PRESS RELEASE

PR. No 301/2018

ECOBANK TRANSNATIONAL INCORPORATED (ETI) -
UNAUDITED FINANCIAL STATEMENTS FOR
THE HALF YEAR ENDING JUNE 2018

ETI has released its unaudited Financial Statements for the half year ending 30th June, 2018 as per the attached.

Issued at Accra, this 19th
day of July, 2018.

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att'd.

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ECOBANK TRANSNATIONAL INCORPORATED

Condensed Unaudited Consolidated Interim Financial Statements

For period ended 30 June 2018

Ecobank
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Ecobank Group reports performance for the six months ended 30 June 2018

- Profit before tax up by 41% to $212.8 million (up 41% to GHC 949.7 million)
- Operating profit before impairment losses down 3% to $347.2 million (flat at GHC 1,549.1 million)
- Revenue of $910.9 million flat compared to June 2017 (up 3% to GHC 4.1 billion)
- Total assets up 2% to $21.6 billion (up 6% to GHC 97.8 billion)
- Total equity down 2% $1.9 billion (up 1% to GHC 8.7 billion)

Financial Highlights	6 Months ended 30 June 2018		6 Months ended 30 June 2017		% Change	
Income Statement :	US$'000	GHC'000	US$'000	GHC'000	US$	GHC
Revenue	910,889	4,064,465	911,725	3,950,703	0%	3%
Operating profit before impairment losses	347,166	1,549,085	359,013	1,555,681	-3%	0%
Profit before income tax	212,834	949,684	151,265	655,463	41%	45%
Taxation	(44,812)	(199,955)	(27,953)	(121,126)	-60%	-65%
Profit for the period	168,544	752,058	123,438	534,884	37%	41%

Financial Highlights	As at 30 June 2018		As at 30 June 2017		% Change	
Statement of Financial Position :						
Total assets	21,630,507	97,763,403	21,111,614	92,084,638	2%	6%
Loans & advances to customers	8,771,745	39,645,656	9,479,169	41,346,239	-7%	-4%
Deposits from customers	15,446,591	69,813,957	13,844,892	60,388,650	12%	16%
Total equity	1,922,387	8,688,611	1,969,894	8,592,284	-2%	1%

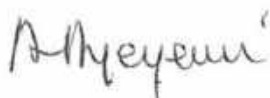
Ade Ayeyemi, Group CEO said, “These results show the considerable achievements that we are already making in the execution phase of our strategy. For the first half of the year the firm generated profit before tax of $213 million, an increase of 41% from the same period a year ago, and a return on tangible total shareholders’ equity of 20.9%.

“We were encouraged with the levels of client activity we saw in most of our businesses and particularly with our deposit-generating franchise. As a result, customer deposits grew by 12% in constant currency, improving the firm’s liquidity and our ability to lend to customers. The enormous efforts we have made to improve asset quality are also paying off. We have started to see improvements in our credit portfolio, resulting in lower impairment losses for the period.

“Finally, on 14 June, we announced intended meetings with global fixed-income investors, following which, if market conditions permitted, it would have resulted in a 5-year USD denominated senior unsecured bond offering. Despite positive investor meetings, market conditions were less benign, driven by the confluence of interest rate rises in the US and the sell-off in emerging market debt. As a result we have held off on the offering until such a period when conditions improve.”

The financial statements were approved for issue by the board of directors on 19 July 2018.

Emmanuel Ikazoboh
Group Chairman



Ade Ayeyemi
Group Chief Executive Officer

Greg Davis
Group Chief Financial Officer

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Condensed Unaudited Consolidated Income Statement

	6 Months ended 30 June 2018		6 Months ended 30 June 2017		% Change	
	US$'000	GHC'000	US$'000	GHC'000	US$	GHC
Interest income	791,891	3,533,486	791,319	3,428,958	0.1%	3.0%
Interest expense	(312,702)	(1,395,303)	(324,395)	(1,405,674)	-4%	-1%
Net interest income	**479,189**	**2,138,183**	**466,924**	**2,023,284**	**3%**	**6%**
Fee and commission income	252,549	1,126,895	226,616	981,976	11%	14.8%
Fee and commission expense	(33,123)	(147,798)	(29,365)	(127,245)	13%	16%
Net trading income	192,458	858,764	232,593	1,007,876	-17%	-15%
Other operating income	19,816	88,421	14,957	64,812	32%	36%
Non-interest revenue	**431,700**	**1,926,282**	**444,801**	**1,927,419**	**-3%**	**0%**
Operating income	**910,889**	**4,064,465**	**911,725**	**3,950,703**	**-0.1%**	**2.9%**
Staff expenses	(247,443)	(1,104,112)	(251,886)	(1,091,477)	-2%	1%
Depreciation and amortisation	(49,740)	(221,944)	(45,091)	(195,389)	10%	14%
Other operating expenses	(266,540)	(1,189,324)	(255,735)	(1,108,156)	4%	7%
Operating expenses	**(563,723)**	**(2,515,380)**	**(552,712)**	**(2,395,022)**	**2%**	**5%**
Operating profit before impairment losses and taxation	**347,166**	**1,549,085**	**359,013**	**1,555,681**	**-3%**	**0%**
Impairment losses on financial assets	**(134,459)**	**(599,968)**	**(207,499)**	**(899,139)**	**-35%**	**-33%**
Operating profit after impairment losses	**212,707**	**949,117**	**151,514**	**656,542**	**40%**	**45%**
Share of profit of associates	127	567	(249)	(1,079)	151%	153%
Profit before tax	**212,834**	**949,684**	**151,265**	**655,463**	**41%**	**45%**
Taxation	(44,812)	(199,955)	(27,953)	(121,126)	60%	65%
Profit for the period from continuing operations	**168,022**	**749,729**	**123,312**	**534,337**	**36%**	**40%**
Profit for the period from discontinued operations	522	2,329	126	547	314%	326%
Profit for the period	**168,544**	**752,058**	**123,438**	**534,884**	**37%**	**41%**
Attributable to:						
Owners of the parent	**134,694**	**601,017**	**105,150**	**455,638**	**28%**	**32%**
- Continuing operations	134,412	599,759	105,082	455,343	28%	32%
- Discontinued operations	282	1,258	68	295	315%	326%
Non-controlling interests	**33,850**	**151,041**	**18,288**	**79,246**	**85%**	**91%**
- Continuing operations	33,610	149,970	18,230	78,995	84%	90%
- Discontinued operations	240	1,071	58	251	314%	327%
	168,544	**752,058**	**123,438**	**534,884**	**37%**	**41%**
Earnings per share from continuing operations attributable to owners of the parent during the period (expressed in United States cents / pesewas per share):						
- Basic (cents and pesewas)	0.55	2.44	0.43	1.85	27%	32%
- Diluted (cents and pesewas)	0.54	2.42	0.41	1.78	32%	36%
Earnings per share from discontinued operations attributable to owners of the parent during the period (expressed in United States cents / pesewas per share):						
- Basic (cents and pesewas)	0.00	0.01	0.000	0.002		
- Diluted (cents and pesewas)	0.00	0.01	0.000	0.001		

