Ecobank reports audited full year 2016 results

- Gross earnings down 6% $2.6 billion (up 23% to NGN 665.0 billion)
- Operating profit before impairment losses down 0.5% to $735.1 million (up 29% to NGN188.6 billion)
- Loss before tax $131.3 million (Loss in NGN 33.7 billion)
- Loss after tax $205.0 million (Loss in NGN 52.6 billion)
- Total assets down 13% to $20.5 billion (up 33% to NGN 6,255.8 billion)
- Loans and advances to customers down 17% to $9.3 billion (up 27% to NGN 2,824.1 billion)
- Deposits from customers down 18% to $13.5 billion (up 26% to NGN 4,116.5 billion)
- Total equity down 30% to $1.8 billion (up 7% to NGN 538.0 billion)

Financial Highlights	Year ended 31 December 2016		Year ended 31 December 2015		% Change	
	US$'000	NGN'000	US$'000	NGN'000	US$	NGN
Income Statement:						
Gross Earnings	2,591,161	665,001,896	2,744,198	542,706,397	-6%	23%
Revenue	1,972,263	506,166,436	2,105,975	416,488,165	-6%	22%
Operating profit before impairment losses	735,052	188,645,643	738,457	146,040,930	-0.5%	29%
Profit /(Loss) before tax	(131,341)	(33,707,558)	205,239	40,589,019	-164%	-183%
Profit /(Loss) for the year	(204,958)	(52,600,893)	107,464	21,252,606	-291%	-348%
Earnings per share from continuing operations attributable to owners of the parent during the year (expressed in United States cents per share):						
- Basic (cents and kobo)	(1.01)	(259.0)	0.28	56.0	-457%	-563%
- Diluted (cents and kobo)	(1.01)	(258.0)	0.28	56.0	-457%	-561%
Earnings per share from discontinued operations attributable to owners of the parent during the year (expressed in United States cents per share):						
- Basic (cents and kobo)	(0.01)	(2.0)	(0.01)	(2.0)		
- Diluted(cents and kobo)	(0.01)	(2.0)	(0.01)	(2.0)		

Financial Highlights	As at 31 December 2016		As at 31 December 2015		% Change	
	US$'000	NGN'000	US$'000	NGN'000	US$	NGN
Statement of Financial Position:						
Total assets	20,510,974	6,255,847,070	23,553,919	4,694,296,060	-13%	33%
Loans and advances to customers	9,259,374	2,824,109,070	11,200,349	2,232,229,556	-17%	27%
Deposits from customers	13,496,720	4,116,499,600	16,427,553	3,274,011,313	-18%	26%
Total equity	1,764,078	538,043,790	2,523,245	502,882,698	-30%	7%

“The financial results show the benefits of progress of our strategy but also reflect the frustrating reality of poor financial performance in announcing a loss before tax of $131m and revenue of $2bn for the year ended 31 December 2016. Our Group revenues remained resilient despite a tough year of macro-economic headwinds including a weaker economic environment, particularly in Nigeria, and the strengthening of our reporting currency - the US dollar – against all African currencies particularly the Nigerian Naira where 40% of the Group’s revenues have historically been generated. Separately, our end of year bottom line performance has been impacted by our voluntary adoption of a full impairment charge regarding our legacy loan portfolio, for which a resolution vehicle was set up, the first private sector funded resolution vehicle of its kind in Nigeria, with the sole objective of ring-fencing the legacy loans from Nigeria’s core bank. This, among others, would allow management to focus on delivering results. Our business philosophy was founded on international best practice in terms of accounting and asset quality, so whilst the impairment charge has impacted our earnings, our accounting treatment has been for the right reasons and we are in better shape for the future as a result.

“The funds from our proposed $400m convertible bond issue will be used sensibly and profitably, of which $200m would be used to repay the short-term financing used in setting up the resolution vehicle. The remaining $200m is for a conscious debt restructure of the maturity profile of the ETI Holdco balance sheet. We are delighted to have very high subscription levels to the issue from existing shareholders, in the region of $300m. The conversion price of the offer is 6 USD cents compared to a current price of 3 USD cents with an interest rate of 6.46% above LIBOR.

“Good businesses should always match operational expansion with cost control, and this is a fundamental belief of ours which we practise. We maintain our cautious stance on lending in this challenging period, but will continue to implement a number of exciting new customer initiatives such as our pan-African banking app and leveraging our blue-chip partnerships to benefit our customers across 40 countries. As the gateway to global trade finance in Africa, the role we are playing at the centre of the intra-Africa trade and cash management for governments, corporate clients, suppliers and distributors will benefit the economies in which we operate and consequently the income of Ecobank.

“The Francophone West Africa and Anglophone West Africa regions continue to perform positively generating over 40% of the Group’s revenues at a return on equity above 24% and 32% respectively. We remain the leading bank in these regions.

“I remain confident in the result of the cost efforts and in our ability to deliver a leading service for our customers which will be reflected in improved key performance indicators in 2017 and beyond. Ecobank’s twin goals are generating sustainable returns above the cost of equity whilst maintaining the highest international standards and we treat both goals equally. Reputations are hard won and easily lost and we will never compromise that. We have a bright future ahead and I look forward to the future with confidence.”

