BANQUE D'INVESTISSEMENT ET DE DEVELOPPEMENT DE LA CEDEAO
ECOWAS BANK FOR INVESTMENT AND DEVELOPMENT
BANCO DE INVESTIMENTO E DE DESENVOLVIMENTO DA CEDEAO

2020 ANNUAL REPORT


BIDC
EBID
La Banque de la CEDEA
The ECOWAS Ban
O Banco da CEDEA

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ECOWAS BANK FOR INVESTMENT AND DEVELOPMENT
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2020 ANNUAL REPORT

2 FÉVRIER HOTEL,
Lomé, Togo

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RADISSON BLU HOTEL, Abidjan, Côte d'Ivoire

Abbreviations

AFD	Agence Française de Developpement
BADEA	Arab Bank for Economic Development in Africa
DOSP1	Public Sector Operations
EBID	ECOWAS Bank for Investment and Development
ECA	Export Credit Agencies
ECOWAS	Economic Community of West African States
EU	European Union
GDP	Gross Domestic Product
IFC	International Finance Corporation
IMF	International Monetary Fund
OeEB	Austrian Development Bank
SSA	Sub-Saharan African
UA	Unit of Account
US	United States
VPFCS	Vice President of Finance and Corporate Services
VPO	Vice President of Operations
WAEMU	West African Economic and Monetary Union
WEO	World Economic Outlook

CAPE SIERRA HILTON HOTEL
under construction, Freetown, Sierra Leone

Exchange Rates

(Average December 2020)

1 Unit of Account (UA)	=	1	SDR of the IMF
1 UA	=	1.440270	US Dollar
1 UA	=	1.073230	Pounds Sterling
1 UA	=	1.851610	Canadian Dollar
1 UA	=	1.183850	Euro
1 UA	=	776.554694	CFA franc
1 UA	=	546.582459	NGR-Naira
1 UA	=	8.258797	Ghana Cedis
1 UA	=	130.543137	CPV-Escudo
1 UA	=	72.453758	GAMB-Dalasi
1 UA	=	14,377.058590	Guinean Francs
1 UA	=	14,594.774410	Leone-SLL
1 UA	=	236.230499	Liberian Dollar

Message from the Chairman of the Board of Governors

The year 2020 was a challenging one for governments, businesses and persons. This represents a year in which economic activity came to a virtual halt across the globe, the first of its kind in my generation. Government revenues plummeted, while expenditures sky-rocketed, moving many countries on the brink of debt distress, as they raced to mitigate the adverse effects of the COVID-19 pandemic on their populations.

As aggregate demand fell globally, so did commodity exports and prices, a worrying sign for most of our Member States that are commodity export dependent. Suddenly, Member States were faced with an aggravated twin deficit conundrum: fiscal and current account deficits.

The pandemic also exposed the inadequacies of our health, educational and social support structures. Even though not stretched to the limits feared, the pandemic highlighted the paucity of our pandemic response preparedness, with many Member States struggling to assemble the requisite equipment for patients and protective gear for health personnel and other frontline staff.

As a development finance institution, however, these unfortunate realities also present opportunities for us to deliver on our core mandate. There is an increasing need for the Bank to devote itself to the provision of products that will help mitigate the adverse impact of the pandemic. These products will, among others, focus on digitization, health provision and social protection. The Board of Governors will work hand-in-hand with Management in this direction, as has been the case in times past.

Mr. Sani Yaya
Chairman of the Board of Governors

Coming out of one of the most difficult years in our history, the Board of Governors will ensure that the Bank brings value to Member States by urging Management to channel resources into impactful sectors of their economies to foster a quick turn-around in their socio-economic fortunes post the pandemic.

Mr. Sani Yaya

Minister of Economy and Finance, Togolese Republic
Chairman, Board of Governors

EBID Governors

Mr. Sani Yaya (Chairman)
Minister of Economy and Finance
(Togo)

Mr. Romuald Wadagni
Minister of Economy and Finance
(Benin)

Mr. Lassane Kabore
Minister of Economy, Finance and Development
(Burkina Faso)

Mr. Olavo Avelino Garcia Correia
Deputy Prime Minister, Minister of Finance
(Cabo-Verde)

Mrs. Nialé Kaba
Minister of Planning and Development
(Côte d'Ivoire)

Mr. Mambury Njie
Minister of Finance and Economic Affairs
(The Gambia)

Mr. Ken Ofori-Atta
Minister of Finance
(Ghana)

Mr. Mamadi Camara
Minister of Economy and Finance
(Guinea)

Mr. Victor L. P. Fernandes Mandiga
Minister of Economy, Planning and Regional Integration
(Guinea-Bissau)

Mr. Samuel Tweah
Minister of Finance and Development Planning
(Liberia)

Mr. Alousseni Sanou
Minister of Economy and Finance
(Mali)

Mr. Mamadou Diop
Minister of Finance
(Niger)

Mrs. Zainab Shamsuna Ahmed
Federal Minister of Finance
(Nigeria)

Mr. Amadou Hott
Minister of Economy, Planning and Cooperation
(Senegal)

Mr. Jacob Jusu Saffa
Minister of Finance and Economic Development
(Sierra Leone)

Message from the President and Chairman of the Board of Directors

George Agyekum Donkor, PhD, DBA

The ECOWAS region ended 2019 on a relatively strong note, posting a growth of 3.6 percent at the end of the year. Following this, there was a strong level of optimism about economic activity in 2020, with the IMF projecting an overall growth of 3.8 percent in the October 2019 edition of the World Economic Outlook.

However, this was not to be as the COVID-19 pandemic ravaged global economies, occasioned by the accompanying widespread lockdowns, border closures and general limitations on economic activity, with the view to containing the spread of the virus. This led to downward revisions in the growth of economic activity, with most countries globally plunging into a recession. At the end of 2020, the global economy declined by 3.3 percent, with economic activity in the ECOWAS region contracting by 0.7 percent.

This had an adverse impact on the Bank's operations, with the Bank receiving a number of requests for loan repayment rescheduling, given that clients' operations had been adversely impacted by the pandemic, while the Bank remained current on its loan service obligations. In effect, interest income reduced from UA 29.40 million (US$ 42.34 million) in 2019 to UA 24.10 million (US$ 34.71 million) in 2020, while interest expense increased to UA 14.10 million (US$ 20.31 million), from UA 13.53 million (US$ 19.49 million) in 2019.

Furthermore, project disbursements reduced from 50 in 2019 to 37 in 2020. However, the net cumulative disbursements increased from UA 742.30 million (US$ 1,069.11 million) to UA 748.50 million (US$ 1,078.03 million), due to the contraction in economic activity.

The effects of the pandemic notwithstanding, the Bank strived to improve on its operations by revolutionizing its IT infrastructure during the period under review, facilitating a seamless transition from physical to mostly virtual meetings. The Bank also strengthened internal staff mobility, while recruiting a significant number of technically skilled professional staff to help drive its ambitious short to medium term strategy.

During the period under review, the Board of Directors worked assiduously to guide Management to drive the strategic direction of the Bank. The Board of Directors had five (5) ordinary sessions and two (2) home consultations, approving various lines of credit and projects.

Cumulative approvals rose by UA 278.5 million (US$ 401.2 million) and net commitments by UA 58.0 million (US$ 83.5 million), while the average tenor of the portfolio increased from 8 to 12 years. Even though the operating income plunged to UA 16.17 million (US$ 23.29 million), from UA 20.31 million (US$ 29.25 million) in 2019, the Bank made a profit of UA 2.69 million (US$ 3.87 million) in 2020, down from UA 4.03 million (US$ 5.80 million) in 2019, in the midst of a pandemic.

Having already experienced what is considered to be the worst episode of the COVID-19 pandemic, we believe that there is the need to engineer, together with Member States, a sustained path to economic recovery. This explains why the Bank's new Strategic Plan (2021-2025) is themed, ***"Towards a restored, enabled and resilient ECOWAS"***, anchored by the following pillars:

i. Repositioning the Bank to deliver on its value proposition; and

ii. Promoting resilient, inclusive and sustainable growth and development.

The Bank will continue to work with Member States to push an economic recovery agenda, given how the pandemic has decimated the economic gains made after years of gradual but consistent improvements across the socio-economic spectrum.

We will work to finance public and private sector operations that will inure to the benefit of Member States, with infrastructural, industrial and agricultural finance high on the agenda, while ensuring climate sensitivity.

The Bank will also give its knowledge work a boost by publishing the maiden West African Economic Outlook, a one-stop shop for the macroeconomic indicators of Member States, with an outlook on economic performance.

With the support of Member States, we will work diligently to build on our modest achievements in 2020, overcoming the challenges we have been addressing and the ones that have been introduced by the COVID-19 pandemic. We pledge to dedicate ourselves to ensuring the collective good of society by assisting Member States to return to a path of inclusive growth and poverty reduction.

George Agyekum DONKOR, PhD, DBA

President and Chairman of the Board of Directors

Chapter I

Management of the Bank

01

Management of the Bank

According to the Articles of Association of the Bank, the decision-making body of the Bank is composed of the Board of Governors, the Board of Directors and the Senior Management.

1.1 Board of Governors

The texts establishing the Bank establish the Board of Governors as the supreme decision-making body. The Board of Governors is composed of Governors individually appointed by each Member State, who are generally the Ministers of Economy and Finance or Regional Integration of the Member States (Table 1). The Board meets at least once a year at its Annual Meetings to review the Bank's operations and provide the strategic guidance necessary to achieve the Bank's objectives.

Table 1: Members of the Board of Governors as at December 31, 2020

Member States	Governors of EBID
Togo	Mr. Sani Yaya (Chairman)
Benin	Mr. Romuald Wadagni
Burkina Faso	Mr. Lassané Kaboré
Cabo-Verde	Mr. Olavo Avelino Garcia Correia
Côte d'Ivoire	Mrs. Nialé Kaba
The Gambia	Mr. Mambury Njie
Ghana	Mr. Ken Ofori-Atta
Guinea	Mr. Mamadi Camara
Guinea-Bissau	Mr. Victor Luis P. Fernandes Mandiga
Liberia	Mr. Samuel Tweah
Mali	Mr. Alousséni Sanou
Niger	Mr. Mamadou Diop
Nigeria	Mrs. Zainab Shamsuna Ahmed
Senegal	Mr. Amadou Hott
Sierra Leone	Mr. Jacob Jusu Saffa

1.1.1 Changes in the Governing Council

The following changes took place in 2020:

- Mr. Lassané Kaboré replaced Mrs. Alizatou Rosine Sori Coulibaly as Minister of Economy, Finance and Development in Burkina Faso;
- Mr. Victor Luis Pinto Fernandes Mandiga replaced Mr. Aristides Gomes as Minister of Economy, Planning and Regional Integration in Guinea-Bissau; and
- Mr. Mamadou Diop replaced Mr. Hassoumi Massaoudou as Niger's Minister of Finance.

1.2 Board of Directors

Chaired by the President of the Bank, the Board of Directors supervises the Bank's activities and determines its strategic direction. The members of the Board of Directors are vested with the powers delegated by the Board of Governors and are responsible for the conduct of the Bank's general operations. The Board of Directors has all the powers of the Bank, except those expressly vested in the Board of Governors.

As at December 31, 2020, the Board of Directors of the Bank was composed of nine (9) Non-Executive Directors, as set out in Table 2.

Management of the Bank

Table 2: Composition of the Board of Directors as at December 31, 2020

Member States	Board of Directors	Alternate Directors
EBID	Dr. George A. N. DONKOR **(President of EBID)**	
ECOWAS Commission	President of the ECOWAS Commission **(Observer)**	
Nigeria	Mrs. Aïsha Shehu Omar	Mr. Timothy Komolafe
Côte d'Ivoire	Mrs. Anicou-Annie Lecadou Kacou	Mrs. Aïssata Camara Sobia
Ghana	Mr. Samuel Danquah Arkhurst	Dr. Mawuli Gaddah
Group I Cabo Verde, Guinea, Guinea-Bissau, Senegal	Mr. Luis BTablessarros **(Cabo-Verde)** Mr. Mamour Ousmane Bâ **(Senegal)**	Mr. Mussa Sambi **(Guinea-Bissau)** Mrs. Bountouraby Yattara **(Guinea)**
Group II Burkina Faso, Liberia, Mali, Niger	Dr. Seglaro Abel Somé **(Burkina Faso)** Mr. Souahibou Diaby **(Mali)**	Mr. Maman Laouli Abdou Rafa **(Niger)** Mr. Augustus J. Flomo **(Liberia)**
Group III Benin, The Gambia, Togo, Sierra Leone	Mr. Abdou Rafiou Bello **(Benin)** Mr. Séna Kwadzo Ayenu **(Togo)**	Mr. Lamin Camara **(The Gambia)** Mr. Sam Morris Aruna **(Sierra Leone)**

1.2.1 Changes in the Board of Directors

During the year under review, the following changes took place:

- Mrs. Aïsha Shehu Omar replaced Mr. Aliou Ahmed as the Substantive Director for Nigeria; and
- Dr. Mawuli Gaddah replaced Dr. Joseph Kwadwo Asenso as the Alternate Director for Ghana.

1.2.2 Mandate and Members of the Committees of the Board of Directors

The Board of Directors has three (3) bodies to assist it in the performance of its duties. These are the:

- Audit Committee;
- Risk and Credit Committee; and
- Remuneration and Human Resources Committee.

- Audit Committee

The mandate of the Audit Committee is to supervise the Bank's accounting procedures and internal controls. To this end, it monitors and ensures compliance with legal provisions, examines audit reports and makes appropriate recommendations to the Board of Directors.

- Risk and Credit Committee

The Risk and Credit Committee oversees the management of the Bank's credit portfolio undertaken by senior management, as well as the measures taken by the Bank to counter trends in credit risk, credit concentration and asset quality. In addition, it ensures the adequacy of infrastructure, resources and systems in order to maintain appropriate risk management discipline.

- Remuneration and Human Resource Committee

The Remuneration and Human Resource Committee reviews and recommends amendments to the remuneration, recruitment, staff retention and termination policies, with the aim of improving the atmosphere of the work environment. It is also responsible for studying the procedures applicable to senior management and professionals with respect to compensation policies, pension plans and human resource practices.

Table 3 shows the membership of all Board Committees.

Management of the Bank

Table 3: Composition of the Committees of the Board of Directors as at December 31, 2020

Directors	Board of Directors	Audit Committee	Risk and Credit Committee	Remuneration and Human Resources Committee
Mrs. Aïsha Shehu Omar	X	X		
Mr. Samuel Danquah Arkhurst	X			X
Mrs. Anicou-Annie Lecadou Kacou	X		X	
Mr. Luis M. S. M. Barros	X	X		
Mr. Mamour Ousmane Bâ	X	X		
Dr. Seglaro Abel Somé	X		X	
Mr. Souahibou Diaby	X		X	
Mr. Abdou Rafiou Bello	X			X
Mr. Séna Kwadzo Ayenu	X			X

1.3 Management Team

The Bank's Management Team consists of the President, two Vice-Presidents and the Directors of the Departments.

The President is responsible for the day-to-day management of the Bank. He is assisted by two (2) Vice Presidents: one in charge of Finance and Corporate Services and the other in charge of Operations.

There were quite a number of changes in the management team of the Bank in 2020. Mr. Bashir Mamman Ifo ended his tenure and was replaced as President by Dr. George Nana Agyekum Donkor, previously Vice President of Finance and Corporate Services (VPFCS) of the Bank. The Vice President of Operations (VPO), Mr. Abdoulaye Fall, left his position and was to be replaced by a candidate from the Republic of The Gambia. In addition, the position of VPFCS was assumed by Dr. Mabouba Diagne, a national of the Republic of Senegal, on July 15, 2020.

Furthermore, the Departments of Public Sector Operations (DOSP1) and Risk Management had new Directors in January and February 2020, respectively. These are Mr. Hugues Goa, an agro-economist engineer of Ivorian nationality, previously Head of the Agriculture and Rural Development Division and Coordinator of DOSP1; and Mr. Anthony Ehimare, a Nigerian national, who has more than 20 years of experience in risk management with reputable international financial institutions in Africa and abroad, including HSBC, Ecobank ETI and Ecobank Nigeria.

Management Team

George Agyekum Nana DONKOR, PhD, DBA
President and Chairman of the Board of Directors of EBID

Dr DONKOR has more than 27 years of experience in senior management positions in Finance, Marketing, Law and Compliance. He previously worked at the same institution as the Vice-President, Finance and Corporate Services for 7 years. He holds two Master's degrees and two doctorates in relevant disciplines. He is a lawyer by profession.

Mabouba DIAGNE, PhD
Vice-President, Finance and Corporate Services

Dr DIAGNE has more than 20 years of experience in Development Finance Institutions. Prior to EBID, he was the Regional Director of the Trade Development Bank (TDB). Dr Mabouba was previously the Regional Senior Executive in Corporate and Investment Banking in Germany with Dresdner Bank, London with Credit Suisse, and Southern Africa with Barclays Bank. He holds a PhD. in Financial Risk Management & Portfolio Optimisation, and 4 Master's degrees in Financial Mathematics, Applied Mathematics and Computer Sciences.

Moctar COULIBALY
Secretary-General

Mr. COULIBALY has more than 31 years of professional experience in the legal field. Since joining EBID in 1999, he has held several positions within the Bank. Prior to joining EBID, he worked in consulting firms in Mali, including the law firm, Hassane Barry, the tax firm, Sory Makanguilé and the Bank of Africa-Mali. He holds a Bachelor's degree in Banking Finance.

MacDonald GOANUE
Director, Research and Strategic Planning

Mr. GOANUE has more than 20 years of professional experience in Macroeconomic Analysis, Strategic Planning, and Development. He previously worked for the World Bank, Central Bank of Liberia, Ministry of Finance in Liberia, and University of Liberia. He holds a MSc in Economics from University of Illinois, Urbana Champaign.

Manzamesso TCHALLA-PALI
Director, Private Sector Operations

With more than 24 years of experience, Mr. TCHALLA-PALI worked for the Industry-Commerce-Agrochemical Group (ICA) before joining EBID where he has held several positions since joining in 2001.

Management Team

Olagunju M.O. ASHIMOLOWO, DBA
Director, Internal Audit and Evaluation of Operations

International banking and finance executive and Chartered Accountant with more than 30 years of experience in Financial Management, Internal Control, Audit and Compliance, Risk Management and Tax Management. Dr ASHIMOLOWO holds an MBA in Finance from the University of Lagos, a second Master's degree in Applied Business Research (MABR) and a DBA in Business Administration, with research interest in Technology Adoption from SBS Swiss Business School, Zurich, Switzerland.

Sydney VANDERPUYE
Director, Finance and Accounting

With an MBA in Finance, Member of the Association of Chartered Accountants (ACCA) and Member of the Institute of Chartered Accountants, Ghana, Mr. VANDERPUYE has held senior positions at Ernst & Young (Ghana) and Société Générale. He has 19 years of professional experience in Accounting Management.

Francis G. EZIN
Director, Administration and General Services

With a solid professional background in Management, Mr. EZIN has held very high-level positions within the Ecobank Group for 18 years prior to joining EBID. He holds three Master's degrees in Finance, in Business Law and also in Human Resources Management.

Mamadou Saidou CAMARA
Director, Legal

With over 19 years of professional experience in Management, Mr. CAMARA worked for the Ecobank Group prior to joining EBID. He is bilingual and holds a DESA in Business Law and MSc in Banking.

Hughes GOA
Director, Public Sector Operations

Mr. GOA has an academic background in Engineering and Finance and more than 20 years of experience in all areas of development, including policy and sectoral strategy development, project preparation, structuring and financial engineering, and monitoring of project implementation. He holds a degree in Agroeconomic Engineering from the Houphouet-Boigny National Polytechnic Institute and an MBA in Finance.

Anthony EHIMARE
Director, Risk Management

A senior executive in international banking and financial system, Mr. EHIMARE held the position of Vice-President of Risk Management at HSBC in New York (USA) and previously worked in Citigroup New York and Ecobank Group. He holds a Master's degree in Business Administration from the University of Buffalo.

Chapter II

Economic Environment

02

Economic Environment

2.1 Recent Developments and Global Outlook

The year 2020 will go down in history as one that was associated with widespread economic uncertainty and social hardships, occasioned by the COVID-19 pandemic. With border closures, lockdowns and social restrictions as the response actions to the pandemic, economic activity came to a virtual halt globally, leading to the most significant economic turmoil since the Great Depression.

By December 31, 2020, the pandemic had caused 1.83 million deaths worldwide and a 3.5 percent contraction in global economic activity. The virus continues to rage, even though vaccines have been rolled out, mostly in the developed world, with developing countries struggling to catch up.

That said, there are encouraging signs of an early recovery, given that the infection rate is generally on the decline as the vaccines are administered. Furthermore, China and a few other countries bucked the trend of the widespread recession by posting positive growth rates in 2020. There are promising signs that the large economies that experienced a recession will experience V-shaped recoveries in 2021 as the pandemic abates, with the International Monetary Fund (IMF) estimating global growth at 6.0 percent and 4.4 percent in 2021 and 2022, respectively.

However, this is dependent on how the COVID-19 virus evolves, the efficacy of vaccines, the speed with which the vaccines are distributed worldwide (including to low-income countries) and the willingness of people to accept the vaccines.

2.2 World Output Growth

Global GDP contracted by -3.3 percent in 2020, on the back of the COVID-19 pandemic. This is the slowest growth in global economic activity in over five decades.

The contraction in economic activity is in spite of the massive business support and social spending by governments, aimed at mitigating the adverse impact of the pandemic on businesses and the citizenry. At best, these interventions, estimated at around US$11.5 trillion worldwide (as of September 2020), were meant to pre-empt a less catastrophic economic performance.

2.2.1 United States

Economic activity in the United States is provisionally estimated at -3.5 percent in 2020 (WEO, April 2021), the worst in decades. The subprime financial crisis, which brought about the worst economic performance in the United States' history in recent times, had only led to -0.1 percent and -2.5 percent growth in GDP in 2008 and 2009, respectively. This decline, however, is better than what was projected in October 2020.

The racial crisis that erupted in the country in May 2020, following the killing of Mr. George Floyd Jr., exacerbated the economic squeeze, in spite of the stimulus package that was put in place for businesses and the needy.

The IMF projects that the economy will expand by 6.4 and 3.5 percent, respectively, in 2021 and 2022. As earlier indicated, this will largely depend on the efficacy of the COVID-19 vaccine and the effectiveness of the fiscal and monetary interventions by the government.

2.2.2 European Union

The European Union (EU) economy was also hit hard by the devastating consequences of the COVID-19 pandemic, resulting in a 6.1 percent contraction in economic activity (WEO, October 2020). This contraction in EU economic activity is also considered the most severe in recent history.

The EU's economic outlook is also optimistic, with GDP projected to grow at 4.4 percent in 2021 and 3.9 percent in 2022. However, the realization of this outlook will depend on the level of success of the war on the COVID-19 pandemic.

2.2.3 Sub-Saharan Africa

Sub-Saharan African (SSA) countries organized a total of 35 elections (municipal, legislative, senatorial, and presidential) in 2020, including 10 presidential elections, in the midst of the COVID-19 pandemic. Beyond the socio-economic restrictions occasioned by the COVID-19 pandemic, some economies suffered violence before and after the elections. This did not bode well for GDP growth.

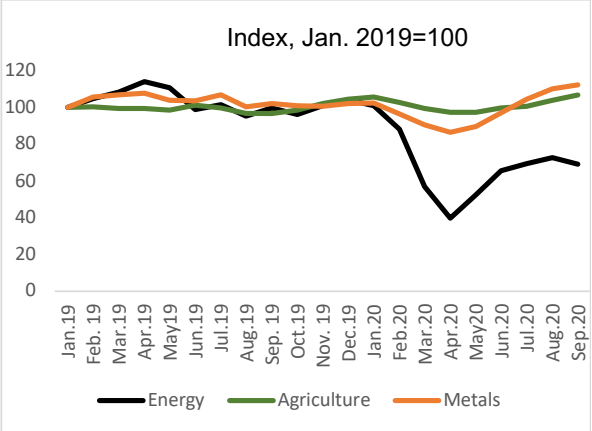
Economic activity in SSA declined by -1.9 percent in 2020, mainly as a result of the adverse impact of the COVID-19 pandemic (WEO, October 2020). This was also much better than anticipated. The IMF projects quite an optimistic outlook for 2021, with a growth of 3.4 percent.

2.3 Commodity Prices

Commodity prices have generally followed a two-phase trend during 2020. The first phase resulted in a gradual decline between January and April 2020. This was followed by an upswing after April. The downward phase epitomizes the decline in economic activity associated with the initial COVID-19 containment measures. The upswing resulted from the relative spike in economic activity as containment measures were gradually eased.

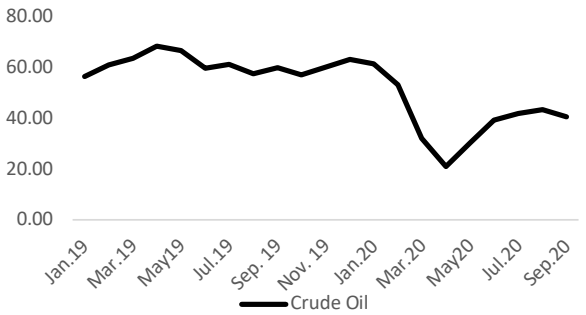
The pandemic deteriorated the prices of energy commodities more than those of agricultural produce and metals (Figure 1). Energy commodities prices were mostly driven by the decline in crude oil prices (Figure 2).

Figure 1: Commodity prices, 2019-2020



Source: Authors, based on World Bank data

Figure 2: Crude oil price, 2019-2020 (US$ per barrel)



Source: Authors, based on World Bank data

2.4 Global Finance

Several countries (mostly developing countries) continued to face higher external financing costs than their pre-pandemic levels. In China, financial conditions have remained broadly stable, due to the measures taken by the authorities.

According to the IMF's October 2020 Global Financial Stability Report, an analysis of U.S. stock market numbers revealed that sharp deterioration in corporate earnings prospects had been more than offset by declines in risk-free rates and equity risk premia. This was due to central bank cuts in policy rates and other measures to reassure investors, despite growing uncertainty about economic activity.

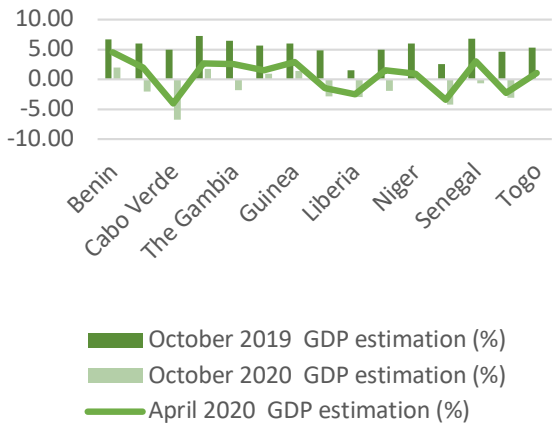
2.5 Recent Developments and Economic Outlook in the ECOWAS Region

ECOWAS is facing an unprecedented health and economic crisis, which, in the space of only a few months, has decimated years of hard-won development progress and disrupted the lives and livelihoods of millions of people.

2.5.1 Real Sector

The economic activity of several ECOWAS Member States contracted in 2020, due to the COVID-19 pandemic (Figure 3). Six (6) of the fifteen ECOWAS Member States recorded negative real GDP growth rates in 2020. The IMF's October 2020 WEO shows these as Cabo Verde (-14%), Nigeria (-4.3%), Sierra Leone (-2.2%), Liberia (-3%), Guinea Bissau (-2.4%) and Mali (-2%). The outlook projects a rebound in economic activity from 2021 when Member States such as Niger, Guinea and Côte d'Ivoire will record a real GDP growth of at least 6 percent.

