

Building a world-class pan-African bank

Ecobank is a full-service bank focused on sub-Saharan Africa. It provides a broad range of products and services to governments, financial institutions, multinationals, international organizations, small and medium enterprises, micro businesses and individuals.

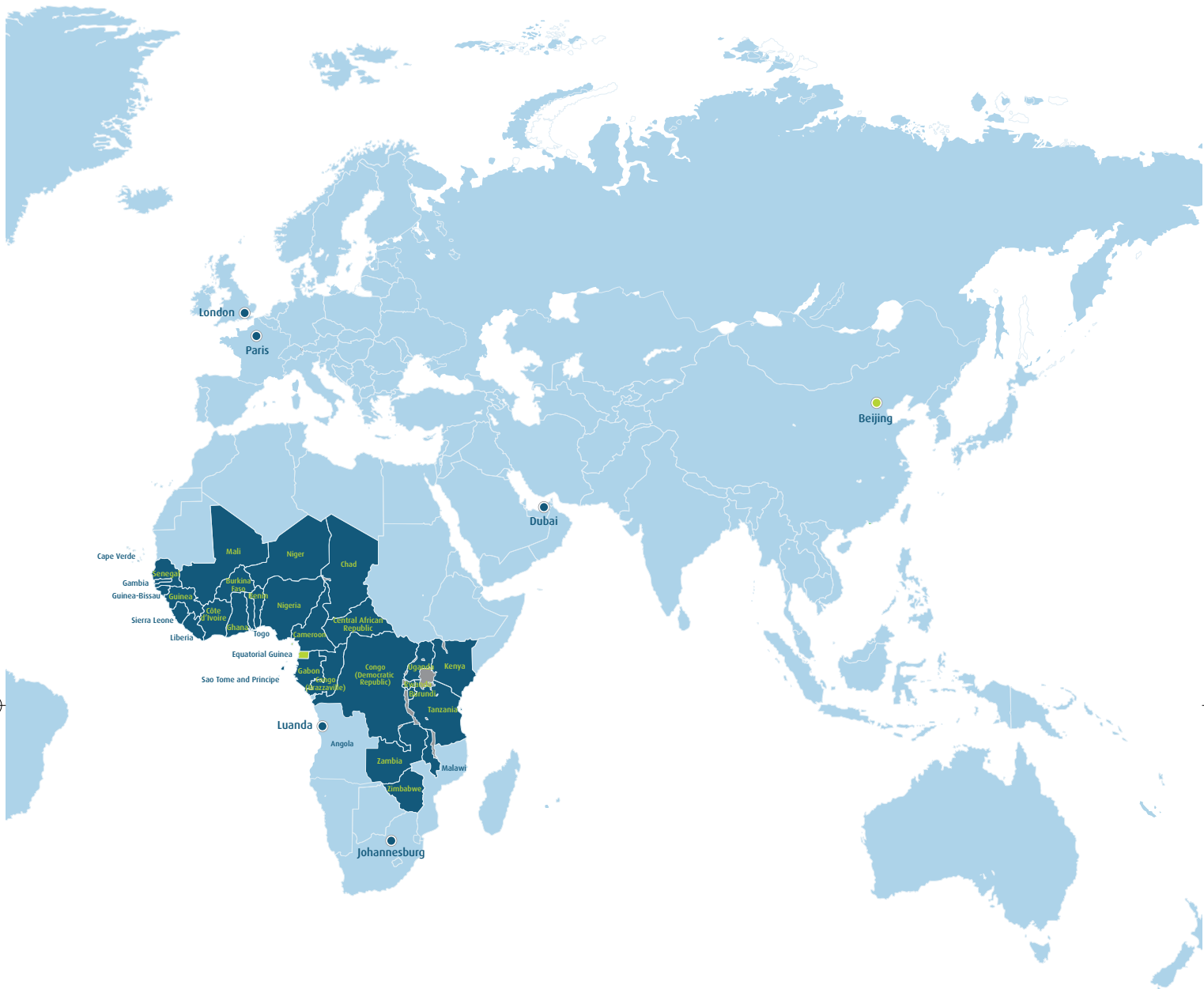
Mission and vision

Ecobank's dual objective is to build a world-class pan-African bank and to contribute to the economic and financial integration and development of the African continent.

It seeks to provide its customers with convenient and reliable banking and financial products and services both locally and regionally.

Unrivalled pan-African network

Ecobank is the leading pan-African bank with operations in 32 countries across the continent, more than any other bank in the world. Ecobank also has representative offices in London (UK), Luanda (Angola), Dubai (UAE) and Johannesburg (South Africa) and a subsidiary in Paris (France). Ecobank has also signed strategic alliances with the Bank of China, Accion, Nedbank and Old Mutual of South Africa.



One Bank everywhere

Ecobank operates as “One Bank” with common branding, standards, policies and processes to provide a consistent and reliable service across its unique network of more than 755 branches, 779 ATMs and 888 POSs.

Diversified business mix

Ecobank’s mix of retail, wholesale and investment banking is diversified across geographies, customers and products to provide a sustainable platform for long-term growth and value creation.

Sustainability

Ecobank seeks to comply with international best practices on key areas such as business ethics, anti-money laundering and corporate governance. It also seeks to factor social responsibility and sustainability into its business approach and to contribute to poverty alleviation and wealth creation.

Technology

Ecobank is committed to adopting and implementing appropriate technology and telecommunications for its business processes and continues to invest to improve and optimize its platform. We run one of the most geographically dispersed corporate telecommunications networks in Africa.





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Performance highlights

Ecobank delivered robust performance which reflects our continued focus on the integration and optimization of our unique franchise, benefiting from the re-alignment of our business along customer-centric lines.

Income statement

Revenues	Profit before tax	Profit after tax	Profit attributable
\$900m	\$169m	\$132m	\$113m
2009: \$873m; +3%	2009: \$101m; +67%	2009: \$65m; +104%	2009: \$51m; +121%

Balance sheet

Total assets	Customer deposits	Customer loans	Total equity
\$10.5bn	\$7.9bn	\$5.3bn	\$1.3bn
2009: \$9bn; +16%	2009: \$6.5bn; +22%	2009: \$4.8bn; +10%	2009: 1.2bn; +5%

Profitability

Return on average equity	Return on average assets	Basic earnings per share	Dividend per share
10.4%	1.4%	1.14 cents	0.4 cents
2009: 5.6%; +480bp	2009: 0.7%; +70bp	2009: 0.58 cents; +97%	2009: 0.3 cents; +33%

Efficiency and capital

Cost-income ratio	NPL ratio	Total capital ratio	Tier-1 capital ratio
69.9%	15.2%	20.8%	20.2%
2009: 72.4%; -250bp	2009: 16%; -60bp	2009: 21.4%; -60bp	2009: 21%; -80bp

Distribution network

Markets	Branches and offices	ATMs	Point of Sales (POS)
33*	755	779	888
2009: 30; +10%	2009: 746; +1%	2009: 665; +17%	2009: 789; +13%

*At 31 December 2010

In the year ahead, we expect the continued economic growth in sub-Saharan Africa to be sustained and Ecobank will leverage its unrivalled presence in Africa to take advantage of this positive trend.

Chairman's address



There was a satisfactory improvement in our 2010 performance from 2009 when global economic conditions and systemic problems in our largest market had a negative impact on our results. The Board and Management worked tirelessly to address the challenges and return the Group to sustainable profitable growth.

Whilst we have made good progress, we still believe there is room for improvement in order to achieve the targets we set ourselves of building a world class pan-African bank.

Financial results

The financial results for the year show good recovery from the previous year, and progress across our businesses and geographies.

At US\$10.5 billion, total assets of the Group exceeded US\$10 billion for the first time on the back of a 16% growth driven largely by a 22% growth in deposits. This was achieved in spite of adverse movements in our operating currencies.

Revenues grew by 3% to US\$900 million and costs were reduced by 1% achieving our objective of increasing revenues faster than costs. Reduction in operating expenses benefitted from decrease in headcount and slow down in branch network expansion, as we focused instead on the integration and optimization of the Group.

There was a marked improvement in the underlying performance of Nigeria, our major subsidiary, particularly in its risk metrics. Several of our new subsidiaries also significantly reduced their losses or became profitable. This was, however, offset by problems in other markets. Overall, we believe that our strategy of diversification across geographies, customers and businesses has been a major factor in the improved performance of the Group.

Based on the results for the year, we are proposing a one third increase in dividend per share to 0.4 US cents (2009: 0.3 US cents).

Strategy

Following a review of our strategy in 2009, the focus in 2010 was on implementing the new operating model. The Group was reorganized around customer centric business sectors. In addition, there was significant emphasis on key performance indices relating to risk management, liquidity, revenue, cost management, and capital adequacy.

During 2010 we opened new offices in Angola, Tanzania and Dubai. We have this year added Zimbabwe and London increasing our presence to 32 countries in Africa, and 35 globally.

Corporate governance

In 2010, we welcomed Mr Assaad Jabre to the Board. Mr Jabre is a former Head of the International Finance Corporation (IFC) and we look forward to his contribution to the continued rapid evolution of Ecobank.

Mr Offiong Ambah resigned after 15 years with the Group, during which time he played a key part in our development from a regional to a pan-African bank. We are grateful for his time with us and thank him for his valued contribution over the years.

The Ecobank Group has evolved from a regional bank to a multinational African bank with a presence in key financial markets. We continue to strengthen the team, ensuring that the Board comprises individuals who are more than adequately equipped to carry out their responsibilities in steering



the Group to achieve its strategic objectives.

Corporate social responsibility

The Ecobank Foundation continues to support projects across Africa. These are detailed in the section on Corporate Social Responsibility in this annual report.

Ecobank has also been active on issues such as climate change as well as regional integration in Africa. We have participated in many local and international events and initiatives, which main focus has been fuelling interest in the future of Africa.

Transparency

Our Annual Report is continuously reviewed to ensure that it provides shareholders, investors, analysts and the general public with relevant information on developments within the Group.

During the year, our Investor Relations function was further strengthened to provide better information to our shareholders, investors, rating agencies and the investing public on a timely and informative basis. This included annual and quarterly teleconferences with analysts and investors as well as presentations at investor conferences.

People and process

In addition to attracting new talent during the year, the Group invested significantly in developing its people. Particular emphasis was placed on training in risk management and controls. Further investment was made to integrate and optimize our technology platform given our wide geographical spread of operations.

We continued to implement a proactive policy on diversity and gender balance across the Group, which has made Ecobank one of the leading African firms in this field.

Head Office building

It is expected that construction of the Head Office building will be completed by the end of June, at which time the Annual General Meeting will be hosted in the new Ecobank Conference Centre.

The future

Although we have seen improvement in our performance, we still have some way to go in achieving our strategic objective. Whilst we have slowed down on our geographic expansion and are focused on the integration and optimization of the network that we have built thus far, Ecobank remains a growth company. We will continue our strategy of increasing market share and revenues, and in plugging any gaps in our strategic geography.

We have a lot of work to do in expanding our market share in the bigger countries with greater revenue pools, and in developing key business areas where we have competitive advantage such as regional trade and payments. Further work is also required to improve our risk management and controls.

We remain grateful to our management and employees for their hard work as they endeavour to develop the Ecobank Group. Our appreciation goes to our shareholders for their continued confidence and support. Above all we thank our customers for choosing Ecobank.

The Board believes that the best years for the Group lie ahead as the fruits of our expansion, growth and our operating model are reflected in the results of the Institution in the coming years.

Kolapo Lawson
Chairman
Board of Directors



Directors' report

Principal activity

There was no change in the principal activity of the company in 2010. Ecobank Transnational Incorporated (ETI), the parent company of the Ecobank Group, is a bank holding company. Its principal activity is the provision of banking and financial services through its subsidiaries and affiliates.

The Group added three (3) new countries to its network during the year 2010. During the year, emphasis was placed on integrating and optimizing the Group's operating platform through improvements in systems and processes with the view to improving efficiency and containing costs.

During the year, the Group implemented a new business model. The Group is now managed along customer centric business lines as opposed to the previous approach where the Group was managed along geographical/regional lines. A review of the business of the Group during the 2010 financial year, and of likely future developments, is contained in the Business and Financial Review section.

Results

The Group's profit after tax was US\$132 million. Net profit attributable to the parent company was US\$112.7 million. The details of the results for the year are set out in the consolidated financial statements.

The Board of Directors approved the financial statements of the company and the Group for the year ended 31 December 2010 at the meeting of the Board held on 25 March 2011. Messrs Kolapo Lawson and Arnold Ekpe were authorised to sign the accounts on behalf of the Board.

International Financial Reporting Standards (IFRS)

The accounts of both the parent company (ETI) and the Group are prepared in accordance with International Financial Reporting Standards (IFRS).

Dividend

The Directors recommend payment of dividend of 0.4 US cents per ordinary share totaling US\$39.7 million based on the total number of shares outstanding as of 31 December 2010.

Capital

At the beginning of 2010, the authorised share capital of the company was US\$1.25 billion divided into 50 billion ordinary shares of 2.5 US cents per share. The issued share capital was US\$867 million represented by 9.9 billion ordinary shares.

All the issued shares of the company continued to be listed and traded on the three West African stock exchanges, namely, the BRVM (Bourse Régionale des Valeurs Mobilières) in Abidjan, the Ghana Stock Exchange of Accra, and the Nigerian Stock Exchange of Lagos.

Directors

The names of the Directors of the company appear on pages 10 to 16 of this report.

As of 31 December 2010, the Board was composed of thirteen (13) Directors: nine (9) Non-Executive and four (4) Executive Directors. Mr Assaad Jabre was co-opted as Director at the Board meeting held on 10 June 2010. Ratification of this appointment will be sought at the Annual General Meeting. Mr Offiong Ambah resigned from the Board in December 2010.

The Board of Directors met six (6) times during the year. The Governance Committee met five (5) times, the Audit and Compliance Committee, four (4) times and the Risk Committee, three (3) times to deliberate on issues under their respective responsibilities.

Corporate governance and compliance

The company maintains corporate policies and standards designed to encourage good and transparent corporate governance, avoid potential conflicts of interest and promote ethical business practices. See pages 20 to 25 of this annual report.

Subsidiaries

In 2010, Ecobank commenced operations in Tanzania. We also opened representative offices in Dubai, United Arab Emirates, and in Luanda, Angola. At the beginning of 2011, we acquired a bank in Zimbabwe and also opened a representative office in London, bringing the total number of countries in which the Group has a presence to 35 as at the date of this annual report.

Our investment banking subsidiary, Ecobank Development Corporation (EDC), as well as its stockbrokerage units in Ghana, Nigeria, Côte d'Ivoire for the Francophone West Africa Region and Cameroon for the Central Africa Region continued to develop their businesses.

eProcess International SA, our shared services and technology subsidiary, continued its activities as the technology infrastructure and platform for the Group.

Ecobank Transnational Incorporated has a majority equity interest in all its subsidiaries, and provides them with management, operational, technical, training, business development and advisory services.

Post balance sheet events

There were no post balance sheet events that could materially affect either the reported state of affairs of the company and the Group as at 31 December 2010 or the profit for the year ended on the same date which have not been adequately provided for or disclosed.

Responsibilities of Directors

The Board of Directors is responsible for the preparation of the financial statements, which give a true and fair view of the state of affairs of the company at the end of the financial period and of the results for that period. These responsibilities include ensuring that:

- Adequate internal control procedures are instituted to safeguard assets, prevent and detect fraud and other irregularities.
- Proper accounting records are maintained.
- Applicable accounting standards are followed.
- Suitable accounting policies are used and consistently applied.
- The financial statements are prepared on going concern basis unless it is inappropriate to presume that the company will continue in business.

Independent external auditors

The joint auditors, PricewaterhouseCoopers, Lagos, Nigeria and PricewaterhouseCoopers S.A., Abidjan, Côte d'Ivoire have indicated their willingness to continue in office. A resolution will be presented at the 2011 AGM to authorize the Directors to determine their remuneration.

Dated in Lomé, 25 March 2011

By Order of the Board,



Morgan F. Asiedu
Company Secretary



Board of Directors



Kolapo Lawson (60)

Chairman since 2009

Non-Executive Director since 1993

Kolapo Lawson is the Chief Executive Officer of a diversified industrial and trading Group with operations in the United Kingdom and West Africa. He is the Chairman of Acorn Petroleum Plc. and Agbara Estates Limited as well as a Non-Executive Director of three publicly quoted companies: Beta Glass Plc., Pharma-Deko Plc. and Sovereign Trust Insurance Plc.

He was a Director of Ecobank Nigeria from 1989 to 1997 and of Ecobank Togo from 1990 to 1993.

Kolapo Lawson has a degree in Economics from the London School of Economics and Political Science and is a fellow of the Institute of Chartered Accountants in England and Wales, and of the Institute of Chartered Accountants of Nigeria.



Christian N. Adovelande (60)

First Vice-Chairman since 2009

Non-Executive Director since 2002

Christian Adovelande is the Chairman and Chief Executive Officer of the ECOWAS Bank for Investment and Development (EBID). He was previously Chairman/Managing Director of Cauris Management S.A. and Managing Director of Cauris Investissement S.A., a regional venture capital Company based in Lomé, Togo.

He has held the position of Secretary General and acting General Manager for the Africa Private Investment Guarantee Fund (Fonds GARI S.A.) and held a number of key positions at the West African Development Bank (BOAD).

He represents EBID on the Board of Directors. Christian Adovelande holds a degree in Finance and Banking from the Centre Ouest Africain d'Etudes Financières, Dakar, from which he graduated in 1977.





André Siaka (61)

Second Vice-Chairman since 2009
Non-Executive Director since 2006

André Siaka has been the Chief Executive Officer of S.A. Brasseries du Cameroun (SABC) since 1988. He has been working with SABC since 1977, rising from Production Engineer, to Plant Manager, Deputy Regional Manager, Regional Manager and Deputy Managing Director. Before SABC, André Siaka worked with Société Générale in Paris (1974 – 1976).

André Siaka is member of Financial Markets Commission and a Director of Orange Cameroun and Chanas Assurances SA. André Siaka holds an engineering degree from Ecole Polytechnique, Paris. André Siaka has been appointed recently as the Honorary Consul of Monaco Principality in Douala.



Arnold Ekpe (57)

Chief Executive Officer from 1996
to 2001 and since 2005

Arnold Ekpe has been Chief Executive Officer of the Ecobank Group since 2005. He previously held the same position from 1996 to 2001. With 30 years of banking experience in the industry, Mr Ekpe has held several senior positions in African and international banking.

He was Head of sub-Sahara Africa Structured Trade and Corporate Finance at Citibank in the 1990s. In that position, he played a leading role in building Citibank's corporate finance business in Africa, including several landmark transactions. He is also a former Managing Director of UBA. Since his return to Ecobank in 2005, Mr Ekpe has led the ongoing transformation of the Group, which has become the leading pan-African banking institution, with operations in more countries in Africa than any other bank in the world.

Mr Ekpe's abiding passion is in promoting pan-African private-sector initiatives, particularly in the financial services sector. He holds a first class honours degree in Mechanical Engineering and a Masters in Business Administration from Manchester University and Manchester Business School, respectively.



Board of Directors (continued)



**Babatunde Ademola
Moyosoreoluwa Ajibade (43)**

Non-Executive Director since 2010

Born on 13th April, 1968 Dr. Babatunde Ajibade is a legal practitioner engaged in private commercial legal practice and is a Senior Advocate of Nigeria. He is the Managing Partner of S. P. A. Ajibade & Co, a leading commercial legal practice in Nigeria and has held this position since 1996. He is the Chairman of the Capital Market Solicitors Association, Nigeria; Vice-Chairman of the Banking, Finance and Insolvency Committee of the Section on Business Law, Nigerian Bar Association; Vice-Chairman of the Rules and Regulations Sub-Committee of the Nigerian Securities and Exchange Commission's Capital Market Committee; a Fellow of the Institute of Advanced Legal Studies (UK); and an International Practice Fellow of the International Bar Association.

Dr. Ajibade holds a Ph.D. in Private International Law and an L.L.M. in Corporate and Commercial Law both from King's College, University of London and a L.L.B. from the Obafemi Awolowo University, Ile-Ife, Nigeria. He is a Notary Public and a Solicitor and Advocate of the Supreme Court of Nigeria.



Kwasi A. Boatın (49)

Non-Executive Director since 2009

Kwasi Boatın is an investment consultant and former Director General of the Social Security and National Insurance Trust (SSNIT), with US\$2.1 billion of assets under management for a defined benefit plan under the Social Security Scheme for Ghana. He was the General Manager in charge of Finance of SSNIT from 2003 to 2008.

He has significant experience in investment consulting and asset management and has made several presentations and issued publications on Social Security Financing. In February 2006 he was appointed Reporter by the International Social Security Association (ISSA), under the ILO, Geneva and was vice chairperson of the Technical Commission on Investments from 2007 to 2010.

From 1989 to 2003 he held senior finance positions in major UK companies including Barratt London Plc., AT&T (UK) and Winkworth. Mr Boatın holds an MBA from Henley Business School, Oxfordshire, England and is a Fellow of the Association of Chartered Certified Accountants, UK.





Paulo Gomes (47)

Non-Executive Director since 2006

Paulo Gomes was an Executive Director of the World Bank Group in Washington D.C. from 1998 to 2006. From 1995 to 1998, he worked for the Ministry of Finance, Planning and Trade of Guinea-Bissau, where he was Principal Adviser, Director of Strategic Planning, Public Investment and Debt.

Paulo Gomes is the Founder and Manager of Constelor Holdings and Chairman of AFIG Fund. He holds a Certificate in Political Studies (Institut d'Etudes Politiques de Paris), a Bachelor in Economics and International Trade (Institut d'Etudes Libres de Relations Internationales, Paris) and Masters in Economic Policy and Management from the Kennedy School of Government at Harvard (USA).



Siphon Goodenough Mseleku (44)

Non-Executive Director since 2009

Mr Siphon Goodenough Mseleku is the Chairman of the Global Business Roundtable; he is the former Chief Executive Officer of the Association of SADC Chambers of Commerce and Industry (ASCCI), a Non-Executive Chairman of Sakhumnotho Group Holdings (Pty) Ltd and Director of several other institutions since 2005 to date. From 2004 to 2005, he was the Chief Executive Officer of Chambers of Commerce and Industry of South Africa (CHAMSA) and from 2002 to 2005, he was the Chief Executive Officer of National African Federated Chamber of Commerce and Industry (NAFCOC) and of Sakhumnotho Group Holdings (Pty) Ltd.

From 2000 to 2003, he was Senior Manager, Investment Banking at Gensec Bank and Structured Financier at Development Bank of South Africa; in 1999 and 2000, he was Senior Legal Executive of Brait Capital Partners. In 1997 and 1999 and from 2005 to date, he is Attorney of the High Court of South Africa. He is the current President of the Pan-African Chamber of Commerce and Industry. Mr Mseleku holds an LL.M (Tax Law), an HDip Company Law, an LL.B, and a BA (Hons) of the University of Witwatersrand, Johannesburg.



Board of Directors (continued)



Assaad J. Jabre (59)

Non-Executive Director since 2010

Born on October 17, 1952, Mr Assaad J. Jabre is a Corporate Investment Advisor.

From 1980 to 2005, he worked with the International Finance Corporation (IFC), a member of the World Bank Group, where he occupied a number of senior positions, including: Acting Executive Vice-President and Chief Executive Officer (2005); Vice-President, Investments and Advisory Operations (2000 – 2005); Vice-President, Portfolio Management (1997 – 2000). From 1997 to 2005, he was also a member of the IFC Corporate Investment Committee and its Finance and Risk Management Committee.

Currently, he also sits on the Advisory Board of ICD, the private sector affiliate of the Islamic Development Bank and the Strategic Committee of the Center for Mediterranean Integration. Mr Jabre is a Graduate of the "Institut d'Etudes Politiques de Paris" and holds a degree in International Law from the University of Paris and an MBA from the Wharton School (University of Pennsylvania).



Isyaku Umar (63)

Non-Executive Director since 2006

Isyaku Umar started his career with UAC of Nigeria. From 1972 to 1976, he was employed in Kano State Government and was at various times Secretary of the Draught Relief Committee and Principal Private Secretary to the Military Governor. Following that, he became the General Manager of Mai-Nasara and Sons Limited from 1977 to 1979, and Managing Director of Tofa General Enterprises Ltd from 1979 to date.

Isyaku Umar holds a Bachelor's degree in Economics from Ahmadu Bello University Zaria and a Master of Public Administration degree from Pittsburgh University (USA) and an Honorary Doctorate Degree by Nnamdi Azikiwe University Awka Anambra State Nigeria.





Albert Essien (55)

Executive Director since 2005

Albert Essien is currently the Group Executive Director for Corporate Bank. Prior to that, he was the Regional Head for the Anglophone West Africa (excluding Nigeria) and Eastern and Southern Africa (ESA) regions. As Regional Head, for ESA he had responsibility for Ecobank's expansion into that region which culminated in subsidiaries in the following countries; Kenya, Uganda, Tanzania, Rwanda, Burundi, Zambia and Malawi. He started his banking career in 1986 with the National Investment Bank in Accra, Ghana.

He joined the Corporate Banking Department of Ecobank Ghana in 1990. In 1997, he became Country Risk Manager. He was appointed Deputy Managing Director in 2001 and became Managing Director in December 2002.

Albert Essien has a degree in Economics from the University of Ghana (graduated in 1979) and is an alumnus of the Executive Development Program of INSEAD (France/Singapore). He is also an honorary fellow of the Chartered Institute of Bankers, Ghana.



Evelyne Tall (52)

Executive Director since 2005

Evelyne Tall is currently the Group Chief Operating Officer. Prior to that, she was the Executive Director for Domestic Bank. She started her banking career in 1981 with Citibank in Dakar. She left Citibank to join Ecobank Mali as Deputy Managing Director in 1998, and was made Managing Director in 2000. She was later transferred to Ecobank Senegal as Managing Director. She was appointed Regional Head of the Francophone West Africa Region in October 2005.

Evelyne Tall holds a Bachelor's degree in English (Dakar) and a diploma in International Trade, Distribution and Marketing from the Ecole d'Administration et de Direction des Affaires, Paris.



Board of Directors (continued)



Offong Ambah (51)

Executive Director from 2006 to 2010

Offong Ambah, until his resignation in December 2010, was the Group Executive Director for Ecobank Capital. Prior to that, he was the Regional Head for Nigeria. Between 1985 and 1991, he worked with International Merchant Bank and Citi Trust Merchant Bank in Nigeria. Offong joined Ecobank in 1991. In 1999, he was transferred to Liberia to set up Ecobank Liberia as Managing Director.

He left the Ecobank Group in 2002 for United Bank for Africa Plc. where he worked as Executive Director. He left UBA in 2005 and was appointed Interim Chairman of Allstates Trust Bank.

In March 2006, he returned to Ecobank Group as Managing Director of Ecobank Nigeria and Regional Head for Nigeria. Offong Ambah holds a Bachelor in Economics and a Masters in Economics. He graduated from the University of Lagos in 1982.



Laurence do Rego (46)

Executive Director since 2010

Mrs. Laurence do Rego was appointed Group Executive Director, Finance and Risk in January 2010, having previously been the Group Chief Financial Officer from 2005 to 2009. She joined Ecobank in 2002 as Head of Financial Control for Ecobank Benin. Prior to these roles, Mrs. do Rego had over 15 years of experience in senior financial roles, recent ones being Financial Director at Binney & Smith, France, a subsidiary of the Hallmark Group (USA) and Group Thoeer (France) and as Managing Director of SOCIEC, an accountancy firm in France. Mrs. do Rego is a Certified Chartered Accountant and holds a bachelor and post-graduate degrees in Finance and Accounting.



Chief Executive Officer's review



2010 marked an improvement from the low point of our performance in the previous year. Whilst there has been some improvement across all the business areas, it is clear that we still have a lot of work to do. Although our emphasis remains on integration and optimization of our existing network, we continue to look for growth opportunities that are in line with our strategy.

We have drawn clear lessons from past challenges and are now investing considerable time and resources in improving our risk management and controls, in growing revenues and managing our costs, improving our technology and processes and in training and developing our people.

Financial performance

Profit before tax rose by 67% to US\$169 million whilst profit after tax doubled to US\$132 million. Profits were held back by deterioration in the value of the operating currencies of the Group. Without this deterioration, the Group would have made a profit before tax of US\$177 million and a profit after tax of US\$138 million respectively.

Net revenues rose by 3% to US\$900 million in 2010 on the back of a strong growth in fees and commissions income and relatively modest loan growth. Contribution by the various regions varied considerably. In particular, our largest subsidiary, Nigeria is yet to contribute to the Group performance as it recovers from the systemic problems of the Nigerian banking industry.

A breakdown of the contribution of the respective regions and the businesses to the Group results is set out in the section on Business and Financial Review of this annual report.

Our efficiency ratio showed some improvement and dropped below 70% for the first time after peaking at 72.4% in 2009 following our expansion. We also saw a return to a positive gap between our revenues and costs as revenues grew by 3% whilst costs came down by 1%.

Revenue growth was driven largely by a significant increase in fees and commissions and a relatively modest growth in interest income from a modest growth in loan volume

In terms of cost management, staff cost increased by 3% on the back of a reduction in headcount by 1,000 mostly in Nigeria and a reduction in operating costs as we scaled back the opening of new branches.

During the year, we opened only 9 new branches and added three new territories to the Group, namely representative offices in Dubai, Luanda and a greenfield subsidiary in Tanzania. We also concluded an acquisition of a bank in Zimbabwe in January 2011.

During 2010, we invested over US\$92 million in further capitalization of existing subsidiaries and in opening new subsidiaries. After these investments, value added amounted to US\$503 million in 2010.

Review of 2010

The focus of the year was the implementation of our revised operating model. During the year we launched "The Excellence Project" designed to transform Ecobank into a world class pan-African Bank. The project focused on four areas: improving risk management, improving customer service, growing sales and improving cost discipline.



Chief Executive Officer's review (continued)

As a result, the administration of our Corporate Bank was moved from Lomé to our Johannesburg representative office to be closer to the customer.

The administration of Ecobank Capital, our treasury, investment banking and asset management arm is being moved to London.

Domestic Bank, our retail banking arm is also being moved to Nigeria which accounts for the largest component of our retail business.

These three business units will be supported by an independent and centralized risk management and finance function as well as an improved and enhanced operations and technology platform.

We expect that this new structure, coupled with other measures being taken to improve sales and service, will position Ecobank to better serve our customers and grow revenues, whilst reducing costs and credit losses in the medium to long term.

During 2010, we commenced work with a leading firm of international consultants on a LEAN programme to improve the performance and profitability of our branches. This is a 2-year programme which we expect will significantly improve the productivity of our branch sales and service.

We also launched the Rapidtransfer product during the year. This product, which is targeted towards Africans in diaspora in Africa, was well received and has grown in volumes significantly since being launched.

Also during the year, the technology group worked very hard to reduce the number of our technology operating platforms from 5 to 2. This will be further reduced to one platform, Flexcube, in 2011 with significant savings in costs and efficiency.

During the year, we added additional talent in the senior levels in the Group including the recruitment of a new Head of Ecobank Capital to further strengthen and refresh the management pool.

In Africa, new subsidiaries were opened in Tanzania and a bank was acquired in Zimbabwe. We also opened a representative office in Luanda, Angola.

11 Ecobank subsidiaries won awards for being the best banks in their respective countries, at the annual FT Bankers award ceremony in London.

In addition, the Ecobank Nedbank Alliance won the award for the Most Innovative Bank at the Africa Business Bankers Award on the occasion of the World Bank meetings.

Strategy

Our strategy remains unchanged. We are committed to building a world class bank and to building shareholder value through scale, growth, efficiency and diversification.

Scale

In terms of scale, our balance sheet exceeded US\$10 billion for the first time in 2010 rising to US\$10.5 billion.

Geographically, our footprint in Africa extended to 32 countries cementing our position as the leading pan-African bank in terms of countries of operation.

During the year we increased our number of branches to 755, the number of ATMs to 779 and the number of POSs to 888.

Our customer base increased to 3.1 million during the year, whilst the number of employees dropped by 1,000 from 11,000 to 10,000.

We continue to work to optimize our alternative channels in particular internet banking and mobile banking to improve customer convenience and access.

Growth

Whilst most of our geographical growth is behind us, we expect to see modest geographical expansion in the coming years. The emphasis remains to integrate and optimize our unrivalled operating platform. We expect to add a few countries in the medium term to our operating network namely Equatorial Guinea, Mozambique and Angola which form part of our core Africa geography.

We also intend to increase our branch network, especially in the larger countries such as Kenya, Nigeria, Cote d'Ivoire and Cameroon where we are not yet among the top banks.



We will also add significantly to our ATM and POS network to further expand our distribution capacity.

Our retail and corporate banks are working hard to significantly increase their customer base and the results are already showing through.

In particular, our focus remains to see strong growth in revenues and deposits whilst at the same time keeping growth in loans to a modest level and cost in single digits.

Efficiency

Our efficiency showed some improvement after three years of deterioration, dropping below 70% for the first time. In particular, we saw revenues growing faster than costs for the first time in four years as revenues grew by 3% whilst costs reduced by 1%. Headcount reduced by 10% and branch openings reduced from 136 the previous year to 9 in 2010.

Return on average assets doubled to 1.4% during the year. As a result of the improved performance, return on average equity rose by 480 basis points to 10.4% and earnings per share doubled to 1.14 cents.

Diversification

We continue to build a diversified business across markets, customers and geographies. No single country contributes a majority of our revenues or profitability. Our largest country, Nigeria, contributes 29% of our assets and 28% of our revenues. Our most profitable country, Ghana, contributes 38% of our profits.

We are working very hard to build our business outside Africa. Our Paris affiliate, EBI SA currently contributes about 3% of our assets although it is yet to contribute to profitability.

Shareholder value

Market capitalization of our stock at the end of 2010 was US\$991 million compared to US\$892 million at the end of 2009. Our market capitalization has remained unchanged during the year. We do not believe this is reflective of the strong underlying fundamentals of the Group.

Return on average equity doubled to 10.4% as a result of the improved performance. Earnings per share also doubled to 1.14 US cents.

Conclusion

Whilst there has been a turnaround in the performance of the Group, there is still much work to be done. As we started the new year, we have seen challenges arising from the socio-political situation in Cote d'Ivoire, the rise in oil prices, natural disasters in Japan and socio-political unrest in North Africa and the Middle East.

We believe that competition in the banking industry is bound to return as banks recover from the past years of difficulties and that the banking industry will be defined by further consolidation, especially in the larger markets. Whilst we believe we have built a network that would be difficult but not impossible to replicate in the medium term, we are now working actively to realize the full value of this network. This will require better and more efficient use of our resources and improvement in our technology and processes and most importantly, continued investment in developing and training our people. It will also require us to focus on those countries with larger banking revenue pools.

We have taken steps to strengthen our risk management and controls and these will continue. We have a lot of work ahead of us but we are excited by the prospects of the outcome of our ongoing efforts.

While 2010 showed a turnaround in our performance the challenge and the objective going forward is to build and improve on these positive developments in a sustainable manner.



Arnold Ekpe
Group Chief Executive Officer

Corporate governance

Commitment to corporate governance

The Ecobank Group is committed to ensuring good corporate governance. The Group believes that good corporate governance enhances shareholder value. Ecobank has been a pioneer in institutionalizing corporate governance principles in Africa as part of the Group's corporate culture. To this end, Ecobank aims at complying with best international practices on corporate governance. Adherence to corporate governance principles is articulated in a number of corporate documents. The Articles of Association of the company and those of its subsidiaries define the respective roles of Management, the Board of Directors and shareholders (including the protection of minority rights) in the administration of the Group.

The Group Corporate Governance Charter adopted by the Board of Directors to guide the Group's corporate governance framework is premised on the IFC principles and methodology on corporate governance. The Group's governance practices are also guided by the Basel Committee standards on corporate governance. There are standard written rules for the internal operation of the Boards of Directors, a code of conduct for Directors and rules on business ethics for staff, all of which aim at ensuring transparency and accountability.

The composition of the Board includes Executive, Non-Executive and Independent Directors. Non-Executive Directors always constitute a majority of the Board. Guided by the IFC's suggested definition of an Independent Director, the Board has formally adopted the following definition of "Independent Director" for application throughout the Group.

"Independent Director" means a Director who:

- Has not been employed by ETI or any of its subsidiaries and affiliates in the past five years.
- Is not affiliated with a company that is, an advisor or consultant to ETI or any of its subsidiaries and affiliates.

- Is not affiliated with a significant customer or supplier of the Group or any of its subsidiaries and affiliates.
- Has no personal service contracts with the Group, any of its subsidiaries and affiliates, or its senior Management.
- Is not affiliated with a non-profit organization that receives significant funding from the Group or any of its subsidiaries and affiliates.
- Is not employed as an Executive of another company where any of the Group's Executives serve on that company's Board of Directors.
- Is not a member of the immediate family of an individual who is, or has been during the past five years, employed by the Group or any of its subsidiaries and affiliates as an Executive Officer.
- Is not, nor in the past five years has been, affiliated with or employed by a present or former auditor of the Group or of its subsidiaries and affiliate; or
- Is not a controlling person of the Group (or member of a Group of individuals and/or entities that collectively exercise effective control over the Group) or such person's brother, sister, parent, grandparent, child, cousin, aunt, uncle, nephew or niece or a spouse, widow, in-law, heir, legatee and successor of any of the foregoing (or any trust or similar arrangement of which any such persons or a combination thereof are the sole beneficiaries) or the executor, administrator or personal representative of any person described in this sub-paragraph who is deceased or legally incompetent.

For the purposes of this definition, a person shall be deemed to be "affiliated" with a party if such person (i) has a direct or indirect ownership interest in; or (ii) is employed by such party.