By Order of the Board of Directors

Ade Ayeyemi
Group Chief Executive Officer

Greg Davis
Group Chief Financial Officer

Ecobank Transnational Incorporated
For the year ended 31 December 2016

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.

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.

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.

Approval of annual consolidated financial statements

The annual consolidated financial statements were approved by the board of directors on 24th March 2017 and signed on its behalf by:

Emmanuel Ikazoboh
Group Chairman

Ade Ayeyemi
Group Chief Executive Officer

Deloitte. GrantThornton

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ECOBANK TRANSNATIONAL INCORPORATED

Report on the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **Ecobank Transnational Incorporated** and its subsidiaries ("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.

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).	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:

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.	• 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.
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.

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.

Deloitte. Grant Thornton

Responsibilities of the directors for the consolidated financial statements

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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.

Deloitte. Grant Thornton

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
7 April 2017

Engagement Partner: David Achugamonu
FRC/2013/ICAN/0000000840

For: Grant Thornton
Chartered Accountants
Abidjan, Cote d'Ivoire
7 April 2017

Engagement Partner: Moustapha Coulibaly

Ecobank
The Pan African Bank

Audited Consolidated Income Statement	Year ended 31 December 2016		Year ended 31 December 2015		% Change	
	US$'000	NGN'000	US$'000	NGN'000	US$	NGN
Gross Earnings	2,591,161	665,001,896	2,744,198	542,706,397	-6%	23%
Interest Income	1,672,852	429,324,874	1,748,306	345,753,797	-4%	24%
Interest Expense	(566,406)	(145,363,836)	(602,746)	(119,202,123)	-6%	22%
Net Interest Income	**1,106,446**	**283,961,038**	**1,145,560**	**226,551,674**	**-3%**	**25%**
Fee and commission income	486,121	124,759,295	582,004	115,100,021	-16%	8%
Fee and commission expense	(52,492)	(13,471,624)	(35,477)	(7,016,109)	48%	92%
Net trading income	403,555	103,569,234	412,958	81,668,639	-2%	27%
Net losses from investment securities	26,381	6,770,543	(951)	(188,075)	2874%	3700%
Other operating income	2,252	577,950	1,881	372,015	20%	55%
Other operating income	**865,817**	**222,205,398**	**960,415**	**189,936,491**	**-10%**	**17%**
Operating income	1,972,263	506,166,436	2,105,975	416,488,165	-6%	22%
Staff expenses	(535,061)	(137,319,378)	(591,543)	(116,986,501)	-10%	17%
Depreciation and amortisation	(99,197)	(25,458,066)	(112,520)	(22,252,518)	-12%	14%
Other operating expenses	(602,953)	(154,743,349)	(663,455)	(131,208,216)	-9%	18%
Operating expenses	**(1,237,211)**	**(317,520,793)**	**(1,367,518)**	**(270,447,235)**	**-10%**	**17%**
Operating profit before impairment losses and taxation	735,052	188,645,643	738,457	146,040,930	-0.5%	29%
Impairment losses on :						
- loans and advances	(770,268)	(197,683,484)	(427,081)	(84,461,674)	80%	134%
- other financial assets	(93,583)	(24,017,373)	(104,963)	(20,758,061)	-11%	16%
Impairment losses on financial assets	**(863,851)**	**(221,700,857)**	**(532,044)**	**(105,219,735)**	**62%**	**111%**
Operating profit /(Loss) after impairment losses	(128,799)	(33,055,214)	206,413	40,821,195	-162%	-181%
Share of loss of associates	(2,542)	(652,344)	(1,174)	(232,176)	117%	181%
Profit /(Loss) before tax	(131,341)	(33,707,558)	205,239	40,589,019	-164%	-183%
Taxation	(70,924)	(18,202,111)	(93,505)	(18,492,016)	-24%	-2%
Profit /(Loss) for the year from continuing operations	(202,265)	(51,909,669)	111,734	22,097,003	-281%	-335%
Loss for the year from discontinued operations	(2,693)	(691,224)	(4,270)	(844,397)	-37%	-18%
Profit/(Loss) for the year	(204,958)	(52,600,893)	107,464	21,252,606	-291%	-348%
Attributable to:						
Owners of the parent	**(249,898)**	**(64,134,390)**	**65,539**	**12,961,351**	**-481%**	**-595%**
- Continuing operations	(248,444)	(63,761,172)	67,845	13,417,325	-466%	-575%
- Discontinued operations	(1,454)	(373,218)	(2,306)	(455,974)	-37%	-18%
Non-controlling interests	**44,940**	**11,533,497**	**41,925**	**8,291,255**	**7%**	**39%**
- Continuing operations	46,179	11,851,423	43,889	8,679,677	5%	37%
- Discontinued operations	(1,239)	(317,926)	(1,964)	(388,422)	-37%	-18%
	(204,958)	(52,600,893)	107,464	21,252,606	-291%	-348%
Earnings per share from continuing operations attributable to owners of the parent during the year (expressed in United States cents per share):						
Basis (cents and kobo)	(1.01)	(259.0)	0.28	56.0	-457%	-563%
Diluted (cents and kobo)	(1.01)	(258.0)	0.28	56.0	-457%	-561%
Earnings per share from discontinued operations attributable to owners of the parent during the year (expressed in United States cents per share):						
Basis (cents and kobo)	(0.01)	(2.0)	(0.01)	(2.0)		
Diluted (cents and kobo)	(0.01)	(2.0)	(0.01)	(2.0)		