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Condensed Unaudited Consolidated Statement of Comprehensive Income

	6 Months ended 30 June 2018		6 Months ended 30 June 2017		% Change	
	US$'000	GHC'000	US$'000	GHC'000	US$	GHC
Profit for the period	**168,544**	**752,058**	**123,438**	**534,884**	**37%**	**41%**
Other comprehensive income:						
Items that will be subsequently reclassified to profit or loss:						
Exchange difference on translation of foreign operations	(74,451)	(117,441)	49,045	212,523	-252%	-155%
Fair value (loss) in investments securities	(31,641)	(141,185)	-	-	n/a	n/a
Fair value gain on available for sale financial asset	-	-	102,376	443,619	n/a	n/a
Remeasurements of defined benefit obligations	-	-	981	4,249	n/a	n/a
Taxation relating to components of other comprehensive income that will be subsequently reclassed to profit or loss	660	2,946	(2,197)	(9,521)	130%	131%
Items that will not be reclassified to profit or loss:						
Property and equipment - net revaluation gain	-	-	736	3,189	n/a	n/a
Other comprehensive (loss) / profit for the period, net of taxation	**(105,432)**	**(255,680)**	**150,941**	**654,059**	**-170%**	**-139%**
Total comprehensive income for the period	**63,112**	**496,378**	**274,379**	**1,188,943**	**-77%**	**-58%**
Total comprehensive income attributable to:						
Owners of the parent	**48,358**	**399,737**	**258,476**	**1,120,032**	**-81%**	**-64%**
- Continuing operations	48,076	398,479	258,408	1,119,737	-81%	-64%
- Discontinued operations	282	1,258	68	295	314%	326%
Non-controlling interests	**14,754**	**96,641**	**15,903**	**68,911**	**-7%**	**40%**
- Continuing operations	14,514	95,570	15,845	68,660	-8%	39%
- Discontinued operations	240	1,071	58	251	314%	327%
	63,112	**496,378**	**274,379**	**1,188,943**	**-77%**	**-58%**

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Condensed Unaudited Consolidated Statement of Financial Position

Assets	As at 30 June 2018		As at 31 December 2017		%Change		As at 30 June 2017	
	US$'000	GHC'000	US$'000	GHC'000	US$	GHC	US$'000	GHC'000
Cash and balances with central banks	2,767,081	12,506,376	2,661,745	11,749,475	4%	6%	2,295,745	10,013,581
Trading financial assets	142,022	641,897	36,557	161,370	288%	298%	26,335	114,868
Derivative financial instruments	33,071	149,471	39,267	173,332	-16%	-14%	163,849	714,677
Loans and advances to banks	1,257,577	5,683,871	1,685,806	7,441,485	-25%	-24%	1,566,768	6,833,929
Loans & advances to customers	8,771,745	39,645,656	9,357,864	41,307,483	-6%	-4%	9,479,169	41,346,239
Treasury bills and other eligible bills	1,690,141	7,638,930	1,718,977	7,587,908	-2%	1%	1,212,020	5,286,589
Investment securities	4,284,406	19,364,230	4,405,240	19,445,610	-3%	-0.4%	3,671,069	16,012,469
Pledged assets	382,749	1,729,911	298,561	1,317,908	28%	31%	522,333	2,278,312
Others assets	876,308	3,960,649	760,724	3,357,988	15%	18%	781,685	3,409,554
Investments in associates	9,291	41,993	9,964	43,983	-7%	-5%	9,926	43,295
Intangible assets	291,176	1,316,028	283,664	1,252,150	3%	5%	281,475	1,227,738
Property and equipment	905,960	4,094,667	924,163	4,079,440	-2%	0.4%	894,488	3,901,578
Investment properties	20,595	93,083	43,514	192,079	-53%	-52%	30,628	133,593
Deferred income tax assets	114,393	517,022	121,715	537,274	-6%	-4%	102,628	447,643
	21,546,515	97,383,784	22,347,761	98,647,485	-4%	-1%	21,038,118	91,764,065
Assets held for sale	83,992	379,619	83,843	370,101	0.2%	3%	73,496	320,573
Total Assets	21,630,507	97,763,403	22,431,604	99,017,586	-4%	-1%	21,111,614	92,084,638
Liabilities								
Deposits from other banks	980,044	4,429,505	1,772,414	7,823,790	-45%	-43%	2,232,266	9,736,698
Deposits from customers	15,446,591	69,813,957	15,203,271	67,110,279	2%	4%	13,844,892	60,388,650
Derivative financial instruments	43,782	197,882	32,497	143,448	35%	38%	13,155	57,379
Borrowed funds	1,749,797	7,908,558	1,728,756	7,631,075	1%	4%	1,442,894	6,293,615
Other liabilities	1,179,180	5,329,540	1,210,908	5,345,190	-3%	-0.3%	1,355,306	5,911,574
Provisions	44,721	202,126	52,450	231,525	-15%	-13%	36,405	158,791
Current income tax liabilities	54,668	247,083	58,107	256,496	-6%	-4%	39,159	170,804
Deferred income tax liabilities	58,628	264,981	64,269	283,696	-9%	-7%	58,610	255,645
Retirement benefit obligations	38,362	173,385	24,064	106,223	59%	63%	17,219	75,106
	19,595,773	88,567,017	20,146,736	88,931,722	-3%	-0.4%	19,039,906	83,048,262
Liabilities held for sale	112,347	507,774	112,785	497,855	-0.4%	2%	101,814	444,092
Total Liabilities	19,708,120	89,074,791	20,259,521	89,429,577	-3%	-0.4%	19,141,720	83,492,354
Equity								
Capital and reserves attributable to the equity holders of the parent entity								
Share capital and premium	2,113,957	4,536,378	2,113,957	4,536,378	0%	0%	2,113,957	9,220,658
Retained earnings and reserves	(484,155)	2,829,837	(233,213)	3,765,602	108%	-25%	(325,763)	(1,420,913)
Shareholders Equity	1,629,802	7,366,215	1,880,744	8,301,980	-13%	-11%	1,788,194	7,799,745
Non-controlling interests	292,585	1,322,396	291,339	1,286,029	0.4%	3%	181,700	792,539
Total Equity	1,922,387	8,688,611	2,172,083	9,588,009	-11%	-9%	1,969,894	8,592,284
Total Liabilities and Equity	21,630,507	97,763,402	22,431,604	99,017,586	-3.6%	-1.3%	21,111,614	92,084,638