By this definition, most of the company's Non-Executive Directors are Independent Directors.

The Board also applies the following criteria for the appointment of Non-Executive Directors:

Independence

Although not all Non-Executive Directors need to meet the Independent Director definition above, all Directors should be capable of exercising independent judgment and decision-taking.

Demonstrated business acumen

Strong business experience and a proven understanding of corporate and business processes through a successful track record and a strong reputation in the business community.

Leadership and Board experience

A recognized ability to add value and display leadership at Board level and an ability to assert balanced and constructive views at Board level.

Special technical skills or expertise

Experience in banking (particularly retail banking but also commercial and/or investment banking), accounting, and/or law and expertise not readily available to the Executive team would be valuable especially if this professional experience is in emerging markets.

Integrity

High level of integrity and professional and personal ethics and values consistent with those of the Ecobank Group.

Character

Strength of character and ability and willingness to challenge and probe; sound business judgment; strong interpersonal skills; and the ability to listen carefully and communicate with clarity, objectivity and brevity.

Time commitment

Sufficient time to effectively carry out duties of a Non-Executive Director.

Additional considerations

Importance of bringing more diversity to the Board in terms of age, gender, demographics, etc.

The Board has also adopted standard evaluation tools to help assess the performance of the Board as a whole as well as that of individual Directors. In 2010, evaluation was administered to all Directors of ETI and subsidiaries across the Group. Analysis of the reports of the evaluation indicate very high performance of the Board of the Group.

Governance structures within the Ecobank Group

The Ecobank Group corporate governance documents outline corporate governance policies and clarify governance structures throughout the Group. It covers essentially the following areas:

- Role of the parent company.
- Relationships and interface between the parent company and subsidiaries.
- Standard of conduct and procedure for Directors.

The key principles underlying the Group's governance structures are as follows:

- The parent company acts as a "strategic controller" with appropriate involvement in operational management and decision making at subsidiaries level. It sets the overall strategy and direction of the Group, develops policies and procedures and monitors them through reviews and audits to ensure compliance not only with Group strategy, policies and procedures but also with local laws and regulations.
- Operational decision-making is individualized and maintained at an appropriate level, as close as possible to required action and customers.
- Individual accountability and responsibility are institutionalized and embedded through empowerment and the granting of relevant levels of authority.
- Coordination at the corporate centre and Group level is achieved through high levels of interaction between parent company and its subsidiaries as well as amongst subsidiaries at Board and Executive Management levels.

Corporate Governance (continued)

- Clear terms of reference and accountability are laid out for committees at Board and Executive levels. There is effective communication and information sharing outside of meetings. The Group operates an "open-door" policy.
- Application of Group decisions and policies by all Ecobank Group member companies is subject to applicable local laws and regulations. Where there is a conflict between Group Policy and local laws and regulations, local laws and regulations shall prevail.

The following are the governance units within the Group:

- The parent company Board of Directors.
- Country Board of Directors.
- Group Executive Committee.
- Country Executive Management Committee.
- Business leaders conference.

Appropriate sub-committees are also set up, either on a permanent or ad hoc basis to handle issues as they arise. A brief overview of the roles and responsibilities of each of the governance units is provided below.

Parent Company Board of Directors

The Board of Directors of ETI is elected by, and accountable to, the company's shareholders for the proper and effective administration of the Ecobank Group. Their primary responsibility is to foster the long-term success of the company, consistent with its fiduciary responsibility to the shareholders. The Group's governance charter requires the Board of Directors to be guided by the following principles:

- Clear delineation and segregation of responsibilities between Executive Management and Board to ensure non-interference of the Board in the operational management of the Group.
- Objective judgment on corporate affairs independent of Executive Management.
- Actions on a fully informed basis, in good faith, with due diligence and care and in the best interest of the Group and its shareholders.

- Compliance with applicable laws and regulations in line with Group strategy and direction.
- Local legislation to prevail in the event of any conflict between Group policies and local laws.
- Transparency and avoidance of conflict of interest between Directors and the business of the Ecobank Group.
- Full disclosure of accurate, adequate and timely information regarding personal interests of Directors.

As at the end of 2010, the membership of the Board was thirteen, comprising four Executive and nine Non-Executive Directors (refer to pages 10 to 16). The Group Corporate Governance Charter requires that there are more Non-Executive Directors than Executives on the Board.

The Board has three committees, namely, the Governance Committee, the Audit and Compliance Committee and the Risk Committee.

The Board of Directors met six (6) times during the year. The Governance Committee met five (5) times, the Audit and Compliance Committee, four (4) times and the Risk Committee three (3) times to deliberate on issues under their respective responsibilities.

The membership of the committees was reconstituted during the year following changes on the Board. The current composition and terms of reference of the committees are summarized below:

Governance Committee

Composition

At the end of 2010, the Committee comprised five members as follows:

Mr Kolapo Lawson (Board Chairman/
Non-Executive Director) – Chairman

Mr Christian Adolelande (First Vice-Chairman/
Non-Executive Director) – Member

Mr Andre Siaka (Second Vice-Chairman/
Non-Executive Director) – Member

Mr Arnold Ekpe (Chief Executive Officer) – Member

Mr Siphon Mseleku (Non-Executive Director) – Member

The Company Secretary is the secretary to the Committee.

Responsibilities

- Formulates, reviews and generally ensures implementation of policies applicable to all units of the Group and ensure good governance throughout the Group.
- Manages the relationship between the company and its shareholders and subsidiaries, including relationships with the Boards of subsidiaries.
- Formulates new and reviews existing Group-wide policies including organizational structure.
- Handles relationship with regulators and third parties.
- Manages Board affairs in between the meetings of the Board or when the Board is not sitting.
- Recommends the appointment of Executive and Non-Executive Directors.
- Reviews the human resources strategy and policies of the Group and the remuneration of Senior Executives.

Audit and Compliance Committee

Composition

Membership as at the end of 2010 was composed as follows:

Mr Kwasi Boatın (Non-Executive Director) – Chairman

Mr Paulo Gomes (Non-Executive Director) – Member

Mr Assaad Jabre (Non-Executive Director) – Member

Mrs. Evelyn Tall (Executive Director) – Member

Social Security and National Insurance Trust, Ghana (Shareholder represented by its Head of Financial Accounts Department, Mr Ralph Roland) – Member

Mrs. Laurence do Rego, Executive Director, Finance and Risk sits in attendance and so does the Chief Executive Officer where appropriate.

All members have business knowledge and skills and familiarity with accounting practices and concepts.

The Group Head of Audit serves as the Secretary to the Committee.

Responsibilities

- Reviews internal controls including financial and business controls.
- Reviews internal audit function and audit activities.
- Facilitates dialogue between auditors and Management regarding outcomes of audit reviews.
- Makes proposals with regard to external auditors and their remuneration.
- Works with external auditors to review annual financial statements before full Board approval.
- Ensures compliance with all applicable laws, regulations and operating standards.

Corporate Governance (continued)

Risk committee

Composition

At the end of 2010, the composition of the Committee was as follows:

- Mr Andre Siaka (Non-Executive Director – Chairman
- Mr Isyaku Umar (Non-Executive Director) – Member
- Dr. Babatunde Ajibade (Non-Executive Director) – Member
- Mr Arnold Ekpe (Chief Executive Officer) – Member
- Mr Albert Essien (Executive Director) – Member
- Mrs. Laurence do Rego (Executive Director) – Member

Members have good knowledge of business, finance, banking, general management and credit.

The Chief Risk Officer serves as Secretary to the Committee.

Responsibilities

- Initiates the determination and definition of policies and guidelines for the approval of credit, operational, market/price and other risks within the Group; defining acceptable risks and risk acceptance criteria.
- Sets and reviews credit approval limits for management.
- Reviews and ratifies operational and credit policy changes initiated by management.
- Ensures compliance with the bank's credit policies and statutory requirements prescribed by the regulatory or supervisory authorities.
- Reviews periodic credit portfolio reports and assesses portfolio performance.
- Reviews all other risks i.e. technology, market, insurance, reputation, regulations, etc.

Subsidiary Boards of Directors

Ecobank subsidiaries operate as separate legal entities in their respective countries. ETI is the majority shareholder in all the subsidiaries but host country citizens and institutions are typically investors in the local subsidiaries. Each subsidiary has a Board of Directors, the majority of whom are Non-Executive Directors.

The Group Governance Charter requires that country Boards be guided by the same governance principles as the parent company. As a rule, but subject to local regulations and the size of the Board, the Boards of Directors of subsidiaries have the same number of committees as the parent company.

The Boards of Directors of the subsidiaries are accountable to the subsidiaries' shareholders for the proper and effective administration of the subsidiaries in line with the overall Group direction and strategy. These Boards also have statutory obligations based on company and banking laws in the respective countries. In the event of any conflict between the Group policies and local laws, the local laws prevail.

Group Executive Committee

In 2010, the Group Executive Committee (GEC) comprised of the Chief Executive Officer, the three other Executive Directors and three Group Executives, The Group General Counsel and Company Secretary served as secretary to the GEC. The GEC is responsible for the day to day operational management of the Group and its subsidiaries.

The Committee is responsible to the Board and plays an important role in the Group's corporate governance structure. The Committee manages the broad strategic and policy direction of the Group, submits them to the Board for approval where necessary, and oversees their implementation. The Committee has decision making powers in specific areas of Group Management. In particular, the Committee works with and assists the Chief Executive Officer to:

- Define and develop Group strategy.
- Confirm alignment of individual subsidiary's plans with overall Group strategy.
- Track and manage strategic and business performance against plan.
- Implement Group policy and decisions.
- Make recommendations on various issues relating to staff.
- Track and monitor progress and accomplishments on major Group initiatives and projects at affiliate level.
- Recommend opening or closing of subsidiaries.
- Articulate appropriate response to environmental factors, regulations, government policies competition and other such issues across the Group.
- Articulate policies for advancing Group objectives.
- Make important decisions in areas where delegation of authority is granted to the Committee.

Country Executive Management Committee

The Country Executive Management Committee consists of the Country Head, and other senior Executive members of each subsidiary. In addition to the day-to-day management of the subsidiary's operations, the role of a Country Executive Management Committee includes the following:

- Managing the strategic objectives of the country's operation in line with Group strategy.
- Defining overall business goals and objectives for the country's operation.
- Ensuring alignment of operating plans with overall Group strategy.
- Approving business unit direction and strategies.
- Making decisions on operating plans and budgets.
- Reviewing the financial reporting and control framework.
- Tracking and managing country strategy and business performance against plan.

- Tracking and monitoring progress and accomplishments on major initiatives and projects at country level.
- Articulating appropriate response to environmental factors, regulation, government policies, competition and other such issues in the country.
- Articulating policies for advancing business objectives in the country.
- Advising the parent company on adaptation of overall strategy to the specificities of the local environment.
- Advising on local laws and regulation impacting on Group policies.

Business Leaders Conference

The Business Leaders Conference is a collegial meeting of all subsidiaries' Managing Directors and Group Functional Heads for reviewing and embedding Group strategy and policies.

The Business Leaders Conference is the primary co-ordinating body for Group cohesion and integration and the actualization of Group strategy.

The Conference is a consultative body – not a decision-making body.

The Conference plays a key role in facilitating the harmonization and integration of the Group strategy. Its role includes:

- Sharing and disseminating information, experiences and best practices across the Group.
- Initiating policies that encourage integration and promote the "One-Bank" concept.
- Promoting integration and standardization of Group policies and procedures.
- Promoting and monitoring compliance with Group operational standards.
- Contributing to the formulation of Group policies.

Corporate social responsibility and sustainability

Our business model and key performance indicators take into account Ecobank's commitment to the economic development of Africa.

Ecobank is conscious that its progress must go hand-in-hand with the sustainable development of the continent. Our business approach embraces social and environmental issues, including challenges relating to ecology, healthcare and education. Ecobank is committed to making a strong economic and social contribution to Africa's communities, whilst safeguarding the environment for future generations.

Ecobank Foundation

The Ecobank Foundation was set up as part of our mission to contribute, beyond banking, to the development of all of the African countries in which we operate. Up to one percent of our profit after tax is set aside for the Foundation to support projects, independent of Ecobank, that promote gender equality, youth engagement, education, healthcare and culture. Since 2005, the Ecobank Foundation has funded a total of approximately US\$2 million of social welfare initiatives.

In 2010 the Foundation was very active in supporting a number of projects. To expand the scope of its activities, it has entered into partnerships with other organizations including the Pathfinder Foundation, the Western Union Foundation and USAID. This strategy proved effective, resulting in a dozen projects that will have a direct impact on more than 25,000 people of all ages within several regions of Africa.

Microfinance

Ecobank remains committed to empowering low income but economically active entrepreneurs in Africa by providing wholesale and retail microfinance.

Retail

In 2010, the bank launched its microfinance banking subsidiary in Sierra Leone, following the acquisition of Pro Credit Bank.

Ecobank now has microfinance banking subsidiaries and associated companies in five countries servicing more than 50,000 micro-clients:

- Nigeria: Accion Microfinance Bank Limited
- Ghana: EB – Accion Microfinance Limited
- Cameroon: EB – Accion Microfinance Limited
- Sierra Leone: Ecobank Microfinance Limited
- Burkina Faso: SOFIPE Limited

In 2010, significant progress was made with the pilot scheme for a technology-driven mass savings program targeting the poor in Ghana. This initiative is designed to promote a formal savings culture among the vast unbanked population of Africa and is supported by a US\$6 million grant from The Bill & Melinda Gates Foundation. The plan is to extend the scheme across Africa with a target of reaching 10 million low-income savers.

Wholesale

In addition to its own retail operations, Ecobank also supports other microfinance institutions and is the main banking partner for many of the leading microfinance institutions and cooperatives in Middle Africa, with an indirect reach to over 2 million micro-clients. Ecobank's wholesale microfinance program is probably the largest commercial linkage program with microfinance operators in Middle Africa.



Human capital

Our people, our competitive edge

Ecobank harnesses the power of financial and human capital to create dynamic and attractive environments in which to live and work, thereby supporting the development of Africa.

We believe that our people are our greatest resource and do our utmost to attract the best talent from around the globe with a diversity of backgrounds and cultures. More than 10,000 people from over 32 different African nationalities and as many different cultural backgrounds work together in local and virtual teams to deliver banking services to our customers. We offer training and development opportunities and encourage our people to be empowered, responsible and accountable. We provide the best tools and resources to enable them to succeed ethically, professionally and personally. We appreciate and recognize the outstanding performance of our staff and look to expand their options for professional growth.

Through our contractors, suppliers and distributors, we estimate that we directly and indirectly provide employment for over 50,000 people across Africa, five times the number of people working within the Ecobank Group today.

Learning and development

As a learning organization, Ecobank seeks to provide an emotionally and intellectually stimulating working environment through continuous investment in human capital development. We devote up to 5% of payroll costs to staff training and development. Each member of staff must have an average of at least 40 hours of training and coaching every year.

Leadership development

Our senior managers and country heads are developed internally through a structured process that identifies, develops, advances and retains current and future leaders. Our leadership programs include mobility and secondment assignments, job shadowing, coaching and seminars.

We support human capital development in Africa through exciting graduate and internship opportunities. Since 2007, over 1,000 undergraduates have been given the opportunity to experience firsthand what it is like to work in an international business environment. Lasting from 3 to 12 months, our internships offer the opportunity to acquire the necessary skills and experience to allow people to contribute to the future growth of Africa.

Diversity and inclusion

Ecobank, by virtue of its geographical spread, is one of the most diversified groups in Africa in terms of its people. Ecobank also has a policy of ensuring diversity in its employee talent pool without compromising the quality of its staff. Regular reports are presented and monitored to ensure adherence to policy. Our employees come from over 32 different nationalities from Africa alone, excluding other nationalities. We communicate in English, French and Portuguese. Reflecting our commitment to equality of opportunity, 44% of our workforce and 31% of our management team are female.

Health and work-life balance

We recognize the importance of a personal life outside of the work environment and encourage our staff to live balanced lives. We help our people to be physically and emotionally active. Staff enjoy a comprehensive health care coverage and access to counseling.





The environment

As a responsible corporate citizen, Ecobank aims to operate in a way that minimizes its carbon footprint. In 1999, the Group adopted a general policy that outlined its commitment to a clean and green environment, requiring all Ecobank subsidiaries to be environmentally responsible. For example, we discourage all staff from printing electronic messages unless absolutely necessary.

Ecobank has adopted a Social and Environmental Management System (SEMS) and group-wide policy guidelines that govern project financing and other credits. Environmental Coordinators in all Ecobank subsidiaries ensure that Ecobank subsidiaries abide by the SEMS and its policy requirements. Environmental and social (E&S) assessments are carried out on lending proposals to ensure policy compliance.

The Group has centralized credit approval processes to ensure all lending activities remain consistent with the SEMS and policy guidelines. Lending units are required to conduct social and environmental due diligence for projects. Any socially or environmentally-sensitive projects are monitored to ensure that client companies demonstrate compliance with environmental standards or sign up to a corrective action plan where necessary.

Paper usage

We are deploying workflow solutions, which automate account opening/maintenance and funds transfer, as we seek to move Ecobank more towards a paperless business. We are increasingly adopting the usage of electronic forms that will reduce paper usage as well.

Energy

To reduce energy consumption, we promote the use of electronic communications (such as video and audio conferencing) within the Group, thereby reducing the need for air and road travel. We are also working on a group-wide energy audit to promote the use of more environmentally friendly appliances such as energy efficient light bulbs and air conditioners. Our soon-to-be-opened new headquarters is an energy intelligent building designed to minimize energy usage.





Business and financial review

Highlights

Ecobank delivered robust performance amidst slow economic growth, compressed margins and deepened competition

Financial highlights

Revenues \$900m Up 3%	Profit before tax \$169m Up 67%	Profit after tax \$132m Up 104%
Earnings per share 1.14 cents Up 97%	Return on equity 10.4% 2009: 5.6%	Return on assets 1.4% 2009: 0.7%
Total assets \$10,467m Up 16%	Customer deposits \$7,925m Up 22%	Customer loans \$5,264m Up 10%

Non-financial highlights

Number of branches 755 Up 1%	Number of customers 3.1m Up 14%	Markets 33
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In the year ahead, we expect the continued economic growth in sub-Saharan Africa to continue. Ecobank will take advantage of this positive trend to leverage its unrivalled presence in 33 markets.





Business and financial review (continued)

Operational highlights

Succeeded in growing revenues and profits despite margin compression and increased competition in our markets.

- Successfully implemented a new customer-centric business model.
- Consolidated and optimized our aggressive geographical expansion.
- Achieved 1% reduction in operating expenses.
- Improved risk management and defensively positioned our loan book leading to a 27% reduction in loan impairment loss.

Revenues of Ecobank Group reached \$900 million (2009: \$873 million) for the first time despite margin compression in some of our markets. Profit before tax rose by 67% to \$169 million benefitting from reduced loan impairment losses and operating expenses. Profit after tax also rose by 104% to \$132 million. Consequently, earnings per share went up by 97% to 1.14 cents whilst return on average equity and return on average assets doubled to 10.4% (2009: 5.6%) and 1.4% (2009: 0.7%) respectively.

Total assets crossed \$10 billion mark to \$10.5 billion increasing by \$1.5 billion or 16%. We achieved this increase primarily through solid deposit mobilization driving customer deposits up 22% to \$7.9 billion. Our risk appetite remained measured and we were cautious in lending. Consequently, loans and advances to customers increased 10% to \$5.3 billion.

During the year, we slowed down on branch network expansion and instead, focused on improving efficiency of the existing branches. As a result we added only 9 branches to our network, bringing the number of branches to 755 by close of 2010. But through aggressive sales to grow market share, our clientele base increased by 14% to 3.1 million customers.

In 2010, Ecobank commenced a start-up operation in Tanzania bringing to 31 the number of countries in which we are present in Africa. We also opened representative offices in Angola and UAE. We were therefore present in 33 markets as of 31 December 2010. We acquired a bank in Zimbabwe in the first quarter of 2011. Therefore, we are now at the end of our geographical expansion with only few target countries.



Economic environment

African economic growth slowly picked up in 2010 in line with global trend as commodity prices rose and inflation contained.

Highlights

	2006	2007	2008	2009	2010	2011F
Real GDP growth (%)						
– World	5.1	5.2	2.7	(0.7)	4.9	4.3
– Sub-Saharan Africa	7.3	7.2	6.9	0.7	4.2	4.6
Inflation (%)						
– World	3.3	3.4	4.9	1.6	3.0	3.6
– Sub-Saharan Africa	5.9	6.6	11.0	9.0	7.5	7.9
Commodity Prices						
– Crude oil (US\$/b)	65.4	72.7	97.7	61.9	79.6	101.0
– Gold (US\$/troy oz)	604.3	696.7	871.8	973.0	1,224.7	1,367.3
– Cocoa (US cents/lb)	72.1	88.6	117.1	131.0	142.5	144.5
– Coffee (Arabica) (US cents/lb)	114.4	123.5	139.9	143.9	196.1	256.6
– Coffee (Robusta) (US cents/lb)	67.6	86.6	105.2	74.6	77.0	94.9
– Cotton (US cents/lb)	58.6	64.8	72.1	62.7	104.8	158.8

Source: Economic Intelligence Unit

In 2010, the world economy showed a moderate recovery from the impacts of the global economic and financial crises of 2008 – 2009. Despite threats from natural disasters in the Far East, Europe's sovereign debt crises and the political unrests in the Middle East, the global gross domestic product (GDP) grew by 4.9%, a moderate but impressive rebound from the 0.7% contraction in 2009. The moderate growth is projected to continue in 2011.

In sub-Sahara Africa, the economic recovery from the global and financial crisis, was better than expected. GDP growth was 4.2%, an encouraging turnaround from 0.7% in 2009. Factors underpinning the recovery included a rebound of export demand and commodity prices, increased flows of FDI, especially in extractive industries, and higher infrastructure investments to name a few. Despite the economic rebound, Africa's unemployment remains high and disposable

incomes stretched. Inflation was relatively benign with notable variations and central banks maintained accommodative or neutral monetary policies. Thus short-term interest rates stayed generally low, and in some countries, such as Nigeria, they were at historic lows.

In 2011, sub-Sahara Africa's economic growth is forecast at 4.6%, above global growth of 4.3% and with above 5% growth rates forecast for Nigeria, Ghana, Kenya, and Mali. But the projected high global food and energy prices may cause a marginal increase in inflation. Overall, the recovery's momentum is forecasted to be sustained in 2011.

Business and financial review (continued)

Income statement analysis

Robust growth in profits through focused cost discipline and improved credit quality in all our markets.

Financial highlights

Revenues \$900m Up 3%	Operating expenses \$629m Down 1%	Impairment loss provision \$101m Down 27%
Profit before tax \$169m Up 67%	Profit after tax \$132m Up 104%	Profit attributable \$113m Up 121%
Cost-to-income ratio 69.9% Down 250 bps	Non-interest income to total income 47% Flat to prior year	

Summary of income statement

Amounts in US\$ thousands

	2010	2009	Growth
Revenues	899,643	873,318	3%
Impairment losses for loans and advances	(101,473)	(139,658)	-27%
Total operating expenses	(629,180)	(632,594)	-1%
Operating profit	168,990	101,066	67%
Share of profit of associates	36	-	
Profit before income tax	169,026	101,066	67%
Income tax expense	(37,207)	(36,466)	2%
Profit for the year	131,819	64,600	104%

Operational highlights

- Marginal growth in revenues due to margin compression.
- Achieved 1% reduction in operating expenses.
- Provision for loan impairment loss fell by 27% driven by improved credit quality.
- Reduction in cost-to-income ratio by 250 basis points as efficiency improved across our network.

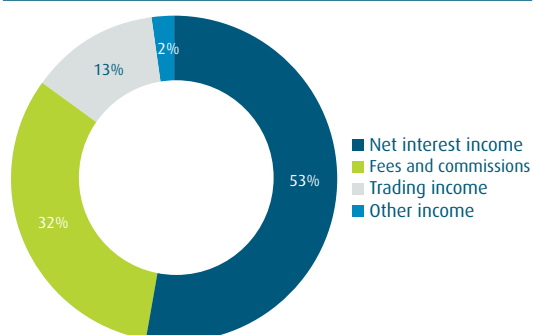


Revenues

Amounts in US\$ thousands

	2010	2009	Variance
Interest income	697,084	763,954	-9%
Interest expense	(222,313)	(304,927)	-27%
Net interest income	474,771	459,027	3%
Fee and commission income	297,522	249,566	19%
Fee and commission expense	(10,653)	(9,360)	14%
Net fee and commission income	286,869	240,206	19%
Net trading income	117,233	147,628	-21%
Lease income	10,223	16,894	-39%
Dividend income	2,587	2,209	17%
Net gains/losses from investment securities	111	(1,467)	108%
Other income	7,849	8,821	-11%
Other operating income	138,003	174,085	-21%
Operating income	899,643	873,318	3%

Revenue structure



Net interest income

Net interest income increased by 3% to US\$475 million mainly due to lower cost of funds from our core deposits. Gross interest income fell by 9% to US\$697 million despite growth in earning assets. The reduction in interest income resulted from the lower margins due to lower interest rate environment, especially in Nigeria, and margin contraction particularly on Corporate Bank loans. However, the reduction in the gross interest income was offset by a larger decline in interest expense by 27% to US\$222 million driven by increase in low cost deposits and reduction in high costs interbank borrowings.





Business and financial review (continued)

Fees and commissions

Net fees and commissions income increased 19% to US\$287 million from robust broad-based growth in business volumes. Gross fees and commissions increased by 19% to US\$298 million largely coming from cash management fees, credit related fees and corporate finance fees.

Cash management fees increased by 23% to US\$152 million partly due to increased volume of transaction across the Group and partly due to the roll out of our revolutionary money transfer product, Rapidtransfer, across the network. Credit related fees rose by 20% to US\$113 million underpinned by growth in loan book and off balance sheet items as we grew our business in all our markets especially in Nigeria. Corporate finance fees increased 23% to US\$16 million arising from growth in our investment banking business in Ghana and in Central Africa. Fees and commissions expense increased 14% to US\$11 million mainly due to growth in volume of transactions across the Group.

Other operating Income

Other operating income decreased by 21% to US\$138 million driven by declines in trading and lease income.

Trading income reduced by 21% to US\$117 million resulting from decline in margins on foreign exchange transactions, particularly in Nigeria. Lease income also declined by 39% to US\$10 million due to lower interest rate environment in Nigeria and reduction in volumes in Cote d'Ivoire and Ghana.

Operating income

Operating income increased by 3% to US\$900 million accounted for by a 3% increase in net interest income and non-interest income. As a result, the ratio of non interest income to total income remained at 47% in 2010.

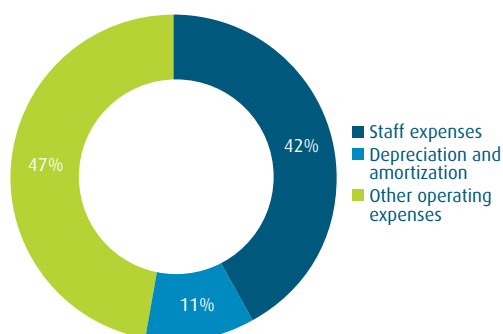
In 2010, margins on interest earning assets and foreign exchange transactions are projected to improve especially in Nigeria and in UEMOA. Coupled with selective lending across the Group, revenue growth is projected to improve substantially in 2011.

Operating expenses

Amounts in US\$ thousands

	2010	2009	Variance
Staff expenses	265,381	258,578	3%
Depreciation and amortization	68,687	61,470	12%
Other operating expenses	295,112	312,546	-6%
Total operating expenses	629,180	632,594	-1%

Operating expense structure



Staff expenses

Staff expenses increased marginally at 3% to US\$265 million. This was attributed to double digit growth in WAMZ and EAC which was partly offset by a 4% decline in Nigeria (resulting from headcount reduction) and 2% reduction in UEMOA. Staff expenses represented 42% (2009: 41%) of the total operating expenses of the Group.



Depreciation and amortization

Depreciation and amortization costs increased 12% to US\$69 million. Depreciation of property and equipment rose by 11% to US\$60 million underscored by full impact of depreciation of property and equipment acquired during the 2009 expansion. Amortization of software costs also increased 19% to US\$9 million primarily driven by the rollout of our new banking application in seven countries in 2010. Depreciation and amortization expenses represented 11% (2009: 10%) of the total operating expenses.

Other operating expenses

In 2010, we focused on the optimization of our branch network following the rapid expansion of the last three years. We therefore slowed down on our branch network expansion and put more emphasis on improving the efficiency of the existing branches. As a result we added only 9 branches to our network. Coupled with improvement in the efficiency of our service delivery processes, other operating

expenses fell by 6% to US\$295 million. Other operating expenses represented 47% (2009: 49%) of total operating expenses.

Total operating expense

Total operating expenses fell by 1% to US\$629 million, benefitting from slowdown in geographical and branch network expansion, and coupled with 3% growth in revenues, cost-to-income ratio reduced by 250 basis points to 69.9%.

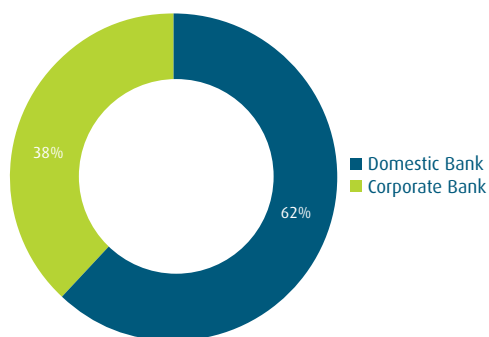
We intend to maintain our cost discipline in 2011. Branch network expansion will continue to be curtailed and only branches of strategic importance will be opened. In early 2011, we concluded the acquisition of Premier Bank in Zimbabwe which has since been operating as Ecobank Zimbabwe. We will slow down on further geographical expansion in 2011. We will continue to enforce all other cost control measures with the objective of keeping cost growth within a single digit.

Provision

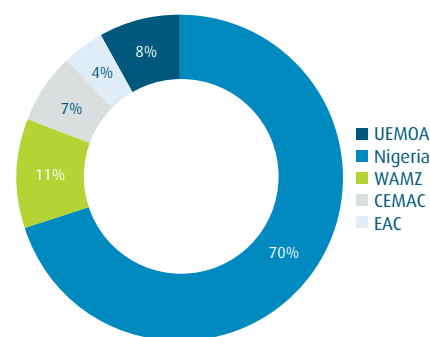
Amounts in US\$ thousands

	2010	2009	Variance
Provision for loan impairment	146,152	184,045	-21%
Amounts recovered during the year	(44,679)	(44,387)	1%
Net provision for loan impairment	101,473	139,658	-27%

Provisions by business units



Provisions by clusters



Business and financial review (continued)

Gross provisions for loan impairment fell by 21% to \$146 million owing to improved credit conditions in our Domestic Bank businesses in all our markets except in WAMZ and in CEMAC where provisions increased by 7% and 15% respectively. Amounts recovered during the year was \$45 million (2009: \$44 million); nearly 50% of the recovered amount was from Corporate Bank clients mainly in the UEMOA cluster.

Net provision for impairment losses reduced 27% to \$101 million. Nigeria accounted for 71% of the provisions which was fairly split between Domestic Bank and Corporate Bank. Overall, Domestic Bank contributed 62% of the net provisions of the Group.

Credit loss ratio dropped to 1.9% from 3.1% in 2009 as a result of the improved credit conditions in our markets.

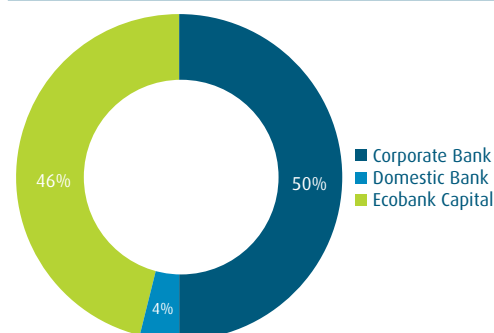
In early 2011, Ecobank Nigeria sold nearly \$400 million of impaired and potentially impaired loans to the Asset Management Corporation of Nigeria (AMCON) in order to clean its books. In addition to this a number of measures have been put in place to improve the credit quality in Nigeria and across the Group. As a result, provisions are projected to significantly reduce in 2011 and beyond.

Profit before tax

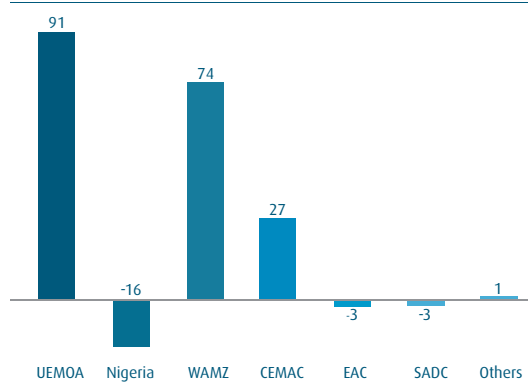
After a 38% decline in prior year, profit before tax (PBT) rebounded growing by 67% to \$169 million as credit conditions improved and operating expenses reduced. Corporate Bank contributed 50%, Domestic Bank, 4% and Ecobank Capital, 46%.

UEMOA and WAMZ together contributed 96% of the Group's PBT with \$91 million and \$74 million respectively. Contributions from Nigeria, EAC and SADC were negative due to loan provisions in Nigeria and higher operating expenses from the new subsidiaries in SADC.

PBT contribution by business units



PBT by clusters (US\$ million)



The outlook for profit before tax is very positive for a number of reasons. First, Nigeria's loan book has been defensively positioned. Provisions are therefore expected to reduce in the coming years. In addition, the new subsidiaries have substantially increased their market shares and efficiency. Most of them are expected to show positive results in 2011 and beyond. Finally many of the branches we opened during the last three years have substantially improved in efficiency. They are therefore projected to contribute improved revenues and profits in the coming years.

Balance sheet analysis

Strong balance growth with enhanced liquidity arising from accelerated customer deposit mobilization as we leveraged our wide distribution network.

Balance sheet highlights

Amounts in US\$ thousands

	2010	2009	Variance
Assets			
Earning assets			
Interbank placements	884,145	647,260	37%
Treasury bills and other eligible bills	588,922	531,567	11%
Other investment securities	913,109	523,862	74%
Loans and advances to customers	5,264,184	4,766,197	10%
	7,650,360	6,468,886	18%
Non earning assets			
Cash, balances with central banks and other banks	1,855,399	1,635,136	13%
Property, equipment and intangibles	505,405	519,073	-3%
other assets	455,707	383,428	19%
	2,816,511	2,537,637	11%
Total assets	10,466,871	9,006,523	16%
Liabilities			
Deposits from other banks	372,384	393,403	-5%
Due to customers	7,924,585	6,472,459	22%
Other deposits	50,918	85,793	-41%
Borrowed funds	225,975	253,902	-11%
Other liabilities	600,399	565,401	6%
Total liabilities	9,174,261	7,770,958	18%
Total equity	1,292,610	1,235,565	5%
Total liabilities and equity	10,466,871	9,006,523	16%

Highlights

- Strong growth in earning assets, thus enhancing the Group's earning capacity.
- Accelerated deposit mobilization in all our markets resulting in 22% growth in customer deposits.
- Improved liquidity against increased competition in all our markets.
- Loan portfolio defensively positioned as we continued our selective and cautious lending.
- Strong equity base, although negatively impacted by currency depreciation against the US dollar.



Business and financial review (continued)

Total assets

For the first time, total assets of the Group exceeded US\$10 billion to US\$10.5 billion, growing by nearly US\$1.5 billion or 16%. This was occasioned by accelerated deposit mobilization in all our markets.

Interbank

Total interbank placements increased by 37% to US\$884 million as interbank offered the immediate avenues for utilizing deposits mobilized. Interbank borrowings during the period were low due to an increase in our core deposit base. This resulted in the overall decline of interbank borrowings by 5%. As a result, the Group was a net lender on the interbank market.

Treasury bills

Treasury bills balance increased by 11% to US\$589 million. UEMOA contributed more than 50% of the increase driven primarily by increased liquidity in Mali. Treasury bills holdings in Nigeria reduced by 7% following a deliberate asset allocation strategy.

Other investment securities

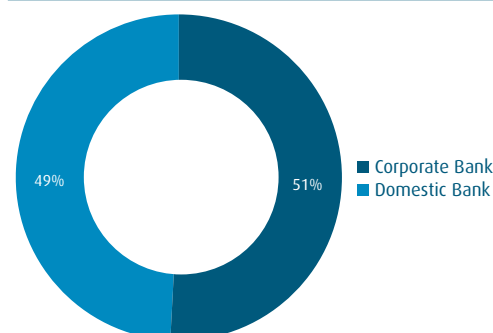
Other investment securities mainly government bonds rose by 74% largely coming from Ghana, Nigeria and Cameroon where these subsidiaries had to lock in funds to benefit from declining interest rates.

Loans and advances to customers

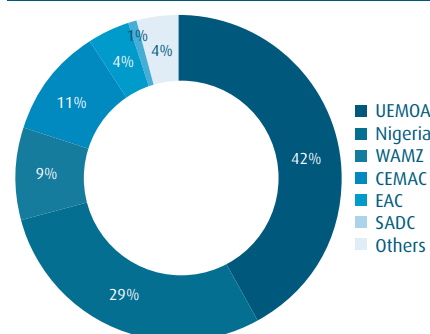
Gross loans and advances to customers increased by US\$629 million or 12% to US\$5.7 billion mainly coming from our Domestic Bank business principally in Nigeria, CEMAC, EAC and SADC as we continued our cautious and selective lending across the Group.

