

Ecobank reports audited full year 2016 results

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



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

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

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

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

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

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

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

By Order of the Board of Directors

Ade Ayeyemi
Group Chief Executive Officer

Greg Davis
Group Chief Financial Officer