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Condensed Unaudited Statement of Changes in Equity

	Share Capital	Other Reserves	Retained Earnings	Total equity and reserves attributable	Non-Controlling Interest	Total Equity
At 1 January 2017	2,114,332	(767,255)	230,847	1,577,924	186,154	1,764,078
Changes in Equity for 2017:						
Foreign currency translation differences	-	86,814	-	86,814	14,358	101,172
Net Changes in available for sale investment net of taxes	-	42,165	-	42,165	-	42,165
Net gains on revaluation of property	-	3,111	-	3,111	-	3,111
Remeasurements of post-employment benefit obligations	-	(6,064)	-	(6,064)	-	(6,064)
Profit for the year	-	-	178,585	178,585	49,949	228,534
Total comprehensive income for the year	-	126,026	178,585	304,611	64,307	368,918
Dividend relating to 2016	-			-	(23,378)	(23,378)
Change in non-controlling interest	-	-	-	-	64,256	64,256
Transfer to other group reserve	-	130,447	(130,447)	-		-
Treasury shares	(375)	-	-	(375)	-	(375)
Transfer to share option reserve	-	344	(344)	-	-	-
Transfer to general banking reserves	-	17,049	(17,049)	-	-	-
Transfer to statutory reserve	-	45,450	(45,450)	-	-	-
Conversion of preference shares	-	-	-	-	-	-
Convertible loans - equity component	-	(1,416)	-	(1,416)	-	(1,416)
At 31 December 2017 / 1 January 2018	2,113,957	(449,355)	216,142	1,880,744	291,339	2,172,083
Changes in Equity for 2018 :						
IFRS 9 day 1 adjustment	-	-	(299,300)	(299,300)	-	(299,300)
Restated opening balance 1 January 2018	2,113,957	(449,355)	(83,158)	1,581,444	291,339	1,872,783
Foreign currency translation differences	-	(55,355)	-	(55,355)	(19,096)	(74,451)
Net changes in investment securities net of taxes	-	(30,981)	-	(30,981)	-	(30,981)
Profit for the period	-	-	134,694	134,694	33,850	168,544
Total comprehensive income for the period	-	(86,336)	134,694	48,358	14,754	63,112
Dividend relating to 2017	-	-	-	-	(13,508)	(13,508)
At 30 June 2018	2,113,957	(535,691)	51,536	1,629,802	292,585	1,922,387

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Condensed Unaudited Statement of Changes in Equity

in LCY'000

	Share Capital	Other Reserves	Retained Earnings	Total equity and reserves attributable	Non-Controlling Interest	Total Equity
At 1 January 2017	**4,538,034**	**2,558,411**	**(498,986)**	**6,597,459**	**778,328**	**7,375,787**
Changes in Equity for 2017:						
Foreign currency translation differences	-	751,460	-	751,460	106,953	858,413
Net Changes in available for sale investment net of taxes	-	186,040	-	186,040	-	186,040
Property and equipment - net revaluation gain	-	13,726	-	13,726	-	13,726
Remeasurements of post-employment benefit obligations	-	(26,756)	-	(26,756)	-	(26,756)
Profit for the year	-	-	787,955	787,955	220,384	1,008,339
Total comprehensive income for the year	**-**	**924,470**	**787,955**	**1,712,425**	**327,338**	**2,039,763**
Dividend relating to 2016	-	-	-	-	(103,150)	(103,150)
Transfer to other group reserve	-	575,559	(575,559)	-		-
Treasury shares	(1,656)		-	(1,656)	-	(1,656)
Transfer to share options	-	1,518	(1,518)	-	-	-
Change in non-controlling interest	-	-	-	-	283,513	283,513
Transfer to general banking reserves	-	75,224	(75,224)	-	-	-
Transfer to statutory reserve	-	200,535	(200,535)	-	-	-
Conversion of preference shares	-	-		-	-	-
Convertible loans - equity component	-	(6,248)		(6,248)	-	(6,248)
At 31 December 2017 / 1 January 2018	**4,536,378**	**4,329,469**	**(563,867)**	**8,301,980**	**1,286,029**	**9,588,009**
Changes in Equity for 2018 :						
IFRS 9 day 1 adjustment	-	-	(1,335,502)	(1,335,502)	-	(1,335,502)
Restated opening balance 1 January 2018	**4,536,378**	**4,329,469**	**(1,899,369)**	**6,966,478**	**1,286,029**	**8,252,507**
Foreign currency translation differences	-	(63,040)	-	(63,040)	(54,401)	(117,441)
Net changes in investment securities net of taxes	-	(138,239)	-	(138,239)	-	(138,239)
Profit for the period	-	-	601,016	601,016	151,042	752,058
Total comprehensive income for the period	**-**	**(201,279)**	**601,016**	**399,737**	**96,641**	**496,378**
Dividend relating to 2017	-	-	-	-	(60,274)	(60,274)
At 30 June 2018	**4,536,378**	**4,128,190**	**(1,298,353)**	**7,366,215**	**1,322,396**	**8,688,611**

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Condensed Unaudited Consolidated Statement of Cash Flows

