Treasury bills and other eligible bills	—	—	—	1,228,492	—	—	1,228,492
Investment securities – debt securities	215,116	151,794	—	2,598,328	68,696	14,801	3,048,735
Pledged assets	—	—	—	518,205	—	—	518,205
Other assets	82,900	126,709	375	12,314	—	339,061	561,359
Total	**3,124,298**	**2,305,762**	**1,978,413**	**5,209,399**	**1,510,150**	**3,733,941**	**17,676,963**
Credit commitments	**418,797**	**1,136,329**	**354,529**	**262,002**	**466,242**	**1,692,549**	**4,330,448**
31 December 2015							
Balances with central banks	1,103,593	—	—	—	—	—	1,103,593
Financial assets held for trading	—	—	—	171,334	—	—	171,334
Derivative financial instruments	144,225	—	—	—	—	186	144,225
Loans and advances to banks	1,753,042	68	—	16,724	—	202	1,770,036
Loans and advances to customers:							
• Overdrafts	45,372	947,723	657,976	61,626	560,451	698,714	2,971,862
• Credit cards	21	52	37	14	42	6,434	6,600
• Term loans	318,959	1,276,750	1,521,108	728,203	1,835,237	3,068,355	8,748,612
• Mortgages	83	563	—	615	1,240	106,124	108,625
• Others	44	4,374	5,336	196	32	11,760	21,652
Treasury bills and other eligible bills	103,152	—	—	1,333,253	—	—	1,436,405
Investment securities – debt securities	540	—	—	2,473,020	—	—	2,473,560
Pledged assets	—	—	—	759,086	—	—	759,086
Other assets	131,601	40,323	1,898	9,317	812	150,977	334,928
Total	**3,600,632**	**2,269,853**	**2,186,355**	**5,553,388**	**2,397,814**	**4,042,752**	**20,050,608**
Credit commitments	**345,505**	**1,323,110**	**195,425**	**178,583**	**549,346**	**2,294,583**	**4,886,552**

3.2 Market risk

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

It will be worth noted that due to significant currency evolution , the year end exposure of foreign exchange and 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 of foreign exchange and equity risks arising from the Group's held-to-maturity and available-for-sale investments.

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.

	2016			2015		
	Low	Average	High	Low	Average	High
Foreign exchange risk	152	763	1,524	119	954	2,358
Interest risk	132	405	857	150	482	809

Notes to consolidated financial statements

(All amounts in US dollar thousands unless otherwise stated)

3.2.1 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 sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily. The table below summarises the Group's exposure to foreign currency exchange rate risk at 31 December. Included in the table are the Group's financial instruments at carrying amounts, categorised by currency.

31 December 2016	Dollar	Euro	CFA	Naira	Cedis	Others	Total
Assets							
Cash and balances with central banks	352,492	62,176	702,637	856,579	198,792	289,626	2,462,302
Financial assets held for trading	—	—	10,349	66,670	—	389	77,408
Derivative financial instruments	28,382	156	—	39,654	—	12	68,204
Loans and advances to banks	518,540	378,875	271,975	91,122	85,443	67,744	1,413,699
Loans and advances to customers	2,458,350	239,434	4,186,017	1,384,844	526,973	463,757	9,259,375
Treasury bills and other eligible bills	61,110	—	463,287	347,644	81,219	275,232	1,228,492
Investment securities – available-for-sale	165,969	682	2,420,009	515,381	11,042	159,743	3,272,826
Pledged assets	—	—	—	518,205	—	—	518,205
Other assets	198,048	22,968	108,248	92,751	72,985	66,359	561,359
Total financial assets	**3,782,890**	**704,292**	**8,162,521**	**3,912,850**	**976,454**	**1,322,862**	**18,861,870**
Liabilities							
Deposits from banks	449,405	121,615	1,329,384	771	34,385	86,792	2,022,352
Deposit from customers	2,741,834	415,044	6,164,776	2,538,231	681,387	955,448	13,496,720
Derivative financial instruments	8,503	1,284	—	13,312	—	3	23,102
Other borrowed funds	1,311,021	68,213	36,617	154,247	10,800	27,666	1,608,564
Other liabilities	232,555	16,788	350,403	472,087	187,911	5,196	1,264,940
Total financial liabilities	**4,743,318**	**622,945**	**7,881,179**	**3,178,648**	**914,484**	**1,075,105**	**18,415,678**
Net on-statement of financial position	**(960,428)**	**81,347**	**281,342**	**734,202**	**61,970**	**247,757**	**446,192**
Credit commitments	**1,715,471**	**707,209**	**1,097,589**	**389,366**	**3,081**	**417,732**	**4,330,448**

31 December 2015	Dollar	Euro	CFA	Naira	Cedis	Others	Total
Assets							
Cash and balances with central banks	181,541	147,342	1,211,586	1,233,445	165,078	306,371	3,245,363
Financial assets held for trading	—	—	—	168,616	—	2,718	171,334
Derivative financial instruments	35,982	294	—	107,949	—	—	144,225
Loans and advances to banks	688,798	373,785	323,734	194,588	133,982	55,149	1,770,036
Loans and advances to customers	3,029,854	245,451	4,685,522	2,037,237	661,081	541,204	11,200,349
Treasury bills and other eligible bills	19,113	—	321,364	698,419	158,547	238,962	1,436,405
Investment securities – available-for-sale	193,137	685	1,469,906	824,730	20,114	161,119	2,669,692
Pledged assets	—	—	—	759,086	—	—	759,086
Other assets	178,728	10,778	52,671	38,912	28,432	25,407	334,928
Total financial assets	**4,327,153**	**778,335**	**8,064,783**	**6,062,982**	**1,167,235**	**1,330,930**	**21,731,418**
Liabilities							
Deposits from banks	216,893	214,708	932,089	619	12,708	56,369	1,433,386
Deposit from customers	3,440,355	453,742	6,612,915	4,232,849	683,151	1,004,541	16,427,553
Derivative financial instruments	—	420	—	681	—	235	1,336
Other borrowed funds	1,220,017	22,839	78,984	387,752	50,481	19,204	1,779,277
Other liabilities	329,305	34,163	267,240	212,256	140,574	22,112	1,005,651
Total financial liabilities	**5,206,570**	**725,872**	**7,891,227**	**4,834,157**	**886,914**	**1,102,462**	**20,647,202**
Net on-statement of financial position	**(879,417)**	**52,463**	**173,556**	**1,228,826**	**280,320**	**228,468**	**1,084,216**
Credit commitments	**1,339,010**	**529,097**	**1,053,716**	**1,574,361**	**859**	**378,567**	**4,875,610**

Currency Sensitivity Analysis

ETI periodically performs sensitivity analysis to determine the impact on Group earnings resulting from a potential appreciation of the United States Dollars (USD) relative to the currencies to which the Group has major exposure namely; CFA Franc (FCFA), the Euro (EUR), the Nigerian Naira (NGN) and the Ghana Cedi (GHS). The results using data as of 31 December 2016 are shown in the table below.

	2016			2015		
Overall Impact						
Projected Appreciation of the USD	5%	10%	20%	5%	10%	20%
Estimated Impact on Earnings ($ Million)	(55)	(105)	(193)	83	158	289
Impact for Naira						
Projected Appreciation of the USD	5%	10%	20%	5%	10%	20%
Estimated Impact on Earnings ($ Million)	(35)	(67)	(122)	59	112	205

3.2.2 Interest rate risk

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

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

Notes to consolidated financial statements

(All amounts in US dollar thousands unless otherwise stated)

3.2.2 Interest rate risk (continued)

As at 31 December 2016	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	815,463	29,585	—	—	—	1,617,254	2,462,302
Financial assets held for trading	10,298	2,544	64,566	—	—	—	77,408
Derivative financial instruments	10,051	8,627	49,526	—	—	—	68,204
Loans and advances to banks	672,757	218,786	148,145	10,720	—	363,293	1,413,701
Loans and advances to customers	2,234,100	1,312,807	1,150,184	3,737,385	699,411	125,486	9,259,373
Treasury bills and other eligible bills	136,851	245,378	690,803	152,626	2,834	—	1,228,492
Investment securities – available-for-sale	33,853	21,396	252,793	1,608,856	1,186,755	169,172	3,272,825
Pledged assets	—	18,696	361,820	98,657	39,033	—	518,206
Other assets	26,564	38,185	28,669	14,997	—	452,944	561,359
Total financial assets	**3,939,938**	**1,896,002**	**2,746,506**	**5,623,241**	**1,928,033**	**2,728,150**	**18,861,870**
Liabilities							
Deposits from banks	1,639,813	25,980	345,445	—	—	11,113	2,022,351
Deposit from customers	3,912,968	1,019,937	871,144	810,817	89,435	6,792,418	13,496,719
Derivative financial instruments	10,391	6,023	6,688	—	—	—	23,102
Borrowed funds	209,220	10,974	450,790	835,199	102,381	—	1,608,564
Other liabilities	88,801	567,371	231,802	13,274	—	441,387	1,342,635
Total financial liabilities	**5,861,194**	**1,630,285**	**1,905,870**	**1,659,290**	**191,816**	**7,244,919**	**18,493,371**
Total interest repricing gap	**(1,921,256)**	**265,717**	**840,636**	**3,963,951**	**1,736,217**	**(4,516,769)**	**368,499**
As at 31 December 2015							
Assets							
Cash and balances with central banks	1,524,680	—	—	—	—	1,720,683	3,245,363
Financial assets held for trading	69,782	99,083	2,469	—	—	—	171,334
Derivative financial instruments	186	112	38,541	—	—	105,386	144,225
Loans and advances to banks	569,398	258,465	555,542	—	—	386,631	1,770,036
Loans and advances to customers	2,365,714	1,978,692	1,264,060	3,930,509	1,661,374	—	11,200,349
Treasury bills and other eligible bills	397,956	230,946	728,253	79,250	—	—	1,436,405
Investment securities – available-for-sale	118,311	99,446	386,729	1,181,552	883,654	—	2,669,692
Pledged assets	65,228	55,193	386,500	167,293	84,872	—	759,086
Other assets	23,449	121,575	55,716	24,033	—	110,155	334,928
Total financial assets	**5,134,704**	**2,843,512**	**3,417,810**	**5,382,637**	**2,629,900**	**2,322,855**	**21,731,418**
Liabilities							
Deposits from banks	894,641	127,466	28,316	—	—	382,964	1,433,387
Deposit from customers	4,368,473	1,612,776	1,704,817	1,070,069	231,957	7,439,461	16,427,553
Derivative financial instruments	—	1,336	—	—	—	—	1,336
Borrowed funds	96,434	34,910	287,781	473,646	886,506	—	1,779,277
Other liabilities	75,647	355,123	58,053	—	—	516,828	1,005,651
Total financial liabilities	**5,435,195**	**2,131,611**	**2,078,967**	**1,543,715**	**1,118,463**	**8,339,253**	**20,647,204**
Total interest repricing gap	**(300,491)**	**711,901**	**1,338,844**	**3,838,922**	**1,511,437**	**(6,016,398)**	**1,084,215**

3.2.2 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 2016 are shown below.

2016

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 ($ Million)	1.7	3.4	6.7	(1.7)	(3.4)	6.7

2015

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 ($ Million)	(2.1)	(4.1)	(8.2)	2.1	4.1	8.2

3.3 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.

3.3.1 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.

3.3.2 Non-derivative cash flows

The table below presents the cash flows payable by the Group under non-derivative financial liabilities by remaining contractual maturities at the statement of financial position date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Group manages the inherent liquidity risk based on expected undiscounted cash inflows.

Notes to consolidated financial statements

(All amounts in US dollar thousands unless otherwise stated)

3.3.2 Non-derivative cash flows (continued)

As at 31 December 2016	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Assets						
Cash and balances with central banks	2,462,302	—	—	—	—	2,462,302
Financial Asset held for trading	9,818	5,198	96,757	—	—	111,773
Derivative financial instruments	10,051	8,627	49,526	—	—	68,204
Loans and advances to banks	1,031,745	477,934	402,207	—	—	1,911,886
Loans and advances to customers	3,083,408	1,419,675	1,334,839	5,157,989	1,139,976	12,135,887
Treasury bills and other eligible bills	178,296	227,454	856,404	209,296	—	1,471,450
Investment securities – available-for-sale	157,204	59,422	461,553	1,801,296	1,692,702	4,172,177
Pledged assets	—	18,699	361,820	419,552	39,033	839,104
Other assets	269,087	297,855	64,698	20,838	—	652,478
Total assets (expected maturity dates)	**7,201,911**	**2,514,865**	**3,627,803**	**7,608,971**	**2,871,711**	**23,825,261**
Liabilities						
Deposits from banks	1,724,710	192,593	334,196	4,147	—	2,255,646
Deposit from customers	11,204,299	1,121,741	2,040,271	2,122,786	—	16,489,097
Other borrowed funds	299,914	627,933	482,483	69,920	—	1,480,250
Other liabilities	16,656	2,154	35,729	—	—	54,539
Derivative financial instruments	16,231	5,983	11,039	3,449	23,468	60,170
Total liabilities (contractual maturity dates)	**13,261,809**	**1,950,404**	**2,903,718**	**2,200,302**	**23,468**	**20,339,702**
Gap analysis	**(6,059,898)**	**564,461**	**724,086**	**5,408,669**	**2,848,243**	**3,485,559**

As at 31 December 2015	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Assets						
Cash and balances with central banks	3,245,363	—	—	—	—	3,245,363
Financial Asset held for trading	75,480	99,879	2,376	—	—	177,735
Derivative financial instruments	186	112	143,927	—	—	144,225
Loans and advances to banks	938,866	503,242	451,831	—	—	1,893,939
Loans and advances to customers	3,323,971	1,909,819	1,567,745	4,323,854	1,590,184	12,715,573
Treasury bills and other eligible bills	357,843	458,014	728,048	96,941	—	1,640,846
Investment securities – available-for-sale	197,645	21,301	529,287	1,294,209	1,127,970	3,170,413
Pledged assets	56,210	475,629	12,479	153,038	61,730	759,086
Other assets	127,504	182,660	164,915	60,253	—	535,333
Total assets (expected maturity dates)	**8,323,067**	**3,650,656**	**3,600,608**	**5,928,295**	**2,779,884**	**24,282,512**
Liabilities						
Deposits from banks	1,486,210	120,539	9,355	967	—	1,617,071
Deposit from customers	12,709,253	1,960,722	1,179,420	817,652	—	16,667,047
Borrowed funds	202,975	68,464	118,392	972,234	1,419,634	2,781,699
Derivative financial instruments	114,990	648,707	455,275	11,949	1,429	1,232,350
Other liabilities	—	—	1,336	—	—	1,336
Total liabilities(contractual maturity dates)	**14,513,428**	**2,798,432**	**1,763,778**	**1,802,802**	**1,421,063**	**22,299,504**
Gap analysis	**(6,190,361)**	**852,224**	**1,836,831**	**4,125,493**	**1,358,821**	**1,983,008**

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.

3.3.2 Non-derivative cash flows (continued)

Offsetting

At 31 December 2016

	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	67,590	—	67,590	—	67,590
• swaps	614	—	614	—	614
• options	—	—	—	—	—
Derivative financial liabilities					
• forwards	10,162	—	10,162	—	10,162
• swaps	12,940	—	12,940	—	12,940
• options	—	—	—	—	—

At 31 December 2015

	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	186	—	186	—	186
• swaps	36,090	—	36,090	—	36,090
• options	107,949	—	107,949	—	107,949
Derivative financial liabilities					
• forwards	—	—	—	—	—
• swaps	1,336	—	1,336	—	1,336
• options	—	—	—	—	—

3.4 Off-balance sheet items

The dates of the contractual amounts of the Group's off-balance sheet financial instruments that commit it to extend credit to customers and other facilities, provide financial guarantees and capital commitments are summarised in the table below.