Audited Consolidated Statement of Comprehensive Income						
Profit /(Loss) for the year	**(204,958)**	**(52,600,893)**	**107,464**	**21,252,606**	**-291%**	**-348%**
Other comprehensive income:						
Items that may be subsequently reclassified to profit or loss:						
Exchange difference on translation of foreign operations	(624,797)	(160,349,399)	(294,529)	(58,247,466)	112%	175%
Net fair value gain / (loss) on available-for-sale financial assets	(54,135)	(13,893,328)	133,964	26,493,390	-140%	-152%
Remeasurements of defined benefit obligations	(6,153)	(1,579,070)	3,837	758,734	-260%	-308%
Taxation relating to components of other comprehensive income that may be subsequently reclassed to profit or loss	22,658	5,815,005	(51,555)	(10,195,775)	144%	157%
Items that will not be reclassified to profit or loss:						
Property and equipment - net revaluation gain	6,221	1,596,496	528	104,461	1078%	1428%
Taxation relating to components of other comprehensive income that will not be reclassed profit or loss	(5,704)	(1,463,923)	(190)	(37,575)	2902%	3796%
Other comprehensive loss for the year, net of taxation	(661,910)	(169,874,219)	(207,945)	(41,124,231)	218%	313%
Total comprehensive Loss for the year	(866,868)	(222,475,112)	(100,481)	(19,871,625)	763%	1020%
Attributable to:						
Owners of the parent	**(908,501)**	**(233,159,893)**	**(109,175)**	**(21,590,994)**	**732%**	**980%**
- Continuing operations	(907,047)	(232,786,675)	(107,050)	(21,170,743)	747%	1000%
- Discontinued operations	(1,454)	(373,218)	(2,125)	(420,251)	-32%	-11%
Non-controlling interests	**41,633**	**10,684,781**	**8,694**	**1,719,369**	**379%**	**521%**
- Continuing operations	42,872	11,002,707	10,504	2,077,324	308%	430%
- Discontinued operations	(1,239)	(317,926)	(1,810)	(357,955)	-32%	-11%
	(866,868)	(222,475,112)	(100,481)	(19,871,625)	-763%	-1020%

Ecobank
The Pan African Bank

Audited Consolidated Statement of Financial Position	As at 31 December2016		As at 31 December 2015		% Change	
	US$'000	NGN'000	US$'000	NGN'000	US$	NGN
Cash and balances with central banks	2,462,302	751,002,110	3,245,363	646,800,846	-24%	16%
Financial assets held for trading	77,408	23,609,440	171,334	34,146,866	-55%	-31%
Derivative financial instruments	68,204	20,802,220	144,225	28,744,043	-53%	-28%
Loans & advances to banks	1,413,699	431,178,195	1,770,036	352,768,175	-20%	22%
Loans & advances customers	9,259,374	2,824,109,070	11,200,349	2,232,229,556	-17%	27%
Treasury bills and other eligible bills	1,228,492	374,690,060	1,436,405	286,275,517	-14%	31%
Investment securities available for sale	3,272,824	998,211,320	2,669,692	532,069,616	23%	88%
Pledged assets	518,205	158,052,525	759,086	151,285,840	-32%	4%
Other assets	850,821	259,500,405	513,629	102,366,260	66%	154%
Investment in associates	10,135	3,091,175	15,802	3,149,339	-36%	-2%
Intangible assets	280,766	85,633,630	382,451	76,222,484	-27%	12%
Property, plant and equipment	861,047	262,619,335	893,855	178,145,302	-4%	47%
Investment properties	35,819	10,924,795	136,466	27,197,674	-74%	-60%
Deferred income tax assets	102,007	31,112,135	123,413	24,596,211	-17%	26%
	20,441,103	**6,234,536,415**	**23,462,106**	**4,675,997,729**	**-13%**	**33%**
Assets held for sale	69,871	21,310,655	91,813	18,298,331	-24%	16%
Total Assets	**20,510,974**	**6,255,847,070**	**23,553,919**	**4,694,296,060**	**-13%**	**33%**
Deposits from banks	2,022,352	616,817,360	1,433,386	285,673,830	41%	116%
Deposits from customers	13,496,720	4,116,499,600	16,427,553	3,274,011,313	-18%	26%
Derivative financial instruments	23,102	7,046,110	1,336	266,265	1629%	2546%
Borrowed funds	1,608,564	490,612,020	1,779,277	354,609,906	-10%	38%
Other liabilities	1,342,635	409,503,675	1,049,059	209,077,459	28%	96%
Provisions	28,782	8,778,510	28,694	5,718,714	0.3%	54%
Current tax liabilities	54,539	16,634,395	69,081	13,767,843	-21%	21%
Deferred income tax liabilities	60,169	18,351,545	117,821	23,481,725	-49%	-22%
Retirement benefit obligations	15,731	4,797,955	17,436	3,474,995	-10%	38%
	18,652,594	**5,689,041,170**	**20,923,643**	**4,170,082,050**	**-11%**	**36%**
Liabilities held for sale	94,302	28,762,110	107,031	21,331,312	-12%	35%
Total Liabilities	**18,746,896**	**5,717,803,280**	**21,030,674**	**4,191,413,362**	**-11%**	**36%**
Equity						
Equity attributable to owners holders of the parents						
Share capital and premium	2,114,332	353,626,651	2,029,698	331,905,968	4%	7%
Retained earnings and reserves	(536,408)	127,640,169	316,311	135,653,595	-270%	-6%
Shareholders Equity	**1,577,924**	**481,266,820**	**2,346,009**	**467,559,563**	**-33%**	**3%**
Non-controlling interests	186,154	56,776,970	177,236	35,323,135	5%	61%
Total Equity	**1,764,078**	**538,043,790**	**2,523,245**	**502,882,698**	**-30%**	**7%**
Total Liabilities and Equity	**20,510,974**	**6,255,847,070**	**23,553,919**	**4,694,296,060**	**-13%**	**33%**