	6 Months ended 30 June 2018		6 Months ended 30 June 2017		% Change	
	US$'000	GHC'000	US$'000	GHC'000	US$	GHC
Cash flows from operating activities						
Profit before tax	212,834	949,684	151,265	655,464	41%	45%
Adjusted for:						
Net trading income - foreign exchange	3,155	14,079	27,268	118,159	-88%	-88%
Net loss from investment securities	10	45	348	1,508	-97%	-97%
Fair value (gain)/loss on investment properties		-	843	3,652	-100%	-100%
Impairment losses on loans and advances	124,502	555,539	160,342	694,797	-22%	-20%
Impairment losses on other financial assets	9,957	44,429	47,157	204,342	-79%	-78%
Depreciation of property and equipment	39,726	177,261	38,703	167,708	3%	6%
Net interest income	(479,189)	(2,138,182)	(466,924)	(2,023,284)	3%	6%
Amortisation of software and other intangibles	10,014	44,683	6,388	27,681	57%	61%
Profit on sale of property and equipment	(554)	(2,472)	2,289	9,919	-124%	-125%
Share of loss of associates	(127)	(567)	249	1,079	-151%	-153%
Income taxes paid	(54,550)	(243,407)	(46,790)	(202,751)	17%	20%
Changes in operating assets and liabilities						
Trading assets	(105,465)	(470,594)	51,073	221,310	-306%	-313%
Derivative financial assets	6,196	27,647	(95,645)	(414,451)	106%	107%
Other treasury bills	(19,959)	(89,058)	(756)	(3,278)	-2539%	-2617%
Loans and advances to banks	104,356	465,646	(459,534)	(1,991,260)	123%	123%
Loans and advances to customers	386,613	1,725,101	(248,519)	(1,076,885)	256%	260%
Pledged assets	(84,188)	(375,654)	(69,136)	(299,581)	-22%	-25%
Other assets	(115,584)	(515,746)	(70,459)	(305,316)	-64%	-69%
Mandatory reserve deposits	(96,948)	(432,592)	(26,145)	(113,292)	-271%	-282%
Due to customers	243,320	1,085,715	348,172	1,508,705	-30%	-28%
Derivative liabilities	11,285	50,355	(9,947)	(43,103)	213%	217%
Other provisions	(7,729)	(34,487)	7,623	33,032	-201%	-204%
Other liabilities	(31,728)	(141,573)	13,244	57,389	-340%	-347%
Interest received	791,891	3,533,486	791,319	3,428,958	0.1%	3%
Interest paid	(312,702)	(1,395,303)	(324,395)	(1,405,674)	-4%	-1%
Net cashflow from /(used in) operating activities	**635,136**	**2,834,035**	**(171,967)**	**(745,172)**	**-469%**	**-480%**
Cash flows from investing activities						
Purchase of software	(21,329)	(95,171)	(14,105)	(61,120)	51%	56%
Purchase of property and equipment	(91,216)	(407,015)	(59,854)	(259,357)	52%	57%
Proceeds from sale and redemption of securities	120,834	539,172	(103,237)	(447,351)	-217%	-221%
Net cashflow from / (used in) investing activities	**8,289**	**36,986**	**(177,196)**	**(767,828)**	**-105%**	**-105%**
Cash flows from financing activities						
Net proceeds /repayment from borrowed funds	(288,885)	(1,289,030)	(165,670)	(717,884)	74%	80%
Dividends paid to non-controlling shareholders	(13,508)	(60,274)	(20,824)	(90,235)	-35%	-33%
Net cashflow from used in financing activities	**(302,393)**	**(1,349,304)**	**(186,494)**	**(808,119)**	**62%**	**67%**
Net increase /(decrease in) cash and cash equivalents	**341,032**	**1,521,717**	**(535,657)**	**(2,321,119)**	**-164%**	**-384%**
Cash and cash equivalents at beginning of period	1,965,611	8,676,601	2,020,838	8,449,327	-3%	3%
Effects of exchange differences on cash and cash equivalents	(182,950)	(599,862)	132,741	928,844	-238%	-165%
Cash and cash equivalents at end of the period	**2,123,693**	**9,598,456**	**1,617,922**	**7,057,052**	**31%**	**36%**

Notes

1 General information

Ecobank Transnational Incorporated (ETI) and its subsidiaries (together, 'the Group') provide retail, corporate and investment banking services throughout sub Saharan Africa outside South Africa. The Group had operations in 40 countries and employed over 16,090 people as at 30 June 2018 (30 June 2017: 16,743).

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 condensed consolidated interim financial statements for the period ended 30 June 2018 have been approved by the Board of Directors on 19 July 2018.

2 Summary of significant accounting policies

This note provides a list of the significant changes in accounting policies adopted in the preparation of these condensed consolidated interim financial statements to the extent they have not already been disclosed elsewhere. These policies have been consistently applied to all the periods presented, unless otherwise stated. The notes also highlight new standards and interpretations issued at the time of preparation of the condensed consolidated interim financial statements and their potential impact on the Group. For a full list of the accounting policies used to prepare the financial statements, we refer the readers to the Group annual financial statements for the year ended 31 December 2017. These have remained unchanged except for as stated below. The financial statements are for the Group consisting of Ecobank Transnational Incorporated and its subsidiaries.

2.1 Basis of presentation

The Group's unaudited condensed consolidated interim financial statements ('Condensed Financial Statements') for the period ended 30 June 2018 have been prepared in accordance with IAS 34 Interim Financial Reporting. These condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the audited 31 December 2017 Annual Consolidated Financial Statements and the accompanying notes included on pages 120 to 212 in our 2017 Annual Report. The Condensed Financial Statements have been prepared on a going concern basis.

Except as indicated below, the Condensed Financial Statements have been prepared using the same accounting policies and methods used in preparation of our audited 2017 Annual Consolidated Financial Statements. Our significant accounting policies and future changes in accounting policies and disclosures that are not yet effective for us are described in Note 2.1 (b) of our audited 2017 Annual Consolidated Financial Statements.

(a) New and amended standards adopted by the Group

In the current period, 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 2018.

I) 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 was effective for annual periods beginning on or after 1 January 2018, with early application permitted.

The Group has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. The Group did not early adopt any of IFRS 9 in previous periods. As permitted by the transitional provisions of IFRS 9, the Group elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings and other reserves of the current period. The Group does not currently apply hedge accounting and as such the adoption of IFRS 9 does not have any impact. Based on current assessment, the only significant impact on the Group's balance sheet or equity is as a result of the effect of applying the impairment requirements of IFRS 9. Overall, the Group has recorded a higher impairment allowance of $299 million resulting in a negative impact on equity due to the impact of IFRS 9 adoption.

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: amortised 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 currently have such instruments.

Impairment

IFRS 9 introduces a revised impairment model which requires entities to recognise expected credit losses ('ECL') on loans, debt securities and loan commitments not held at fair value through profit based on unbiased forward-looking information. The measurement of expected loss involves increased complexity and judgment including estimation of lifetime probabilities of default, loss given default, a range of unbiased future economic scenarios, estimation of expected lives, estimation of exposures at default and assessing increases in credit risk. This change has led to an increased impairment charge of $299 million compared to that recognised under IAS 39 as at 31 December 2017.

The increase in impairment charge is driven by:

• The removal of the emergence period that was necessitated by the incurred loss model of IAS 39. All stage 1 assets carry a 12-month expected credit loss provision. This differs from IAS 39 where unidentified impairments were typically measured with an emergence period of between three to twelve months;
• The provisioning for lifetime expected credit losses on stage 2 assets; where some of these assets would not have attracted a lifetime expected credit loss measurement under IAS 39;
• The inclusion of forecasted macroeconomic scenarios e.g. growth rates, unemployment in the determination of the ECL in components such as Probability of Default (PD); and
• The inclusion of expected credit losses on items that would not have been impaired under IAS 39, such as loan commitments and financial guarantees.

II) 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 needs 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. Adoption of the new Standard did not have any significant impact on the Group.