At 31 December 2016	No later than 1 year	Over 1 years	Total
Loan commitments	329,300	147,946	477,246
Guarantees, acceptances and other financial facilities	2,511,489	1,341,713	3,853,202
Total	**2,840,789**	**1,489,659**	**4,330,448**
At 31 December 2015			
Loan commitments	154,330	69,061	223,391
Guarantees, acceptances and other financial facilities	3,287,755	1,375,406	4,663,161
Total	**3,442,085**	**1,444,467**	**4,886,552**

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(All amounts in US dollar thousands unless otherwise stated)

3.5 Fair value of financial assets and liabilities

(a) Financial instruments not measured at fair value

The table below summarises the carrying amounts and fair values of those financial assets and liabilities not measured at fair value on the group's consolidated statement of financial position.

	Carrying value		Fair value	
	2016	2015	2016	2015
Financial assets:				
Cash and balances with central banks	2,462,302	3,245,363	2,462,302	3,245,363
Loans and advances to banks	1,413,699	1,770,036	1,911,885	1,893,939
Loans and advances to customers	9,259,280	11,200,349	12,135,887	12,715,573
Other assets (excluding prepayments)	561,359	334,928	561,359	334,928
Financial liabilities:				
Deposits from banks	2,022,352	1,433,386	2,255,646	1,624,803
Deposit from customers	13,496,720	16,427,553	13,810,687	17,286,143
Other liabilities (excluding deferred income)	1,279,941	1,005,651	1,279,941	1,005,651
Borrowed funds	1,608,564	1,779,277	1,480,251	2,781,699

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

(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.

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

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.

(vi) 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

(vii) Other liabilities

The carrying amount of financial liabilities in other liabilities is a reasonable approximation of fair value

(b) Fair value hierarchy

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

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

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

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

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

	31 December 2016			31 December 2015		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Treasury and other eligible bills	327,461	901,032	—	765,910	670,495	—
Financial Asset held for trading	46,605	30,803	—	171,334	—	—
Derivative financial instruments	—	68,204	—	—	144,225	—
Pledged assets	—	518,205	—	—	759,086	—
Investment securities – available-for-sale (AFS)	1,269,969	1,860,619	142,236	1,621,002	954,704	92,258
Total financial assets	**1,644,035**	**3,378,863**	**142,236**	**2,558,246**	**2,528,510**	**92,258**
Derivative financial instruments	—	23,102	—	—	1,336	—
Total financial liabilities	**—**	**23,102**	**—**	**—**	**1,336**	**—**

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

	2016	2015
	Level 3	Level 3
Opening balance	92,258	110,157
Transfer from level 3 to level 2*	—	6,880
Gains & losses recognised in other comprehensive income	49,977	(24,779)
Closing balance	**142,236**	**92,258**
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	**—**	**—**

Level 3 fair value measurement

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

Type of financial instrument	Fair value as at 31 Dec 2016	Valuation technique	Significant unobservable input	Range of estimates for unobservable input	Fair value measurement sensitivity to unobservable inputs
Airtel Network Limited (Airtel)	137,001	Comparable multiples	EV/EBITDA multiple	4.00 – 11.60	Significant increase in multiple would result in a higher fair value. An increase in multiple by 1 will result in increase in fair value by $28 million.
Compagnie Aerienne ASKY S.A	5,235	Discounted cash flow	Weighted average cost of capital	11.5% – 12.0%	Significant increase in WACC rate would result in a lower fair value. An increase in multiple by 1 will result in increase in fair value by $0.1 million.

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(All amounts in US dollar thousands unless otherwise stated)

3.5 Fair value of financial assets and liabilities (continued)

(c) Financial instrument classification

At 31 December 2016	Assets at fair value through profit or loss	Loans and receivables	Available-for-sale financial assets	Liabilities at fair value through profit or loss	Liabilities at amortized cost	Total
Assets						
Cash and balances with central banks	—	2,462,302	—	—	—	2,462,302
Financial assets held for trading	77,408	—	—	—	—	77,408
Derivative financial instruments	68,204	—	—	—	—	68,204
Loans and advances to banks	—	1,413,699	—	—	—	1,413,699
Loans and advances to customers	—	9,259,374	—	—	—	9,259,374
Treasury bills and other eligible bills	—	—	1,228,492	—	—	1,228,492
Investment securities: available-for-sale	—	—	3,272,824	—	—	3,272,824
Pledged assets	—	—	518,205	—	—	518,205
Other assets, excluding prepayments	—	850,821	—	—	—	850,821
Total	**145,612**	**13,986,196**	**5,019,521**	**—**	**—**	**19,151,329**
Liabilities						
Deposits from banks	—	—	—	—	2,022,352	2,022,352
Deposit from customers	—	—	—	—	13,496,720	13,496,720
Derivative financial instruments	—	—	—	23,102	—	23,102
Borrowed funds	—	—	—	—	1,608,564	1,608,564
Other liabilities, excluding non-financial liabilities	—	—	—	—	1,342,635	1,342,635
Total	**—**	**—**	**—**	**23,102**	**18,470,271**	**18,493,373**

At 31 December 2015	Assets at fair value through profit or loss	Loans and receivables	Available-for-sale financial assets	Liabilities at fair value through profit or loss	Liabilities at amortized cost	Total
Assets						
Cash and balances with central banks	—	3,245,363	—	—	—	3,245,363
Financial assets held for trading	171,334	—	—	—	—	171,334
Derivative financial instruments	144,225	—	—	—	—	144,225
Loans and advances to banks	—	1,770,036	—	—	—	1,770,036
Loans and advances to customers	—	11,200,349	—	—	—	11,200,349
Treasury bills and other eligible bills	—	—	1,436,405	—	—	1,436,405
Investment securities: available-for-sale	—	—	2,669,692	—	—	2,669,692
Pledged assets	—	—	759,086	—	—	759,086
Other assets, excluding prepayments	—	334,928	—	—	—	334,928
Total	**315,559**	**16,550,676**	**4,865,183**	**—**	**—**	**21,731,418**
Liabilities						
Deposits from banks	—	—	—	—	703,674	703,674
Deposit from customers	—	—	—	—	17,157,265	17,157,265
Derivative financial instruments	—	—	—	1,336	—	1,336
Borrowed funds	—	—	—	—	1,779,277	1,779,277
Other liabilities, excluding non-financial liabilities	—	—	—	—	1,005,651	1,005,651
Total	**—**	**—**	**—**	**1,336**	**20,645,867**	**20,647,203**

3.6 Capital Management

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of statement of financial positions, are:

- To comply with the capital requirements set by the banking regulators in the markets where the entities within the Group operate;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital by the subsidiaries are monitored daily by the Group's Risk Management, employing techniques based on the guidelines developed by the Basel Committee as implemented by the respective central banks. Monthly reports are submitted to the central banks in the various jurisdictions by the individual subsidiaries.

The central banks in the various jurisdictions require each bank to: (a) hold the minimum level of the regulatory capital determined by the banking regulations of the respective country, and (b) maintain a ratio of total regulatory capital to the risk-weighted asset (the 'Basel ratio') at or above the internationally agreed minimum of 8%.

The Group's capital is divided into two tiers:

- Tier 1 capital: share capital (net of any book values of the treasury shares), non-controlling interests arising on consolidation from interests in permanent shareholders' equity, retained earnings and reserves created by appropriations of retained earnings. The book value of goodwill is deducted in arriving at Tier 1 capital; and
- Tier 2 capital: subordinated loan capital, unrealised gains arsing on the fair valuation of equity instruments held as available for sale. The risk-weighted assets are measured by means of a hierarchy of risk weights classified according to the nature of – and reflecting an estimate of credit, market and other risks associated with – each asset and counterparty. A similar treatment is adopted for off-statement of financial position exposure, with some adjustments to reflect the more contingent nature of the potential losses.

The table below summarises the composition of regulatory capital and the ratios of the Group for the years ended 31 December 2016 and 2015. During those two years, the individual entities within the Group complied with all of the externally imposed capital requirements to which they are subject.

Notes to consolidated financial statements

(All amounts in US dollar thousands unless otherwise stated)

3.6 Capital Management (continued)

	2016	2015
Tier 1 capital		
Share capital	2,114,332	2,029,698
General bank reserves	340,295	347,122
Statutory reserve	387,406	368,060
Retained earnings	230,847	529,427
Non-controlling interests	186,154	177,236
Less: goodwill	(232,887)	(341,770)
Total qualifying Tier 1 capital	**3,026,147**	**3,109,773**
Tier 2 capital		
Redeemable preference shares	16,531	118,168
Convertible loans (including liability and equity portions)	54,053	71,262
Eurobond and Subordinated Term Facility in Nigeria	220,114	333,884
Revaluation reserve – available-for-sale investments	(36,652)	(5,175)
Total qualifying Tier 2 capital	**254,046**	**518,140**
Less investments in associates	10,135	15,802
Total regulatory capital	**3,270,058**	**3,612,111**
Risk-weighted assets:		
On-statement of financial position	12,074,685	14,155,788
Off-statement of financial position	866,090	977,310
Total risk-weighted assets	**12,940,775**	**15,133,098**
Basel I Capital Adequacy Ratio	**25.3%**	**23.9%**
Tier I	**23.4%**	**20.5%**

4 Critical accounting estimates, and judgements in applying accounting policies

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. 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.

a) Impairment losses on loans and advances

The Group reviews its loan portfolios to assess impairment at least on a monthly basis. In determining whether an impairment loss should be recorded in the income statement, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that porfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

b) Fair value of financial instruments

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

c) Impairment of available for-sale equity investments

The Group determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Group evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of a deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

d) Goodwill impairment

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.6. These calculations require the use of estimates. The recoverable amount of all CGUs has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period are extrapolated using the estimated growth rates. By adjusting the three main estimates (cashflows, growth rate and discount rates) by 10%, no impairment charge on goodwill will arise.

Notes to consolidated financial statements

(All amounts in US dollar thousands unless otherwise stated)

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

e) Retirement benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the group considers the interest rates of high-quality bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

The Group is of the opinion that there is no deep market in Corporate Bonds in Nigeria and as such assumptions underlying the determination of discount rate are referenced to the yield on Nigerian Government bonds of medium duration, as compiled by the Debt Management Organisation.

Other key assumptions for pension obligations are based in part on current market conditions.

f) Revaluation of property, plant and equipment

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 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.

Level 2 fair values of land and building have been derived using the sales comparison approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.

5 Segment Analysis

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

The group operating segments are described below:

a) Corporate & Investment Bank: Focuses on providing one-stop banking services to multinationals, regional companies, government and government agencies, financial institutions and international organizations across the network. This unit provides also Treasury activities.

b) Commercial banking: Focuses on serving local corporates, small and medium corporates ,SMEs, Schools, Churches and local NGOs and Public Sector.

c) Consumer: Focuses on serving personal banking customers.

5 Segment Analysis (continued)

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

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

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

At 31 December 2016	CIB	Commercial	Consumer	Others	Total business segment	Consolidation adjustments	Ecobank Group
Net interest income	592,780	226,221	269,585	62,910	1,151,496	(45,050)	1,106,446
Net fees and commission income	198,755	85,332	160,478	37,212	481,777	(48,147)	433,629
Other income	282,441	62,503	54,305	161,900	561,149	(128,962)	432,188
Operating income	**1,073,976**	**374,056**	**484,368**	**262,022**	**2,194,422**	**(222,159)**	**1,972,263**
Impairment losses	(607,804)	(126,028)	(50,645)	(110,494)	(894,971)	31,120	(863,851)
Operating expenses	(506,081)	(283,942)	(403,810)	(66,013)	(1,259,845)	22,634	(1,237,211)
Operating profit	**(39,909)**	**(35,914)**	**29,913**	**85,515**	**39,605**	**(168,404)**	**(128,799)**
Share of profit of associates	389	—	—	(2,249)	(1,860)	(682)	(2,542)
Profit before tax from continuing operations	**(39,520)**	**(35,914)**	**29,913**	**83,267**	**37,746**	**(169,087)**	**(131,341)**
Total assets	**11,097,535**	**1,546,418**	**898,893**	**3,645,271**	**17,188,117**	**3,322,857**	**20,510,974**
Total liabilities	**10,688,728**	**2,834,757**	**4,568,363**	**1,285,890**	**19,377,738**	**(630,842)**	**18,746,896**
At 31 December 2015							
Net interest income	596,705	266,273	317,313	(29,255)	1,151,036	(5,476)	1,145,560
Net fees and commission income	244,018	107,812	202,757	44,530	599,117	(52,590)	546,527
Other income	425,677	4,444	3,862	259,867	693,850	(279,962)	413,888
Operating income	**1,266,400**	**378,529**	**523,932**	**275,142**	**2,444,003**	**(338,028)**	**2,105,975**
Impairment losses	(346,718)	(132,032)	(53,058)	(24,015)	(555,823)	23,779	(532,044)
Operating expenses	(592,074)	(304,614)	(433,208)	(185,432)	(1,515,323)	147,805	(1,367,518)
Operating profit	**327,608**	**(58,117)**	**37,666**	**65,695**	**372,857**	**(166,444)**	**206,413**
Share of profit of associates	(644)	—	(576)	—	(1,220)	46	(1,174)
Profit before tax from continuing operations	**326,964**	**(58,117)**	**37,090**	**65,695**	**371,637**	**(166,398)**	**205,239**
Total assets	**18,622,954**	**2,068,471**	**1,202,346**	**3,425,134**	**25,318,905**	**(1,764,986)**	**23,553,919**
Total liabilities	**11,889,081**	**6,058,216**	**3,521,476**	**3,494,210**	**24,962,983**	**(3,932,309)**	**21,030,674**

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

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(All amounts in US dollar thousands unless otherwise stated)

5.1 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.

ii) Nigeria region is made up of Ecobank Nigeria.

iii) West African Monetary Zone (WAMZ) 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, Gambia.

iv) CESA Central, Eastern and Southern region comprises all subsidiaries within the CEMAC , EAC and SADC monetary zone. Countries in this zone share a common currency except Sao Tome. Cameroon, Chad, Central Africa, Congo Brazaville, Gabon, Sao Tome and Equatorial Guinea, Burundi, Kenya, Rwanda, Tanzania, Uganda and South Sudan, Democratic Republic of Congo, Malawi, Zambia, Zimbabwe and Mozambique.

Transactions between the business segments are carried out at arm's length. The revenue from external parties reported to the Group Executive Committee is measured in a manner consistent with that in the consolidated income statement. Funds are ordinarily allocated between segments, resulting in funding cost transfers disclosed in inter-segment net interest income. Interest charged for these funds is based on the Group's cost of capital. There are no other material items of income or expense between the business segments.

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 Group Executive Board 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 Group Executive Management Committee. 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.