Figure 3: Impact of COVID-19 on 2020 real GDP



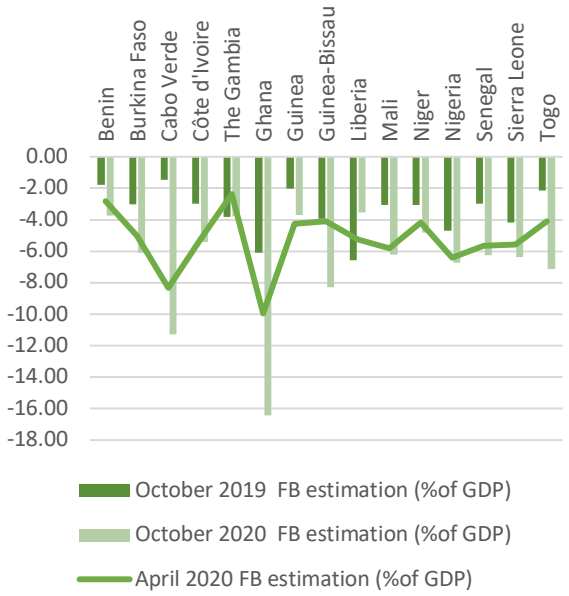
Source: World Economic Outlook database

2.5.2 *Fiscal Management*

Before the COVID-19 pandemic, only Togo had been able to achieve a fiscal surplus (2.1% of GDP) in the sub-region in 2019. The expansionary fiscal policy that Member States were forced to implement to curb the economic consequences of the pandemic further deteriorated the level of their fiscal deficits (Figure 4). Thus, most ECOWAS Member States were unable to meet the Community's convergence criterion of a fiscal deficit of less than or equal to 3 percent of GDP in 2020.

Liberia had the lowest fiscal deficit (-3.5% of GDP), with Ghana having the highest (16.4% of GDP) in the subregion in 2020. The outlook shows that the fiscal balance will remain in deficit territory in all ECOWAS Member States over the next five years, with a gradual reduction in the level of the deficit from one country to another.

Figure 4: Impact of COVID-19 on 2020 Fiscal Balance



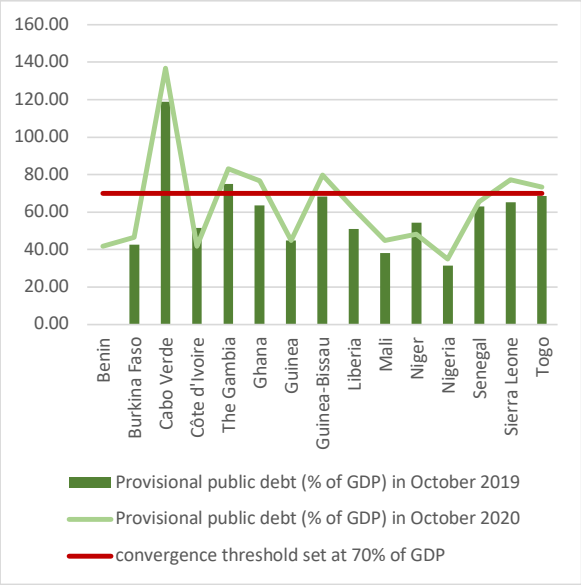
Source: World Economic Outlook database
Note: FB is fiscal balance

2.5.3 *Public Debt*

The COVID-19 pandemic induced an increase in the level of public debt as a percentage of GDP in 2020 in almost all ECOWAS Member States (Figure 5). The increased debt levels led Ghana, Guinea Bissau and Sierra Leone to miss the convergence criterion relating to public debt, which is a maximum of 70 percent of GDP. Cabo Verde and The Gambia, which missed the target in 2019, could not meet it in 2020. The outlook shows that the debt levels will continue on an upward trend in the near term.

Economic Environment

Figure 5: Impact of COVID-19 on public debt in 2020

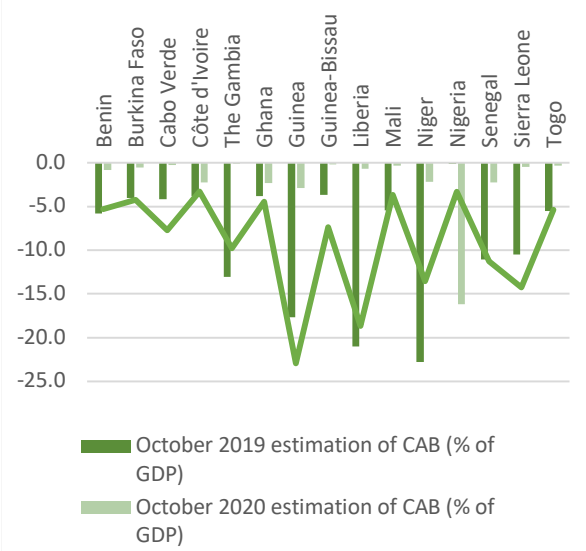


Source: World Economic Outlook database

2.5.4 External Sector

In all ECOWAS Member States, except for Nigeria, the current account deficits are projected to contract in 2020 (Figure 6). This is on the back of reduced financial flows and curbed international trade, owing to the COVID-19-related restrictions.

Figure 6: Impact of COVID-19 on the current account balance in 2020



Note
CAB: Current Account Balance
Source: World Economic Outlook

2.5.5 Economic Environment

Reforms implemented by Member States to improve the business climate have enabled seven of them (Togo, Côte d'Ivoire, Senegal, Nigeria, Niger, Benin, and Guinea-Bissau) to improve their Ease of Doing Business ranking in 2020, compared to that of 2019 (Table 4). Six countries (Ghana, Cabo Verde, Mali, The Gambia, Guinea, and Liberia) in the subregion regressed in this ranking and two countries (Burkina Faso and Sierra Leone) remained static. In 2020, Nigeria and Togo were the Member States that had made the most reforms to improve the business environment. These two countries alone carried out 11 reforms, including business creation and property registration reforms. All the countries that regressed in the Ease of Doing Business rankings (except Cabo Verde and The Gambia) implemented tax hikes by either introducing new taxes or by making upward adjustments in existing taxes.

Table 4: Business environment in the ECOWAS region (2020)

Economy	Ease of doing business rank (DB20)	Ease of doing business rank (DB19)	Change in ease of doing business rank	REFORMES MAKING IT EASIER TO DO BUSINESS IN 2020									
				Starting a Business	Dealing with Construction Permits	Getting Electricity	Registering Property	Getting Credit	Protecting Minority Investors	Paying Taxes	Trading across Borders	Enforcing Contracts	Resolving Insolvency
Togo	97	137	↑	✓	✓	✓	✓	✓					
Côte d'Ivoire	110	122	↑							✓		✓	
Ghana	118	114	↓			✓				✗			
Senegal	123	141	↑					✓		✓			
Nigeria	131	146	↑	✓	✓	✓	✓				✓	✓	
Niger	132	143	↑					✓					
Cabo Verde	137	131	↓	✓	✓	✓	✓						
Mali	148	145	↓							✗			
Benin	149	153	↑				✓						
Burkina Faso	151	151	—										
The Gambia	155	149	↓	✓						✓			
Guinea	156	152	↓	✓			✓			✗			
Sierra Leone	163	163	—								✓		
Guinea-Bissau	174	175	↑										
Liberia	175	174	↓							✗	✗		

Note:

↑ when a country has made progress in 2020 in the ease of doing business ranking

↓ when a country has in 2020 regressed in the ease of doing business ranking

✓ Doing Business reform making it easier to do business.

✗ Change making it more difficult to do business.

— when in 2020 a country remains static in the ease of doing business ranking

Source: Authors Using Doing Business data

Chapter III

Oversight and Organizational Effectiveness

03

Oversight and Organizational Effectiveness

3.1 Oversight

Oversight activities by the Board of Governors and Board of Directors of the Bank are discussed in the successive paragraphs.

3.1.1 Board of Governors

During the period under review, the Board of Governors held two (2) meetings, its 9th Extraordinary Session and its 18th Ordinary General Meeting, respectively, on January 13, 2020, in Lomé, Togolese Republic, and on April 9, 2020, by video conference.

i. **Ninth Extraordinary Session of January 13, 2020**

At the 9th Extraordinary Session of the Board of Governors:

- Appointed Dr. George Agyekum Nana Donkor as the new President of the Bank for a four (4) year term;
- Adopted several documents, including the minutes of the 8th Extraordinary General Assembly of the Board of Governors held on November 25, 2019, in Lomé, Togolese Republic; and
- Considered matters arising from the 8th Extraordinary General Meeting of the Board of Governors as well as the information memorandum on the recovery of capital and loans as at December 31, 2019.

ii. **Eighteenth Ordinary Session of April 9, 2020**

The 18th Ordinary Session of the Board of Governors was held by video conference on April 9, 2020. The Board of Governors:

- Conducted the swearing-in ceremony of the new President of EBID, Dr. George Agyekum Nana Donkor;
- Adopted the minutes of the 9th Extraordinary General Meeting of the Board of Governors held in Lomé, Togolese Republic, on January 13, 2020;
- Considered matters arising from the 9th Extraordinary General Meeting of the Board of Governors and assigned tasks;
- Adopted the 2019 Activity Report and approved the financial statements for the year ended December 31, 2019;
- Renewed the mandate of the external auditors;
- Took note of the appointments of Mrs. Aïsha Shehu Omar (Nigeria) and Dr. Mawuli Gaddah (Ghana), who replaced Mr. Aliou Ahmed and Dr. Joseph Kwadwo Asenso, respectively, for the remainder of their terms of office; and
- Elected a new Chairman of the Board of Governors in the person of Mr. Yaya Sani, EBID Governor for Togo.

The Board of Governors also examined the situation of capital and debt recovery as at February 29, 2020; the Report of the home consultation conducted on February 22-28, 2020, on the candidature of Dr. Mabouba Diagne for the post of Vice-President in charge of Finance and Corporate Services and the conclusions of the deliberations of the 66th and 67th meetings of the Board of Directors held respectively on December 20, 2019, and April 7, 2020.

3.1.2 Board of Directors

The Board of Directors held five (5) ordinary sessions (67th, 68th, 69th, 70th and 71st) on April 7, July 2, September 30, October 16 and December 17, respectively, all by video conference, as well as two home consultations, notably on to June 4-10 and December 1-3, 2020.

At the end of these meetings, the main conclusions of the deliberations were as follows:

i. 67th Session: 7th April, 2020

The Board:

- Adopted the minutes of the 66th session of the Board of Governors held on December 20, 2019, in Abuja, Federal Republic of Nigeria;
- Adopted the 2019 Activity Report and approved the accounts for the financial year ending December 31, 2019;
- Approved a €30 million line of credit to NSIA Bank CI in the Republic of Côte d'Ivoire;
- Extended EBID's participation in the capital of FIDELIS Finance;
- Authorized the partial financing in the amount of US$25 million for the construction of eleven (11) metal bridges in the Republic of Côte d'Ivoire;
- Authorized the partial financing in the amount of US$14.6 million for the hydro-agricultural development of the action plan for the resettlement of the second wave of

the population of Kandjadji, the regeneration of ecosystems and the development of the Niger Valley (P-KRESSMIN) in the Republic of Niger; and

- Adopted the reports of the various Standing Committees of the Board of Directors, including, among others, the report on the revision of the Bank's organizational chart.

The Board of Directors also reviewed the capital and debt recovery situation as at March 31, 2020.

ii. 10th Home Consultation: June 4-10, 2020

The Board:

- Approved €15 million for the partial financing of the construction of the drainage network associated with the CIPREL 5 and AZITO 4 thermal power plants, in favor of CI-ENERGIES, in the Republic of Côte d'Ivoire; and
- Approved a €50 million line of credit to OraGroup SA, in the Togolese Republic.

iii. 68th Session: July 2, 2020

The Board:

- Adopted the minutes of the 67th session of the Governing Board, held on April 7, 2020, by video conference;
- Approved a 10-year term loan facility in the amount of €50 million granted to EBID by the Agence Française de Développement (AFD);
- Approved of the granting of a technical assistance in the amount of €400,000 to EBID by AFD;
- Considered the amendment of the resolution of December 10, 2015, relating to the line of credit from EximBank India to finance the modernization of EBID's IT systems;
- Approved the revised budget for 2020, due to the COVID-19 pandemic;
- Considered the restructuring of the loan granted to KOIRA Hotel Investment SA for the partial financing of the project for the construction and operation of a 5-star hotel complex under the "Radisson Blu" franchise in Abidjan, in the Republic of Côte d'Ivoire;
- Approved the partial financing in the amount of US$32 million for the construction of facilities for the University of Science and Technology in Koidu, Kono District, Republic of Sierra Leone;
- Approved a €9.22 million facility for the Small and Medium Scale Enterprise (SME) Seed Project in the Republic of Côte d'Ivoire;
- Adopted EBID's Business Continuity Plan (BCP);
- Adopted EBID's Liquidity Policy; and
- Adopted EBID's Liquidity Contingency Plan.

The Board of Directors also reviewed the capital and debt recovery situation as at May 31, 2020, as well as the minutes of the 10th Home Consultation of the Board of Directors conducted on June 4-10, 2020.

iv. 69th Session: September 30, 2020

The Board:

- Adopted the minutes of the 68th session of the Board of Directors conducted on July 2, 2020, by video conference;
- Authorized the contraction of a US$100 million credit line with Société Générale for the financing of a medium-term loan and a US$50 million buyer's credit, covered by Euler Hermes;
- Authorized the issuance of a bond of not more than 90 billion CFA francs in covered tranche and 150 billion CFA francs in unhedged tranche on the West African Economic and Monetary Union (WAEMU) financial market;
- Approved of the granting of a US$50 million line of credit to Consolidated Bank Ltd. Ghana, for the financing of a roads programme in Ghana;
- Authorized the restructuring of the partial financing facility granted to Alpha Telecommunication Mali S.A. (ATEL Mali SA) for the acquisition and operationalization of the third global telecommunications licence in the Republic of Mali;
- Approved the partial financing in the amount of 13.01 million euros to procure two (2) King Air 350 ER Team aircraft for the remote maritime and territorial surveillance project in the Republic of Côte d'Ivoire;
- Adopted the Audit Committee report;

- Adopted EBID's Risk Appetite Framework;
- Adopted EBID's Enterprise Risk Management Framework; and
- Adopted the report of the Risk and Credit Committee of EBID.

The Board of Directors also examined the progress report of the Bank as at June 30, 2020, and the situation of capital and debt recovery as at June 30, 2020.

v. 70th Session: of October 16, 2020

The Board:

- Adopted the minutes of the 69th Session of the Governing Council conducted on September 30, 2020, by video conference;
- Authorized the contraction of a credit line of US$120 million from EximBank of Russia, 50 percent of which is medium-term and the rest short-term;
- Approved the contraction of a 20 million euro term loan facility for seven (7) years with the Austrian Development Bank (OeEB);
- Authorized the contraction of a 45 million euro buyer's credit facility with AKA European Export and Trade Bank (CommerzBank) guaranteed by Euler Hermes;
- Authorized the contraction of a loan facility of US$150 million over a 12-month period with the Bank of Africa/BMCE Bank Group and the Arab Bank for Economic Development in Africa (BADEA); and
- Authorized the contraction of a short-term loan of US$22 million from Cargill Financial Services International.

The Board of Directors also took note of the signed minutes of its 68th meeting, held on July 2, 2020.

vi. 11th Home Consultation: December 1-3, 2020

The Board:

- Approved the US$20 million partial financing of the US$750 million syndicated loan facilitation project in favor of Bank of Industry Limited (BOI) in the Federal Republic of Nigeria.

vii. 71st Session: December 17, 2020

The Board:

- Adopted the minutes of the 70th session of the Board of Directors conducted on October 16, 2020, by video conference;
- Considered and recommended for adoption the Bank's draft 2021-2025 Strategic Plan by the Board of Governors;
- Examined and adopted the Bank's budget for the 2021 financial year;
- Approved a €14.57 million buyer's credit facility with CommerzBank, guaranteed by Euler Hermes;
- Authorized the contraction of a buyer's credit facility with Crédit Agricole (CA) in the amount of €45 million, guaranteed by BPI France Assurance Export;
- Authorized the contraction of a €51.8 million buyer's credit facility from Nomura, guaranteed by Africa Trade Insurance (ATI);
- Authorized the contraction of a buyer's credit of US$40 million from ODDO BHF Aktiengesellschaft, guaranteed by an export credit agency;
- Authorized the contraction of a €17.3 million buyer's credit facility from ODDO BHF Aktiengesellschaft guaranteed by Euler Hermes;
- Approved the partial financing in the amount of FCFA 10.174 billion of the AMSA REALITY modern university residences construction project in Dakar and Diamniadio in the Republic of Senegal;
- Approved the partial financing of up to FCFA 62.5 billion of the Kanawolo-Korhogo road reinforcement and development project by MK Construction, in the Republic of Côte d'Ivoire;
- Approved a €10 million line of credit in favor of Vista Bank, in the Republic of Guinea;
- Approved the partial financing of up to FCFA 8.5 billion to build the bridge linking the Regional Express Train (TER) terminal to Blaise Diagne International Airport (AIBD) in Senegal;
- Approved the partial financing of up to FCFA 6.472 billion for the rehabilitation of

the hydroelectric schemes of Sélingué and Sotuba in the Republic of Mali;

- Approved partial financing in the amount of US$ 36.5 million for the rural electrification project of seven (7) district capitals in the Republic of Sierra Leone;
- Adopted the report of the Audit Committee;
- Adopted the EBID Cash Management Manual;
- Adopted EBID's Operational Risk Management Policy;
- Adopted EBID's credit approval limits; and
- Adopted the Annual Report on Human Resource Management at EBID.

The Board of Directors also took note of the report on the development of the Bank's activities as at September 30, 2020, the capital situation and debt recovery as at October 31, 2020, as well as the minutes of the 11th Home Consultation of the Board of Directors conducted on December 1-3, 2020.

3.2 Human Resource Management

The Bank recruited 23 professionals (79.31% of new recruits) over the period under consideration, including one (1) director, three (3) divisional heads, one (1) chief of staff to the President, two (2) advisers to the President, two (2) executives, as well as fourteen (14) young graduates. This brought the share of professionals to 45.3 percent at end-December 2020, compared to 34.6 percent at the end of December 2019. The year under consideration also saw 20 staff promoted, retired, resigned or ended their contract.

As at December 31, 2020, the Bank had a total of 148 employees (of which 30.4% were women), compared to 136 as at December 31, 2019, an increase of 8.8 percent.

Tables 5 and 6 summarize the situation of the Bank's human resources as at December 31, 2020.

Table 5: Evolution of the Bank's Workforce (2019 - 2020)

Category	Evolution of the workforce: 2019 - 2020			
	2019	Recruitment / Promotion	Departures	2020
President	1	1	1	1
Vice-President	2	1	2	1
Management staff	3	2	3	2
Professional staff	47	23	3	67
Support staff	81	6	8	79
Permanent total	128	29	11	146
Staff under outsourcing	0	0	0	0
Contract staff	5	1	6	0
Contractual total	5	1	6	0
Total	136	32	20	148

Table 6: Breakdown of staff by gender as at December 31, 2020

	Men	Women	TOTAL	Share (%)
Management	2	0	2	1.35
Directors (D)	9	0	9	6.08
Professional staff (P)	44	14	58	39.19
Support staff (G/M)	48	31	79	53.38
Contract staff	0	0	0	0.00
Total	103	45	148	100.00
Part (%)	69.59%	30.41%	100.00%	

In spite of the COVID-19 pandemic, the Bank endeavored to implement its training and capacity building plan for the year 2020. Thus, it worked to ensure, among other things, that staff were fully qualified to deal with the challenges of fighting corruption in international organizations and mastering the tools of Microsoft 365. In addition, during the period under review, professional staff benefited from online training courses on topics such as Export Credit Agencies (ECA) financing and cross currency swaps, among others.

With a view to providing the Bank's staff with a decent, adequate and secure working environment and to maintain the functionality of its premises and facilities, the Bank engaged a number of professional contractors and service providers who carried out a series of planned and ad hoc maintenance works.

3.3 Business Processes and Entrepreneurial Reforms

The Bank continued to implement a series of key reforms aimed at positioning it as the leading development finance institution in the ECOWAS region. Some of these reforms focused on IT, audit and risk management, business continuity as well as financial management.

3.3.1 Information Technology Management

The Bank worked to modernize its IT infrastructure by designing and deploying a number of software packages needed to improve its operational effectiveness and efficiency. Among the main actions carried out were the following:

- Review and validation of the deliverables of the draft business continuity plan of the Bank's IT Master Plan (2020-2022) and the setting up of its steering committee by Senior Management;
- Development and launch of the Bank's SharePoint portal;
- Installation of the Zoom tool for the management of video conferences following the acquisition of a licence for a renewable period of one (1) year;
- Acquisition and deployment of forty (40) new high-performance laptops;
- Acquisition and configuration of four (4) new corporate servers;
- Implementation of the CISCO VoIP telephony system;
- Upgrading of SWIFT network tokens;
- Daily updating of the Bank's website;
- Continuation of work to extend the Wi-Fi network within the Bank; and
- Installation of the Symantec antivirus software.

The Bank also worked closely with EximBank India to provide a facility to finance the acquisition of a banking operations management software. To date, all the conditions precedent have been met by the Bank.

3.3.2 Audit and Risk Management

Under the direction of the Audit and the Risk and Credit Committees, which are standing committees of the Board of Directors, the Bank undertook several activities to strengthen its governance and control structures.

The Department of Internal Audit and Operations Evaluation undertook several important exercises, including auditing the following:

- The security of staff and property at the Bank's headquarters;
- The causes of arrears on public and private sector loans;
- The certificates and diplomas of Bank staff;
- The process of selection and execution of the service provision contract of UNI PALOU Sarl; and
- In the Republic of Côte d'Ivoire, the rehabilitation and asphalting projects of the Tiébissou-Didiéviet road and the Biotechnology, Information and Communication Technology free zone in Grand Bassam.

The Department also drafted an investigation report on the alleged fraud in the financing of the Planet Solar Energy project in Sierra Leone and ensured the implementation of the Audit Committee's recommendations.

All these reports were approved by the Audit Committee of the Board of Directors and adopted by the Board of Directors on April 7, July 2, September 30 and December 17, 2020.

The Bank also implemented the action plan of the Policy against Fraud and Corruption and the Code of Ethics through the creation of an Ethics Committee. In addition, as part of the EU 8 Pillars project, the Department of Internal Audit and Operations Evaluation was appointed to lead the certification process, which will enable the Bank to manage certain EU funds.

For risk management, the main activities focused on portfolio monitoring and risk assessment of public and private sector projects. Moreover, the Bank carried out two (2) project supervision missions, namely, the Cape Sierra Hilton Hotel in Sierra Leone and SWAP Technologies and Telecommunications in the Federal Republic of Nigeria. In addition, the Bank took action against defaulting promoters, including SWAP Technologies, in the Federal Republic of Nigeria and Engineers and Planners in Ghana.

Alongside these actions and, in line with the recommendations of the strategic retreat held in Cotonou, the Republic of Benin, in March 2020, the Bank also worked to strengthen its Risk Framework, Liquidity Policy and Liquidity Contingency Plan, EBID's Appetite and Enterprise Risk Management Frameworks, EBID's Treasury Management Manual, EBID's Operational Risk Management Policy as well as the Bank's Credit Approval Limits.

3.4 Resource Mobilization, Cooperation and Partnerships

3.4.1 Resource Mobilization

The Bank's resource mobilization efforts in the year were seriously hampered by the adverse impact of the COVID-19 pandemic. That notwithstanding, the Bank was able to mobilize a €50 million line of credit from the AFD and received a capital payment of UA 1,733,161 from three Member States.

The Bank also made significant strides towards accessing new ECA financing, with some projects expected to materialize in 2021.

3.4.1.1 Capital Resources

Capital resources mobilized from Member States amounted to UA 1.73 million during the period under review, being payments received from The Gambia, Liberia, and the Republic of Sierra Leone. As at December 31, 2020, the called-up capital of the Bank amounted to UA 392.74 million, of which UA 301.07 million had been paid up, with the balance of capital arrears amounting to UA 91.63 million. As at end-December 2020, only seven (7) Member States had fully paid up their called-up capital. These are Benin, Burkina Faso, Ghana, Guinea, Mali, Niger and Togo, as shown in Table 7.

Table 7: Status of Capital Resources as at December 31, 2020

Member State	Situation as at 31/12/2019			Payments in 2020 (UA)	Outstanding balance as at 31/12/2020	
	Called-Up Capital (UA)	Paid-up Capital (UC)	Capital Arrears (UA)		Amount (UA)	Share (%)
Benin	11,228,211	11,228,211	0	0	0	0.0
Burkina Faso	9,734,383	9,734,383	0	0	0	0.0
Cabo Verde	3,734,570	2,279,650	1,454,920	0	1,454,920	1.6
Cote d'Ivoire	57,971,063	43,237,276	14,733,787	0	14,733,787	16.1
The Gambia	9,734,383	3,533,046	6,201,337	26,862	6,174,475	6.7
Ghana	61,706,160	61,706,160	0	0	0	0.0
Guinea	10,842,504	10,842,504	0	0	0	0.0
Guinea Bissau	5,614,106	796,788	4,817,318	0	4,817,318	5.3
Liberia	25,058,371	8,190,938	16,867,433	988,887	15,878,546	17.3
Mali	7,107,934	7,107,934	0	0	0	0.0
Niger	7,854,848	7,854,848	0	0	0	0.0
Nigeria	122,689,907	101,450,688	21,239,219	0	21,239,219	23.2
Senegal	29,539,328	12,625,430	16,913,898	0	16,913,898	18.5
Sierra Leone	16,456,610	5,324,714	11,131,896	717,412	10,414,484	11.4
Togo	13,468,953	13,468,953	0	0	0	0.0
Total	392,741,331	299,381,523	93,359,808	1,733,161	91,626,647	100

3.4.1.2 Commercial Resources

In terms of commercial resources, the Bank signed an agreement with AFD on July 28, 2020, for the allocation of a €50 million line of credit for SME/SMI financing in favor of ORAGROUP SA in the Togolese Republic. This agreement also provides for a technical assistance grant from AFD, subject to certain conditions.

In addition, the Bank continues to hold discussions with the Development Bank of China, OeEB, Commerzbank, BADEA, ODDO BHF Aktiengesellschaft, the Credit Suisse Group, KBC Germany - Corporate Banking & Insurance, Cargill, Aka Bank, the Turkish Eximbank and many other partners with a view to obtaining credit lines mainly for its private sector window. To date, nearly 20 agreements, in principle, on the terms of potential loans have been obtained from European banks/partners for operations supported by ECA. The total amount of its transactions is estimated at €408.57 million or US$483.8 million.

In addition, work is underway to negotiate a new line of credit from the Government of India, through the Eximbank of India.

3.4.1.3 Special Resources

Special resources mainly relate to the mobilization of resources at the Community level, i.e., part of the Community Levy. This came about when the ECOWAS Commission was instructed in 2013 by the Authority of Heads of State and Government to pay 30 percent of the resources of the Community Levy to EBID to enable it execute more projects in Member States. Furthermore, a Memorandum of Understanding was signed, which required the Commission to receive funds from the ECOWAS Commission to subsidize the Bank's lending rates to Member States. Thus far, the Bank has received only one payment (i.e. a single payment of US$3 million in respect of 2014), with payments for 2015, 2016, 2017, 2018 and 2019 outstanding. No payment was received for 2020.

3.4.2 Partnership and Cooperation

The Bank is constantly seeking opportunities for fruitful partnerships to support its development mandate. In 2020, a delegation from the Bank participated in a high-level conference on the Capital Market Forum organized by IFC/CREPMF in Abidjan, Côte d'Ivoire. On the sidelines of these meetings, the President met with the Vice-President of IFC Africa to identify areas of partnership and collaboration. Some of these discussions centred on the subscription to the Bank's non-regional participation, a capacity building grant, a line of credit for EBID's private sector window, among others. Similarly, a high-level delegation from the Bank was also planning to participate in March 2020 Global Investors Conference in Dubai. This was unfortunately cancelled due to the COVID-19 pandemic.