III) Amendment to IFRS 15 - Revenue from contracts with customers Contracts

These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licenses of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard. Adoption of the standard did not have a significant impact on the Group.

Notes

Basis of preparation (continued)

(a) New and amended standards adopted by the Group (continued)

IV) IAS 40 – Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with IAS 8 is only permitted if that is possible without the use of hindsight. Early application of the amendments is permitted and must be disclosed. The amendments will eliminate diversity in practice. Adoption of the standard did not have a significant impact on the Group.

V) IFRIC Interpretation 22 - Foreign Currency Transactions and Advance Consideration

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The amendments are intended to eliminate diversity in practice, when recognising the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or nonmonetary liability relating to advance consideration received or paid in foreign currency. Adoption of the standard did not have a significant impact on the Group.

2.2 Changes in accounting policy on adoption of new standard: Financial assets and liabilities

Recognition and measurement

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 classification. A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. 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.

2.2.1 Financial assets - Policy applicable from January 1, 2018

a) Classification and measurement

From 1 January 2018, the Group has applied IFRS 9 and classifies its financial assets in accordance with this standard. Financial assets are measured at initial recognition at fair value, and are classified and subsequently measured at fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI) or amortized cost based on our business model for managing the financial instruments and the contractual cash flow characteristics of the instrument.

A financial asset is measured at amortized cost if it meets both of the following conditions:

(i) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

(ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The carrying amount of these assets is adjusted by any expected credit loss allowance recognised. Interest income from these financial assets is included in 'Interest and similar income' using the effective interest rate method.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

(i) the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial asset; and

(ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse. Movements in the carrying amount of these assets are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in Net Investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Equity Instruments

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. On adoption of the standard, the Group did designate some of it equity instruments as FVOCI.

All other financial assets not classified as measured at amortized cost or FVOCI as discussed above are measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

Business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Group in determining the business model for a Group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. For example the liquidity portfolio of assets, which is held by Ecobank Ghana (subsidiary of the Group) as part of liquidity management and is generally classified within the hold to collect and sell business model. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVPL. The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

Other factors considered in the determination of the business model include:

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

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

Notes

Basis of preparation (continued)

(a) New and amended standards adopted by the Group (continued)

2.2. Financial assets - Policy applicable from January 1, 2018 (Continued)

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

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

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

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

b) **Reclassification**

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets. There were no changes to any of the Group's business models during the current period.

2.2.2 Financial liabilities

The accounting for financial liabilities remains largely the same under IFRS 9 as it was under IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVPL. Such movements are presented in OCI with no subsequent reclassification to the income statement. The Group does not currently have such instruments. Under IFRS 9, embedded derivatives are no longer separated from a host financial asset. Instead, financial assets are classified based on the business model and their contractual terms. The accounting for derivatives embedded in financial liabilities and in non-financial host contracts has not changed.

2.4 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 Bank calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired (as set out in Note 2.5) and is, therefore, regarded as 'Stage 3', the Bank calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Bank reverts to calculating interest income on a gross basis.

Under both IFRS 9 and IAS 39, interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost, financial instruments designated at FVPL. Interest income on interest bearing financial assets measured at FVOCI under IFRS 9, similarly to interest bearing financial assets classified as available-for-sale or held to maturity under IAS 39 are also recorded by using the EIR method. The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

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

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

2.5 Impairment of financial assets

2.5.1 Impairment of financial assets - Policy applicable from January 1, 2018

The adoption of IFRS 9 has fundamentally changed the Bank's accounting for loan loss impairments by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Bank to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL, together with lease receivables loan commitments and financial guarantee contracts. No impairment loss is recognized on equity investments.

The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination. If the financial asset meets the definition of purchased or originated credit impaired (POCI), the allowance is based on the change in the ECLs over the life of the asset.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:
- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

Loss allowances for lease receivables are always measured at an amount equal to lifetime. The Group generally considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Notes

2.5 Impairment of financial assets (Continued)

2.5.1 Impairment of financial assets - Policy applicable from January 1, 2018 (Continued)

Measurement

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

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognized and ECL are measured as follows.
• If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
• If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.
Evidence that a financial asset is credit-impaired includes the following observable data:
• significant financial difficulty of the borrower or issuer;
• a breach of contract such as a default or past due event;
• the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
• it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
• the disappearance of an active market for a security because of financial difficulties;
• observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio.

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

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

Write-off

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Definition of default

The Group considers a financial asset to be in default which is fully aligned with the credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria
- The borrower is more than 90 days past due on its contractual payments .

Qualitative criteria
The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:
· The borrower is in long-term forbearance
· The borrower is deceased
· The borrower is insolvent
· The borrower is in breach of financial covenant(s)
· An active market for that financial asset has disappeared because of financial difficulties
· Concessions have been made by the lender relating to the borrower's financial difficulty
· It is becoming probable that the borrower will enter bankruptcy
· Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the Group's expected loss calculations.
An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six months. This period of six months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.

Measuring ECL – Explanation of inputs, assumptions and estimation techniques

ECL is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the PD, EAD, and LGD, defined as follows:

. The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

. EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.
. Loss Given Default (LGD) represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

Notes

2.5 Impairment of financial assets (Continued)

2.5.1 Impairment of financial assets - Policy applicable from January 1, 2018 (Continued)

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

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

. For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayment/refinance assumptions are also incorporated into the calculation.

. For revolving products, the exposure at default is predicted by taking current drawn balance and adding a "credit conversion factor" which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilisation band, based on analysis of the Group's recent default data. The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type:

. For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.

. For unsecured products, LGD's are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGD's are influenced by collection strategies, including contracted debt sales and price.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type.
The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs and how collateral values change etc. – are monitored and reviewed on a semi-annual basis.
There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Forward-looking information incorporated in the ECL models

The assessment of significant increase in credit risk (SICR) and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgment has also been applied in this process. Forecasts of these economic variables (the "base economic scenario") are provided by Ecobank Group's Economics team on a quarterly basis and provide the best estimate view of the economy over the next five years. After five years, to project the economic variables out for the full remaining lifetime of each instrument, a mean reversion approach has been used, which means that economic variables tend to either a long run average rate (e.g. for unemployment) or a long run average growth rate (e.g. GDP) over a period of two to five years. The impact of these economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

In addition to the base economic scenario, the Group's Economics team also provide other possible scenarios along with scenario weightings. The number of other scenarios used is set based on the analysis of each major product type to ensure non-linearities are captured. The number of scenarios and their attributes are reassessed at each reporting date. At 1 January 2018 and 30 June 2018, the Group concluded that three scenarios appropriately captured non-linearities. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of. The assessment of SICR is performed using the Lifetime PD under each of the base, and the other scenarios, multiplied by the associated scenario weighting, along with qualitative and backstop indicators. This determines whether the whole financial instrument is in Stage 1, Stage 2, or Stage 3 and hence whether 12-month or lifetime ECL should be recorded. Following this assessment, the Group measures ECL as either a probability weighted 12 month ECL (Stage 1), or a probability weighted lifetime ECL (Stages 2 and 3). These probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting (as opposed to weighting the inputs). As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within Group's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

3 Critical accounting estimates, and judgements in applying accounting policies

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. Where impairment has been identified, an allowance for impairment is recorded. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination in which case loss allowance is measured an amount equal to lifetime ECL. If the financial asset meets the definition of purchased or originated credit impaired (POCI), the allowance is based on the change in the ECLs over the life of the asset.