5.1 Entity-wide disclosures (continued)

Segment results of operations

The segment information provided to the Group Executive Board for the reportable segments for the year ended 31 December 2016 is as follows:

	UEMOA	Nigeria	AWA	CESA	Others and conso adjustment	Subtotal entities	Non Core	Ecobank Group
At 31 December 2016								
Net interest income	241,035	461,372	277,368	188,692	(60,250)	1,108,217	(1,771)	1,106,446
Net fees and commission income	119,777	72,775	73,195	123,032	44,850	433,629	—	433,629
Other income	82,620	192,099	56,186	44,926	76,313	452,144	(19,956)	432,188
Operating income	443,432	726,246	406,749	356,650	60,912	1,993,989	(21,726)	1,972,263
Loan impairment charges	(76,654)	(322,973)	(57,867)	(53,640)	(19,142)	(530,276)	(333,575)	(863,851)
Operating expenses	(263,438)	(380,510)	(208,793)	(278,940)	(105,238)	(1,236,919)	(292)	(1,237,211)
Operating profit	**103,340**	**22,763**	**140,089**	**24,070**	**(63,468)**	**226,794**	**(355,593)**	**(128,799)**
Share of profit of associates	—	143	174	72	(2,931)	(2,542)	—	(2,542)
Profit before tax	**103,340**	**22,906**	**140,263**	**24,142**	**(66,399)**	**224,252**	**(355,593)**	**(131,341)**
Taxation	(6,974)	115	(42,676)	(14,236)	(7,153)	(70,924)	—	(70,924)
Profit after tax	**96,366**	**23,021**	**97,587**	**9,906**	**(73,552)**	**153,328**	**(355,593)**	**(202,265)**
Total assets	**7,891,178**	**6,183,370**	**2,750,869**	**4,059,270**	**(486,954)**	**20,397,733**	**113,241**	**20,510,974**
Total liabilities	**7,495,169**	**5,405,436**	**2,448,293**	**3,621,975**	**(719,605)**	**18,251,268**	**495,628**	**18,746,896**
At 31 December 2015								
Net interest income	232,669	525,971	225,115	187,358	(26,298)	1,144,815	745	1,145,560
Net fees and commission income	124,948	170,621	86,557	142,068	22,333	546,527	—	546,527
Other income	82,992	179,876	58,080	78,092	11,072	410,112	3,776	413,888
Operating income	440,609	876,468	369,752	407,518	7,107	2,101,454	4,521	2,105,975
Loan impairment charges	(76,835)	(289,771)	(36,457)	(40,394)	(88,587)	(532,044)	—	(532,044)
Operating expenses	(267,212)	(529,156)	(199,259)	(289,909)	(74,434)	(1,359,970)	(7,548)	(1,367,518)
Operating profit	**96,562**	**57,541**	**134,036**	**77,215**	**(155,914)**	**209,440**	**(3,027)**	**206,413**
Share of profit of associates	—	283	225	(1,727)	45	(1,174)	—	(1,174)
Profit before tax	**96,562**	**57,824**	**134,261**	**75,488**	**(155,869)**	**208,266**	**(3,027)**	**205,239**
Taxation	(11,904)	(382)	(44,506)	(25,812)	(10,901)	(93,505)	—	(93,505)
Profit after tax	**84,658**	**57,442**	**89,755**	**49,676**	**(166,770)**	**114,761**	**(3,027)**	**111,734**
Total assets	**7,112,271**	**9,188,861**	**2,648,569**	**4,250,304**	**91,086**	**23,291,091**	**262,828**	**23,553,919**
Total liabilities	**6,753,963**	**7,963,816**	**2,338,790**	**3,832,690**	**(115,655)**	**20,773,604**	**257,070**	**21,030,674**

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(All amounts in US dollar thousands unless otherwise stated)

6 Net interest income

Year ended 31 December 2016	2016	2015
Interest income		
Loans and advances to banks	9,359	45,461
Loans and advances to customers:		
• Corporate	891,764	976,784
• Commercial	224,711	238,672
• Consumer	137,579	189,960
Treasury bills and other eligible bills	186,049	167,287
Investment securities – available for sale	170,194	97,307
Financial assets held for trading	50,082	29,672
Others	3,114	3,163
	1,672,852	**1,748,306**
Interest expense		
Deposits from banks	64,805	73,675
Due to customers:		
• Corporate	207,758	220,200
• Commercial	46,430	48,423
• Consumer	118,219	128,200
Borrowed funds	117,131	131,864
Others	12,063	384
	566,406	**602,746**

7 Net fee and commission income

Year ended 31 December 2016	2016	2015
Fee and commission income		
Credit related fees and commissions	167,287	241,521
Corporate finance fees	23,768	3,987
Portfolio and other management fees	11,044	5,892
Brokerage fees and commissions	3,223	3,308
Cash management and related fees	192,582	227,549
Card management fees	70,529	77,990
Other fees	17,688	21,757
	486,121	**582,004**
Fee and commission expense		
Brokerage fees paid	1,145	1,555
Other fees paid	51,347	33,922
	52,492	**35,477**

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 trading income

Year ended 31 December 2016	2016	2015
Foreign exchange	361,017	308,785
Trading income on securities	42,538	104,173
	403,555	**412,958**

9 Net loss from investment securities

Year ended 31 December 2016	2016	2015
Derecognition of available for sale financial assets	45,041	—
Impairment of available-for-sale equity securities	(18,660)	(951)
	26,381	**(951)**

10 Other operating income

Year ended 31 December 2016	2016	2015
i) Lease income		
Equipment	1,672	1,010
Motor vehicles	81	335
Other leased assets	—	17
	1,753	**1,362**
ii) Dividend income		
Trading securities	943	45
Available-for-sale securities	4,667	6,217
	5,610	**6,262**
iii) Others		
Fair value gain/(loss) on investment properties	(29,672)	(22,160)
Loss on sale of property and equipment	938	(2,012)
Others	23,623	18,429
	(5,111)	**(5,743)**
Total other operating income	**2,252**	**1,881**

Notes to consolidated financial statements

(All amounts in US dollar thousands unless otherwise stated)

11 Operating expenses

Year ended 31 December 2016	2016	2015
a) Staff expenses		
Salaries, allowances and other compensation	489,468	525,865
Social security costs	31,852	48,092
Pension costs:		
• defined contribution plans	11,092	12,314
Other post retirement benefits (Note 37)	2,649	5,272
	535,061	**591,543**
b) Depreciation and amortisation		
Depreciation of property and equipment (Note 27)	85,113	90,662
Amortisation of software and other intangibles (Note 26)	14,084	21,858
	99,197	**112,520**
c) Other operating expenses		
Directors' emoluments	1,481	1,455
Restructuring costs	12	460
Social responsibility	2,792	1,926
Rent and utilities	70,155	65,468
Insurance	34,204	40,148
Advertising and promotion	25,775	31,527
Professional and legal costs	74,780	90,549
Operational losses and fines	16,554	51,009
Communications and technology	129,755	126,766
Business travels	20,436	29,052
AGM and board activities	3,962	2,950
Training	12,773	14,335
Employee activities	30,549	15,522
Repairs and maintenance	37,133	51,862
Supplies and services	14,806	15,957
Allocated cost	5,732	5,331
Cash transportation	19,241	18,399
Fuel	16,313	10,935
Other taxes	21,051	25,126
Non capitalised items	1,143	834
Pre-opening expenses	669	1,030
Listing fees	4,303	4,770
Banking resolution sinking fund cost (AMCON)	30,917	45,944
Other administrative expenses	28,418	12,100
Total	**602,954**	**663,455**
Total operating expenses	**1,237,211**	**1,367,518**

12 Impairment losses on loans and advances

Year ended 31 December 2016	2016	2015
Loans and advances to customers (Note 20)	1,124,895	607,900
• Specific allowance	1,012,823	587,498
• Collective allowance	112,072	20,402
Provisons no longer required (Note 20)	(354,627)	(180,819)
• Specific allowance	(284,607)	(166,895)
• Collective allowance	(70,020)	(13,924)
	770,268	**427,081**

13 Impairment losses on other financial assets

Year ended 31 December 2016	2016	2015
Impairment charge on other financial assets (Note 24)	93,583	104,963

14 Taxation

Year ended 31 December 2016	2016	2015
Current income tax	85,035	106,972
Deferred income tax (Note 36)	(14,111)	(13,467)
	70,924	**93,505**

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 36. The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the parent as follows:

Profit before tax	(131,435)	205,239
Tax calculated at local tax rates applicable to profits in the respective countries	95,244	112,179
Tax impact on income not subject to tax	(22,666)	(11,470)
Tax impact on expenses not deductible for tax purposes:	6,116	5,104
Utilisation of previously unrecognised tax losses	(7,770)	(12,308)
Income tax expense	**70,924**	**93,505**

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

Notes to consolidated financial statements

(All amounts in US dollar thousands unless otherwise stated)

15 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.

Year ended 31 December 2016	2016	2015
Profit attributable to equity holders of the Company from continuing operations	**(248,444)**	**67,845**
Profit attributable to equity holders of the Company from discontinued operations	**(1,454)**	**(2,306)**
Weighted average number of ordinary shares in issue (in thousands)	**24,607,640**	**23,986,466**
Basic earnings per share (expressed in US cents per share) from continuing operations	**(1.01)**	**0.28**
Basic earnings per share (expressed in US cents per share) from discontinued operations	**(0.01)**	**(0.01)**

Diluted

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

The convertible debt is assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less the tax effect. For the share options, a calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

Profit attributable to equity holders of the company from continuing operations	(248,444)	67,845
Interest expense on dilutive convertible loans	—	939
Adjusted profit	(248,444)	68,784
Profit attributable to equity holders of the company from discontinued operations	(1,454)	(2,306)
Interest expense on dilutive convertible loans	—	—
Adjusted profit	(1,454)	(2,306)
Weighted average number of ordinary shares in issue (in thousands)	24,607,640	23,986,466
Adjustment for dilutive convertible loans	—	372,484
Adjustment for share option	—	72,099
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	**24,607,640**	**24,431,049**
Dilutive earnings per share (expressed in US cents per share) from continuing operations	(1.01)	0.28
Dilutive earnings per share (expressed in US cents per share) from discontinued operations	(0.01)	(0.01)

16 Cash and balances with central banks

Year ended 31 December 2016	2016	2015
Cash in hand	543,906	675,288
Balances with central banks other than mandatory reserve deposits	891,987	1,103,593
Included in cash and cash equivalents (Note 42)	1,435,893	1,778,881
Mandatory reserve deposits with central banks	1,026,409	1,466,482
	2,462,302	**3,245,363**

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

17 Financial assets held for trading

Year ended 31 December 2016	2016	2015
Debt securities:		
Government bonds	77,018	170,826
Total debt securities	77,018	170,826
Equity securities		
Listed	284	508
Listed	105	—
Total equity securities	389	508
Total financial assets held for trading	77,408	171,334
Current	77,408	171,334
Non current	—	—
	77,408	**171,334**

18 Derivative financial instruments and trading liabilities

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.

	At 31 December 2016			At 31 December 2015		
		Fair Value			Fair Value	
Derivatives	Notional Amount	Assets	Liabilities	Notional Amount	Assets	Liabilities
Currency forwards	—	67,590	10,162	4,918	186	—
Currency swaps	788,925	614	12,940	411,141	36,090	1,336
Options	—	—	—	151,280	107,949	—
Total	**—**	**68,204**	**23,102**	**567,339**	**144,225**	**1,336**

The Group has not designated at initial recognition any financial liability as at fair value through profit or loss.

All derivative financial instruments, other than the options, are current.

19 Loans and advances to banks

Year ended 31 December 2016	2016	2015
Items in course of collection from other banks	49,846	57,277
Deposits with other banks (Note 42)	920,998	905,941
Placements with other banks	442,855	806,818
	1,413,699	**1,770,036**

All loans and advances to banks are current.

Notes to consolidated financial statements

(All amounts in US dollar thousands unless otherwise stated)

20 Loans and advances to customers

	31 December							
	CIB		Commercial		Consumer		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
a) Analysis by type:								
Overdrafts	1,614,810	2,197,170	493,003	568,831	102,886	205,861	2,210,699	2,971,862
Credit cards	—	—	5	—	3,015	6,600	3,020	6,600
Term loans	5,550,185	6,525,669	1,240,285	1,125,234	768,969	1,097,709	7,559,439	8,748,612
Mortgage loans	—	—	—	3,673	95,470	104,952	95,470	108,625
Others	196	21,742	48	—	—	—	244	21,742
Gross loans and advances	**7,165,191**	**8,744,581**	**1,733,341**	**1,697,738**	**970,340**	**1,415,123**	**9,868,872**	**11,857,441**
Less: allowance for impairment	(339,416)	(310,943)	(196,052)	(231,844)	(74,030)	(114,305)	(609,497)	(657,092)
	6,825,775	**8,433,638**	**1,537,289**	**1,465,894**	**896,310**	**1,300,818**	**9,259,374**	**11,200,349**
b) Analysis by security:								
Secured against real estate	1,192,519	910,547	651,903	497,760	199,805	152,561	2,044,227	1,560,868
Otherwise secured	3,934,913	5,768,696	529,982	778,401	416,963	612,406	4,881,858	7,159,503
Unsecured	2,037,759	2,167,041	551,456	591,063	353,572	378,967	2,942,787	3,137,070
	7,165,191	**8,846,283**	**1,733,341**	**1,867,224**	**970,340**	**1,143,934**	**9,868,872**	**11,857,441**
Current							5,223,989	6,233,492
Non current							4,644,883	5,623,949
							9,868,872	**11,857,441**
c) Analysis by performance								
Non-impaired	6,655,532	8,198,444	1,360,326	1,391,065	904,829	1,300,803	8,920,687	10,890,312
Impaired	509,659	542,430	373,015	306,672	65,511	118,026	948,185	967,129
	7,165,191	**8,740,874**	**1,733,341**	**1,697,738**	**970,340**	**1,418,829**	**9,868,672**	**11,857,441**

20 Loans and advances to customers (continued)

c) Movements in loans and advances

Reconciliation of loans and advances by class is as follows:

At 31 December 2016

	CIB			Commercial				Consumer				Total
	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term loans	Others	Overdrafts	Credit cards	Term loans	Mortgage	
At 1 January	2,155,814	6,057,131	21,742	675,149	—	1,661,415	—	140,899	6,600	1,030,066	108,625	11,857,441
Disbursed during the year	1,182,407	2,287,125	308	395,039	5	604,205	48	96,426	625	269,097	65,446	4,900,731
Paid off during the year	(1,020,824)	(1,971,572)	(16,870)	(329,618)	—	(306,483)	—	(115,406)	(2,280)	(468,785)	(73,827)	(4,305,664)
Amounts written off as uncollectibles	(217,695)	(327,396)	—	(5,159)	—	(30)	—	(208)	—	(957)	—	(551,445)
Reclassification	(149)	(219,672)	(651)	(25,101)	—	8,517	(861)	(32,066)	—	3,339	4,113	(262,531)
Exchange difference	(484,743)	(275,431)	(4,333)	(217,307)	—	(727,340)	861	13,242	(1,930)	(63,792)	(8,887)	(1,769,660)
At 31 December 2016	**1,614,810**	**5,550,185**	**196**	**493,003**	**5**	**1,240,285**	**48**	**102,886**	**3,015**	**768,969**	**95,470**	**9,868,872**

At 31 December 2015

	CIB			Commercial				Consumer				Total
	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term loans	Others	Overdrafts	Credit cards	Term loans	Mortgage	
At 1 January	1,277,462	5,669,149	62,929	1,025,267	—	2,669,129	—	213,966	6,168	1,654,842	117,559	12,696,471
Disbursed during the year	1,391,078	1,529,202	539	2,019,551	—	567,249	—	492,955	990	252,638	29,751	6,283,953
Paid off during the year	(514,385)	(419,893)	(35,775)	(2,086,134)	—	(776,255)	—	(730,398)	—	(1,187,334)	(55,255)	(5,805,429)
Amounts written off as uncollectibles	—	(49,702)	—	(9,974)	—	(1,606)	—	(401)	—	(51,928)	—	(113,611)
Reclassification	145,854	(129,635)	—	—	—	—	—	3,146	(11)	(47,973)	28,619	—
Exchange difference	(144,195)	(541,990)	(5,951)	(273,562)	—	(797,102)	—	161,632	(547)	409,821	(12,049)	(1,203,943)
At 31 December 2015	**2,155,814**	**6,057,131**	**21,742**	**675,149**	**—**	**1,661,415**	**—**	**140,899**	**6,600**	**1,030,066**	**108,625**	**11,857,441**

Notes to consolidated financial statements

(All amounts in US dollar thousands unless otherwise stated)

20 Loans and advances to customers (continued)

d) Allowance for impairment

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

At 31 December 2016

	CIB			Commercial				Consumer				Total
	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term loans	Others	Overdrafts	Credit cards	Term loans	Mortgage	
Specific allowance for impairment												
At 1 January	7,187	262,861	—	34,754	—	189,843	—	10,817	289	63,363	50	569,164
Provision for loan impairment	12,283	712,833	3	58,696	—	166,465	—	9,431	—	52,831	281	1,012,823
Provisons no longer required	(2,015)	(138,493)	—	(43,819)	—	(75,700)	—	(4,719)	(224)	(19,381)	(257)	(284,606)
Loans written off during the year	(1,568)	(422,885)	—	(2,307)	—	(100,676)	—	(3,713)	—	(20,039)	(257)	(551,445)
Reclassification	(927)	(227,000)	—	—	—	2,082	—	(1,139)	—	(15)	—	(227,000)
Exchange difference	(3,760)	95,203	(3)	(5,625)	—	(62,794)	—	2,302	(65)	(36,968)	193	(11,518)
At 31 December 2016	**11,199**	**282,519**	**—**	**41,699**	**—**	**119,220**	**—**	**12,978**	**—**	**39,792**	**10**	**507,418**