3.5 Budget Performance

Budget execution was relatively satisfactory with 74.2 percent of programmed income from loans received. Overall, the operating budget as at December 31, 2020, showed a surplus of UA 5.1 million, that is 151.6 percent of target, after the COVID-19-induced budget adjustment for the year. Notably, income from loans and investments, which represents 86.2 percent of the income for the year 2020, was 77.0 percent of target. Operating expenditure was 79.2 percent of the 2020 target, mainly as a result of the tightening of current expenditure (73.6%), staff costs (76.5%) and financial charges (85.8%). Capital expenditure recorded an implementation rate of 16.6%, corresponding to UA 983,568, against a forecast of UA 5,942,000, as shown in Table 8.

In terms of sector contribution, the private and public sectors accounted for 56.6 percent and 43.4 percent of total recorded revenue, respectively.

Oversight and Organizational Effectiveness

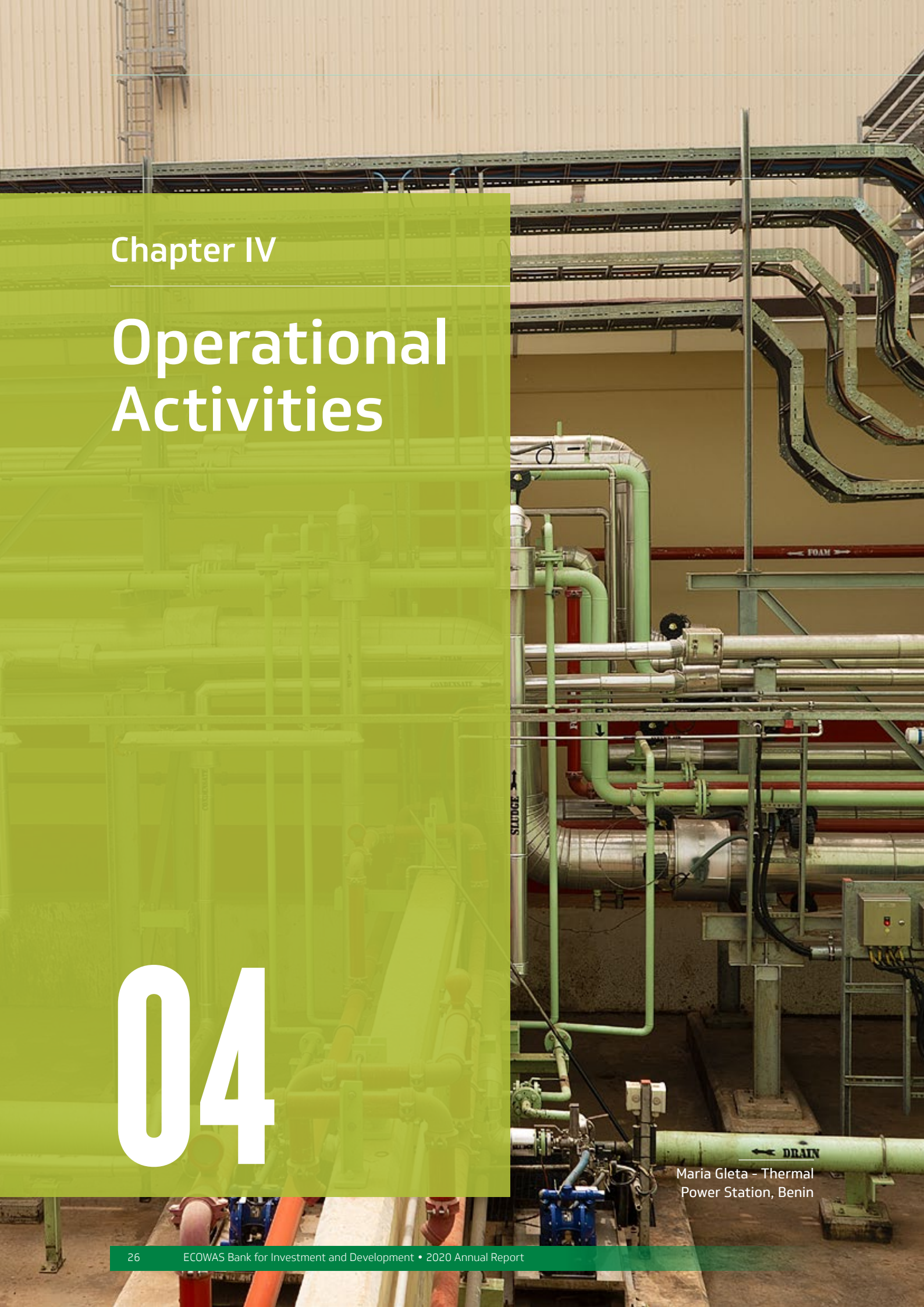
Table 8: Budget Implementation Status as at December 31, 2020 (in thousands of UA)

Item	Forecast 2020 (a)	Revised Forc. (Covid-19) 2020 (b)	Actual 30/12/2020 (c)	Achievement rate c/a (%)	Achievement rate c/b (%)	Share (%)
Revenue	42,030	35,372	30,443	72.4	86.1	100.0
Revenues from Loans	39,455	31,847	23,615	59.9	74.2	77.6
Investment income	1,290	2,240	2,631	204.0	117.5	8.6
Dividend	310	310	151	48.8	48.8	0.5
Other revenues	975	975	4,046	414.9	414.9	13.3
Operational Expenditures	32,535	32,004	25,338	77.9	79.2	100.0
Statutory meetings	933	407	286	30.6	70.2	1.1
Staff expenses	10,093	10,254	7,848	77.8	76.5	31.0
Official and operational mission	2,415	1,552	725	30.0	46.7	2.9
Current expenditures	2,485	3,565	2,623	105.6	73.6	10.4
Financial charges	16,529	16,145	13,856	83.8	85.8	54.7
Contingencies	81	81	0	0.0	0.0	0.0
Surplus	9,495	3,368	5,106	53.8	151.6	
Investment Expenditure	5,942	5,942	984	16.6	16.6	

Chapter IV

Operational Activities

04



Maria Gleta - Thermal Power Station, Benin

Operational Activities

Like most institutions, the Bank's performance was adversely affected by the COVID-19 pandemic. As at December 31, 2020, approvals and new commitments had increased by 7.6% and 5.3% respectively, as well as disbursements had increased by about 13%, compared to their levels at the end of 2019.

4.1 Overview of the Bank's Portfolio as at end-December 2020

As at December 31, 2020, new commitments amounted to UA 147.1 million (US$211.9 million) for 13 projects, representing a 5.3 percent increase, compared to that of 2019. Of these new commitments, eight (8) were from the private sector, for a total amount of UA 77.6 million (US$111.7 million) and five (5) from the public sector, for a total value of UA 69.6 million (US$100.2 million). This brought the cumulative net commitments of the Bank's portfolio to UA 1,153.08 million (US$1,660.74 million), spread over 136 projects, an increase of 5.3 percent over the volume of commitments recorded at the end of 2019 (Table 9). This was achieved despite the reduction in the volume of the Bank's operations as a result of the completion of 7 projects and the cancellation of 3 private sector operations totalling UA 94.41 million (US$135.98 million), compared to the 13 new projects that were added to the portfolio.

Table 9: Key portfolio performance indicators as at December 31, 2020

	Dec. 2019	Dec. 2020
Net Commitments (UA million)	1,095	1,153
Net Commitments (#)	133	136
Of which: Loans	122	125
Equity	11	11
Public sector (UA million)	705.2	764.6
Share (%)	64.4	66.3
Private sector (UA million)	390.0	388.5
Share (%)	35.6	33.7
Cumulative Approvals (UA million)	2,063.4	2,345.7
Net Cumulative Disbursements (UA million)	742.3	748.5
Former Projects (Loans) (#)	43	43
Average term (loans) (# of years)	8	12
Annual disbursement rate (%)	9.2	11.9
Disbursement on projects (#)	50	37

With regard to the quality of the portfolio, the average tenor of the Bank's portfolio was twelve (12) years in 2020, which is higher than the average observed the previous years (8 years). The number of projects with a tenor of at least twelve (12) years are 57 in total, accounting for 45.97 percent of the total portfolio. The number of projects that received disbursements decreased from 50 to 37 year-on-year, due to the COVID-19 health crisis. The annual rate of loan disbursement for the year 2020 was at 12 percent, compared to 9 percent in 2019.

The Bank's operational activities in 2020 bordered mainly on project evaluation, loan approvals, the signing of financing agreements and project supervision.

4.1.1 Project Appraisal

During the period under review, the Bank appraised twenty-one (21) projects for a total amount of UA 332.17 million, an increase of 1.0 percent over 2019, as shown in Table 10 and Figure 6. The list of projects evaluated during the year 2020 is presented in Annex 3.

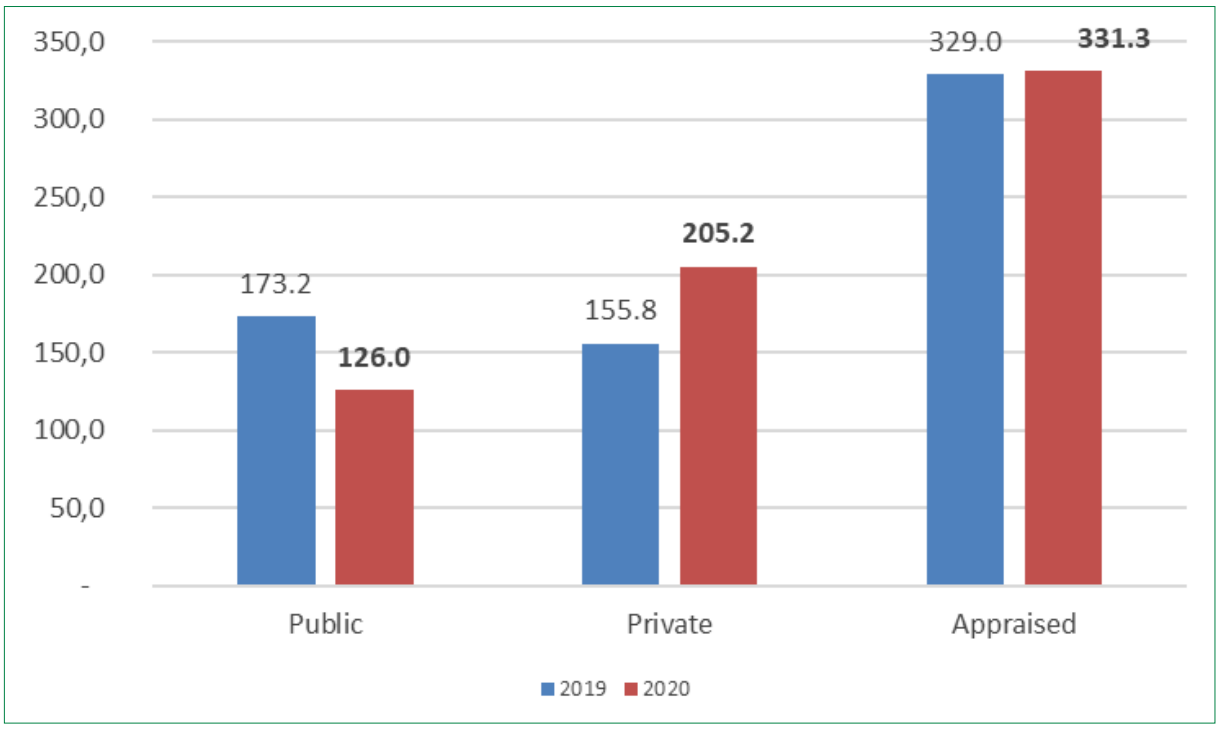
Operational Activities

Loan agreement for the co-financing of solar photovoltaic electrification systems for 750 communities, in the Republic of Benin.

Table 10: Projects appraised in 2019-2020

	2019		2020		Variation (%)	
Area of operation	**Number**	**Amount (UA)**	**Number**	**Amount (UA)**	**Number**	**Amount**
PUBLIC	6	173,152,496	9	126,022,871	50.0	-27.2
PRIVATE	16	155,810,445	12	205,244,558	-25.0	31.7
Total	22	328,962,941	21	331,267,429	-4.5	0.7

Figure 7: Trends in the projects appraised in 2019-2020 (in million UA)



Operational Activities

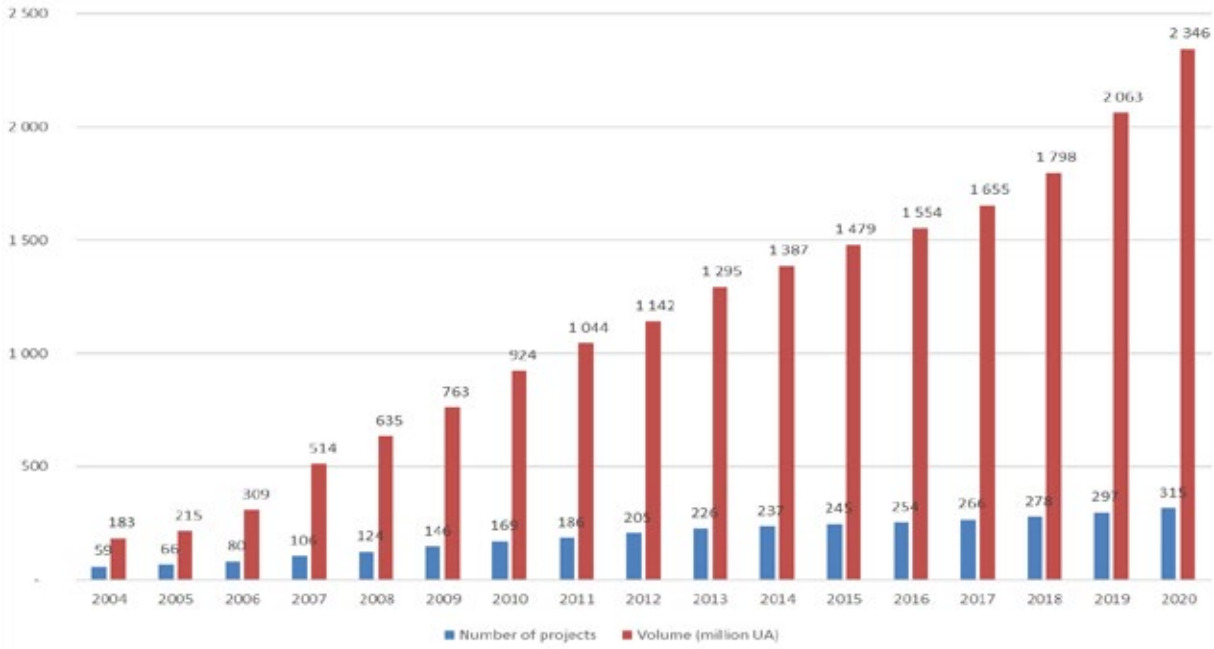
4.1.2 Project Supervision

Supervision was the operational activity most affected in 2020 by the COVID-19 pandemic. As at December 31, 2020, only nine (9) projects had been supervised, compared with twenty-three (23) at the end of December 2019, a decrease of 60.9 percent. Of these, seven (7) projects were in the private sector, while the other two (2) projects were in the public sector (see Annex 4).

4.1.3 Approvals

The total cumulative approvals as at December 31, 2020, amounted to UA 2.35 billion or US$3.38 billion, representing an increase of 13.68 percent over the cumulative approvals as at December 31, 2019. This corresponds to a total of 315 projects, an increase of eighteen (18) projects, compared to the 297 projects approved by end-2019. Of these projects, the share of public sector approvals amounted to UA 1.062 billion or US$1.530 billion (45.3%) for 140 projects and that of private sector came to UA 1.283 billion or US$1.849 billion (54.7%) for 175 projects, as shown in Figure 7.

Figure 8: Cumulative approvals as at December 31, 2020 (in million UA)



In terms of sectoral activities, the infrastructure sector had the most approvals (UA 1.224 billion or 52.2%), followed by the services sector (UA 509.2 million or 21.7%), industry sector (UA 317.2 million or 13.5%), rural development (UA 194.9 million or 8.3%) and the social sector (UA 100.7 million or 4.3%).

New approvals amounted to UA 278.5 million or US$ 401.2 million for 18 projects, a 7.6 percent increase, compared to 2019, as shown in Figure 8. This increase reflects the significant commitment of Senior Management to increase the Bank's portfolio with largely private sector projects, in the midst of the health crisis.

Operational Activities

Garden City Mall, Kumasi Ghana

TOGUNA AGRO-INDUSTRIE, a fertilizer processing plant, Mali

Kempinski Hotel, Accra, Ghana

Operational Activities

Figure 9: New approvals as at December 31, 2020 (in million UA)

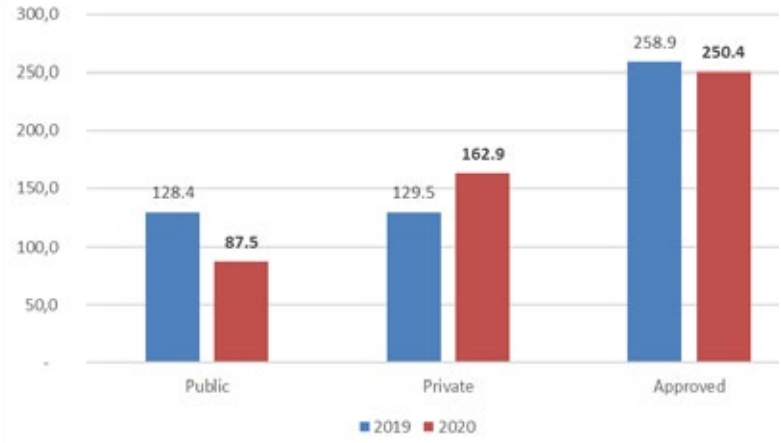
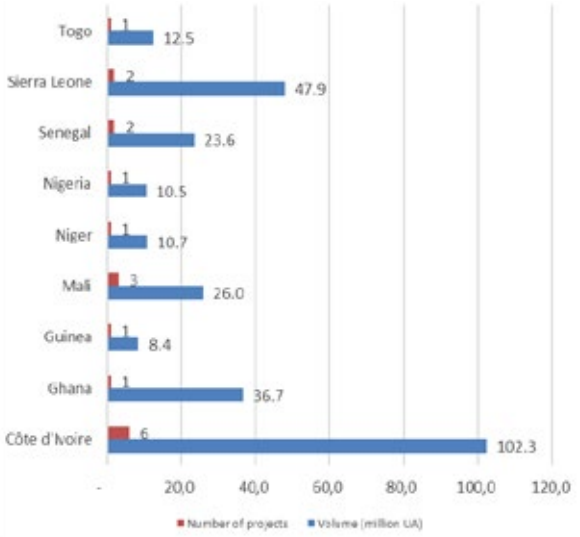


Figure 9 shows the distribution, by country, of new approvals in the year 2020. The beneficiary Member States were Côte d'Ivoire (6 projects), Ghana (1 project), Guinea (1 project), Mali (3 projects), Niger (1 project), Nigeria (1 project), Senegal (2 projects), Sierra Leone (2 projects) and Togo (1 project).

Figure 10: New approvals by country as at December 31, 2020 (in million UA)



4.1.4 Commitments

The Bank's total cumulative net commitments for 2020 amounted to UA 1.153 billion (US$1.660 billion) for 136 projects, compared to UA 1.095 billion (US$1.577 billion) in 2019 (133 projects in 2019), an increase of 5.3 percent. This increase in projects was due to an increase in the equity portfolio, while the increase in commitments was mainly due to an increase in the loan portfolio as private and public sector operations improved in 2020. However, the volume of the Bank's equity portfolio decreased by 2.3 percent, due to a reduction in the value of the Bank's shares in ETI.

The number of projects in the loan portfolio increased from 122 in 2019 to 125 in 2020. The addition of 12 new commitments, valued at UA 147.1 million (US$211.9 million), compensated for the exit of 10 projects, owing to expiration and cancellation in the period under review. The public sector continued to account for the bulk of cumulative commitments at UA 764.6 million or US$1,101.2 million (66.3 percent of cumulative commitments) for 81 projects, while private sector commitments amounted to UA 388.5 million or US$559.5 million (33.7 percent of cumulative commitments) for 55 projects. In terms of sectoral activities, the infrastructure sector registered the most projects (UA 697.2 million or 60.2%), followed by the services sector (UA 200.0 million or 17.3%), rural development (UA 88.4 million or 7.7%), the industry sector (UA 87.4 million or 7.6%) and the social sector (UA 80.2 million or 7.0%). It should be noted that the rural development sector has practically quadrupled in terms of volume of commitments over the last three years in the Bank's total project portfolio.

The Bank's portfolio mainly comprised direct loans and trade finance (representing 97.3 percent of cumulative commitments) and 2.7 percent of equity participation. The volume of the loan portfolio increased by 5.5 percent, while shares fell by 2.3 percent during the same period.

The Bank's operations were mainly financed from its own resources and from the Indian Line of Credit. Total cumulative interventions came to UA 942.7 million or US$1,357.7 million (84.0%) for 105 operations. Other external resources were generated by the issuance of

bonds on the WAEMU regional capital market (7.7%), Afreximbank's line of credit (4.2%), AFD's line of credit (3.0%) and BADEA's line of credit (1.2%), as shown in Table 11.

Table 11: Breakdown of cumulative commitments by source of financing, sector of operations, and mode of intervention as at December 31, 2020

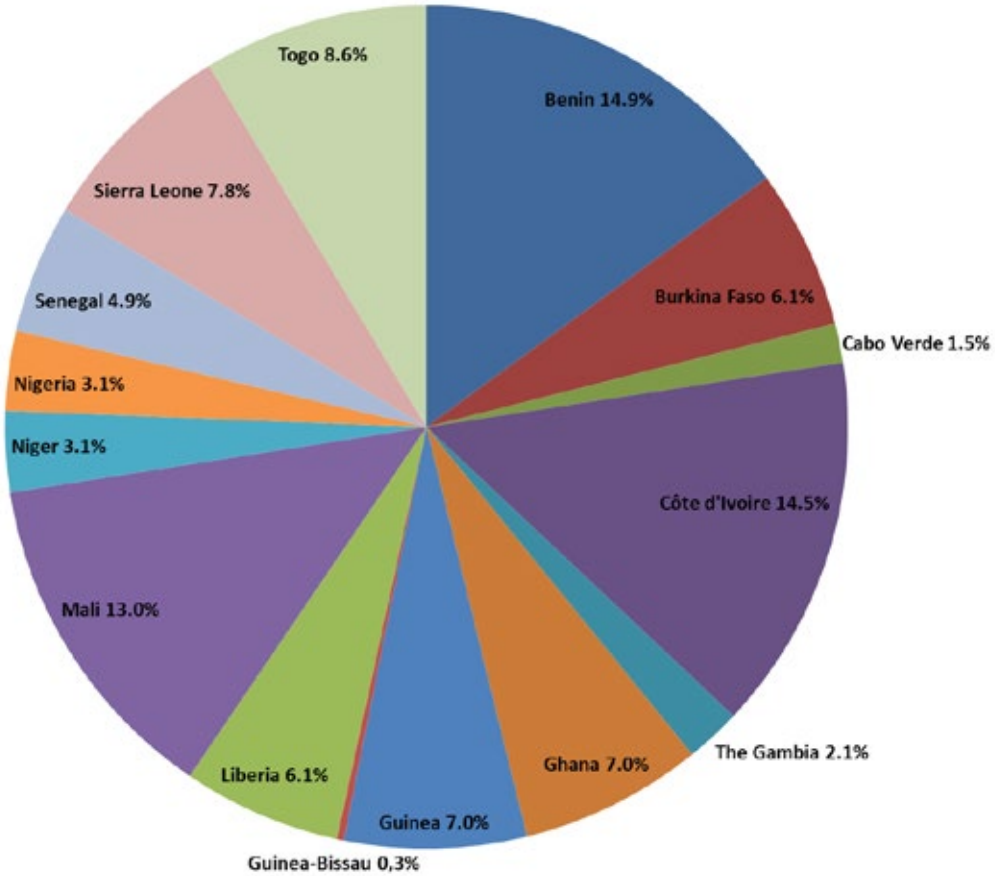
		31/12/2019			Variation (%) 2019-2020				
		No. of Projects	Amount (UA)	%	No. of Projects	Amount (UA)	%	No.	Amount
LOANS	**BY SOURCE OF FUNDING**								
	Indian Line of Credit Public	30	457, 019,230	43.0	34	518,891,119	46.2	13.3	13.5
	Indian Line of Credit Private	1	16,297,380	1.5	1	16,297,380	1.5	0.0	0.0
	Afreximbank Line of Credit	3	34,730,625	3.3	4	46,652,118	4.2	33.3	34.3
	BADEA Line of Credit	2	13,935,286	1.3	2	13,935,286	1.2	0.0	0.0
	Bonds	15	102,983,388	9.7	11	86,197,159	7.7	-26.7	-16.3
	EBID/Own Resources	71	438,478,886	41.2	70	407,516,090	36.3	-1.4	-7.1
	AFD	-	-	0.0	3	32,649,616	2.9		
	TOTAL	**122**	**1,063,444,795**		**125**	**1,122,138,768**		**2.5**	**5.5**
	SECTOR								
	Private sector	44	358,294,357	33,7	44	357,547,766	31.9	0.0	-0.2
	Public sector	78	705,150,438	66.3	81	764,591,002	68.1	3.8	8.4
	TOTAL	**122**	**1,063,444,795**		**125**	**1,122,138,768**		**2.5**	**5.5**
	AREA OF OPERATION								
	Infrastructure	72	670,455,691	63.0	74	703,540,856	62.7	2.8	4.9
	Rural Development	7	74,047,489	7.0	8	88,396,021	7.9	14.3	19.4
	Industry	12	91,179,188	8.6	12	95,510,673	8.5	0.0	4.8
	Services	24	170,148,737	16.0	23	154,525,004	13.8	-4.2	-9.2
	Social	7	57,613,690	5.4	8	80,166,213	7,1	14,3	39.1
	TOTAL	**122**	**1,063,444,795**		**125**	**1,122,138,768**		**2.5**	**5.5**
COMMITMENTS	**MODE OF INTERVENTION**								
	Loans	122	1,063,444,795	97.1	125	1,122,138,768	97.3	2.5	5.5
	Equity participation	11	31,671,458	2.9	11	30,937,716	2.7	0.0	-2.3
	Guarantees	-	-	0.0	-	-	0.0		
	TOTAL	**133**	**1,095,116,253**		**136**	**1,153,076,484**		**2.3**	**5.3**

Although all the Member States have benefited from the Bank's financing operations, the distribution of the cumulative net commitments shows that a greater share of these has been granted to Benin (14.9%), Côte d'Ivoire (14.5%), Mali (13.0%) and Togo (8.6%), as shown in Figure 10. In 2020, Benin, Burkina Faso, Côte d'Ivoire, Mali, Niger, Nigeria, Senegal, Sierra Leone and Togo benefited the most from new interventions.

Operational Activities

Loan agreement for the partial financing of a revolving facility in favour of SOYATT SA for the import and marketing of petroleum products to markers in Mali.

Figure 11: Breakdown of cumulative net commitments by country as at December 31, 2020



In 2020, new commitments amounted to UA 147.1 million (US$211.9 million) for 13 projects, a increase of 5.3 percent, compared to UA 139.7 million (US$201.2 million) for 10 projects in 2019. Of this, five (5) of the new commitments were from the public sector for UA 69.6 million or US$100.2 million (2.8%) and eight (8) from the private sector for a total of UA 77.6 million or US$111.8 million (7.6%), as shown in Figure 12. In addition, during the period under review, new commitments were exclusively loans (11 direct loans and 2 trade finance facilities). In terms of sectoral distribution, the infrastructure sector (48.8%) had the most projects, followed by the services sector (20.9%), the social sector (15.3%), the rural development sector (9.8%) and the industry sector (5.2%).