Emmanuel Ikazoboh
Group Chairman

Greg DAVIS
Group Chief Financial Officer

Ade Ayeyemi
Group Chief Executive Officer

Ecobank
The Pan African Bank

Audited Consolidated Statement of Changes in Equity

in US$'000

	Share Capital	PPE Revaluation Surplus	Available for Sale Fin. Assets reserves	Currency Translation Reserve	Other Reserves	Retained Earnings	Total equity and reserves attributable	Non-Controlling Interest	Total Equity
At 1 January 2015	**1,979,523**	**137,599**	**(80,432)**	**(824,929)**	**688,385**	**550,680**	**2,450,825**	**204,260**	**2,655,085**
Changes in Equity for 2015:									
Foreign currency translation differences	-	-	-	(261,298)	-	-	(261,298)	(33,231)	(294,529)
Net changes in available for sale investments, net of taxes	-	-	82,409	-	-	-	82,409	-	82,409
Net gains on revaluation of property	-	338	-	-	-	-	338	-	338
Remeasurements of post-employment benefit obligations	-	-	-	-	3,837	-	3,837	-	3,837
Profit for the year	-	-	-	-	-	65,539	65,539	41,925	107,464
Total comprehensive income for the year	**-**	**338**	**82,409**	**(261,298)**	**3,837**	**65,539**	**(109,175)**	**8,694**	**(100,481)**
Dividend relating to 2014	-	-	-	-	-	-	-	(35,718)	(35,718)
Treasury shares	8,229	-	-	-	(7,152)	-	1,077	-	1,077
Transfer to share option reserve	-	-	-	-	(359)	359	-	-	-
Share option exercised	449	-	-	-	-	-	449	-	449
Transfer to general banking reserves	-	-	-	-	21,165	(21,165)	-	-	-
Transfer to statutory reserve	-	-	-	-	28,331	(28,331)	-	-	-
Bonus issue	37,655	-	-	-	-	(37,655)	-	-	
Conversion of preference shares	3,842	-	-	-	-	-	3,842	-	3,842
Convertible loans - equity component	-	-	-	-	(1,009)	-	(1,009)	-	(1,009)
At 31 December 2015 / 1 January 2016	**2,029,698**	**137,937**	**1,977**	**(1,086,227)**	**733,197**	**529,427**	**2,346,009**	**177,236**	**2,523,245**
Changes in Equity for 2016 :									
Foreign currency translation differences	-	-	-	(621,490)	-	-	(621,490)	(3,307)	(624,797)
Net changes in available for sale investments, net of taxes	-	-	(31,477)	-	-	-	(31,477)	-	(31,477)
Net gains on revaluation of property	-	517	-	-	-	-	517	-	517
Remeasurements of post-employment benefit obligations	-	-	-	-	(6,153)	-	(6,153)	-	(6,153)
Profit /(Loss) for the year	-	-	-	-	-	(249,898)	(249,898)	44,940	(204,958)
Total comprehensive income for the year	**-**	**517**	**(31,477)**	**(621,490)**	**(6,153)**	**(249,898)**	**(908,501)**	**41,633**	**(866,868)**
Transfer to other group reserve	-	-	-	-	104,281	-	104,281	-	104,281
Dividend relating to 2015	-	-	-	-	-	(48,200)	(48,200)	(32,715)	(80,915)
Treasury shares	70	-	-	-	-	-	70	-	70
Transfer from share option reserve	-	-	-	-	(12,037)	12,037	-	-	-
Bonus issue	-	-	-	-	-	-	-	-	-
Transfer to general banking reserves	-	-	-	-	(6,827)	6,827	-	-	-
Transfer to statutory reserve	-	-	-	-	19,346	(19,346)	-	-	-
Conversion of preference shares	84,564	-	-	-	-	-	84,564	-	84,564
Convertible loans - equity component	-	-	-	-	(299)	-	(299)	-	(299)
At 31 December 2016	**2,114,332**	**138,453**	**(29,500)**	**(1,707,717)**	**831,508**	**230,847**	**1,577,924**	**186,154**	**1,764,078**