At 31 December 2016

	CIB			Commercial				Consumer				Total
	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term loans	Others	Overdrafts	Credit cards	Term loans	Mortgage	
At 1 January	4,458	36,574	94	294	—	24,847	—	780	—	20,421	460	87,928
Provision for loan impairment	2,191	79,514	(95)	1,238	—	20,956	—	674	—	6,994	599	112,072
Provisions no longer required	—	(69,038)	—	—	—	(473)	—	(254)	—	(100)	(155)	(70,020)
Reclassification	(367)	3,073	—	823	—	(1,888)	—	75	—	(1,862)	146	—
Exchange difference	(335)	(10,372)	1	609	—	(11,273)	—	(51)	—	(6,448)	(28)	(27,900)
At 31 December 2016	5,946	39,751	—	2,964	—	32,169	—	1,223	—	19,005	1,022	102,080
Total allowance for impairment	**17,146**	**322,270**	**—**	**44,663**	**—**	**151,389**	**—**	**14,201**	**—**	**58,796**	**1,032**	**609,498**

d) Allowance for impairment (continued)

At 31 December 2015

	CIB			Commercial				Consumer				Total
	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term loans	Others	Overdrafts	Credit cards	Term loans	Mortgage	
Specific allowance for impairment												
At 1 January	25,361	77,651	—	95,533	—	53,603	—	15,350	29	17,012	517	285,056
Provision for loan impairment	29,258	339,458	—	4,864	—	161,274	—	781	264	51,184	415	587,498
Provisons no longer required	(45,529)	(65,394)	—	(28,401)	—	(28,447)	—	(5,432)	—	(21,433)	(733)	(195,369)
Loans written off during the year	(631)	(84,315)	—	(5,287)	—	(17,101)	—	(850)	—	(5,427)	—	(113,611)
Reclassification	760	(1,135)	—	—	—	—	—	(35)	—	518	(108)	—
Exchange difference	(2,032)	(3,404)	—	(31,954)	—	20,513	—	1,002	(4)	21,510	(42)	5,589
At 31 December 2015	**7,187**	**262,861**	**—**	**34,754**	**—**	**189,843**	**—**	**10,817**	**289**	**63,363**	**50**	**569,164**

At 31 December 2015

	CIB			Commercial				Consumer				Total
	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term loans	Others	Overdrafts	Credit cards	Term loans	Mortgage	
Collective allowance for impairment												
At 1 January	7,273	43,619	282	4,197	—	22,053	—	5,896	53	6,244	1,275	90,892
Provision for loan impairment	3,234	5,700	71	1,535	—	14,356	—	940	(50)	16,866	(694)	41,958
Provisions no longer required	(5,293)	(7,255)	(44)	(2,794)	—	(12,917)	—	(5,516)	(50)	(3,479)	(13)	(37,361)
Reclassification	(60)	(6,864)	—	(1,477)	—	3,851	—	(124)	—	747	(487)	(4,414)
Exchange difference	(695)	1,374	(215)	(1,167)	—	(2,495)	—	(417)	(3)	43	379	(3,196)
At 31 December 2015	4,458	36,574	94	294	—	24,847	—	780	—	20,421	460	87,928
Total allowance for impairment	**11,645**	**299,435**	**94**	**35,048**	**—**	**214,689**	**—**	**11,597**	**289**	**83,784**	**510**	**657,092**

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(All amounts in US dollar thousands unless otherwise stated)

20 Loans and advances to customers (continued)

Loan sale transaction

During the year, Ecobank Nigeria into a Loan Sale/Swap agreement with Ecobank Specialised Finance Company, for the sale of selected Identified Eligible Assets (IEA's) of Ecobank Nigeria in exchange for a non-recourse United Stated Dollar denominated Assets which consist of:

- USD 200 million
- Item of Property, plant and equipment.

The effective transaction date for the Loan sale was 30 December, 2016

Summary Terms of Agreement:

a) Buyer: The Buyer of the assets was Ecobank Specialized Finance Company – a fully owned Special Purpose Vehicle (SPV) of Ecobank Transnational Incorporated (ETI)

b) Eligible Assets: The IEA's acquired by the SPV were conducted at arm's length and sale of the IEA's to the SPV shall be final and would be without recourse to Ecobank Nigeria Limited.

c) Consideration: Total consideration for the IEA's is USD200million and transfer of ownership of the WAVE's property (which previously belong to ETI) which has been valued at USD66 million equivalent. The WAVE's property was valued by three independent valuers.

Loan sale summary:

Total proceeds for all the IEA's as per the duly executed contract for the Loan sale amounts to USD 266.535 million (N81.29billion).

Value of the total Loans identified for sale (Net Carrying Amount):	USD 262.535 million
Total proceeds from the Loan Sale transaction (Aggregate sum):	USD 266.536 million
**Recovery on previously provisioned Eligible Assets:	USD 4.00 million

Loans and advances to customers include finance lease receivables analysed below.

At 31 December	2016	2015
Gross investment in finance leases, receivable		
No later than 1 year	415	457
Later than 1 year and no later than 5 years	4,619	5,090
	5,034	5,547
Unearned future finance income on finance leases	(14)	(15)
Net investment in finance leases	5,020	5,532
The net investment in finance lease may be analysed as follows:		
No later than 1 year	720	778
Later than 1 year and no later than 5 years	4,310	4,754
	5,020	**5,532**

21 Treasury bills and other eligible bills

At 31 December	2016	2015
Maturing within three monts (Note 42)	390,294	628,902
Maturing after three months	838,198	807,503
	1,228,492	**1,436,405**
Current	390,294	1,357,155
Non current	838,198	79,250
	1,228,492	**1,436,405**

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

22 Investment securities

At 31 December	2016	2015
Securities available-for-sale		
Debt securities – at fair value:		
• listed	1,280,495	1,243,994
• unlisted	1,768,240	1,229,565
Total	3,048,735	2,473,559
Equity securities – at fair value:		
• listed	16,330	19,340
• unlisted	209,525	188,103
Total	225,855	207,443
Total securities available-for-sale before impairment	3,274,590	2,681,002
Allowance for impairment	(1,766)	(11,310)
Total securities available-for-sale	3,272,824	2,669,692
Current	477,214	604,486
Non current	2,795,610	2,065,206
	3,272,824	**2,669,692**

The Group has not reclassified any financial asset measured at amortised cost to fair value during the year. (2015: nil)

Notes to consolidated financial statements

(All amounts in US dollar thousands unless otherwise stated)

22 Investment securities (continued)

The movement in securities available-for-sale may be summarised as follows:

At 31 December	2016	2015
At 1 January	2,669,692	1,435,580
Additions	1,513,241	1,459,656
Acquisition of subsidiary	—	—
Disposals (sale and redemption)	(387,046)	(220,777)
Losses from impairment of available-for-sale equity securities	76	(568)
Gains/(loss) from changes in fair value	(54,135)	111,869
Exchange differences	(469,004)	(116,068)
At 31 December	**3,272,824**	**2,669,692**

The movement in impairment allowance on securities available-for-sale may be summarised as follows:

At 1 January	11,310	10,359
Additional provision	18,660	951
Reclassification	—	—
Exchange differences	—	—
At 31 December	**29,970**	**11,310**

23 Pledged assets

At 31 December	2016	2015
Treasury bills	183,477	471,798
Government bonds	142,395	287,288
Cash Pledged	192,333	—
	518,205	**759,086**

Pledged assets have been stated at fair values

Current	380,515	506,921
Non-current	137,690	252,165
	518,205	**759,086**

24 Other assets

At 31 December	2016	2015
Fees receivable	8,784	5,897
Accounts receivable	507,718	462,136
Prepayments	289,462	178,701
Sundry receivables	100,487	26,533
	906,451	**673,267**
Impairment charges on receivable balances	(55,630)	(159,638)
	850,821	**513,629**
Current	808,280	489,596
Non-current	42,541	24,033
	850,821	**513,629**

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

1 January	159,638	81,325
Increase in impairment	93,583	104,963
Write-off	(197,591)	(26,650)
At 31 December	**55,630**	**159,638**

25 Investment in associates

At 31 December	2016	2015
At 1 January	15,802	16,773
Additions	—	—
Disposal	—	—
Share of results	(2,542)	(1,174)
Reclassification	—	—
Exchange differences	(3,125)	203
At 31 December	**10,135**	**15,802**

Investment in associates balances are non-current.

Notes to consolidated financial statements

(All amounts in US dollar thousands unless otherwise stated)

25 Investment in associates (continued)

	At 31 December 2016					At 31 December 2015				
	OLD MUTUAL Life insurance	OLD MUTUAL General insurance	EB-ACCION Ghana	EB-ACCION Cameroon	EB-ACCION Nigeria	OLD MUTUAL Life insurance	OLD MUTUAL General insurance	EB-ACCION Ghana	EB-ACCION Cameroon	EB-ACCION Nigeria
Current assets	17,305	18,161	12,573	10,021	32,873	32,736	25,433	12,910	9,471	32,873
Non- current assets	1,229	4,605	673	1,311	1,606	2,377	6,986	1,009	1,301	1,606
Total assets	**18,534**	**22,766**	**13,246**	**11,332**	**34,480**	**35,113**	**32,418**	**13,919**	**10,772**	**34,480**
Liabilities	7,339	10,216	10,697	9,768	19,012	15,659	10,208	11,292	9,314	19,012
Total Liabilities	**7,339**	**10,216**	**10,697**	**9,768**	**19,012**	**15,659**	**10,208**	**11,292**	**9,314**	**19,012**
Revenues	3,982	5,660	5,817	3,699	16,183	4,227	23,874	6,022	3,441	16,183
Profit after tax	(4,808)	(2,848)	224	147	3,177	(4,342)	(581)	413	162	3,177

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 entities are in life and general insurance businesses.

	At 31 December 2016			At 31 December 2015		
	Principal place of business/ Country of incorporation	Net assets of associate	Share Holding (Direct and Indirect)	Country of incorporation	Net assets of associate	Share Holding (Direct and Indirect)
EB-ACCION Ghana	Ghana	2,549	39.78%	Ghana	2,626	39.78%
EB-ACCION Cameroon	Cameroon	1,564	49.87%	Cameroon	1,458	49.87%
EB-ACCION Nigeria	Nigeria	15,468	21.73%	Nigeria	15,468	21.73%
OLD MUTUAL Life insurance	Nigeria	11,194	29.00%	Nigeria	19,453	30.00%
OLD MUTUAL General insurance	Nigeria	12,550	30.00%	Nigeria	22,210	30.00%

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

At 31 December 2016	OLD MUTUAL Life insurance	OLD MUTUAL General insurance	EB-ACCION Nigeria	EB-ACCION Ghana	EB-ACCION Cameroon	Total
Opening net assets	19,453	22,210	15,468	2,626	1,458	61,214
Profit/(loss) for the year	(4,808)	(2,848)	3,177	224	147	(4,107)
Addition of associates	—	—	—	—	—	—
Exchange differences	(3,451)	(6,812)	—	(301)	(41)	(13,782)
Closing net assets	**11,194**	**12,550**	**15,468**	**2,549**	**1,564**	**43,324**
Interest in associates	3,246	3,765	4,051	1,014	780	12,856
Notional goodwill	924	3,753	(4,006)	1,418	576	2,665
Carrying value	**4,170**	**7,518**	**45**	**2,432**	**1,356**	**15,521**

25 Investment in associates (continued)

At 31 December 2015	OLD MUTUAL Life insurance	OLD MUTUAL General insurance	EB-ACCION Nigeria	EB-ACCION Ghana	EB-ACCION Cameroon	Total
Opening net assets	16,899	23,946	—	2,600	1,413	44,858
Profit/(loss) for the year	(4,342)	(581)	3,177	413	162	(1,171)
Addition of associates	—	—	12,291	—	—	12,291
Exchange differences	6,896	(1,155)	—	(387)	(118)	5,236
Closing net assets	**19,453**	**22,210**	**15,468**	**2,626**	**1,458**	**61,214**
Interest in associates	5,836	6,663	3,361	1,045	727	17,632
Notional goodwill	(1,665)	855	(3,035)	1,387	629	(1,830)
Carrying value	**4,171**	**7,518**	**326**	**2,432**	**1,356**	**15,802**

26 Intangible assets

At 31 December	2016	2015
Goodwill		
At 1 January	341,770	367,984
Acquisition of subsidiary	—	—
Exchange differences	(108,883)	(26,214)
At 31 December	**232,887**	**341,770**

Goodwill is tested annually for impairment, or more frequently when there are indications that impairment may have occurred. There was no impairment identified in 2016 (2015: nil).

Software costs		
At 1 January	40,681	42,273
Purchase	31,321	24,154
Amortisation (Note 11)	(20,001)	(21,858)
Exchange differences	(4,123)	(3,888)
At 31 December	**47,878**	**40,681**
Total intangible assets	**280,766**	**382,451**

Impairment testing for cash-generating units containing goodwill

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

Notes to consolidated financial statements

(All amounts in US dollar thousands unless otherwise stated)

25 Investment in associates (continued)

The goodwill is arising on acquisitions in the following subsidiaries:

At 31 December	2016	2015
Ecobank Nigeria (Oceanic Bank)	201,655	308,604
Ecobank Ghana (The Trust Bank)	9,666	10,651
Ecobank Rwanda	4,631	5,080
Ecobank Zimbabwe	6,550	6,550
SOFIPE	4,126	4,261
Ecobank Chad	2,459	2,540
Ecobank Central Africa	1,513	1,563
Ecobank Burundi	1,111	1,160
Ecobank Sierra Leone (ProCredit)	574	733
Ecobank Malawi	135	146
Ecobank Burkina Faso	467	482
	232,887	**341,770**

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

- the cash flows were projected based on the Bank's approved budget. The cash flows were based on past experiences and were adjusted to reflect expected future performances of the company putting into consideration the country's gross domestic product.
- a terminal growth rate of between 0% and 4.4% was applied in determining the terminal cash flows depending on the country the entity is domiciled.
- discount rates of averaging 13.74%, representing pre-tax weighted average cost of capital (WACC), 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.
- the Group expects that through this acquisition, it would create synergy that enhances its ability to tap into opportunities in the respective countries where the entities are domiciled;
- The key assumptions described above 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.

27 Property and equipment

	Motor Vehicles	Land & Buildings	Furniture & Equipment	Installations	Construction in progress	Total
At 1 January 2015						
Cost or Valuation	97,380	550,933	534,529	142,108	141,222	1,466,172
Accumulated depreciation	70,387	—	400,721	74,374	—	545,482
Net book amount	**26,993**	**550,933**	**133,808**	**67,734**	**141,222**	**920,690**
Year ended December 2015						
Opening net book amount	26,993	550,933	133,808	67,734	141,222	920,690
Additions	8,312	54,958	67,248	30,330	50,670	211,520
Revaluation	—	528	—	—	—	528
Disposals – cost	(4,676)	(8,266)	(180,760)	(10,757)	(45,352)	(249,811)
Disposals – accumulated depreciation	4,445	2,186	169,140	5,580	—	181,351
Reclassifications – cost	—	11,523	—	489	(12,012)	—
Reclassifications – accumulated depreciation	—	(15)	—	15	—	—
Impairment charge	—	—	—	—	—	—
Depreciation charge	(8,953)	(13,802)	(54,457)	(13,451)	—	(90,663)
Exchange rate adjustments	(1,553)	(46,071)	(12,759)	(7,262)	(12,113)	(79,758)
Closing net book amount	**24,568**	**551,974**	**122,220**	**72,678**	**122,415**	**893,855**
At 31 December 2015/1 January 2016						
Cost or Valuation	94,087	672,752	374,517	146,889	122,415	1,410,660
Accumulated depreciation	69,519	120,778	252,297	74,211	—	516,805
Net book amount	**24,568**	**551,974**	**122,220**	**72,678**	**122,415**	**893,855**
Year ended December 2016						
Opening net book amount	24,568	551,974	122,220	72,678	122,415	893,855
Additions	6,556	54,730	44,945	19,947	101,212	227,390
Revaluation	—	6,348	(27)	(100)	—	6,221
Disposals – cost	(8,133)	(6,737)	(14,760)	(7,739)	(3,992)	(41,361)
Disposals – accumulated depreciation	8,664	1,677	8,641	1,517	2	20,501
Reclassifications – cost	—	(916)	1,857	4	916	1,861
Reclassifications – accumulated depreciation	—	(815)	(1,857)	811	—	(1,861)
Impairment charge	—	—	—	—	—	—
Depreciation charge	(8,492)	(15,443)	(46,918)	(14,259)	—	(85,112)
Exchange rate adjustments	(1,918)	(116,374)	(13,288)	(2,899)	(25,968)	(160,447)
Closing net book amount	**21,245**	**474,444**	**100,813**	**69,960**	**194,585**	**861,047**
At 31 December 2016						
Cost	75,479	579,138	355,743	151,114	194,585	1,356,059
Accumulated depreciation	54,234	104,694	254,930	81,154	—	495,012
Net book amount	**21,245**	**474,444**	**100,813**	**69,960**	**194,585**	**861,047**

Notes to consolidated financial statements

(All amounts in US dollar thousands unless otherwise stated)

27 Property and equipment (continued)

An independent valuation of the group's land and buildings was performed by valuers to determine the fair value of the land and buildings as at 31 December 2015. The revaluation surplus net of applicable deferred income taxes was credited to other comprehensive income and is shown in 'revaluation reserve – property and equipment' in shareholders equity (note 40).