Operational Activities

Figure 12: Distribution of cumulative net commitments by number of projects and amount as of December 31, 2020

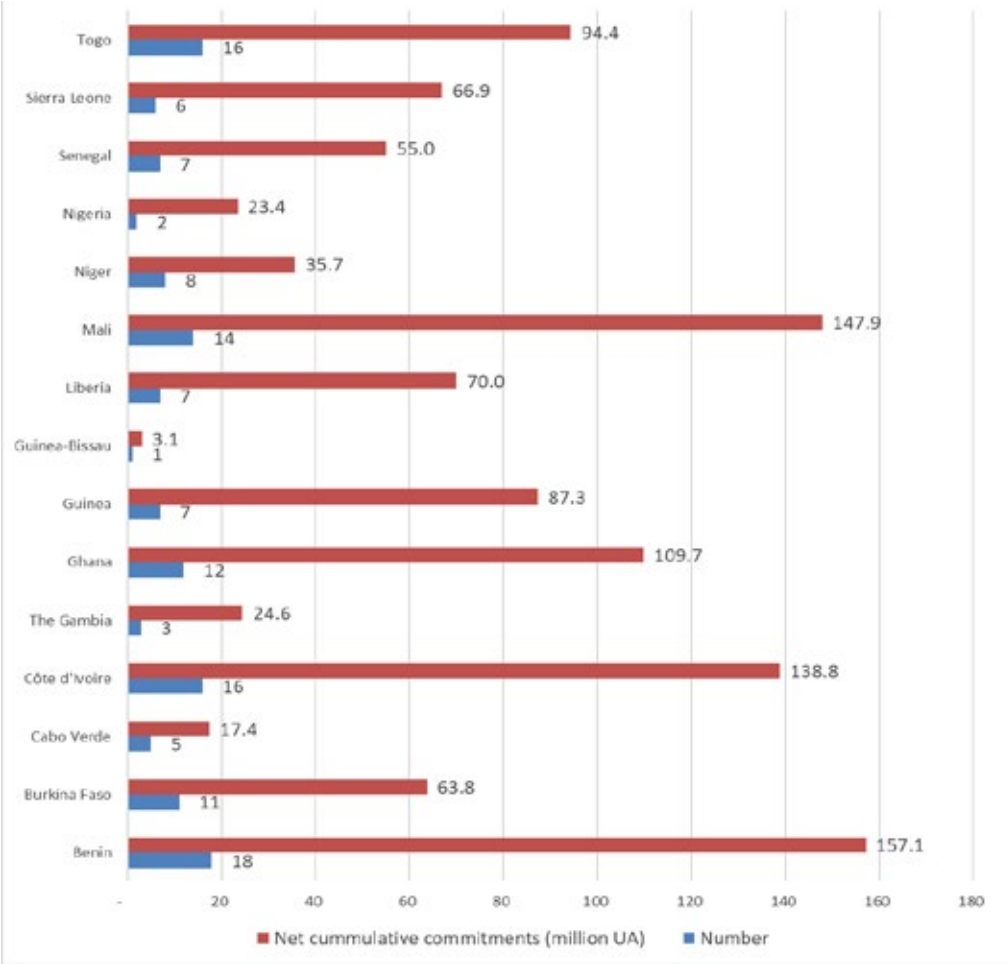
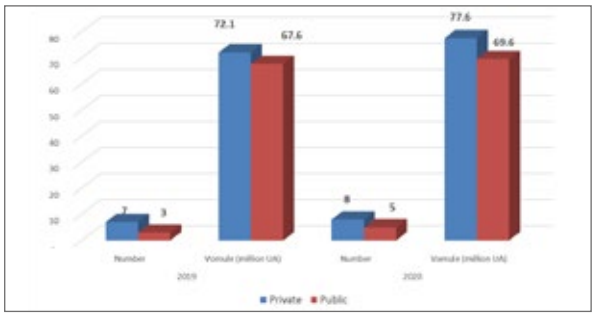


Figure 13: Breakdown of new commitments by sector at December 31, 2020



4.1.5 Disbursements

Total net cumulative disbursements from the Bank's portfolio stood at UA 748.5 million in 2020, an increase of 0.8 percent over 2019. The net cumulative disbursements by sector of operations amounted to 44.3 percent for the private sector and 55.7 percent for the public sector. In terms of sectoral activities, the infrastructure sector received the most disbursements (57.6%), followed by the services sector (26.3%) and the industrial sector (10.2%).

In addition, the industrial sector recorded a substantial rate of disbursement, with a growth of almost 45 percent, compared to 2019. Likewise, the rural and social development sectors have seen an increase, notably of 3.8% and 3.4 percent in 2019. However, disbursements in the infrastructure and services sectors decreased marginally by 4.0 percent and 0.6 percent, respectively.

The net cumulative disbursements from the loan portfolio amounted to UA 717.6 million (US$1,033.5 million) in 2020, an increase of 1.0 percent over the UA 710.6 million (US$1,023.5 million) recorded in 2019. At end-December 2020, 63.9 percent of the cumulative net loan commitments had an annual disbursement rate of approximately 11.9 percent.

Operational Activities

Loan agreement for the partial financing of SMEs in favour of ORAGROUP SA, in the Togolese Republic

Table 12: Cumulative net disbursements as at December 31, 2020

	31/12/2019		31/12/2020		Variation
	Amount (UA)	%	Amount (UA)	(%)	(%)
BY DEPARTMENT					
Private sector loan	317,855,349	42.8	331,775,848	44.3	4.4
Public sector loan	424,442,427	57.2	416,712,593	55.7	-1.8
TOTAL	**742,297,776**	**100**	**748,488,441**	**100**	**0.8**
BY SECTOR					
Infrastructure	448,877,077	60.5	431,135,708	57.6	-4.0
Rural Development	9,922,026	1.3	10,301,552	1.4	3.8
Industry	52,718,762	7.1	76,442,800	10.2	45.0
Services	197,890,334	26.7	196,611,762	26.3	-0.6
Social	32,889,577	4.4	33,996,619	4.5	3.4
TOTAL	**742,297,776**	**100**	**748,488,441**	**100**	**0.8**

In 2020, new disbursements amounted to UA 85.6 million (US$123.2 million), an increase of 12.7 percent over that of 2019. This was on the back of an increase in disbursements in the industrial and infrastructure sectors by 282.2 percent and 64.3 percent, respectively, as shown in Table 13 and figure 14. The main disbursements made during the year under review were towards the partial financing of the establishment of a clinker production unit at Souguéta, Republic of Guinea, by Diamond Cement Guinea (UA 15.6 million or US$22.5 million) and the facilitation of a syndicated loan of US$ 750 million to Bank of Industry Limited (BOI), in the Federal Republic of Nigeria (UA 10.4 million or US$15.0 million), the Emergency Integrated Roads and Miscellaneous Networks Development Programme for the Diamniadio Urban Pole (UA 17.2 million or US$24.8 million) and the project to provide a line of credit for SME/SMI financing to ORAGROUP SA (UA 12.7 million or US$18.2 million).

Operational Activities

Figure 14: Disbursements in 2019-2020 (million UA)

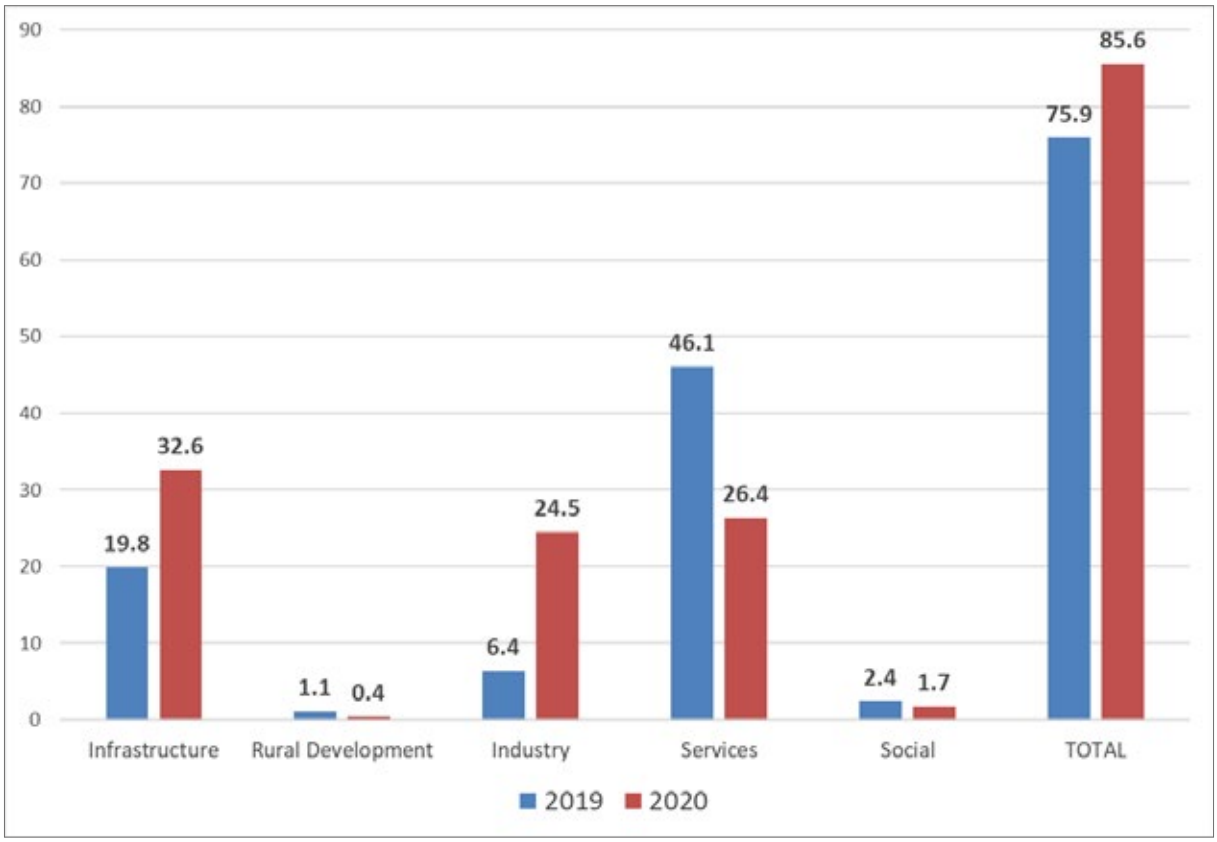


Table 13: Disbursements in 2020

	31/12/2019		31/12/2020		Variation
	Amount (a) (UA)	%	Amount (b) (UA)	%	(b/a)-1 %
BY DEPARTMENT					
Private sector loan	57,003,169	75.1	77,009,378	90.0	35.1
Public sector loan	18,926,650	24.9	8,540,796	10.0	-54.9
TOTAL	**75,929,819**	**100**	**85,550,174**	**100**	**12.7**
BY SECTOR					
Infrastructure	19,836,933	26.1	32,588,687	38.1	64.3
Rural Development	1,108,003	1.5	379,526	0.4	-65.7
Industry	6,410,821	8.4	24,502,278	28.6	282.2
Services	46,130,132	60.8	26,394,258	30.9	-42.8
Social	2,443,930	3.2	1,685,425	2.0	-31.0
TOTAL	**75,929,819**	**100**	**85,550,174**	**100**	**12.7**

4.2 Highlights of some of the key projects funded during the period under review

Trade Finance

Mali: Import financing

Amount: US$ 10.5 million

Development impact: Reduce short-term financing constraints and increase industrial and agricultural development for food security

The operation consists of setting up a facility in the form of a 300-day bridge loan financing for the benefit of TOGUNA Agro-Industries SA to import agricultural inputs or phosphorous fertilizers, i.e. 27,500 tonnes of Monoammonium Phosphate (MAP) and 5,500 tonnes of Diammonium Phosphate (DAP), for the manufacture and delivery of complex fertilizers (NPK cotton and cereals) to CMDT SA and producers in the rice and cereal zones of Mali. As part of this operation, all of the production (100%) will be sold to CMDT SA.

Trade Finance

Mali: Import financing

Amount: €10 million

Development impact: Reduce short-term financing constraints and enhance private sector development

The objective of the project was to provide a revolving facility in favor of the SOYATT SA Company for the import and marketing of petroleum products for local retail in Mali.

Transport

Mali: Transport infrastructure

Amount: €5.0 million

Development impact: job opportunities, and improved access to the market for petroleum products

The objective of this project was to increase the fleet of SOYATT SA vehicles to provide transportation services for the supply of hydrocarbons in Mali. The project is intended to improve the borrower's quality of services and consolidate its position as the leading supplier of hydrocarbons in Mali. The project is expected to provide: (i) income tax contribution of CFAF 886.93 million throughout the project; (ii) the creation of eighty direct jobs; (iii) the contribution to supplying Mali with petroleum products, essential to the functioning of its economy.

Chapter V

Financial Performance

05

Financial Performance

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors has the pleasure in closing the financial statements of the ECOWAS Bank for Investment and Development (the Bank) for the year ended 31 December 2020. The financial statements have been drawn and presented in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The Board of Directors has reviewed the Annual Report and the process by which the Bank believes that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the performance of the Bank.

Nature of Business

The Bank was established by the ECOWAS Member States to facilitate business and investment in West Africa. The objective of the Bank is to assist in creating favorable conditions for the emergence of an economically strong, industrialised and prosperous West Africa that is fully integrated into the global economic system with a view to taking advantage of the opportunities and prospects offered by globalization.

The Board and its Committees

The Board of Directors is accountable for the long-term success of the Bank and it is responsible for ensuring leadership, designing of strategy, and ensuring that the Bank is adequately resourced to achieve its strategic aspirations. In doing so, the Board of Directors considers its responsibilities, and the impact of its decisions on its stakeholders including shareholders, employees, suppliers, and the community in which the Bank operates.

In addition, pursuant to Articles of Association, the President has authority for the day-to-day operational management of the Bank and for further delegation to the Vice-Presidents in respect of matters which are necessary for the day to day running and management of the Bank.

The Board remains very diverse with a distinctive mixture of backgrounds, experience and skills among the directors. Risk and governance, shareholder and stakeholder relationships, strategy and budget, financial performance oversight, business development and people are some of the key activities the Board focused on in 2019 as it provided guidance to Management in steering the Bank through a turbulent period in the economy and in the banking industry.

The Board met regularly throughout the year. In addition to substantial strategy discussions held at each meeting, the Board held strategy sessions where it had a systematic and comprehensive discussion around the strategy and direction of the Bank.

At the time of the closing of the 2020 annual financial statements on April 2021, the Board was made up of nine (9) Non-Executive Directors. Below is the list of the nine-member Board:

Board members	ECOWAS Bank For Investment and Development Board	Board Audit Committee	Board Risk & Credit Committee	Board Remuneration & Human Resource Committee
Mrs. Aishatu Shehu Omar	x	x		
Mr. Samuel Danquah Arkhurst	x			x
Mrs. Anicou-Annie Lecadou Kacou	x		x	
Mr. Luis M. S. M. Barros	x	x		
Mr. Mamour Ousmane Bâ	x	x		
Mr. Seglaro Abel Somé	x		x	
Mr. Souahibou Diaby	x		x	
Mr. Abdou Rafiou Bello	x			x
Mr. Séna Kwadzo Ayenu	x			x

Financial Performance

Board Roles and Key Responsibilities

The President

The President is the legal representative of the Bank and the Chairman of the Board of Directors. The President is responsible for managing all aspects of the Bank's businesses including proposing the strategic direction of the Bank and performing any other task assigned to him by the Board of Governors.

Non-Executive Directors (NEDs)

NEDs provide an independent perspective, constructive challenge and monitor the performance and delivery of the strategy within the risk and controls set by the Board.

Number of Board Meetings held in 2020

Board members	Scheduled meetings: 4	Ad hoc	Remarks
Mrs. Aishatu Shehu Omar	2		Replaced Mr. Fidèle ODEY from the 3rd meeting
Mr. Fidèle ODEY	2		Replaced by Mrs. Aishatu Shehu Omar from the 3rd meeting
Mr. Samuel Danquah Arkhurst	4		
Mrs. Anicou-Annie Lecadou Kacou	4		
Mr. Luis M. S. M. Barros	4		
Mr. Mamour Ousmane Bâ	4		
Mr. Seglaro Abel Somé	4		
Mr. Souahibou Diaby	4		
Mr. Abdou Rafiou Bello	4		
Mr. Séna Kwadzo Ayenu	4		

Board Committees

The Board of Directors made a conscious decision to assign a broader range of issues to the Board committees, namely: Audit Committee, Risk & Credit Committee, and Remuneration & Human Resource Committee. The linkages between the Committees and the Board are critical for the smooth running of the Bank.

The Board duly received the reports and updates from each of the Committee meetings throughout the reporting period.

The Bank has effective mechanisms in place to ensure that there are no gaps or unnecessary duplication between the remit of various Committees.

Audit Committee

The Audit Committee oversees the management of the financial and internal controls. The Committee's role is to review, on behalf of the Board, the Bank's internal controls; to identify, assess, manage and monitor financial risks. It also gives advice to the Board on external audit work and matters relating to financial reporting. In discharging its responsibilities, the Committee acknowledges and embraces its role of protecting the interest of shareholders.

Number of Board Audit Committee meetings held in 2020

Board members	Number of scheduled meetings: 4	Remarks
Mrs. Aishatu Shehu Omar	2	Replaced Mr. Fidèle OYEDI from the 3rd meeting
Mr. Fidèle ODEY	2	Replaced by Mrs. Aishatu Shehu Omar from the 3rd meeting
Mr. Luis M. S. M. Barros	4	
Mr. Mamour Ousmane Bâ	4	

Credit and Risk Committee

The Credit and Risk Committee maintains oversight accountability for credit, market and operational, risks. In discharging its responsibilities, the Committee monitors risk positions and seeks assurance on behalf of the Board around the Bank's Risk Management Framework which assigns accountability and responsibility for the management and control of risk.

Financial Performance

Number of Board Risk & Credit Committee Meetings held in 2020

Board members	Scheduled meetings	Remarks
Mrs. Anicou-Annie Lecadou Kacou	4	
Mr. Seglaro Abel Somé	4	
Mr. Souahibou Diaby	4	

Remuneration and Human Resource Committee

The role of the Remuneration and Human Resource Committee is to propose the level and structure of the remunerations of staff of the Bank.

The Committee is also responsible for reviewing the Bank's human resource policy and for making recommendations to the Board.

Number of Board Remuneration and Human Resource Committee Meetings held in 2020

Board members	Scheduled meetings 3	Remarks
Mr. Samuel Danquah Arkhurst	3	
Mr. Abdou Rafiou Bello	3	
Mr. Séna Kwadzo Ayenu	3	

Going Concern

The Bank's Management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, Management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the-going-concern basis.

Fund Management Activities

The Bank manages funds on behalf of the ECOWAS member states to undertake infrastructural development activities and business developments in West Africa.

Independent Auditors

The Independent Auditors, Ernst & Young, Chartered Accountants, have expressed their willingness to continue in office.

Directors' Responsibility for the Financial Statements

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

Business Performance

- Operating income decreased by 17%
- Profit decreased by 34%
- Total assets decreased by 1%

Approval of the Financial Statements

The Directors have taken all the necessary steps to make themselves and Ernst and Young aware of any information needed in performing the 2020 audit. As far as each of the Directors is aware, there is no relevant audit information of which Ernst and Young is unaware.

The financial statements of the Bank were closed by the Board of Directors, recommended to the Board of Governors for approval, and signed on 23rd April, 2021 on its behalf by:

Sani YAYA

Governor

Ken Ofori-Atta

Governor

Building a better working world

Ernst & Young Chartered Accountants
60 Rangoon Lane,
Cantonments City,
P. O. Box KA 16009,
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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ECOWAS BANK FOR INVESTMENT AND DEVELOPMENT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ECOWAS Bank for Investment and Development (the Bank) set out on pages 48 to 100, which comprise the statement of financial position as at 31 December 2020 and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards.

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 Financial Statements section of our report. We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Ghana, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code. 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matters	How the matter was addressed in the audit
Revenue recognition Interest on loans formed about 85.33% of the Bank's revenue. Interest income of the Bank is computed manually. There is the risk of misstating revenue balances due to errors in computation and bias. This is indicated in note 3.1 and note 8 respectively of the financial statements.	We assessed the design and operating effectiveness of internal controls on the interest income recorded for the year. We reviewed the underlying information and records used in the computation of interest income against the source documents for accuracy of data input. We also re-computed interest income for accuracy. We checked for authorization and approval of the recording and reporting of the interest income. We checked for adequacy of disclosures in the notes to the financial statements in accordance with IAS 1.
Valuation of unquoted investments Unquoted equity investments held by the Bank formed about 3.64% of the total assets. There is the risk of misstatement due to the assumptions used in the valuation as noted below: • The valuation of the unquoted investments is a key area of judgement due to the varying valuation techniques including the use of significant unobservable inputs. The use of different valuation techniques and assumptions could produce significantly different valuation results of the unquoted investments. This is indicated in note 3.2 and note 16 respectively of the financial statements.	We assessed the design and operating effectiveness of internal controls on the valuation of unquoted investments recorded during the year. We also required our valuation specialist to review the assumptions used by the Bank and corroborate the results thereon using observable and unobservable information in the form of financial statements, management accounts and project reports of the investee entities obtained from EBID's management. A number of equity valuation models were used to ascertain the market values of the Bank's equity investments. These are the Price to Earnings multiples, the Earnings Before Interest and Tax multiples and Price to Book value multiples. An impairment assessment was conducted based on the market values recomputed on the unquoted investments.
Impairment of loans and advances Loans and advances form about 78.07% of the total assets. IFRS 9 introduced a forward-looking Expected Credit Loss (ECL) model. The ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. The amount of ECLs recognized as a loss allowance or provision depends on the extent of credit deterioration since the initial recognition and recognition of impairment could be done on a 12-month expected credit losses or Lifetime expected credit losses. Impairment computations under IFRS 9 therefore involves the use of models that takes into account the following:	We assessed the design and operating effectiveness of internal controls on the impairment of loans and advances recorded for the year; The loan portfolio was stratified into sectors and the Probability of Default were ascertained based on an average historic performance. The Loss Given Default was also assessed by reviewing the collaterals secured against the loans granted, the effective interest rates for each of the facilities and the total exposure for each of the loans as well as the effective interest rate. The collateral security and the related values used as a basis for securing the loans were assessed for reasonableness and right of use in the event of a default.

Key Audit Matters	How the matter was addressed in the audit

• The probability-weighted outcome.
• Reasonable and supportable information that is available without undue cost or Loan loss provision is a key area of judgement for management. Significant judgements in the determination of the Bank's Expected Credit Loss includes:
  • Use of assumptions in determining ECL modelling parameters.
  • Portfolio segmentation for ECL computation
  • Determination of a significant increase credit risk and
  • Determination of associations between macroeconomic scenarios.
The use of different models and assumptions can significantly affect the level of allowance for expected credit losses on loans and advances to customers. Due to the significance of such loans which account for about 78.07% of total assets of the bank, and the significant use of judgements, the assessment of the allowance for expected credit losses is a key audit matter.
This is indicated in notes 4 and 17.1 of the financial statements.
	We reviewed the IFRS 9 model of the Bank to ascertain the accuracy of computation of the impairment computation including the verification of data input and its related assumptions.
	For loans classified into Stage 3, we reviewed the Bank's estimation of recovery of cashflows based on the adequacy and appropriate collateral securities used to secure the facilities and the valuation thereof.
	We validated forward looking information to the extent available such as expected future cashflows of the loan customers in assessing the accuracy of the impairment computation.
	We reviewed the adequacy of quantitative and qualitative disclosures in line with IFRS 7.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the 124-page document titled "ECOWAS Bank for Investment and Development; 2020 Annual Report", other than the financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 controls 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 Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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 Bank'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 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 auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's

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.

The engagement partner on the audit resulting in this independent auditor's report is Pamela Des Bordes (ICAG/P/1329).

Signed for and on behalf of
Ernst & Young (ICAG/F/2021/126)
Chartered Accountants
Accra, Ghana

Date: 23 April 2021

Financial Performance

5.1 FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED 31 DECEMBER 2020

All amounts are expressed in millions UA

As at	**2020**	2019	2018	2017
Total assets	**705.54**	711.92	647.58	580.97
Loans and advances	**550.82**	530.73	508.22	441.43
Financial assets at amortised cost	**60.39**	90.83	52.36	47.84
Borrowings	**374.07**	377.62	333.14	280.21
Managed funds	**21.41**	19.84	14.61	16.73
Defined benefit obligations	**5.45**	9.32	9.97	9.95
Net Assets	**298.08**	296.25	281.48	262.60
For the year ended				
Net interest income	**10.00**	15.87	12.95	9.52
Operating income	**16.92**	20.31	18.88	9.96
Profit for the year	**2.69**	4.04	3.60	1.79
Return on assests (%)	**0.4**	0.6	0.6	0.3
Return on equity (%)	**0.9**	1.4	1.3	0.8
Interests margin (%)	**1.6**	2.7	2.5	2.0
Cost-to- income (%)	**78.6**	66.3	67.4	108.1
NPL ratio: Non-performing loans/ gross (%)	**7.12**	7.96	15.36	18.77
Capital Adequacy Ratio (CAR)%	**53.89**	55.58	48.53	41.16

5.2 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020	2019
		UA	UA
Interest income	8	**24,099,288**	29,399,559
Interest expense	9	**(14,095,282)**	(13,525,792)
Net interest income		**10,004,006**	15,873,767
Fees and commission income	10	**2,676,691**	2,478,830
Fees and commission expense	11	**(233,341)**	(45,739)
Net fee and commission income		**2,443,350**	2,433,091
Net trading income		**-**	-
Net (loss)/gain from other financial instrument carried at fair value		**(887,530)**	(950,914)
Other operating income	12	**5,357,557**	2,958,160
Total other trading income		**4,470,027**	2,007,246
Operating income		**16,917,383**	20,314,104
Net impairment (charge)/reversal on financial asset	15.1&17.1	**(942,733)**	(2,808,405)
Operating income net of impairment charges		**15,974,650**	17,505,699
Personnel expenses		**(7,815,898)**	(7,281,409)
Depreciation	21	**(1,880,478)**	(1,823,508)
Other expenses	13	**(3,592,241)**	(4,360,919)
General Costs		**(13,288,617)**	(13,465,863)
Profit for the year		**2,686,033**	4,039,863
Other Comprehensive Income			
Items that will subsequently be classified to profit or loss:			
Fair value loss on unquoted instrument		**(2,591,529)**	2,971,707
Revaluation of property plant and equipment		**-**	-
Total other comprehensive income		**(2,591,529)**	2,971,707
Total Comprehensive income		**94,504**	7,011,570

The accompanying notes to the financial statements are an integral part of these financial statements.

5.3 STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	2020	2019
		UA	UA
Assets			
Cash and bank balances	14	**24,235,929**	13,796,492
Financial assets at amortised cost	15	**60,394,229**	90,832,305
Quoted equity instruments at fair value through profit or loss	16.1	**2,699,652**	3,587,182
Unquoted equity instruments at fair value through other comprehensive income	16.2	**25,646,535**	28,084,276
Debt instruments at fair value through other comprehensive income	16.3	**2,575,479**	3,114,653
Loans and advances	17	**550,824,562**	530,733,395
Contribution to managed funds	19.1	**9,068,370**	9,068,370
Inter-institutional accounts Assets	18.1	**0**	62
Other assets	20	**2,058,392**	3,845,531
Property plant and equipment	21	**28,032,429**	**28,853,589**
Total assets		**705,535,577**	711,915,855
Liabilities and Equity			
Liabilties			
Creditors and accrual	22	**3,573,155**	5,954,086
Defined benefit obligation	23	**5,449,166**	9,319,935
Borrowings	24	**374,073,519**	377,615,682
Managed funds	19.2	**21,412,553**	19,835,628
Inter-institutional accounts liabilities	18.2	**2,949,394**	**2,940,400**
Total liabilities		**407,457,788**	415,665,731
Equity			
Stated capital	25	**301,114,684**	299,381,523
Income surplus	26	**(4,530,017)**	(7,216,050)
Other reserve	27	**1,493,122**	4,084,651
Total Equity		**298,077,789**	296,250,124
Total Liabilities and equity		**705,535,577**	**711,915,855**

The financial statements of the Bank were closed by the Board of Directors and recommended to the Board of Governors for approval and signed on 23rd April 2021 on its behalf by:

Sani YAYA

Governor

Ken OFORI-ATTA

Governor

The accompanying notes to the financial statements are an integral part of these financial statements.