The Group generally considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'. Loss allowances on such low credit risk instrument are recognised at the equivalent of 12-month ECL.

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

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

The scenario weightings applied in the incorporation of the forward-looking information into the calculation of ECL are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of. The forward-looking information used in ECL are based on forecasts. As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Group's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.
In determining whether an impairment loss should be recorded in the income statement, the Group makes judgements as to movement in the level of credit risk on the instrument since origination. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

4 Significant Events and Transactions

Losses recognised on impairment of financial assets are disclosed in note 9 to these Condensed Financial Statements.
Details of the Group's principles, methodology, valuation techniques and level of inputs used in the valuation of the Group's financial instruments are contained in the Group's annual financial statements for the year ended 31 December 2017. There have been no significant change to these principles, methodology, valuation techniques and level of inputs used in the valuation of the Group's financial instruments for the period ended 30 June 2018.

There have no other significant events or transactions in the period that have had a significant impact on the financial position or performance of the Group during the 6 month period ended 30 June 2018 other than as disclosed above.

Ecobank
The Pan African Bank

Ecobank Transnational Incorporated

Notes to the Condensed Unaudited Consolidated Statement of Financial Position

		As at 30 June 2018		As at 31 December 2017	
		US$'000	**GHC'000**	**US$'000**	**GHC'000**
12	**Cash and balances with central banks**				
	Cash in hand	561,566	2,538,112	576,862	2,546,383
	Balances with central banks other than mandatory reserve deposits	918,999	4,153,600	895,316	3,952,104
	Included in cash and cash equivalents	**1,480,565**	**6,691,712**	**1,472,178**	**6,498,487**
	Mandatory reserve deposits with central banks	1,286,515	5,814,664	1,189,567	5,250,988
		2,767,081	**12,506,376**	**2,661,745**	**11,749,475**
13	**Trading financial assets**				
	Debt securities measured at FVTPL				
	- Government bonds	123,792	559,501	36,064	159,194
	Equity securities measured at FVTPL	9,153	41,368		
	- Listed	251	1,135	270	1,192
	-Unlisted	8,826	39,892	223	984
		142,022	**641,896**	**36,557**	**161,370**
14	**Loans and advances to banks**				
	Items in course of collection from other banks	64,053	289,499	65,771	290,326
	Deposits with other banks	712,398	3,219,826	1,036,270	4,574,304
	Placements with other banks	481,126	2,174,546	583,765	2,576,855
		1,257,577	**5,683,871**	**1,685,806**	**7,441,485**
15	**Loans and advances to customers**				
	Analysis by type:				
	Overdrafts	1,383,745	6,254,112	2,616,054	11,547,786
	Credit cards	3,854	17,419	3,800	16,775
	Term loans	6,116,676	27,645,538	7,167,729	31,639,790
	Mortgage loans	102,404	462,836	101,400	447,600
	Others	1,904,748	8,608,892	23,795	105,034
	Gross loans and advances	**9,511,427**	**42,988,797**	**9,912,778**	**43,756,985**
	Less: allowance for impairment	(739,682)	(3,343,141)	(554,914)	(2,449,502)
		8,771,745	**39,645,656**	**9,357,864**	**41,307,483**
16	**Treasury bills and other eligible bills**				
	Maturing within three months	329,375	1,488,678	338,252	1,493,112
	Maturing after three months	1,360,766	6,150,252	1,380,725	6,094,796
		1,690,141	**7,638,930**	**1,718,977**	**7,587,908**
17	**Investment securities**				
	Debt securities measured at FVOCI				
	- listed	2,326,418	10,514,713	1,774,141	7,831,478
	- unlisted	1,755,411	7,933,929	2,461,171	10,864,262
		4,081,829	**18,448,642**	**4,235,312**	**18,695,740**
	Equity securities measured at FVOCI				
	- listed	12,698	57,391	12,689	56,083
	- unlisted	191,410	865,117	158,773	700,760
		204,108	**922,508**	**171,462**	**756,843**
	Total investment securities	**4,285,937**	**19,371,150**	**4,406,774**	**19,452,583**
	Allowance for impairment	(1,531)	(6,920)	(1,534)	(6,973)
		4,284,406	**19,364,230**	**4,405,240**	**19,445,610**
18	**Deposits from other banks**				
	Operating accounts with banks	398,645	1,801,756	881,089	3,889,303
	Deposits from other banks	581,399	2,627,749	891,325	3,934,487
		980,044	**4,429,505**	**1,772,414**	**7,823,790**
19	**Due to customers**				
	- Current accounts	9,257,827	41,842,601	9,067,104	40,024,010
	- Term deposits	3,477,151	15,715,678	3,486,002	15,387,910
	- Savings deposits	2,711,613	12,255,678	2,650,165	11,698,359
		15,446,591	**69,813,957**	**15,203,271**	**67,110,279**

20 Contingent liabilities and commitments

Contingent liabilities in respect of bankers acceptance, guarantees, letters of credits and commitments to extend credit not provided for in the financial statements were US$ 4.4 billion (GHC 19.4 billion) (31 Dec 2017: US$ 3.9 billion (GHC 17.3 billion))

Ecobank
The Pan African Bank

Ecobank Transnational Incorporated
Notes to the Condensed Unaudited Consolidated Statement of Comprehensive Income