Fair value is derived by applying internationally acceptable and appropriately benchmarked valuation techniques such as depreciated replacement cost or market value approach. The depreciated replacement cost approach involves estimating the value of the property in its existing use and the gross replacement cost. For 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.

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

At 31 December	2016	2015
Cost	670,005	616,580
Accumulated depreciation	145,294	130,713
Net book amount	**524,711**	**485,867**

28 Investment property

At 31 December	2016	2015
1 January	136,466	168,167
Additions	1,101	7,980
Fair value gains	(29,672)	(22,160)
Disposal	(69,008)	(15,111)
Exchange rate adjustments	(3,068)	(2,410)
At 31 December	**35,819**	**136,466**

The following amounts have been recognised in the income statement:

Rental income	1,219	1,219
Direct operating expenses arising from investment properties that generate rental income	(502)	(502)
Fair value gains/(losses)	(29,672)	(22,160)
	(28,955)	**(21,443)**

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). The values have been derived using the sales comparison approach. 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.

29 Held for sale and discontinued operations

The assets and liabilities of Union Bank of Cameroon (UBC) have been classified as held for sale in line with IFRS 5 (Non current assets held for sale and discontinued operations). UBC was acquired as part of the Oceanic transaction in 2011 but was deemed as non-core to ETI's operations. Regulatory approval has been obtained for the sale and it is expected to be completed during 2017. UBC is classified under 'others' in the segment reporting. The assets and performance reviewed by the CODM does not include assets held for sale.

At 31 December	2016	2015
a) Assets classified as held for sale		
Cash and balances with central banks	32,037	41,656
Treasury bills and other eligible bills	7,286	4,127
Loans and advances to banks	377	521
Loans and advances to customers	16,236	26,761
Investment securities - available for sale	12,575	15,544
Intangible assets	124	201
Property and equipment	1,832	1,130
Deferred income tax assets	—	1,922
Other assets	596	(50)
	69,871	**91,813**
b) Liabilities classified as held for sale		
Due to customers	89,955	96,926
Other liabilities	3,358	6,206
Retirement benefit obligation	813	805
Deferred income tax liabilities	176	3,094
	94,302	**107,031**
c) Profit from discontinued operations		
Revenue	3,536	3,192
Costs	(6,229)	(7,462)
Loss before tax of discontinued operations	(2,693)	(4,270)
Taxation	—	—
(Loss)/Profit from discontinued operations after tax	(2,693)	(4,270)
Loss on disposal	—	—
Loss from discontinued operations	(2,693)	(4,270)
Loss attributable to:		
Owners of the parent	(1,454)	(2,306)
Non controlling interests	(1,239)	(1,964)
	(2,693)	**(4,270)**
Cash and Flow statement		
Cash flow (used in)/from operating activities	(5,047)	(27,893)
Cashflow (used in)/from investing activities	456	(4,647)
Total cashflows	**(4,591)**	**(32,540)**

Notes to consolidated financial statements

(All amounts in US dollar thousands unless otherwise stated)

30 Deposits from other banks

At 31 December	2016	2015
Operating accounts with banks	888,705	945,847
Deposits from other banks	1,133,647	487,539
	2,022,352	**1,433,386**

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

31 Deposit from customers

At 31 December	2016	2015
CIB		
• Current accounts	4,174,861	5,069,201
• Term deposits	1,898,729	3,438,117
	6,073,590	8,507,318
Commercial		
• Current accounts	2,199,666	2,070,837
• Term deposits	585,265	731,227
• Savings deposits	49,826	45,169
	2,834,757	2,847,233
Consumer		
• Current accounts	1,556,069	1,616,068
• Term deposits	681,981	932,556
• Savings deposits	2,350,323	2,524,378
	4,588,373	5,073,002
Total	**13,496,720**	**16,427,553**
Current	12,596,468	7,686,066
Non current	900,252	8,741,487
	13,496,720	**16,427,553**

Customer deposits carry variable interest rates.

At 31 December 2016	CIB		Commercial			Consumer			Total
	Current account	Term deposits	Current account	Term deposits	Savings	Current account	Term deposits	Savings	
At 1 January	5,069,201	3,438,117	2,070,837	731,227	45,169	1,616,068	932,556	2,524,378	16,427,553
Additions	1,960,534	160,950	1,026,012	165,120	32,518	3,005,870	469,860	883,970	7,704,834
Withdrawals	(2,112,572)	(953,891)	(686,229)	(150,599)	(18,567)	(2,878,223)	(503,402)	(659,243)	(7,962,726)
Reclassification	(102,058)	(2,507)	81,584	2,507	—	20,474	—	—	—
Exchange difference	(640,244)	(743,940)	(292,538)	(162,990)	(9,294)	(208,120)	(217,033)	(398,782)	(2,672,941)
At 31 December 2016	**4,174,861**	**1,898,729**	**2,199,666**	**585,265**	**49,826**	**1,556,069**	**681,981**	**2,350,323**	**13,496,720**

At 31 December 2015	CIB		Commercial			Consumer			Total
	Current account	Term deposits	Current account	Term deposits	Savings	Current account	Term deposits	Savings	
At 1 January	5,661,769	3,348,114	2,126,470	925,287	78,252	1,832,803	907,369	2,500,974	17,381,038
Additions	4,260,070	849,107	834,905	(32,573)	16,261	2,478,052	228,217	749,931	9,383,970
Withdrawals	(4,287,108)	(451,022)	(650,501)	(80,917)	(42,299)	(2,517,399)	(125,884)	(494,173)	(8,649,303)
Reclassification	(431)	1,329	(6,216)	(1,423)	—	6,647	94	—	—
Exchange difference	(565,099)	(309,411)	(233,821)	(79,147)	(7,045)	(184,036)	(77,240)	(232,354)	(1,688,153)
At 31 December 2015	**5,069,201**	**3,438,117**	**2,070,837**	**731,227**	**45,169**	**1,616,068**	**932,556**	**2,524,378**	**16,427,553**

33 Borrowed funds

At 31 December		2016	2015
a	Deutsche Bank	267,286	279,843
b	Bank of Industry of Nigeria (BOI)	145,401	260,205
c	Eurobond Nigeria	252,499	258,474
d	Standard Chartered Bank, Nigeria	—	171,570
e	4% Convertible preference shares	16,531	118,168
f	African Development Bank (AfDB)	309,889	101,476
g	PIC	98,869	—
h	Societe de Promotion et Participation pour la Coopération Economique (PROPARCO)	62,228	74,213
i	Opec Fund for International Development (OFID)	26,341	70,093
j	International Finance Corporation	71,832	123,487
k	A/B Syndicated Subordinated Term Facility	75,916	75,410
l	European Investment Bank	67,995	81,837
m	Standard Chartered Bank, Nigeria to Bewcastle	—	40,000
n	Keystone Bank, Nigeria	25,000	25,000
o	Central Bank of Nigeria	10,272	16,131
p	Caisse Régionale de Refinancement Hypothécaire (CRRH)	9,098	11,965
q	BIO	10,106	13,449
	Government Bonds (Ivory Coast)	8,442	10,901
	• Export Development Investment Fund (EDIF) Ghana	—	14,002
	• East African Development Bank (EADB) Kenya	—	11,988
	Other loans	150,858	21,065
		1,608,564	**1,779,277**
	Current	185,415	419,125
	Non current	1,423,149	1,360,152
		1,608,564	**1,779,277**

a) Deutsche Bank AG, London granted a USD 269,000,000.00 facility to ETI on September 21, 2016 with a Margin of 4.75% per annum plus 3 months Libor for a tenure of 1 year.

b) The Bank of Industry (BOI) loan to Ecobank Nigeria represents CBN (Central Bank of Nigeria) intervention funds on-lent to some of the Bank's customers in the manufacturing sector through Bank of industry (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.

c) Eurobond loan to Ecobank Nigeria represents Subordinated Tier 2 Note of $250 million Fixed Rate Limited Recourse Participation Notes maturing in 2021. The Note has a tenure of 7 years while interest of 8.5% on the notes will be payable semi-annually in arrear in each year commencing 14 August 2014.

d) Standard Bank loan to Ecobank Nigeria was a a short term loan of $150 million Bilateral Facility from Commerzbank, MASHREQ Bank, Standard Chartered and others. The facility had a tenure of one year, interest of 3% + 90 days LIBOR is payable quarterly while the principal repayment was at maturity on 29 October 2015.

e) In year 2011, ETI issued 1.07 billion units of convertible, redeemable and cumulative preference shares to the shareholders of Oceanic Bank International Limited at US$0.1032 per share. Dividend is payable on the preference shares at the higher of 4% per annum and proposed ordinary dividend per share.

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(All amounts in US dollar thousands unless otherwise stated)

33 Borrowed funds (continued)

In 2015, we have converted 35,085,710 preference shares.

In 2016 preference shareholders converted 819,424,548 units into new ordinary shares of 630,325,909 as at December 31, 2016. The outstanding number of preference shares as at December 31, 2016, is 212,091,363 which will be redeemed.

f) The African Development (AfDB) loan to ETI comprises three subordinated loans:

- AfDB (I) Loan, with an outstanding amount of 71 million $US, is repayable in full in two (2) equal installments in 2017. Interest rate is based on a fixed base rate 3.65% plus a spread. The subsidiaries that benefitted from this loan are: Ecobank Burundi, Congo, Ghana, Kenya, Malawi, Tanzania and Zimbabwe.
- AfDB (II) Loan, with an outstanding amount of 30 million $US, repayable in full in two (2) equal installments in 2017. Interest rate is based on 6 month LIBOR rate plus margin of 3.65%. The subsidiaries that benefitted from this loan are: Ecobank Burundi, Congo, Ghana, Kenya, Malawi, Tanzania and Zimbabwe.
- AfDB (III) Loan, with an outstanding amount of 208 million $US, is repayable in full in two (2) equal installments from 2019. Interest rate is based on a fixed base rate of 4.5% plus a spread. The subsidiaries that benefitted from this loan are: Ecobank Burundi, Congo, Ghana, Kenya, Malawi, Nigeria, Tanzania, Uganda and Zimbabwe.

g) Public Investment Corporation (PIC) granted to ETI a USD 98,841,206,79 facility for 3 years Term, on December 29, 2016, with a Margin of 4% per annum plus 3 months Libor, annual revolving.

h) Societe De Promotion et De Participation Pour La Cooperation Economique S.A. (PROPARCO1) is repayable in eleven (11) equal semi annual installments starting from 2014 to 2019. Interest is payable semi-annually at either a fixed rate or a floating rate determined at the instance of the lender.

(PROPARCO2) During the year 2013, ETI obtained additional US$50 million loan from Proparco. The loan is repayable in 17 installments starting from 2016 to 2024. Interest is payable semi-annually at a floating rate LIBOR 6 Month.

i) Opec Fund for International Development (OFID) Loan is a convertible and subordinated loan repayable in seven (7) equal semi-annual installments starting from 2016. The subsidiaries that benefitted from this loan are: Ecobank Senegal, Cameroon, Kenya and Cote d'Ivoire.

j) International Finance Corporation (IFC) Loan is a convertible and subordinated loan repayble in thirteen (13) equal semi-annual installments starting from 2015. The subsidiaries that benefitted from this loan are: Ecobank Benin, Burkina, Guinea Bissau, Mali, Niger, Senegal, Togo, Gambia, Ghana, Sierra Leone, Cameroun, Central African Republic, Chad, Rwanda, and Nigeria. There were other IFC loans to Ecobank Nigeria and Ecobank Ghana expiring on 2013 and 2015 respectively and attracting interest rates of LIBOR+2.75% and LIBOR+3% respectivley.

k) The US$75million A/B Syndicated Subordinated Term Facility was obtained by Ecobank Nigeria in 2015 from FMO. It is repayable by Eight (8) Quarterly installment payments commencing on April 15, 2020 after a moratorium period of five (5) years with interest rate at LIBOR plus 6.5%. The maturity date is January 15, 2022.

l) European Investment Bank (II) Loan is a convertible and subordinated loan repayable in ten equal semi-annual instalments which started from 2010. The subsidiaries that benefitted from this loan are: Ecobank Burkina, Cote d'Ivoire, DR Congo, Ghana, Guinea Bissau, Mali, Rwanda, Chad, Senegal, Togo, Uganda, and Zambia.

European Investment Bank (III) granted a third facility to ETI for on-lending to some affiliates. The sum received on July 6, 2015 was USD 40 million out of USD 100 million as per the contract. The applicable rate is 1.57% plus Floating rate plus 6 months LIBOR for a tenure of 7years and 3 years moratorium. The funds received were on-lent to affiliates as per the following list : Nigeria, eProcess, Tanzania, Rwanda & ETI Holding.

m) The loan from Standard Chartered Bank Nigeria was obtained by Bewcastle Limited for a tenor of 36 months with interest rate at 90 day LIBOR plus 7%.

n) The loan from Keystone Bank Nigeria was obtained by Bewcastle Limited for a tenor of 36 months with interest rate at 90day LIBOR plus 7%.

o) Central Bank of Nigeria loan represents 7-year intervention funds for on-lending to a customer of the Bank in the agricultural sector. The funds are administered at a maximum interest rate of 9% per annum.

p) Caisse Régionale de Refinancement Hypothécaire loan to Ecobank Cote d'Ivoire and Ecobank Senegal are is repayable over (10) years in 20 equal semi-annual instalments which started from 2014. Interest is payable semi-annually at an annual rate of 6%. The loan is maturing in 2023.

q) Bio Loan was not for on-lending to affiliates. It started from July 2012 payable in eleven equal semi-annual installments. The loan was used to support technological development and program development of its affiliates.

33 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 rate	Effective interest rate	Tenor (Years)	Face value	Amount
European Investment Bank (II)	4.267% + 6 months Libor	5.54%	7	27,282	27,713
Opec Fund for International Development	5.75% + 6 months Libor	6.52%	8	25,714	26,341
Preference share	4%	5.43%	5	106,450	16,531
				159,446	**70,585**

At 31 December	2016	2015
Initial recognition:		
• Face value of convertible bond issued	159,447	194,635
• Equity conversion component net of deferred tax liability (Note 40)	(9,416)	(41,869)
Liability component	**150,031**	**152,766**
Summary of subordinated loans		
European Investment Bank (II)	27,713	40,522
Opec Fund for International Development	26,341	30,740
	54,054	**71,262**

34 Other liabilities

At 31 December	2016	2015
Accrued income	62,694	43,408
Unclaimed dividend	6,786	8,279
Accruals	227,964	362,280
Obligations under customers' letters of credit	93,752	56,179
Bankers draft	46,033	30,325
Accounts payable	193,261	513,549
Sundry liabilities	712,145	35,039
	1,342,635	**1,049,059**

Other liabilities are expected to be settled within no more than 12 months after the reporting date.

