



**Ecobank Group 9M 2021 Audited Results: Earnings Bounce Up as Tier 1 Capital Glides a Notch.**

Ecobank Group

**9M 2021 Earnings Investor Presentation**

**7 December 2021**



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Issue Date:

**Tuesday, December 14, 2021**

Market Intelligence:

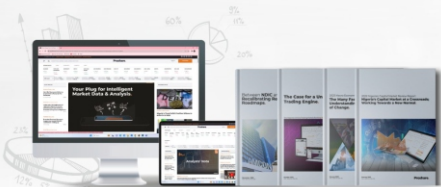
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Ecobank Trans national Incorporated (ETI) appears to be on the mend as its 9M audited results reflects an improvement in top and bottom-line earnings compared to 9M 2020. The group posted a good will impairment of N60.58bn in the previous year which hurt its earnings, however despite the one-off goodwill adjustment the group in 2021 saw an earnings rebound and an upward stretch in liquidity for the first nine months of the year.

By June 2021, the group successfully raised US\$350m in Tier2 Sustainability Notes, making it the first financial institution to raise a Tier 2 instrument in Sub-Saharan Africa (SSA). The 10-year debt instrument has a call option in June 2026 and was issued with a coupon rate of 8.75%. The coupon rate is notably higher than Access Bank's first Eurobond issued this year at a coupon rate of 6.125% but slightly lower than Access Bank's second issue with a coupon of 9.125%.

The group shored up its capital by securing an Additional Tier 1 (AT1) capital investment of US\$75m from Arise B. V, expected to improve the group's capital adequacy ratio (CAR).

**Key Takeaways / Highlights.**

- Gross earnings grew by +11.77% to N686.77bn from N614.56bn in 9months 2020 (up by +3.39% to US\$1.67bn in US dollar terms).
- Net interest income up Y-o-Y by +12.02% to N445.12bn from N397.37bn in 9months 2021 (up by +3.62% to US\$1.08bn in USD terms).

- Ⓟ Non-interest income increased by +12.42% to N231.74bn from N206.13bn in 9months 2020 (increased by +3.99% to US\$564.11m in USD terms).
- Ⓟ PBT was up +316.47% to N143.67bn from N34.49bn in 9months 2021 (grew by +285.24% to US\$349.74m).
- Ⓟ Impairment charges on financial assets fell -3.12% to N59.57b from N61.49bn in 9months 2020 (fell -10.39% to US\$145.01m).
- Ⓟ Total assets up Y-o-Y by +15.71% to N10.91trn from N9.43trn in 9months 2020 (increased by +7.03% to US\$26.56bn).
- Ⓟ Loans and advances to customers were up by +11.25% to N3.67trn from N3.29trn in 9months 2020 (grew by +2.90% to US\$8.9bn).
- Ⓟ Deposit from customers grew +16.48% to N7.79trn from N6.69trn in 9months 2020 (increased by +7.74% to US\$18.96bn).
- Ⓟ Total equity rose Y-o-Y +23.67% to N876.33bn from N708.62bn in 9months 2020 (up by +14.40% to US\$2.13).
- Ⓟ Basic earnings per share (EPS) rose to N301.06 from a negative of N50.17 in 9months 2020.
- Ⓟ The non-performing loan (NPL) ratio improved to 6.90% from 9.90% in 9months 2020.
- Ⓟ Cost-to-income ratio dipped by -8.04% to 58.30% in 9months 2021 from 63.40% in 9months 2020.
- Ⓟ Return on equity rose to 16.39% in 9months 2021 from 4.87% in 9months 2020.

### Gross Earnings.

ETI's gross earnings have been on a steady upward trajectory, it edged up by +11.77% to N686.77bn in 9months 2021 from N614.56bn in the same period in the previous year. Net interest income and non-interest income both recorded the same level of growth in the period. Net interest income grew Y-on-Y by +12.02% to N445.12bn while non-interest income was up by +12.42% to N231.74bn in 9months 2020 (see chart 1).

In US dollar terms the Bank posted a slower growth rate in gross earnings mainly on the back of the devaluation of the domestic currency. Gross earnings grew Y-on-Y by +3.39% to US\$1.67bn from N1.62bn in 9months 2020. The I & E FX window rate was used for the conversion.

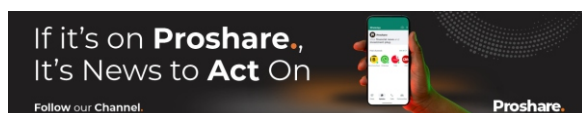
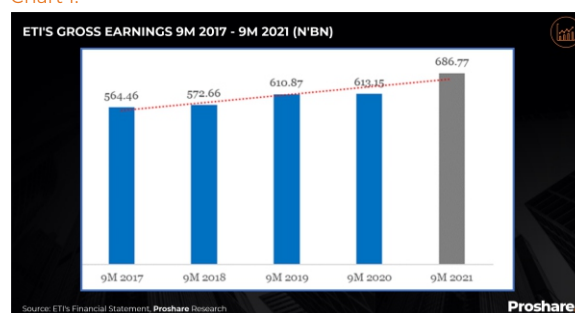


Chart 1:



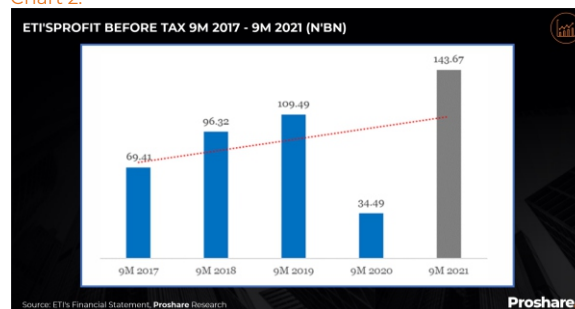
### Profit Before Tax.