5.4 STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

Balance at 31 December 2020	Note	Stated capital	Accumulated losses	Other equity reserves	Total equity
		UA	UA	UA	UA
Balance at 1 January 2020		299,381,523	(7,216,050)	4,084,651	296,250,124
Profit for the year		-	2,686,033		2 686 033
Net fair value gains on available for sale financial asset		-	-	-	-
Other Comprehensive Income		-	-	(2,591,529)	(2,591,529)
Additional capital contribution		1,733,161	-	-	1,733,161
Transfer to and from reserves		-	-	-	-
Balance at 31 December 2020		**301,114,684**	**(4,530,017)**	**1,493,122**	**298,077,789**

Balance at 31 December 2019	Note	Stated capital	Accumulated losses	Other equity reserves	Total equity
		UA	UA	UA	UA
Balance at 1 January 2019		291,618,885	(11,255,913)	1,112,944	281,475,916
Impact of IFRS 9 adoption		-	-	-	-
		291,618,885	(11 255 913)	1,112,944	281,475,916
Profit for the year		-	(4,039,863)		4,039,863
Net fair value gains on available for sale financial asset		-	-	-	-
Other Comprehensive Income		-	-	2,971,707	2,971,707
Additional capital contribution		7,762,638	-	-	7,762,638
Transfer to and from reserves		-	-	-	-
Balance at 31 December 2019		**299,381,523**	**(7,216,050)**	**4,084,651**	**296,250,124**

The accompanying notes to the financial statements are an integral part of these financial statements.

5.5 STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 UA	2019 UA
Profit for the year		**2,686,033**	4,039,863
Adjustment for non cash items			
Depreciation	21	**1,880,478**	1,823,508
Impairment (charge)/reversal on financial asset	15.2 & 17.1	**942,733**	2,808,405
Loss on foreign currency translation		**3,624,367**	265,097
Dividend income		**(151,142)**	(1,023,612)
Profit on disposal of property, plant and equipment	21.1	**64,946**	-
Provision for defined benefit obligation		**(2,156,328)**	(500,000)
Fair value gains on investments at fair value through profit or loss		**887,530**	950,914
Adjusted profit for the year		**7,778,617**	8,364,175
Changes in working capital			
(Increase)/Decrease in loans and advances		**(21,033,900)**	(25,326,373)
(Increase)/Decrease in institutional accounts (Assets)		**62**	488,693
(Increase)/Decrease in other assets		**1,787,139**	2,141,138
Increase/(Decrease) in accruals and account payable		**(2,380,931)**	(2,049,857)
(Increase)/Decrease in institutional accounts (Liabilities)		**8,994**	2,563,354
Increase/(Decrease) in managed funds		**1,576,925**	5,221,306
Total Cash flows used in operating activities		**(12,263,093)**	(8,597,564)
Investing activities			
Proceeds from sale of property plant and equipment		**35,470**	-
Purchase of property plant and equipment	21	**(1,159,734)**	(2,453,549)
Purchase of financial assets at amortised cost		**-**	(38,476,603)
Proceeds from sale of financials assests	15	**30,438,076**	-
Dividend income		**151,142**	1,023,612
Purhase of equity investments	16.2	**(153,788)**	(3,997,099)
Payment of defined benefit obligation	23	**(1,714,441)**	(148,350)
Purchase of equity investments	16.3	**539,174**	(1,028,530)
Total Cash flows from investing activities		**28,135,899**	(43,023,459)
Financing activities			
Additional capital	25	**1,733,161**	7,762,638
Proceeds from additional borrowings		**43,060,640**	81,979,381
Repayment of borrowings	24	**(46,602,803)**	(34,545,742)
Total Cash flows from financing activities		**(1,809,002)**	55,196 ,277
Increase in cash and cash equivalent		**14,063,804**	3,575,254
Net foreign exchange difference on cash and cash equivalent		**(3,624,367)**	(265 097)
Cash and cash equivalent as at 1 January 2020		**13,796,492**	10,486,335
Cash and cash equivalent as at 31 December 2020	14	**24,235,929**	13,796,492

The accompanying notes to the financial statements are an integral part of these financial statements.

5.6 NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1. Reporting entity

The ECOWAS Bank for Investment and Development (EBID) is the financial institution established by the Fifteen Member States of the Economic Community of West African States (ECOWAS) with the mission to assist in creating favorable conditions for the emergence of an economically strong, industrialised and prosperous West Africa that is fully integrated into the global economic system with a view to taking advantage of the opportunities and prospects offered by globalization.

The address of its registered office is 128, Boulevard du 13 Janvier B-P 2704, Lome –Togo.

In accordance with the Agreement Establishing the Bank, the Bank, its property, other assets, income and its operations and transactions shall be exempt from all taxation and customs duties. The Bank is also exempt from any obligation to pay, withhold or collect any tax or duty.

2. Basis of preparation

a. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations as issued by the International Accounting Standards Board (IASB).

b. Basis of preparation

Liabilities that are stated at their fair value: financial instruments at fair value through profit or loss and financial instruments classified as equity investment.

The Bank conducts its operations in the currencies of its member countries. As a result of the application of IAS 21 revised, "The Effects of Changes in Foreign Exchange Rates", it was concluded that the Unit of Account (UA) most faithfully represented the aggregation of economic effects of events, conditions and the underlying transactions of the Bank conducted in different currencies. The UA is also the currency in which the financial statements are presented. The amounts presented in the financial statements have been rounded to the nearest UA.

2.1. Initial application of new amendments to the existing standards effective for current financial period

2.1.1. Adoption of new and revised standards

The Bank has not adopted early the requirements of 'Interest Rate Benchmark Reform – Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16' (IBOR reform Phase 2) which is effective for annual periods beginning on or after 1 January 2021 with earlier adoption permitted.

Several other amendments and interpretations apply for the first time in 2020, but do not have an impact on the Bank's financial statements.

IBOR reform Phase 2

IBOR reform Phase 2 includes a number of reliefs and additional disclosures. The reliefs apply upon the transition of a financial instrument from an IBOR to a risk-free-rate (RFR).

Changes to the basis for determining contractual cash flows as a result of interest rate benchmark reform are required as a practical expedient to be treated as changes to a floating interest rate, provided that, for the financial instrument, the transition from the IBOR benchmark rate to RFR takes place on an economically equivalent basis.

IBOR reform Phase 2 provides temporary reliefs that allow the Bank's hedging relationships to continue upon the replacement of an existing interest rate benchmark with an RFR. The reliefs require the Bank to amend hedge designations and hedge documentation. These include redefining the hedged risk to reference an RFR, redefining the description of the hedging instrument and / or the hedged item to reference the RFR and amending the method for assessing hedge effectiveness. Updates to the hedging documentation must be made by the end of the reporting period in which a replacement takes place. For the retrospective assessment of hedge effectiveness, the Bank may elect on a hedge-by-hedge basis to reset the cumulative fair value change to zero.

The Bank may designate an interest rate as a non-contractually specified, hedged risk component of

changes in the fair value or cash flows of a hedged item, provided the interest rate risk component is separately identifiable, e.g., it is an established benchmark that is widely used in the market to price loans and derivatives.

For new RFRs that are not yet an established benchmark, relief is provided from this requirement provided the Bank reasonably expects the RFR to become separately identifiable within 24 months. For hedges of groups of items, the Bank is required to transfer to subgroups those instruments that reference RFRs. Any hedging relationships that prior to application of IBOR reform Phase 2, have been discontinued solely due to IBOR reform and meet the qualifying criteria for hedge accounting when IBOR reform Phase 2 is applied, must be reinstated upon initial application.

The Bank does not do hedge accounting and expects this reform to have no impact on the Bank's operations when it becomes effective.

2.2. Standards in issue but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Bank's financial statements are disclosed below. The Bank intends to adopt these standards, if applicable, when they become effective.

IFRS 17 – Insurance contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. IFRS 17 introduces new accounting requirements for banking products with insurance features that may affect the determination of which instruments or which components thereof will be in the scope of IFRS 9 or IFRS 17.

Credit cards and similar products that provide insurance coverage: most issuers of these products will be able to continue with their existing accounting treatment as a financial instrument under IFRS 9. IFRS 17 excludes from its scope credit card contracts (and other similar contracts that provide credit or payment arrangements) that meet the definition of an insurance contract if, and only if, the entity does not reflect an assessment of the insurance risk associated with an individual customer in setting the price of the contract with that customer.

When the insurance coverage is provided as part of the contractual terms of the credit card, the issuer is required to:

- Separate the insurance coverage component and apply IFRS 17 to it.
- Apply other applicable standards (such as IFRS 9, IFRS 15 Revenue from Contracts with Customers or IAS 37 Provisions, Contingent Liabilities and Contingent Assets) to the other components loan contracts that meet the definition of insurance but limit the compensation for insured events to the amount otherwise required to settle the policy holder's obligation created by the contract: Issuers of such loans – e.g. a loan with waiver on death – have an option to apply IFRS 9 or IFRS 17. The election would be made at a portfolio level and would be irrevocable.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

IFRS 17 is not applicable to the Bank as the Bank does not issue insurance contracts.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 Annual Improvements to IFRS standards process, the IASB issued an amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Bank will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual period in which it will first apply the amendment and does not expect this will result in a material impact on its financial statements.

3. Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements by the Bank.

3.1. Financial assets and liabilities

Financial instruments

Financial assets and financial liabilities are recognised in the Bank's Statement of financial position when the Bank becomes a party to the contractual provisions of the instrument.

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

If the transaction price differs from fair value at initial recognition, the Bank will account for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss);
- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Financial assets

Under IFRS 9 all financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at FVTPL. Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in profit or loss.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at FVTOCI;
- all other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at FVTPL.

However, the Bank may make the following irrevocable election / designation at initial recognition of a financial asset on an asset-by-asset basis:

- the Bank may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an

5.6 NOTES TO THE FINANCIAL STATEMENTS CONT'D

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acquirer in a business combination to which IFRS 3 applies, in OCI; and

- the Bank may irrevocably designate a debt instrument that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

Debt instruments at amortised cost or at FVTOCI

The Bank assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Bank's business model for managing the asset.

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding (SPPI).

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Bank determines the business models at a level that reflects how financial assets of Banks are managed together to achieve a particular business objective. The Bank's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Bank has more than one business model for managing its financial instruments which reflect how the Bank manages its financial assets in order to generate cash flows. The Bank's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Bank considers all relevant information available when making the business model assessment. However this assessment is not performed on the basis of scenarios that the Bank does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios. The Bank takes into account all relevant evidence available such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- how managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Bank determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Bank reassesses its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the Bank has not identified a change in its business models.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/ loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/ loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

5.6 NOTES TO THE FINANCIAL STATEMENTS CONT'D

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In the current and prior reporting period the Bank has applied the fair value option and so has designated debt instruments that meet the amortised cost or FVTOCI criteria as measured at FVTPL.

Financial assets at FVTPL

Financial assets at FVTPL are:

- assets with contractual cash flows that are not SPPI; or/and
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on re- measurement, recognised in profit or loss. Fair value is determined in the manner described in note 7.

Reclassifications

If the business model under which the Bank holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Bank's financial assets. During the current financial year and previous accounting period there was no change in the business model under which the Bank holds financial assets and therefore no reclassifications were made. Changes in contractual cash flows are considered under the accounting policy on modification and derecognition of financial assets described below.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other income' line item;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the 'other income' line item;
- other exchange differences are recognised in OCI in the investment revaluation reserve;
- for financial assets measured at FVTPL that are not part of a designated hedge accounting relationship, exchange differences are recognised in profit or loss either in 'net trading income', if the asset is held for trading, or in 'net income from other financial instruments at FVTPL' if otherwise held at FVTPL; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in OCI in the investment revaluation reserve.

Impairment

The Bank recognises loss allowances for ECLs on the following financial instruments that are not measured at FVTPL:

- Loans and advances to banks;
- Loans and advances to customers;
- Debt investment securities;
- Loan commitments issued; and
- Financial guarantee contracts issued.

No impairment loss is recognised on equity investments.

With the exception of POCI financial assets (which are considered separately below), ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that results from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that results from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition.

For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

5.6 NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2020

The Bank's policy is always to measure loss allowances for lease receivables as lifetime ECL.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Bank under the contract and the cash flows that the Bank expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

- For undrawn loan commitments, the ECL is the difference between the present value of the difference between the contractual cash flows that are due to the Bank if the holder of the commitment draws down the loan and the cash flows that the Bank expects to receive if the loan is drawn down.
- For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Bank expects to receive from the holder, the debtor or any other party.

The Bank measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

More information on measurement of ECLs is provided in note 8, including details on how instruments are grouped when they are assessed on a collective basis.

Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- The disappearance of an active market for a security because of financial difficulties; or
- The purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Bank assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Bank considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) includes unlikeliness to pay indicators and a back-stop if amounts are overdue for 90 days or more.

Purchased or originated credit-impaired (POCI) financial assets

POCI financial assets are treated differently because the assets are credit-impaired at initial recognition. For these assets, the Bank recognises all changes in lifetime ECL since initial recognition as a loss allowance with any changes recognized in profit or loss. A favourable change for such assets creates an impairment gain.

Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

5.6 NOTES TO THE FINANCIAL STATEMENTS CONT'D

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The Bank considers the following as constituting an event of default:

- The borrower is past due more than 90 days on any material credit obligation to the Bank; or
- The borrower is unlikely to pay their credit obligations to the Bank in full.

The definition of default is appropriately tailored to reflect different characteristics of different types of assets. Loans are considered as being past due once the customer has breached an advised limit or has been advised of a limit smaller than the current amount outstanding.

When assessing if the borrower is unlikely to pay their credit obligation, the Bank takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example in corporate lending a qualitative indicator used is the breach of covenants, which is not relevant for retail lending. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis. The Bank uses a variety of sources of information to assess default which are either developed internally or obtained from external sources.

Significant increase in credit risk

The Bank monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Bank will measure the loss allowance based on lifetime rather than 12-month ECL. The Bank's accounting policy is to use the practical expedient method, that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result the Bank monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Bank compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Bank considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Bank's historical experience and expert credit assessment including forward-looking information.

Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

For corporate lending, forward-looking information includes the future prospects of the industries in which the Bank's counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various internal and external sources of actual and forecast economic information. For retail, lending forward looking information includes the same economic forecasts as corporate lending with additional forecasts of local economic indicators, particularly for regions with a concentration to certain industries, as well as internally generated information of customer payment behavior. The Bank allocates its counterparties to a relevant internal credit risk grade depending on their credit quality.

The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime PD by comparing:

- the remaining lifetime PD at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated based on facts; and
- circumstances at the time of initial recognition of the exposure.

The PDs used are forward looking and the Bank uses the same methodologies and data used to measure the loss allowance for ECL (please refer to note 8).

The qualitative factors that indicate significant increase in credit risk are reflected in PD models

on a timely basis. However the Bank still considers separately some qualitative factors to assess if credit risk has increased significantly. For corporate lending there is particular focus on assets that are included on a 'watch list'. Giving an exposure is on a watch list once there is a concern that the creditworthiness of the specific counterparty has deteriorated. For retail lending the Bank considers the expectation of forbearance and payment holidays, credit scores and events such as unemployment, bankruptcy, divorce or death.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the PD will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

As a back-stop when an asset becomes 30 days past due, the Bank considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL.

Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Bank renegotiates loans to customers in financial difficulty to maximize collection and minimize the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants. The Bank has an established forbearance policy which applies for corporate and retail lending.

When a financial asset is modified the Bank assesses whether this modification results in derecognition. In accordance with the Bank's policy, a modification results in derecognition when it gives rise to substantially different terms.

To determine if the modified terms are substantially different from the original contractual terms, the Bank considers the following:

- Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or change of counterparty, the extent of change in interest rates, maturity, covenants. If these do not clearly indicate a substantial modification, then;
- A quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest. If the difference in present value is greater than 10% the Bank deems the arrangement substantially different leading to derecognition.

In the case where the financial asset is derecognised the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in rare occasions where the new loan is considered to be originated-credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification.

The Bank monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Bank determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

5.6 NOTES TO THE FINANCIAL STATEMENTS CONT'D

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- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with
- the remaining lifetime PD at the reporting date based on the modified terms.

For financial assets modified as part of the Bank's forbearance policy, where modification did not result in derecognition, the estimate of PD reflects the Bank's ability to collect the modified cash flows taking into account the Bank's previous experience of similar forbearance action, as well as various behavioral indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behavior following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition the Bank calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Bank measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

The Bank derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognize the financial asset and also recognises a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Bank retains an option to repurchase part of a transferred asset), the Bank allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

Write-off

Loans and debt securities are written off when the Bank has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Bank may apply enforcement activities to financial assets written off. Recoveries resulting from the Bank's enforcement activities will result in impairment gains.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- debt instruments measured at FVTOCI: no loss allowance is recognised in the statement of financial position as the carrying amount is at fair value. However, the loss allowance is

5.6 NOTES TO THE FINANCIAL STATEMENTS CONT'D

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included as part of the revaluation amount in the investments revaluation reserve ;

- loan commitments and financial guarantee contracts as a provision; and
- where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component, the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

Financial liabilities and equity

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Bank or a contract that will or may be settled in the Bank's own equity instruments and is a non-derivative contract for which the Bank is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Bank's own equity instruments.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Bank are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Bank's own equity instruments is recognised and deducted directly in equity. No gain/loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Bank's own equity instruments.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is:

(i) held for trading, or

(ii) designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Bank manages together and has a recent actual pattern of short-term profit- taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination and may be designated at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a Bank of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Bank's documented risk management or investment strategy, and information about the Banking is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire hybrid (combined) contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains/losses arising on remeasurement recognized in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain/loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'net income from other financial instruments at FVTPL' line item in the profit or loss account.

However, for non-derivative financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that

liability is recognized in OCI, unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in OCI are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

For issued loan commitments and financial guarantee contracts that are designated as at FVTPL, all gains and losses are recognized in profit or loss.

In making the determination of whether recognising changes in the liability's credit risk in OCI will create or enlarge an accounting mismatch in profit or loss, the Bank assesses whether it expects that the effects of changes in the liability's credit risk will be offset in profit or loss by a change in the fair value of another financial instrument measured at FVTPL. This determination is made at initial recognition.

Other financial liabilities

Other financial liabilities, including deposits and borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. For details on EIR see the "net interest income section" above.

Derecognition of financial liabilities

The Bank derecognizes financial liabilities when, and only when, the Bank's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the Bank exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Bank accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including paid net of any fees received and discounted using the original effective rate, is at least, 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

Date of recognition

All financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Categorisation of financial assets and liabilities

The Bank classifies its financial assets in the following categories: financial assets held at fair value through profit or loss; loans and receivables and available-for-sale financial assets. Financial liabilities are classified as either held at fair value through profit or loss, or at amortised cost. Management determines the categorisation of its financial assets and liabilities at initial recognition.

Financial assets and liabilities held at fair value through profit or loss

This category has two sub-categories: financial assets and liabilities held for trading, and those designated at fair value through profit or loss at inception. A financial asset or liability is classified as trading if acquired principally for the purpose of selling in the short term.

Financial assets and liabilities may be designated at fair value through profit or loss when the designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities on a different basis, or a group of financial assets and/or liabilities is managed and its performance evaluated on a fair value basis.

Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Available for sale financial assets

Available-for-sale assets are those non-derivative financial assets that are designated as available for sale or are not classified as financial assets at fair value through profit or loss, loans and receivable or held to maturity.

Financial liabilities measured at amortised cost

This relates to all other liabilities that are not designated at fair value through profit or loss.

Initial recognition

The Bank recognises Financial Assets and Financial Liabilities when it becomes a party to the contract.

Financial Assets and Liabilities are initially recognised at fair value plus directly attributable transaction cost except for those that are classified as fair value through profit or loss.

Subsequent measurement

Available for sale financial assets are subsequently measured at fair value with the resulting changes recognised in equity. The fair value changes on available for sale financial assets are recycled to the statement of profit or loss when the underlying asset is sold, matured or derecognised. Financial assets and liabilities classified as fair value through profit or loss are subsequently measured at fair value with the resulting changes recognised in profit or loss. Loans and receivables and other liabilities are subsequently carried at amortised cost using the effective interest method, less impairment loss.

Derecognition

Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or where the Bank has transferred substantially all the risks and rewards of ownership. Any interest in the transferred financial assets that is created or retained by the Bank is recognised as a separate asset or liability.

Financial liabilities are derecognised when the contractual obligations are discharged, cancelled or expired.

Derecognition

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Financial liabilities are derecognised when the contractual obligations are discharged, cancelled or expired.

3.2. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Bank.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant

effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

For complex instruments such as swaps, the Bank uses proprietary models, which are usually developed from recognised valuation models. Some or all of the inputs into these models may be derived from market prices or rates or are estimates based on assumptions.

The value produced by a model or other valuation technique may be adjusted to allow for a number of factors as appropriate, because valuation techniques cannot appropriately reflect all factors that market participants take into account when entering into a transaction. Management believes that these valuation adjustments are necessary and appropriate to fairly stated financial instruments carried at fair value on the statement of financial position.

Day 1 profit or loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument, or based on a valuation technique whose variables include only data from observable markets, the Bank immediately recognises the difference between the transaction price and fair value (a Day 1 profit or loss) in Net trading income. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the profit or loss when the inputs become observable, or when the instrument is derecognised.

3.3. Cash and cash equivalents

For the purposes of the statement of cash flow, cash and cash equivalents comprise cash on hand, cash and balances with other banks and amounts due from banks and other financial institutions.

3.4. Property, plant and equipment

Recognition and measurement

Property plant and equipment are measured at cost less accumulated depreciation and impairment losses. The Bank does not depreciate the land component of its properties.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the asset to a working condition for its intended use purchased software that is integral to the functionality of the related equipment and is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components).

The Bank revalues its land and buildings every three (3) years to ensure that the fair value does not differ significantly from its carrying amount. Hence the properties are held on a revaluation basis. The most recent valuation was performed in December, 2018.

Assets classified as Capital Work-In-Progress is held at cost. Assets in this class of fixed assets are not depreciated.

Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that future economic benefits embodied within the part will flow to the Bank and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in the profit or loss as incurred.

Depreciation

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment.

The estimated useful lives for the current and comparative periods are as follows:

Land	-
Buildings	2%
Motor vehicles	20%
Furniture and fittings	20%
Office equipment	20%
Electric Installations	20%
Office partitioning	25%
IT equipment	33,33%

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

Gains and losses on disposal of property, and equipment are determined by comparing proceeds from disposal with the carrying amounts of property and equipment and are recognised in the profit or loss as other income.

3.5. Other intangible assets

Other intangible assets that are acquired by the Bank and have finite useful lives are recognised at costs of less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenses excluding expenses on internally generated goodwill and brands are recognized in profit and loss as incurred.

Amortisation is based on the cost of the asset less its residual value.

Amortisation is recognised in profit and loss on a straight-line basis over the lifespan of the asset. The estimated remaining useful life is three (3) years.

3.6. Events after the reporting date

Events subsequent to the statement of financial position date are reflected in the financial statements only to the extent that they relate to the year under consideration and the effect is material.

3.7. Provisions

A provision is recognised if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Financial guarantees are initially recognised at their fair value, and the fair value is amortised over the life of the financial guarantee. The financial guarantees are subsequently carried at the higher value of the amortised amount and the present value of any expected payment (when a payment under the guarantee has become probable).

3.8. Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit or loss when they are due.

Defined benefit plans

Provisions are made by the Bank for long service award described as separation allowances. The long services award is a month's salary of a staff for every 2 years worked. The provision is done using the Projected Unit Credit Method. The Bank appoints the services of an actuary every five (5) years in the determination of the Defined Benefit Obligation. Within the 5-year period, the defined benefit obligation is assessed internally by the Bank.

Termination benefits

Termination benefits are recognised as an expense when the Bank is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Bank has made an offer encouraging voluntary redundancy. It is probable that the offer will be accepted and the number of acceptances can be estimated reliably.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.9. Impairment on non-financial assets

The carrying amount of the Bank's non-financial assets other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessment of the time value of money and risks specific to the asset. Impairment losses are recognised in the profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.10. Leases

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Bank's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Bank's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

4. Critical judgements and estimates in applying the Bank's accounting policies

The preparation

The preparation of financial statements in conformity with IFRS requires Management to make judgement, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgement about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Bank's accounting policies and that have the most significant effect on the amounts recognized in financial statements.

Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

Impairment losses on loans and advances

The Bank reviews its individually significant loans and advances at each reporting date to assess whether an impairment loss should be recorded in the statement of profit or loss and other comprehensive income.

Going concern

The Bank's Management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, Management is not aware of any material uncertainties that may cast significant doubt on the Bank's ability to continue as

5.6 NOTES TO THE FINANCIAL STATEMENTS CONT'D

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a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Business model assessment

Classification and measurement of financial assets depends on the results of the Solely Payment of Principal and Interest (SPPI) and the business model test. The Bank determines the business model at a level that reflects how Banks of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Bank monitors financial assets measured at amortized cost or fair value through other comprehensive incomes that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Bank's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate, and if it is not appropriate, whether there has been a change in business model and so a prospective change to the classification of those assets is required.

Significant increase of credit risk

Expected Credit Loses (ECL) are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Bank takes into account qualitative and quantitative reasonable and supportable forward looking information.

Establishing Banks of assets with similar credit risk characteristics

When ECLs are measured on a collective basis, the financial instruments are Banked on the basis of shared risk characteristics. Refer to note 8 for details of the characteristics considered in this judgement

The Bank monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that class of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

Models and assumptions used

The Bank uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

Key sources of estimation uncertainty

The following are key estimations that the directors have used in the process of applying the Bank's accounting policies and that have the most significant effect on the amounts recognised in financial statements:

Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and determining the forward looking information relevant to each scenario: When measuring ECL the Bank uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Refer to note 3 for more details, including analysis of the sensitivity of the reported ECL to changes in estimated forward looking information.

Probability of default (PD): (PD) constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. See note 3 for more details, including analysis of the sensitivity of the reported ECL to changes in PD resulting from changes in economic drivers.

Loss Given Default (LGD): LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those

that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. See note 3 for more details, including analysis of the sensitivity of the reported ECL to changes in LGD resulting from changes in economic drivers.

Fair value measurement and valuation process: In estimating the fair value of a financial asset or a liability, the Bank uses market-observable data to the extent it is available. Where such Level 1 inputs are not available the Bank uses valuation models to determine the fair value of its financial instruments.

4.1. Financial risk management

4.1.1. Introduction and Overview

The Bank has a defined risk appetite, approved by the Board, which is an expression of the amount of risk we are prepared to take. It plays a central role in the development of our strategic plans and policies. Our overall risk appetite has not changed. We regularly assess our aggregate risk profile, conduct stress tests and monitor concentrations to ensure that we are operating within our approved risk appetite.

We review and adjust our underwriting standards and limits in response to observed and anticipated changes within our environment and the evolving expectations of our stakeholders. In 2018, we maintained our overall cautious stance whilst continuing to support our core clients.

The management of risk lies at the heart of EBID's operations. One of the main risks we incur arises from extending credit to customers through our trading and lending operations. Beyond credit risk, we are also exposed to a range of other risk types such as country cross-border, market, liquidity, operational, pension, reputational and other risks that are inherent to our strategy and product range.

4.1.2. Risk Management Framework

The ultimate responsibility for setting our risk appetite and for the effective management of risk rests with the Board. Acting within an authority delegated by the Board, the Board Risk Committee (BRC), whose membership is comprised exclusively of non-executive directors of the Board, has responsibility for oversight and review of prudential risks including but not limited to credit, market, and liquidity, operational and reputational. It reviews the bank's overall risk appetite and makes recommendations thereon to the Board.

Its responsibilities also include reviewing the appropriateness and effectiveness of the country's risk management systems and controls, considering the implications of material regulatory change proposals, ensuring effective due diligence on monitoring the activities of the Country Risk Committee (RiskCO) and Asset and Liability Committee (ALCO).