35 Provisions

	2016	2015
At 1 January	28,694	26,368
Additional provisions charged to income statement	15,745	11,032
Provision no longer required	(16)	—
Utilised during year	(5,059)	(5,544)
Exchange differences	(10,582)	(3,162)
At 31 December	**28,782**	**28,694**

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.

Notes to consolidated financial statements

(All amounts in US dollar thousands unless otherwise stated)

36 Deferred income taxes

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

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

	2016	2015
At 1 January	(5,592)	(47,705)
Income statement charge	(13,594)	(13,467)
Available-for-sale securities (directly in OCI):	—	—
• fair value remeasurement	(22,658)	51,555
Revaluation of property and equipment (directly in OCI)	(5,704)	(190)
Exchange differences	5,710	4,215
At 31 December	**(41,838)**	**(5,592)**
Deferred income tax assets and liabilities are attributable to the following items:		
Deferred income tax liabilities		
Accelerated tax depreciation	2,265	2,023
Available-for-sale securities	3,566	52,945
Revaluation of property and equipment	39,396	46,699
Provision for loan impairment (recovery)	10,746	10,073
Other temporary differences	4,196	6,081
	60,169	**117,821**
Deferred income tax assets		
Pensions and other post retirement benefits	447	453
Provisions for loan impairment	13,930	10,368
Other provisions	9,755	3,914
Tax loss carried forward	32,323	24,460
Other temporary differences	3,519	68,598
On untilised capital allowances	34,562	192
On revaluation PPE	45	41
Available-for-sale securities	7,426	15,387
	102,007	**123,413**
Deferred tax liabilities		
• To be recovered within 12 months	55,102	29,910
• To be recovered after more than 12 months	5,067	87,911
	60,169	**117,821**
Deferred tax assets		
• To be recovered within 12 months	91,024	29,106
• To be recovered after more than 12 months	10,983	94,307
	102,007	**123,413**
The deferred tax charge in the income statement comprises the following temporary differences:		
Accelerated tax depreciation	242	(981)
Provision for loan impairment (recovery)	673	6,915
Pensions and other post retirement benefits	6	(129)
Allowances for loan losses	(3,562)	628
Other provisions	(5,841)	449
Tax losses carry forward	(7,863)	1,710
Other temporary differences	(1,885)	1,798
Exchange differences	4,636	(23,857)
	(13,594)	**(13,467)**

36 Deferred income taxes (continued)

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

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

Income tax effects relating to components of other comprehensive income:

	2016			2015		
	Gross	Tax	Net	Gross	Tax	Net
Fair value gains/loss on available for sale	(54,135)	22,658	(31,477)	133,964	(51,555)	82,409
Revaluation gains/loss on property and equipment	6,221	(5,704)	517	528	(190)	338
	(47,914)	**16,954**	**(30,960)**	**134,492**	**(51,745)**	**82,747**

37 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 2.24. The Group operates a post employment gratuity payment scheme. The amounts recognised in the statement of financial position are as follows:

	2016	2015
Present value of funded obligations	47,817	46,938
Fair value of plan assets	(45,965)	(44,619)
	1,852	**2,319**
Present value of unfunded obligations	13,879	15,117
Liability in the statement of financial position	**15,731**	**17,436**

In 2016, the movement in the defined benefit obligation over the year is as follows :

	2016			2015		
	Present value of obligation	Fair value of plan assets	Total	Present value of obligation	Fair value of plan assets	Total
At 1 January	**62,055**	**(44,619)**	**17,436**	**56,907**	**(43,950)**	**12,957**
Current service cost	3,116	—	3,116	5,153	—	5,153
Interest expense and income	2,821	(2,365)	456	119	(2,318)	(2,199)
	5,937	(2,365)	3,572	5,272	(2,318)	2,954
Remeasurements						
Return on plan assets	—	(2,629)	(2,629)	—	(5,015)	(5,015)
Actuarial (gain)/losses	(6,078)	(75)	(6,153)	1,790	2,046	3,837
	(6,078)	(2,704)	(8,782)	1,790	(2,968)	(1,178)
Exchange difference	(417)	6,634	6,217	1,189	2,932	4,120
Contributions	—	(8,989)	(8,989)	—	(1,418)	(1,418)
Benefit payments	199	6,078	6,277	(3,103)	3,103	—
At 31 December	**61,696**	**(45,965)**	**15,731**	**62,055**	**(44,619)**	**17,436**

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(All amounts in US dollar thousands unless otherwise stated)

37 Retirement benefit obligations (continued)

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

	2016					2015			
	Nigeria	ETI	UEMOA/ CEMAC	Others	Total	Nigeria	ETI	UEMOA/ CEMAC	Others
Present value obligation	21,002	13,879	18,807	8,008	61,696	33,870	13,107	10,071	5,007
Fair value of plan assets	(27,225)	—	(12,249)	(6,492)	(45,966)	(33,069)	—	(11,844)	294
Total liability	(6,222)	13,879	6,558	1,516	15,731	801	13,107	(1,773)	5,301

Income tax effects relating to components of other comprehensive income

At 31 December	2016	2015
The amounts recognised in the income statement are as follows:		
Current service cost	3,116	5,153
Net interest cost	2,821	119
Total included in staff costs	5,937	5,272
Other Comprehensive Income		
Actuarial gain/(losses) on obligations	(6,078)	1,790
Actuarial gain/(losses) on plan assets	(75)	2,046
	(6,153)	**3,836**

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:

	2016				2015			
	%	Quoted	Unquoted	Total	%	Quoted	Unquoted	Total
Cash	18%	—	8,274	8,274	18%	—	8,253	8,129
Equity instruments	26%	11,951	—	11,951	23%	10,205	—	10,205
Debt instruments (Bonds)	56%	25,741	—	25,741	57%	26,161	—	25,615
	100%	**37,692**	**8,274**	**45,966**	**100%**	**36,366**	**8,253**	**43,950**

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 the subsidiaries operating in the UEMOA region were as follows:

	2016	2015
Discount rate	3%	3%
Expected return on plan assets	1.8%	1.8%
Future salary increases	2%	2%

The principal assumptions used for the employees of Ecobank Nigeria Plc were as follows:

Discount rate	16%	11%
Expected return on plan assets	9%	9%
Future salary increases	5%	2%

37 Retirement benefit obligations (continued)

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amount below.

31 December 2016	Defined benefit obligation	
(effect in thousand of USD)	Increase	Decrease
Discount rate (1% movement)	13,470	15,313
Exit rate (1% movement)	13,344	15,443
Dismissal rate (1% movement)	16,842	11,837

The principal assumptions used for the employees of Ecobank Transnational Incorporated were as follows:

	2016	2015
Discount rate	3.00%	3.0%
Exit rate	4.85%	4.85%
Dismissal rate	1.80%	1.80%

38 Contingent liabilities and commitments

	2016	2015
a) Legal proceedings	5,539	22,196

The Group is a party to various legal actions arising out of its normal business operations. The Directors believe that, based on currently available information and advice of counsel, none of the outcomes that result from such proceedings will have a material adverse effect on the financial position of the Group, either individually or in the aggregate. The amounts that the directors believe will materialize are disclosed in Note 35.

b) Capital commitments

At 31 December 2016, the Group had capital commitments of $4.2 m (2015: $4.6m) 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 2016 the Group had contractual amounts of the off-statement of financial position financial instruments that commit it to extend credit to customers guarantees and other facilities are as follows:

	2016	2015
Guaranteed commercial papers	97,111	153,825
Documentary and commercial letters of credit	1,147,441	1,718,922
Performance bond, guarantees and indemnities	2,608,650	2,790,414
Loan commitments	477,246	223,391
	4,330,448	**4,886,552**

d) Tax exposures

The Group is exposed to ongoing tax reviews in some few subsidiary entities. The Group considers the impact of tax exposures, including whether additional taxes may be due. This assessment relies on estimates and assumptions and may involve series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities would impact tax expense in the period in which such a determination is made. The total amount of tax exposure as at 31 December 2016 is $38 million (2015: $ 54.1 million). Based on Group's assessment, the probable liability is not likely to exceed $15 million (2015: $12.9 million) which provisions have been made in the books in Note 35.

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(All amounts in US dollar thousands unless otherwise stated)

39 Share capital

	No of shares ('000)	Ordinary shares	Share premium	Treasury shares	Total
At 1 January 2015	**22,449,937**	**564,084**	**1,426,805**	**(11,367)**	**1,979,523**
Proceeds from share subscription:					
• Bonus issue	1,506,220	37,655	—	—	37,655
• Conversion of Preference shares	26,989	674	3,167	—	3,842
• Share option exercised	3,300	83	366	—	449
Treasury shares	(9,133)	—	—	8,229	8,229
At 31 December 2016/1 January 2016	**23,977,313**	**602,496**	**1,430,339**	**(3,138)**	**2,029,698**
(a) Conversion of Preference shares	630,326	15,758	68,806	—	84,564
(b) Treasury shares	—	—	—	70	70
At 31 December 2016	**24,607,639**	**618,254**	**1,499,145**	**(3,068)**	**2,114,332**

The total authorised number of ordinary shares at year end was 50 billion (2015: 50 billion) with a par value of US$0.025 per share (2015: US$0.025 per share). Total issued shares as of 31 December 2016 were 24.730 billion shares. The adjustment for treasury shares on consolidation resulted in the share count of 24.608 billion shares.

The movements in the issued shares are as follows :

a) In 2016, a total of 819,424,548 preference shares were converted into 630,325,909 ordinary shares.

b) Treasury shares were ETI shares held by subsidiaries and related entities within the Group as at year end. The treasury shares count as at 31 December 2016 is 122.7 million shares.

Share options

The Group offers share option to certain employees with more than three years' service. Options are conditional on the employee completing three year's service (the vesting period). The options are exercisable starting three years from the grant date. The Group 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:

	2016	2015
At 1 January	448,665	412,615
Granted	—	50,000
Exercised	—	(3,300)
Lapsed	(309,677)	(10,650)
At 31 December	**138,988**	**448,665**

The share options exercised during the year were done at a price of US$0.08.

The range of exercise price of outstanding shares as at 31 December 2016 is 6 cents to 9.2 cents (average price 7.6 cents). All of the outstanding shares as at 31 December 2016 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.

The number of shares outstanding at the end of the year was as follows:

Expiry date:	2016 000	2015 000
2016	—	199,665
2017	—	100,000
2019	50,000	50,000
2022	88,988	99,000
	138,988	**448,665**

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

Measurement of fair values – share options

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

Fair value of share options and assumptions	2011 scheme	2015 scheme
Fair value at grant date (US$)	—	0.025
Share price at grant date (US$)	0.067	0.092
Exercise price (US$)	0.08	0.092
Expected volatility	2.25%	1.73%
Expected life (number of years)	7	5
Expected dividends	10%	3%
Risk-free interest rate	0.9%	11.0%

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

Notes to consolidated financial statements

(All amounts in US dollar thousands unless otherwise stated)

40 Retained earnings and other reserves

	2016	2015
Retained earnings	230,847	529,427
Other reserves	(767,255)	(213,116)
	(536,408)	**316,311**

a) Retained earnings

Movements in retained earnings were as follows:

At 1 January	529,427	550,680
Net (Loss)/profit for year	(249,898)	65,539
Dividend	(48,200)	—
Transfer to general banking reserve	6,827	(21,165)
Transfer to statutory reserve	(19,346)	(28,331)
Bonus issue	—	(37,655)
Transfer from share option	12,037	359
At 31 December	**230,847**	**529,427**

b) Other Reserves

General banking reserve	340,295	347,122
Statutory reserve	387,406	368,060
Revaluation reserve – Available-for-sale investments	(36,652)	(5,175)
Convertible bond – equity component	9,195	9,494
Revaluation reserve-- property and equipment	138,454	137,937
Share option reserve	594	12,631
Remeasurements of post-employment benefit obligations	(3,111)	3,042
Translation reserve	(1,707,717)	(1,086,227)
Other Group reserves	104,281	—
	(767,255)	**(213,116)**

Movements in the other reserves were as follows:

i) General banking reserve

At 1 January	347,122	325,957
Transfer from retained earnings	(6,827)	21,165
At 31 December	**340,295**	**347,122**

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	368,060	339,729
Transfer from retained earnings	19,346	28,331
At 31 December	**387,406**	**368,060**

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

40 Retained earnings and other reserves (continued)

iii) Share option reserve

	2016	2015
At 1 January	12,631	12,990
Transfer to retained earnings	(12,037)	(359)
At 31 December	**594**	**12,631**

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

iv) Remeasurements of post-employment benefit obligations

At 1 January	3,042	(795)
Actuarial gains on retirement benefit	(6,153)	3,837
At 31 December	**(3,111)**	**(3,042)**

v) Revaluation reserves – Available-for-sales

At 1 January	(5,175)	(80,432)
Net gain/(loss) from changes in fair value	(54,135)	133,964
Deferred income taxes (Note 36)	22,658	(51,555)
Reversal of Treasury shares reserves	—	(7,152)
At 31 December	**(36,652)**	**(5,175)**

The revaluation reserve shows the effects from the fair value measurement of available-for-sale investment securities after deduction of deferred taxes.

Convertible bond – equity component

Movement in equity component of convertibles were as follows:

At 1 January	9,494	10,503
Exercise of the convertible option	(299)	(1,009)
At 31 December	**9,195**	**9,494**

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) Revaluation Reserve – property and equipment

At 1 January	137,937	137,599
Net gains from changes in fair value	6,221	528
Deferred income taxes	(5,704)	(190)
At 31 December	**138,454**	**137,937**

vii) Translation reserve

At 1 January	(1,086,227)	(824,929)
Currency translation difference arising during the year	(621,490)	(261,298)
At 31 December	**(1,707,717)**	**(1,086,227)**

vii) Other Group reserve

At 1 January	—	—
Currency translation difference arising during the year	104,281	—
At 31 December	**104,281**	**—**

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41 Dividends per share

Final dividends are not accounted for until they have been ratified at the Annual General Meeting. At the forthcoming annual general meeting, no dividend in respect of 2016 (2015: US$ 0.2 cents) is to be proposed.

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.

	2016	2015
Cash and balances with central banks (Note 16)	1,435,894	1,778,881
Treasury Bills and other eligible bills (Note 21)	390,294	628,902
Deposits with other banks (Note 19)	920,998	905,941
Deposits from other banks (Note 30)	(726,347)	(703,674)
	2,020,838	**2,610,050**

43 Group entities

a) Significant subsidiaries

	Country of incorporation	Ownership interests	
		2016	2015
Ecobank Nigeria Limited	Nigeria	100%	100%
Ecobank Ghana Limited	Ghana	69%	69%
Ecobank Cote d'Ivoire	Cote d'Ivoire	94%	94%
Ecobank Burkina	Burkina Faso	85%	85%
Ecobank Senegal	Senegal	80%	80%
Ecobank Benin	Benin	79%	79%
Ecobank Cameroon	Cameroon	80%	80%
Ecobank Mali	Mali	93%	93%
Ecobank Togo	Togo	82%	82%

b) Non-controlling interests in subsidiaries

The following table summarises the information relating to the Group's subsidiary that has material non-controlling interests (NCI), before any intra-group eliminations.

Entity	Ecobank Ghana		Ecobank Benin		Ecobank Burkina	
NCI percentage	31%	31%	22%	22%	15%	15%
Period	2016	2015	2016	2015	2016	2015
Loans and advances to customers	832,447	846,698	398,366	451,540	601,890	626,409
Investment securities	73,128	34,342	302,069	212,094	283,280	178,719
Other assets	1,001,814	894,532	380,241	412,440	455,243	374,258
Deposits from customers	1,295,572	1,275,024	584,846	673,783	900,958	818,325
Other liabilities	381,238	246,214	444,209	349,500	363,139	294,030
Net assets	230,580	237,103	51,622	52,790	76,316	67,031
Carrying amount of NCI	71,641	73,668	11,357	11,614	11,447	10,055
Operating income	305,653	271,281	51,827	62,118	68,833	65,023
Profit before tax	117,170	129,020	3,112	10,735	25,029	18,795
Profit after tax	83,038	87,813	6,244	8,504	21,539	15,861
Total comprehensive income	80,058	81,267	2,015	9,600	18,758	11,949
Profit allocated to NCI	25,800	27,283	1,374	1,871	3,231	2,379
Cashflows from operating activities	91,870	116,596	180,602	(16,715)	137,662	83,396
Cashflows from investing activities	(77,912)	17,208	(102,681)	(133,853)	(117,705)	(93,785)
Cashflows from financing activities	(48,471)	(36,927)	(95,280)	75,759	(8,850)	(15,016)
Net increase/(decrease) in cash and cash equivalents	(34,513)	96,878	(17,359)	(74,809)	11,107	(25,405)

43 Group entities (continued)

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 2016.