Earnings before tax rebounded in the period, against 9m 2020 figures the Bank paid goodwill impairment of N60.58m which caused PBT to decline by -68.49% in the period.

For 9months 2021 ETI recorded its highest PBT during the period under review, PBT was up by +316.47% to N143.67bn. This was on the back of a +11.93% in operating income to N516.17bn, while impairment charges on financial assets fell slightly by -3.12% to N59.57bn (see chart 2).

Dollarizing the Bank's PBT, it also advanced in the period by +285.24% to US\$349.74m from US\$90.79m in 9months 2020, slower than growth in Naira terms.

Chart 2:



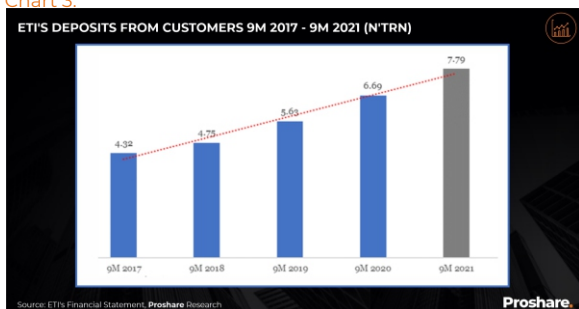
### Financial Intermediation.

#### Net Deposits

Deposits from customers edged up by +16.44% to N7.79trn from N6.69trn for 9months 2020, the growth in customer deposits drove higher balances in treasuries and investment securities (see chart 3).

The CESA business unit of the Group recorded the highest growth in customer deposit by +17% while the Nigerian segment had a decline in deposit from customers by -3%. The UEMOA region accounts for the largest portion of the Group's total deposit from customers, contributing 35.44% while Nigeria accounts for 20.27% of total deposits.

Chart 3:

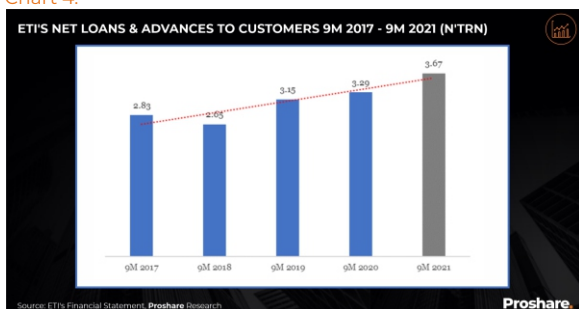


**Loans & Advances to Customers**

The growth rate in loans and advances to customers was slower than customer deposits, it grew by +11.55% to N3.67trn from N3.29trn in 9months2020 (see chart 4).

Despite growth in loans and advances to customers and deposits from customers, the net loan-to-deposit ratio (LDR) dipped to 47.11% in the period from 49.18%.

Chart 4:

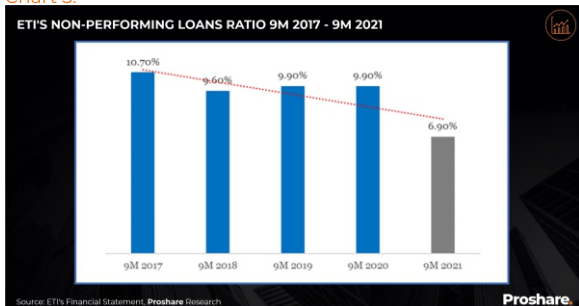


**Non-Performing Loan**

NPL ratio was steady between 9months 2018 to 9months2020 at an average of 9.8%, in 9months 2021, it improved to 6.90% meeting the Group's 2021 target of 5% -7%. Although, the Pan African Bank's NPL is above CBN's regulatory threshold of 5%.

The AWA region of the group had the lowest NPL ratio of 3.0% while the Nigerian business segment recorded the highest NPL ratio of 16.5% (see chart 5).

Chart 5:



The Nigerian business unit recorded declines both in net revenue (operating income) which fell by -23% and PBT which dipped by -51%. The 9M result of the group highlighted the Anglophone West Africa region as the most profitable, with the highest group return on equity (ROE), and the largest PBT despite a relatively lower group-wide net revenue (see table 1).

Table 1:

Region	Net Revenue (US\$m)	PBT (US\$m)	Customer Deposit (US\$bn)	NPL	CIR	ROE
Nigeria	156	18	3.78	16.50%	79.60%	2.90%
UEMOA	409	143	6.61	3.10%	54.49%	21.90%
AWA	384	184	3.39	3.00%	44.30%	27.10%
CESA	367	140	4.87	4.00%	52.10%	21.60%

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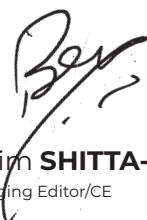
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#### Creation Date

This report was published on December 14, 2021, and is based on the best publicly available information at that time. The PDF version was created on March 25, 2024. For comments, feedback, and updates, kindly send us an e-mail via [research@proshare.co](mailto:research@proshare.co). Thankyou.



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