Non-performing loans (NPLs) amounted to US\$868 million (2009: US\$814 million) growing marginally by 7%. Domestic Bank contribution to NPLs was 70% largely from Nigeria. Nigeria's overall contribution to the Group's NPL was US\$577 million or 66%. Of this amount US\$372 million were sold to AMCON in the first quarter of 2011 which has significantly improved the credit quality.

Net loans by business units (US\$ million)



Net loans by clusters (US\$ million)



The ratio of non-performing loans to total loans stood at 15.2% (2009: 16%) as of 31 December 2010. The NPL ratio improved to 9% in the first quarter of 2011 after the sale of loans to AMCON.

Total provisions against impaired loans were US\$465 million, growing by 39% compared to prior year. As a result, NPL cover improved from 41% to 54% as we defensively positioned our loan book in Nigeria and in other markets such as Liberia.

Net loans and advances to customers consequently increased by 10% to US\$5.2 billion fairly shared between Corporate Bank and Domestic Bank in our markets. UEMOA represented 42% of this followed by Nigeria's 29%.



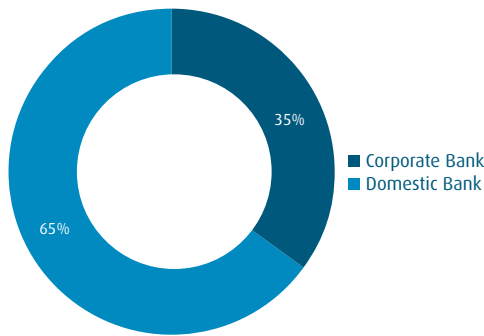


In 2011, the Group will continue to selectively and cautiously lend especially in Nigeria, Ghana and in our newer markets in East and Southern Africa to improve the earning capacity.

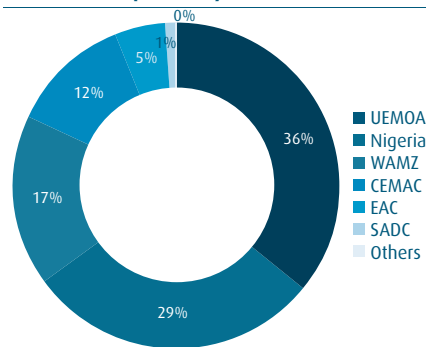
Customer deposits

In 2010, the Group focused on enhancing liquidity through optimizing our wide branch network in our markets. Customer deposits therefore rose by US\$1.5 billion or 22% to US\$7.9 billion, of which 65% was contributed by our Domestic Bank business in all our markets. Significant growth was recorded in Nigeria (37%) and WAMZ (27%) and UEMOA (11%).

Customer deposits by business units



Customer deposits by clusters



Borrowed funds

During the year, alternative cheaper sources of funds were obtained to fund the businesses. As a result borrowed funds fell by 11% to US\$226 million as we continued to meet scheduled installment payments.

Equity

Total equity increased by US\$57 million or 5% primarily from profit accretion and US\$21 million valuation gain on available-for-sale investment securities. Total dividend of US\$43 million (minority: US\$13 million) was paid in 2010 which impacted negatively on total equity. During the year, the XOF, the Ghana Cedi and the Nigerian Naira depreciated against the US dollar. The translation losses on equity amounted to US\$71 million (2009: US\$112 million). Our total capital ratio remained strong at 20.8% (2009: 21.4%) and above regulatory requirements.

In 2011, the Group intends to raise additional US\$500 million capital in Tier-1 and Tier-2 to further strengthen the capital base and improve liquidity.



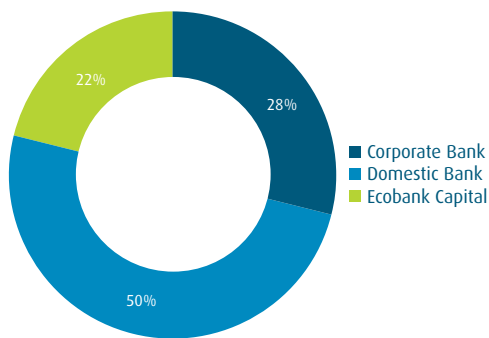


Business and financial review (continued)

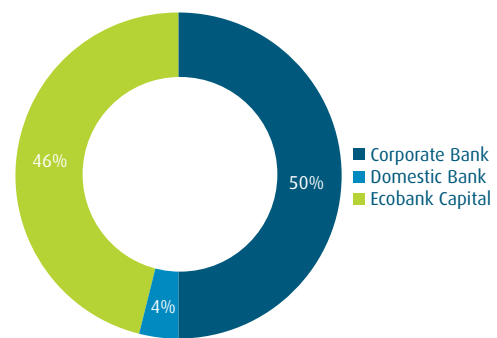
Business units

Successfully implemented customer-centric business model to consolidate our geographical network and optimize performance.

Revenues by business units



Profit before tax by business units



In 2010, following broad-based consultations, we reorganized our operating activities into three distinctive and customer-centric lines of business segments, namely Corporate Bank, Domestic Bank, and Ecobank Capital. The business segments were redefined, to better align our activities to the needs of our clients and customers were determined based on the products and services, or the type of customer served.



Corporate Bank

Corporate Bank serves multinationals, regional companies, state-owned companies, non-governmental organizations, international and multilateral organizations and financial institutions with a broad range of financial solutions. Clients are served through a dedicated team of global, regional and local relationship managers.

Performance highlights

Amounts in US\$ thousands

	UEMOA	Nigeria	WAMZ	CEMAC	EAC	SADC	Others	Total
Revenues	93,943	65,399	52,334	32,058	5,726	2,338	3,378	255,176
Provision for credit losses	(4,471)	(32,766)	1,002	(2,208)	(435)	336	-	(38,542)
Operating expenses	(41,811)	(26,402)	(23,252)	(17,452)	(10,992)	(4,756)	(4,603)	(129,268)
Operating profit	47,660	6,230	30,084	12,399	(5,701)	(2,082)	(1,225)	87,366
Assets	1,292,180	537,036	234,248	376,751	46,537	26,549	154,622	2,667,922
Liabilities	981,368	901,696	519,144	200,811	99,486	43,373	17,218	2,763,096

Business highlights

In 2010, Corporate Bank focused on customer acquisition and deepened client relationships with cutting edge solutions in all our major markets. We grew regional businesses, public sector collections and value chain financing using our broad based network in Africa. We also deepened our relationship with Bank of China and Nedbank of South Africa to serve our clients in the markets where we do not have banking operations.

Financial performance

Revenues for Corporate Bank were US\$255 million with UEMOA and Nigeria accounting for 37% and 26% respectively, together accounting for almost a third of Corporate Bank revenues. The provision for credit losses was US\$39 million mainly coming from Nigeria. Operating expenses for 2010 were US\$129 million fairly spread in all our markets.

Corporate Bank operating profit for 2010 was US\$87 million. Nearly 90% of the operating profit was contributed by UEMOA and WAMZ. In Nigeria, operating profit was negatively impacted by higher provisions for credit losses. In addition, operating losses in our newer markets in East and Southern Africa held back performance.

Corporate Bank assets, mainly loans and advances to customers, amounted to US\$2.7 billion representing 51% of the Group loans and advances to customers. Customer deposits were also US\$2.8 billion representing 35% of the Group deposits.

Outlook

In 2011, we will continue to deepen our client relationship through leveraging our brand and our unparalleled network in Africa. Revenue growth will be accelerated through supporting the cross-border businesses of our clients' within our footprints.

Business and financial review (continued)

Domestic Bank

Domestic Bank provides banking products and services to governments, small and medium scale enterprises, local companies and consumers. Domestic Banking clients are served across our unique platform through 755 branches, 779 ATMs, and 888 POS terminals.

Performance highlights

Amounts in US\$ thousands

	UEMOA	Nigeria	WAMZ	CEMAC	EAC	SADC	Others	Total
Revenues	121,983	149,069	79,734	54,335	34,783	7,771	-	447,674
Loan impairment loss	(4,117)	(38,323)	(12,578)	(4,480)	(3,398)	(833)	-	(63,729)
Operating expenses	(102,817)	(146,453)	(53,531)	(35,191)	(27,678)	(11,072)	-	(376,743)
Operating profit	15,048	(35,707)	13,625	14,664	3,707	(4,135)	-	7,202
Assets	918,450	980,347	241,615	206,212	180,521	36,636	32,480	2,596,262
Liabilities	1,903,754	1,356,017	784,580	778,491	296,637	42,010	-	5,161,489

Business highlights

In 2010, the Group slowed down on branch network expansion. As a result, only 9 branches were added to the existing network, bringing total branches to 755 by close of 2010. Domestic Bank rather focused on improving the efficiency of the branches we established during our expansion phase to optimize performance. We deployed additional 114 ATMs and 99 Point of Sales (POSs) on our platform to optimize the use of our regional cards. Our total number of ATMs and POSs stood at 779 and 888 respectively. In 2010 we embarked on aggressive sales campaign primarily to grow our customer base. As a result the overall number of customers increased by 14% to 3.1 million. We completed the rollout of our Rapidtransfer product in all our markets to grow our revenues. This product was first introduced in 2009. We also developed other products such as payments and collections, electronic banking and remittances to grow our revenues.

Financial performance

Domestic Bank revenues which accounted for half of Group revenues were US\$448 million, driven by increased volume of transactions especially Nigeria. As a result Nigeria led revenue contribution with 33% followed by UEMOA (27%) and WAMZ (18%). The provision for credit losses was US\$64 million, 60% of which was contributed by Nigeria.

WAMZ also contributed 20% of the provisions mainly due to portfolio deterioration in Liberia. Operating expenses were US\$377 million, fairly represented in all our markets.

Domestic Bank reported operating profit of US\$7 million mainly from strong performance in UEMOA, WAMZ, CEMAC and EAC but impacted negatively by losses in Nigeria (due to provisions) and SADC due to higher operating expenses.

With US\$2.6 billion loans and advances to customers, Domestic Bank contributed 49% of the Group's total loans and advances to customers. With respect to customer deposits, Domestic Bank contributed 65% with a total of US\$5.2 billion.

Outlook

In 2011, we will continue our aggressive sales campaign to increase our share in all our markets. We will also continue to grow our regional and visa cards on our centralized platform. The Rapidtransfer product will also be fully integrated in all the markets. With respect to credit, value chain financing will receive special attention. We will also continue to mobilize low cost deposits with special emphasis on public sector collections using our wide branch network.

Ecobank Capital

Ecobank Capital focuses on treasury, investment banking and asset management businesses in our markets. This unit provides value-added solutions, primarily to Corporate Bank customers and governments.

Performance highlights

Amounts in US\$ thousands

	UEMOA	Nigeria	WAMZ	CEMAC	EAC	SADC	Others	Total
Revenues	65,126	40,105	51,629	10,199	9,851	7,946	13,804	198,660
Provision for credit losses	-	-	-	-	-	-	798	798
Operating expenses	(37,315)	(26,948)	(21,863)	(10,517)	(10,889)	(4,276)	(8,287)	(120,095)
Operating profit	27,811	13,158	29,766	(318)	(1,037)	3,670	6,315	79,363
Assets	553,584	841,750	606,443	130,316	194,944	31,116	28,022	2,386,176
Liabilities	288,592	31,098	139,099	87,515	73,181	24,499	15,206	659,190

Business highlights

The three businesses in Ecobank Capital were developed in all our markets. In Treasury, we launched aggressive sales campaign which substantially increased business volumes particularly in UEMOA, WAMZ and Nigeria. We also set up the treasury platform and established exotic currency desk in our France operations. Regarding asset management, we revamped our operations in Cote d'Ivoire and commenced brokerage business in Central Africa. With respect to investment banking, the operations in Nigeria were structured to reposition it for accelerated growth. We also strengthened our position in Ghana.

Financial performance

Ecobank Capital reported US\$199 million in revenues, representing 22% of the Group revenues. Revenue contributions from UEMOA and WAMZ were strong due to increased volumes and better margins particularly in Ghana. In Nigeria, revenue contribution was low due to margin compression on FX transactions and interbank activities. Ecobank Capital reported operating profit of US\$79 million, mainly from WAMZ and UEMOA.

Outlook

In 2010, we spent considerable amount of time in putting in place the Ecobank Capital structure. The business is now well positioned for accelerated performance in the subsequent years. We will continue our sales campaign in the treasury business. With projected improvement in margins in Nigeria, we expect strong revenue growth in 2011. We will develop our exotic currency desk in France and grow our investment banking businesses in all our markets. Plans are also far advance to commence investment banking and asset management operations in East and Southern Africa.



Business and financial review (continued)

Cluster results

As Africa experts, our markets represent one of the fastest growing economies with huge potential in all the sectors.

Central Africa (CEMAC)

Central Africa comprises the six countries of the Commission de la Communauté Economique et Monétaire de l'Afrique Centrale (CEMAC) and Sao Tome & Principe. Ecobank is present in all the countries except Equatorial Guinea. The six CEMAC countries have a common currency, the CFA franc, one regional central bank – the Banque des Etats de l'Afrique Centrale (BEAC), a common commercial law code (OHADA) and two stock exchanges: the Douala Stock Exchange (DSX) and the Gabon Stock Exchange.

Economic environment

	GDP (\$bn)		GDP Growth Rate (%)		Inflation (%)	
	2010	2010	2011F	2010	2011F	
Cameroon	24.60	2.80	3.00	1.30	3.40	
Chad	6.80	4.50	5.50	(1.00)	8.00	
Central Africa	1.98	3.30	4.30	1.90	4.80	
Sao Tome	0.19	6.80	6.00	13.00	11.00	
Congo Brazza	17.40	9.10	7.80	5.20	6.00	
Gabon	12.20	5.70	6.10	1.50	4.30	
Total CEMAC	63.17					

Source: Economic Intelligence Unit

Economic growth in Central Africa was modest in 2010. Above 5% growth was achieved in Sao Tome, Congo and Gabon, while a fragile political situation in Central African Republic and Chad and declining oil production in Cameroon resulted in modest growth in those countries. Economic activity was also influenced by expanded non-oil activity, including mining. For the year 2011 growth is expected to be uneven and modest.

Financial performance

Amounts in US\$ thousands

	2010	2009	Growth
Revenue	96,592	83,514	16%
Operating expenses	63,161	64,308	(2%)
Provision for credit losses	(6,688)	(1,043)	541%
Profit before tax	26,744	18,163	47%
Total assets	1,213,717	1,037,141	17%
Loans	582,963	496,670	17%
Deposits	979,302	873,238	12%



Revenues increased 16% to US\$97 million in 2010. The increase was broad-based. Congo Brazzaville (13% of the region's assets) reported the highest increase in revenues, growing by 62%, with net interest revenues and non interest revenues increasing by 35% and 78%, respectively. Overall, revenues benefited from a 17% increase in loans, helping to drive Domestic Bank's Interest revenues while relatively higher yields supported net interest revenues in Corporate Bank.

Operating expenses for Central Africa declined 2%, overall driven by cost containment measures and specifically by cost declines in Cameroon and Chad. Provision for credit losses, on the other hand, increased from US\$1 million in 2009 to US\$6.7 million in 2010, primarily due to higher provisions on Corporate Bank loans in Cameroon.

Profit before tax for the region was US\$27 million, increasing US\$9 million, or 47%, from 2009. The

strong growth in pre-tax profits was primarily driven by a 16% growth in Chad, which accounted for 44% of the region's profit before tax. In addition, revenues benefited from higher non interest revenues and a 2% reduction in operating expenses.

Total assets rose by US\$177 million or 17% to US\$1.2 billion underscored by strong deposit mobilization. Customer deposits grew US\$106 million, or 12%, to US\$979 million while loans to customers increased by US\$86 million, or 17%, to US\$583 million.

Outlook

With projected strong growth in some of the economies coupled with expected improvement in efficiency in Sao Tome and Gabon, the new subsidiaries currently reporting losses, the performance of CEMAC is projected to be robust in the coming years.

Francophone West Africa (UEMOA)

Francophone West Africa comprises the eight countries of the Union Economique et Monétaire Ouest Africaine (UEMOA), namely Benin, Burkina Faso, Côte d'Ivoire, Guinea Bissau, Mali, Niger, Senegal and Togo. Cape Verde is included for management purposes only as it is outside UEMOA. The eight UEMOA countries have a common currency, the CFA franc, and the same regional central bank – the Central Bank of West African States or BCEAO. These countries have a common business law (OHADA) and one stock exchange (BRVM).

Economic environment

	GDP (\$bn)		GDP Growth Rate (%)		Inflation (%)	
	2010	2010	2011F	2010	2011F	
Benin	6.60	2.00	2.90	2.10	4.90	
Burkina	9.30	5.20	6.20	(0.80)	3.80	
Cote d'Ivoire	22.75	3.60	(1.20)	1.10	6.00	
Cape Verde	1.87	4.50	6.00	2.10	8.00	
Mali	9.30	5.10	5.20	1.20	3.30	
Niger	5.60	7.50	5.00	0.90	4.00	
Senegal	12.15	4.20	4.30	1.20	3.40	
Togo	3.18	3.40	3.60	1.40	3.20	
Guinea Bissau	0.47	3.50	4.50	2.50	3.70	
Total UEMOA	71.22					

Source: Economic Intelligence Unit

Business and financial review (continued)

Economic activity in the region improved in 2010 compared with 2009. The growth was underpinned by various factors, including the rebound of export demand and commodity prices, good harvest, and increased activity in the service sector. In 2011 robust growth is projected for most of the countries. Growth in Cote d'Ivoire is projected to decline due to post election political crises.

Financial performance

Amounts in US\$ thousands

	2010	2009	Growth
Revenue	281,051	275,284	2%
Operating expenses	181,956	176,093	3%
Provision for credit losses	(8,589)	(14,842)	(42%)
Profit before tax	90,506	84,349	7%
Total Assets	3,952,146	3,735,815	6%
Loans	2,210,630	2,248,714	(2%)
Deposits	2,885,122	2,590,468	11%

Revenues were US\$281 million, up 2%, from the prior year. The relatively low growth in revenues was due primarily to a decline in loan balances. This was offset by growth in non interest revenues.

Operating expenses were up 3% to US\$182 million from 2009 mainly driven by Côte d'Ivoire but offset by better costs containment in other markets.

The provision for credit losses declined by US\$6 million, or 42% to US\$9 million, compared with the prior year. The decline was broad based and benefited from improved credit quality across the cluster.

Profit before tax for UEMOA increased by US\$6 million, or 7%, to US\$91 million. The increase was primarily driven by reduction on provision for credit losses. Contributing significantly to operating profit growth in the region was Burkina Faso, where profit before

tax increased by 20% benefitting from larger scale of the merger between BACB and Ecobank Burkina, Mali, up 22% on solid non interest revenue growth, and Togo, up 16% on significant improvement in asset quality.

Total assets increased by US\$216 million or 6% to US\$4 billion benefitting from 11% growth in customer deposits. Loan balances declined by 2% primarily influenced by management's strategy to be selective in lending while improving liquidity levels.

Outlook

We project robust performance in UEMOA due to good economic prospects in many of our markets. However, the political crisis in Cote d'Ivoire may impact negatively on our operations in the region.

Nigeria

We categorize Nigeria as a region on its own due to its size.

Economic environment

	GDP (\$bn)		GDP Growth Rate (%)		Inflation (%)	
	2010	2010	2011F	2010	2011F	
Nigeria	251.50	7.90	5.80	13.70	12.707	

Source: Economic Intelligence Unit

The business environment in 2010 continued to improve, as signs of growth and stability returned to Nigeria's capital markets and the economy. Economic activity expanded in 2010, driven by high oil prices as well as increased non-oil activity. High levels of liquidity in the banking sector and a reluctance of lenders to extend credit to the real sector dragged down interest rates and inflation. The Naira was fairly stable during the year. For 2011, economic growth is expected to moderate from the prior year but above levels achieved in the difficult period of 2008 and 2009 after successful general elections. Interest rates and inflation are however forecast to pick up in 2011 on the back of rising global food prices and domestically, presidential election related spending.

Financial performance

Amounts in US\$ thousands

	2010	2009	Growth
Revenue	254,573	292,800	(13%)
Operating expenses	199,803	211,756	(6%)
Provision for credit losses	(71,089)	(97,661)	(27%)
Profit before tax	(16,319)	(16,617)	(2%)
Total assets	2,996,881	2,472,427	21%
Loans	1,517,383	1,298,662	17%
Deposits	2,257,713	1,651,976	37%

The lower interest rate environment coupled with lower levels of FX activity adversely impacted revenues. For 2010, revenues declined by 13% to US\$255 million. Net interest revenues declined 16% due to lower yields and competitive pressures. Non interest revenues, on the other hand, declined by 9%, as a result of lower FX income.

Management's strategy to drive operational efficiency, coupled with Group-wide initiative to rein in costs paid off. As a result, operating expenses in 2010 fell 6% to US\$200 million.

Following the Central Bank of Nigeria's rescue of 9 banks in 2009 and the subsequent regulatory reforms to repair bank balance sheets, the credit environment in Nigeria improved in 2010. Nigeria's provision for credit losses benefited from these trends, resulting in a 27% reduction to US\$71 million.

Due to improved asset quality and reduced costs, profit before tax declined by 2% to (US\$16.3 million) from the prior year.

Business and financial review (continued)

Total assets reached US\$3 billion, growing by 21% through deposit mobilization. Given its dominant size and growth potential, Nigeria leads our retail strategy. As a result of this strategic focus, customer deposits were US\$2.3 billion, up 37%, reflecting solid deposit generation while loans to customers increased by 17% to US\$1.5 billion, both driven primarily by Domestic Bank.

Outlook

The outlook of our operations in Nigeria looks optimistic and positive. First, the general economic environment is forecast to improve arising from successful general election and forecast higher oil prices. In addition to this, interest rates and margins on FX tractions are projected to pick up following projected improvement in economic activities. Finally the loan portfolio of Ecobank Nigeria has been defensively positioned following the creation of AMCON and a number of in-house credit quality enhancement measures implemented.

Rest of West Africa (Ex. Nigeria) (WAMZ)

The Rest of West Africa comprises five countries in the West African Monetary Zone (WAMZ) namely, Ghana, Guinea, Liberia, Sierra Leone and The Gambia. Ecobank is present in all these countries.

Economic environment

	GDP (\$bn)	GDP Growth Rate (%)		Inflation (%)	
	2010	2010	2011F	2010	2011F
Ghana	31.30	6.60	8.90	10.70	10.30
Guinea	4.80	3.00	4.00	17.00	16.00
Liberia	1.00	6.30	7.30	7.50	10.00
Sierra Leone	1.90	4.60	5.80	16.50	12.60
Gambia	1.00	5.50	6.00	5.00	5.80
Total WAMZ	40.00				

Source: Economic Intelligence Unit

Economic performance in the region improved in 2010 compared with 2009. Ghana, the largest economy in the region, grew by 6.6% in 2010 driven by increased activity in the construction and services sectors. Liberia benefited from increased rubber export earnings, while Sierra Leone saw strong performance in agriculture and mining. Growth was offset by political disturbances in Guinea. Inflation was relatively benign in the region due to increased agricultural supply and monetary easing mechanisms. For 2011, economic growth in the region is expected to be faster than it was in 2010, expected to be driven by activities in Ghana's new-found oil sector.

Financial performance

Amounts in US\$ thousands

	2010	2009	Growth
Revenue	183,697	163,574	12%
Operating expenses	98,646	90,647	9%
Provision for credit losses	(11,576)	(15,048)	(23%)
Profit before tax	73,510	57,878	27%
Total assets	1,705,876	1,449,812	18%
Loans	475,863	466,301	2%
Deposits	1,303,724	1,023,880	27%

Revenues increased 12% to US\$184 million from prior year. Net interest revenues led this growth, increasing by 30%, benefiting from higher yields on earning assets offset by a 4% decline in non interest revenues, driven primarily by lower FX activity.

Operating expenses increased by 9% to US\$99 million driven by higher costs in Liberia and Sierra Leone. Provision for credit losses declined 23% to US\$11.6 million, benefit from lower provisions in all the markets except Liberia.

Profit before tax for the region increased US\$16 million, or 27%, to US\$74 million. The increase was driven by higher revenue growth and reduction in provision for credit losses.

Total assets increased by 18% to US\$1.7 billion accounted for by broad-based customer deposits growth of 27% to US\$1.3 billion. During 2010, loans extended to customers increased by a slight 2% to US\$476 million. Loan growth was constrained in Guinea and Liberia, which fell 30% and 11%, respectively.

Outlook

With higher growth prospects in Ghana coupled with projected stable political situation in Guinea and Ecobank's solid brand in these markets, the performance in WAMZ is projected to substantially improve.

East Africa (EAC)

Our East Africa region comprises the member countries of the East African Community (EAC), namely Burundi, Kenya, Rwanda, Uganda, and Tanzania. We have operations in all the countries of the EAC. The Tanzania operations began in January 2010 through a 100% owned start-up.

Economic environment

	GDP (\$bn)		GDP Growth Rate (%)		Inflation (%)	
	2010	2010	2011F	2010	2011F	
Rwanda	5.30	6.50	6.80	3.20	7.00	
Kenya	30.89	5.00	5.40	4.00	7.00	
Burundi	1.40	3.60	4.50	10.00	13.00	
Uganda	17.34	6.10	6.30	4.10	9.50	
Tanzania	23.64	0.90	7.10	5.60	7.60	
Total EAC	78.57					

Source: Economic Intelligence Unit

Business and financial review (continued)

East Africa was one of the fastest growing regions in 2010 thanks to impressive growth of Rwanda, Uganda and Tanzania driven particularly by the telecommunication and construction sectors. Kenya's growth recovery gathered momentum during the year. The growth momentum observed in 2010 is projected to continue in all the markets in 2011.

Financial performance

Amounts in US\$ thousands

	2010	2009	Growth
Revenue	50,361	29,366	71%
Operating expenses	49,559	40,508	22%
Provision for credit losses	(3,833)	(8,980)	(57%)
Profit before tax	(3,031)	(20,122)	(85%)
Total assets	605,587	370,985	63%
Loans	227,058	168,763	35%
Deposits	396,123	276,420	43%

Revenues rose by US\$21 million or 71% to US\$50 million. This robust revenue growth was broad based and was driven by both net interest revenues and non interest revenues, which grew by 95% and 53%, respectively. Net interest revenues benefited from lower cost of funds and margin expansion, while non interest revenues benefited from growth in business volumes.

Growth in revenues was accompanied by linked-growth in operating expenses. Operating expenses for 2010 were US\$50 million, increasing by 22% from the prior year.

The provision for credit losses fell by 57% to US\$4 million. This was largely driven by improved asset quality in Kenya, where credit problems with legacy loans were largely remedied.

Losses significantly improved to US\$3 million in 2010 from US\$20 million which reflected strong revenue growth and a reduction in credit losses mainly from Kenya where pre-tax profit was US\$2.4 million (2009: loss of US\$15 million)

Total assets rose by US\$235 million or 63% to US\$606 million driven by 43% growth in customer deposits to US\$396 million. Loans extended to customers, increased by US\$58 million, or 35% to US\$227 million mainly in Kenya, where growth was robust.

Outlook

Growth prospect in EAC is very high underscored by booming telecommunication and construction sectors. Ecobank is relatively young in this region and will need to accelerate the growth of its business in order to gain more market share. Indications are that the growth momentum observed in 2010 will be sustained in the coming years.

Southern Africa (SADC)

The Southern African region comprises Angola, Democratic Republic of Congo, Malawi, Mozambique, Zambia, and Zimbabwe, which form Southern Africa Development Community (SADC). Ecobank is present in all the countries except Mozambique. We are represented in Angola through a representative office opened in 2010. Zimbabwe was covered in January 2011 through acquisition of a 70% interest in Premier Bank, now operating as Ecobank Zimbabwe.

Economic environment

	GDP (\$bn)	GDP Growth Rate (%)		Inflation	
	2010	2010	2011F	2010	2011F
DR Congo	11.30	6.10	6.50	23.10	15.00
Malawi	5.00	7.00	6.30	7.40	7.90
Zambia	16.80	7.60	7.00	8.50	8.40
Angola	87.30	1.70	7.90	14.50	7.60
Total SADC	120.40				

Source: Economic Intelligence Unit

Overall, economic growth in Southern Africa was encouraging. Malawi and Zambia maintained a growth rate of about 6%, on rising mining output and a bumper harvest, respectively. For 2011, economic activity is expected to receive a boost in DR Congo driven by higher mineral prices.

Financial performance

Amounts in US\$ thousands

	2010	2009	Growth
Revenue	18,054	10,916	65%
Operating expenses	20,105	19,712	2%
Provision for credit losses	(497)	(1,574)	(68%)
Profit before tax	(2,547)	(10,370)	(75%)
Total assets	160,071	105,255	52%
Loans	63,185	27,545	129%
Deposits	85,383	56,579	51%

Revenues increased by US\$7 million, or 65%, to US\$18 million from the prior year. The increase in revenues benefited from strong growth in net interest revenues from Zambia and DR Congo and overall, solid growth in non interest revenues.

Operating expenses increased by 2% to US\$20 million, evidently linked to growth in revenues. The provision for credit losses declined 68% primarily driven by significant provision reductions in Malawi.

Pre-tax losses in the smallest of our regions improved significantly to US\$2.5 million in 2010 compared with a pre-tax loss of US\$10.4 million in the prior year. The improvement reflected strong performances across all subsidiaries. DR Congo, which has 48% of the region's total assets, reported a pre-tax profit of US\$1.6 million from a pre-tax loss of US\$6 million. Malawi, on the other hand, increased pre-tax profits by 15%, while Zambia, which started operations in 2009, reduced pre-tax losses by 3%.

Business and financial review (continued)

Total assets increased by US\$55 million or 52% to \$160 million as customer deposits rose by 51% to US\$85 million mainly through the Domestic Bank business. Loans to customers increased by 129% to US\$63 million. The increase reflected, not only, credit opportunities utilized in the period, but also the need to increase market share in the region.

International

Our International region started in 2009 when we opened a non banking financial institution in Paris, France purposely to serve the African market and the multinational and regional institutions in Europe. In 2010, we opened a representative office in Dubai, UAE and in February 2011, we obtained a license to open a representative office in London.

Financial performance

Amounts in US\$ thousands

	2010	2009	Growth
Revenue	3,095	588	426%
Operating expenses	(4,663)	(3,948)	18%
Profit before tax	442	(1,351)	133%
Total assets	319,714	67,025	377%
Loans	154,622	25,507	506%

In 2010, EBI SA leveraged Ecobank network in Africa and partnered with affiliates within the group to serve our multinational and regional corporate institutions in Europe to grow business volumes. Revenues increased by 426% to US\$3 million primarily driven by fees from off balance sheet exposure. Given that the business is in the growth phase, operating expenses were well managed, growing by 18% to US\$5 million. With triple-digit revenue growth and lower growth in costs, profit before tax increased by nearly US\$2 million compared to the loss position in 2009.

Total assets were US\$320 million, increasing by US\$253 million or 377%, primarily from intercompany deposits.

Outlook

All the economies in the region are projected to grow in excess of 6% in 2011. Like EAC, Ecobank is relatively new in this region and the growth opportunities are enormous. In 2010, our losses fell by 75% due to increasing market share and improved efficiency. This momentum will be sustained in 2011 and beyond as we continue to leverage our brand.

Outlook

In 2011, we will continue to leverage the Ecobank network to support trade between Africa and Europe. We will also develop the exotic currency desk we set up in Paris in 2009 to grow revenues. The current growth momentum is projected to be sustained.



Laurence do Rego

Group Executive Director,
Finance and Risk



Risk management

1. Risk management framework

Risk is an inherent part of the business activities of the Ecobank Group. Accordingly, Ecobank has designed a risk management framework and governance structure to achieve an appropriate balance between risk and reward.

The risk management framework consists of a comprehensive set of policies, standards, procedures and processes designed to identify, measure, monitor, mitigate and report significant risk exposures in a consistent and effective manner across the Group.

1.1. Risk identification

The Group identifies risk by evaluating the potential impact of internal and external factors on business transactions and positions. Risk managers then develop strategies for mitigation of identified risks. Such strategies include setting of appropriate risk limits by customer, product and business, and obtaining sufficient collateral coverage; however, the usage of derivatives to hedge against default events is prohibited by policy.

1.2. Risk measurement

The Group uses a variety of methodologies to measure risk. These include calculating probable loss (both expected and unexpected), conducting stress tests and benchmarking.

1.3. Risk monitoring and control

The Group reviews risk management policies and systems regularly to reflect changes in markets, products and emerging best practice. Risk monitoring is based on the following central risk areas: credit risk, including counterparty risk; market risk; liquidity risk; and operational risk. Risk professionals and internal auditors monitor risk exposures and adherence to approved risk limits on a daily, weekly and monthly basis.

1.4. Risk reporting

The Group allocates considerable resources to ensuring ongoing compliance with the approved risk limits. It has set guidelines for reporting to relevant management bodies, including the Board of Directors and the Group Executive Committee. Significant changes in the credit portfolio, non-performing loans and other risk measures are reported on a daily, weekly and monthly basis.

2. Major risk types

The Group is exposed to the following major risk types:

Credit risk

Credit risk is the probability of financial loss arising from customer or counterparty default. It can arise either because the borrower, or the counterparty is unwilling to perform, or because its ability to perform has been impaired. Credit risk is said to be direct credit risk when it arises in connection with credit facilities such as loans and advances and indirect, or contingent credit risk when the Group has guaranteed contractual obligations of a client by issuing letters of credit and guarantees. Credit risk also exists when the Group and its client have mutual obligations to exchange (deliver) financial instruments at a future date. The risk of default before settlement, also called pre-settlement risk, arises when the counterparty defaults before the contract matures, and the Group suffers a financial loss in the process of replacing the unexecuted contract. The settlement risk becomes direct credit risk at the time of default.

Market risk

Market risk is the risk of loss arising from adverse changes in market conditions during the period required by the Group to close out its on- and off-balance sheet positions; losses may be driven by changes in interest rates, exchange rates, equity prices, etc. Positions that expose the Group to market risk can be trading or non-trading related. Trading risk comprises positions that the Group holds as part of its trading or market-making activities, whereas non-trading risk includes discretionary positions that the Group undertakes for liquidity, or capital hedging purposes. Sources of market risk include:





Risk management (continued)

- **Interest rate risk** is the exposure of current and future earnings and capital to adverse changes in the level of interest rates. Exposure to interest rate risk can result from a variety of factors:
 - **Repricing risk** arises from timing differences in the maturity or repricing of assets, liabilities and off-balance sheet instruments.
 - **Yield curve risk** is the risk that changes in market interest rates may have different effects on prices of similar instruments with different maturities.
 - **Basis risk** is the risk that changes in market interest rates may have different effects on rates received or paid on instruments with similar repricing characteristics (e.g. funding an adjustable rate loan that is indexed to the 3-month Treasury bill with deposits that are indexed to the 3-month LIBOR). Interest rates for various assets and liabilities change at the same time, but not necessarily by the same amount.
 - **Options risk** is inherent in embedded options in assets and liabilities. An example is provisions in agreements that give borrowers the right (and not the obligation) to prepay their loans, or give depositors the right (and not the obligation) to withdraw funds at any time, often with little or no penalty. These options, if exercised, can affect net interest income and underlying economic value.
- **Liquidity risk** arises from the general funding needs of the Group, and in the management of its assets and liabilities. The Group is exposed to the risk that depositors' demands for withdrawals outstrip its ability to realize longer-term assets in cash. The Group, therefore, strikes a balance between its liquidity requirements and funding costs by capturing stable, reliable and low-cost sources of funding in all of its markets. There are two types of liquidity risk:
 - **Funding liquidity risk** is the risk that funds will not be available when needed to meet our financial commitments.
 - **Trading liquidity risk** is the risk that assets cannot be liquidated quickly enough. This can happen when the liquidity of a market disappears making it difficult, or costly to close, or modify positions.

Interest rate risk and liquidity risk are interconnected given that management of either side of the balance sheet has an impact on interest rate risk exposure.

- **Foreign exchange risk** is the risk to earnings and capital arising from sudden changes in the relative prices of different currencies. It can arise directly through trading in foreign currencies, making loans in a currency other than the local currency of the obligor, buying foreign-issued securities, or issuing foreign currency-denominated debt as a source of funds. It can also arise when assets and liabilities are denominated in foreign (as well as domestic) currencies. The Group is also exposed to foreign exchange risk arising from adverse changes in currency exchange rates used to translate carrying values and income streams in foreign currencies to the US Dollar, Ecobank's reporting currency.
- **Equity price risk** is the risk of loss from adverse changes in the value of equity portfolios due to changes in the level of equity prices.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or external events. It is inherent in every product and service that Ecobank provides. It manifests itself in a variety of ways, including internal fraud, external fraud, transaction processing errors, business interruption, and disputes with employees, clients and vendors. Operational risk also includes legal risk, the risk of loss resulting from the failure to comply with laws, prudent ethical standards and contractual obligations. These events can potentially result in reputational harm to the Group (reputational risk).



Sovereign risk

Sovereign risk includes political, convertibility and cross-border risks. Such risks can arise from actions of a sovereign state or from unforeseen circumstances such as wars and uprisings. They affect the ability of residents to meet their obligations to a lender who is domiciled in another country. In as much as the West African Economic and Monetary Union (UEMOA) and the Central African Economic and Monetary Union (CEMAC) share a "common" currency with the support of the Banque de France, risk exposures taken by Group subsidiaries registered within either economic union on residents of any country within either economic union are not considered cross-border risk.

Strategic and franchise risks

Strategic and franchise risks arise whenever the Group launches a new product or a new service, or when it implements a strategy. The risk is that the strategy may fail, causing damage to the Group's image, which may impair the Group's ability to generate or retain business. However, the Group always carefully assesses both the impact of external factors on its strategic choices (strategic risk) and the feed-back from clients, shareholders and regulators on its results and capital (franchise risk).