Name	Type of structured entity	Nature and purpose	Investment held by the Group
FCP UEMOA DIVERSIFIE (incorporated in Ivory Cost in 2007)	Asset-backed structured entity	a) Provide investors with an exposure to a referenced asset such as a debt instrument	None
FCP UEMOA RENDEMENT (incorporated in Ivory Cost 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 for 2016 in respect of structured entities that the Group sponsors, but which the Group does not have an interest.

Asset-backed structured entities	FCP UEMOA DIVERSIFIE	FCP UEMOA RENDEMENT
Fee income earned from asset-backed structured entities	1,827	247
*Carrying amount of assets transferred by third parties to conduit vehicle	55,327	3,874
Carrying amount of the financing received from unrelated third parties	62,337	4,666

The carrying value is stated at book value (costs less impairment)

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

44 Related party transactions

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

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

Loans and advances to related parties	Directors and key management personnel		Related companies	
	2016	2015	2016	2015
Loans outstanding at 1 January	—	126	16,202	21,473
Loans issued during the year	445	—	830	1,601
Loan repayments during the year	(268)	(247)	(17,398)	—
Exchange difference	—	121	—	(6,872)
Loans outstanding at 31 December	**177**	**—**	**(366)**	**16,202**
Interest income earned	9	—	—	486

No provisions have been recognised in respect of loans given to related parties (2015: nil).

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

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44 Related party transactions (continued)

Deposits from related parties	Directors and key management personnel		Related companies	
	2016	2015	2016	2015
Deposits at 1 January	2,204	2,351	—	—
Deposits received during the year	445	(179)	—	(219)
Deposits repaid during the year	(268)	973	—	436
Exchange difference		(941)	—	(217)
Deposits at 31 December	**2,381**	**2,204**	**—**	**—**
Interest expense on deposits	36	33	—	—

	2016	2015
Directors' remuneration		
Total remuneration of the directors	1,481	1,455
Key management compensation		
Salaries and other short term benefits	—	7,305

Related party credits

During the period 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$11.6 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	Nature of security	Amount
BIDC	Director related	Bonds	Non-impaired	Unsecured	11,645
					11,645

Parent

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

45 Banking subsidiaries

	Ownership interests
Ecobank Cameroon	80%
Ecobank Chad	74%
Ecobank Sao Tomé	99%
Ecobank Central Africa	75%
Ecobank Congo Brazzaville	89%
Ecobank Gabon	75%
Ecobank Guinea Equatoriale	60%
Ecobank Benin	79%
Ecobank Burkina Faso	85%
Ecobank Côte d'Ivoire	94%
Ecobank Mali	93%
Ecobank Niger	100%
Ecobank Sénégal	80%
Ecobank Togo	82%
Ecobank Guinea Bissau	100%
Ecobank Cape Verde	99%
Ecobank Ghana	69%
Ecobank Guinea	83%
Ecobank Liberia	100%
Ecobank Sierra Leone	100%
Ecobank Gambia	97%
Ecobank Rwanda	94%
Ecobank Tanzania	100%
Ecobank Kenya	100%
Ecobank Burundi	75%
Ecobank Uganda	100%
Ecobank South Sudan	100%
Ecobank Nigeria	100%
Ecobank Malawi	96%
Ecobank Congo RDC	100%
Ecobank Zambia	100%
Ecobank Zimbabwe	99%
Ecobank Mozambique	96%
Non Banking subsidiaries	
SOFIPE Burkina	85%
Ecobank Micro Finance Sierra Leone	100%
EDC Holding	91%
EKE Property Limited Kenya	100%
Treasury Bond Protected Investment Company (TBPIC)	100%
ECB One	100%
FCP Obligataire	80%
E Process international	100%
EBI SA (France)	100%
Bewcastle	100%
Non core – Ecobank Ventures Resolution Vehicle	100%

Notes to consolidated financial statements

(All amounts in US dollar thousands unless otherwise stated)

46 Major business acquisitions

There were no major business acquisitions in 2016.

47 Events after reporting date

No significant event has occurred after the reporting date that could have a material impact on the financial statements.

Five-year summary financials

(All amounts in US dollar thousands unless otherwise stated)

	2016	2015	2014	2013	2012
At the year end					
Total assets	20,510,974	23,553,919	24,243,562	22,532,453	19,939,383
Loans and advances to customers	9,259,374	11,200,349	12,311,642	11,421,605	9,440,945
Deposit from customers	13,496,720	16,427,553	17,436,970	16,489,904	14,620,478
Total equity	1,764,078	2,523,245	2,655,085	2,134,648	2,173,917
For the year					
Revenue	1,972,263	2,105,975	2,279,881	2,003,456	1,729,999
Profit before tax	-131,341	205,239	519,549	221,778	338,029
Profit after tax	-204,958	107,464	394,770	147,773	286,732
Profit attributable to owners of the parent	-249,898	65,539	337,863	95,541	249,743
Earnings per share – basic (cents)	-1.01	0.28	1.69	0.60	1.67
Earnings per share – diluted (cents)	-1.01	0.28	1.60	0.56	1.28
Dividend per share (cents)	—	0.20	—	—	0.40
Return on average equity (%)	-9.6%	4.2%	16.5	6.9	15.8
Return on average assets (%)	-0.9%	0.4%	1.70	0.73	1.55
Cost-to-income ratio (%)	62.7%	64.9%	65.4	70.1	71.4

* Results for 2012 to 2015 are shown for continuing operations.

Parent Company's financial statements

(All amounts in US dollar thousands unless otherwise stated)

Statement of comprehensive income

Year ended 31 December	2016	2015
Interest income	25,109	23,318
Finance cost	(51,259)	(52,675)
Net interest income	(26,150)	(29,357)
Net fees and commission income	31,338	41,512
Other operating income	92,532	162,668
Personnel expense	(40,222)	(34,994)
Depreciation and amortization expense	(5,276)	(6,429)
Other operating expense	(17,644)	(48,133)
Foreign exchange translation gain/(loss)	(2,615)	980
	31,963	86,248
Provision for other assets	(110,494)	(24,015)
Operating profit/(loss) for the year	**(78,531)**	**62,233**
Share of loss of associates	(2,249)	(1,465)
Profit/(loss) for the year	**(80,780)**	**60,768**
Other comprehensive income:		
Items that will be reclassified to profit or loss:		
Exchange difference on translation of associates	(2,428)	—
Net valuation (loss)/gain on available for sale securities	36,238	(6,438)
Total comprehensive profit/(loss) for the year	**(46,970)**	**54,330**

Statement of financial position

As at 31 December	2016	2015
Assets		
Loans and advances to banks	269,461	431,075
Investment in securities: available- for-sale	151,149	114,911
Other assets	301,631	161,526
Investment properties	12,144	21,751
Investment in associates	8,212	12,889
Investment in subsidiaries and structured entities	2,555,175	2,527,175
Intangible assets	18	92
Property and equipment	46,589	50,783
Total assets	**3,344,379**	**3,320,202**
Liabilities		
Other liabilities	65,794	196,046
Borrowed funds	952,194	788,275
Retirement benefit obligations	13,879	13,107
Total liabilities	**1,031,867**	**997,428**
Equity		
Share capital	618,255	602,497
Share premium	1,499,144	1,430,338
Retained earnings	81,691	198,290
Other reserves	113,421	91,649
Total equity	2,312,512	2,322,774
Total liabilities and equity	**3,344,379**	**3,320,202**

Parent Company's financial statements

(All amounts in US dollar thousands unless otherwise stated)

Statement of changes in equity

	Share capital	Share premium	Retained earnings	Other reserves	Total
At 1 January 2015	**564,085**	**1,426,805**	**183,892**	**89,529**	**2,264,311**
Profit/(Loss) for the year	—	—	60,768	—	60,768
Net unrealized gain on available for sale investments	—	—	—	(6,438)	(6,438)
Total comprehensive income	—	—	60,768	(6,438)	54,330
Transfer from share option reserve	—	—	400	(400)	—
Transfer to general banking reserve	—	—	(9,115)	9,115	—
Equity component of convertible loan converted during the year	—	—	—	(221)	(221)
Share option granted	83	366	—	(186)	263
Conversion of preference shares	—	—	—	250	250
Bonus issue	674	3,167	—	—	3,841
	37,655	—	(37,655)	—	—
At 31 December 2015/1 January 2016	**602,497**	**1,430,338**	**198,290**	**91,649**	**2,322,774**
Loss for the year	—	—	(80,780)	—	(80,780)
Exchange difference on translation of foreign operations	—	—	—	(2,428)	(2,428)
Net unrealized loss on available for sale investments	—	—	—	36,238	36,238
Total comprehensive income	**—**	**—**	**(80,780)**	**33,810**	**(46,970)**
Forfeited share	—	—	12,381	(12,381)	—
Dividend relating to 2015	—	—	(48,200)	—	(48,200)
Share option granted	—	—	—	344	344
Conversion of preference shares	15,758	68,806	—	—	84,564
At 31 December 2016	**618,255**	**1,499,144**	**81,691**	**113,421**	**2,312,512**

Statement of cash flows

	2016	2015
Cash flows from operating activities		
Profit/(Loss) for the year	(80,780)	60,768
Adjustment for non cash items:		
Interest income	(25,109)	(23,318)
Finance cost	51,259	52,675
Dividend income	(98,373)	(164,334)
Loss on disposal of investment property	—	4,654
Fair value loss on investment property	9,607	6,249
Share of associates loss	2,249	1,465
Gain on disposal of property plant and equipment	(30)	(82)
Depreciation and amortization	5,276	6,429
Amortization of government grant	(193)	(192)
Provision for doubtful receivables	110,494	24,015
Share option vested during the year	344	250
Foreign exchange loss on retirement benefit obligation	(417)	(997)
Current service cost and interest on benefit obligation	1,188	4,542
	(24,485)	**(27,876)**
Interest paid	(44,521)	(47,993)
Interest received	25,109	23,318
Changes in working capital		
• other assets	(250,599)	(5,499)
• other liabilities	(130,060)	(55,793)
• Loans and advances	171,476	(79,550)
Payment to gratuity benefit holders	—	(88)
Net cash used in operating activities	**(253,079)**	**(193,481)**
Cash flows from investing activities		
Dividend received	98,373	139,482
Purchase of property, plant and equipment and intangible assets	(1,018)	(1,071)
Proceeds from the sale of property, plant and equipment	600	299
Proceeds from disposal of investment property	—	3,946
Addition to investment in subsidiaries	(28,000)	(22,718)
Additions to Investment Securities available for sale	—	(6,000)
Net cash from investing activities	**69,956**	**113,939**
Cash flows from financing activities		
Proceeds from borrowings	744,999	360,000
Repayment of borrowed funds	(506,205)	(281,876)
Proceeds from grant of share option	—	264
Dividends paid	(45,809)	—
Net cash from financing activities	**192,985**	**78,388**
Net (decrease)/increase in cash and cash equivalents	9,862	(1,154)
Cash and cash equivalent at start of year	**20,421**	**21,575**
Cash and cash equivalents at end of year	**30,283**	**20,421**

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Corporate Information

Ecobank recognises the importance of a two-way exchange of information with all our stakeholders. We seek an open dialogue regarding our products and services, our business and financial performance and our wider role in society. Your feedback is invaluable as it helps us to balance competing expectations, address any issues in an informed way and, crucially, improve our service delivery and engender stakeholder loyalty.

Executive management

As at 31 December 2016

Group Management Committee

Ade Ayeyemi
Group Chief Executive Officer

Eveline Tall-Daouda[1]
Deputy Group Chief Executive Officer & Chief Regulatory Officer

Amin Manekia
Group Executive, Corporate and Investment Bank

Patrick Akinwuntan
Group Executive, Consumer Banking

Laurence do Rego
Group Executive, Commercial Banking

Charles Kie
Regional Executive, Nigeria

Charles Daboiko
Regional Executive, Francophone West Africa (UEMOA)

Sam Adjei
Regional Executive, Central, Eastern, and Southern Africa (CESA)

Dan Sackey
Regional Executive, Anglophone West Africa (AWA)

Greg Davis
Group Executive, Finance

Eddy Ogbogu
Group Executive, Operations and Technology

Julie Essiam
Group Executive, Human Resources & Corporate Affairs

Moustapha Fall[2]
Group Head, Internal Audit

Dayo Orimoloye[3]
Group Chief Risk Officer

Madibinet Cisse[4]
Group Head, Legal & Company Secretary

Country Heads (African banking subsidiaries)

Jean Baptiste Siate
Angola

Lazare Noulekou
Benin

Cheick Travaly
Burkina Faso

Victor Noumoue
Burundi

Moustapha Fall
Cameroon

Jose Mendes
Cape Verde

Sylvain Pendi
Central African Republic

Alassane Sorgo
Chad

Ibrahim Aboubakar Bagarama
Congo (Brazzaville)

Yves Coffi Quam-Dessou
Congo (Democratic Republic)

Charles Daboiko
Côte d'Ivoire

Alfred Kasongo
Equitorial Guinea

Gaelle Biteghe
Gabon

Josephine Ankomah
Gambia

Dan Sackey
Ghana

Sonia Abo Tene
Guinea-Bissau

Moukaram Chanou
Guinea (Conakry)

Sam Adjei
Kenya

Georges Mensah-Asante
Liberia

Charles Asiedu
Malawi

Coumba Sidibé Touré
Mali

Adama Cisse
Mozambique

Didier Correa
Niger

Charles Kie
Nigeria

Alice Zulu
Rwanda

Nadeem Cabral De Almada
Sao Tome and Principe

Serge Ackre
Senegal

Aina Moore
Sierra Leone

Robert Wabbi
South Sudan

Enoch Osei-Sarfo
Tanzania

Mamady Diakite
Togo

Clement Dodoo
Uganda

Kola Adeleke
Zambia

Moses Kurunjekwa
Zimbabwe

1 Mrs Tall retired from the Group effective 31st January 2017
2 Mr Moustapha Fall was appointed as Group Head, Internal Audit effective 1st February 2017
3 Mr Orimoloye Dayo left the position effective 6th March 2017
4 Mr Madibinet Cisse was appointed Group Head, Legal and Company Secretary effective 9th January 2017

Heads of Representative Offices and Paris Subsidiary

Amin Manekia
South Africa
(Johannesburg)

Ibrahima Diouf
France
(Paris)

Georges Edward
United Kingdom
(London)

Ara Bakjejian
United Arab Emirates
(Dubai)

Monica Xiaoning LU
China
(Beijing)

James R Kanagwa
Ethiopia
(Addis Ababa)

Disclaimer

This annual report or any extract thereof including its abridged version could or may contain forward looking statements that are based on current expectations or beliefs, as well as assumptions about future events.

These forward looking statements involve known and unknown risks, uncertainties and other important factors that could in future cause actual results, performance or achievements of the Group to be materially different from those expressed or implied in the forward looking statements.

These forward looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward looking statements often use words such as “anticipate”, “target”, “expect”, “estimate”, “intend”, “plan”, “goal”, “believe”, “will”, “may”, “should”, “would”, “could” or other words of similar meaning.

Such forward looking statements are based on assumptions regarding the Group’s present and future business strategies and the environment in which the Group will operate in the future.

The Group expressly disclaims any obligation or undertaking to release any updates or revisions to any forward looking statements contained herein to reflect any change in the Group’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Ecobank has made every effort to ensure the accuracy of the information contained in this annual report relating to such forward looking statements and believes such information is reliable but does not warrant its completeness or accuracy. The Company shall not be held liable for errors of fact or opinion connected to such forward looking statements. This however does not exclude or restrict any duty or liability that Ecobank has to its customers under any regulatory system.