		6 Months ended 30 June 2018		6 Months ended 30 June 2017	
		US$'000	GHC'000	US$'000	GHC'000
5	**Net interest income**				
	Interest income				
	Loans and advances to banks	23,295	103,944	24,225	104,972
	Loans and advances to customers	476,721	2,127,171	510,158	2,210,622
	Treasury bills and other eligible bills	114,143	509,316	97,596	422,905
	Investment securities	172,345	769,018	97,696	423,338
	Financial assets held for trading measured at FVTPL	4,404	19,650	54,324	235,398
	Others	983	4,387	7,321	31,723
		791,891	**3,533,486**	**791,319**	**3,428,958**
	Interest expense				
	Deposits from banks	46,843	209,016	50,237	217,689
	Due to customers	189,649	846,228	167,984	727,913
	Other borrowed funds	66,950	298,738	105,859	458,710
	Others	9,260	41,321	315	1,362
		312,702	**1,395,303**	**324,395**	**1,405,674**
6	**Net fee and commission income**				
	Fee and commission income:				
	Credit related fees and commissions	67,514	301,252	76,333	330,767
	Portfolio and other management fees	4,011	17,898	7,384	31,997
	Corporate finance fees	8,099	36,137	5,480	23,746
	Cash management and related fees	117,224	523,062	91,038	394,486
	Card management fees	44,561	198,836	37,071	160,637
	Brokerage fees and commissions	2,391	10,668	1,250	5,417
	Other fees	8,750	39,042	8,060	34,926
		252,549	**1,126,895**	**226,616**	**981,976**
	Fee and commission expense				
	Brokerage fees paid	622	2,775	603	2,613
	Other fees paid	32,501	145,023	28,762	124,632
		33,123	**147,798**	**29,365**	**127,245**
7	**Net trading income**				
	Foreign exchange	167,482	747,319	209,004	905,659
	Trading income on securities	24,976	111,445	23,589	102,217
		192,458	**858,764**	**232,593**	**1,007,876**
8	**Other operating income**				
	Lease income	1,034	4,613	1,396	6,048
	Dividend income	1,388	6,195	3,987	17,277
	Gains less losses from investment securities	(10)	(44)	(348)	(1,508)
	Other	17,404	77,657	9,922	42,995
		19,816	**88,421**	**14,957**	**64,812**
9	**Impairment losses on loans and advances and other financial assets**				
	Impairment losses on loans and advances	124,502	555,539	160,342	694,797
	Impairment charge on other financial assets	9,957	44,429	47,157	204,342
		134,459	**599,968**	**207,499**	**899,139**
10	**Taxation**				
	Current income tax	51,111	228,062	31,410	136,106
	Deferred income tax	(6,299)	(28,107)	(3,457)	(14,980)
		44,812	**199,955**	**27,953**	**121,126**
11	**Operating expenses**				
	Staff expenses	247,443	1,104,112	251,886	1,091,477
	Depreciation and amortisation	49,740	221,944	45,091	195,389
	Other operating exepnses	266,540	1,189,324	255,735	1,108,156
		563,723	**2,515,380**	**552,712**	**2,395,022**

Note 21: GEOGRAPHICAL REGION FINANCIAL PERFORMANCE

Ecobank groups its business in Africa into four geographical regions. These reportable operating segments are Nigeria, Francophone West Africa (UEMOA), Anglophone West Africa (AWA), Central, Eastern and Southern, Africa (CESA).

In 000 of $

	NIGERIA	UEMOA	AWA	CESA	ETI & Others	Rv(2)	Ecobank Group
Income Statement Highlights for the period ended 30 June 2018							
Net interest income	151,786	138,925	110,832	103,735	(26,090)	-	479,189
Net fees and commission income	27,697	61,987	42,635	73,240	13,868	-	219,427
Other income	66,757	51,455	30,490	46,841	16,730	-	212,273
Operating income	**246,240**	**252,367**	**183,957**	**223,816**	**4,508**	**-**	**910,889**
Impairment losses on financial assets	39,275	27,578	19,614	22,630	36,097	(10,736)	134,459
Total operating expenses	146,935	152,069	95,668	130,500	38,552	-	563,723
Operating profit after impairment losses	**60,030**	**72,720**	**68,675**	**70,686**	**(70,140)**	**(10,736)**	**212,707**
Share of profit from associates	**-**	**-**	**133**	**(6)**	**-**	**-**	**127**
Profit before tax	**60,030**	**72,720**	**68,808**	**70,680**	**(70,140)**	**(10,736)**	**212,834**
Balance Sheet Highlights as at 30 June 2018							
Total assets	5,720,146	7,906,714	3,167,974	4,579,859	255,814	-	21,630,507
Total Liabilities	4,930,972	7,333,274	2,826,880	4,051,141	565,853	-	19,708,120

In 000 of $

	NIGERIA	UEMOA	AWA	CESA	ETI & Others	Rv(2)	Ecobank Group
Income Statement Highlights for the period ended 30 June 2017							
Net interest income	152,898	125,396	111,941	92,988	(16,299)	-	466,924
Net fees and commission income	28,275	57,162	40,080	54,358	17,376	-	197,251
Other income	135,080	37,308	25,723	32,017	17,422	-	247,550
Operating income	**316,253**	**219,866**	**177,744**	**179,363**	**18,499**	**-**	**911,725**
Impairment losses on financial assets	138,566	29,108	32,204	11,782	2,850	(7,011)	207,499
Total operating expenses	141,150	138,409	90,679	138,631	43,843	-	552,712
Operating profit after impairment losses	**36,537**	**52,349**	**54,861**	**28,950**	**(28,194)**	**7,011**	**151,514**
Share of profit from associates	-	-	95	63	(407)	-	(249)
Profit before tax	**36,537**	**52,349**	**54,956**	**29,013**	**(28,601)**	**7,011**	**151,265**
Balance Sheet Highlights as at 30 June 2017							
Total assets	5,837,001	8,035,550	2,792,003	4,216,015	231,045	-	21,111,614
Total Liabilities	4,934,071	7,600,712	2,520,637	3,749,828	336,472	-	19,141,720

(1) ETI & Others comprise ETI, the Holdco, eProcess (the Group's technology service company), the International business in Paris, Ecobank Development Corp. (the Group's Investment Banking and Securities and Asset Management businesses), and also the impact of other affiliates and
(2) The Resolution Vehicle (RV), a structured entity that was set up in Nigeria to purchase and hold the challenged legacy assets from Ecobank Nigeria's core assets.