Compliance risk

Compliance risk is related to violations of rules and regulations in force in countries where the Group operates. The compliance risk also arises when the rules or regulations applicable to the products and activities of subsidiary banks are ambiguous. Such a risk could result in sanctions, penalties, damages and even the voiding of existing contracts. Legal and regulatory risks are part of compliance risk.

Disclosure risk

Disclosure risk is the risk of loss due to the presentation of incomplete or false information to the general public, or shareholders, or regulatory bodies. Non-compliance with accounting rules and requirements for rendition of reports to regulatory and supervisory or fiscal authorities could also give rise to strategic and franchise risks.

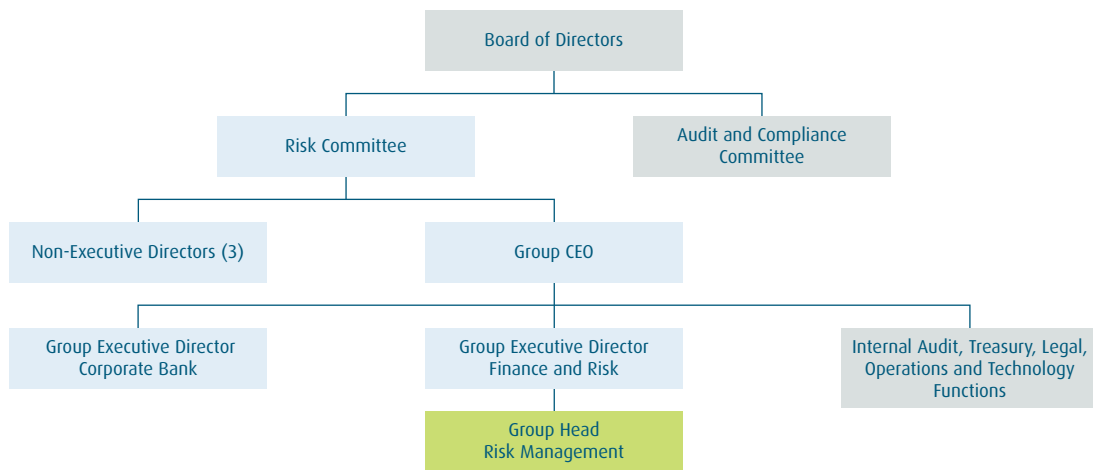


Risk management (continued)

3. Governance structure

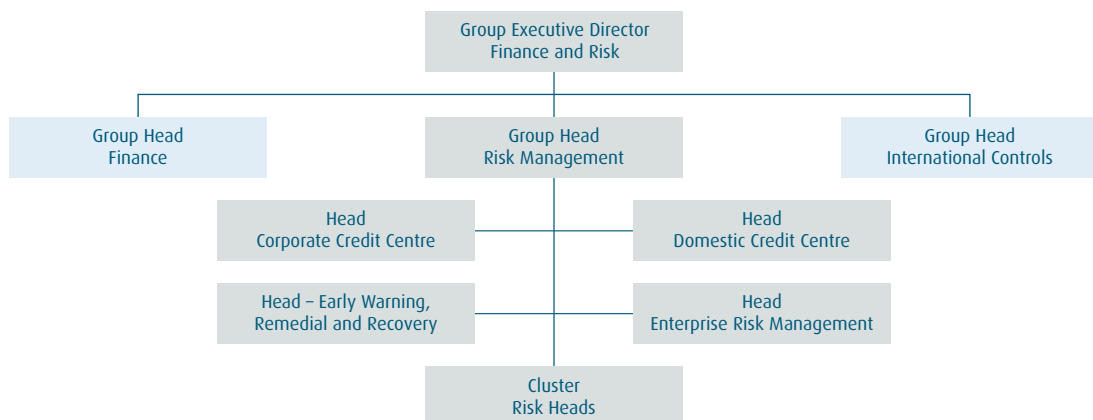
The Board of Directors exercises its oversight of risk management through the Risk Committee and the Audit and Compliance Committee of the Board. The Board articulates the amount of risk that Ecobank is willing to accept in the normal course of business (risk appetite) and sets the overall risk profile for the Group. The Risk Committee proposes risk policies

and the overall approach to risk management, and monitors the adequacy of controls, compliance with risk policies and the Group's risk profile. The Audit and Compliance Committee ensures that the financial activities of the business are subject to independent review and external audit.



Group Risk Management, under the oversight of the Risk Committee and the supervision of the Group Executive Director, Finance and Risk and the Group Head, Risk Management, develops the risk management strategy, principles, framework and

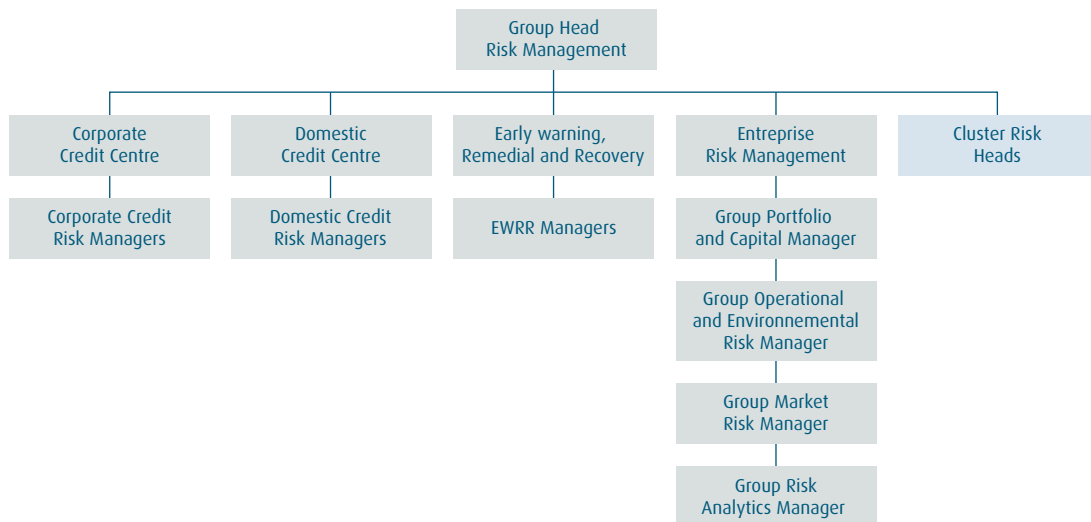
policies, and implements appropriate risk management processes, methodologies and tools for managing risk. The Group Executive Director, Finance and Risk is responsible for all the finance and risk activities, and reports to the Group Chief Executive Officer.





The Group Head, Risk Management is the most senior risk management officer in the organisation, and reports administratively to the Group Executive Director, Finance and Risk and functionally to the Risk Committee of the Board. The Group Head, Risk Management advises and coaches management and business units on risk management; monitors the application and effectiveness of risk management processes; and co-ordinates appropriate and timely delivery of risk management information to the Group Executive Director, Finance and Risk,

the Group Chief Executive Officer, the Group Executive Committee (GEC), the Risk Committee and the Board. The Group Head, Risk Management provides overall supervision of a Corporate Credit Centre, a Domestic Credit Centre, an Early Warning, Remedial and Recovery Centre (EWRR), and an Enterprise Risk Management unit. The latter is comprised of four departments in charge of portfolio and capital Management, operational and environmental risk management, market risk management and risk analytics.



Risk management (continued)

Within each subsidiary bank, Group Risk Management is represented by a risk management department, which is completely independent from all the operating and risk-taking units. The risk management department is managed by a Country Risk Manager, who reports to the Group Head, Risk Management.

Within each business cluster, Group Risk Management is represented by a Cluster Risk Manager, who reports administratively to a Cluster Business Head and functionally to the Group Head, Risk Management.

The risk management approval process is centralised and fully independent of the businesses. Accordingly, all credit approval requests require the no objection of Group Risk Management before submission to the relevant board of directors for approval.

Credits to governments, financial institutions and corporate businesses:

- Subsidiary banks initiate and approve credits within their approved limits.
- Group Risk Management through its Corporate Credit Centre (CCC) reviews credits above local limits for consistency with Group policies and procedures and provides its no objection where applicable.
- Upon receipt of no objection from CCC, credits above local limits are submitted to local boards for approval.

Credit to individuals and SMEs:

- Credit transactions are approved under the terms and conditions of credit programs previously approved by the Group Risk Management through its Domestic Credit Centre (DCC).
- DCC reviews credits above local limits for consistency with Group policies and provides its no objection where applicable.
- Upon receipt of no objection from DCC, credits above local limits are submitted to local boards for approval.

The Asset and Liability Committee (ALCO), a sub-committee of the Group Executive Committee (GEC) is responsible for the supervision and management of market risk, mainly interest rate and liquidity risks. Its members are: Group Executive Director Finance and Risk, Group Head, Risk Management, Group Market

Risk Manager, Group Treasurer and business heads in the Corporate Bank and Domestic Bank. ALCO members meet quarterly to review the structure and pricing of Group assets and liabilities, to agree the optimum maturity profile and mix of incremental assets and liabilities, to evaluate inherent market risks in new products and to articulate the Group's interest rate view.

At the subsidiary bank level, the responsibility of asset and liability management lies with the Treasury Department. Specifically, the Asset and Liability Management (ALM) desk of the Treasury and Financial Institutions Unit manages the balance sheet. The results of balance sheet analysis along with appropriate recommendations are reviewed in monthly ALCO meetings where important decisions are made to minimise risk and maximise returns. Local ALCO membership includes the Country Head, the Country Treasurer, the Country Risk Manager, the Internal Auditor, the Financial Controller and Legal Officer.

4. Risk management approach

4.1. Credit risk

4.1.1. Organization

The Group manages credit risk by means of a governance structure with clearly defined responsibilities and credit approval authority.

The Board of Directors of ETI is the highest credit approval authority at Ecobank. It sets credit policies and ensures that all officers involved in the extension of credit across the Group scrupulously adhere to these policies.

From time to time, the Board delegates its credit approval authority to individual credit officers based on their credit skills, experience and independence of judgment. While credit approval limits are delegated to individual credit officers, no credit officer approves credits singly. All extensions of credit are approved by at least three credit officers, one of whom must have an individual credit limit equal to or greater than the amount of credit extension under consideration. Also, because of the separation of duties between origination and risk management, at least one of the three credit officers must come from

Risk Management department. Furthermore, all credits above the credit authority delegated to the subsidiaries require the no objection of Group risk managers at the Group level (as described in section 3 above).

The Board reviews and approves all credits in excess of the policy limit, defined as the maximum credit exposure to any borrower or group of related borrowers, currently set at 7.5% of the group consolidated shareholders' funds. It has, however, delegated this function to the Risk Committee, which has the authority to approve all such credits when the Board is not sitting. The Risk Committee comprises the Group Chief Executive Officer, two executive directors including the Group Executive Director Finance and Risk, and three Non-Executive Directors. One of the non-executive directors is the Committee Chairman. The Group Head, Risk Management participates to Risk Committee meetings in a consultative and record keeping capacity.

The primary responsibility for managing credit risk, however, lies with the Group Head, Risk Management. He ensures that Ecobank has resources, expertise, and controls in place for efficient and effective management of credit risk across the Group. The Group Head, Risk Management is expected to review all unusual risks as well as extensions of credit which exceed the credit authority granted to the Corporate Credit Centre and the Domestic Credit Centre and issue a no objection, where applicable. At the subsidiary bank level, the above functions are fulfilled by a specially designated country risk manager.

Ecobank subsidiaries receive delegations of credit approval authority from their respective boards of directors, in line with the general framework set up by the Group Chief Executive Officer, the Group Executive Director Finance and Risk and the Group Head Risk Management.

4.1.2. Risk identification

The Group is involved in a number of business activities. These activities can be divided roughly into three segments: commercial banking, investment banking and provision of shared services (technology platform, etc.) designed to improve operating

efficiencies. Each of these activities entails various risks, which fall into the main categories of the Group risk management framework; these are credit, market, operational and liquidity risks.

Ecobank is exposed to credit risk through direct lending, issuance of financial and performance guarantees and capital market activities. Credit risk analysts work in partnership with the sales function in identifying risk exposures within each subsidiary bank.

Credit decisions are based on an in-depth review of obligor creditworthiness. The Group utilises an internal risk rating system that is based on a scale of 1 to 10 to rate commercial and industrial obligors, financial institutions, sovereign governments, as well as small and medium scale enterprises. A rating of "1" identifies obligors of the highest quality, comparable to AAA on the scale of Standard and Poor's. A risk rating of "10" is assigned to obligors of lowest quality or highest risk, identical to D on the scale of Standard & Poor's. Obligor risk rated 1 to 6 are considered as "normal borrowers"; those risk rated 7 and 8 are considered as "borrowers requiring caution" while those risk rated 9 are "substandard borrowers", and those risk rated 10, "borrowers at risk of permanent default".

Risk ratings provide an objective means to compare obligors and facilities within a given portfolio, and to measure and manage credit risk across different geographies, industry segments, and business segments and other relevant risk factors using the same standards. Accordingly, the level of credit authority required to approve any credit transaction is also based on the risk rating of obligors and facilities involved.

An obligor risk rating is defined as the risk of default on long-term unsecured debt in local currency over a twelve month period. It is assigned and approved when a credit facility is first extended and is reviewed annually and upon the occurrence of a significant adverse event. The risk of default is derived from an analysis of the obligor's historical and projected financial statements and such qualitative criteria as industry issues, the obligor position in the market, the quality of the board and management and access to financing. The process for determining the obligor risk rating is carried out through automated decision-making tools.



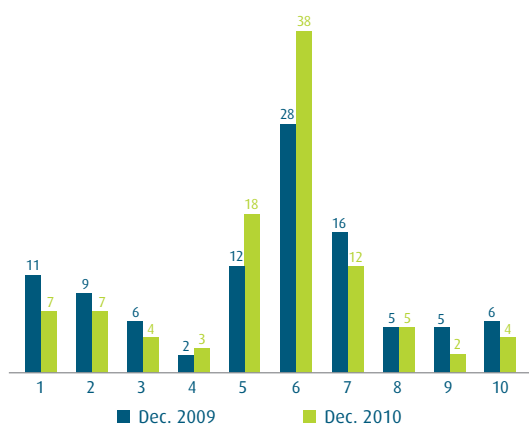
Risk management (continued)

With regard to consumer lending, the Group utilises a credit program approach whereby credit is extended on the basis of product-specific risk parameters, using manual scoring systems. The products involved are secured and of a self-liquidating nature.

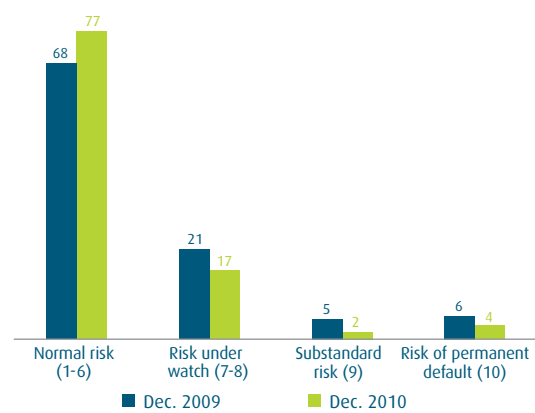
A facility risk rating describes the risk associated with a particular facility of a given obligor. It is usually equivalent to the obligor risk rating; however, a different facility risk rating may be assigned by adjusting the obligor risk rating to take into account such factors as the facility structure or collateral.

As of December 31, 2010, the credit portfolio distribution by facility risk rating highlights the positive results of the Group integration and optimization strategy. In particular, the Group has succeeded in improving its risk profile as reflected in the migration of risk assets from the higher risk rating categories to normal risk. The normal credit risk category represented 77% of the portfolio compared to 68% as of December 2009.

Portfolio distribution by facility risk rating
Percent of total portfolio



Portfolio breakdown by risk category
Percent of total portfolio



4.1.3. Risk measurement

Credit risk measurement takes into account the actual risk exposure ("Exposure at Default" or EAD), the probability of default (PD), and the percentage of loss in the event of default (also called "loss given default" or LGD).

To measure credit risk, the Group estimates the level of the statistical expected economic loss in the event of default. This figure measures the net present value of credit costs that the Group would face from the time of default until the end of the recovery process. Credit costs include all provisions taken against bad debts, write-offs, fully reserved interest earned not collected and possibly attorney fees incurred in the process of enforcing the Group's claims in court. Under the current methodology, the Group proceeds by assigning risk ratings to credit facilities of all the obligors in the credit portfolio. Then, the amount of credit exposure with a given facility risk rating is multiplied by the corresponding loss norms to arrive at a statistical measure of loss in the event of default on the exposure involved. The weighted average loss norm provides a measure of the portfolio risk profile and portfolio risk rating. The results are compared with statistical loss measurement under the Group economic capital model.



As of December 2010, the portfolio risk rating was 7 (as it was in December 2009), highlighting the need for continued portfolio de-risking. The average probability of default for the portfolio was 8% compared to 10% in December 2009.

4.1.4. Risk monitoring and control

Credit risk exposures of subsidiaries are monitored at both the subsidiary level and the group risk management level. At the subsidiary level, credit administration units monitor the performance of individual exposures on a daily basis, ensure regularity of credit approvals and line utilisations, authorise disbursements of credit facilities when approval conditions are met and perform periodical reviews of collateral. These units are also responsible for the preparation of internal risk management reports for country management and Group Risk Management. Risk control units within internal control department provides a second line of defence as they insure that controls are in place and are effective. Remedial management units identify early warning signals of portfolio quality deterioration, and monitor past due exposures with a view to maximizing collections of delinquent loans and recoveries of loans previously reserved or written-off.

At the Group level, the portfolio management unit monitors risks taken by subsidiaries on individual obligors and economic groupings through a review of monthly reports submitted by country risk management units of subsidiary banks. These reports include early warning systems designed to monitor troubled exposure and credit process problems. They also include detailed credit exposure data that enable the Group to monitor the risk profile in terms of obligors, business segments, industry segments, geography, currency, and asset maturity at country and Group level. Group Risk Management also determines the level of the statistical unexpected and expected economic loss, and the overall direction of the portfolio risk profile.

The portfolio management unit ensures that the Group is not exposed to excessive concentration of credit risk on any one obligor, asset class, industry

segment or geography. In particular, the unit ensures that the Group achieves its strategic diversification objectives within the prescribed time

4.1.4.1. Credit risk portfolio

In accordance with the Group Credit Risk Management Policy, risk concentration limits are in place for managing the credit portfolio and monitoring compliance with the risk appetite. These limits are regularly reviewed by the Risk Committee to take into account changes in our operating environment, or in our business segments.

During the year under review, important changes were incorporated into the limit setting framework; for instance, concentration risk is now monitored by addressing credit quality deterioration and portfolio diversification. With respect to portfolio quality, the probability of default (PD) of each risk factor (geography, industry segment, business sector, product, etc.) is the main driver for limit setting because any increase in the PD (loss norms) is an indication of portfolio quality deterioration; conversely, any decrease is indicative of an improvement in portfolio quality. With regard to portfolio diversification, concentration risk is measured by the level of statistical unexpected loss associated with each risk factor. Whereas the expected loss has a direct impact on Group profitability, unexpected loss affects Group capital, and consequently future performance. With the introduction of the unexpected loss concept into the risk management framework, the Group has been able to cap risk factors, which otherwise would have widened the gap between regulatory capital and economic capital, and thus, improve the credit risk profile.

The credit portfolio, net of provisions, amounted to US\$11.8 billion as of 31 December, 2010 (US\$9.4 billion as of 31 December, 2009). This portfolio consists of loans and advances to customers, loans and advances to governments, deposits with central banks, loans, advances and placements with banks and financial institutions, as well as off-balance sheets exposures in the form of financial and performance guarantees.



Risk management (continued)

Risk assets (US\$ Million)

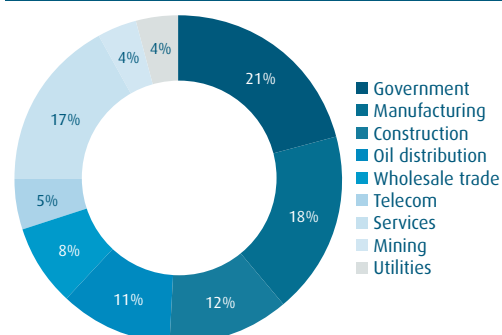
	2009	2010
Loans and advances to customers	4,766	5,264
Treasury Bills and Government Bonds	970	1,367
Loans and advances to banks and FIs	1,380	1,613
Deposits with Central Banks	577	778
Other on-balance sheet	358	478
Sub-total direct exposures	8,051	9,500
Import Letters of Credit	513	699
Other guarantees and undertakings	1,103	1,585
Sub-total contingent exposures	1,616	2,284
Total	9,667	11,785

4.1.4.2. Obligor concentration

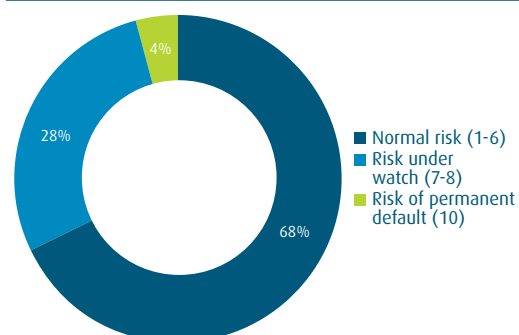
A large exposure is defined as any individual exposure that represents 10% of the total portfolio, or 10% of the capital at the obligor level. All our exposures remained within both thresholds.

However, the twenty largest non-bank exposures represented 124% of the Group capital (December 2009: 116%), and 20% of the total non-bank credit exposures (December 2009: 21%). These exposures were nonetheless diversified across various industry sectors; 68% of these exposures were of normal credit risk quality i.e. with ratings ranging from 1 to 6 (December 2009: 65%).

Top 20 exposures by industry sector



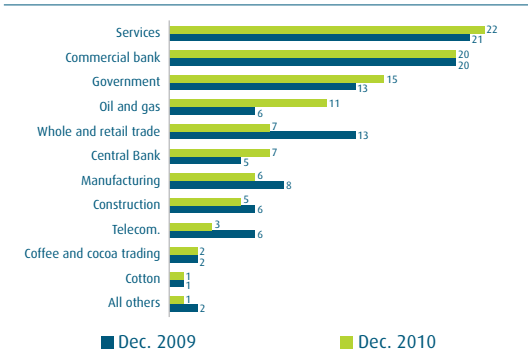
Top 20 exposures by internal risk rating



4.1.4.3. Industry diversification

The portfolio breakdown by industry is consistent with a well-diversified credit portfolio, notwithstanding the highlighted concentrations in the Banking sector (mainly comprised of ordinary short-term banking transactions with local banks and OECD correspondent banks), in the Services sector, in the Wholesale and Retail trade sector, and in the Government sector (mainly treasury bills held for liquidity management purpose). These four industry sectors accounted for 64% of the total credit portfolio (December 2009: 64%).

Diversification by industry sector Percent of total portfolio

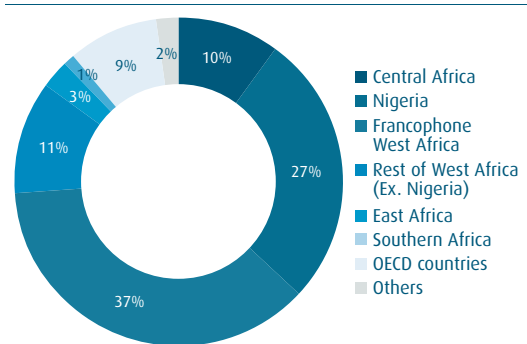


4.1.4.4. Geographic diversification

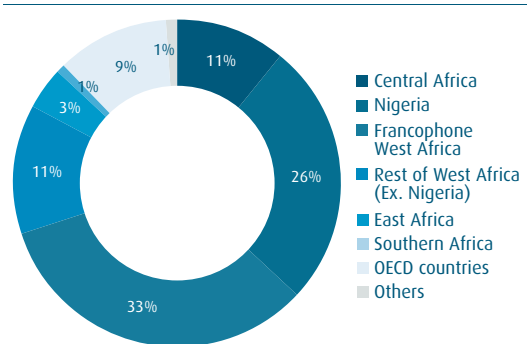
The Group has banking operations in 31 countries and benefits substantially from the geographic diversification of its credit portfolio. Twenty-six percent of the Group credit portfolio was granted to obligors in Nigeria (December 2009: 27%), while the exposure to obligors in the OECD countries increased to 11% from 9% previously. No other country represented more than 10% of the portfolio.

At the regional level, the Francophone West Africa region remained the largest concentration as exposure to obligors in that region represented 33% of the portfolio. The slight drop in the exposure to obligors in Nigeria was offset by growth in the rest of West Africa, Central Africa, East Africa and Southern Africa.

2009 exposures by region of residence Percent of total portfolio



2010 exposures by region of residence Percent of total portfolio



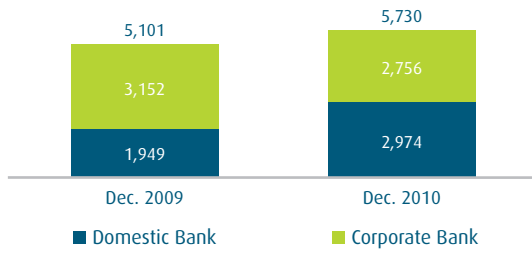
Risk management (continued)

4.1.4.5. Asset quality

4.1.4.5.1. Gross loans and advances to customers

Gross loans and advances to customers rose 12% in 2010 to US\$5.7 billion. The growth was mainly driven by the Domestic Bank segment (+53%) while the Corporate Bank segment contracted by 13%.

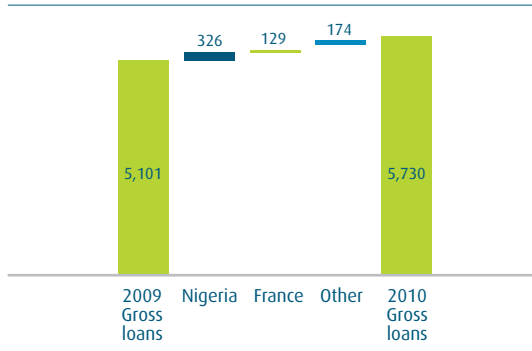
Gross loans by business segment (US\$ million)



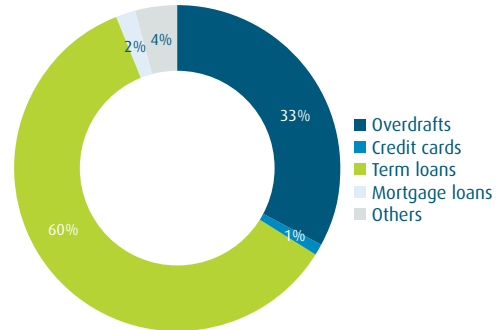
The subsidiary in Nigeria contributed 52% of the loan growth in 2010. This was closely followed by the subsidiary in France (20%) and subsidiaries in Central Africa (15%).

At the product level, loan growth was driven by term loans, which represented 64% of the loan portfolio (60% in 2009).

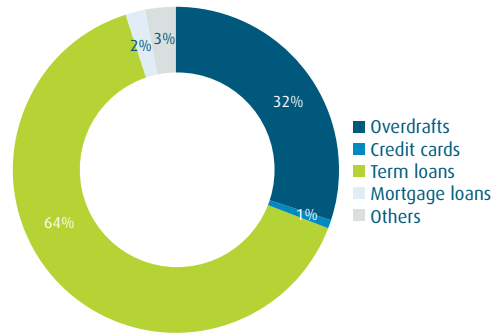
Geographical contribution to the increase in loans to customer (US\$ million)



Loans: Product concentration (2009)



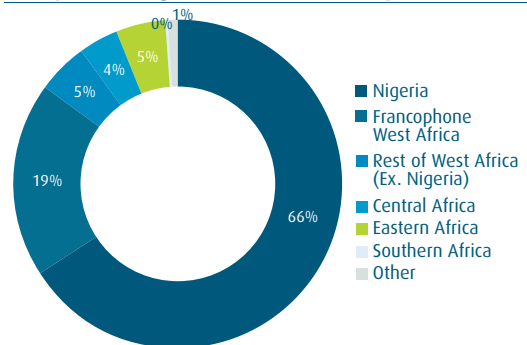
Loans: Product concentration (2010)



4.1.4.5.2. Non-performing loans

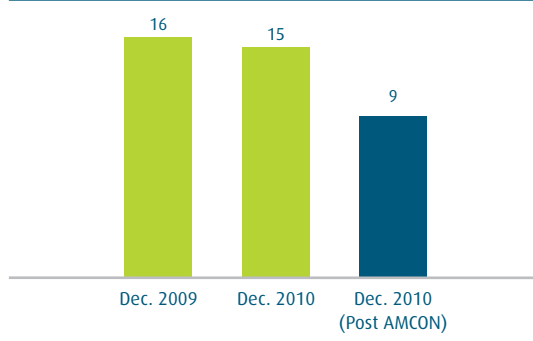
Non-performing loans increased by 7% to US\$868 million in December 2010, mainly driven by Nigeria, which accounted for 66% of total non-performing loans (December 2009: 74%).

Non-performing loans contribution by clusters



However, asset quality improved slightly as the ratio of non-performing loans to gross loans and advances ("NPL ratio") decreased by one percentage point to 15%.

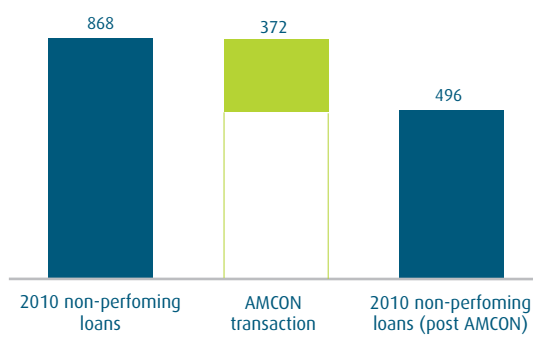
NPL ratio trend (%)



Non-performing loans of US\$868 million include US\$372 million of NPLs that were subsequently sold to the Asset Management Corporation of Nigeria (AMCON) in March 2011. US\$60 million of non-performing loans were sold to AMCON in December 2010.

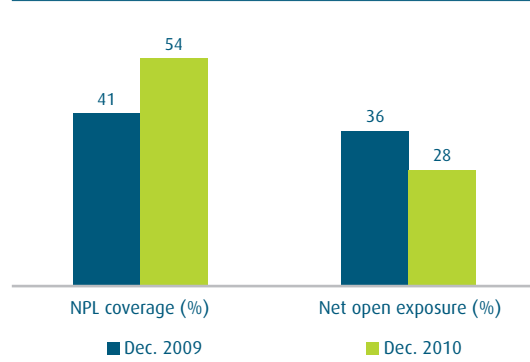
If US\$372 million of NPLs sold to AMCON are excluded, total non-performing loans would be US\$496 million, and the NPL ratio would be 9%.

AMCON transaction and NPLs (US\$ million)



The breakdown of non-performing loans by business segment highlights a higher concentration of non-performing loans in the Domestic Bank (70%) relative to the Corporate Bank (30%). Within the Domestic Bank, non-performing loans are attributed to local corporate customers, SMEs and consumers who are more vulnerable to economic cycles.

NPL coverage and net open exposure



The Nigeria subsidiary continued to have a significant impact on asset quality, but the performance as of December 2010 highlights a significant improvement in the subsidiary's NPL ratio, which decreased to 32% from 39% in 2009. If Nigeria were to be excluded, the Group NPL ratio would have reached 7.5% as of December 2010.

Consistent with additional loan loss provisions established during the year, the NPL provisioning rate ("NPL coverage") improved to 54% from 41% in 2009. Consequently, the unreserved portion of non-performing loans (i.e. the "open credit exposure ratio") also improved to 28% of the capital in 2010 (December 2009: 36%).

The cost of credit (i.e. impairment loss) for the year amounted to US\$101 million compared to US\$140 million in 2009. As a ratio of average gross loans and advances to customers, the cost of credit improved significantly to 187 basis points in 2010 from 308 basis points in 2009.

Risk management (continued)

4.1.5. Portfolio stress testing

Stress tests are an important means of analyzing our risk profile since they give management a better understanding of how Group portfolios are affected by macroeconomic changes, including the effects of negative events on Group capital. The tests support compliance with regulatory capital requirement and are an important tool in capital planning. When the Group uses stress tests in capital planning, stress is applied to risks, income and costs. Stressing income and costs affects the Group capital, while stressing risk exposures affects the capital need. This means that the stress tests quantify the effect of macroeconomic changes on the capital buffer.

For credit risk, the Group uses statistical models that transform macroeconomic scenarios into loss levels. The models are used to stress the probability of default (PD), causing higher loan impairment charges and a greater need for capital. The exposure is stressed further by subjecting collateral to stress, that is, a reduction in the collateral value.

For other risk types, such as market risk, the Group uses scenario-specific variables on current market positions, and this can result in a decline in market values. The changes in market value are considered as losses that reduce Group earnings and capital.

The outcomes of stress test scenarios are reviewed on a consolidated basis across all risk types and compared with the Group risk appetite. They are reviewed by the management and the Risk Committee to ensure that the Group is prepared for worst case scenarios, and that appropriate decisions are taken in the areas of Group risk appetite and capital management.

Several stress test exercises were undertaken during 2010 to assess the potential impact of various crisis (including political) on our businesses. The results showed that the Group had adequate capital in all scenarios.

4.1.6. Risk reporting

Group Risk Management submits a monthly report to the Group Chief Executive Officer and GEC members. The Risk Committee reviews Risk Management's quarterly reports to ensure that the portfolio performs

in accordance with approved concentration limits and risk appetite. The Risk Committee refers decisions to the Board for final approval.

4.2. Market risk

Market risk comprises both price risk and liquidity risk. Price risk measures the impact of changes in interest rates, foreign exchange rates, equity and commodity prices and their implied volatilities on earnings. Group trading and non-trading books are exposed to price risk. Liquidity risk on the other hand refers to the risk that an organization is unable or is perceived to be unable to meet its financial commitments.

The objective of Ecobank market risk management policy framework is to ensure that all significant market risks are identified, measured, and managed in a consistent and effective manner across the Group in order to stabilize earnings and capital under a broad range of market conditions, and to ensure that the Group possesses adequate sources of liquidity.

At the end of 2010, 17% of Group risk-weighted assets were related to market risk and particularly to interest rate risk.

4.2.1. Organization

Group market risk management covers all assets, liabilities and off-balance sheet items. The Risk Committee sets the overall risk policies for Group market risk exposures, including risk limits. Group Internal Audit provides timely and objective assurance regarding the continuing appropriateness of, and the adequacy of compliance with the policy framework.

The Group Market Risk Manager (GMRM) plays a coordination, aggregation, facilitation and enabling function. GMRM drafts market risk policies, defines market risk management standards, develops and distributes tools, techniques, and is responsible for training and promoting common risk language across the bank Group. GMRM also publicizes knowledge on market risk to create awareness and understanding at all levels of employees. GMRM approves price risk limits and liquidity contingency plans for banking subsidiaries. In addition, GMRM constantly monitors market risk exposures and ensures that they are maintained within prudential levels at all times.



GMRM also ensures that market risk management processes (including people, systems, operations, limits, and controls) satisfy Group policies.

The Group Treasurer is responsible for market risk taking activities and manages market risks within the limits approved by the Board. Group Treasurer reports market risk positions to GMRM and Group Executive Committee on a monthly basis and to the Board quarterly. He prepares an annual liquidity contingency and capital plan for the Group and provides the first-level approval for liquidity contingency and capital plans and price risk limit recommendations of subsidiary banks. Country treasurers report directly to Group Treasurer.

The Asset and Liability Committee (ALCO) is responsible for the supervision and management of market risk at the Group level. ALCO members meet quarterly and more often if warranted by market conditions to review the Group's liquidity and funding needs, the structure and pricing of the Group's assets and liabilities, and market risk involved in new products. They articulate the Group's interest rate view and decide on the required maturity profile and mix of incremental assets and liabilities. ALCO committees of subsidiary banks fulfill these functions monthly at the country level.

The staff and management working within or managing operational business units and their board of directors are responsible for the day-to-day management and control of market risk within their businesses.

4.2.2. Risk identification

Consistent with an independent and centralized risk management function, Ecobank conducts market risk measurement, monitoring and management reporting on a daily basis. It also conducts intraday spot checks of the market risks in individual subsidiaries by calculating risk exposures with internally developed systems that cover all of its positions. In addition, conventional risk measures and mathematical and statistical measures, such as Value at Risk, are utilized to calculate market risk exposures as well as economic and regulatory capital.

At the subsidiary level, trading units maintain blotters for recording movements and balance sheet positions of traded instruments, which include daily monitoring of profit and loss balances of trading and non trading positions. Internal auditors and market risk managers monitor daily trading activities to ensure that risk exposures taken are within the approved price limits and the overall risk tolerance levels set by the Board. ALCO members, treasurers and market risk managers monitor market risk factors that affect the value of trading and non-trading positions as well as income streams on non-trading portfolios on a daily basis. They also track liquidity indicators to ensure that subsidiaries meet their financial obligations at all times.

4.2.3. Risk measurement

4.2.3.1. Banking book

The Group currently uses repricing maturity gap analysis to measure exposure to interest rate risk in its non-trading book. Through this analysis, subsidiary banks compare the values of interest rate sensitive assets and interest rate sensitive liabilities that mature or reprice at various time periods in the future. In performing this analysis, the Group may make judgmental assumptions about the behavior of assets and liabilities which do not have specific contractual maturity or re-pricing dates.