Audited Consolidated Statement of Changes in Equity

in NGN'000

	Share Capital	PPE Revaluation Surplus	Available for Sale Fin. Assets reserves	Currency Translation Reserve	Other Reserves	Retained Earnings	Total equity and reserves attributable	Non-Controlling Interest	Total Equity
At 1 January 2015	321,983,148	21,960,777	(13,292,939)	(68,424,703)	115,072,082	77,795,394	455,093,759	37,929,039	493,022,798
Changes in Equity for 2015:									
Foreign currency translation differences	-	-	-	(18,480,689)	-	-	(18,480,689)	(3,833,389)	(22,314,078)
Net changes in available for sale investments, net of taxes	-	-	16,297,616	-	-	-	16,297,616	-	16,297,616
Net gains on revaluation of property	-	66,886	-	-	-	-	66,886	-	66,886
Remeasurements of post-employment benefit obligations	-	-	-	-	758,734	-	758,734	-	758,734
Profit for the year	-	-	-	-	-	12,961,311	12,961,311	8,291,255	21,252,566
Total comprehensive income for the year	-	66,886	16,297,616	(18,480,689)	758,734	12,961,311	11,603,858	4,457,866	16,061,724
Dividend relating to 2014	-	-	-	-	-	-	-	(7,063,770)	(7,063,770)
Treasury shares	1,627,408	-	-	-	(1,414,410)	-	212,998	-	212,998
Transfer from share option reserve	-	-	-	-	(70,998)	70,998	-	-	-
Share option exercised	88,757	-	-	-	-	-	88,757	-	88,757
Transfer to general banking reserves	-	-	-	-	4,185,696	(4,185,696)	-	-	-
Transfer to statutory reserve	-	-	-	-	5,602,880	(5,602,880)	-	-	-
Bonus issue	7,446,920	-	-	-	-	(7,446,920)	-		-
Conversion of preference shares	759,735	-	-	-	-	-	759,735	-	759,735
Convertible loans - equity component	-	-	-	-	(199,545)	-	(199,545)	-	(199,545)
At 31 December 2015 / 1 January 2016	331,905,968	22,027,663	3,004,677	(86,905,392)	123,934,440	73,592,207	467,559,563	35,323,135	502,882,698
Changes in Equity for 2016 :									
Foreign currency translation differences	-	-	-	51,329,646	-	-	51,329,646	18,316,397	69,646,043
Net changes in available for sale investments, net of taxes	-	-	(8,078,323)	-	-	-	(8,078,323)		(8,078,323)
Net gains on revaluation of property	-	132,573	-	-	-	-	132,573		132,573
Remeasurements of post-employment benefit obligations	-	-	-	-	(1,579,070)	-	(1,579,070)		(1,579,070)
Loss for the year	-	-	-	-	-	(64,134,390)	(64,134,390)	11,533,497	(52,600,893)
Total comprehensive income for the year	-	132,573	(8,078,323)	51,329,646	(1,579,070)	(64,134,390)	(22,329,564)	29,849,894	7,520,330
Transfer to other group reserve	-	-	-	-	26,763,031	-	26,763,031		26,763,031
Dividend relating to 2015	-	-	-	-	-	(12,370,156)	(12,370,156)	(8,396,058)	(20,766,215)
Treasury shares	17,965	-	-	-	-	-	17,965	-	17,965
Share option exercised	-	-	-	-	(3,089,288)	3,089,288	-	-	-
Bonus issue	-	-	-	-	-	-	-	-	-
Transfer to general banking reserves	-	-	-	-	(1,751,974)	1,751,974	-	-	-
Transfer to statutory reserve	-	-	-	-	4,964,965	(4,964,965)	-	-	-
Conversion of preference shares	21,702,717	-	-	-	-	-	21,702,717	-	21,702,717
Convertible loans - equity component	-	-	-	-	(76,736)	-	(76,736)	-	(76,736)
At 31 December 2016	353,626,651	22,160,236	(5,073,646)	(35,575,746)	149,165,368	(3,036,043)	481,266,820	56,776,970	538,043,790