Note 22: BUSINESS FINANCIAL PERFORMANCE

In 000 of $	CIB	Commercial	Consumer	Others	Consolidation Adjustments	Ecobank Group
Income Statement Highlights for the period ended 30 June 2018						
Net interest income	242,790	85,402	114,738	36,259	0	479,189
Net fees and commission income	83,829	48,411	87,102	13,884	(13,800)	219,427
Other income	145,347	46,468	17,300	138,939	(135,781)	212,273
Operating income	**471,966**	**180,281**	**219,140**	**189,082**	**(149,581)**	**910,889**
Impairment losses on financial assets	65,753	36,829	7,350	10,767	13,759	134,459
Total operating expenses	234,452	130,574	185,896	65,930	(53,129)	563,723
Operating profit after impairment losses	**171,761**	**12,878**	**25,894**	**112,385**	**(110,211)**	**212,707**
Share of profit from associates	**127**	**-**	**-**	**-**	**-**	**127**
Profit before tax	**171,888**	**12,878**	**25,894**	**112,385**	**(110,211)**	**212,834**
Balance Sheet Highlights as at 30 June 2018						
Total assets	11,972,196	1,356,217	850,266	74,579	7,377,250	21,630,507
Total Liabilities	9,842,652	3,214,655	5,310,078	1,090,429	250,306	19,708,120

In 000 of $	CIB	Commercial	Consumer	Others	Consolidation Adjustments	Ecobank Group
Income Statement Highlights for the period ended 30 June 2017						
Net interest income	223,581	102,469	124,226	16,648	-	466,924
Net fees and commission income	82,672	41,946	77,797	12,527	(17,691)	197,251
Other income	188,033	32,708	14,093	134,507	(121,791)	247,550
Operating income	**494,286**	**177,123**	**216,116**	**163,682**	**(139,482)**	**911,725**
Impairment losses on financial assets	74,411	58,365	14,061	67,641	(6,979)	207,499
Total operating expenses	222,680	132,201	182,786	56,647	(41,601)	552,712
Operating profit after impairment losses	**197,195**	**(13,443)**	**19,269**	**39,395**	**(90,901)**	**151,514**
Share of profit from associates	**158**	**-**	**-**		**(407)**	**(249)**
Profit before tax	**197,353**	**(13,443)**	**19,269**	**39,395**	**(91,308)**	**151,265**
Balance Sheet Highlights as at 30 June 2017						
Total assets	11,849,244	1,540,251	795,198	109,034	6,817,887	21,111,614
Total Liabilities	10,070,989	3,000,309	4,825,395	965,419	279,607	19,141,720

Note 23: GEOGRAPHICAL REGION FINANCIAL PERFORMANCE

Ecobank groups its business in Africa into four geographical regions. These reportable operating segments are Nigeria, Francophone West Africa (UEMOA), Anglophone West Africa (AWA), Central, Eastern and Southern, Africa (CESA).

In Millions of Cedis

	NIGERIA	UEMOA	AWA	CESA	ETI & Others	Rv(2)	Ecobank Group
Income Statement Highlights for the period ended 30 June 2018							
Net interest income	677	620	495	463	(117)	-	2,138
Net fees and commission income	124	277	190	327	61	-	979
Other income	298	230	136	209	74	-	947
Operating income	**1,099**	**1,127**	**822**	**999**	**19**	**-**	**4,064**
Impairment losses on financial assets	175	123	88	101	161	(48)	600
Total operating expenses	656	679	427	582	171	-	2,515
Operating profit after impairment losses	**268**	**325**	**307**	**316**	**(313)**	**(48)**	**949**
Share of profit from associates	**-**	**-**	**1**	**-**	**-**	**-**	**1**
Profit before tax	**268**	**325**	**308**	**316**	**(219)**	**(48)**	**950**
Balance Sheet Highlights as at 30 June 2018							
Total assets	25,853	35,736	14,318	20,700	1,156	-	97,763
Total Liabilities	22,287	33,144	12,777	18,310	2,557	-	89,075

In Millions of Cedis

	NIGERIA	UEMOA	AWA	CESA	ETI & Others	Rv(2)	Ecobank Group
Income Statement Highlights for the period ended 30 June 2017							
Net interest income	663	543	485	403	(71)	-	2,023
Net fees and commission income	123	248	174	236	74	-	855
Other income	585	162	111	139	76	-	1,073
Operating income	**1,371**	**953**	**770**	**778**	**79**	**-**	**3,951**
Impairment losses on financial assets	600	126	140	51	12	(30)	899
Total operating expenses	612	600	393	601	189	-	2,395
Operating profit after impairment losses	**159**	**227**	**237**	**126**	**(122)**	**30**	**657**
Share of profit from associates	-	-	-	-	(1)	-	(1)
Profit before tax	**159**	**227**	**237**	**126**	**(123)**	**30**	**656**
Balance Sheet Highlights as at 30 June 2017							
Total assets	25,460	35,049	12,178	18,389	1,009	-	92,085
Total Liabilities	21,521	33,153	10,995	16,356	1,467	-	83,492

(1) ETI & Others comprise ETI, the Holdco, eProcess (the Group's technology service company), the International business in Paris, Ecobank Development Corp. (the Group's Investment Banking and Securities and Asset Management businesses), and also the impact of other affiliates and
(2) The Resolution Vehicle (RV), a structured entity that was set up in Nigeria to purchase and hold the challenged legacy assets from Ecobank Nigeria's core assets.

Note 24: BUSINESS FINANCIAL PERFORMANCE

In Millions of Cedis

	CIB	Commercial	Consumer	Others	Consolidation Adjustments	Ecobank Group
Income Statement Highlights for the period ended 30 June 2018						
Net interest income	1,083	381	512	162	0	2,138
Net fees and commission income	374	216	389	62	(62)	979
Other income	649	207	77	620	(606)	947
Operating income	**2,106**	**804**	**978**	**844**	**(668)**	**4,064**
Impairment losses on financial assets	293	164	33	48	62	600
Total operating expenses	1,046	583	829	294	(237)	2,515
Operating profit after impairment losses	**767**	**57**	**116**	**502**	**(493)**	**949**
Share of profit from associates	**1**	**-**	**-**	**-**	**(0)**	**1**
Profit before tax	**768**	**57**	**116**	**502**	**(493)**	**950**
Balance Sheet Highlights as at 30 June 2018						
Total assets	54,111	6,130	3,843	337	33,342	97,763
Total Liabilities	44,486	14,529	24,000	4,928	1,132	89,075

In Millions of Cedis

	CIB	Commercial	Consumer	Others	Consolidation Adjustments	Ecobank Group
Income Statement Highlights for the period ended 30 June 2017						
Net interest income	998	457	554	14	0	2,023
Net fees and commission income	369	187	347	56	(104)	855
Other income	839	146	63	600	(575)	1,073
Operating income	**2,206**	**790**	**964**	**670**	**(680)**	**3,951**
Impairment losses on financial assets	332	260	63	302	(58)	899
Total operating expenses	994	590	816	253	(258)	2,395
Operating profit after impairment losses	**880**	**(60)**	**85**	**115**	**(363)**	**657**
Share of profit from associates	**1**	**-**	**-**	**-**	**(2)**	**(1)**
Profit before tax	**881**	**(60)**	**85**	**115**	**(365)**	**656**
Balance Sheet Highlights as at 30 June 2017						
Total assets	51,684	6,718	3,468	476	29,739	92,085
Total Liabilities	43,928	13,087	21,047	4,211	1,218	83,492