An interest rate sensitive gap is positive or a gap profile is said to be asset sensitive when the amount of interest rate sensitive assets exceeds that of interest rate sensitive liabilities maturing or re-pricing within a specified time period. It is negative (liability sensitive) when the amount of interest rate sensitive liabilities exceeds that of interest rate sensitive assets maturing or re-pricing within a specified period.

In general, an asset sensitive institution may expect net interest income to increase with rising market interest rates and decline with falling market interest rates. Conversely, an institution with a negative gap can expect net income to increase when market interest rates are falling and to decline when interest rates are increasing.





Risk management (continued)

4.2.3.2. Trading book

At Ecobank, trading market risk generally emanates from the Group's market making activities. It therefore arises from open positions in interest rate and foreign currency positions, and it is generally affected by changes in the level and volatilities of yields and foreign exchange rates.

Tools used to manage trading risk exposures include the following:

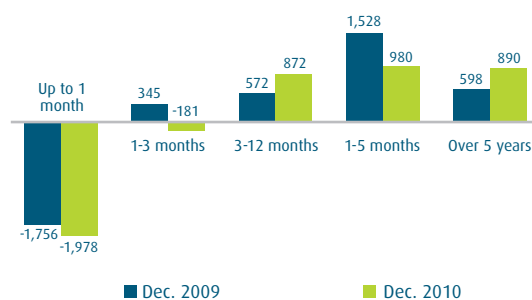
- Risk limits, driven by the notional size of net open positions (NOPs) by currency and subsidiary.
- Management Action Triggers (MAT).
- Stop Loss Limits.
- Value at Risk.

4.2.3.3. Liquidity risk

At Ecobank, liquidity risk is managed using a balance sheet approach that estimates all sources and uses of liquidity including loans, investments, deposits and borrowings, as well as contingent off-balance sheet exposures. Respective subsidiary treasurers are generally responsible for formulating the Group liquidity and contingency planning strategies and identifying, monitoring and reporting on all liquidity risks. The main tools used for liquidity risk measurement are the contractual maturity gap and ratio analysis.

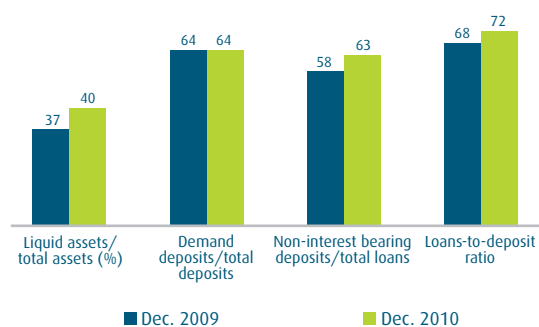
As shown in the following table, the Group is exposed to liquidity risk as of December 31, 2010 for maturities of up to one month; this is due mainly to the overnight contractual maturity of current and savings deposits which accounted for 72% of total deposits and are included in this maturity bucket. However, the risk is mitigated by the stable nature of these deposits from a behavioural perspective and the Group's ability to pledge its robust investments portfolio for cash at central banks.

Contractual maturity gap (US\$ million)



The Group liquidity position remained very strong as evidenced by a liquidity ratio of 40% as of December 2010. The robust liquidity position is attributed to a 22% year-over-year growth in low-cost and stable deposits. The loans-to-deposits ratio was also favourable at 72%.

Key liquidity indicators percent



In line with policy, the Group conducts stress tests to measure its immediate liquidity risk and to ensure that it has enough time to respond to potential crises. The stress testing, which is conducted monthly, covers a time horizon of up to six months. The tests estimate liquidity risk in various scenarios, including three standard scenarios: a scenario specific to the Group, a general market crisis and a combination of the two.

The analyses are based on the assumption that the Group does not reduce its lending activities. This means that existing lending activities are maintained and require funding. Most of the Group's unencumbered treasury bills and bonds holding can be used as collateral for loan facilities with central banks, and are thus, considered liquid. Scenario-specific haircuts are used on the treasury bills and bonds portfolio. Potential liquidity outflows from unutilised, but irrevocable loan commitments are also factored in.

The degree of possible refinancing of funding sources varies depending on the scenario in question as well as on the specific funding source. To analyse the stability of funding, the Group breaks down deposits into personal/corporate, core/non-core and term/non-maturing as well as geographically according to the Group's position in each market.

The Group monitors the diversification of funding sources by product, currency, maturity and counterparty to ensure that its funding base provides the best possible protection if the markets come under pressure.

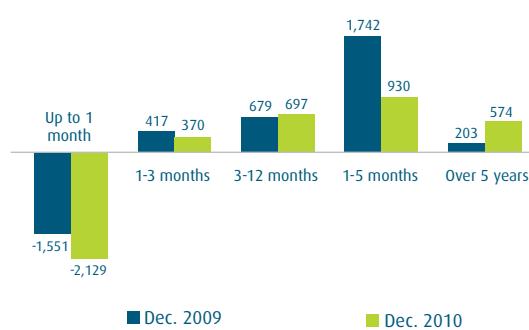
The Group was able to remain within its internal stress test targets throughout 2010.

4.2.3.4. Interest rate risk

Below is the maturity profile of interest rate sensitive assets and liabilities as of December 31, 2010. As the figure indicates, the sensitivity profile did not change significantly from last year; directionally, the bank is liability sensitive up to the 1-month bucket and asset sensitive through the rest of the time bands.

As a result of the re-pricing profile, a 200 basis points decrease (increase) in rates across the maturity buckets is expected to increase (decline) one-year net interest income by approximately US\$21 million (US\$9 million in 2009). This is because under rising (falling) interest rate environments, the expected negative (positive) impact on net interest income as the negative gap exposure in the up to 1-month bucket re-prices more than offsets the positive (negative) impact on net interest income accruing from the longer buckets which are asset sensitive.

Interest rate repricing profile (US\$ million)



Risk management (continued)

In order to estimate the impact of varying interest rates on the economic value of Ecobank's equity, duration based weighting factors (based on an assumption of 200 basis points across the time frame) recommended by the Bank for International

Settlements (BIS) were applied to exposures in different maturity buckets, and the results were expressed as a percentage of the Group capital. The results for 2010 are shown in the table below.

US\$ Million except ratios

	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Gap	-2,129	370	697	930	574	
Weighting factor (%)	0.08	0.32	1.08	5.28	17.94	
Adjusted gap	-2	1	7	49	103	159
Interest Rate Risk Ratio (%)	-0.13	0.09	0.58	3.80	7.96	12.30

The aggregate interest rate risk ratio is approximately 12.30% or a potential change of US\$159 million in economic value. Thus, a 200 basis point increase in interest rates, is expected to reduce economic value by 12.30% (10.98% in 2009). Conversely, a 200 basis point reduction in rates is anticipated to positively impact the economic value of Group equity by the same magnitude.

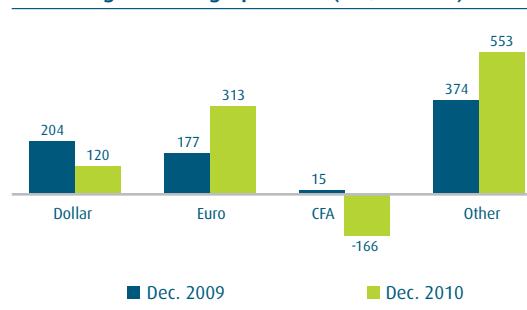
4.2.3.5. Foreign exchange risk

Foreign exchange risk is the risk of losses on foreign currency positions caused by changes in exchange rates.

The Group is exposed to foreign exchange rate fluctuations in 30 currencies. The CFA Franc continued to be the largest currency of exposure as 42% of risk assets are denominated in the currency. In addition, the CFA Franc is a common currency for 13 out of 30 countries in which the Group operates, and it is pegged to the Euro under financial agreements between the French Treasury and countries in the Francophone West Africa and Central Africa regions.

As of December 31, 2010 the Group had a net long position in EUR of \$313 million (US\$177 million in December 2009), a long net open position in USD of US\$120 million (US\$204 million in 2009) and a net short position in the CFA of US\$166 million (US\$15 million net long position in December 2009) as shown in the figure below.

Net foreign exchange position (US\$ million)



4.2.3.6. Value at Risk

In addition to regulatory net open position limits, the Group measures and manages foreign exchange risk on the basis of a Value at Risk (VaR) calculation that incorporates all currency positions. The VaR figure represents the maximum loss within 10 days at

a confidence level of 95%, and it is used for risk monitoring and economic capital assessment. As shown in the following table, the average VaR for 2010 was US\$80 million, of which US\$78 million is attributable to interest rate risk and US\$2 million to foreign exchange risk:

2010 Value at Risk (US\$ Million)

Risk category	Average VaR	Minimum VaR	Maximum VaR	31 Dec.
Interest rate risk	78	62	176	62
Foreign exchange risk	2	1	4	2
Total VaR	80	63	180	64

4.3. Operational risk

Ecobank has committed significant resources to develop a "risk-aware" culture and to ensure that all significant operational risks are identified, measured, assessed, prioritised, managed, monitored and treated in a consistent and effective manner across the Group. The Group Operational Risk Management unit ensures that existing policies and procedures adequately address risks emerging from changing operating environments.

4.3.1. Organization

The Group operates an operational risk governance structure that ensures that the Board of Directors and the Group Chief Executive Officer have direct responsibility for operational risk throughout the Group. The Board acts through the Risk Committee, whose decisions are implemented by a centralized and independent Group Risk Management.

The Group Operational Risk Management (GORM) comprises a central function at the Group office and operational risk officers exist in subsidiaries. GORM drafts operational risk policies, defines operational risk management standards, and develops tools, techniques, analysis, reporting, communication and training. It coordinates and participates in preparing, testing and reviewing the business continuity and disaster recovery plan of every business unit. The Group Operational Risk Manager plays a coordination, aggregation, facilitation and enabling function.

During 2010, the operational risk governance structure was strengthened with the placement of Group Risk Management, Group Internal Control, and Group Financial Control under the supervision of one Group Executive Director. Operational risk assurance is provided through the Group Internal Audit function.



Risk management (continued)

4.3.2. Operational risk policy

The Group operational risk policy covers the following activities:

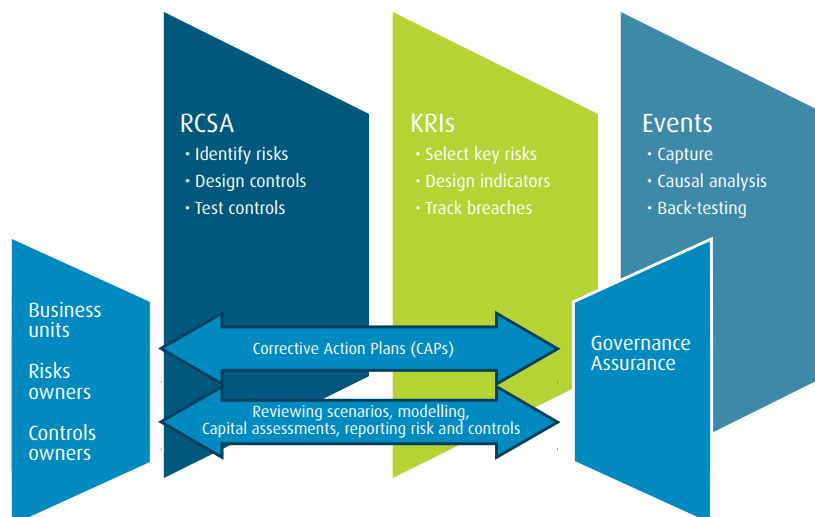
- Identifying, monitoring and managing current and potential operational risk exposure.
- Managing “critical risks”. That is, risks that, in the view of business unit management or the Risk Committee, require follow-up and further reporting.
- Following up on reports from Internal Audit and regulatory authorities and informing the Risk Committee of issues that involve Group operational risks.
- Preparing management information on issues such as IT security, physical security, business continuity and compliance with legislation in these areas.

The Group has other policies, including policies on security, control and compliance that also support operational risk management.

4.3.3. Operational risk framework

During the year under review, the Group continued with the use of the basic indicator approach for the calculation of operational risk capital requirement. However, GORM has developed a roadmap to migrate all subsidiaries to the standardised approach, subject to regulatory approvals.

As shown in the figure below, risk and control self-assessments (RCSA), key risk indicators (KRI), and operational loss events represent the 3 pillars for managing operational risk across the Group. The pillars anchor the Group’s operational risk governance and reporting structure.



4.3.3.1. Risk and Control Self-Assessment (RCSA)

RCSA is first pillar in the operational risk framework. The principal objective of the RCSA is to identify, measure, and monitor operational risks. It is owned by the business. RCSA is an additional control process and does not replace existing controls.

The RCSA process directly involves business management and staff assessment of the bank's system of internal controls. After the assessment, owners continue to evaluate key risks and control, usually on a quarterly basis. During the evaluation or testing of controls, if the business finds out that some controls are not effective, the assessor documents the nature of the defect, and escalates to a higher level in the organisation (local executives and Group operational risk). The RCSA process leads to senior management committing to corrective action plans (CAPs) for defective controls, which are tracked by GORM.

4.3.3.2. Key Risk Indicators (KRI)

Key Risk Indicators are the second pillar for managing operational risk. They are quantifiable measures linked to the documented key risks in the risk evaluation processes. They enable changes in a risk level to be monitored for improvement. They are effective management tools for validating the RCSA process.

Business units collect KRI data to signal issues where remedial action is required. The process thus leads to senior management committing to corrective action plans (CAPs) for KRI breaches, which are tracked by GORM.

4.3.3.3. Events

Event data collection is the final pillar of the operational risk framework. Identifying, analysing and recording events are important in assessing the effectiveness of the operational risk framework. Analysing root causes that crystallise into events assists management in taking the necessary steps to restore or tighten controls.

The events process leads to senior management committing to corrective action plans (CAPs) when root cause analyses are complete.

4.3.3.4. Risks and controls ownership, governance, and assurance

Within the framework, business units own the risks and controls. Their efforts are guided by control and risk functions (Internal Control and Operational Risk) because these are independent from the business. Both Internal Control and Operational Risk track corrective actions plans (CAPs) and report on these to senior management. The Group Operational Risk unit has the primary responsibility for profiling business risks using scenarios, modelling, and capital assessment methodologies. It deploys the necessary tools across the Group. The Group Internal Audit function provides independent assurance through audits and risk reviews.

4.3.4. Risk identification, measurement, monitoring and control

Losses are categorised according to the Basel II event categories. The loss categories are: internal fraud, external fraud, employment practices and workplace safety, disputes with clients, damage to physical assets, business disruptions and systems failure, and execution, delivery and process management.

The Group utilises an operational risk management application to collect, analyse and report operational loss event data at both business and Group level. Business units are thus able to monitor the key operational risk exposures and underlying drivers against policy thresholds set in the operational risk management framework.

Operational risk managers within each business unit ensure that all operational risk events are recorded and reported to the appropriate management levels. Internal loss events are categorised into actual loss (an incident that has resulted in a financial loss), potential loss (an incident that has been discovered, that may or may not ultimately result in a financial loss) and "near miss" events. A "near miss" event is an incident that was discovered through means other than normal operating practices and that, through good fortune or focused management action, resulted in no loss or a gain.

Risk management (continued)

4.3.5. Compliance and regulatory risk

The Group operates a governance structure that is expected to reduce compliance and regulatory risks. The Group Chief Operating Officer has direct oversight for these functions. Group Operational Risk Management (GORM) assists by highlighting breaches throughout the network for immediate management action. Group Internal Audit carries out its assurance roles through on-site visits to subsidiaries routinely.

4.3.6. Know-Your-Customer (KYC) and due diligence

Frontline staff, relationship managers, and other officers who face clients and potential clients undergo training on policies and procedures regarding Anti-money laundering (AML) and the fight against terrorism financing. The Group has implemented systems that track suspected transactions for money laundering and screen the financial activities of politically exposed persons (PEPs) and those of individuals, companies or States under sanctions imposed by the United Nations Organisation, the United States and the European Union.

All employees are required to participate in mandatory AML training through the Ecobank Virtual Banking Institute (VBI) e-learning platform. VBI has been positioned as a key operational risk management and awareness tool.

4.3.7. Technology risks and information security

Emerging electronic threats continue to receive attention from senior management. Businesses or functions that are exposed to these threats include the card business, ATM operations, automated clearing systems, corporate and individual Internet Banking services and other electronic payment systems. Similarly, sensitive materials could be exposed to risks. The Group has instituted measures to manage technology related risks.

Firstly, changes to any system that impact on the infrastructure and on more than two users have to undergo rigorous tests, and then escalated to an IT Change Review Board for approval and tracking for impact on others systems. GORM directly works with

the review board to ensure the cut-over process is backed by appropriate tests and user concurrence. The diverse composition of the team, drawn from Group Technology (infrastructure and applications), Group Operations and Services, Group Information Security, Group Internal Control, and Group Operational Risk (cut-over) ensures that thorough assessments are made before any systems changes. IT changes within "freeze periods" are not authorised. During 2010, GORM sought to minimise emergency changes, because of the implicit higher risks involved.

Secondly, project management methodologies were strengthened across the Group during 2010. Seven subsidiaries moved from legacy core banking applications to a standardised universal banking application.

Thirdly, in order to increase the success rate of technology projects, and to ensure coordinated approach in utilising technology infrastructure, all technology projects must go through a Central Design Authority (CDA) for technical and functional assessments. CDA reviews cover identification for duplications and clarity on resource usage (hardware, operating systems, manpower, etc.).

Finally, it is Group policy to escalate information security threats to a group committee led by the Group Chief Information Security Officer. The team convenes and determines necessary actions to protect the Group. Actions depend on the severity and complexity of threats.

4.3.8. Business continuity management

Group Technology devoted significant efforts to establish disaster recovery (DR) capacity to expeditiously restore operations for any subsidiary whose activities have been disrupted. DR processes are part of business continuity management (BCM). GORM assesses all subsidiaries on a standardised scoring scale to determine readiness against disruptions. The aggregate level of readiness improved from less than 50% in 2009 to 60% against a target of 100%. It is expected that further improvement will be attained when an ongoing infrastructural project is completed. The Group plans to maintain multiple technology centres in strategic locations.

4.3.9. People risk

People risk has a direct correlation with internal frauds. For this reason, executives from the Group Human Resources division monitored hiring processes, particularly for employees in sensitive positions in subsidiaries. Generally, management has maintained an efficient balance between sales and processing staff, and ensured that the segregation of duties was upheld at all locations.

Where external organisations provided services, subsidiaries were guided to assign less sensitive roles to such support staff; employee screening was also extended to cover such non-permanent staffing arrangements. Other control mechanisms, such as vacation management, job rotation, and a centrally-driven short-term foreign assignment policy were enforced throughout 2010.

An automated performance management, career management, and staff administration system was launched in late 2010. When completed, people risk is expected to be contained as the system will facilitate the identification of people-related risks and engender early intervention.

4.3.10. Risk reporting

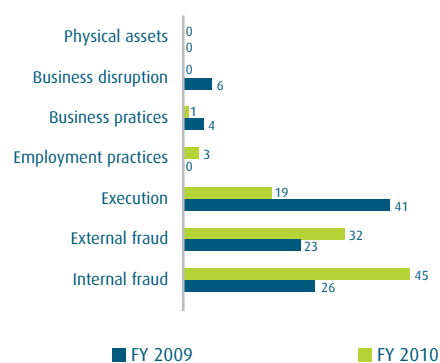
Ecobank requires immediate escalation to the Risk Committee in all instances of unauthorised deviations from standards set out in the operational risk policy; this includes likely or actual breaches of thresholds.

During the year under review, internal frauds constituted 45% (US\$2.7 million) of all the operational losses, representing an increase of 125% over 2009 losses (US\$1.2 million). External frauds increased from US\$1.1 million to US\$1.9 million, a rise of 73%. However, execution losses declined by 45% from US\$2 million to US\$1.1million.

Against the backdrop of rising internal frauds, Group Operational Risk focused on internal factors that drive such events. These include staff loyalty and integrity, code of ethics awareness, vacation policy

enforcement, and using non-permanent/contract staff on sensitive roles. A firm control over these driving forces is expected to reverse the deteriorating trend.

Net operational losses (percent of total)



Due to significant improvements in automation and straight-through-processing, execution losses declined from 41% (2009) to 19% of operational losses. The strategy to utilise technology to reduce costs, delays, and errors received a significant boost with the reduction of core banking applications from five in December 2009 to two (Flexcube and Globus). The objective is to use one core banking system in a centralised and decentralised mix, in order to optimise operations and minimise execution losses.



Risk management (continued)

5. Capital adequacy

The Group's capital management policies support the Group's business strategy and ensure that the Group is sufficiently capitalised to withstand severe macroeconomic downturns. In addition, they are designed to ensure that the Group complies with regulatory capital requirements and to support the Group's credit rating objectives.

Ecobank has two approaches to the measurement of its capital requirements: a regulatory approach and an internal approach. The regulatory approach is based on fixed uniform rules for holding adequate capital to support the risk that the Group assumes. Therefore, in all the countries where Ecobank operates, banks are required to hold a minimum capital level, which is determined by the regulators, and is consistent with the recommendations of the Basel Committee on Banking Supervision. Under the original Basel accord, banks were to maintain a ratio of regulatory capital to risk-weighted assets of 8%.

This ratio has been increased in some countries to 10%, and in some cases, 15%. Since 2007, the Group uses an internal model based on Basel II standards for assessment of capital adequacy on a consolidated basis. In line with an evolving capital management framework and best-practice recommendations, the Board in 2010 approved the adoption of the economic capital concept as an additional internal method for capital assessment. At Ecobank, economic capital is defined as the amount of capital required to absorb unexpected losses arising from credit, operational and market risks over a one-year time horizon at a 95% confidence level.

Under Basel I standards, risk-weighted assets rose by 12% from US\$6.3 billion in December 2009 to US\$7.0 billion. The unimpaired capital, on the other hand, increased to US\$1.46 billion in December 2010 from US\$1.34 billion in December 2009 (9% increase). Loans and advances to customers were the main drivers of the increase in risk-weighted assets (US\$498 million), accounting for 67% of the increase.



Risk-weighted assets (US\$ Million)

	2009	2010
Liquid assets	291	348
Loans to customers	4,766	5,264
Other on-balance sheet	888	945
Off-balance sheet	323	457
Total	6,269	7,014

Accordingly, the capital adequacy ratio under Basel I as of December 31, 2010 was 20.8% (from 21.4% in December 2009), far exceeding the minimum international standards. The core (tier-1) capital adequacy ratio was 20.2% (from 21% in December 2009), similarly confirming the financial strength of our Group.

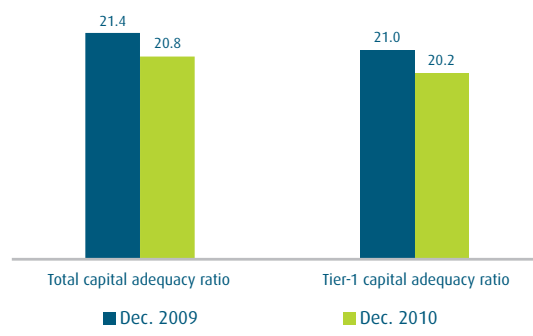
Our internal models (Basel II and economic capital) have likewise confirmed the adequacy of the capital funds of our Group.



Laurence do Rego

Group Executive Director,
Finance and Risk

Capital adequacy ratio (%)





Statement of Directors' responsibilities

Responsibility for annual consolidated financial statements

The Directors are responsible for the preparation of the consolidated financial statements for each financial year that give a true and fair view of the state of financial affairs of the Group at the end of the year and of its profit or loss. This responsibility includes ensuring that the Group:

- a. Keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the company and its subsidiaries.
- b. Establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- c. Prepares its consolidated financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates, that are consistently applied.

The Directors accept responsibility for the annual consolidated financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards.

The Directors are of the opinion that the consolidated financial statements give a true and fair view of the state of the financial affairs of the company and its subsidiaries and of its profit or loss. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the company and its subsidiaries will not remain a going concern for at least twelve months from the date of this statement.

Approval of annual consolidated financial statements

The accompanying consolidated financial statements, presented on pages 80 to 146 were approved by the Board of Directors on 25 March 2011 and signed on its behalf by:

Kolapo Lawson
Chairman
Board of Directors

Arnold Ekpe
Group Chief Executive Officer





Report of the Independent Auditors to the Members of Ecobank Transnational Incorporated

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Ecobank Transnational Incorporated and its subsidiaries (the 'Group') which comprise the consolidated statement of financial position as of 31 December 2010 and the consolidated income statement and statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The Directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

PricewaterhouseCoopers
Chartered Accountants
Lagos, Nigeria
29 March 2011

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers, SA
Chartered Accountants
Abidjan, Côte d'Ivoire
29 March 2011



Consolidated income statement

(All amounts in US\$ thousands unless otherwise stated)

	Note	2010	Year ended 31 December 2009
Interest income	6	697,084	763,954
Interest expense	6	(222,313)	(304,927)
Net interest income		474,771	459,027
Fee and commission income	7	297,522	249,566
Fee and commission expense	7	(10,653)	(9,360)
Net fee and commission income		286,869	240,206
Lease income	8	10,223	16,894
Dividend income	9	2,587	2,209
Net trading income	10	117,233	147,628
Net gains/losses from investment securities	11	111	(1,467)
Other operating income		7,849	8,821
Operating income before impairment loss		899,643	873,318
Impairment losses for loans and advances	12	(101,473)	(139,658)
Operating income after impairment loss		798,170	733,660
Staff expenses	13	(265,381)	(258,578)
Depreciation and amortisation	13	(68,687)	(61,470)
Other operating expenses	13	(295,112)	(312,546)
Total operating expenses		(629,180)	(632,594)
Operating profit		168,990	101,066
Share of profit of associates (Note 23)		36	-
Profit before income tax		169,026	101,066
Income tax expense	14	(37,207)	(36,466)
Profit for the year		131,819	64,600
Attributable to:			
Equity holders of the parent company		112,716	51,075
Non-controlling interest		19,103	13,525
		131,819	64,600

Earnings per share for profit attributable to the equity holders of the parent company during the year (expressed in United States cents per share):

- Basic	15	1.14	0.58
- Diluted	15	1.13	0.57

The notes on pages 85 to 146 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

(All amounts in US\$ thousands unless otherwise stated)

	Note	Year ended 31 December	
		2010	2009
Profit for the year		131,819	64,600
Exchange difference on translation of foreign operations		(70,889)	(111,997)
Available-for-sale investments:			
- Net valuation (losses)/gains taken to equity	38	29,150	(348)
- Reclassified to income statement	38	(171)	1,403
Property and equipment – net revaluation gain/loss	25	-	63,522
Taxation relating to components of other comprehensive income	34	(8,300)	(16,164)
Other comprehensive income for the year, net of taxation		(50,210)	(63,584)
Total comprehensive income for the period		81,609	1,016
Total comprehensive income attributable to:			
- Equity holders of the parent		68,833	4,420
- Non-controlling interest		12,776	(3,404)
		81,609	1,016

The notes on pages 85 to 146 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

(All amounts in US\$ thousands unless otherwise stated)

	Note	2010	As at 31 December 2009
Assets			
Cash and balances with central banks	16	1,126,222	901,945
Treasury bills and other eligible bills	17	588,922	531,567
Loans and advances to banks	18	1,613,322	1,380,451
Trading assets	19	6,803	7,469
Derivative financial instruments	20	10,000	10,017
Loans and advances to customers	21	5,264,184	4,766,197
Investment securities: available-for-sale	22	893,125	506,376
Investment in associate	23	3,181	-
Intangible assets	24	28,168	31,579
Property and equipment	25	464,289	474,214
Investment property	26	12,948	13,280
Deferred income tax assets (Note 34)		35,734	25,279
Other assets	27	419,973	358,149
Total assets		10,466,871	9,006,523
Liabilities			
Deposits from other banks	28	372,384	393,403
Due to customers	29	7,924,585	6,472,459
Other deposits	30	50,918	85,793
Derivative financial instruments (Note 20)		9,913	10,022
Borrowed funds	31	225,975	253,902
Other liabilities	32	518,964	477,001
Current income tax liabilities		35,933	36,662
Deferred income tax liabilities	34	27,442	32,743
Retirement benefit obligations	35	8,147	8,973
Total liabilities		9,174,261	7,770,958
Equity			
Capital and reserves attributable to the equity holders of the parent entity			
Share capital	37	866,709	866,709
Retained earnings	38	282,250	221,610
Other reserves	38	6,388	23,810
		1,155,347	1,112,129
Non-controlling interests in equity		137,263	123,436
Total equity		1,292,610	1,235,565
Total liabilities and equity		10,466,871	9,006,523

The notes on pages 85 to 146 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

(All amounts in US\$ thousands unless otherwise stated)

	Note	Attributable to equity holders of the company			Non-controlling interest	Total
		Share capital	Retained earnings	Other reserves		
At 1 January 2009		774,496	206,401	52,313	124,412	1,157,622
Reclassification of share issue expenses		(1,005)	1,005			-
Restated		773,491	207,406	52,313	124,412	1,157,622
Net changes in available for sale investments, net of tax	38	-	-	541	-	541
Net gains on revaluation of property	38	-	-	47,872	-	47,872
Currency translation differences		-	-	(95,068)	(16,929)	(111,997)
Net income recognised directly in equity		-	-	(46,655)	(16,929)	(63,584)
Profit for the year		-	51,075	-	13,525	64,600
Total comprehensive income for the year		-	51,075	(46,655)	(3,404)	1,016
Dividend relating to 2008	39	-	(17,500)	-	(12,363)	(29,863)
Transfer to general banking reserves	38	-	(9,449)	9,449	-	-
Transfer to statutory reserve	38	-	(13,235)	13,235	-	-
Share options granted	37	-	3,313	-	-	3,313
Convertible loans - equity component		93,218	-	(4,532)	-	88,686
Proceeds from shares issued:						-
- Rights issue	38	-	-	-	14,791	14,791
At 31 December 2009/1 January 2010		866,709	221,610	23,810	123,436	1,235,565
Net changes in available for sale investments, net of tax	38	-	-	20,679	-	20,679
Currency translation differences	38	-	-	(64,562)	(6,327)	(70,889)
Net gains on revaluation of property		-	-	-	-	-
Net loss recognised directly in equity		-	-	(43,883)	(6,327)	(50,210)
Profit for the year		-	112,716	-	19,103	131,819
Total comprehensive income for the year		-	112,716	(43,883)	12,776	81,609
Dividend relating to 2009	39	-	(29,745)	-	(13,469)	(43,214)
Transfer to general banking reserves	38	-	(11,180)	11,180	-	-
Transfer to statutory reserve	38	-	(15,281)	15,281	-	-
Share options granted	37	-	4,130	-	-	4,130
Net proceeds from shares issued:						-
- Rights issue		-	-	-	14,520	14,520
At 31 December 2010		866,709	282,250	6,388	137,263	1,292,610

The notes on pages 85 to 146 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

(All amounts in US\$ thousands unless otherwise stated)

	Note	2010	As at 31 December 2009
Cash flows from operating activities			
Interest income received		697,084	756,557
Interest expense paid		(222,313)	(322,468)
Dividends received		2,587	2,209
Net fee and commission receipts		320,620	179,780
Fee and commission paid			
Net trading and other incomes		135,341	173,067
Cash payments to employees and suppliers		(557,143)	(710,760)
Income taxes paid		(53,692)	(51,004)
Cash flows from operating profits before changes in operating assets and liabilities:			
Changes in operating assets and liabilities			
- Net decrease/(increase) in trading assets		666	(363)
- Net decrease/(increase) in other financial assets at fair value		-	-
- Net decrease/(increase) in derivative financial assets		17	(10,017)
- Net decrease/(increase) in other treasury bills		(7,584)	(304,708)
- Net decrease/(increase) in loans and advances to banks		(254,411)	353,567
- Net (increase)/decrease in loans and advances to customers		(628,616)	(1,011,991)
- Net (increase)/decrease in other assets		(107,099)	10,550
- Net (increase)/decrease in mandatory reserve deposits		(98,429)	(55,283)
- Net (increase)/decrease in other deposits		50,918	85,793
- Net (increase)/(decrease) in amounts due to customers		1,452,126	673,564
- Net (decrease)/increase in derivative liabilities		(109)	10,022
- Net increase/(decrease) in other liabilities		40,499	(1,283)
Net cash from/(used in) operating activities		770,462	(222,768)
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	42	3,122	4,180
Purchase of software	24	(5,409)	(2,642)
Purchase of property and equipment	25	(83,235)	(135,311)
Proceeds from sale of property and equipment		13,574	1,559
Purchase of investment securities	22	(2,724,432)	(2,499,265)
Proceeds from sale and redemption of securities		2,338,776	2,542,535
Net cash used in investing activities		(457,604)	(88,944)
Cash flows from financing activities			
Proceeds from borrowed funds		(27,927)	1,963
Issue of shares (minority interest)		14,520	14,791
Dividends paid to minority shareholders		(13,469)	(12,363)
Dividends paid	38	(29,745)	(17,500)
Net cash from/(used in) financing activities		(56,621)	(13,109)
Net (decrease)/increase in cash and cash equivalents		256,237	(324,822)
Cash and cash equivalents at start of year	40	1,016,726	1,493,804
Effects of exchange differences on cash and cash equivalents		(81,139)	(152,256)
Cash and cash equivalents at end of year	40	1,191,824	1,016,726

The notes on pages 85 to 146 are an integral part of these consolidated financial statements.



Notes to consolidated financial statements

1. General information

Ecobank Transnational Incorporated (ETI) and its subsidiaries (together, the Group) provide retail, corporate and investment banking services throughout sub Saharan Africa outside South Africa. The Group had presence in 33 countries and employed 10,003 people (2009: 11,097) as at 31 December 2010.

Ecobank Transnational Incorporated is a limited liability company and is incorporated and domiciled in the Republic of Togo. The address of its registered office is as follows: 2 Avenue Sylvanus Olympio, Lomé, Togo. The company has a primary listing on the Ghana Stock Exchange, the Nigerian Stock Exchange and the Bourse Regionale Des Valeurs Mobilières (Abidjan) Cote D'Ivoire.

The consolidated financial statements for the year ended 31 December 2010 have been approved for issue by the Board of Directors on 25 March 2011

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1. Basis of presentation

The Group's consolidated financial statements for the year 2010 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Additional information required by national regulations is included where appropriate.

The consolidated financial statements comprise the consolidated income statement and statement of comprehensive income showing as two statements, the statement of financial position, the statement of changes in equity, the statement of cash flow and the notes.

The consolidated financial statements have been prepared under the historical cost convention, except for available-for-sale financial assets, financial assets and financial liabilities held at fair value through profit or loss, all derivative contracts and investment properties, which have been measured at fair value and property and equipment which have been revalued.

The Group classifies its expenses by the nature of expense method.

The consolidated financial statements are presented in US Dollars, which is the Group's presentation currency. The figures shown in the consolidated financial statements are stated in US Dollar thousands. The disclosures on risks from financial instruments are presented in the financial risk management report contained in Note 3.

The consolidated statement of cash flows shows the changes in cash and cash equivalents arising during the period from operating activities, investing activities and financing activities. Cash and cash equivalents include highly liquid investments. Note 40 shows in which item of the consolidated statement of financial position cash and cash equivalents are included.

The cash flows from operating activities are determined by using the direct method. Consolidated net income is therefore adjusted by non-cash items, such as measurement gains or losses, changes in provisions, as well as changes from receivables and liabilities. In addition, all income and expenses from cash transactions that are attributable to investing or financing activities are eliminated. Interest received or paid are classified as operating cash flows.



Notes to consolidated financial statements (continued)

The cash flows from investing and financing activities are determined by using the direct method. The Group's assignment of the cash flows to operating, investing and financing category depends on the Group's business model.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's

accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Group's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

a. Standards, amendment and interpretations effective on or after 1 January 2009

The following standards, amendments and interpretations, which became effective in 2009 are relevant to the Group:

Standard/ Interpretation	Content	Applicable for financial years beginning on/after
IFRS 2	Share-based payment – Vesting conditions and cancellations	1 January 2009
IFRS 7	Improving disclosures about financial instruments	1 January 2009
IFRS 8	Operating segments	1 January 2009
IAS 1	Presentation of financial statements	1 January 2009
IAS 23	Borrowing costs	1 January 2009

I. IFRS 2, Share-based payment – Vesting conditions and cancellations

The IASB published an amendment to IFRS 2, Share-based payment, in January 2008. The changes pertain mainly to the definition of vesting conditions and the regulations for the cancellation of a plan by a party other than the company. These changes clarify that vesting conditions are solely service and performance conditions. As a result of the amended definition of vesting conditions, non-vesting conditions should now be considered when estimating the fair value of the equity instrument granted. In addition, the standard describes the posting type if the vesting conditions and non-vesting conditions are not fulfilled. There is no material impact on the financial statements by applying the amendment of IFRS 2 at the date of the consolidated statement of financial position. These amendments are applied retrospectively.

II. Amendments to IFRS 7, Financial instruments disclosures

The IASB published amendments to IFRS 7 in March 2009. The amendment requires enhanced disclosures about fair value measurements and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendment results in additional disclosures but does not have an impact on the statement of financial position or the comprehensive income of the Group.

III. IFRS 8, Operating segments

IFRS 8 was issued in November 2006 and excluding early adoption was first required to be applied to the Group's accounting period beginning on 1 January 2009. The standard replaces IAS 14, 'Segment reporting', with its requirement to determine primary and secondary reporting segments. Under the requirements of the revised standard, the Group's external segment reporting will be based on the internal reporting to the Group Executive Board (in its function as the chief operating decision-maker), which makes decisions on the allocation of resources and assess the performance of the reportable segments. The application of IFRS 8 does not have any material effect for the Group but has an impact on segment disclosure and on the measurement bases within segments. The segment results have been changed accordingly.