The BRC receives quarterly reports on risk management, including portfolio trends, policies and standards, liquidity and capital adequacy, and is authorised to investigate or seek any information relating to an activity within its terms of reference.

The Risk Committee (RiskCo) is responsible for the management of all risks other than ALCO. RiskCo is responsible for the establishment of, and compliance with, policies relating to credit risk, market risk, operational risk, and reputational risk. The RiskCo also defines our overall risk management framework. RiskCo oversees committee such as Country Operational Risk Committee, Group Special Asset Management, Early Alert (CIB, RB and CB), and Credit Approval Committee.

ALCO is responsible for the management of capital and the establishment of, and compliance with, policies relating to statement of financial position management, including management of liquidity, capital adequacy and structural foreign exchange and interest rate risk.

Credit risk

Credit risk is the risk that a customer or counterparty will default on their contractual obligations resulting in financial loss to the Bank. The Bank's main income generating activity is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans and advances to customers and other banks (including related commitments to lend such as loan or credit card facilities), investments in debt securities and derivatives that are an asset position. The Bank considers all elements of credit risk exposure such as counterparty default risk, geographical risk and sector risk for risk management purposes.

Credit risk management

The Bank's credit committee is responsible for managing the Bank's credit risk by:

- ensuring that the Bank has appropriate credit risk practices, including an effective system of internal control, to consistently determine adequate allowances in accordance with the

5.6 NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2020

Bank's stated policies and procedures, IFRS and relevant supervisory guidance.

- identifying, assessing and measuring credit risk across the Bank, from an individual instrument to a portfolio level.
- creating credit policies to protect the Bank against the identified risks including the requirements to obtain collateral from borrowers, to perform robust ongoing credit assessment of borrowers and to continually monitor exposures against internal risk limits.
- Limiting concentrations of exposure by type of asset, counterparties, industry, credit rating, geographic location etc.
- Establishing a robust control framework regarding the authorisation structure for the approval and renewal of credit facilities.
- Developing and maintaining the Bank's risk grading to categorise exposures according to the degree of risk of default. Risk grades are subject to regular reviews.
- Developing and maintaining the Bank's processes for measuring ECL including monitoring of credit risk, incorporation of forward looking information and the method used to measure ECL.
- Ensuring that the Bank has policies and procedures in place to appropriately maintain and validate models used to assess and measure ECL.`
- Establishing a sound credit risk accounting assessment and measurement process that provides it with a strong basis for common systems, tools and data to assess credit risk and to account for ECL. Providing advice, guidance and specialist skills to business units to promote best practice throughout the Bank in the management of credit risk.

The internal audit function performs regular audits making sure that the established controls and procedures are adequately designed and implemented.

Significant increase in credit risk

As explained in note 1 the Bank monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Bank will measure the loss allowance based on lifetime rather than 12-month ECL.

Internal credit risk ratings

In order to minimize credit risk, the Bank has tasked its Credit Management Committee to develop and maintain the Bank's credit risk grading to categorize exposures according to their degree of risk of default. The Bank's credit risk grading framework comprises ten categories. The credit rating information is based on a range of data that is determined to be predictive of the risk of default and applying experienced credit judgement. The nature of the exposure and type of borrower are taken into account in the analysis. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default.

The credit risk grades are designed and calibrated to reflect the risk of default as credit risk deteriorates. As the credit risk increases the difference in risk of default between grades also changes. Each exposure is allocated to a credit risk grade at initial recognition, based on the available information about the counterparty. All exposures are monitored and the credit risk grade is updated to reflect current information. The monitoring procedures followed are both general and tailored to the type of exposure. The following data are typically used to monitor the Bank's exposures:

- Payment record, including payment ratios and ageing analysis;
- Extent of utilization of granted limit;
- Forbearances (both requested and granted);
- Changes in business, financial and economic conditions;
- Credit rating information supplied by external rating agencies;
- For private sector exposures: internally generated data of customer behaviour, affordability metrics etc.; and
- For public sector exposures: information obtained by periodic review of customer files including audited financial statements review, market data such as prices of credit default swaps (CDS) or quoted bonds where available, changes in the financial sector the customer operates etc.

The Bank uses credit risk grades as a primary input into the determination of the term structure of the

5.6 NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2020

PD for exposures. The Bank collects performance and default information about its credit risk exposures analysed by jurisdiction or region and by type of product and borrower as well as by credit risk grading. The information used is both internal and external depending on the portfolio assessed. The table below provides a mapping of the Bank's internal credit risk grades to external ratings.

Bank's credit risk grades	Fitch rating	Description
1	AAA	Low to fair risk
2	AA+ to AA	Low to fair risk
3	A+ to A	Low to fair risk
4	BBB+ to BBB	Monitoring
5	BB+ to BB	Monitoring
6	B+ to B	Monitoring
7	CCC+	Substandard
8	CCC	Substandard
9	CC+ to CC-	Doubtful
10	C, D	Impaired

Significant increase in credit risk

The Bank analyses all data collected using statistical models and estimates the remaining lifetime PD of exposures and how these are expected to change over time. The factors taken into account in this process include macro-economic data such as GDP growth, unemployment, benchmark interest rates and house prices. The Bank generates a 'base case' scenario of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. The Bank then uses these forecasts, which are probability-weighted, to adjust its estimates of PDs.

Incorporation of forward-looking information

The Bank uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL (Refer to note 8 for measurement of ECL). The Bank employs experts who use external and internal information to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios. The external information used includes economic data and forecasts published by governmental bodies and monetary authorities.

The Bank applies probabilities to the forecast scenarios identified. The base case scenario is the single most-likely outcome and consists of information used by the Bank for strategic planning and budgeting. The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using a statistical analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The Bank has not made changes in the estimation techniques or significant assumptions made during the reporting period.

Grouping of instruments for losses measured on a collective basis

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous. In performing this grouping, there must be sufficient information for the group to be statistically credible. The grouping of financial instruments for assessment of credit loss provisions on a collective basis is based on the industry sectors of the exposures. Stage 2 and Stage 3 loans are however assessed individually.

Measurement of ECL

The key inputs used for measuring ECL are:

- Probability of Default (PD);
- Loss Given Default (LGD); and
- Exposure at Default (EAD).

As explained above these figures are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect probability-weighted forward-looking information. PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time.

The calculation is based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on market data (where available), as well as internal data comprising both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact PD. LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due, and those

that the lender would expect to receive, taking into account cash flows from any collateral.

The LGD models for secured assets consider forecasts of future collateral valuation taking into account sale discounts, time to realisation of collateral, cross- collateralisation and seniority of claim, cost of realisation of collateral and cure rates (i.e. exit from non-performing status). LGD models for unsecured assets consider time of recovery, recovery rates and seniority of claims.

The calculation is on a discounted cash flow basis, where the cash flows are discounted by the original EIR of the loan. EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.

The Bank's modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms, such as amortisation profiles, early repayment or overpayment, changes in utilisation of undrawn commitments and credit mitigation actions taken before default.

The Bank uses EAD models that reflect the characteristics of the portfolios. The Bank measures ECL considering the risk of default over the maximum contractual period (including extension options) over which the entity is exposed to credit risk and not a longer period, even if contract extension or renewal is common business practice. However, for financial instruments such as revolving credit facilities that include both a loan and an undrawn commitment component, the Bank's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Bank's exposure to credit losses to the contractual notice period.

For such financial instruments the Bank measures ECL over the period that it is exposed to credit risk and ECL would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period. These financial instruments do not have a fixed term or repayment structure and have a short contractual cancellation period.

However, the Bank does not enforce in the normal day-to-day management the contractual right to cancel these financial instruments. This is because these financial instruments are managed on a collective basis and are cancelled only when the Bank becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Bank expects to take to mitigate ECL, e.g. reduction in limits or cancellation of the loan commitment.

4.1.3. Risk Limit Control and Mitigation Policies

The Bank manages, limits and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties and banks, and to industries and countries.

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or banks 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 and industry sector are approved quarterly by the Board of Directors.

The exposure to any one borrower including banks and brokers is further restricted by sub-limits covering on- and off-balance sheet exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily.

Lending limits are reviewed in the light of changing market and economic conditions and periodic credit reviews and assessments of probability of default.

Some other specific control and mitigation measures are outlined below:

Collateral

The Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. The Bank 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.

5.6 NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2020

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured. In addition, in order to minimise the credit loss the Bank will seek additional collateral from the counterparty as soon as impairment indicators are identified for the relevant individual loans and advances.

b) Financial covenants (for credit related commitments and loan books)

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 Bank on behalf of a customer authorising a third party to draw drafts on the Bank 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 Bank 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 (often referred to as financial covenants).

The Bank monitors the term to maturity of credit commitments because longer- term commitments generally have greater degrees of credit risk than shorter-term commitments.

4.1.4. Maximum Exposure to Credit Risk Before Collateral Held or Other Credit Enhancements

The Bank's maximum exposure to credit risk is represented by the gross carrying amounts of the financial assets with the exception of financial and other guarantees issued by the Bank for which the maximum exposure to credit risk is represented by the maximum amount the Bank would have to pay if the guarantees are called on. The financial assets are categorised by the industry sectors of the Bank's counterparties.

Loans and advances to customers form 86.61% of the total maximum exposure; 9.6% represent investments in short term and 3,8% represent balances with banks, placements and other assets.

The following table breaks down the Bank's credit exposure at carrying amounts (without taking into account any collateral held or other credit support), as categorised by the industry sectors of the Bank's counterparties.

On balance sheet

At 31st December, 2020	Loans and advances to customers	Cash and balances with banks	Short term funds	Placement with other banks	Total
	UA	UA	UA	UA	UA
Transport & infrastructures	190,092,967	-	-	-	190,092,967
Energy	142,634,092	-	-	-	142,634,092
Finance	77,836,235	24,235,929	-	61,004,272	163,076,436
Industry, Mines and Career	50,547,164	-	-	-	50,547,164
Hotel and Tourism	41,199,014	-	-	-	41,199,014
Communications and Technology	35,172,136	-	-	-	35,172,136
Agriculture and Rural Development	34,962,470	-	-	-	34,962,470
Total	**572,444,078**	**24,235,929**	**-**	**61,004,272**	**657,684,279**
Allowance for credit losses	**(21,619,516)**	**-**	**-**	**(610,043)**	**(22,229,559)**
Net carrying amount	**550,824,562**	**24,235,929**	**-**	**60,394,229**	**635,454,720**

4.1.5. Credit Quality

The Bank manages the credit quality of its financial assets using internal credit ratings. It is the Bank's policy to maintain accurate and consistent risk ratings across the credit portfolio. This facilitates focused management of the applicable risks and

5.6 NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2020

the comparison of credit exposures across all lines of business, geographic regions and products. The rating system is supported by a variety of financial analytics, combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the Bank's rating policy. The attributable risk ratings are assessed and updated regularly.

The credit quality of the Bank's loans and advances are categorized as follows:

Stage 1 Loans and advances

These are loans and advances that have not deteriorated significantly in credit quality since initial recognition, or that have low credit risk (where the optional simplification is applied) at the reporting date. They are considered ''performing'' credits and are rated 1 in the Bank's internal credit risk grading system.

Stage 2 Loans and advances

These are loans and advances that have deteriorated significantly in credit quality since initial recognition but do not have objective evidence of a credit loss event. These are considered ''the Watch List Credit'' in the Bank's internal credit risk grading system and are rated 2.

Stage 3 Loans and advances

These are loans and advances that have objective evidence of a credit loss event. Stage 3 allocation is driven by either the identification of credit impairment or an exposure being classified as defaulted. These loans are considered "Non-performing" in the Bank's internal credit risk grading system and are rated 3 or 4.

All loans and advances are categorized as follows in the comparative period:

Neither past due nor impaired

These are loans and securities where contractual interest or principal payments are not past due.

Past due but not impaired

Loans and securities where contractual interest or principal payments are past due but the Bank believes that impairment is not appropriate on the basis of the level of security / collateral available and / or the stage of collection of amounts owed to the Bank.

Impaired loans and securities

Impaired loans and securities are loans and securities for which the Bank determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan / securities agreement(s). These are loans and securities specifically impaired.

Loans with renegotiated terms

The contractual terms of a loan may be modified for a number of reasons including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. The Bank renegotiates loans to customers to maximise collection opportunities and minimise the risk of default. The revised terms of renegotiated facilities usually include extended maturity, changing timing of interest payments and amendments to the terms of the loan agreement. There are no loans or other financial assets with renegotiated terms as at 31 December 2019 (December 2018: nil).

Impairment assessment under IFRS 9

The Bank assesses its impairment for the purpose of IFRS reporting using the 'forward-looking' Expected Credit Loss (ECL) model in line with provisions of IFRS 9 - Financial Instruments.

The Bank records an allowance for expected losses for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts. The allowance is based on the expected credit losses associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination, in which case, the allowance is based on the probability of default over the life of the asset.

The measurement of expected credit losses is based on the product of the instrument's Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD), discounted to the reporting date using the effective interest rate.

The ECL model has three stages. The Bank recognises a 12-month expected loss allowance on initial recognition (stage 1) and a lifetime expected loss allowance when there has been a significant increase in credit risk since initial recognition (stage 2). Stage 3 requires objective evidence that an asset is credit-impaired and then a lifetime expected loss allowance is recognised.

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FOR THE YEAR ENDED 31 DECEMBER 2020

Write-off policy

The Bank writes off a loan / security balance (and any related allowances for impairment losses) when the Credit Department determines that the loans are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

Credit risk exposure

An analysis of the Bank's credit risk exposure per class of financial asset, internal rating and "stage" without taking into account the effects of any collateral or other credit enhancements is provided in the following tables. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

Loans and advances to customers at amortized cost	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total
31-Dec-20	12-month ECL	Lifetime ECL	Lifetime ECL		
Grades 1-3: Low to fair risk	511,282,214	-	-	-	511,282,214
Grades 4-5: Monitoring	-	20,838,836	-	-	20,838,836
Grades 6-8 : Substandard	-	-	-	-	-
Grade 9 : Doubtful	-	-	-	-	-
Grades 9-10 : Impaired	-	-	40,323,028	-	40,323,028
Gross carrying amount	511,282,214	20,838,836	40,323,028	-	572,444,078
Loss allowance	(3,700,510)	(3,798,083)	(14,120,923)	-	(21,619,516)
Carrying amount	507,581,704	17,040,753	26,202,105	-	550,824,562
	511,282,214	**-**	**-**	**-**	**511,282,214**

Placement with other banks	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total
31 December 2020	12-month ECL	Lifetime ECL	Lifetime ECL		
Grades 1-3: Low to fair risk	85,240,201	-	-	-	85,240,201
Grades 4-5: Monitoring	-	-	-	-	-
Grades 6-8 : Substandard	-	-	-	-	-
Grade 9 : Doubtful	-	-	-	-	-
Grades 9-10 : Impaired	-	-	-	-	-
Gross carrying amount	**85,240,201**	**-**	**-**	**-**	**85,240,201**
Loss allowance	(610,043)	-	-	-	(610,043)
Carrying amount	**84,630,158**	**-**	**-**	**-**	**84,630,158**

At 31 December 2020	Loans to customers
	UA
Neither past due nor impaired	511,282,214
Past due but not impaired	20,838,836
Impaired	40,323,028
Gross amounts	**572,444,078**
Less impairment:	
Collective	(21,619,516)
Net amounts	**550,824,562**

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5.6 NOTES TO THE FINANCIAL STATEMENTS CONT'D

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Loans and advances to customers at amortised cost	Stage 1	Stage 2	Stage 3		Total
31-December-19	12-month ECL	Lifetime ECL	Lifetime ECL	Purchased credit-impaired	
Grades 1-3: Low to fair risk	484,091,384	-	-	-	484,091,384
Grades 4-5: Monitoring	-	23,992,682	-	-	23,992,682
Grades 6-8 : Substandard	-	-	-	-	-
Grade 9 : Doubtful	-	-	-	-	-
Grades 9-10 : Impaired	-	-	43,936,155	-	43,936,155
Gross carrying amount	484,091,384	23,992, 682	43, 936, 155	-	552,020,221
Loss allowance	-	-	(21,286,826	-	(21,286,826)
Carrying amount	484,091,384	23,992, 682	22,649,329	-	530,733,395

Placement with other banks	Stage 1	Stage 2	Stage 3		Total
31 December-2019	12-month ECL	Lifetime ECL	Lifetime ECL	Purchased credit- impaired	
Grades 1-3: Low to fair risk	13,796,492	-	-	-	13,796,492
Grades 4-5: Monitoring	-	-	-	-	-
Grades 6-8 : Substandard	-	-	-	-	-
Grade 9 : Doubtful	-	-	-	-	-
Grades 9-10 : Impaired	-	-	-	-	-
Gross carrying amount	13,796,492	-	-	-	13,796,492
Loss allowance	-	-	-	-	-
Carrying amount	13,796,492	-	-	-	13,796,492

At 31-December-19	Loans to customers
	UA
Neither past due nor impaired	484,091,384
Past due but not impaired	23,992,682
Impaired	43,936,156
Gross amounts	**552,020,221**
Less impairment:	
Collective	(21,286,826)
Net amounts	**530,733,395**

5.6 NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2020

Loss allowance

The loss allowance recognized in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stage 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit- impaired in the period, and the consequent "step up" (or "step down") between 12-month and lifetime ECL;
- Additional allowances for new financial instruments recognised during the period as well as releases for financial instruments derecognised during the period;
- Impact on the measurement of ECL due to changes in PD's, EAD's and LGD's in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to passage of time, as ECL is measured on a present value basis;
- Foreign exchange translations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognized during the period and write-offs of allowances related to assets that were written off during the period.

The tables below analyse the movement of the loss allowance during the year per class of assets.

Loans and advances to customers at amortized cost	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total
	12-month ECL	Lifetime ECL	Lifetime ECL		
Loss allowance as at 1 January 2020	(389,423)		(21,286,826)	-	(21,676,249)
Movements with P&L impact:					
Transfers:					
Transfers from Stage 1 to Stage 2	-	-	-	-	-
Transfers from Stage 1 to Stage 3					
Transfers from Stage 2 to Stage 1					
Increases/(decreases) due to change in credit risk	(3,311,087)	(3,798,083)	7,165,903	-	56,733
Additional allowance for new financial assets originated					
Release of allowance for financial assets derecognized					
Changes in model assumptions and methodologies					
Foreign exchange and other movements	-	-	-	-	-
Total net P&L charge	(3,311,087)	(3,798,083)	7,165,903	-	56,733
Loss allowance at 31 December 2020	**(3,700,510)**	**(3,798,083)**	**(14,120,923)**		**(21,619,516)**

Significant changes in the gross carrying amount of financial assets that contributed to the changes in the loss allowance are as follows:

- The structured paydown of a significant portion of stage 1 loans and advances to customers which resulted in a decrease in the gross loan book and the loss allowance on stage 1 loans and advances.

More information about the significant changes in the gross carrying amount of financial assets during the period that contributed to changes in the loss allowance, is provided at the table below:

Gross carrying amount - Loans and advances to customers at amortized cost.

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5.6 NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2020

Loans and advances to customers at amortized cost	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total
	12-month ECL	Lifetime ECL	Lifetime ECL		
Loss allowance as at 1 January 2019	(1,148,998)	(2,686,957)	(58,697,075)	-	(62,533,030)
Movements with P&L impact:					
Transfers:					
Transfers from Stage 1 to Stage 2	-	-	-	-	-
Transfers from Stage 1 to Stage 3					
Transfers from Stage 2 to Stage 1					
Increases/(decreases) due to change in credit risk	1,148, 998	2, 686, 957	37,410,249	-	41,246,204
Additional allowance for new financial assets originated					
Release of allowance for financial assets derecognized					
Changes in model assumptions and methodologies					
Foreign exchange and other movements	-	-	-	-	-
Total net P&L charge	-	-	(21,286, 826)	-	(21,286,826)
Loss allowance at 31 December 2019					(21,286,826)

Credit Collateral

The Bank holds collateral against loans and advances to customers in the form of cash, treasury bills/ certificates, stock and shares of reputable quoted companies, legal mortgages, debentures and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing and updated periodically.

Collateral generally is not held over placements with other banks, except when securities are held as part of reverse repurchase and securities borrowing activity. Collateral is usually also not held against investment securities.

Other collateral are mainly domiciliation of payments (sales, invoices, salaries, allowances and terminal benefits), lien on shipping documents, corporate guarantees and similar collaterals.

Other financial assets comprising cash and bank balances (including balances with the central bank), investment securities and accounts receivable are not secured. The Bank's investment in government securities as well as balances held with other banks are not considered to require collaterals given their sovereign nature.

Liquidity Risk

The Bank defines liquidity risk as the risk that the Bank will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

It is the policy of the Bank to maintain adequate liquidity at all times, and for all currencies. Hence the Bank aims to be in a position to meet all obligations, to repay depositors, to fulfil commitments to lend and to meet any other commitments.

A substantial portion of the Bank's assets are funded by Member States contributions and debentures/ borrowings issued by the banks. These are widely diversified by type and maturity, and they represent a stable source of funds. Lending is normally funded by liabilities in the same currency.

An analysis of various maturities of the Bank's assets and liabilities is provided below:

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5.6 NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2020

Maturities of assets and liabilities

2020				
	3-6 months	6-12 months	Over 12 Months	December 2020
Assets	UA	UA	UA	UA
Cash and bank balances	24,235,929	-	-	24,235,929
Financial assets measured at amortized cost	-	60,394,229	-	60,394,229
Equity investment	-	-	30,921,666	30,921,666
Loans and advances	-		550,824,562	550,824,562
Contribution to managed funds	-	9,068,370	-	9,068,370
Inter-institutional accounts assets	-	-	-	-
Other assets	2,058,392	-	-	2,058,392
Total assets	**26,294,321**	**69,462,599**	**581,746,228**	**677,503,148**
Liabilities				
Creditors and accrual	3,573,155	-	-	3,573,155
Defined benefit obligation	-	-	5,449,166	5,449,166
Borrowings	-	-	374,073,519	374,073,519
Managed funds	-	-	21,412,553	21,412,553
Inter-institutional accounts liabilities	-	-	2,949,394	2,949,394
Total liabilities	**3,573,155**	**0**	**403,884,632**	**407,457,787**

2019				
	3-6 months	6-12 months	Over 12 Months	December 2019
Assets	UA	UA	UA	UA
Cash and bank balances	13,796,492	-	-	13,796,492
Financial assets measured at amortized cost	-	-	90,832,305	90,832,305
Equity investment	-	-	34,786,111	34,786,111
Loans and advances	-	-	530,733,395	530,733,395
Contribution to managed funds	-	9,068,370	-	9,068,370
Inter-institutional accounts assets	-	-	62	62
Other assets	-	3,845,531	-	3,845,531
Property plant and equipment	-	-	28,853,589	28,853,589
Total assets	**13,796,492**	**12,913,901**	**685,205,462**	**711,915,855**
Liabilities				
Creditors and accrual	-	5,954,086	-	5,954,086
Defined benefit obligation	-	-	9,319,935	9,319,935
Borrowings	-	-	377,615,682	377,615,682
Managed funds	-	-	19,835,628	19,835,628
Inter-institutional accounts liabilities	-	-	2,940,400	2,940,400
Total liabilities	**-**	**5,954,086**	**408,549,429**	**415,665,731**

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5.6 NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2020

Categories of financial assets and financial liabilities

2020

	Fair Value through Profit or Loss	Amortized Cost	Fair Value through Other Comprehensive Income	Total Carrying Amount	Total Fair value
Assets	UA	UA	UA	UA	UA
Cash and bank balances	-	24,235,929	-	24,235,929	24,235,929
Other assets	-	2,058,392	-	2,058,392	2,058,392
Financial assets at amortized cost	-	60,394,229	-	60,394,229	60,394,229
Equity investment	2,699,652	-	28,222,014	30,921,666	30,921,666
Loans and advances	-	550,824,562	-	-550,824,562	549,263,007
Contribution to managed funds	-	-	9,068,370	9,068,370	9,068,370
Total assets	**2,699,652**	**637,513,112**	**37,290,384**	**677,503,148**	**677,503,148**
Liabilities					
Creditors and accrual	-	3,573,155	-	3,573,155	3,573,155
Defined Benefit Obligation	5,449,166	-		5,449,166	5,449,166
Borrowings	-	374,073,519	-	374,073,519	374,073,519
Managed funds	-	21,412,553	-	21,412,553	21,412,553
Total liabilities	**5,449,166**	**399,059,227**	**-**	**404,508,394**	**404,508,394**

2019

	Fair Value through Profit or Loss	Amortized Cost	Fair Value through Other Comprehensive Income	Total Carrying Amount	Total Fair Value
Assets	UA	UA	UA	UA	UA
Cash and bank balances	-	13,796,492	-	13,796,492	13,796,492
Financial assets at amortized cost	-	90,832,305	-	90,832,305	90,832,305
Equity investment	3,587,182	-	31,198,929	34,786,111	34,786,111
Loans and advances	-	530,733,395	-	530,733,395	530,733,395
Contribution to managed funds	-	-	9,068,370	9,068,370	9,068,370
Total assets	**3,587,182**	**635,362,192**	**40,267,299**	**679,216,673**	**679,216,673**
Liabilities					
Creditors and accrual	-	5,954,086	-	5,954,086	5,954,086
Borrowings	-	377,615,682	-	377,615,682	377,615,682
Managed funds	-	19,835,628	-	19,835,628	19,835,628
Total liabilities	**-**	**403,405,396**	**-**	**403,405,396**	**403,405,396**

The Bank discloses the contractual expiry by maturity of the Bank's contingent liabilities and commitments. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down. However, there was no financial guarantees and letters of credit as at 31 December 2020 (2019: Nil)

5.6 NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2020

Market Risks Management of Market Risk

The Bank recognizes market risk as the exposure created by potential changes in market prices and rates, such as interest rates, equity prices and foreign exchange rates. The Bank is exposed to market risk arising principally from customer driven transactions.

Market risk is governed by the Bank's Department of Risk Analysis (DRA) which is supervised by ALCO, and which agrees with policies, procedures and levels of risk appetite in terms of Value at Risk ("VaR"). The DRA provides market risk oversight and guidance on policy setting. Policies cover both the trading and non-trading books of the Bank. The non-trading book is defined as the Banking Book. Limits are proposed by the businesses within the terms of agreed policy.

The DRA also approves the limits within delegated authorities and monitors exposures against these limits. Additional limits are placed on specific instruments and currency concentrations where appropriate. Sensitivity measures are used in addition to VaR as risk management tools.

VaR models are back tested against actual results to ensure pre-determined levels of accuracy are maintained. The Bank's DRA complements the VaR measurement by regularly stress-testing Market Risk exposures to highlight potential risks that may arise from extreme market events that are rare but plausible. Stress-testing is an integral part of the Market Risk Management framework and considers both historical market events and forward-looking scenarios. Ad hoc scenarios are also prepared reflecting specific market conditions. A consistent stress-testing methodology is applied to trading and non-trading books.

Stress scenarios are regularly updated to reflect changes in risk profile and economic events. The DRA has responsibility for reviewing stress exposures and, where necessary, enforcing reductions in overall market risk exposure. It also considers stress-testing results as part of its supervision of risk appetite. The stress-testing methodology assumes that management action would be limited during a stress event, reflecting the decrease in liquidity that often occurs. Contingency plans are in place and can be relied on in place of any liquidity crisis. The Bank also has a Liquidity Crisis Management Committee which also monitors the application of its policies.