Share capital overview

Share capital

Ordinary shares

Authorised share capital of 50,000,000,000 shares with a nominal value of 2.5 US cents a share, out of which **24,730,354,443** are issued and outstanding. The outstanding shares include the preference shares that have been converted into ordinary shares in 2016.

Major shareholders
(as of 31 December 2016)

Nedbank	21.2%
Qatar National Bank	19.8%
IFC (direct and managed funds)	14.1%
PIC (GEPF)	13.5%
SSNIT	3.9%
Others	27.5%

Dilutive securities

ETI has a number of potential dilutive securities as outlined below. For more information, please please refer to the full 2016 Annual Report.

European Investment Bank ('EIB') – convertible and subordinated loan

A total outstanding balance of $27.71 million (as of 31 December 2016) in loans granted by EIB are convertible into ETI ordinary shares.
The conversion price is the lower of i) 10.17 US cents plus a premium that varies from 0% to 30%, depending on the exercise date; and
ii) the prevailing market price, based on a 45 day average. The convertible and subordinated loan can be converted at any time between 30 December 2012 and 30 December 2017.

Opec Fund for International Development ('OFID') – convertible and subordinated loan

A total outstanding balance of $26.34 million (as of 31 December 2016) in loans granted by OFID are convertible into ETI ordinary shares.
The conversion price is the lower of i) 10.41 US cents plus a premium that varies from 30% to 50%, depending on the exercise date; and
ii) the prevailing market price, based on a 45 day average. The convertible and subordinated loan can be converted any time between
15 June 2016 and 3 July 2019.

Share options

These are options outstanding to staff and management in respect of 139 million shares.

Ordinary share dividend history

Financial Year	Dividend per ordinary share (US$ cents)	Total dividend (US$ thousands)
2006	3.0	18,355
2007	2.0	26,940
2008	0.2	17,500
2009	0.3	29,744
2010	0.4	39,653
2011	0.4	51,349
2012	0.4	68,849
2013	—	—
2014	—	—
2015	0.2	48,200
2016	—	—

Listings

Ecobank Transnational Incorporated's (ETI's) ordinary shares are listed on three African stock markets.

Stock Market	NSE	GSE	BRVM
Location	Lagos, Nigeria	Accra, Ghana	Abidjan, Côte d'Ivoire
Share price as of 31 December 2016	N 10.28	GHS 0.10	XOF 25
% change during 2016	-39%	-63%	-48%
Average daily trading volume	2,677,301	55,804	719,123
% change from 2015	-41%	-62%	-47%

ETI share price (NGN) performance relative to the NSE All-Share and Banking 10 Indices (All data rebased to 100)

The graph below plots the performance of ETI's Nigerian Stock Exchange (NSE) share price and the NSE All-Share and NSE Banking 10 Indices over the course of 2016. The NSE All-Share Index tracks the general market movement of all listed equities, including those on the Alternative Securities Market (ASeM), regardless of market capitalisation. The NSE Banking 10 Index comprises the largest 10 banking stocks. ETI is a component of both indices

ETI share price (NGN) performance relative to the NSE All-Share and Banking 10 Indices (All data rebased to 100)

Source: Bloomberg

Share capital history

Year	Operation	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 2012	Issue to Ecobank Nigeria minority shareholders	401,524,001	12,803,579,558
Dec 2012	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[1]	630,325,909	24,730,354,443

1. The converted preference shares are yet to be listed.

Holding company and subsidiaries

Headquarters:
Ecobank Transnational Incorporated
2365, Boulevard du Mono
B.P. 3261, Lomé – Togo
Tel: (228) 22 21 03 03
(228) 22 21 31 68
Fax: (228) 22 21 51 19

1. Benin
Rue du Gouverneur Bayol
01 B.P. 1280, Cotonou – Benin
Tel: (229) 21 31 30 69
(229) 21 31 40 23
Fax: (229) 21 31 33 85

2. Burkina Faso
49, Rue de l'Hôtel de Ville
01 B.P. 145
Ouagadougou 01 – Burkina Faso
Tel: (226) 25 33 33 33
(226) 25 49 64 00
Fax: (226) 25 31 89 81

3. Burundi
6, Rue de la Science
B.P. 270, Bujumbura – Burundi
Tel: (257) 22 20 8100
(257) 22 20 8200
(257) 22 20 8299
Fax: (257) 22 22 5437

4. Chad
Avenue Charles de Gaulle
B.P. 87, N'Djaména – Chad
Tel: (235) 22 52 43 14/21
Fax: (235) 22 52 23 45

5. Cameroon
Rue Ivy French– Bonanjo
B.P 582, Douala – Cameroon
Tel: (237) 233 43 82 51
(237) 233 43 82 53
Fax: (237) 233 43 86 09

6. Cape Verde
Avenida Cidade de Lisboa
CP 374C
Praia – Cape Verde
Tel: (238) 260 36 60
Fax: (238) 261 1090

7. Central African Republic
Place de la République
B.P. 910 Bangui – République Centrafricaine
Tel: (236) 21 61 00 42
Fax: (236) 21 61 61 36

8. Congo
Immeuble de l'ARC, 3ème étage
Avenue du Camp
B.P. 2485, Brazzaville – Congo
Tel: (242) 06 621 08 08
(242) 05 778 79 08

9. Côte d'Ivoire
Immeuble Alliance
Avenue Houdaille
Place de la République
01 B.P. 4107 – Abidjan 01
Côte d'Ivoire
Tel: (225) 20 31 92 00
Fax: (225) 20 21 88 16

10. Democratic Republic of the Congo
47, Avenue Ngongo Lutete
Gombe – RD Congo
B.P. 7515, Kinshasa
Tel: (243) 99 60 16 000
Fax: (243) 99 60 17 070

11. Equatorial Guinea
Avenida de la Independencia
APDO.268, Malabo –
República de Guinea Ecuatorial
Tel: (240) 333 098 271
(240) 555 300 203

12. Gabon
214, Avenue Bouët
9 Étages, Montagne Sainte
B.P. 12111
Libreville – Gabon
Tel: (241) 01 76 20 71
(241) 01 76 20 73
Fax: (241) 01 76 20 75

13. The Gambia
42 Kairaba Avenue
P.O. Box 3466
Serrekunda – The Gambia
Tel: (220) 439 90 31 – 33
Fax: (220) 439 90 34

14. Ghana
19 Seventh Avenue, Ridge West
P.O. Box AN 16746
Accra North – Ghana
Tel: (233) 302 68 11 46/8
Fax: (233) 302 68 04 28/37

15. Guinea (Conakry)
Immeuble Al Iman
Avenue de la République
B.P. 5687
Guinea – Conakry
Tel: (224) 631 70 14 34
(224) 631 70 14 35
Fax: (224) 30 45 42 41

16. Guinea-Bissau
Avenue Amilcar Cabral
B.P. 126, Bissau – Guinea-Bissau
Tel: (245) 320 73 60/61
Fax: (245) 320 73 63

17. Kenya
Ecobank Towers
Muindi Mbingu Street
P.O. Box 49584, Code 00100
Nairobi – Kenya
Tel: (254) 20 288 3000
/0719 098 000
Fax: (254) 20 224 9670

18. Liberia
Ashmun and Randall Street
P.O. Box 4825
1000 Monrovia 10 – Liberia
Tel: (231) 886 974 494
(231) 886 747 693
(231) 880 325 989

19. Malawi
Ecobank House
Corner Victoria Avenue and
Henderson Street, Private Bag 389
Chichiri, Blantyre 3 – Malawi
Tel: (265) 01 822 099/808/681
Fax: (265) 01 820 583

20. Mali
Place de la Nation
Quartier du Fleuve
B.P. E1272
Bamako – Mali
Tel: (223) 20 70 06 00
Fax: (223) 20 23 33 05

21. Mozambique
Avenue Vladimir Lenine, nº 210 –
Cidade de Maputo
Maputo – Mozambique
Tel: (258) 21 31 33 44
Fax: (258) 21 31 33 45

22. Niger
Angle Boulevard de la Liberté
et Rue des Bâtisseurs
B.P.: 13804, Niamey – Niger
Tel: (227) 20 73 10 03 (01)
Fax: (227) 20 73 72 03 (04)

23. Nigeria
Plot 21, Ahmadu Bello Way
P.O.: Box 72688, Victoria Island
Lagos – Nigeria
Tel: (234) 1 2710391–5
Fax: (234) 1 2710111

24. Rwanda
KN 3 AV4
P.O Box 3268
Kigali – Rwanda
Tel: (250) 788 16 10 00
(250) 252 50 35 82/4/8
Fax: (250) 252 50 13 19

25. São Tomé and Príncipe
Edifício HB, Travessa do Pelourinho
C.P. 316
São Tomé – São Tomé e Príncipe
Tel: (239) 222 21 41
(239) 222 50 02
Fax: (239) 222 26 72

26. Senegal
Km 5 Avenue Cheikh Anta DIOP
B.P. 9095, Centre Douanes
Dakar – Senegal
Tel: (221) 33 859 99 99
Fax: (221) 33 859 99 98

27. Sierra Leone
3 Charlotte Street
Freetown – Sierra Leone
Tel: (232) 22 221 704
(232) 22 227 801
Fax: (232) 22 290 450

28. South Sudan
Koita Complex, Ministries Road,
P.O. Box 150, Juba
South Sudan
Tel: (211) 954 018018
(211) 955 541683

29. Tanzania
Acacia Building
Plot no. 84, Kinondoni Road
P.O.Box 20500,
Dar es Salaam – Tanzania
Tel: (255) 22 213 7447
(255) 22 212 5592
(255) 22 212 5594
(255) 22 213 7446

30. Togo
20, Avenue Sylvanus Olympio
B.P. 3302
Lomé – Togo
Tel: (228) 22 21 72 14
Fax: (228) 22 21 42 37

31. Uganda
Plot 4, Parliament Avenue
P.O. Box 7368
Kampala – Uganda
Tel: (256) 417 700 100
Fax: (256) 312 266 079

32. Zambia
22768 Thabo Mbeki Road
P.O. Box 30705
Lusaka – Zambia
Tel: (260) 211 250 056 – 7
(260) 211 250 202 – 4
(260) 211 367 390
Fax: (260) 211 250 171

33. Zimbabwe
Block A, Sam Levy's Office Park
2 Piers Road
P.O. Box BW1464, Borrowdale
Harare – Zimbabwe
Tel: (263 – 4) 851644-9
Fax: (263 – 4) 852632
(263 – 4) 851630-9

34. EBI SA Groupe Ecobank
Les Collines de l'Arche
Immeuble Concorde F
76 route de la Demi-Lune
92057 Paris La Défense Cedex France
Tel: (33) 1 70 92 21 00
Fax: (33) 1 70 92 20 90

35. EBI SA Representative Office
2nd Floor, 20 Old Broad Street
London EC2N 1DP, United Kingdom
Tel: +44 (0)20 3582 8820
Fax: +44 (0)20 7382 0671

36. Ecobank Office in China
Representative Office
Suite 611, Taikang International Tower
2 Wudinghou, Financial Street
Xicheng District, 100033
Beijing, China
Tel: (8610) 66 29 00 98
Fax: (8610) 66 29 05 33

37. Ecobank Office in South Africa
Block F, 8th Floor
135 Rivonia Road
Sandown 2196
Johannesburg – South Africa
Tel: (27) 11 505 0300
Fax: (27) 11 783 6852

38. Ecobank Office in Dubai
Representative Office
Level 26d, Jumeirah Emirates Towers
Shaikh Zayed Road, P.O. Box: 29926
Dubai – UAE
Tel: (971) 4 327 6996
Fax: (971) 4 327 6990

39. Ecobank Angola
Edificio G do Complexo SIGMA
Rua Centro de Convenções – Via S8
Luanda – Angola
Tel: (244) 222 71 82 03 / 71 81 76

40. Ecobank Office in Ethiopia
Gerdi Rd Yerer Ber Area,
SAMI Building, 6th Floor 602A
P.O. Box 90598
Addis Ababa – Ethiopia
Tel: (251) 934 169 784 (Cell)
(251) 116 291 101
Fax: (251) 116 291 425

eProcess International SA
2365, Boulevard du Mono
B.P. 4385, Lomé –Togo
Tel: (228) 22 22 23 70
Fax: (228) 22 22 24 34

Shareholder contacts

Questions about your shares?

Please contact the Registrars for queries about:

- Missing dividends
- Lost share certificates
- Estate questions
- Change of address on the share register
- Direct payment of dividends into bank accounts
- Eliminating duplicate mailings of shareholder materials
- Uncashed dividend cheques.

Registrars

Abidjan

EDC Investment Corporation
Immeuble Alliance, 4ème étage
Avenue Terrasson de Fougères
01 BP 4107 – Abidjan 01
Côte d'Ivoire
Tel: (225) 20 21 10 44
Fax: (225) 20 21 10 46
Contact: Jean-Noël Delafosse
jdelafosse@ecobank.com

Accra

GCB Bank Limited
Share Registry Department
Thorpe Road, High Street
P.O. Box 134, Accra – Ghana
Tel: (233) 0 302 668 656
Fax: (233) 0 302 668 712
Contact: Kojo Essel
kessel@gcb.com.gh

Lagos

GTL Registrars Limited
2, Burma Road, Apapa
Lagos – Nigeria
Tel: (234) 1 279 3160
(234) 1 279 3161
(234) 1 279 3162
Contact: info@gtlregistrars.com

To buy or sell shares in ETI

Nigeria
EDC Securities Limited

EDC Securities Limited
19A Adeola Odeku Street
Victoria Island
Lagos, Nigeria
Tel: (234) 1 270 8955
(234) 1 271 3407
Contact: Josephine Onwubu
EDC-clientservice-ng@ecobank.com

Côte d'Ivoire
EDC Investment Corporation

Immeuble Alliance
Avenue Houdaille
Place de la République
01 BP 4107 Abidjan 01 – Côte d'Ivoire
Tel: (225) 20 21 10 44
(225) 20 31 92 24
Contact: Brice Allet
reic@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
Contact: edcceeac@ecobank.com

Ghana
EDC Stockbrokers Ltd

No. 22 Ambassador Re-Development Area, Ridge
Valco Trust House, Third Floor
P. O. Box AN 16746
Accra – North, Ghana
Tel: (233) 302 251 720/3/4
Fax: (233) 21 251 734
Contact: Edem K Dewotor
edewotor@ecobank.com
edctrading@ecobank.com

Other investor queries

For other queries about investing in ETI:

Investor Relations
Ecobank Transnational Incorporated

2365, Boulevard du Mono
B.P. 3261, Lomé – Togo
Tel: (228) 22 21 03 03
Fax: (228) 22 21 51 19
Contact: Ato Arku
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
Contact: madicisse@ecobank.com

Customer contact centres

Services:

Balance enquiry
- Account balance
- Transaction confirmations
- Transfer confirmations

Card services
- Card activation for online transaction
- Pin resets
- Card blocking

Complaints
- ATM complaints
- Card complaints
- Transaction complaints
- Service/product delivery delays
- Staff attitude

General enquiries
- Information on Ecobank services/products
- Interest/exchange rates
- Directions to ATMs/branches
- Account opening requirements
- Branch contacts
- Fees and charges

For all enquiries, kindly email or call one of our Contact Centres listed below:

All countries:
ecobankenquiries@ecobank.com

Cameroon

Please dial:
(237) 233 43 13 63

Toll free (Cameroon only):
8100

Côte d'Ivoire

Please dial:
(225) 22 40 02 00

Toll free (Côte d'Ivoire only):
800 800 88 (MTN, Orange, CITelecom, Moov)

Ghana

Please dial:
(233) 302 231 999

Toll free (Ghana only):
3225 (MTN, Airtel, Vodafone)

Kenya

Please dial:
(254) 020 288 3000

Toll free (Kenya only):
0800 221 221 8

Nigeria

Please dial:
(234) 700 500 0000

Toll free (Nigeria only):
0800 326 2265
(0800ECOBANK)

ENGcontactcentre@ecobank.com

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