IV. IAS 1 (revised), Presentation of financial statements

A revised version of IAS 1 was issued in September 2007. It prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented

separately from owner changes in equity in a statement of comprehensive income. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also conforms with the revised standard. According to the amendment of IAS 1 in January 2008, each component of equity, including each item of other comprehensive income, should be reconciled between carrying amount at the beginning and the end of the period. Since the change in accounting policy only impacts presentation aspects, there is no impact on retained earnings.

V. IAS 23, Borrowing costs

A revised version of IAS 23 was issued in March 2007. It eliminates the option of immediate recognition of borrowing costs as an expense for assets that require a substantial period of time to get ready for their intended use. The application of the IAS 23 amendment does not have a material impact on the consolidated result or items of the consolidated statement of financial position.

The following interpretation became effective in 2009, but was not relevant for the Group's operations:

Standard/ Interpretation	Content	Applicable for financial years beginning on/after
IFRIC 13	Customer loyalty programmes	1 July 2008
IAS 32 and IAS 1	Puttable financial instruments and obligations arising on liquidation	1 January 2009
IFRIC 16	Hedges of a net investment in a foreign operation	1 October 2008

Notes to consolidated financial statements (continued)

I. IFRIC 13, Customer loyalty programmes

IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple element arrangement. The consideration receivable from the customer is allocated between the components of the arrangement using fair values. IFRIC 13 is not relevant to the Group's operations because none of the Group's companies operate any loyalty programmes.

II. IAS 32 and IAS 1, Puttable financial instruments and obligations arising on liquidation

The IASB amended IAS 32 in February 2008. It now requires some financial instruments that meet the definition of a financial liability to be classified as equity. Puttable financial instruments that represent a residual interest in the net assets of the entity are

now classified as equity provided that specified conditions are met. Similar to those requirements is the exception to the definition of a financial liability for instruments that entitle the holder to a pro rata share of the net assets of an entity only on liquidation. The adoption of the IAS 32 amendment does not have any effect for the Group.

III. IFRIC 16, Hedges of a net investment in a foreign operation

This interpretation clarifies the accounting treatment in respect of net investment hedging. This includes the fact that net investment hedging relates to differences in functional currency not presentation currency, and hedging instruments may be held anywhere in the Group. This interpretation does not have any impact on the Group's financial statements.

b. Standards and interpretations issued but not yet effective

The following standards and interpretations have been issued and are mandatory for the Group's accounting periods beginning on or after 1 July 2009 or later periods and are expected to be relevant to the Group:

Standard/ Interpretation	Content	Applicable for financial years beginning on/after
IFRS 1 and AS 27	Cost of an investment in a subsidiary jointly-controlled entity or associate	1 July 2009
IFRS 3	Business combinations	1 July 2009
IAS 27	Consolidated and separate financial statements	1 July 2009
IAS 39	Financial instruments: Recognition and measurement – eligible hedged items	1 July 2009
IFRIC 17	Distribution of non-cash assets to owners	1 July 2009
IFRIC 18	Transfers of assets from customers	1 July 2009
IFRS 9	Financial instruments part 1: Classification and measurement	1 January 2013

I. IFRS 1 and IAS 27, Cost of an investment in a subsidiary, jointly-controlled entity or associate

The amended standard allows first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removes the definition of the cost method from IAS 27 and requires an entity to present dividends from investments in subsidiaries, jointly controlled entities and associates as income in the separate financial statements of the investor.

II. IFRS 3, Business combinations

The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice, on an acquisition-by-acquisition basis, to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply IFRS 3 (revised) prospectively to all business combinations from 1 January 2010.

III. IAS 27, Consolidated and separate financial statements

The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost; any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The Group will apply IAS 27 (revised) prospectively to transactions with non-controlling interests from 1 January 2010. In the future, this guidance will also tend to produce higher volatility in equity and/or earnings in connection with the acquisition of interests by the Group.

IV. IAS 39, Financial instruments: Recognition and measurement – Eligible hedged items

The amendment 'Eligible hedged items' was issued in July 2008. It provides guidance for two situations. On the designation of a one-sided risk in a hedged item, IAS 39 concludes that a purchased option designated in its entirety as the hedging instrument of a one-sided risk will not be perfectly effective. The designation of inflation as a hedged risk or portion is not permitted unless in particular situations. This will not give rise to any changes to the Group's financial statements.

V. IFRIC 17, Distribution to non-cash assets to owners

IFRIC 17 was issued in November 2008. It addresses how the non-cash dividends distributed to the shareholders should be measured. A dividend obligation is recognised when the dividend was authorised by the appropriate entity and is no longer at the discretion of the entity. This dividend obligation should be recognised at the fair value of the net assets to be distributed. The difference between the dividend paid and the amount carried forward of the net assets distributed should be recognised in profit and loss. Additional disclosures are to be made if the net assets being held for distribution to owners meet the definition of a discontinued operation. The application of IFRIC 17 has no impact on the financial statements of the Group.

VI. IFRIC 18, Transfers of assets from customers

IFRIC 18 was issued in January 2009. It clarifies how to account for transfers of items of property, plant and equipment by entities that receive such transfers from their customers. The interpretation also applies to agreements in which an entity receives cash from a customer when that amount of cash must be used only to construct or acquire an item of property, plant and equipment, and the entity must then use that item to provide the customer with ongoing access to supply of goods and/or services. The Group is not impacted by applying IFRIC 18.

Notes to consolidated financial statements (continued)

VII. Improvements to IFRS

'Improvements to IFRS' were issued in May 2008 (endorsed by the EU on 23 January 2009) and April 2009 (not yet endorsed). They contain numerous amendments to IFRS that the IASB considers non-urgent but necessary. 'Improvements to IFRS' comprise amendments that result in accounting changes for presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards. Most of the amendments are effective for annual periods beginning on or after 1 January 2009 and 1 January 2010 respectively, with earlier application permitted. No material changes to accounting policies are expected as a result of these amendments.

VIII. IFRS 9, Financial instruments part 1: Classification and measurement'

IFRS 9 was issued in November 2009 and replaces those parts of IAS 39 relating to the classification and measurement of financial assets. Key features are as follows:

Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

An instrument is subsequently measured at amortised cost only if it is a debt instrument and both the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and the asset's contractual cash flows represent only payments of principal and interest (that is, it has only 'basic loan features'). All other debt instruments are to be measured at fair value through profit or loss.

All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no

recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment.

While adoption of IFRS 9 is mandatory from 1 January 2013, earlier adoption is permitted.

The Group is considering the implications of the standard, the impact on the Group and the timing of its adoption by the Group

c. Early adoption of standards

The Group did not early-adopt new or amended standards in 2010.

2.2. Consolidation

The financial statements of the subsidiaries used to prepare the consolidated financial statements were prepared as of the parent company's reporting date. The consolidation principles are unchanged as against the previous year.

a. Subsidiaries

The consolidated financial statements of the Group comprise the financial statements of the parent entity and all consolidated subsidiaries, including certain special purpose entities as of 31 December 2010.

Subsidiaries are companies in which the Group directly or indirectly holds the majority of the voting rights and where it determines their financial and business policies and is able to exercise control over them in order to benefit from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

The results of the subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective acquisition date or up to the effective date on which control ceases, as appropriate.

Inter-company transactions, balances and intragroup gains on transactions between group companies are eliminated. Intragroup losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

The integration of the subsidiaries into the consolidated financial statements is based on consistent accounting and valuation methods for similar transactions and other occurrences under similar circumstances.

Accounting for business combinations under IFRS 3 only applies if it is considered that a business has been acquired. Under IFRS 3, 'Business combinations', a business is defined as an integrated set of activities and assets conducted and managed for the purpose of providing a return to investors or lower costs or other economic benefits directly and proportionately to policyholders or participants. A business generally consists of inputs, processes applied to those inputs, and resulting outputs that are, or will be, used to generate revenues. If goodwill is present in a transferred set of activities and assets, the transferred set is presumed to be a business.

For acquisitions meeting the definition of a business, the acquisition method of accounting is used. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Any goodwill arising from initial consolidation is tested for impairment at least once a year and whenever events or changes in circumstances indicate the need for an impairment. They are written down if required. If the cost of acquisition is less than the fair value of the Group's share of the net assets acquired, the difference is recognised directly in the consolidated income statement.

For acquisitions not meeting the definition of a business, the Group allocates the cost between the individual identifiable assets and liabilities. The cost of acquired assets and liabilities is determined by the following:

- a. Accounting for financial assets and liabilities at their fair value at the acquisition date as measured in accordance with IAS 39, 'Financial instruments: Recognition and measurement'; and
- b. Allocating the remaining balance of the cost of purchasing the assets and liabilities to the individual assets and liabilities, other than financial instruments, based on their relative fair values at the acquisition date.

b. Transactions and non-controlling interests

The Group applies a policy of treating transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity. Interests in the equity of subsidiaries not attributable to the parent are reported in consolidated equity as non-controlling interest. Profits or losses attributable to non-controlling interests are reported in the consolidated comprehensive income as profit or loss attributable to non-controlling interests.

c. Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

Notes to consolidated financial statements (continued)

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated income statement; its share of post-acquisition movements is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

IntraGroup gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Intragroup losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. For preparation of consolidated financial statements, same accounting policies for similar transactions and other events in similar circumstances are used.

Dilution gains and losses in associates are recognised in the consolidated income statement.

2.3. Foreign currency translation

a. Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The consolidated financial statements are presented in United States Dollars, which is the Group's presentation currency.

b. Transactions and balances

Foreign currency transactions that are denominated, or that require settlement, in a foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated with the closing rate as at the reporting date. If several exchange rates are available, the forward rate is used at which the future cash flows represented by the transaction or balance could have been settled if those cash flows had occurred. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement, except when deferred in equity as gains or losses from qualifying cash flow hedging instruments or qualifying net investment hedging instruments. All foreign exchange gains and losses recognised in the income statement are presented net in the consolidated income statement within the corresponding item. Foreign exchange gains and losses on other comprehensive income items are presented in other comprehensive income within the corresponding item. In the case of changes in the fair value of monetary assets denominated in foreign currency classified as available for sale, a distinction is made between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security.

Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount, except impairment, are recognised in equity. Translation differences on non-monetary financial instruments, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary financial instruments, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

c. Group companies

The results and financial position of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- I. Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position
- II. Income and expenses for each income statement are translated at average exchange rates; (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions) and
- III. All resulting exchange differences are recognised in other comprehensive income.

Exchange differences arising from the above process are reported in shareholders' equity as 'Foreign currency translation differences'.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings, currency instruments designated as hedges of such investments are taken to 'Other comprehensive income'. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.4. Sale and repurchase agreements

Securities sold subject to repurchase agreements ('repos') are reclassified in the financial statements as pledged assets when the transferee has the right by contract or custom to sell or repledge the collateral; the counterparty liability is included in deposits from banks or deposits from customers, as appropriate. Securities purchased under agreements to resell ('reverse repos') are recorded as loans and advances to other banks or customers, as appropriate. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method. Securities lent to counterparties are also retained in the financial statements.

2.5. Financial assets and liabilities

All financial assets and liabilities – which include derivative financial instruments – are recognised in the consolidated statement of financial position and measured in accordance with their assigned category.

2.5.1. Financial assets

The Group allocates financial assets to the following IAS 39 categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. Management determines the classification of its financial instruments at initial recognition.

a. Financial assets at fair value through profit or loss

This category comprises two sub-categories: financial assets classified as held for trading, and financial assets designated by the Group as at fair value through profit or loss upon initial recognition.

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments. Financial assets held



Notes to consolidated financial statements (continued)

for trading consist of debt instruments, including money-market paper, traded corporate and bank loans, and equity instruments, as well as financial assets with embedded derivatives. They are recognised in the consolidated statement of financial position as 'Financial assets held for trading'.

Financial instruments included in this category are recognised initially at fair value; transaction costs are taken directly to the consolidated income statement. Gains and losses arising from changes in fair value are included directly in the consolidated income statement and are reported as 'Net gains/(losses) on financial instruments classified as held for trading'. Interest income and expense and dividend income and expenses on financial assets held for trading are included in 'Net interest income' or 'Dividend income', respectively. The instruments are derecognised when the rights to receive cash flows have expired or the Group has transferred substantially all the risks and rewards of ownership and the transfer qualifies for derecognising.

Financial assets for which the fair value option is applied are recognised in the consolidated statement of financial position as 'Financial assets designated at fair value'. Fair value changes relating to financial assets designated at fair value through profit or loss are recognised in 'Net gains on financial instruments designated at fair value through profit or loss'.

b. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- a. Those that the Group intends to sell immediately or in the short term, which are classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss
- b. Those that the Group upon initial recognition designates as available for sale; or

- c. Those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are initially recognised at fair value – which is the cash consideration to originate or purchase the loan including any transaction costs – and measured subsequently at amortised cost using the effective interest rate method. Loans and receivables are reported in the consolidated statement of financial position as loans and advances to banks or customers or as investment securities. Interest on loans is included in the consolidated income statement and is reported as 'Interest income'. In the case of an impairment, the impairment loss is reported as a deduction from the carrying value of the loan and recognised in the consolidated income statement as 'impairment losses for loans'.

c. Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity, other than:

- a. Those that the Group upon initial recognition designates as at fair value through profit or loss.
- b. Those that the Group designates as available for sale; and
- c. Those that meet the definition of loans and receivables.

These are initially recognised at fair value including direct and incremental transaction costs and measured subsequently at amortised cost, using the effective interest method. Interest on held-to-maturity investments is included in the consolidated income statement and reported as 'Interest income'. In the case of an impairment, the impairment loss is reported as a deduction from the carrying value of the investment and recognised in the consolidated income statement as 'net gains/(losses) on investment securities'.



d. Available-for-sale

Available-for-sale investments are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are initially recognised at fair value, which is the cash consideration including any transaction costs, and measured subsequently at fair value with gains and losses being recognised in the consolidated statement of comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised. If an available-for-sale financial asset is determined to be impaired, the cumulative gain or loss previously recognised in the consolidated statement of comprehensive income is recognised in the consolidated income statement. However, interest is calculated using the effective interest method, and foreign currency gains and losses on monetary assets classified as available-for-sale are recognised in the consolidated income statement. Dividends on available-for-sale equity instruments are recognised in the consolidated income statement in 'Dividend income' when the Group's right to receive payment is established.

e. Recognition

The Group uses trade date accounting for regular way contracts when recording financial asset transactions. Financial assets that are transferred to a third party but do not qualify for derecognition are presented in the consolidated statement of financial position as 'Assets pledged as collateral', if the transferee has the right to sell or repledge them.

2.5.2. Financial liabilities

The Group's holding in financial liabilities is in financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that are designated at fair value), financial liabilities at amortised cost and hedging derivatives. Financial liabilities are derecognised when extinguished.

a. Financial liabilities at fair value through profit or loss

This category comprises two sub-categories: financial liabilities classified as held for trading, and financial liabilities designated by the Group as at fair value through profit or loss upon initial recognition.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments. Financial liabilities held for trading also include obligations to deliver financial assets borrowed by a short seller. Those financial instruments are recognised in the consolidated statement of financial position as 'Financial liabilities held for trading'.

Gains and losses arising from changes in fair value of financial liabilities classified held for trading are included in the consolidated income statement and are reported as 'Net gains/(losses) on financial instruments classified as held for trading'. Interest expenses on financial liabilities held for trading are included in 'Net interest income'.

Financial liabilities for which the fair value option is applied are recognised in the consolidated statement of financial position as 'Financial liabilities designated at fair value'. Fair value changes relating to financial liabilities designated at fair value through profit or loss are recognised in 'Net gains on financial instruments designated at fair value through profit or loss'.



Notes to consolidated financial statements (continued)

b. Other liabilities measured at amortised cost

Financial liabilities that are not classified as at fair value through profit or loss fall into this category and are measured at amortised cost. Financial liabilities measured at amortised cost are deposits from banks or customers, borrowed funds which the fair value option is not applied, convertible bonds and subordinated debts.

c. Determination of fair value

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on exchanges (for example, NSE, BVRM, GSE) and quotes from approved bond market makers.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs existing at the dates of the consolidated statement of financial position.

The Group uses widely recognised valuation models for determining fair values of non-standardised financial instruments of lower complexity, such as options or interest rate and currency swaps. For these financial instruments, inputs into models are generally market observable.

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

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

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

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



d. Recognition of deferred day-one profit and loss

The best evidence of fair value at initial recognition is the transaction price (that is, the fair value of the consideration given or received), unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (that is, without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets.

The Group has entered into transactions, some of which will mature after more than 10 years, where fair value is determined using valuation models for which not all inputs are market observable prices or rates. Such financial instruments are initially recognised at the transaction price, although the value obtained from the relevant valuation model may differ. The difference between the transaction price and the model value, commonly referred to as 'day one profit and loss', is not recognised immediately in the consolidated income statement.

The timing of recognition of deferred day one profit and loss is determined individually. It is either amortised over the life of the transaction, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement. The financial instrument is subsequently measured at fair value, adjusted for the deferred day one profit and loss. Subsequent changes in fair value are recognised immediately in the consolidated income statement without immediate reversal of deferred day one profits and losses.

e. Derecognition

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred. Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

2.6. Reclassification of financial assets

The Group may choose to reclassify a non-derivative financial asset held for trading out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near-term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification. Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

On reclassification of a financial asset out of the 'at fair value through profit or loss' category, all embedded derivatives are re-assessed and, if necessary, separately accounted for.



Notes to consolidated financial statements (continued)

2.7. Classes of financial instrument

The following standards, amendments and interpretations, which became effective in 2009 are relevant to the Group:

Financial assets		
Category (as defined by IAS 39)	Class (as determined by the Group)	Note
Financial assets at fair value through profit or loss	Trading assets	19
	Derivative financial assets	20
	Loans and receivables	
Loans and receivables	Loans and advances to banks	18
	Loans and advances to customers	21
Held-to-maturity Investments	None	Not applicable
Available-for-sale financial assets	Treasury bills and other eligible bills	17
	Investment securities – debt securities	22
Hedging derivatives	None	Not applicable
Financial liabilities		
Category (as defined by IAS 39)	Class (as determined by the Group)	Note
Financial liabilities at fair value through profit or loss	Derivative financial liabilities	20
Financial liabilities at armortised cost	Deposits from banks	28
	Other deposits	30
	Deposits from customers	29
	Borrowed funds	31
Off balance sheet financial instruments		
Category (as defined by IAS 39)	Class (as determined by the Group)	Note
Loan commitments	Loan commitments	36
Guarantees, acceptances and other financial facilities	Guarantees, acceptances and other financial facilities	36



2.8. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.9. Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' and 'interest expense' in the consolidated income statement using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

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

2.10. Fee and commission income

Fees and commissions are generally recognised on an accrual basis when the service has been provided. Commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate on the loan. Loan syndication fees are recognised as revenue when the syndication has been completed and the Group has retained no part of the loan package for itself or has retained a part at the same effective interest rate as the other participants. Commission and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party – such as the arrangement of the acquisition of shares or other securities, or the purchase or sale of businesses – are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts, usually on a time-apportionate basis. Asset management fees related to investment funds are recognised rateably over the period in which the service is provided. The same principle is applied for wealth management, financial planning and custody services that are continuously provided over an extended period of time. Performance-linked fees or fee components are recognised when the performance criteria are fulfilled.

2.11. Dividend income

Dividends are recognised in the consolidated income statement in 'Dividend income' when the entity's right to receive payment is established.

Notes to consolidated financial statements (continued)

2.12. Impairment of financial assets

a. Assets carried at amortised cost

The Group assesses at each reporting date whether there is objective evidence that a financial asset or Group of financial assets is impaired. A financial asset or a Group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or Group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- I. Significant financial difficulty of the issuer or obligor
- II. A breach of contract, such as a default or delinquency in interest or principal payments
- III. The lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider
- IV. It becomes probable that the borrower will enter bankruptcy or other financial reorganisation
- V. the disappearance of an active market for that financial asset because of financial difficulties; or
- VI. Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio.

The estimated period between a loss occurring and its identification is determined by local management for each identified portfolio. In general, the periods used vary between three months and 12 months; in exceptional cases, longer periods are warranted.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a Group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

The calculation of the present value of the estimated cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not the foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e., on the basis of the groups grading process that considers industry, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the Group and historical loss experience for assets with credit risk characteristics similar to those in the Group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the Group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Impairment charges relating to loans and advances to banks and customers are classified in loan impairment charges whilst impairment charges relating to investment securities (hold to maturity and loans and receivables categories) are classified in 'Net gains/(losses) on investment securities'.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the consolidated income statement.

b. Assets classified as available-for-sale

The Group assesses at each date of the consolidated statement of financial position whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is objective evidence of impairment resulting in the recognition of an impairment loss. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the consolidated income statement. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

c. Renegotiated loans

Loans that are either subject to collective impairment assessment or individually significant and whose terms have been renegotiated are no longer considered to be past due but are treated as new loans. In subsequent years, the asset is considered to be past due and disclosed only if renegotiated again.

Notes to consolidated financial statements (continued)

2.13. Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. No non-financial assets were impaired in 2010.

2.14. Share-based payments

The Group engages in equity settled share-based payment transactions in respect of services received from certain categories of its employees. The fair value of the services received is measured by reference to the fair value of the shares or share options granted on the date of the grant. The cost of the employee services received in respect of the shares or share options granted is recognised in the consolidated income statement over the period that the services are received, which is the vesting period.

The fair value of the options granted is determined using option pricing models, which take into account the exercise price of the option, the current share price, the risk free interest rate, the expected volatility of the share price over the life of the option and other relevant factors. Except for those which include terms related to market conditions, vesting conditions included in the terms of the grant are not taken into account in estimating fair value.

Non-market vesting conditions are taken into account by adjusting the number of shares or share options included in the measurement of the cost of employee services so that ultimately, the amount recognised in the consolidated income statement reflects the number of vested shares or share options. Where vesting conditions are related to market conditions, the charges for the services received are recognised regardless of whether or not the market related vesting condition is met, provided that the non-market vesting conditions are met.

2.15. Cash and cash equivalents

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.16. Repossessed collateral

In certain circumstances, property is repossessed following the foreclosure on loans that are in default. Repossessed properties are measured at the lower of carrying amount and fair value less costs to sell and reported within 'Other assets'.

2.17. Leases

Leases are accounted for in accordance with IAS 17 and IFRIC 4. They are divided into finance leases and operating leases.

a. A group company is the lessee

The leases entered into by the Group are primarily operating leases. The total payments made under operating leases are charged to other operating expenses in the income statement on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

b. A group company is the lessor

When assets are held subject to a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return.

c. Fees paid in connection with arranging leases

The Group makes payments to agents for services in connection with negotiating lease contracts with the Group's lessees. For operating leases, the letting fees are capitalised within the carrying amount of the related investment property, and depreciated over the life of the lease.

2.18. Investment properties

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the entities in the consolidated group, are classified as investment properties. Investment properties comprise office buildings and Domestic Bank parks leased out under operating lease agreements.

Some properties may be partially occupied by the Group, with the remainder being held for rental income or capital appreciation. If that part of the property occupied by the Group can be sold separately, the Group accounts for the portions separately. The portion that is owner-occupied is accounted for under IAS 16, and the portion that is held for rental income or capital appreciation or both is treated as investment property under IAS 40. When the portions cannot be sold separately, the whole property is treated as investment property only if an insignificant portion is owner-occupied. The Group considers the owner-occupied portion as insignificant when the property is more than 5% held to earn rental income or capital appreciation.

Recognition of investment properties takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost can be measured reliably. This is usually the day when all risks are transferred. Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing parts of an existing investment property at the time the cost has incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the date of the consolidated statement of financial position. Gains or losses arising from changes in the fair value of investment properties are included in the consolidated income statement in the year in which they arise. Subsequent expenditure is included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the consolidated income statement during the financial period in which they are incurred.

The fair value of investment properties is based on the nature, location and condition of the specific asset. The fair value is calculated by discounting the expected net rentals at a rate that reflects the current market conditions as of the valuation date adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure. These valuations are performed annually by external appraisers.

Rental income from investment property is recognised in the income statement on a straight-line basis over the term of the lease.



Notes to consolidated financial statements (continued)

2.19. Property and equipment

Land and buildings comprise mainly branches and offices. All property and equipment used by the parent or its subsidiaries is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent expenditures are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged to other operating expenses during the financial period in which they are incurred.

After recognition as an asset, an item of property and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date. If an item of property, plant and equipment is revalued, the entire class of property, plant and equipment to which that asset belongs shall be revalued. The fair value of land and buildings is usually determined from market-based evidence by appraisal that is normally undertaken by professionally qualified valuers. The fair value of items of plant and equipment is usually their market value determined by appraisal.

If an asset's carrying amount is increased as a result of a revaluation, the increase shall be credited directly to equity under the heading of revaluation reserve. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be debited directly to equity under the heading of revaluation reserve to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	25 – 40 years
Leasehold improvements	25 years, or over the period of the lease if less than 25 years
Furniture and equipment	3 – 5 years
Motor vehicles	3 – 8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each date of the consolidated statement of financial position. Assets are subject to review for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in other operating expenses in the consolidated income statement.

2.20. Intangible assets

a. Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiaries and associates at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units is represented by each primary reporting segment.



Goodwill is tested annually as well as whenever a trigger event has been observed for impairment by comparing the present value of the expected future cash flows from a cash-generating unit with the carrying value of its net assets, including attributable goodwill and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

b. Computer software licences

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful lives.

Costs associated with developing or maintaining computer software programs are recognised as an expense incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives (not exceeding three years).

2.21. Income tax

a. Current income tax

Income tax payable (receivable) is calculated on the basis of the applicable tax law in the respective jurisdiction and is recognised as an expense (income) for the period except to the extent that current tax related to items that are charged or credited in other comprehensive income or directly to equity. In these circumstances, current tax is charged or credited to other comprehensive income or to equity (for example, current tax on of available-for-sale investment).

Where the Group has tax losses that can be relieved against a tax liability for a previous year, it recognises those losses as an asset, because the tax relief is recoverable by refund of tax previously paid.

This asset is offset against an existing current tax balance. Where tax losses can be relieved only by carry-forward against taxable profits of future periods, a deductible temporary difference arises. Those losses carried forward are set off against deferred tax liabilities carried in the consolidated statement of financial position. The Group does not offset income tax liabilities and current income tax assets.

b. Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the consolidated statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The principal temporary differences arise from depreciation of property, plant and equipment, revaluation of certain financial assets and liabilities, provisions for pensions and other post-retirement benefits and carry-forwards; and, in relation to acquisitions, on the difference between the fair values of the net assets acquired and their tax base. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax assets are recognised when it is probable that future taxable profit will be available against which these temporary differences can be utilised. Deferred income tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the difference will not reverse in the foreseeable future.

The tax effects of carry-forwards of unused losses or unused tax credits are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Notes to consolidated financial statements (continued)

Deferred tax related to fair value re-measurement of available-for-sale investments, which are recognised in other comprehensive income, is also recognised in the other comprehensive income and subsequently in the consolidated income statement together with the deferred gain or loss.

2.22. Provisions

Provisions for restructuring costs and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. The Group recognises no provisions for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.23. Employee benefits

a. Pension obligations

Group companies operate defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

b. Other post-retirement obligations

The Group also provides gratuity benefits to its retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period.

The expected costs of these benefits are accrued over the period of employment using the accounting methodology described below.

The liability recognised in the statement of financial position in respect of the gratuity payments is the present value of the gratuity payment obligation at the statement of financial position date less the fair value of plan assets (if any), together with adjustments for unrecognised actuarial gains or losses and past service costs. The gratuity payment obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the gratuity payment obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related gratuity payment liability.

Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are charged or credited to income over the expected average remaining working lives of the related employees. These obligations are valued annually by independent qualified actuaries.

2.24. Borrowings

Borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowing using the effective interest method.

The fair value of the liability portion of a convertible bond or convertible preference share is determined using a market interest rate for an equivalent non-convertible bond or coupon for an equivalent redeemable preference share. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Interest, losses and gains relating to the financial liability component of the convertible bonds are recognised in profit or loss.

2.25. Fiduciary activities

Group companies commonly act as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Group.

2.26. Share capital

a. Share issue costs

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

b. Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Company's shareholders. Dividends for the year that are declared after the date of the consolidated statement of financial position are dealt with in the subsequent events note.

c. Treasury shares

Where the company purchases its equity share capital, the consideration paid is deducted from total shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

2.27. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined the Group Executive Board as its chief operating decisionmaker.

All transactions between business segments are conducted on an arm's length basis, with intra-segment revenue and costs being eliminated in Head Office. Income and expenses directly associated with each segment are included in determining business segment performance.

Notes to consolidated financial statements (continued)

3. Financial risk management

The Group's business involves taking on risks in a targeted manner and managing them professionally. The core functions of the Group's risk management are to identify all key risks for the Group, measure these risks, manage the risk positions and determine capital allocations. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice. The Group's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance. The Group defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors.

Risk management is carried out by the Group Risk Management under policies approved by the Board of Directors. Group Risk Management identifies, evaluates and hedges financial risks in close co-operation with the operating units of the Group. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments. In addition, the Group Audit and Compliance is responsible for the independent review of risk management and the control environment.

The most important types of risk are credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate risk and other price risk.

3.1. Credit risk

The Group takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss to the Group by failing to pay amounts in full when due. Credit risk is the most important risk for the Group's business: management therefore carefully manages the exposure to credit risk. Credit exposures arise principally in lending and investment activities. There is also credit risk in off-balance sheet financial instruments, such as loan commitments. Credit risk management and control is centralised in the risk management team, which reports regularly to the Board of Directors.

3.1.1. Credit risk measurement

- I. Probability of default: The Group assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparty. They have been developed internally and combine statistical analysis with credit officer judgment and are validated, where appropriate, by comparison with externally available data. Clients of the Group are segmented into three rating classes. The Group's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. The rating tools are kept under review and upgraded as necessary. The Group regularly validates the performance of the rating and their predictive power with regard to default events.

Group's internal ratings scale and mapping of external ratings are as follows;

Group's rating	Description of grade	Mapping to external rating (Standards & Poors)
1 – 6	Normal risks	AAA to B
7 – 8	Risks under watch	CCC to C
9	Substandard risks	C
10	Risks with default	D



The ratings of the major rating agency shown in the table above are mapped to the Group's rating classes based on the long-term average default rates for each external grade. The Group uses the external ratings where available to benchmark our internal credit risk assessment. Observed defaults per rating category vary year on year, especially over an economic cycle.

The Group's policy requires the review of individual financial assets that are above materiality thresholds at least annually or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at balance-sheet date on a case-by-case basis, and are applied to all individually significant accounts. The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account.

Collectively assessed impairment allowances are provided for: (a) portfolios of homogenous assets that are individually below materiality thresholds; and (b) losses that have been incurred but have not yet been identified, by using the available historical experience, experienced judgment and statistical techniques.

- II. Exposure at default: EAD is based on the amounts the Group expects to be owed at the time of default. For example, for a loan this is the face value. For a commitment, the Group includes any amount already drawn plus the further amount that may have been drawn by the time of default, should it occur.
- III. Loss given default/loss: Loss given default or loss severity represents the Group's expectation of the extent of loss on a claim should default occur. It is expressed as percentage loss per unit of exposure. It typically varies by type of counterparty, type and seniority of claim and availability of collateral or other credit mitigation.
- IV. Debt securities and other bills : For debt securities and other bills, external rating such as Standard & Poors rating or their equivalents are used by Group Treasury for managing the credit risk exposures. The investments in those securities and bills are viewed as a way to gain a better credit quality mapping and maintain a readily available source to meet funding requirements at the same time.



Notes to consolidated financial statements (continued)

3.1.2. Risk limit control and mitigation policies

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

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product, industry sector and by country are approved quarterly by the Board of Directors.

The exposure to any one borrower including banks and other non bank financial institutions is further restricted by sub-limits covering on- and off-statement of financial position exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily.

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Some other specific control and mitigation measures are outlined below:

a. Collateral

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is common practice. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential properties.
- Charges over business assets such as premises, inventory and accounts receivable.
- Charges over financial instruments such as debt securities and equities.

Longer-term finance and lending to corporate entities are generally secured; individual credit facilities are generally unsecured. In addition, in order to minimise the credit loss the Group will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

b. Credit-related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions – are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

3.1.3. Impairment and provisioning policies

The internal rating systems described above focus more on credit-quality mapping from the inception of the lending. In contrast, impairment provisions are recognised for financial reporting purposes only for losses that have been incurred at the statement of financial position date based on objective evidence of impairment. Due to the different methodologies applied, the amount of incurred credit losses provided for in the financial statements usually differs from the amount determined from the expected loss model that is used for internal operational management and banking regulation purposes.

The impairment provision shown in the statement of financial position at year-end is derived from each of the three rating classes.

The internal rating tool assists management to determine whether objective evidence of impairment exists under IAS 39, based on the following criteria set by the Group;

- Delinquency in contractual payments of principal or interest.
- Cash flow difficulties experienced by the borrower.
- Breach of loan covenants or conditions.
- Initiation of legal proceedings to enforce security.
- Deterioration of the borrower's competitive position; and
- Deterioration in the value of collateral.

Group's rating	2010				2009			
	Loans and advances		Impairment provision		Loans and advances		Impairment provision	
I Current	4,154,513	73%	46,796	1%	3,425,071	67%	23,769	1%
IA. Other loans especially mentioned	517,753	9%	1,482	0%	623,585	12%	1,075	0%
II. Substandard	188,732	3%	2,483	1%	238,076	5%	5,222	2%
III. Doubtful	317,522	6%	121,127	38%	568,664	11%	149,746	26%
IV. Loss	551,066	10%	293,514	53%	245,574	5%	154,961	63%
	5,729,586	100%	465,402	8%	5,100,970	100%	334,773	7%

Notes to consolidated financial statements (continued)

3.1.4. Credit concentration

Maximum exposure to credit risk before collateral held

	Maximum exposure	
	2010	2009
Credit risk exposures relating to on-statement of financial position assets are as follows:		
Treasury bills and other eligible bills	588,922	531,567
Loans and advances to banks	1,613,322	1,380,451
Loans and advances to customers:		
Corporate Bank		
– Overdrafts	725,185	900,909
– Term loans	1,770,447	2,025,251
– Others	172,291	174,063
Domestic Bank		
– Overdrafts	711,682	586,164
– Credit cards	3,066	30,822
– Term loans	1,786,529	956,091
– Mortgages	94,984	92,897
Trading assets		
– Debt securities	5,396	4,771
Derivative financial instruments	10,000	10,017
Investment securities - available-for-sale:		
– Debt securities	773,416	433,180
Other assets	315,784	273,855
Credit risk exposures relating to off-balance sheet items are as follows:		
Financial guarantees	2,060,500	1,555,690
Loan commitments	223,600	60,086
At 31 December	10,855,124	9,296,266

The above table represents a worse case scenario of credit risk exposure of the Group at 31 December 2010 and 2009, without taking into account any collateral held or other credit enhancements attached. For on-balance-sheet assets, the exposures set out above are based on net carrying amounts as reported in the statement of financial position.

As shown above, 63% (2009: 68%) of the total maximum exposure is derived from loans and advances to banks and customers; 7% (2009: 5%) represents investments in debt securities.

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Group resulting from its loan and advances portfolio, debt securities and other assets based on the following:

- 82% (2009: 79%) of the loans and advances portfolio are considered to be neither past due nor impaired.
- 65% (2009: 67%) of loans and advances are backed by collateral.
- Investment in debt securities are government securities.
- Other assets are considered to be neither past due or impaired.

3.1.5. Loans and advances

Loans and advances are summarised as follows:

	31 December 2010		31 December 2009	
	Loans and advances to banks	Loans and advances to customers	Loans and advances to banks	Loans and advances to customers
Neither past due nor impaired	1,613,322	4,670,989	1,380,451	4,043,352
Past due but not impaired	-	190,009	-	243,380
Impaired	-	868,588	-	814,238
Gross	1,613,322	5,729,586	1,380,451	5,100,970
Less: allowance for impairment	-	(465,402)	-	(334,773)
Net	1,613,322	5,264,184	1,380,451	4,766,197

(a) Loans and advances neither past due nor impaired

The credit quality of the portfolio of loans and advances that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Group.