Foreign Exchange Exposure

The Bank's foreign exchange exposures comprise trading and non-trading foreign currency translation exposures. Foreign exchange exposures are principally derived from transactions. Concentration of UA's equivalence of foreign currency denominated assets and liabilities and off-statement of financial position items are disclosed below:

	US$	GBP	€	CFA	Others	2020
Assets	UA	UA	UA	UA	UA	UA
Cash and bank balances	7,609,147	(4)	7,166,621	9,104,640	355,525	24,235,929
Financial assets at amortized cost	26,096,759	708,920	8,456,777	22,251,010	2,880,763	60,394,229
Equity investment	17,718,117	-	642,544	12,561,005	-	30,921,666
Loans and advances	271,027,330	-	46,481,409	230,130,416	3,185,407	550,824,562
Contribution to managed funds	8,507,861	-	560,509	-	-	9,068,370
Total assets	**330,959,214**	**708,916**	**63,307,860**	**274,047,071**	**6,421,695**	**675,444,756**
Liabilities						
Creditors and accrual	2,330,577	-	851,251	396,669	(5,341)	3,573,155
Borrowings	239,147,742	-	40,611,385	94,314,392	-	374,073,519
Managed funds	(8,159,649)	1,538,943	4,963,896	22,965,945	103,418	21,412,553
Inter-institutional accounts liabilities	1,276,796	1,240,207	(27,285)	457,078	2,598	2,949,394
Total liabilities	**234,595,466**	**2,779,150**	**46,399,247**	**118,134,084**	**100,675**	**402,008,621**

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5.6 NOTES TO THE FINANCIAL STATEMENTS CONT'D

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	US$	GBP	€	CFA	Others	2019
Assets	UA	UA	UA	UA	UA	UA
Cash and bank balances	9,656,900	431	714,612	3,245,032	179,517	13,796,492
Financial assets at amortized cost	37,116,534	713,895	-	53,001,876	-	90,832,305
Equity investment	20,997,357	-	688,575	13,100,179	-	34,786,111
Loans and advances	278,985,789	-	37,565,172	214,182,434	-	530,733,395
Contribution to managed funds	8,507,861	-	560,509	-	-	9,068,370
Inter institutional account	62	-	-	-	-	62
Total assets	**355,264,503**	**714,326**	**39,528,868**	**283,529,521**	**179,517**	**679,216,735**
Liabilities						
Creditors and accrual	2,382,057	11,155	2,143,160	1,423,055	(5,341)	5,954,086
Borrowings	254,224,824	-	20,544,066	102,846,792	-	377,615,682
Managed funds	(7,795,766)	1,567,228	4,754,919	21,210,184	99,063	19,835,628
Inter-institutional accounts liabilities	1,279,731	1,263,002	(26,136)	423,803	-	2,940,400
Total liabilities	**250,090,846**	**2,841,385**	**27,416,009**	**125,903,834**	**93,722**	**406,345,796**

A change of a 100 basis points in foreign currency rates at the reporting date would have impacted equity and profit or loss by the amounts shown below:

2020	100 b p Increase UA	100 b p Decrease UA
Exchange Gain	280,934	(280,934)
Exchange Loss	(311,597)	311,597
Net impact	**(30,663)**	**30,663**

2019	100 b p Increase UA	100 b p Decrease UA
Exchange Gain	529,779	(529,779)
Exchange Loss	(539,450)	539,450
Net impact	**(9,671)**	**9,671**

Interest rate exposure

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instrument because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands. ALCO is the monitoring body for compliance with these limits and is assisted by the Bank's DRA in its day-to-day monitoring activities.

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Bank's financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 100 basis point (bp) parallel fall or rise in market interest rates.

A change of a 100 basis points in interest rates at the reporting date would have impacted equity and profit or loss by the amounts shown below:

2020	100 b p Increase UA	100 b p Decrease UA
Interest income impact	240,993	(240,993)
Interest expense impact	(140,953)	140,953
Net impact	**100,040**	**(100,040)**

2019	100 b p Increase UA	100 b p Decrease UA
Interest income impact	293,995	(293,995)
Interest expense impact	(135,258)	135,258
Net impact	**158,738**	**(158,738)**

5.6 NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2020

5. Capital Management

Stated capital

The Bank's capital is analysed into two tiers:

- Tier 1 capital, which includes Member States capital contribution, other stakeholders contribution, income surplus / retained earnings, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.
- Tier 2 capital, which includes qualifying subordinated liabilities.

The Bank did not have any tier 2 capital during the period under review.

The Bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognized and the bank or Group recognizes the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Bank's capital position at 31 December was as follows:

	2020	2019
	UA	UA
Stated Capital	301,114,684	299,381,523
Income surplus	(4,530,017)	(7,216,050)
Other reserve	1,493,122	4,084,651
	298,077,789	296,250,124

Risk-weighted assets

	2020	2019
	UA	UA
Credit risk	550,824,562	530,733,395
Market risk	-	-
Operational risk	2,262,648	2,262,648
Total risk-weighted assets	**553,087,210**	**532,996,043**
Total capital expressed as a percentage of total risk-weighted assets	**53.89%**	**55.58%**

Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in some cases the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes.

The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation and is subject to review by the Bank's ALCO.

The Board of Directors reviews the Bank's policies in respect of capital management and allocation regularly.

6. Contingencies and Commitments

6. (a) Commitments

	2020	2019
	UA	UA
Commitments	387,159, 879	342,732,783
Pending Legal Suits	-	-

(ii) Commitments for capital expenditure

There was no commitment for capital expenditure at the statement of financial position date (2020 Nil).

6. (b) Unsecured contingent liabilities

	2020	2019
	UA	UA
This relates to contingent liabilities for trade letters of credit and guarantees. (Net of margin deposits)	81,786,967	80,051,038

5.6 NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2020

7. Fair Value Categorisation of Financial Instruments

Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as explained below:

Valuation governance

The Bank's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. All new product initiatives (including their valuation methodologies) are subject to approvals by various functions of the Bank including the risk and finance functions. The responsibility of ongoing measurement resides with the business and product line divisions.

Once submitted, fair value estimates are also reviewed and challenged by the Risk and Finance functions. The independent price verification process for financial reporting is ultimately the responsibility of the Treasury Division within Finance which reports to the Director of Finance.

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in fair value hierarchy, into which the fair value measurement is categorised.

2020	Level 1	Level 2	Level 3	Total
	UA	UA	UA	UA
Equity instrument	***2,699,652***	***28,222,014***	***-***	***30,921,666***
Total at 31 December 2020	***2,699,652***	***28,222,014***	***-***	***30,921,666***
	Level 1	***Level 2***	***Level 3***	***Total***
2019	***UA***	***UA***	***UA***	***UA***
Equity instrument	***3,587,182***	***31,198,929***	***-***	***34,786,111***
Total at 31 December 2019	***3,587,182***	***31,198,929***	***-***	***34,786,111***

The fair value of the instruments classified as Level 1 (see above) was derived from quoted prices for that financial instrument. The fair value of the instruments classified as Level 2 (see above) was calculated using the discounted cash flow method. Risk fee rate adjusted by credit risk was used for discounting future cash flows.

8. Interest income

The total interest income calculated using the EIR method is as below:

	2020	2019
	UA	UA
Interest on loans	20,564,083	25,560,546
Interest on delayed payments	592,077	1,801,911
Interest on fixed deposits	1,279,402	993,795
Interest on current and call accounts	1,663,726	1,043,307
	24,099,288	**29,399,559**

5.6 NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2020

9. Interest expense

	2020	2019
	UA	UA
Interest on lines of credit	7,702,608	8 593 202
Interest on debentures	6,042,727	4 661 684
Debentures fees	349,947	270 906
Finance charges	**14,095,282**	**13,525,792**

10. Fees and commissions income

	2020	2019
	UA	UA
Commission fees	1,000,512	1,360,162
Commission on guarantees	217,036	114,119
Commitment charges	1,375,308	992,969
Service charges	83,835	11,580
Total fee and commission income from contract with customers	**2,676,691**	**2,478,830**

11. Fees and commissions expense

	2020	2019
	UA	UA
Commission expense	233,341	45,739
Total fee and commission expense	**233,341**	**45,739**

12. Other income/ (expenses)

	2020	2019
	UA	UA
Net foreign exchange difference	(3,066,300)	(967,118)
Recovery of fully impaired Loans	4,989,512	1313436
Reversal of provision on Defined Benefit Obligation	2,156,328	500 000
Miscellaneous income	1,139,917	999022
Dividend income	151,142	1,023,612
Rental operating income (Note 13.1)	51,904	89,208
Disposal of property plant and equipment	(64,946)	-
	5,357, 557	**2,958,160**

Miscellaneous income relates to commission on foreign transactions.

12.1. Rental income

The Bank leases an insignificant portion of its premises. The rental income relates to the various rentals earned during the year. The lease is for a one-year period, and there are no future minimum rental receivables as at the reporting date.

5.6 NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2020

13. Other operating expenses

	2020	2019
	UA	UA
General expenses	1,284,755	611,091
Studies and project evaluation	528,097	550,076
Office repairs and maintenance	738,840	780,955
Official mission	199,331	751,239
Conference expenses	285,901	967,777
Printing and office stationery	293,209	253,076
Post and telecommunication	156,963	148,572
Audit fees	-	145,024
Publicity and advertisement	51,304	72,726
Vehicle maintenance	53,841	80,383
	3,592,241	**4,360,919**

14. Cash and cash equivalent

	2020	2019
	UA	UA
Cash in hand	7,529,737	27,009
Balances with other banks	16,576,229	10,776,073
Call deposits	129,963	2,993,410
	24,235,929	**13,796,492**

15. Financial assets at amortized cost

	2020	2019
	UA	UA
Fixed deposits	**60,394,229**	**90,832,305**

15.2 Movement of financial assets at amortized cost

	2020	2019
	UA	UA
Balance at 1 January	90,832,305	52,355,702
Additions/payments	(29,828,033)	38,476,603
Impairment	(610,043)	-
Balance at 31 December	**60,394,229**	**90,832,305**

This is a reclassification of assets held to maturity investments as a result of the adoption of IFRS 9.

5.6 NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2020

16. Equity Investments

16.1. Quoted equity instruments at fair value through profit or loss

	2020	2019
	UA	UA
Balance at 1 January	3,587,182	7,495,298
Redemption of investments	-	(3,002,715)
Fair value through profit or loss	(887,530)	(905,402)
Balance as at 31 December	2,699,652	3,587,182

Composition of quoted equity instruments at fair value through profit or loss

Quoted equity		
Ecobank Transnational Incorporated (ETI)	2,699,652	3,587,182
	2,699,652	3,587,182

16.2. Unquoted equity instruments at fair value through other comprehensive income

Balance at 1 January	28,084,276	21,115,470
Adjustment due to IFRS 9 implementation (Note 2.1.1.2 c i)	-	-
Fair value through other comprehensive income	(2,591,529)	4,000,236
Transfer to quoted investments	-	(4,064,536)
Additions	153,788	2,968,570
Impairment provision	-	-
Balance as at 31 December	25,646,535	28,084,276

Composition of unquoted equity instruments at fair value through other comprehensive income

Unquoted		
Africa Food Security	1,160,834	387,472
African Biofuels and Renewable Energy Fund	-	-
AHL Mariott African	100,000	691,448
African Renewable Energy Fund (AFEF)	8,014,036	8,046,192
Banque Nationale d'Investissement Gestion	51,121	-
Fidelis Finance	946,659	775,154
Caisse Regional de Refinancement Hipothecaire (CRRH)	901,419	722,000
Liberian Bank for Development and Investment (LBDI)	1,645,255	1,577,518
Oragroup	7,263,868	6,339,699
ASKY Airlines	3,952,037	6,446,901
Fonds Africain d'Agriculture	946,152	2,409,317
West African Emerging Markets Growth Fund (WAEMGF)	665,154	688,575
	25,646,535	28,084,276

5.6 NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2020

16. Equity investments cont'd

16.3. Debt instruments at fair value through other comprehensive income

	2020	2019
	UA	UA
Balance at 1 January	3,114,653	4,143,182
Adjustment due to IFRS 9 implementation (Note 2.1.1.2 c i)	-	-
Fair value through other comprehensive income	-	-
Payment	(539,174)	(1,028,529)
Impairment provision	-	-
Balance as at 31 December	**2,575,479**	**3,114,653**

Composition of debt instruments at fair value through other comprehensive income

Debentures Acquired

	2020	2019
	UA	UA
Togo debentures	2,575,479	2,929,624
Senegal debentures	-	185,029
	2,575,479	**3,114,653**

Quoted instrument relates to the Bank's investment in Ecobank Transnational International

17. Loans and advances

	2020	2019
	UA	UA
Loans granted to member states	1 111,450, 432	1,063,444,795
Amounts not disbursed	(387,159,882)	(347,700,667)
Amounts disbursed	724,290,550	715,744,128
Repayments on principal	(164,513,845)	(179,319,166)
Gross loans	559,776,705	546,904,483
Loan interests	1,2667,373	23,843,974
Gross loans	572,444078	552,020,221
Allowance for impairment (Note 16.1)	(21,619,516)	(21,286,826)
	550,824,562	**530,733,395**

17.1. Impairment on gross loans and advances

	2020	2019
	UA	UA
Balance at 1 January 2020	21,286,826	62,533,030
Write off	-	(44,054,609)
Provision for staff loans	192,938	-
Charge/(reversal) for the year	139,752	2,808,405
Balance at 31 December 2020	**21,619,516**	**21,286,826**

5.6 NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2020

17.2. Maturity analyses of loans

PUBLIC SECTOR	2020	2019
	UA	UA
More than two years but less than three years	2,517,452	2,428,663
More than three years but less than four years	3,336,783	5,196,901
More than four years but less than five years	-	-
More than five years	334,489,111	331,415,302
TOTAL PUBLIC SECTOR	**340,343,346**	**339,040,866**
PRIVATE SECTOR		
More than two years but less than three years	76,992,656	75,630,834
More than three years but less than four years	29,203,974	23,798,798
More than four years but less than five years	61,081,994	27,190,092
More than five years	64,822,108	86,359,631
TOTAL PUBLIC& PRIVATE SECTOR	**232,100,732**	**212,979,355**
TOTAL PRIVATE SECTOR	**572,444,078**	**552,020,221**

17.3. Economic sector analyses of loans

The distribution of outstanding loans at 31 December 2020 and 2019 were as follows:

	2020	2019
	UA	UA
PUBLIC SECTOR		
Power	140,208,062	146,271,002
Communications	19,739,501	21,036,030
Transport	125,484,616	107,222,566
Agriculture and Rural Development	23,688,242	14,480,195
Water Supply and Sanitation	9,611,369	10,390,121
Finance & Industry	11,362	6,506,210
Multi-sector & Social	21,600,194	33,134,741
TOTAL PUBLIC SECTOR	**340,343,346**	**339, 040,866**
PRIVATE SECTOR		
Power	2,426,030	4,155,791
Communications	15,432,635	14,496,423
Transport	8,736,668	19,167,226
Water Supply and Sanitation	18,116,788	9,144,120
Finance & Industry	128,372,038	97,665,292
Multi-sector & Social	59,016,574	68,350,503
TOTAL PRIVATE SECTOR	**232,100,732**	**212,979,355**
TOTAL PUBLIC& PRIVATE SECTOR	**572,444,078**	**552,020,221**

5.6 NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2020

17. Loans and advances cont'd

17.3. Economic sector analyses of loans cont'd

(i) Key ratios on loans and advances

a. Loan loss provision ratio is 53.62% (2019: 48.45%)

b. Non-Performing loan ratio excluding loss category with respect is 7.12% (2019: 7.96%)

c. Ratio of fifty (50) largest exposures (gross funded and non-funded) to total exposures is 79.88% (2019: 80.64%)

d. Loan/borrowing ratio 1.47 (2019: 1.46)

18. Inter-institutional accounts

Inter-institutional accounts represent amount receivable and payable to other ECOWAS organisations. These funds are used for various activities on behalf of the respective organisation.

18.1. Inter-institutional accounts receivable

	2020	2019
	UA	UA
Compte liaison - Organisation La Francophone (OIF)	-	62
ECOWAS Provident Fund	-	-
	-	62

18.2. Inter-institutional accounts payable

	2020	2019
	UA	UA
ECOWAS Provident Fund	434,318	401,121
Executive Secretariat Special Envoy	73,623	73,083
FAPA BAD/BIDC ASSISTANCE	40,410	46,134
Community Computer Centre	810	1,656
Compensation Fund	1,445,153	1,426,298
Projet BIDC/FRAA	952,542	992,108
Compte liaison - Organisation La Francophone (OIF)	2,538	-
	2,949,394	**2,940,400**

19. Managed fund

This represents the contribution of ECOWAS Bank for Investment and Development and other ECOWAS Organisations towards joint projects within the ECOWAS region.

19.1. Contributions into managed funds

	2020	2019
	UA	UA
Special Fund for Telecommunication	8,507,861	8,507,861
Organisation La Francophone (OIF)	560,509	560,509
	9,068,370	**9,068,370**

5.6 NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2020

19. Managed fund cont'd

19.2. Counterparty managed funds

	2020	2019
	UA	UA
Special Fund for Telecommunications	21,412,553	**19,835,628**

20. Other assets

	2020	2019
	UA	UA
Prepayments	-	1,809,022
Stock of debentures fees	1, 223,625	1,389,324
Debtors	251,638	172,080
Staff receivables	250,277	382,158
Suppliers	247,805	-
Stock of consumables	85,047	92,947
	2,058,392	**3,845,531**

21. Property, plant and equipment

	Land	Buildings	Furniture vehicles	Motor & Fittings offices	Office equipment & machine	Electric Installations	Furniture & Fittings: residences	Office partitioning	IT equipment	Work in progress	Total
	UA	UA	UA	UA	UA	UA	UA	UA	UA	UA	UA
At 1 January 2020	9,990,925	20,676,490	982,688	1,329,492	1,136,399	2,349,614	234,233	3,918,237	2,092,983	486,922	43,197,983
Additions			555,471	79,973	109,827	431	113,695	132,904	53,178	114,255	1,159,734
Disposals	-	-	(385,144)	(8,218)	-	-	(95,708)	-	-	-	(489,070)
At 31 December 2020	9,990,925	20,676,490	1,153,015	1,401,247	1,246,226	2,350,045	252,220	4,051,141	2,146,161	601,177	43,868,647
Accumulated depreciation											
At 1 January 2019	-	5,871,917	690,235	1,259,380	1,038,881	1,412,565	155,494	2,504,034	1,411,888	-	14,344,394
Charge for the year	-	413,568	116,819	44,626	28,816	285,506	12,511	720,818	257,814		1,880,478
Disposal	-	-	(322,612)	(11,118)	(68)	-	(54,856)	-	-	-	(388,654)
At 31 December 2019	-	6,285,485	484,442	1,292,888	1,067,629	1,698,071	113,149	3,224,852	1,669,702	-	15,836,218
Net book value At 31 December 2019	**9,990,925**	**14,391,005**	**668,573**	**108,359**	**178,597**	**651,974**	**139,071**	**826,289**	**476,459**	**601,177**	**28,032,429**

Work in progress relates to cost incurred by the Bank in developing their Information Technology infrastructure. None of the assets procured are pledged.

21. Property, plant and equipment cont'd

	Land	Buildings	Furniture vehicles	Motor & Fittings offices	Office equipment & machine	Electric Installations	Furniture & Fittings: residences	Office partitioning	IT equipment	Work in progress	Total
	UA	UA	UA	UA	UA	UA	UA	UA	UA	UA	UA
At 1 January 2019	8,592,188	20,674,446	746,070	1,301,801	1,049,040	2,318,744	216,259	3,743,829	1,427,687	674,370	40,744,434
Additions	1,398,737	2,044	236,618	27,691	87,359	30,870	17,974	64,506	544,372	43,379	5,247,785
Transfer								109,903	120,924	(230,827)	(2,794,236)
At 31 December 2019	9,990,925	20,676,490	982,688	1,329,492	1,136,399	2,349,614	234,233	3,918,237	2,092,983	486,922	43,197,983
Accumulated depreciation											
At 1 January 2019	-	5,458,381	570,828	1,228,071	1,023,082	1,099,963	122,743	1,724,993	1,292,825	-	12,520,886
Charge for the year	-	413,536	119,407	31,309	15,799	312,602	32,751	779,041	119,063	-	1,823,508
At 31 December 2019	-	5,871,917	690,235	1,259,380	1,038,881	1,412,565	155,494	2,504,034	1,411,888	-	14,344,394
Net book value At 31 December 2019	**9,990,925**	**14,804,573**	**292,453**	**70,112**	**97,518**	**937,049**	**78,739**	**1,414,203**	**134,862**	**486,922**	**28,853,589**

5.6 NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2020

21. Property, plant and equipment cont'd

21.1 Disposal of property, plant and equipment

	2020	2019
	UA	UA
Carrying amount	489,070	-
Accumulated depreciation	388,654	-
Net book value	100,416	-
Proceeds from disposal	35,470	-
Profit/(loss) on disposal	(64,946)	-

22. Creditors and accruals

	2020	2019
	UA	UA
Managed funds	2,543,517	2,528,795
Suppliers	-	290,924
Sundry creditors and provisions	1,029,638	3,134,367
	3,573,155	5,954,086

23. Provision for defined benefit obligation

Defined benefit obligation is as a result of other long-term employee benefits, including long-service leave or sabbatical leave, jubilee or other long-service benefits, long-term disability benefits and, if they are not payable wholly within twelve months after the end of the period, bonuses are accounted for as deferred compensation.

The following table summarizes the components of net benefit expense recognized in the statement of profit or loss and the unfunded status and amounts recognized in the statement of financial position for the respective plans:

Net benefit expense (recognized in profit or loss)

	2020	2019
	UA	UA
Current service cost	544,012	(1,250,420)
Interest cost on benefit obligation	370,354	750,420
Actuarial gains	(3,070,693)	-
Net benefit (income)/ benefit	(2,156,693)	(500,000)

Changes in the present value of the defined benefit obligations:

	2020	2019
	UA	UA
Defined benefit obligation as at 1 January	9,319,935	9,968,285
Interest cost	544,012	750,420
Current service cost	370,354	(1,250,420)
Actuarial gains	(3,070,693)	-
Benefit paid	(1,714,441)	(148,350)
Defined benefit obligation as at 31 December	5,449,166	9,319,935

23. Provision for defined benefit obligation cont'd

The principal assumptions used in determining pension and post-employment medical benefit obligations for the Bank's plans are shown below:

	2020	2019
Discount rate	4.00%	6.5%
Inflation	1.4%	1.7%
Salary increase	1.8%	2.0%
Mortality	0.0%	0.0%
Withdrawal	2.6%	2.6%
Staff turnover	-	-
Retirement age	60	60
Average cost air ticket	UA 3,939	UA 3,939
Average cost shipping	**UA 7,429**	**UA 7,429**

The Bank did not have plan asset for defined benefit scheme as payment is made when a staff is due and has applied for the benefit.

The disclosure of the Sensitivity Analysis on defined benefit obligation is below:

As at 31st December 2020

Employee Benefit Scheme	Base Scheme	Discount Rate -1%	Discount Rate +1%	Rate/Salary Increase-1%	Rate/ Salary Increase +1%	Mortality Adjustment -10%	Mortality Adjustment +10%	Withdrawal -1%	Withdrawal +1%
Actuarial Liabilities									
Long Service Awards	69 ,725	74,008	65,857	66,245	73,504	69,700	69,756	74,266	65,576
Death Benefit Scheme	52,126	54,525	49,933	52,126	52,126	52,540	51,704	54,625	49,808
Transport Scheme	138,482	147,697	130,255	138,480	138,480	138,401	138,561	127,963	148,345
Resettlement Allowance	159,433	169,245	150,583	151,295	168,271	159,347	159,527	150,459	167,913
Separation Allowance Scheme	2,097,349	2,229,473	1,979,289	1,987,704	2,217,627	2,096,164	2,098,535	2,054,669	2,137,086
Home Return Allowance Scheme	69,999	74,214	66,174	69,998	69,998	69,998	69,998	69,998	69,998
Gratuity Scheme	137,469	145,643	130,114	130,698	144,837	137,396	137,541	134,532	140,476
Total Scheme	2,724,584	2 894,804	2,572,205	2,596,547	2,864,843	2,723,547	2,725,622	2,666,512	2,779,201
Percent Change		6,25%	-5,59%	-4,70%	5,15%	-0,04%	0,04%	-2,13%	2,00%

5.6 NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2020

24. Borrowings

	2020	2019
	UA	UA
1. India Exim Line of Credit $250 millions	200,260,550	216,271,323
2. Debenture stock 2014 - 2021	4,292,464	12,335,260
3. Debenture stock 2017 - 2027	29,296,069	32,071,677
4. Debenture stock 2019 - 2026	57,948,269	55,508,672
5. Afriexim Bank 2018 - 2024	17,890,812	23,292,451
6. Badea Line of Credit	19,763,471	13,453,570
7. Standard chatered line of credit	994,777	-
8. Agence Française de Developpement	21,117,540	-
9. Debenture stock 2018 – 2023 (SID)	18,048,832	20,228,501
Accrued interest on borrowings	4,460,735	4,454,228
	374,073,519	**377,615,682**

Movement on borrowings

	2020	2019
	UA	UA
Balance at 1 January	377,615,682	333,139,245
Accrued interest	4,460,735	4,454,228
Additional loans	43,060,640	94,844,826
Principal repayment	(46,602,803)	(46,021,959)
Interest repayment	-	(8,800,658)
Closing balance	**374,073,519**	**377,615,682**

Terms and conditions on borrowings

1. India Exim line of Credit

a) India Exim line of Credit 2006 – 2026

The Bank signed a 180,788,673 UA (250,000,000 USD) line of credit with the Indian Exim Bank in 2006 for at an annual interest rate of 1.75% for a period of twenty (20) years, including moratorium period of 5 years. The purpose of the loan is to finance the Bank's operations. Related transaction costs have been capitalized and amortized over the life of the loan. This facility is secured as follows:

- a first exclusive charge on the uncalled capital of the Borrower to the extent of the aggregate amounts owed as principal and interest of the Individual Credit;
- place a deposit of a sum of US Dollars 17,000,000 (Dollars Seventeen Million) with Standard Chartered Bank (SCB), London Branch ("Escrow Bank") in the account opened by the Borrower ("Escrow Account") in favor of Exim Bank throughout the tenor of the Credit.

b) India Exim line of Credit 2010 – 2030

The Bank signed a 72,315,469 UA (100,000,000 USD) line of credit with the Indian Exim Bank in 2010 at an annual interest rate of 1.75% for a period of twenty (20) years, including moratorium period of 5 years. The purpose of the loan is to finance the Bank's operations. Related transaction costs have been capitalized and amortized over the life of the loan. This facility is secured as follows:

- a first exclusive charge on the uncalled capital of the Borrower to the extent of the aggregate amounts owed as principal and interest of the Individual Credit;
- placing deposit equivalent to two semi-annual instalments of each contract to be approved for coverage under the LOC in EXIM Bank's London Branch account.

24. Borrowings cont'd

c) India Exim line of Credit 2011 - 2031

The Bank signed a 108,473,204 UA (150,000,000 USD) line of credit with the Indian Exim Bank in 2011 at an annual interest rate of 1.75% for a period of 20 years. The purpose of the loan is to finance the bank's operations. Related transaction costs have been capitalized and amortized over the life of the loan. This facility is secured as follows:

- a first exclusive charge on the uncalled capital of the Borrower to the extent of the aggregate amounts owed as principal and interest of the Individual Credit;
- placing deposit equivalent to two semi-annual instalments of each contract to be approved for coverage under the LOC in EXIM Bank's London Branch account.

d) India Exim line of Credit 2018 - 2043

The Bank signed a 359,507,906 UA (500,000,000 USD) line of credit with the Indian Exim Bank in 2018 at an annual interest rate of 1.50% for a period of 25 years. The purpose of the loan is to finance the bank's operations. Related transaction costs have been capitalized and amortized over the life of the loan. This facility is secured as follows:

- a first exclusive charge on the uncalled capital of the Borrower to the extent of the aggregate amounts owed as principal and interest of the Individual Credit;
- placing deposit equivalent to two semi-annual instalments of each contract to be approved for coverage under the LOC in EXIM Bank's London Branch account.

e) India Exim line of Credit 2020

The Bank signed a 2,777,257 UA (4,000,000 USD) line of credit with the Indian Exim Bank in 2020. The tenor is 5 years including one year of moratorium. The rate of interest is a LIBOR [6 months] plus 300 bps p.a., payable half yearly. This facility is secured by a Cash deposit equivalent to One instalment of interest and One instalment of principal repayment throughout the tenor of the Credit by way of an interest-bearing deposit with Exim Bank, London Branch. In case of utilization of part or whole of the cash margin towards debt servicing on any due date, the amount so utilized shall be topped up immediately, and in any case latest by one month before the subsequent due date.