Audited Consolidated Statement of Cash Flows	Period ended 31 December 2016		Period ended 31 December 2015		% Change	
	US$'000	NGN'000	US$'000	NGN'000	US$	NGN
Cash flows from operating activities						
Profit /(Loss) before tax	(131,341)	(33,707,558)	205,239	40,589,019	-164%	-183%
Net trading income - foreign exchange	(82,938)	(21,285,425)	(80,389)	(15,898,131)	3%	34%
Net loss/(gain) from investment securities	(26,381)	(6,770,543)	951	188,075	-2874%	-3700%
Fair value loss on investment properties	29,672	7,615,061	22,160	4,382,472	34%	74%
Impairment losses on loans and advances	770,268	197,683,484	427,081	84,461,674	80%	134%
Impairment losses on other financial assets	93,583	24,017,373	104,963	20,758,039	-11%	16%
Depreciation of property and equipment	85,112	21,843,394	90,662	17,929,770	-6%	22%
Net interest income	(1,106,446)	(283,960,938)	(1,145,560)	(226,551,674)	3%	-25%
Amortisation of software and other intangibles	14,084	3,614,621	21,858	4,322,747	-36%	-16%
Profit on sale of property and equipment	(938)	(240,857)	2,012	397,903	-147%	-161%
Share of loss of associates	2,542	652,344	1,174	232,176	117%	181%
Income taxes paid	(121,712)	(31,236,570)	(51,372)	(10,159,584)	137%	207%
Changes in operating assets and liabilities						
Trading assets	93,926	24,105,401	108,100	21,378,397	-13%	13%
Derivative financial assets	76,021	19,510,217	103,439	20,456,614	-27%	-5%
Other treasury bills	(30,695)	(7,877,590)	(263,179)	(52,047,595)	-88%	-85%
Loans and advances to banks	371,394	95,315,393	17,568	3,474,265	2014%	2643%
Loans and advances to customers	1,988,569	510,351,265	839,030	165,930,768	137%	208%
Pledged assets	240,881	61,820,177	273,060	54,001,711	-12%	14%
Other assets	(337,193)	(86,537,924)	(27,311)	(5,401,192)	1135%	1502%
Mandatory reserve deposits	440,073	112,941,411	526,764	104,175,482	-16%	8%
Due to customers	(2,930,833)	(752,176,228)	(853,005)	(168,694,534)	244%	346%
Derivative liabilities	21,766	5,586,080	(19,142)	(3,785,618)	214%	248%
Other provisions	88	22,585	2,326	460,001	-96%	-95%
Other liabilities	293,576	75,344,071	247,486	48,944,140	19%	54%
Interest received	1,672,852	429,324,874	1,748,306	345,753,797	-4%	24%
Interest paid	(566,406)	(145,363,836)	(602,746)	(119,202,123)	-6%	22%
Net cashflow from operating activities	859,523	220,590,282	1,699,475	336,096,599	-49%	-34%
Cash flows from investing activities						
Purchase of software	(31,321)	(8,038,338)	(24,154)	(4,776,816)	30%	68%
Purchase of property and equipment	(227,390)	(58,357,982)	(211,520)	(41,831,201)	8%	40%
Proceeds from sale of property and equipment	20,860	5,353,562	68,459	13,538,753	-70%	-60%
Purchase of investment securities	(1,513,241)	(388,361,818)	(1,459,656)	(288,668,869)	4%	35%
Purchase of investment properties	(1,101)	(282,581)	(7,980)	(1,578,165)	-86%	-82%
Proceeds from sale and redemption of securities	387,046	99,332,504	220,777	43,661,889	75%	128%
Net cashflow used in investing activities	(1,365,147)	(350,354,653)	(1,414,074)	(279,654,409)	-3%	25%
Cash flows from financing activities						
Repayment of borrowed funds	(505,938)	(129,845,282)	(907,066)	(179,385,918)	44%	28%
Proceeds from borrowed funds	744,999	191,198,391	1,146,079	226,654,394	-35%	-16%
Proceeds of subscription of ordinary shares	-	-	264	52,210	n/a	n/a
Dividends paid to non-controlling shareholders	(32,715)	(8,396,058)	(35,718)	(7,063,770)	8%	-19%
Dividends paid to owners of the parent	(48,200)	(12,370,182)	-	-	n/a	n/a
Net cashflow from financing activities	158,146	40,586,869	203,559	40,256,916	-22%	1%
Net increase /(decrease) in cash and cash equivalents	(347,478)	(89,177,502)	488,960	96,699,107	-171%	-192%
Cash and cash equivalents at start of year	2,610,050	520,182,927	2,373,090	440,659,082	10%	18%
Effects of exchange differences on cash and cash equivalents	(241,734)	185,350,020	(252,000)	(17,175,261)	4%	1179%
Cash and cash equivalents at end of year	2,020,838	616,355,445	2,610,050	520,182,927	-23%	18%

CORPORATE ACTION			
Proposed Dividend	Nil	US 0.2 cents	
Closure Date	-	19th July 2016	
Date of Payment	-	2nd August 2016	
AGM Date	16th June 2017	17th June 2016	
AGM Venue	Lome,Togo	Lome,Togo	
Dividend per Share	Nil	US 0.2 cents	

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 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.

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.

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.

Notes

Basis of preparation (continued)

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

Basis of preparation (continued)

(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.

Notes

Basis of preparation (continued)
(b) New standards and interpretations not yet adopted (continue)

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.

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.

Notes

Basis of preparation (continued)
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.

Notes

Basis of preparation (continued)

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.

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.

Notes

2.2 Consolidation (continued)

(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.

Notes

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.

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'.

Notes

2.5.1 Financial assets (continued)

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.

The Group uses widely recognized valuation models for determining fair values of non-standardized financial instruments of lower complexity, such as options or interest

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Group holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risks, liquidity risk and counterparty credit risk. Based on the established fair value model governance policies, and related controls and procedures applied, management believes that these valuation adjustments are necessary and appropriate to fairly state the values of financial instruments carried at fair value in the consolidated statement of financial position. Price data and parameters used in the measurement procedures applied are generally reviewed carefully and adjusted, if necessary – particularly in view of the current market developments.