31 December 2010	Loans and advances to customers								Total
	Corporate Bank			Domestic Bank					
	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term Loans	Mortgages		
Current	541,232	1,404,898	64,294	414,669	13,890	1,607,542	72,806	4,119,331	
Other loans especially mentioned	18,736	354,581	4,274	8,111	-	154,543	11,413	551,658	
Total	559,968	1,759,479	68,568	422,780	13,890	1,762,085	84,219	4,670,989	

31 December 2009	Loans and advances to customers								Total
	Corporate Bank			Domestic Bank					
	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term Loans	Mortgages		
Current	565,255	1,169,506	155,336	293,776	424,315	739,949	93,979	3,442,116	
Other loans especially mentioned	30,462	475,089	3,762	3,668	2,250	84,288	1,717	601,236	
Total	595,717	1,644,595	159,098	297,444	426,565	824,237	95,696	4,043,352	

(b) Loans and advances past due but not impaired

Loans and advances less than 90 days past due are not considered impaired, unless other information is available to indicate the contrary. Gross amount of loans and advances by class of customers that were past due but not impaired were as follows:

31 December 2010	Loans and advances to customers								Total
	Corporate Bank			Domestic Bank					
	Overdrafts	Term loans	Others	Overdrafts	Credit Card	Term Loans	Mortgages		
Past due									
Past due up to 30 days	104	9,886	188	4,795	22	6,570	124	21,689	
Past due 30-60 days	94	2,281	-	7,990	8	57,334	24	67,731	
Past due 60-90 days	1,450	30,785	-	3,233	23	64,194	904	100,589	
Total	1,648	42,952	188	16,018	53	128,098	1 052	190,009	
Fair value of collateral	2,855	1,347	-	1,065	-	3,306	610	9,183	
Amount of undercollateralisation	(1,207)	41,605	188	14,953	53	124,792	442	180,826	

Notes to consolidated financial statements (continued)

(All amounts in \$US thousands unless otherwise stated)

3.1.5. Loans and advances (continued)

31 December 2009	Loans and advances to customers							Total
	Corporate Bank			Domestic Bank				
Past due	Overdrafts	Term loans	Others	Overdrafts	Credit Card	Term Loans	Mortgages	
Past due up to 30 days	12,974	81,399	166	223	17	116,583	2	211,364
Past due 30-60 days	3,328	51	2,360	1,405	-	3,050	145	10,339
Past due 60-90 days	597	4,722	282	4,140	-	11,902	34	21,677
Total	16,899	86,172	2,808	5,768	17	131,535	181	243,380
Fair value of collateral	2,708	-	-	5,561	-	7,554	24	15,847
Amount of undercollateralisation	14,191	86,172	2,808	207	17	123,981	157	227,533

Upon initial recognition of loans and advances, the fair value of collateral is based on valuation techniques commonly used for the corresponding assets. In subsequent periods, the fair value is updated by reference to market price.

c) Loans and advances individually impaired

i) Loans and advances to customers

The breakdown of the gross amount of individually impaired loans and advances by class, along with the fair value of related collateral held by the Group as security, are as follows:

31 December 2010	Corporate Bank			Domestic Bank				Total
	Overdrafts	Term loans	Other	Overdrafts	Credit cards	Term Loans	Mortgages	
Gross	169,775	104,636	1,674	346,122	39,941	200,549	5,891	868,588
Impairment allowance	25,264	12,731	209	236,597	31,884	111,604	2,269	420,558
Fair value of collateral	10,132	15,721	352	62,916	1,983	256,550	1,269	348,923
31 December 2009								
Gross	162,964	84,510	22,597	53,452	97,656	381,233	11,826	814,238
Impairment allowance	39,163	5,729	-	146,774	20,700	91,561	780	304,707
Fair value of collateral	43,628	26,739	7,567	14,497	198,275	268,852	3,167	562,725

(ii) Loans and advances to banks

The total gross amount of individually impaired loans and advances to banks as at 31 December 2010 was nil (2009: nil).

(d) Loans and advances renegotiated

Restructuring activities include extended payment arrangements, modification and deferral of payments. Following restructuring, a previously overdue customer account is reset from past due to a normal status and managed together with other similar accounts. Restructuring policies and practices are based on indicators or criteria which, in the judgment of local management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans and overdrafts. Renegotiated loans that would otherwise be past due or impaired totalled \$705.4 million at 31 December 2010 (2009: US\$852 million).

	2010	2009
Loans and advances to customers		
- Continuing to be impaired after restructuring (included in non performing loans)	166,810	370,163
- Non-impaired after restructuring - would otherwise have been impaired	488,188	163,068
- Non-impaired after restructuring - would otherwise not have been impaired	50,441	318,725
Total	705,439	851,956

3.1.6. Repossessed collateral

During the year, the bank obtained possession of collateral held as security, as follows:

Nature of assets	2010		2009	
	Collateral	Related loan	Collateral	Related loan
Residential property	792	728	2,146	3,570
Commercial property	-	-	212	265
Vehicle and equipment	480	350	13,127	13,131
	1,272	1,078	15,485	16,966

Repossessed properties are sold as soon as practicable with the proceeds used to reduce the outstanding indebtedness.

3.1.7. Concentration of risks of financial assets with credit risk exposure

a) Geographical sectors

The following table breaks down the Group's main credit exposure at their carrying amounts, as categorised by geographical region as of 31 December 2010. For this table, the Group has allocated exposures to regions based on the country of domicile of our counterparties.

	UEMOA	Nigeria	West African Monetary Zone	Central Africa	East Africa	Southern Africa	Others	Total
As at 31 December 2010								
Treasury bills and other eligible bills	175,290	170,372	223,430	-	11,074	8,756	-	588,922
Loans and advances to banks	171,299	597,651	59,520	84,585	122,287	20,393	557,587	1,613,322
Loans and advances to customers:								
Corporate Bank								
- Overdrafts	339,098	163,240	74,119	128,275	9,002	11,412	39	725,185
- Term loans	958,724	374,595	159,643	217,975	27,496	17,597	14,417	1,770,447
- Others	14,404	(799)	486	7,975	10,039	-	140,186	172,291
Domestic Bank								
- Overdrafts	101,763	407,082	71,401	68,754	49,524	13,158	-	711,682
- Credit cards	-	1,180	1,886	-	-	-	-	3,066
- Term loans	775,339	586,855	161,453	132,780	106,943	22,837	322	1,786,529
- Mortgages	33,873	24,942	6,875	4,601	24,053	640	-	94,984
Trading assets – debt securities	243	-	-	-	5,153	-	-	5,396
Derivative financial instruments	-	-	-	-	-	10,000	-	10,000
Investment securities – debt securities	197,845	164,441	219,966	72,168	117,320	672	1,004	773,416
Other assets	60,876	148,418	52,012	14,350	12,924	3,106	24,098	315,784
Total	2,828,754	2,637,977	1,030,791	731,463	495,815	108,571	737,653	8,571,024
As at 31 December 2009								
Treasury bills and other eligible bills	124,081	182,382	212 500	-	5,360	7,183	61	531,567
Loans and advances to banks	212,491	470,115	351 791	155,535	49,953	26,747	113,819	1,380,451
Loans and advances to customers:								
Corporate Bank – Overdrafts	372,749	284,689	100,785	129,005	4,618	11,439	(2,376)	900,909
- Term loans	1,184,059	288,265	209,416	271,802	37,390	8,842	25,477	2,025,251
- Others	38,738	62,279	4,691	4,098	5,660	-	58,597	174,063
Domestic Bank								
- Overdrafts	140,363	169,698	35,162	16,478	44,074	2,815	177,574	586,164
- Credit cards	-	8,207	2,034	-	-	-	20,581	30,822
- Term loans	469,053	463,561	109,599	73,387	64,442	4,410	(228,360)	956,091
- Mortgages	43,753	21,964	4,614	1,899	12,578	40	8,048	92,897
Investment securities – debt securities	217,185	86,129	56,686	15,639	35,285	672	21,584	433,180
Other assets	86,815	110,713	48,367	15,174	5,527	837	6,422	273,855
Total	2,889,287	2,148,002	1,135,645	683,017	264,887	62,985	201,427	7,385,250

Notes to consolidated financial statements (continued)

(All amounts in \$US thousands unless otherwise stated)

3.1.7. Concentration of risks of financial assets with credit risk exposure (continued)

(b) Industry sectors

The following table breaks down the Group's main credit exposure at their carrying amounts, as categorised by the industry sectors of our counterparties.

	Financial institutions	Wholesale and retail trading	Manufacturing	Government Government	Mining and construction	Services and others	Total
31 December 2010							
Treasury bills and other eligible bills	49,129	-	-	539,793	-	-	588,922
Loans and advances to banks	1,591,131	12,601	1,988	7,602	-	-	1,613,322
Loans and advances to customers:							
- Overdrafts	77,549	539,060	88,902	33,810	91,077	606,469	1,436,867
- Credit cards	-	-	-	-	-	3,066	3,066
- Term loans	389,729	1,050,965	491,638	310,481	116,858	1,197,305	3,556,976
- Mortgages	286	12,591	-	-	-	82,107	94,984
- Others	120	146,903	1,866	-	-	23,402	172,291
Trading assets - debt securities	5,396	-	-	-	-	-	5,396
Derivative financial instruments	10,000	-	-	-	-	-	10,000
Investment securities - debt securities	167,640	-	-	559,533	3,564	42,679	773,416
Other assets	73,761	2,957	549	1,915	-	236,602	315,784
Total	2,364,741	1,765,077	584,943	1,453,134	211,499	2,191,630	8,571,024
31 December 2009							
Treasury bills and other eligible bills	24,513	-	-	507,054	-	-	531,567
Loans and advances to banks	1,271,939	-	-	108,512	-	-	1,380,451
Loans and advances to customers:							
- Overdrafts	16,228	774,109	215,495	64,387	90,210	326,644	1,487,073
- Credit cards	-	2,034	-	-	-	28,788	30,822
- Term loans	419,900	982,103	279,882	208,558	89,166	1,001,733	2,981,342
- Mortgages	-	18,821	2,366	55	2,253	69,402	92,897
- Others	268	71,981	15,451	20	5,802	80,541	174,063
Trading assets - debt securities	-	-	-	4,771	-	-	4,771
Derivative financial instruments	17	-	-	10,000	-	-	10,017
Investment securities - debt securities	72,898	24,184	1,830	315,015	-	19,253	433,180
Other assets	69,216	9,384	-	16,185	-	179,070	273,855
Total	2,323,824	1,017,411	441,234	1,082,632	281,904	1,705,431	7,400,038

3.2. Market risk

Market risk is the risk that changes in market prices, which include currency exchange rates and interest rates, will affect the fair value or future cash flows of a financial instrument. Market risk arises from open positions in interest rates and foreign currencies, both of which are exposed to general and specific market movements and changes in the level of volatility. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while optimising the return on risk. Overall responsibility for managing market risk rests with the Group Risk Management and the Board's Risk Committee. The Group Risk Management is responsible for the development of detailed risk management policies and procedures (subject to review and approval Board's Risk Committee) and for the day to day implementation of those policies.

The market risks arising from trading and non-trading activities are concentrated in Group Treasury. Regular reports are submitted to the Board of Directors and Heads of each business unit. Trading portfolios include those positions arising from market-making transactions where the Group acts as principal with clients or with the market. Non-trading portfolios primarily arise from the interest rate management of the subsidiary's banking assets and liabilities. Non-trading portfolios also consist of foreign exchange and equity risks arising from the Group's held-to-maturity and available-for-sale investments.

The Group applies a 'value at risk' methodology (VAR) to its trading and non-trading portfolios, to estimate the market risk of positions held and the maximum losses expected, based upon a number of assumptions for various changes in market conditions. The Board sets limits on the value of risk that may be accepted for the Group, trading and non-trading separately, which are monitored on a daily basis by Group Treasury.

3.2.1. Foreign exchange risk

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily. The table below summarises the Group's exposure to foreign currency exchange rate risk at 31 December. Included in the table are the Group's financial instruments at carrying amounts, categorised by currency.

31 December 2010	Dollar	Euro	CFA	Naira	Cedis	Others	Total
Assets							
Cash and balances with central banks	99,480	49,418	555,426	103,909	94,354	223,635	1,126,222
Treasury bills and other eligible bills	-	-	175,175	170,372	128,637	114,738	588,922
Loans and advances to banks	623,651	432,880	19,307	332,930	960	203,594	1,613,322
Loans and advances to customers	677,987	149,876	2,781,824	1,156,651	201,965	295,881	5,264,184
Trading assets	-	-	376	-	1,274	5,153	6,803
Derivative financial instruments	-	-	-	-	-	10,000	10,000
Investment securities - available-for-sale	23,495	-	337,245	202,253	206,027	124,105	893,125
Other assets	53,381	6,479	161,120	115,560	17,502	65,931	419,973
Total financial assets	1,477,994	638,653	4,030,473	2,081,675	650,719	1,043,037	9,922,551
Liabilities							
Deposits from banks	119,104	104,618	84,346	8,655	10,038	45,623	372,384
Due to customers	1,003,227	212,828	3,779,468	1,647,367	573,216	708,479	7,924,585
Other deposits	-	-	50,918	-	-	-	50,918
Derivative financial instruments	-	-	-	-	-	9,913	9,913
Other borrowed funds	142,083	1,260	69,780	-	3,431	9,421	225,975
Other liabilities	93,533	6,510	212,173	155,249	8,888	42,611	518,964
Total financial liabilities	1,357,947	325,216	4,196,685	1,811,271	595,573	816,047	9,102,739
Net on-statement of financial position	120,047	313,437	(166,212)	270,404	55,146	227,362	820,184
Credit commitments	638,593	502,789	753,382	188,007	66,845	134,484	2,284,100
31 December 2009							
Assets							
Cash and balances with central banks	62,959	44,864	548,399	58,372	64,254	123,097	901,945
Treasury bills and other eligible bills	-	-	124,081	182,382	143,156	81,948	531,567
Loans and advances to banks	589,363	286,463	149,173	252,880	9,020	93,552	1,380,451
Loans and advances to customers	505,455	35,746	2,742,649	1,081,587	179,490	221,270	4,766,197
Trading assets	-	-	965	-	1,733	4,771	7,469
Derivative financial instruments	10,000	-	-	-	-	17	10,017
Investment securities - available-for-sale	28,953	-	259,379	120,440	57,713	39,891	506,376
Other assets	36,545	1,920	147,224	102,822	27,600	42,038	358,149
Total financial assets	1,233,275	368,993	3,971,870	1,798,483	482,966	606,584	8,462,171
Liabilities							
Deposits from banks	37,515	24,201	226,465	45,281	41,991	17,950	393,403
Due to customers	734,862	135,911	3,429,417	1,272,301	403,866	496,102	6,472,459
Other deposits	973	-	84,806	-	-	14	85,793
Derivative financial instruments	-	-	-	-	-	10,022	10,022
Other borrowed funds	179,620	18,033	52,173	-	-	4,076	253,902
Other liabilities	76,600	14,231	164,360	111,555	5,977	104,278	477,001
Total financial liabilities	1,029,570	192,376	3,957,221	1,429,137	451,834	632,442	7,692,580
Net on-statement of financial position	203,705	176,617	14,649	369,346	31,132	(25,858)	769,591
Credit commitments	745,646	62,661	523,180	103,952	46,230	134,107	1,615,776

Notes to consolidated financial statements (continued)

(All amounts in \$US thousands unless otherwise stated)

3.2.2. Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise. The Board of Directors sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored daily by Group Treasury.

The table below summarises the Group's exposure to interest rate risks. It includes the Group's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

As at 31 December 2010	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest bearing	Total
Assets							
Cash and balances with central banks	166,026	4,178	3,856	1,810	-	950,352	1,126,222
Treasury bills and other eligible bills	105,373	116,048	348,418	19,083	-	-	588,922
Loans and advances to banks	784,602	374,174	85,066	23,690	-	345,790	1,613,322
Loans and advances to customers	2,021,954	799,574	741,562	1,277,495	393,036	30,563	5,264,184
Trading assets	-	-	500	-	5,029	1,274	6,803
Derivative financial instruments	-	-	10,000	-	-	-	10,000
Investment securities - available-for-sale	78,263	14,396	121,180	395,016	258,718	25,552	893,125
Other assets	-	-	-	-	-	419,973	419,973
Total financial assets	3,156,218	1,308,370	1,310,582	1,717,094	656,783	1,773,504	9,922,551
Liabilities							
Deposits from banks	96,127	46,912	77,618	87,341	12,395	51,991	372,384
Due to customers	4,894,926	906,625	469,541	587,912	36,922	1,028,659	7,924,585
Other deposits	50,918	-	-	-	-	-	50,918
Derivative financial instruments	-	-	9,913	-	-	-	9,913
Borrowed funds	44,568	16,914	19,905	110,068	33,774	746	225,975
Other liabilities	-	-	-	-	-	518,964	518,964
Total financial liabilities	5,086,539	970,451	576,977	785,321	83,091	1,600,360	9,102,739
Total interest repricing gap	(1,930,321)	337,919	733,605	931,773	573,692	173,144	
As at 31 December 2009							
Assets							
Cash and balances with central banks	42,219	-	-	-	-	859,726	901,945
Treasury bills and other eligible bills	72,840	98,810	359,302	615	-	-	531,567
Loans and advances to banks	734,844	256,058	102,156	-	-	287,393	1,380,451
Loans and advances to customers	1,321,748	568,410	618,474	1,981,842	252,980	22,743	4,766,197
Trading assets	2,584	-	115	-	4,770	-	7,469
Derivative financial instruments	17	-	10,000	-	-	-	10,017
Investment securities - available-for-sale	-	-	-	352,192	80,988	73,196	506,376
Other assets	-	-	-	-	-	358,149	358,149
Total financial assets	2,174,252	923,278	1,090,047	2,334,649	338,738	1,601,207	8,462,171
Liabilities							
Deposits from banks	190,963	74,147	76,112	-	-	52,181	393,403
Due to customers	3,446,153	430,994	301,191	424,203	77,926	1,791,992	6,472,459
Other deposits	84,553	-	1,240	-	-	-	85,793
Derivative financial instruments	-	-	10,022	-	-	-	10,022
Borrowed funds	3,500	1,088	22,770	168,693	57,851	-	253,902
Other liabilities	-	-	-	-	-	477,001	477,001
Total financial liabilities	3,725,169	506,229	411,335	592,896	135,777	2,321,174	7,692,580
Total interest repricing gap	(1,550,917)	417,049	678,712	1,741,753	202,961		



3.3. Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

3.3.1. Liquidity risk management process

The Group's liquidity management process, as carried out within the Group and monitored by a separate team in Group Treasury, includes:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers;
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring statement of financial position liquidity ratios against internal and regulatory requirements; and
- Managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

3.3.2. Non-derivative cash flows

The table below presents the cash flows payable by the Group under non-derivative financial liabilities by remaining contractual maturities at the statement of financial position date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Group manages the inherent liquidity risk based on expected undiscounted cash inflows.

As at 31 December 2010	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Assets						
Cash and balances with central banks	927,418	4,178	2,755	1,953	189,918	1,126,222
Treasury bills and other eligible bills	238,958	115,419	387,062	31,022	-	772,461
Loans and advances to banks	1,888,571	261,060	126,606	24,393	108,080	2,408,710
Loans and advances to customers	2,107,656	769,137	787,519	1,550,330	473,437	5,688,079
Trading assets	1,350	-	670	11,426	5,443	18,889
Investment securities - available-for-sale	74,321	15,225	245,572	443,404	161,773	940,295
Derivative financial instruments	-	-	10,350	-	-	10,350
Other assets	205 638	9,440	82,816	1,222	119,010	418,126
Total assets (expected maturity dates)	5,443,912	1,174,459	1,643,350	2,063,750	1,057,661	11,383,132
Liabilities						
Deposits from banks	1,415,456	45,648	86,971	102,424	7,480	1,657,979
Due to customers	5,534,532	1,195,037	485,037	820,410	64,379	8,099,395
Other deposits	51,003	202	-	-	-	51,205
Other borrowed funds	97,071	25,340	76,142	116,443	86,747	401,743
Other liabilities	312,605	75,441	95,423	34,285	14	517,768
Current income tax liabilities	8 216	13,333	14,378	-	6	35,933
Deferred income tax liabilities	2,689	258	12,945	10,131	1,487	27,510
Retirement benefit obligations	-	12	-	178	7,958	8,148
Total liabilities (contractual maturity dates)	7,421,572	1,355,271	770,896	1,083,871	168,071	10,799,681



Notes to consolidated financial statements (continued)

(All amounts in \$US thousands unless otherwise stated)

3.3.2. Non-derivative cash flows (continued)

As at 31 December 2009	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Assets						
Cash and balances with central banks	582,631	16,586	3,819	2	282,868	885,906
Treasury bills and other eligible bills	183,023	210,895	304,359	3,756	-	702,033
Loans and advances to banks	1,378,698	198,062	62,738	202,261	66,480	1,908,239
Loans and advances to customers	1,561,259	479,906	705,276	1,847,722	229,434	4,823,597
Trading assets	2,636	152	115	-	4,771	7,674
Investment securities - available-for-sale	131,418	58,304	48,927	203,020	68,327	509,996
Derivative financial instruments	-	-	-	-	10,350	10,350
Other assets	238,245	20,679	60,190	4,742	86,038	409,894
Total assets (expected maturity dates)	4,077,910	984,584	1,185,424	2,261,503	748,268	9,257,689
Liabilities						
Deposits from banks	248,585	91,821	79,384	-	-	419,790
Due to customers	5,122,136	493,465	395,858	542,326	83,831	6,637,616
Other deposits	84,725	-	1,248	-	-	85,973
Other borrowed funds	3,692	1,138	23,711	183,483	60,161	272,185
Other liabilities	325,569	44,313	107,120	-	-	477,002
Current income tax liabilities	22,394	8,374	5,888	-	-	36,656
Deferred income tax liabilities	26,457	501	651	5,119	15	32,743
Retirement benefit obligations	-	-	-	2,985	5,988	8,973
Total liabilities (contractual maturity dates)	5,833,558	639,612	613,860	733,913	149,995	7,970,938

3.4. Off-balance sheet items

The dates of the contractual amounts of the Group's off-balance sheet financial instruments that commit it to extend credit to customers and other facilities, provide financial guarantees and capital commitments are summarised in the table below.

At 31 December 2010	No later than 1 year	Over 1 years	Total
Loan commitments	128,257	95,343	223,600
Guarantees, acceptances and other financial facilities	1,774,837	285,663	2,060,500
Capital commitments	72,732	1,599	74,331
Total	1,975,826	382,605	2,358,431
At 31 December 2009			
Loan commitments	53,322	6,764	60,086
Guarantees, acceptances and other financial facilities	1,534,067	21,623	1,555,690
Capital commitments	45,676	-	45,676
Total	1,633,065	28,387	1,661,452



3.5. Fair value of financial assets and liabilities

(a) Financial instruments not measured at fair value

The table below summarises the carrying amounts and fair values of those financial assets and liabilities not presented on the Group's consolidated statement of financial position.

	Carrying value		Fair value	
	2010	2009	2010	2009
Financial assets:				
Loans and advances to banks	2,314,228	1,380,451	2,390,107	1,791,752
Loans and advances to customers	5,264,185	4,766,197	5,306,188	4,824,314
Financial liabilities:				
Deposits from banks	971,779	393,403	986,364	342,837
Due to customers	7,924,585	6,472,459	8,089,552	6,418,999
Other deposits	50,918	85,793	50,895	85,839
Borrowed funds	327,485	253,902	389,411	269,403

(i) Loans and advances to banks

Loans and advances to banks include inter-bank placements and items in the course of collection. The carrying amount of floating rate placements and overnight deposits is a reasonable approximation of fair value. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity.

(ii) Loans and advances to customers

Loans and advances are net of charges for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

(iii) Deposit from banks and due to customers

The estimated fair value of deposits with no stated maturity, which includes non-interest bearing deposits, is the amount repayable on demand.

The estimated fair value of fixed interest-bearing deposits not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

(b) Financial instruments measured at fair value

See Note 2.5.2. (c) 'Determination of fair value'.

(c) Fair value hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

- (i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- (ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- (iii) Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.



Notes to consolidated financial statements (continued)

(All amounts in \$US thousands unless otherwise stated)

3.5. Fair value of financial assets and liabilities (continued)

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

	31 December 2010			31 December 2009		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Treasury and other eligible bills	-	588,922	-	-	531,567	-
Trading assets	1,407	5,011	-	2,698	4,771	-
Derivative financial instruments	-	10,000	-	-	10,017	-
Investment securities - available-for-sale	270,609	622,516	-	152,087	354,289	-
Total financial assets	272,016	1,226,449	-	154,785	900,644	-
Trading liabilities	-	-	-	-	-	-
Derivative financial instruments	-	10,000	-	-	10,017	-
Debt securities in issue	-	-	-	-	-	-
Financial liabilities designated at fair value	-	-	-	-	-	-
Total financial liabilities	-	10,000	-	-	10,017	-

3.6. Capital management

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of statement of financial positions, are:

- To comply with the capital requirements set by the banking regulators in the markets where the entities within the Group operate;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital by the subsidiaries are monitored daily by the Group's Risk Management, employing techniques based on the guidelines developed by the Basel Committee as implemented by the respective central banks. Monthly reports are submitted to the central banks in the various jurisdictions by the individual subsidiaries.

The central banks in the various jurisdictions require each bank to: (a) hold the minimum level of the regulatory capital determined by the banking regulations of the respective country, and (b) maintain a ratio of total regulatory capital to the risk-weighted asset (the 'Basel ratio') at or above the internationally agreed minimum of 8%.

The Group's capital is divided into two tiers:

- Tier 1 capital: share capital (net of any book values of the treasury shares), non-controlling interests arising on consolidation from interests in permanent shareholders' equity, retained earnings and reserves created by appropriations of retained earnings. The book value of goodwill is deducted in arriving at Tier 1 capital; and
- Tier 2 capital: subordinated loan capital, unrealised gains arising on the fair valuation of equity instruments held as available-for-sale.

The risk-weighted assets are measured by means of a hierarchy of risk weights classified according to the nature of – and reflecting an estimate of credit, market and other risks associated with – each asset and counterparty. A similar treatment is adopted for off-statement of financial position exposure, with some adjustments to reflect the more contingent nature of the potential losses.



The table below summarises the composition of regulatory capital and the ratios of the Group for the years ended 31 December 2010 and 2009. During those two years, the individual entities within the Group complied with all of the externally imposed capital requirements to which they are subject.

	2010	2009
Tier 1 capital		
Share capital	866,709	866,709
General bank reserves	44,917	33,737
Statutory reserve	101,733	86,452
Retained earnings	282,250	221,610
Non-controlling interests	137,263	123,436
Less: goodwill	(15,669)	(14,613)
Total qualifying Tier 1 capital	1,417,203	1,317,331
Tier 2 capital		
Revaluation reserve – available-for-sale investments	43,944	23,265
Total qualifying Tier 2 capital	43,944	23,265
Less investments in associates	3,181	-
Total regulatory capital	1,457,966	1,340,596
Risk-weighted assets:		
On-statement of financial position	6,557,151	5,945,354
Off-statement of financial position	456,820	323,155
Total risk-weighted assets	7,013,971	6,268,509
Basel ratio	20.8%	21.4%
Tier I	20.2%	21.0%

The increase of the capital in the year of 2010 is mainly due to the contribution of the current-year profit.

4. Critical accounting estimates, and judgements in applying accounting policies

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) Impairment losses on loans and advances

The Group reviews its loan portfolios to assess impairment at least on a monthly basis. In determining whether an impairment loss should be recorded in the income statement, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the Group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

b) Fair value of financial instruments

The fair value of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. To the extent practical, models use only observable data; however, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments.





Notes to consolidated financial statements (continued)

(All amounts in \$US thousands unless otherwise stated)

c) Impairment of available for-sale equity investments

The Group determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Group evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of a deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

d) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

e) Share-based payment

The Group granted shares and share options to the employees as a common feature of employee remuneration. IFRS 2 requires recognition of an expense for those shares and share options at the fair value on the grant date (equity-settled plans). For shares granted to employees, the fair value is measured directly at the market price of the entity's shares, adjusted to take into account the terms and conditions upon which the shares were granted. For share options granted to employees, in many cases market prices are not available because the options granted are subject to terms and conditions that do not apply to traded options. If this is the case, the Group estimates the fair value of the equity instruments granted using a valuation technique, which is consistent with generally accepted valuation methodologies.

5. Segment analysis

Following the management approach of IFRS 8, operating segments are reported in accordance with the internal reporting provided to the Group Executive Committee (the chief operating decision-maker), which is responsible for allocating resources to the reportable segments and assesses its performance. All operating segments used by the Group meet the definition of a reportable segment under IFRS 8.

In 2010, the Group implemented a new structure. This new structure which is based on business replaced the else while geography based structure and now constitutes the operating segments of the Group.

The Group operating segments are described below:

- | | |
|-----------------------------------|--|
| a) Corporate Bank banking: | Focuses on providing one-stop banking services to multinationals and regional companies, financial institutions and international organisations across network of the Group. |
| b) Domestic Bank: | Focuses on serving local companies, small and medium scale enterprises, government and government agencies and the retail market. |
| c) Ecobank Capital: | Constitutes the treasury, corporate finance and asset management business. This unit provides value-added solutions primarily to corporate clients and governments. |

Transactions between the business segments are carried out at arm's length. The revenue from external parties reported to the Group Executive Committee is measured in a manner consistent with that in the consolidated income statement. Funds are ordinarily allocated between segments, resulting in funding cost transfers disclosed in inter-segment net interest income. Interest charged for these funds is based on the Group's cost of capital. There are no other material items of income or expense between the business segments.

Internal charges and transfer pricing adjustments have been reflected in the performance of each business. Revenue-sharing agreements are used to allocate external customer revenues to a business segment on a reasonable basis. The Group's management reporting is based on a measure of operating profit comprising net interest income, loan impairment charges, net fee and commission income, other income and non-interest expenses. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as restructuring costs, legal expenses and goodwill impairments when the impairment is the result of an isolated, non-recurring event. As the Group Executive Board reviews operating profit, the results of discontinued operations are not included in the measure of operating profit.

The information provided about each segment is based on the internal reports about segment profit or loss, assets and other information, which are regularly reviewed by the Group Executive Committee. Segment assets and liabilities comprise operating assets and liabilities, being the majority of the consolidated statement of financial position, but exclude items such as taxation.

Segment results of operations.

The following table shows the Group's performance by business segments.



At 31 December 2010	Corporate Bank banking	Domestic Bank	Ecobank Capital	Others	Group
Net interest income	184,294	224,580	69,376	(3,479)	474,771
Net fees and commission income	69,709	200,531	16,009	23,405	309,654
Other income	1,173	22,563	113,275	101,187	238,198
Operating income	255,176	447,674	198,660	121,113	1,022,623
Loan impairment charges	(38,542)	(63,729)	798	-	(101,473)
Operating expenses	(129,268)	(376,743)	(120,095)	(47,914)	(674,020)
Operating profit	87,366	7,202	79,363	73,199	247,130
Share of profit of associates and joint venture	-	-	36	-	36
Profit before tax	87,366	7,202	79,399	73,199	247,166

Total assets	2,667,922	2,596,262	2,386,176	3,601,290	11,251,650
Total liabilities	2,763,096	5,161,489	659,190	1,375,265	9,959,040

At 31 December 2009	Corporate Bank banking	Domestic Bank	Ecobank Capital	Others	Group
Net interest income	180,535	220,976	58 129	(613)	459,027
Net fees and commission income	59,020	173,155	8,031	15,420	255,626
Other income	8,917	21,958	141,311	25,608	197,794
Operating income	248,472	416,089	207,471	40,415	912,447
Loan impairment charges (negative)	(6,652)	(133,006)	-	-	(139,658)
Operating expenses	(128,893)	(375,651)	(128,050)	(39,472)	(672,066)
Operating profit	112,927	(92,568)	79,421	943	100,723
Share of profit of associates and joint venture	-	-	-	-	-
Profit before tax	112,927	(92,568)	79,421	943	100,723

Total assets	3,062,552	1,703,645	1,702,689	3,144,824	9,613,710
Total liabilities	2,558,173	3,914,286	743,120	1,162,566	8,378,145

Reconciliation of segment results of operations to consolidated results of operations

At 31 December 2010	Total management reporting	Consolidation and adjustments	Total consolidation
Net interest income	474,771	-	474,771
Net fees and commission income	309,654	22,785	286,869
Other income	238,198	100,195	138,003
Operating income	1,022,623	122,980	899,643
Loan impairment charges	(101,473)	-	(101,473)
Operating expenses	(674,020)	(44,840)	(629,180)
Operating profit	247,130	78,140	168,990
Share of profit of associates and joint venture	36	-	36
Profit before tax	247,166	78,140	169,026

Total assets	11,251,650	784,779	10,466,871
Total liabilities	9,959,040	784,779	9 174,261

At 31 December 2009	Total management reporting	Consolidation and adjustments	Total consolidation
Net interest income	459,027	-	459,027
Net fees and commission income	255,626	15,420	240,206
Other income	197,794	23,709	174,085
Operating income	912,447	39,129	873,318
Loan impairment charges	(139,658)	-	(139,658)
Operating expenses	(672,066)	(39 472)	(632,594)
Operating profit	100,723	(343)	101,066
Profit before tax	100,723	(343)	101,066

Total assets	9,613,710	607,187	9,006,523
Total liabilities	8,378,145	607,187	7,770,958



Notes to consolidated financial statements (continued)

(All amounts in \$US thousands unless otherwise stated)

5.1. Entity-wide disclosures

The Group is also further organised under the following geographical clusters:

- i) Union Economique et Monétaire Ouest Africaine (UEMOA) region comprises all subsidiaries within the UEMOA monetary zone. Countries in this zone share a common currency. This region currently includes subsidiaries in Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Mali, Niger, Senegal, Togo and Guinea Bissau.
- ii) Nigeria region comprises our banking subsidiary in Nigeria.
- iii) West African Monetary Zone (WAMZ) region comprises all subsidiaries in West African countries not included in the common monetary zone described as UEMOA. This region currently includes subsidiaries in Ghana, Guinea, Liberia, Sierra Leone and Gambia.
- iv) Communauté Economique des Etats de l'Afrique Centrale (CEEAC) region comprises all subsidiaries within the CEMAC monetary zone. Countries in this zone share a common currency. Cameroon, Chad, Central Africa, Congo Brazaville, Gabon and Sao Tome are the only countries currently included in this segment.
- v) Eastern Africa Community (EAC) comprises of Burundi, Kenya, Rwanda, Tanzania and Uganda.
- vi) Southern Africa Development Co-operation (SADC) comprises of Democratic Republic of Congo, Malawi and Zambia.

The cluster information provided to the Group Executive Board for the reportable geographical clusters for the year ended 31 December 2010 is as follows:

At 31 December 2010	UEMOA	Nigeria	WAMZ	Central Africa	East Africa	Southern Africa	Others	Total
Net interest income	151,154	144,142	103,403	43,854	25,486	9,352	(2,620)	474,771
Net fees and commission income	85,706	79,184	51,454	39,282	12,546	4,647	36,837	309,656
Other income	44,191	31,247	28,840	13,457	12,329	4,055	104,019	238,138
Operating income	281,051	254,573	183,697	96,593	50,361	18,054	138,236	1,022,565
Loan impairment charges	(8,589)	(71,089)	(11,576)	(6,688)	(3,833)	(497)	799	(101,473)
Operating expenses	(181,956)	(199,803)	(98,646)	(63,161)	(49,559)	(20,105)	(60,804)	(674,034)
Operating profit	90,506	(16,319)	73,475	26,744	(3,031)	(2,548)	78,231	247,058
Share of profit of associates and joint venture	-	-	36	-	-	-	-	36
Profit before tax	90,506	(16 319)	73,511	26,744	(3,031)	(2,548)	78,231	247,094
Taxation (negative)	(21,515)	14,629	(23,687)	(12,027)	1,445	4,103	(155)	(37,207)
Profit after tax	68,991	(1,690)	49,824	14,717	(1,586)	1,555	78,076	209,887
Total assets	3,952,146	2,996,881	1,705,876	1,213,717	605,587	160,071	1,664,246	12,298,524
Total liabilities	3,634,624	2,490,340	1,503,555	1,129,462	504,440	132,066	568,862	9,963,349
At 31 December 2009								
Net interest income	149,249	170,804	79,780	41,018	13,097	4,271	808	459,027
Net fees and commission income	81,067	61,765	51,008	28,819	7,680	2,910	19,949	253,198
Other income	44,967	60,230	32,786	13,676	8,589	3,736	101,633	265,617
Operating income	275,283	292,799	163,574	83,513	29,366	10,917	122,390	977,842
Loan impairment charges (negative)	(14,842)	(97,661)	(15,048)	(1,043)	(8,980)	(1,574)	(510)	(139,658)
Operating expenses (negative)	(176,093)	(211,756)	(90,647)	(64,308)	(40,508)	(19,712)	(63,513)	(666,537)
Operating profit	84,348	(16,618)	57,879	18,162	(20,122)	(10,369)	58,367	171,647
Share of profit of associates and joint venture	-	-	-	-	-	-	-	-
Profit before tax	84,348	(16,618)	57,879	18,162	(20 122)	(10,369)	58,367	171,647
Taxation (negative)	(19,768)	1,697	(17,604)	(8,879)	4,866	3,850	(628)	(36,466)
Profit after tax	64,580	(14,921)	40,275	9,283	(15,256)	(6,519)	57,739	135,181
Total assets	3,735,815	2,472,427	1,449,812	1,037,141	370,985	105,255	1,396,486	10,567,921
Total liabilities	3,427,719	1,942,736	1,276,631	971,739	313,707	89,843	368,630	8,391,005



Reconciliation of segment results of operations to consolidated results of operations

At 31 December 2010	Total management reporting	Consolidation and adjustments	Total consolidation
Net interest income	474,771	-	474,771
Net fees and commission income	309,656	22,787	286,869
Other income	238,138	100,135	138,003
Operating income	1,022,565	122,922	899,643
Loan impairment charges	(101,473)	-	(101,473)
Operating expenses	(674,034)	(44,854)	(629,180)
Operating profit	247,058	78,068	168,990
Share of profit of associates and joint venture	36	-	36
Profit before tax	247,094	78,068	169,026
Taxation (negative)	(37,207)	-	(37,207)
Profit after tax	209,887	78,068	131,819
Total assets	12,298,524	1,831,653	10,466,871
Total liabilities	9,963,349	789,088	9,174,261
At 31 December 2009			
Net interest income	459,027	-	459,027
Net fees and commission income	253,198	12,992	240,206
Other income	265,617	91,532	174,085
Operating income	977,842	104,524	873,318
Loan impairment charges	(139,658)	-	(139,658)
Operating expenses	(666,537)	(33,943)	(632,594)
Operating profit	171,647	70,581	101,066
Share of profit of associates and joint venture -	-	-	-
Profit before tax	171,647	70,581	101,066
Taxation (negative)	(36,466)	-	(36,466)
Profit after tax	135,181	70,581	64,600
Total assets	10,567,921	1,561,398	9,006,523
Total liabilities	8,391,005	620,047	7,770,958



Notes to consolidated financial statements (continued)

(All amounts in \$US thousands unless otherwise stated)

6. Net interest income

	Year ended 31 December	
	2010	2009
Interest income		
Loans and advances to banks	43,350	48,364
Loans and advances to customers:		
– Corporate Bank	262,170	317,387
– Domestic Bank	287,233	308,530
Treasury bills and other eligible bills	50,355	51,438
Investment securities - available for sale	52,922	37,924
Trading securities	850	241
Others	204	70
	697,084	763,954
Interest expense		
Deposits from banks	2,935	32,452
Due to customers:		
– Corporate Bank	85,592	104,142
– Domestic Bank	115,769	142,085
Debt securities in issue	-	370
Other borrowed funds	17,761	25,387
Others	256	491
	222,313	304,927

7. Net fee and commission income

Fee and commission income		
Credit related fees and commissions	112,596	93,890
Corporate finance fees	15,955	12,975
Portfolio and other management fees	1,047	1,929
Brokerage fees and commissions	1,234	1,969
Cash management and related fees	152,142	123,514
Card management fees	12,740	13,764
Other fees	1,808	1,525
	297,522	249,566
Fee and commission expense		
Brokerage fees paid	1,401	738
Other fees paid	9,252	8,622
	10,653	9,360

The Group provides custody, trustee, investment management and advisory services to third parties, which involve the Group making allocation and purchase and sale decisions in relation to a wide range of financial instruments. Those assets that are held in a fiduciary capacity are not included in these financial statements.