2. Debenture stock 2014 - 2021

The Bank issued a 49,341,042 UA (40,000,000,000 FCFA) debenture in February 2014 at an interest rate of 6.50% for a period of seven (7) years. The purpose of the loan is to finance the Bank's operations. Related transaction costs have been capitalized and amortized over the life of the loan. The facility is secured by a guarantee on the Bank's callable shares. There are no financial covenants to this facility.

3. Debenture stock 2017 - 2027

The Bank issued a 32,071,677 UA (26,000,000,000 FCFA) debenture in 2017 at an interest rate of 6.10% for a period of seven (7) years. The purpose of the loan is to finance the Bank's operations. Related transaction costs have been capitalized and amortized over the life of the loan. The facility is secured by a guarantee on the Bank's callable shares. There are no financial covenants to this facility.

4. Debenture stock 2019 - 2026

The Bank issued a 55,508,672 UA (45,000,000,000 FCFA) debenture in 2019 at an interest rate of 6.40% for a period of seven (7) years. The purpose of the loan is to finance the Bank's operations. Related transaction costs have been capitalized and amortized over the life of the loan. The facility is secured by a guarantee on the Bank's callable shares. There are no financial covenants to this facility.

5. Afriexim Bank 2018 -2024

The Bank signed a (UA 31,274,396) €38,651,400 loan agreement with Afriexim Bank in 2018 at an interest rate of Libor +6.5% for a period of six (6) years. The purpose of the loan is to finance the Bank's operations. Related transaction costs have been capitalized and amortized over the life of the loan. The borrowing is secured as follows:

a) A first exclusive charge on the callable capital of the borrower to the extent of the aggregate amounts owed as principal and interest under the Individual Credit;

5.6 NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2020

b) Place a deposit equivalent to two semi-annual instalments of each Individual Credit approved for coverage under the credit extended to the Borrower in the Escrow Account ("The Account") in Exim Bank's London Branch Account.

c) Exim Bank agrees that all monies standing to the credit of the Account shall be interest bearing and Exim Bank may at the request of the Borrower, furnish, periodic/ quarterly statements of the Account to the Borrower.

6. BADEA Line of Credit 2010- 2035

The Bank signed a (3,615,773 UA) 5,000,000 US$ line of credit with Badea in 2010 at an interest rate of 1.75% for a period of twenty (20) years. The purpose of the loan is to finance the Bank's operations. Related transaction costs have been capitalized and amortized over the life of the loan. The facility is secured by a guarantee on the Bank's callable shares. There are no financial covenants to this facility.

7. Islamic Corporation for Development (ICD)

The Bank signed a (20,228,501 UA) 25,000,000 Euro loan agreement with the Islamic Corporation Development in 2018 at an interest rate of Euribor +3% for a period of five (5) years. The purpose of the loan is to finance the Bank's operations. Related transaction costs have been capitalized and amortized over the life of the loan. The facility is secured by a guarantee on the Bank's callable shares. There are no financial covenants to this facility.

8. French Development Agency 2020 – 2030

The Bank signed a €50,000,000 loan agreement with French Development Agency in 2020, for a period of 10years.

Each disbursement corresponds to a fixed interest rate. The purpose of the loan is to finance the Bank's operations.

The facility is secured by a guarantee on the Bank's callable shares. There are financial covenants to this facility.

25. Stated capital

The authorised capital of EBID is UA1,000,000,000 of which the regional members have subscribed 70% and the balance is to be subscribed by the non-regional members. This 70% which is UA700,000,000 is completely subscribed. As at the reporting date, 56% of the 700,000,000 is called up. Details of the stated capital as at 2020 are disclosed below:

Stated Capital	2020	2019
	UA	UA
Authorised:		
1,000,000 ordinary shares of UA1,000 each	1,000,000,000	1,000,000,000
Unsubscribed capital	(300,000,000)	(300,000,000)
Subscribed capital	700,000,000	700,000,000
Callable capital	(307,258,669)	(307,258,669)
Call-up capital:	392,741,331	392,741,331
Call in arrears	(9,192,6647)	(101,122,446)
At 31 December	**(301,114,684)**	**291,618,885**

25. Stated capital cont'd

Call in arrears

	2020	2019
	UA	UA
Cape Verde	1,454,920	1,454,920
Cote d'Ivoire	14,733,787	14,733,787
The Gambia	6,174,475	6,201,337
Ghana	-	-
Guinea Bissau	4,817,318	4,817,318
Liberia	15,878,546	16,867,433
Nigeria	21,239,219	21,239,219
Senegal	16,913,898	16,913,898
Sierra Leone	10,414,484	11,131,896
Togo	-	-
	91,926,647	**93,359,808**

Movement in capital contribution

	2020	2019
	UA	UA
Balance at 1 January	299,381,523	291,618,885
Additional capital contribution	1,733,161	7,762,638
Balance at 31 December	**301,114,684**	**299,381,523**

Capital structure by country shareholders

Member country	Subscribed capital by allocated voting rights	Called-up capital allocated	Paid up capital beginning balance	Additional contribution	Paid up capital-ending balance
	UA	UA	UA	UA	UA
Benin	20,000,142	11,228,211	11,228,211	-	11,228,211
Burkina Faso	17,333,457	9,734,383	9,734,383	-	9,734,383
Cape Verde	6,666,713	3,734,570	2,279,650	-	2,279,650
Cote D'Ivoire	103,331,572	57,971,063	43,237,276	-	43,237,276
Gambia	17,333,457	9,734,383	3,533,046	26,862	3,559,908
Ghana	110,000,787	61,706,160	61,706,160	-	61,706,160
Guinea	19,333,472	10,842,504	10,842,504	-	10,842,504
Guinea Bissau	10,000,073	5,614,106	796,788	-	796,788
Liberia	44,666,984	25,058,371	8,190,938	988,887	9179825
Mali	12,666,759	7,107,934	7,107,934	-	7,107,934
Niger	14,000,102	7,854,848	7,854,848	-	7,854,848
Nigeria	218,668,225	122,689,907	101,450,688	-	101,450,688
Senegal	52,664,542	29,539,328	12,625,430	-	12,625,430
Sierra Leone	29,333,545	16,456,610	5,324,714	717,412	6042126
Togo	24,000,170	13,468,953	13,468,953	-	13,468,953
	700,000,000	**392,741,331**	**291,618,885**	**1,733,161**	**301,114,684**

5.6 NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 DECEMBER 2020

26. Income surplus

This represents the residual of cumulative annual profits. Details of Retained Earnings are shown in the Statement of Changes in Equity.

27. Other reserve fund

Other reserves is made up of fair value changes from the Equity investments that are classified at fair value through other comprehensive income, and a Revaluation gain from revaluing the land and buildings of the Bank. Movement on other reserves are shown in the Statement of Changes in Equity.

28. Related party transactions

Transactions with Directors and Key Management Personnel

Directors and key management personnel refer to those personnel with authority and responsibility for planning, directing and controlling the business activities of the Bank. These personnel are the Executive Management of the Bank.

Interest income from loans granted to staff are included in the interest income calculated using effective interest rate.

The Bank made provision for impairment in respect of loans to directors and key management members during the period under review.

Advances to related parties

	2020	2019
	UA	UA
At 1 January	164,504	364,842
Loans advanced during the year	1,241,632	30,304
Loan repayments received	(562,094)	(230,642)
At 31 December	**844,042**	**164,504**

Key management compensation

IAS 24 "Related party disclosures" requires the following information for key management compensation. Key management comprises members of the Executive Management, which includes all executive directors.

	2020	2019
	UA	UA
Salaries	152,331	280 219
Provision for pension benefits	-	-
Other allowances	78,487	230,170
	230,818	**510,389**

Transactions with directors, officers and other employees

During the year, the Bank granted loans and advances to the key management personnel. The following are loan balances due from key related parties:

	2020	2019
	UA	UA
Executives	497,148	164, 504
Officers and other employees	2 471,358	4,554,581
	2,968,506	**4,718,088**

Terms and conditions

The loan and advances from directors, officers and employees relate to salary advances, personal loans, vehicle loan and mortgage loans. These loans attract interest at 0%, 3.2%, 2% and 2.8% and are payable within 12 months, 4 years, 5 years and 15 years respectfully.

28. Related party transactions cont'd

Amounts due from related parties (excluding loans)

	2020	2019
	UA	UA
Executive	90,888	22,334
Officers and other employees	75,570	266,653
	176,457	**288,987**

These are accountable imprest given to staff for various assignment on behalf of the Bank. The staff is required to retire the imprest after the assignments.

29. Event after the reporting period

There are no events after the balance sheet date that require adjustments in the financial statements. Management has assessed the impact of the COVID-19 on the going concern of company and has concluded that the use of going concern is appropriate and that the company will be able to recover its assets and discharge its liabilities in the foreseeable future for at least the next twelve (12) months. Management however has noted COVID-19 has strategic and operational risks. These are being monitored closely to ensure their impact is mitigated appropriately.

The Bank being a development finance institution, does most of its business with member states and promoters who trade and interact with counter parties across the world who may be affected by the coronavirus.

Funding and liquidity

The pandemic is expected to impact liquidity risk, exchange rate risk and interest rate risk faced by the Bank. The trend of capital flows from emerging markets is expected to exert pressure on the local currency as well as reduce foreign currency liquidity in the economy. The Bank has a robust liquidity management framework and contingency funding plan that build in adequate buffers to support liquidity run-off in a stress scenario. The liquidity ratio of the Bank as at December 31 was over 100% and projects that it will remain above the internal limit of 40%.

Analysis of balance sheet

The Bank has performed a line-by-line analysis of the balance sheet and has done an assessment of whether the current uncertainty may impact any of the amounts presented at 31 December 2020. The Bank has assessed that the coronavirus may affect the business of the Bank's borrowing customers. The Bank has performed an analysis and reviewed the portfolio and the impact the spread of the virus would have on the Bank's credit portfolio.

28. Related party transactions cont'd

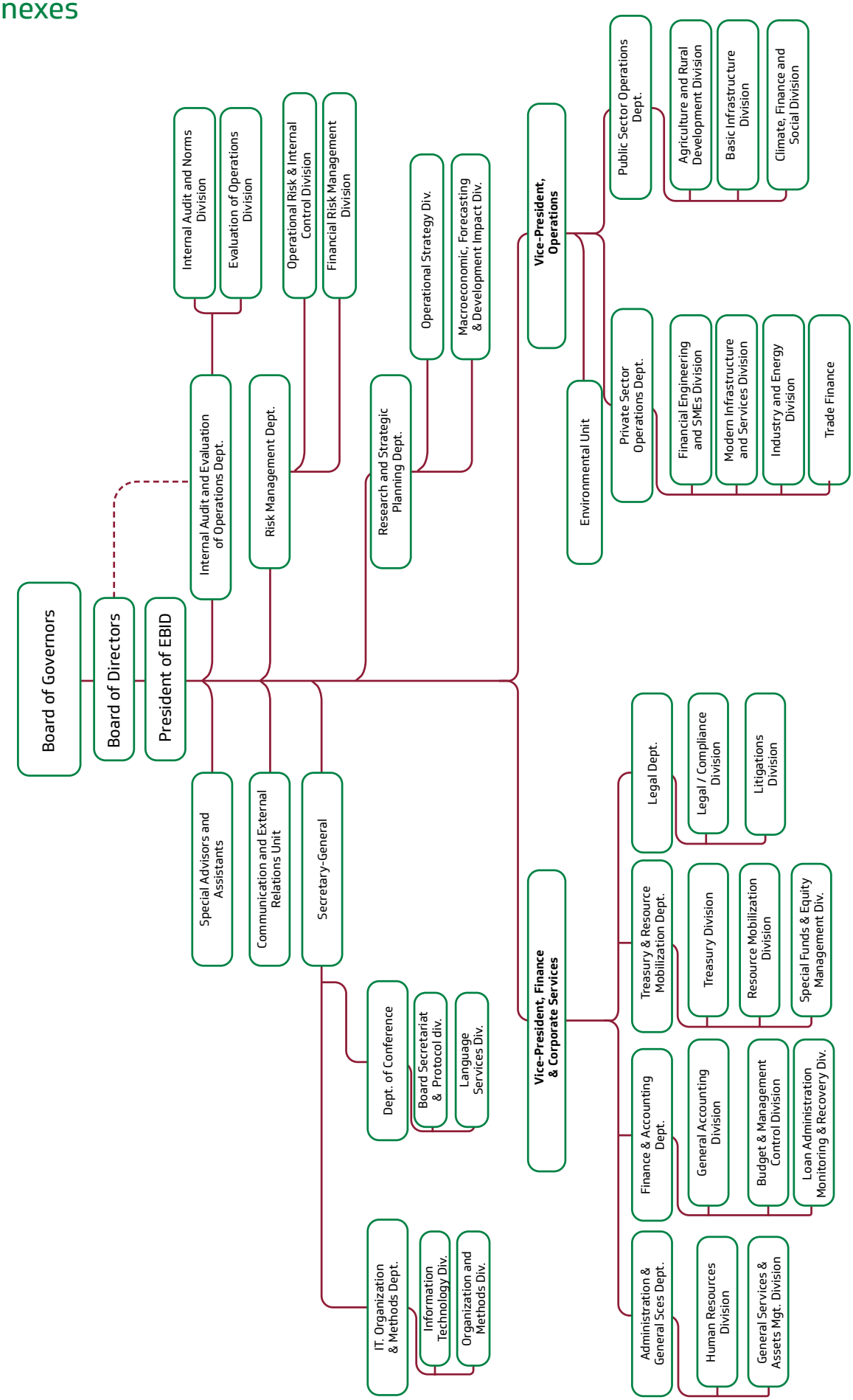
	2020			2019		
	Within 12 months	Over 12 Months	Total	Within 12 months	Over 12 Months	Total
Assets	UA	UA	UA	UA	UA	UA
Cash and bank balances	24,235,929	-	24,235,929	13,796,492	-	13,796,492
Financial assets measured at amortised cost	60,394,229	-	60,394,229	-	90,832,305	90,832,305
Equity investment	-	30,921,666	30,921,666	-	34,786,111	34,786,111
Loans and advances	-	550,824,562	550,824,562	-	530,733,395	530,733,395
Contribution to managed funds	9,068,370	-	9,068,370	9,068,370	-	9,068,370
Inter-institutional accounts assets	-	-	-	-	62	62
Other assets	2,058,392	-	2,058,392	3,845,531	-	3,845,531
Propeerty, plant and equipment	-	28,032,429	28,032,429	-	28,853,589	28,853,589
Total assets	**95,756,920**	**609,778,657**	**705,535,577**	**26,710,393**	**685,205,462**	**711,915,855**
Liabilities						
Creditors and accrual	3,573,155	-	3,573,155	5,954,086	-	5,954,086
Defined benefit obligation	-	5,449,166	5,449,166	-	9,319,935	9,319,935
Borrowings	-	374,073,519	374,073,519	-	481,913,133	481,913,133
Managed funds	-	21,412,553	21,412,553	-	19,835,628	19,835,628
Inter-institutional accounts liabilities	-	2,949,394	2,949,394	-	2,940,400	2,940,400
Total liabilities	**3,573,155**	**403,884,632**	**407,457,787**	**5,954,086**	**514,009,096**	**519,963,182**

Annexes

DO PHARMA, a pharmaceutical company, Togo

Annexes

Annex 1: Organizational chart of EBID



Annexes

Annex 2: List of projects appraised in the year 2020

	N°	Projects	Country	Sectors	Instruments	Request (in UA)
Public	1	Construction of eleven (11) metal bridges project	Côte d'Ivoire	Transport infrastructure	Loan	17,428,161
	2	Hydro-agricultural development project of the resettlement sites of the resettlement action plan (Phase 2A) of the Kandadji Programme	Niger	Energy	Loan	10,706,772
	3	Construction of a University of Science and Technology in Koidu City, Kono District	Sierra Leone	Education	Loan	22,552,523
	4	SME Development Support Project: SME Seed Project in the Republic of Côte d'Ivoire	Côte d'Ivoire	Agriculture and Rural Development	Loan	7,703,873
	5	Project of two (2) King Air 350 ER Teams for the remote maritime and territorial surveillance project in the Republic of Côte d'Ivoire	Côte d'Ivoire	Transport infrastructure	Loan	10985,344
	6	Construction project of the bridge linking the AIBD TER station and Blaise Diagne Airport (AIBD)	Senegal	Infrastructure	Loan	10,474,300
	7	Rehabilitation of the Sélingué and Sotuba hydroelectric schemes project	Mali	Energy	Loan	10,414,714
	8	Construction project for a cardiovascular and renal health centre	Sierra Leone	Health	Loan	10,414,714
	9	Rural electrification project in seven (07) district townships	Sierra Leone	Energy	Loan	25,342,471
	Total Public					**126,022,871**
Private	1	Project to grant a line of credit for the financing of SMEs/SMIs in favor of NSIA Côte d'Ivoire	Côte d'Ivoire	Service (Bank)	Loan	27,979,273
	2	Project to grant a credit line for the financing of SMEs to BOND Savings and Loans Limited	Ghana	Service (Bank)	Loan	3,666,703
	3	Project to grant a credit line for the financing of SMEs in favor of ORAGROUP SA	Togo	Service (Bank)	Loan	12,472,871
	4	Project for the construction of the evacuation network associated with the CIPREL 5 and AZITO 4 thermal power plants in favor of CI-ENERGIES	Côte d'Ivoire	Energy	Loan	12,472,872
	5	Project of granting a credit line dedicated to the financing of priority infrastructure projects in the form of PPP within the framework of the governmental programme "year of roads" in favor of PRUDENTIAL Bank Limited	Ghana	Service / Finance	Loan	36,667,026

Annexes

Annex 2: List of projects appraised in the year 2020 cont'd

	N°	Projects	Country	Sectors	Instruments	Request (in UA)
Private	6	Project to grant a line of credit for the financing of priority infrastructure projects in the form of PPPs under the government's "year of roads" programme to CONSOLIDATED Bank Ghana Limited	Ghana	Service / Finance	Loan	36,667,026
	7	Import and delivery of 60,000 tonnes of fertiliser (40,000 tonnes of NPK 15-15-15 and 20,000 tonnes of urea 46%) to producers in favor of Groupe DEC SA	Togo	Agriculture and Rural Development	Trade Finance	12,393,455
	8	Kanawolo-Korhogo road reinforcement and development project by MK Construction, Republic of Côte d'Ivoire	Côte d'Ivoire	Road infrastructure	Loan	25,754,786
	9	Tema liquefied natural gas infrastructure project: TEMA LNG Terminal	Ghana	Energy	Loan	15,622,071
	10	Project to provide a line of credit to Vista Bank, Republic of Guinea	Guinea	Finance	Loan	8,447,016
	11	AMSA REALITY modern university residences project in Dakar and Diamniadio, Republic of Senegal	Senegal	Service / Real Estate	Loan	13,101,460
	12	US$ 750 million syndicated loan facilitation project in favor of Bank of Industry Limited (BOI), Federal Republic of Nigeria.	Nigeria	Service / Finance	Loan	10,456,897
	Total Private					**205,244,558**
	TOTAL PROJECTS APPRAISED					**331,267,429**

Annexes

Annex 3: List of supervised projects in the year 2020

	N°	Projects	Country	Sectors	Instruments
Private	1	Garden City Mall construction project in Kumasi, Republic of Ghana	Ghana	Commercial Infrastructure	Loan
	2	Construction of a 5 star Cape Sierra hotel in Freetown by the company IDEA	Sierra Leone	Hotel / Tourism	Loan
	3	Road construction project by East International Group, Inc	Libéria	Road Infrastructure	Loan
	4	Project to set up a facility in the form of a 300-day bridging loan in favor of TOGUNA Agro-industries SA for the import of agricultural inputs	Mali	Agro-industrie / Rural Development	Trade Finance
	5	Project to set up a revolving facility in favor of SOYATT SA for the import and marketing of petroleum products to markers in Mali	Mali	Infrastructure / Energy	Trade Finance
	6	Emergency programme for the integrated development of roads and other networks in the urban centre of Diamniadio	Senegal	Infrastructure	Loan
	7	CAPE SIERRA Hotel Company Ltd	Sierra Leone	Hotel / Tourism	Loan
Public	1	Project to equip and rehabilitate health facilities in Benin	Benin	Health	Loan
	2	Projets de pavage et d'assainissement des rues de Ouidah et Bohicon (Phase I) et Pobè, Sakété et Dassa-Zoume (Phase II)	Benin	Transport infrastructure	Loan

Annexes

Annex 4: List of approved projects in the year 2020

	N°	Projects	Country	Sectors	Instruments	Request (in UA)
Public	1	Construction of eleven (11) metal bridges project	Côte d'Ivoire	Transport infrastructure	Loan	17,428,161
	2	Hydro-agricultural development project of the resettlement sites of the resettlement action plan (Phase 2A) of the Kandadji Programme	Niger	Energy	Loan	10,706,772
	3	Construction of a University of Science and Technology in Koidu City, Kono District	Sierra Leone	Education	Loan	22,552,523
	4	SME Development Support Project: SME Seed Project in the Republic of Côte d'Ivoire	Côte d'Ivoire	Agriculture and Rural Development	Loan	7,703,873
	5	Project of two (2) King Air 350 ER Teams for the remote maritime and territorial surveillance project in the Republic of Côte d'Ivoire	Côte d'Ivoire	Transport infrastructure	Loan	10,985,344
	6	Construction project of the bridge linking the AIBD TER station and Blaise Diagne Airport (AIBD)	Senegal	Infrastructure	Loan	10,474,300
	7	Rehabilitation of the Sélingué and Sotuba hydroelectric schemes project	Mali	Energy	Loan	10,414,714
	8	Rural electrification project in seven (07) district townships	Sierra Leone	Energy	Loan	25,342,471
	Total Public					**115,608,158**
Private	1	Project to set up a revolving facility in favor of SOYATT SA for the import and marketing of petroleum products to markers in Mali	Mali	Energy	Loan / Trade Finance	7,928,265
	2	Project to set up a facility in the form of a 300-day bridging loan in favor of TOGUNA Agro-industries SA for the import of agricultural inputs	Mali	Agro-industry	Loan / Trade Finance	7,648,013
	3	Project to grant a line of credit for the financing of SMEs/SMIs in favor of NSIA Côte d'Ivoire	Côte d'Ivoire	Service (Bank)	Loan	27,979,273
	4	Project for the construction of the evacuation network associated with the CIPREL 5 and AZITO 4 thermal power plants in favor of CI-ENERGIES	Côte d'Ivoire	Energy	Loan	12,472,872
	5	Project to grant a credit line for the financing of SMEs in favor of ORAGROUP SA	Togo	Service (Bank)	Loan	12,472,871
	6	Project to grant a line of credit for the financing of priority infrastructure projects in the form of PPPs under the government's "year of roads" programme to CONSOLIDATED Bank Ghana Limited	Ghana	Service / Finance	Loan	36,667,026
	7	US$ 750 million syndicated loan facilitation project in favor of Bank of Industry Limited (BOI), Federal Republic of Nigeria.	Nigeria	Service / Finance	Loan	10,456,897
	8	AMSA REALITY modern university residences project in Dakar and Diamniadio, Republic of Senegal	Senegal	Service / Real Estate	Loan	13,101,460
	9	Kanawolo-Korhogo Road Reinforcement and Development Project by MK Construction, Republic of Côte d'Ivoire	Côte d'Ivoire	Infrastructure / Road	Loan	25,754,786
	10	Project to provide a line of credit to Vista Bank, Republic of Guinea	Guinea	Service / Finance	Loan	8,447,016
	Total Private					**162,928,479**
	TOTAL PROJECTS APPROVED					**278,536,636**

Annexes

Annex 5: List of signed projects in the year 2020

	N°	Projects	Country	Sectors	Instruments	Date of signature	Request (in UA)
Public	1	Complementary financing of the project for the electrification of 750 community infrastructures with solar photovoltaic systems	Benin	Energy	Loan	05/03/2020	15,246,546
	2	Partial financing of the project to build a University of Science and Technology in Koidu City, Kono District	Sierra Leone	Education	Loan	11/09/2020	22,552,523
	3	Partial financing of the SME Development Support Project: SME Seed Project in the Republic of Côte d'Ivoire	Côte d'Ivoire	Agriculture and Rural Development	Loan	18/09/2020	7,703,873
	4	Partial financing of the project for the construction of twenty-seven (27) new drinking water supply systems in the impact area of the integrated development programme of the Samendeni valley, Burkina Faso	Burkina Faso	Agriculture and Rural Development	Loan	13/10/2020	6,644,659
	5	Partial financing of the construction of eleven (11) metal bridges project	Côte d'Ivoire	Infrastructure / Transport	Loan	12/12/2020	17,428,161
	Total Public						**69,575,762**
Private	1	Partial financing of the project to acquire 40 tankers for SOTRAKA / Cabinet Challenges	Mali	Transport	Loan	17/02/2020	2,403,850
	2	Partial financing of the project to set up a revolving facility in favor of SOYATT SA for the import and marketing of petroleum products to markers in Mali	Mali	Energy	Loan / Trade Finance	17/02/2020	7,928,265
	3	Partial financing of the project to acquire 30 tankers for SOYATT SA / Cabinet Challenges	Mali	Transport	Loan	17/02/2020	3,964,133
	4	Partial financing of the project to set up a 300-day bridging loan facility in favor of TOGUNA Agro-industries SA for the import of agricultural inputs	Mali	Agro-industry	Loan / Trade Finance	17/02/2020	7,648,013
	5	Partial financing of the emergency programme for the integrated development of the road system and various networks of the Diamniadio urban centre	Senegal	Infrastructure	Loan	09/06/2020	18,752,185

Annexes

Annex 5: List of signed projects in the year 2020 cont'd

	N°	Projects	Country	Sectors	Instruments	Date of signature	Request (in UA)
Private	6	Partial financing of the evacuation network construction project associated with the CIPREL 5 and AZITO 4 thermal power plants in favor of CI-ENERGIES	Côte d'Ivoire	Energy	Loan	22/09/2020	12,472,872
	7	Partial financing of the project to grant a credit line for the financing of SMEs in favor of ORAGROUP SA	Togo	Service (Bank)	Loan	23/09/2020	12,472,871
	8	Partial financing of the US$ 750 million syndicated loan facilitation project in favor of Bank of Industry Limited (BOI), Federal Republic of Nigeria.	Nigeria	Service (Bank)	Loan	11/12/2020	10,456,897
		Additional financing for the facilitation project for the Bank of Industry Ltd in the Federal Republic of Nigeria	Nigeria	Service (Bank)	Loan	Dec-2020	1,464,596
	Total Private						**77,563,682**
	TOTAL PROJECTS SIGNED						**147,139,445**

PROJECT GALLERY

DIAMOND CEMENT GUINEA, a cement manufacturing plant, Guinea

NADA OIL, a palm oil refinery plant, Côte d'Ivoire

PROJECT GALLERY

DO PHARMA, a pharmaceutical company, Togo

Maria Gleta - Thermal Power Station, Benin

PROJECT GALLERY

DO PHARMA, a pharmaceutical company, Togo

PROJECT GALLERY

Kempinski Hotel, Accra, Ghana

TONKOLILI IRON ORE LIMITED, an iron ore mining company, Tonkolili, Sierra Leone

PROJECT GALLERY

TOGUNA AGRO-INDUSTRIE, a fertilizer processing plant, Mali

PROJECT GALLERY

TOGUNA AGRO-INDUSTRIE, a fertilizer processing plant, Mali

BANQUE D'INVESTISSEMENT ET DE DEVELOPPEMENT DE LA CEDEAO
ECOWAS BANK FOR INVESTMENT AND DEVELOPMENT
BANCO DE INVESTIMENTO E DE DESENVOLVIMENTO DA CEDEAO

ECOWAS BANK FOR INVESTMENT AND DEVELOPMENT (EBID)

Transforming ECOWAS Communities

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