The fair value of over-the-counter (OTC) derivatives is determined using valuation methods that are commonly accepted in the financial markets, such as present value techniques and option pricing models. The fair value of foreign exchange forwards is generally based on current forward exchange rates. Structured interest rate derivatives are measured using appropriate option pricing models (for example, the Black-Scholes model) or other procedures such as Monte Carlo simulation.

In cases when the fair value of unlisted equity instruments cannot be determined reliably, the instruments are carried at cost less impairment. The fair value for loans and advances as well as liabilities to banks and customers are determined using a present value model on the basis of contractually agreed cash flows, taking into account credit quality, liquidity and costs.

The fair values of contingent liabilities and irrevocable loan commitments correspond to their carrying amounts.

Notes

2.5.2 Financial liabilities (continued)

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

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.

Notes

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
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.

Notes

2.13 Impairment of financial assets (continued)

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.

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.

Notes

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.

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.

Notes

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.

Notes

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.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in income.

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

b) Other post-retirement obligations

The Group also provides gratuity benefits to its retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

c) Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

d) Profit-sharing and bonus plans

The group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

e) Short term benefits

The Group seeks to ensure that the compensation arrangements for its employees are fair and provide adequate protection for current and retiring employees. Employee benefits are determined based on individual level and performance within defined salary bands for each employee grade. Individual position and job responsibilities will also be considered in determining employee benefits. Employees will be provided adequate medical benefits and insurance protection against disability and other unforeseen situations. Employees shall be provided with retirement benefits in accordance with the Separation and Termination policies. Details of employee benefits are available with Group or Country Human Resources

Notes

Summary of significant accounting policies (continued)

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.

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.

Notes

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

3.1.1 Credit risk measurement (continued)

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.

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.

DISCLOSURES

1. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

2. The accounting policies applied in the preparation of these financial statements were consistent with those applied in the preparation of the annual consolidated financial statements of 31 December 2016.

3. 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$ 4.3 billion (NGN 1,320.8 billion) (31 December 2015: US$ 4.9 billion (NGN 973.9 billion))

4. The financial statements do not contain untrue statements, misleading facts or omit material facts to the best of our knowledge.

5. 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.

Ecobank Transational Incorporated
Notes

	Year ended 31 December 2016		Year ended 31 December 2015	
	US$'000	NGN'000	US$'000	NGN'000
1 Net interest income				
Interest income				
Loans and advances to banks	9,359	2,401,978	45,461	8,990,595
Loans and advances to customers	1,254,054	321,843,486	1,405,416	277,942,082
Treasury bills and other eligible bills	186,049	47,747,970	167,287	33,083,514
Investment securities - available for sale	170,194	43,679,028	97,307	19,243,919
Trading securities	50,082	12,853,229	29,672	5,868,083
Others	3,114	799,183	3,163	625,604
	1,672,852	**429,324,874**	**1,748,306**	**345,753,797**
Interest expense				
Deposits from banks	64,805	16,631,787	73,675	14,570,243
Due to customers	372,407	95,575,572	396,823	78,477,794
Other borrowed funds	117,131	30,060,838	131,864	26,078,043
Others	12,062	3,095,639	384	76,043
	566,406	**145,363,836**	**602,746**	**119,202,123**
2 Net fee and commission income				
Fee and commission income:				
Credit related fees and commissions	167,287	42,932,865	241,521	47,764,401
Corporate finance fees	23,768	6,099,958	3,987	788,489
Portfolio and other management fees	11,044	2,834,435	5,892	1,165,231
Cash management and related fees	192,582	49,424,754	227,549	45,001,228
Card management fees	70,529	18,100,753	77,990	15,423,692
Brokerage fees and commissions	3,223	827,050	3,308	654,207.00
Other fees	17,688	4,539,480	21,757	4,302,773
	486,121	**124,759,295**	**582,004**	**115,100,021**
Fee and commission expense				
Brokerage fees paid	1,145	293,768	1,555	307,525
Other fees paid	51,347	13,177,856	33,922	6,708,584
	52,492	**13,471,624**	**35,477**	**7,016,109**
3 Net trading income				
Foreign exchange	361,017	92,652,324	308,785	61,066,866
Trading income on securities	42,537	10,916,910	104,173	20,601,773
	403,555	**103,569,234**	**412,958**	**81,668,639**
4 Other operating income				
Lease income	1,753	449,904	1,362	269,356
Dividend income	5,609	1,439,614	6,262	1,238,404
Gains less losses from investment securities	(29,672)	(7,615,061)	(22,160)	(4,382,472)
Loss on sale of property and equipment	938	240,857	(2,012)	(397,903)
Other	23,623	6,062,636	18,429	3,644,630
	2,252	**577,950**	**1,881**	**372,015**
5 Impairment losses on loans and advances and other financial assets				
Impairment losses on loans and advances	770,268	197,683,484	427,081	84,461,674
Impairment charge on other financial assets	93,583	24,017,373	104,963	20,758,061
	863,851	**221,700,857**	**532,044**	**105,219,735**
6 Operating expenses				
Staff expenses	535,061	137,319,373	591,543	116,986,501
Depreciation and amortisation	99,197	25,458,168	112,520	22,252,518
Other operating exepnses	602,953	154,743,252	663,455	131,208,216
	1,237,211	**317,520,793**	**1,367,518**	**270,447,235**
7 Taxation				
Current income tax	85,035	21,823,475	106,972	21,155,317
Deferred income tax	(14,111)	(3,621,364)	(13,467)	(2,663,301)
	70,924	**18,202,111**	**93,505**	**18,492,016**

Ecobank Transational Incorporated
Notes

	As at 31 December 2016		As at 31 December 2015	
	US$'000	NGN'000	US$'000	NGN'000
8 Cash and balances with central banks				
Cash in hand	543,906	165,891,377	675,288	134,584,898
Balances with central banks other than mandatory reserve deposits	891,987	272,056,170	1,103,593	219,946,085
Included in cash and cash equivalents	1,435,894	437,947,442	1,778,881	354,530,983
Mandatory reserve deposits with central banks	1,026,409	313,054,668	1,466,482	292,269,863
	2,462,302	**751,002,110**	**3,245,363**	**646,800,846**
9 Financial assets held for trading				
Debt securities:				
- Government bonds	77,018	23,490,681	170,826	34,045,622
Equity securities				
- Listed	284	86,664	508	101,244
- Unlisted	105	32,095	-	-
	77,408	**23,609,440**	**171,334**	**34,146,866**
10 Derivative financial instruments and trading liabilities				
Currency forwards	67,590	20,614,990	186	37,070
Currency swaps	614	187,230	36090	7,192,737
Options	-	-	107949	21,514,236
	68,204	**20,802,220**	**144,225**	**28,744,043**
11 Loans and advances to banks				
Items in course of collection from other banks	49,846	15,203,172	57,277	11,415,306
Deposits with other banks	920,998	280,904,294	905,941	180,554,042
Placements with other banks	442,855	135,070,729	806,818	160,798,827
	1,413,699	**431,178,195**	**1,770,036**	**352,768,175**
12 Loans and advances to customers				
Analysis by type:				
Overdrafts	2,210,699	674,263,176	2,971,862	592,292,089
Credit cards	3,020	921,077	6,600	1,315,374
Term loans	7,559,439	2,305,628,809	8,748,612	1,743,598,390
Mortgage loans	95,470	29,118,335	108,625	21,648,959
Others Profit /(Loss) for the year	244	74,406	21,742	4,333,189
Gross loans and advances	**9,868,872**	3,010,005,803	**11,857,441**	**2,363,188,001**
Less: allowance for impairment	(609,497)	(185,896,733)	(657,092)	(130,958,445)
	9,259,374	**2,824,109,070**	**11,200,349**	**2,232,229,556**
13 Treasury bills and other eligible bills				
Maturing within three months	390,294	119,039,740	628,902	125,340,169
Maturing after three months	838,198	255,650,320	807,503	160,935,348
	1,228,492	**374,690,060**	**1,436,405**	**286,275,517**
14 Investment securities - available for sale				
Debt securities - at fair value:				
- listed	1,280,495	390,551,030	1,243,994	247,928,004
- unlisted	1,768,240	539,313,002	1,229,565	245,052,305
	3,048,735	**929,864,032**	**2,473,559**	**492,980,309**
Equity securities - at fair value:				
- listed	16,330	4,980,730	19,340	3,854,462
- unlisted	209,525	63,905,170	188,103	37,488,928
	225,855	**68,885,900**	**207,443**	**41,343,390**
Total securities available-for-sale	**3,274,590**	**998,749,932**	**2,681,002**	**534,323,699**
Allowance for impairment	(1,766)	(538,612)	(11,310)	(2,254,083)
	3,272,824	**998,211,320**	**2,669,692**	**532,069,616**
15 Pledged assets				
Treasury bills	183,477	55,960,586	471,798	94,029,342
Government bonds	142,395	43,430,416	287,288	57,256,498
Cash Pledged	192,333	58,661,523	-	-
	518,205	**158,052,525**	**759,086**	**151,285,840**
16 Deposits from other banks				
Operating accounts with banks	888,705	271,055,025	945,847	188,507,307
Deposits from other banks	1,133,647	345,762,335	487,539	97,166,523
	2,022,352	**616,817,360**	**1,433,386**	**285,673,830**
17 Due to customers				
- Current accounts	7,930,596	2,418,831,780	8,756,106	1,745,091,926
- Term deposits	3,165,975	965,622,375	5,101,900	1,016,808,670
- Savings deposits	2,400,149	732,045,445	2,569,547	512,110,717
	13,496,720	**4,116,499,600**	**16,427,553**	**3,274,011,313**
18 Cash and cash equivalents				
Cash and balances with central banks	1,435,894	437,947,548	1,778,881	354,530,983
Treasury Bills and other eligible bills	390,294	119,039,740	628,902	125,340,169
Deposits with other banks	920,998	280,904,260	905,941	180,554,041
Deposits from other banks	(726,347)	(221,535,829)	(703,674)	(140,242,266)
	2,020,838	**616,355,719**	**2,610,050**	**520,182,927**