8. Lease income

	Year ended 31 December	
	2010	2009
Equipment	6,692	9,240
Motor vehicles	3,531	6,818
Other leased assets	-	836
	10,223	16,894

9. Dividend income

Trading securities	203	201
Available-for-sale securities	2,384	2,008
	2,587	2,209

10. Net trading income

Foreign exchange:		
- Translation gains less losses of trading assets	3,121	15,062
- Transaction gains less losses	105,018	125,334
Interest rate instruments	6,184	-
Equities	2,910	7,232
	117,233	147,628

11. Net gain/loss from investment securities

Derecognition of available-for-sale financial assets	230	29
Net loss transferred to net profit on impairment (Note 38)	(59)	(1 403)
Impairment of available-for-sale equity securities	(60)	(93)
	111	(1 467)

12. Impairment losses on loans and advances

Flows and advances to customers (Note 21)	101,473	139,658
	101,473	139,658





Notes to consolidated financial statements (continued)

(All amounts in \$US thousands unless otherwise stated)

13. Operating expenses

	Year ended 31 December	
	2010	2009
a) Staff expenses		
Salaries, allowances and other compensation	251,142	244,660
Social security costs	12,081	10,905
Pension costs:		
– defined contribution plans	212	973
Other post retirement benefits (Note 35)	1,946	2,040
	265,381	258,578
b) Depreciation and amortisation		
Depreciation of property and equipment (Note 25)	59,705	53,915
Amortisation of software and other intangibles (Note 24)	8,982	7,555
	68,687	61,470
c) Other operating expenses		
Directors' emoluments	2,721	2,533
Profit on sale of property and equipment	(456)	(276)
Impairment charges:		
– doubtful receivables	5,811	10,969
Restructuring costs	-	1,888
Social responsibility	1,664	1,229
Rent and utilities	42,041	39,940
Insurance	20,597	19,849
Advertising and promotion	18,187	21,896
Professional fees	1,323	6,149
Operational losses and fines	11,387	5,728
Communications and technology	52,592	59,418
Business travels	13,475	15,070
AGM and Board activities	3,911	3,753
Training	4,611	6,243
Repairs and maintenance	32,844	30,009
Supplies and services	26,036	28,310
Allocated cost	9,960	10,349
Cash transportation	15,093	14,973
Fuel	9,639	9,208
Other taxes	10,520	8,950
Non capitalised items	1,143	3,175
Pre-opening expenses	2,199	2,566
Listing fees	1,244	677
Other administrative expenses	8,570	9,940
	295,112	312,546
Total operating expenses	629,180	632,594



14. Income tax expense

	Year ended 31 December	
	2010	2009
Current income tax	61,088	52,160
Deferred income tax (Note 34)	(23,881)	(15,694)
	37,207	36,466

The income tax rate applicable to the majority of income of the subsidiaries ranged from 25% to 45%

Further information about deferred income tax is presented in Note 34. The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the parent as follows:

Profit before tax	169,026	101,066
Tax calculated at local tax rates applicable to profits in the respective countries	57,988	46,459
Effect of different tax rates in other countries	-	-
Tax impact on income not subject to tax	(12,788)	(10,867)
Tax impact on expenses not deductible for tax purposes:	11,722	9,357
Utilisation of previously unrecognised tax losses	(19,730)	(6,886)
Others	14	(1,597)
Income tax expense	37,207	36,466

Under the Headquarters Agreement between Ecobank Transnational Incorporated (ETI) and the Republic of Togo signed in October 1985, ETI is exempt from tax on all its income arising from operations in Togo.

15. Earnings per share

Basic

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue outstanding during the year.

Profit attributable to equity holders of the Company	112,716	51,075
Weighted average number of ordinary shares in issue (in thousands)	9,913,368	8,832,315
Basic earnings per share (expressed in US cents per share)	1.14	0.58

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The only category of dilutive potential ordinary shares is share options granted to employees.

For the share options, a calculation has been done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

Weighted average number of ordinary shares in issue (in thousands)	9,913,368	8,832,315
Adjustment for share option	64,224	136,609
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	9,977,592	8,968,924
Dilutive earnings per share (expressed in US cents per share)	1.13	0.57



Notes to consolidated financial statements (continued)

(All amounts in \$US thousands unless otherwise stated)

16. Cash and balances with central banks

	Year ended 31 December	
	2010	2009
Cash in hand	348,412	324,584
Balances with central banks other than mandatory reserve deposits	341,104	239,084
Included in cash and cash equivalents (Note 40)	689,516	563,668
Mandatory reserve deposits with central banks	436,706	338,277
	1,126,222	901,945

Mandatory reserve deposits are not available for use in the Group's day-to-day operations. Cash in hand and balances with central banks and mandatory reserve deposits are non-interest-bearing.

17. Treasury bills and other eligible bills

Maturing within three months (Note 40)	221,421	171,650
Maturing after three months	367,501	359,917
	588,922	531,567

The movement in Treasury bills and other eligible bills may be summarised as follows:

At 1 January 2010	531,567	420,316
Additions	1,419,556	2,386,457
Disposals (sale and redemption)	(1,338,164)	(2,299,033)
Gains/(loss) from changes in fair value	1,060	3,547
Exchange differences	(25,097)	20,280
At 31 December 2010	588,922	531,567
Current	569,839	530,952
Non current	19,083	615
	588,922	531,567

Treasury bills and other eligible bills are debt securities issued by the government of various countries in which the Group operates.

18. Loans and advances to banks

Items in course of collection from other banks	75,906	58,380
Deposits with other banks (Note 40)	653,271	674,811
Placements with other banks	884,145	647,260
	1,613,322	1,380,451

All loans and advances to banks are current.





19. Trading assets

	Year ended 31 December	
	2010	2009
Debt securities:		
- Government bonds	5,011	4,771
- Other debt securities	385	-
Total debt securities	5,396	4,771
Equity securities		
- Listed	1,407	2,698
- Unlisted	-	-
Total equity securities	1,407	2,698
Total trading assets	6,803	7,469
Current	500	2,699
Non current	6,303	4,770
	6,803	7,469

20. Derivative financial instruments and trading liabilities

The Group uses the following derivative instruments for non-hedging purposes.

Currency forwards represent commitments to purchase foreign and domestic currency, including undelivered spot transactions. Foreign currency and interest rate futures are contractual obligations to receive or pay a net amount based on changes in currency rates or interest rates or buy or sell foreign currency or financial institution on a future date at a specified price. The credit risk is negligible, as futures contracts are collateralised by cash or marketable securities, and changes in the futures contract value are settled daily with the exchange.

Derivatives	Fair value	
	Assets	Liabilities
At 31 December 2010		
Currency swaps	10,000	9,913
Total derivatives assets	10,000	9,913
At 31 December 2009		
Currency forwards	17	-
Currency swaps	10,000	10,022
Total derivatives liabilities	10,017	10,022

The Group has not designated at initial recognition any financial liability as at fair value through profit or loss.



Notes to consolidated financial statements (continued)

(All amounts in \$US thousands unless otherwise stated)

21. Loans and advances to customers

Year ended 31

	Corporate Bank		Domestic Bank		Total	
	2010	2009	2010	2009	2010	2009
a) Analysis by type:						
- Overdrafts	766,185	928,686	965,919	769,331	1,732,104	1,698,017
- Credit cards	-	-	35,502	52,368	35,502	52,368
- Term loans	1,815,238	2,046,643	1,872,758	1,028,744	3,687,996	3,075,387
- Mortgage loans	-	-	99,982	98,996	99,982	98,996
- Others	174,002	176,202	-	-	174,002	176,202
Gross loans and advances	2,755,425	3,151,531	2,974,161	1,949,439	5,729,586	5,100,970
Less: allowance for impairment	(87,503)	(48,903)	(377,899)	(285,870)	(465,402)	(334,773)
	2,667,922	3,102,628	2,596,262	1,663,569	5,264,184	4,766,197
b) Analysis by security:						
Secured against real estate	210,563	243,084	467,041	218,392	677,604	461,476
Otherwise secured	1,430,166	1,722,964	1,592,875	1,241,762	3,023,041	2,964,726
Unsecured	1,114,696	1,126,879	914,245	547,889	2,028,941	1,674,768
	2,755,425	3,092,927	2,974,161	2,008,043	5,729,586	5,100,970
Current					3,384,716	3,563,090
Non current					2,344,870	1,537,880
					5,729,586	5,100,970
c) Analysis by performance						
Performing loan	2,498,597	3,150,948	2,362,401	1,135,784	4,860,998	4,286,732
Non performing loan	256,827	493,076	611,761	321,162	868,588	814,238
	2,755,424	3 644 024	2,974,162	1,456,946	5,729,586	5,100,970

Included in non-performing loans is an amount of US\$372.4 million which were sold to the Asset Management Company of Nigeria (AMCON) after balance sheet date. If the sale had taken place by 31 December 2010, non-performing loans would have been US\$496.2 million instead of US\$868.6 million. The ratio of non-performing loans to total loans would also be 9.3% instead of 15.2%.

d) Allowance for impairment

Reconciliation of allowance account for losses on loans and advances by class is as follows:

At 31 December 2010	Corporate Bank			Domestic Bank				Total
	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term loans	Mortgage	
At 1 January 2010	27,777	21,392	2,139	183,167	21,546	72,653	6,099	334,773
Provision for loan impairment	30,265	31,590	880	51,951	11,293	19,683	490	146,152
Amounts recovered during the year	(16,239)	(6,734)	(1,220)	(12,914)	(17)	(6,176)	(1,379)	(44,679)
Loans written off during the year	2,899	(419)	(39)	37,641	-	317	-	40,399
Exchange difference	(3,702)	(1,038)	(49)	(5,608)	(386)	(248)	(212)	(11,243)
At 31 December 2010	41,000	44,791	1,711	254,237	32,436	86,229	4,998	465,402
At 31 December 2009								
At 1 January 2009	104,107	20,486	2,762	49,616	4,208	22,735	1,192	205,106
Provision for loan impairment	16,057	12,512	1,467	81,043	18,297	49,671	4,998	184,045
Amounts recovered during the year	(10,895)	(10,554)	(1,935)	(10,645)	(966)	(8,810)	(582)	(44,387)
Loans written off during the year	(10,618)	(1,018)	(66)	(3,295)	-	(4,284)	(172)	(19,453)
Exchange difference	(70,874)	(34)	(89)	66,448	7	13,341	663	9,462
At 31 December 2009	27,777	21,392	2,139	183,167	21,546	72,653	6,099	334,773



Loans and advances to customers include finance lease receivables analysed below.

	Year ended 31 December	
	2010	2009
Gross investment in finance leases, receivable		
No later than 1 year	10,680	10,483
Later than 1 year and no later than 5 years	43,708	56,132
Later than 5 years	21	1,081
	54,409	67,696
Unearned future finance income on finance leases	(6,408)	(14,362)
Net investment in finance leases	48,001	53,334
The net investment in finance lease may be analysed as follows:		
No later than 1 year	9,646	9,615
Later than 1 year and no later than 5 years	37,878	42,816
Later than 5 years	477	903
	48,001	53,334

22. Investment securities

Securities available-for-sale

Debt securities - at fair value:

- Listed	253,324	148,273
- Unlisted	520,092	284,907
Total	773,416	433,180

Equity securities - at fair value:

- Listed	17,285	3,814
- Unlisted	102,424	69,382
Total	119,709	73,196

Total securities available-for-sale before impairment **893,125** **506,376**

Current	213,839	-
Non current	679,286	506,376
	893,125	506,376

The Group has not reclassified any financial asset measured at amortised cost rather than fair value during the year. (2009: nil)

The movement in securities available-for-sale may be summarised as follows:

At 1 January 2010	506,376	584,000
Additions	2,724,432	2,499,265
Disposals (sale and redemption)	(2,338,665)	(2,544,002)
Losses from impairment of available-for-sale equity securities	(1,815)	(93)
Gains/(loss) from changes in fair value	28,090	(3,895)
Exchange differences	(25,293)	(28,899)
At 31 December 2010	893,125	506,376





Notes to consolidated financial statements (continued)

(All amounts in \$US thousands unless otherwise stated)

23. Investment in associate

	Year ended 31 December	
	2010	2009
At 1 January	-	1,514
Acquisition of associate	3,172	-
Disposal	-	(1,546)
Share of results	36	-
Share of tax	(9)	-
Exchange differences	(18)	32
At 31 December	3,181	-

At 31 December 2010

Associate	Country of incorporation	Assets	Liabilities	Revenues	Profit	%interest held
EB-Accion	Ghana	9,933	6,955	3,289	73	49%

24. Intangible assets

Goodwill		
At 1 January	14,613	14,044
Acquisition of subsidiary (Note 42)	1,056	569
At 31 December	15,669	14,613
Software costs		
At 1 January	16,966	20,880
Purchase	5,409	2,642
Amortisation (Note 13)	(8,982)	(7,555)
Exchange differences	(894)	999
At 31 December	12,499	16,966
Total intangibles	28,168	31,579

25. Property and equipment

	Motor Vehicles	Land and Buildings	Furniture and Equipment	Installations	Construction progress	Total
At 1 January 2009						
Cost	39,405	149,470	165,313	53,455	51,612	459,255
Accumulated depreciation	18,302	20,459	84,766	19,926	-	143,453
Net book amount	21,103	129,011	80,547	33,529	51,612	315,802
Year ended December 2009						
Opening net book amount	21,103	129,011	80,547	33,529	51,612	315,802
Acquisition of subsidiaries	468	13,884	2,015	4,652	-	21,019
Additions	12,134	41,362	44,712	15,121	21,982	135,311
Revaluation	-	63,522	-	-	-	63,522
Disposals - cost	(4,101)	(323)	(1,782)	(25)	-	(6,231)
Disposals - accumulated depreciation	3,400	107	1,416	25	-	4,948
Reclassifications - cost	-	7,380	4,402	5,514	(17,296)	-
Depreciation charge	(9,237)	(6,493)	(31,185)	(7,000)	-	(53,915)
Exchange rate adjustments	(709)	14,428	(2,566)	1,067	(18,462)	(6,242)
Closing net book amount	23,058	262,878	97,559	52,883	37,836	474,214



	Motor Vehicles	Land and Buildings	Furniture and Equipment	Installations	Construction progress	Total
At 31 December 2009/1 January 2010						
Cost	48,315	294,851	210,971	81,860	37,836	673,833
Accumulated depreciation	25,257	31,973	113,412	28,977	-	199,619
Net book amount	23,058	262,878	97,559	52,883	37,836	474,214
Year ended December 2010						
Opening net book amount	23,058	262,878	97,559	52,883	37,836	474,214
Acquisition of subsidiaries	342	55	267	1,035	-	1,699
Additions	7,102	3,896	34,121	13,098	25,018	83,235
Disposals - cost	(3,292)	(1,633)	(9,941)	(4,978)	(239)	(20,083)
Disposals - accumulated depreciation	2,391	263	3,333	1,577	(599)	6,965
Reclassifications - cost	-	1,840	10,092	5,929	(17,861)	-
Reclassifications - accumulated depreciation	-	2,473	-	(2,473)	-	-
Depreciation charge	(9,511)	(8,030)	(33,893)	(8,271)	-	(59,705)
Exchange rate adjustments	(1,136)	(11,183)	(5,005)	(2,532)	(2,180)	(22,036)
Closing net book amount	18,954	250,559	96,533	56,268	41,975	464,289
At 31 December 2010						
Cost	49,469	283,504	240,609	93,985	41,975	709,542
Accumulated depreciation	30,515	32,945	144,076	37,717	-	245,253
Net book amount	18,954	250,559	96,533	56,268	41,975	464,289

The Group revalued its buildings at 31 December 2009. The valuations were done by professionally qualified independent valuers, using market values as the reference.

26. Investment property

	Year ended 31 December	
	2010	2009
1 January	13,280	12,083
Fair value gains	513	1,588
Disposal	(44)	(710)
Exchange rate adjustments	(818)	319
At 31 December	12,948	13,280

The investment properties are valued annually on 31 December at fair value, comprising market value by an independent, professionally qualified valuer.

The following amounts have been recognised in the income statement:

Rental income	843	836
Direct operating expenses arising from investment properties that generate rental income	(572)	(605)
	271	231



Notes to consolidated financial statements (continued)

(All amounts in \$US thousands unless otherwise stated)

27. Other assets

	Year ended 31 December	
	2010	2009
Fees receivable	26,675	60,426
Accounts receivable	291,657	202,720
Prepayments	104,189	84,294
Sundry receivables	8,976	10,709
	431,497	358,149
Impairment charges on receivable balances	(11,524)	-
	419,973	358,149

All other assets are current.

28. Deposits from other banks

Items in course of collection	103	1,828
Deposits from other banks	372,281	391,575
	372,384	393,403

All deposits from banks are current and have variable interest rates.

29. Due to customers

Corporate Bank		
- Current accounts	1,796,527	1,758,116
- Term deposits	966,569	800,057
	2,763,096	2,558,173
Domestic Bank		
- Current accounts	2,929,942	2,007,171
- Term deposits	1,002,606	924,565
- Savings deposits	1,228,941	982,550
	5,161,489	3,914,286
Total	7,924,585	6,472,459
Current	6,271,092	4,178,338
Non current	1,653,493	2,294,121

Customer deposits carry variable interest rates.

30. Other deposits

Other money-market deposits	50,918	85,793
	50,918	85,793

All certificate of deposits are current and have variable interest rates.



31. Borrowed funds

	Year ended 31 December	
	2010	2009
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V (FMO)	47,993	50,464
European Investment Bank	73,010	94,722
International Finance Corporation	40,562	44,512
Deutsche Bank	4,500	6,078
Social Security and National Insurance Trust	3,000	2,974
AIKOCREDIT Ecumenical Development	-	1,101
Export Development Investment Fund	431	467
Banque Ouest-Africaine de Développement (BOAD)	7,841	9,883
Credit Foncier du Cameroon	4,277	8,565
Societe Mamadou Dalaba	2,357	2,913
Ecobank Senegal bonds	3,395	7,321
Le Mans and Union des Assurances Vie	2,240	2,416
Agence Française de Développement	1,287	5,068
International Cooperation Development Fund, China	2,333	3,105
Caisse Nationale de Securite Sociale	4,073	-
Legba Hounsou	1,629	2,196
Akanni A. Ibouaïma	815	1,098
Balogoun EP Akanni Naimatou	815	1,098
Atlantic Coast Regional Fund (ACRF)	13,311	-
National Social Security and Insurance Trust of Sierra Leone	1,072	-
Other loans	11,034	9,921
	225,975	253,902
Current	81,387	27,358
Non current	144,588	226,544
	225,975	253,902

- a) Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V (FMO) loan to ETI is repayable over five (5) years in twenty (20) equal quarterly instalments from 2010-2015. Interest rate is based on 3 month LIBOR rate plus margin of 4.0% payable quarterly.
- b) The loan from the European Investment Bank to Ecobank Transnational Incorporated is repayable in ten equal semi-annual instalments starting from 2010. This attracts interest at 6 month LIBOR rate plus 2.564% payable semi-annually.
- c) The European Investment Bank loan to Ecobank Ghana expires in 2014 with a rate of average of Ghanaian 6-month Treasury bill rate and 6-month corporate bond rate in Ghana.
- d) The International Finance Corporation (IFC) loan to Ecobank Nigeria Plc. (ENG) and Ecobank Ghana Limited (EGH) are repayable in 2013 and 2015 respectively. Interest rates to ENG and EGH are LIBOR plus 2.75% and LIBOR plus 3% respectively.
- e) The Deutsche Bank loan to Ecobank Nigeria is a three-year facility maturing in 2012 with a rate of LIBOR + 1.8%.
- f) The Social Security and National Insurance Trust, Ghana loan is a 10-year facility expiring in 2015. It attracts interest at the Bank of Ghana prime rate applicable at the date of drawdown.
- g) The Banque Ouest-Africaine de Développement is a facility to Ecobank Senegal and attracts interest at 7% per annum. The facility is repayable in 2015.
- h) The Credit Foncier du Cameroon loan to Ecobank Cameroon is a three-year facility with an interest rate of 3.5%.
- i) The Societe Mamadou Dalaba loan to Ecobank Guinea is a five year facility with an interest rate of 16%.
- j) The Union Des Assurance Vie loan to Ecobank Cote d'Ivoire is repayable in 2012 with interest rate ranging from 7.5% to 8%.
- k) Agence Française de Développement loan Ecobank Burkina Faso has an interest rate of 2% and expires in 2012.
- l) International Cooperation Development Fund, China is a term to Ecobank Burkina Faso expiring in 2023 with an interest rate of 4.5%.
- m) Five-year term loans from Legba Hounsou, Akanni A. Ibouaïma and Balogoun EP Akanni Naimatou, all individuals, to Ecobank Benin attract a rate of 7.5%.
- n) Atlantic Cost Regional Fund (ACRF) to Ecobank Chad, Ecobank Liberia and Ecobank Rwanda are convertible loans expiring in 2015.
- o) National Social Security and Insurance Trust of Sierra Leone loan to Ecobank Sierra Leone with interest rate of 11.5% maturing in 2015.

Notes to consolidated financial statements (continued)

(All amounts in \$US thousands unless otherwise stated)

32. Other liabilities

	Year ended 31 December	
	2010	2009
Accrued income	42,315	40,851
Unclaimed dividend	8,596	6,227
Accruals	379,646	303,689
Other provisions (Note 33)	6,183	10,870
Obligations under customers' letters of credit	25,446	42,263
Bankers draft	34,512	67,427
Others	22,266	5,674
	518,964	477,001

Other liabilities are expected to be settled within no more than 12 months after the date of the consolidated statement of financial position.

33. Other provisions

At 1 January	10,870	12,784
Additional provisions charged to income statement	3,938	6,146
Provision no longer required	(56)	(2,476)
Utilised during year	(4,844)	(2,449)
Exchange differences	(3,725)	(3,135)
At 31 December	6,183	10,870

Other provisions represent amounts provided for in respect of various litigations pending in court. Based on professional advice, the amounts for pending litigations have been set aside to cover the expected losses to the Group on the determination of these litigations.

34. Deferred income taxes

Deferred income taxes are calculated using the enacted tax rate of each subsidiary.

The movement on the deferred income tax account is as follows:

At 1 January	7,465	21,591
Income statement charge	(23,881)	(15,694)
Available-for-sale securities:		
- Fair value remeasurement	8,340	84
- Transfer to net profit	(40)	430
Revaluation of property and equipment	-	15,650
Others	-	(12,400)
Exchange differences	(174)	(2,196)
At 31 December	(8,290)	7,465

Deferred income tax assets and liabilities are attributable to the following items:

Deferred income tax liabilities		
Accelerated tax depreciation	13,142	10,296
Available-for-sale securities	12,807	4,483
Revaluation of property and equipment	13,823	15,650
Other temporary differences	(12,330)	2,314
	27,442	32,743

Deferred income tax assets

Pensions and other post retirement benefits	37	62
Provisions for loan impairment	3,949	1,783
Other provisions	10,545	7,376
Tax loss carried forward	21,203	16,058
	35,734	25,279



	Year ended 31 December	
	2010	2009
Deferred tax liabilities		
- To be recovered within 12 months	19,556	6,692
- To be recovered after more than 12 months	7,886	26,051
	27,442	32,743
Deferred tax assets		
- To be recovered within 12 months	11,675	6,161
- To be recovered after more than 12 months	24,059	19,118
	35,734	25,279
The deferred tax charge in the income statement comprises the following temporary differences:		
Accelerated tax depreciation	2,846	(5,829)
Pensions and other post retirement benefits	25	2,672
Allowances for loan losses	(2,166)	(257)
Other provisions	(3,169)	(2,642)
Tax losses carry forward	(5,145)	(15,463)
Other temporary differences	(14,644)	5,825
Exchange differences	(1,628)	-
	(23,881)	(15,694)

Deferred income tax assets are recognised for tax losses carried forward only to the extent that realisation of the related tax benefit is probable.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes related to the same fiscal authority.

Income tax effects relating to components of other comprehensive income.

	2010			2009		
	Gross	Tax	Net	Gross	Tax	Net
Fair value gains/loss on available for sale	28,979	(8,300)	20,679	1,055	(514)	541
Revaluation gains/loss on property and equipment	-	-	-	63,522	(15,650)	47,872
	28,979	(8,300)	20,679	64,577	(16,164)	48,413

35. Retirement benefit obligations

	Year ended 31 December	
	2010	2009
Amounts recognised in the statement of financial position:		
Other post retirement benefits	8,147	8,973
Apart from the pension schemes, the Group operates a post employment gratuity payment scheme. The method of accounting and the frequency of valuations are as described in Note 2.23.		
The Group operates a post employment gratuity payment scheme. The amounts recognised in the statement of financial position are as follows:		
Present value of funded obligations	9,484	9,405
Fair value of plan assets	(6,139)	(5,692)
	3,345	3,713
Present value of unfunded obligations	4,646	5,141
Unrecognised actuarial losses	156	119
Liability in the statement of financial position	8,147	8,973
The amounts recognised in the income statement are as follows:		
Current service cost	3,116	3,138
Interest cost	1,059	947
Expected return on plan assets	(664)	(483)
Net actuarial losses recognised in year	(1,565)	(1,562)
Total included in staff costs	1,946	2,040





Notes to consolidated financial statements (continued)

(All amounts in \$US thousands unless otherwise stated)

35. Retirement benefit obligations (continued)

	Year ended 31 December	
	2010	2009
The movement in the liability recognised in the statement of financial position is reconciled as follows:		
At 1 January	8,973	12,169
Total expense as above (Note 13)	1,946	2,040
Contributions paid	(2,482)	(5,055)
Exchange differences	(290)	(181)
At 31 December	8,147	8,973

The plan assets relate to funded post employment gratuity obligations for Ecobank Nigeria Plc. The movement in the fair value of the plan assets for the year is as follows;

At 1 January	5,692	2,948
Expected return on plan assets	664	483
Contributions	1,225	2,682
Exchange differences	(1,442)	(421)
At 31 December	6,139	5,692

The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. The principal assumptions used for the subsidiaries operating in the UEMOA region were as follows:

Discount rate	3%	3%
Expected return on plan assets	1.8%	1.8%
Future salary increases	2%	2%

The principal assumptions used for the employees of Ecobank Nigeria Plc. were as follows:

Discount rate	12%	12%
Expected return on plan assets	12%	12%
Future salary increases	10%	10%

36. Contingent liabilities and commitments

a) Legal proceedings

There were a number of legal proceedings outstanding against the Group at 31 December 2010 with contingent liabilities of US\$147.8m (2009: US\$80.6m). No provision has been made as professional advice indicates that it is unlikely that any significant loss will arise.

b) Capital commitments

At 31 December 2010, the Group had capital commitments of US\$74.3m (2009: US\$45.7m) in respect of buildings and equipment purchases. The Group's management is confident that future net revenues and funding will be sufficient to cover this commitment.

c) Loan commitments, guarantee and other financial facilities

At 31 December 2010 the Group had contractual amounts of the off-statement of financial position financial instruments that commit it to extend credit to customers guarantees and other facilities are as follows:

	2010	2009
Acceptances	82,099	34,563
Guaranteed commercial papers	488,003	427,168
Documentary and commercial letters of credit	699,043	513,011
Performance bond, guarantees and indemnities	791,355	580,948
Loan commitments	223,600	60,086
	2,284,100	1,615,776



37. Share capital

	No of shares ('000)	Ordinary shares	Share premium	Total
At 1 January 2009	8,733,894	218,236	556,260	774,496
Reclassification	(1,582)	-	(1,005)	(1,005)
Restated	8,732,312	218,236	555,255	773,491
Convertible debt converted	1,181,056	29,526	63,692	93,218
At 31 December 2009/ 1 January 2010	9,913,368	247,762	618,947	866,709
At 31 December 2010	9,913,368	247,762	618,947	866,709

The total authorised number of ordinary shares at year end was 50 billion (2009: 50 billion) with a par value of US\$0.025 per share (2009: US\$0.025 per share).

No new shares were issued in 2010.

Share options

The Group offers share option to certain employees with more than three years' service. Options are conditional on the employee completing three year's service (the vesting period). The options are exercisable starting three years from the grant date. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movement in the number of share options outstanding are as follows:

	Year ended 31 December	
	2010	2009
At 1 January	346,120	352,720
Lapsed	-	(6,600)
At 31 December	346,120	346,120

Share options were granted on 1 January 2007 at a price of 8 cents per share and expire on 31 December 2011. No option was exercisable at 31 December 2010.

The number of shares outstanding at the end of the year was as follows:

Expiry date; 1 January	2010	2009
2010	148,060	148,060
2011	139,166	139,166
2012	58,894	58,894
	346,120	346,120

For the employees share option plan, options may be exercised prior to the tenth anniversary of the grant, no later than 31 December 2016.

38. Retained earnings and other reserves

a) Retained earnings

Movements in retained earnings were as follows:

At 1 January	221,610	206,401
Reclassification of share issue expenses from share premium	-	1,005
Restated	221,610	207,406
Net profit for year	112,716	51,075
Dividend	(29,745)	(17,500)
Employee share option scheme	4,130	3,313
Transfer to general banking reserve	(11,180)	(9,449)
Transfer to statutory reserve	(15,281)	(13,235)
At 31 December	282,250	221,610



Notes to consolidated financial statements (continued)

(All amounts in \$US thousands unless otherwise stated)

38. Retained earnings and other reserves (continued)

	Year ended 31 December	
	2010	2009
b) Other Reserves		
General banking reserve	44,917	33,737
Statutory reserve	101,733	86,452
Revaluation reserve - Available-for-sale investments	43,944	23,265
Revaluation reserve - property and equipment	47,872	47,872
Translation reserve	(232,078)	(167,516)
	6,388	23,810

Movements in the other reserves were as follows:

i) General banking reserve		
At 1 January	33,737	24,288
Transfer from retained earnings	11,180	9,449
At 31 December	44,917	33,737

The general banking reserve represents transfers from retained earnings for unforeseeable risks and future losses. General banking reserves can only be distributed following approval by the shareholders in general meeting.

ii) Statutory reserve		
At 1 January	86,452	73,217
Transfer from retained earnings	15,281	13,235
At 31 December	101,733	86,452

Statutory reserves represents accumulated transfers from retained earnings in accordance with relevant local banking legislation. These reserves are not distributable.

iii) Revaluation reserves - Available -for-sales		
At 1 January	23,265	22,724
Net (loss)/gains transferred to income statement (Note 11)	(171)	1,403
Less deferred tax (Note 34)	40	(430)
Net gain/loss from changes in fair value (Notes 17 and 22)	29,150	(348)
Deferred income taxes (Note 34)	(8,340)	(84)
At 31 December	43,944	23,265

iv) Revaluation Reserve - property and equipment		
At 1 January	47,872	-
Net gains/(losses) from changes in fair value	-	63,522
Deferred income taxes	-	(15,650)
At 31 December	47,872	47,872

v) Translation reserve		
At 1 January	(167,516)	(72,448)
Currency translation difference arising during the year	(64,562)	(95,068)
At 31 December	(232,078)	(167,516)

39. Dividends per share

Final dividends are not accounted for until they have been ratified at the Annual General Meeting. At the forthcoming annual general meeting, a dividend in respect of 2010 of 0.4 cents per share (2009: 0.3 cents per share) is to be proposed. This amounts to a total of US\$39.7 million (2009: US\$29.7 million). The financial statements for the year ended 31 December 2010 do not reflect these dividends, which will be accounted for in the shareholder's equity as an appropriation of retained profits in the year ending 31 December 2011.





40. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise the following balances with less than three months maturity from the date of acquisition.

Cash and balances with central banks (Note 16)	689,516	563,668
Treasury Bills and other eligible bills (Note 17)	221,421	171,650
Deposits with other banks (Note 18)	653,271	674,811
Deposits from other banks (Note 28)	(372,384)	(393,403)
	1,191,824	1,016,726

41. Related party transactions

A number of banking transaction are entered into with related parties in the normal course of business. These transactions include loans, deposits, and foreign currency transactions. The volumes of related party transactions, outstanding balances at the year end, and relating expense and income for the year as follows:

Loans and advances	Year ended 31 December			
	Directors and key management personnel		Related companies	
	2010	2009	2010	2009
Loans outstanding at 1 January	6,367	5,065	33,989	31,782
Loans issued during the year	2,088	2,949	53,100	21,559
Loan repayments during the year	(480)	(2,015)	(790)	(18,056)
Exchange difference	(148)	368	(713)	(1,296)
Loans outstanding at 31 December	7,827	6,367	85,586	33,989
Interest income earned	69	262	3,655	5,509

No provisions have been recognised in respect of loans given to related parties (2009:nil).

The loans issued to Executive Directors during the year and related companies controlled by Directors were given on commercial terms and market rates.

Deposits from related parties	Year ended 31 December			
	Directors and key management personnel		Related companies	
	2010	2009	2010	2009
Deposits at 1 January	492	2,194	625	113
Deposits received during the year	7,412	2,409	4,480	51,296
Deposits repaid during the year	7,043	(2,318)	(4,743)	(50,865)
Exchange difference	(321)	(1,793)	(98)	81
Deposits at 31 December	14,626	492	264	625
Interest expense on deposits	105	16	-	175

Directors' remuneration	Year ended 31 December	
	2010	2009
Total remuneration of the Directors	2,721	2,533

Key management compensation		
Salaries and other short term benefits	1,079	1,008



Notes to consolidated financial statements (continued)

(All amounts in \$US thousands unless otherwise stated)

42. Major business acquisitions

In May 2010, Ecobank Sierra Leone completed a 100% acquisition of Pro Credit of Sierra Leone. Pro Credit is a micro finance company. The acquired institution contributed operating income and a loss of US\$1.2 million and US\$0.7 million respectively to the Group for the period ending 31 December 2010. ETI holds 100% interest in Ecobank Sierra Leone.

The details of the fair value of the assets and liabilities acquired and goodwill arising are as follows:

	Fair value on date of Acquisition 13 May 2010	Pro Credit Acquiree's previous carrying value 31 December 2009
Cash and cash equivalent	3,771	5,504
Loans and advances to customers	2,130	2,089
Property, plant and equipment	2,914	3,155
Other assets	814	536
Deposit from banks	-	-
Deposit from customers	(8,123)	(9,496)
Other borrowed funds	(1,261)	(1,034)
Other liabilities	(652)	(560)
Net assets value	(407)	194
Less minority interest	-	-
Net assets acquired	(407)	-
Cost of acquisition (discharged by cash)	649	-
Net assets acquired	(407)	-
Goodwill	1,056	-
Cost of acquisition (discharged by cash)	649	-
Cash and cash equivalents in subsidiaries acquired	3,771	-
Net cash flow	3,122	-

43. Events after reporting date

- a. In January 2011, ETI concluded the acquisition of 70% interest in Premier Finance Group Ltd in Zimbabwe. The bank has since been renamed Ecobank Zimbabwe.
- b. In January 2011, ETI concluded loan deal with EIB amounting US\$50 million. Disbursement is yet to take place upon completion of documentation processes.
- c. Following the political crises in Cote d'Ivoire after the presidential elections in November 2010, most financial institutions including Ecobank Cote d'Ivoire, Ecobank Asset Management and Ecobank Investment Corporation, all in Cote d'Ivoire, temporarily suspended operations in February 2011.
- d. In March 2011, Ecobank Nigeria concluded the sale of US\$372.4 million of its non performing loans to the Asset Management Company of Nigeria (AMCON). Had this sale taken place by 31 December 2010, the non performing loans ratio of the Group would have been 9.3% instead of 15.2% reported.

Five-year summary of financials

(All amounts in \$US thousands unless otherwise stated)

	2010	2009	2008	2007	2006
At the year end					
Total Assets	10,466,871	9,006,523	8,306,186	6,550,224	3,503,739
Loans and advances to customers	5,264,184	4,766,197	3,754,206	3,117,036	1,919,366
Deposits from customers	7,924,585	6,472,459	5,798,895	4,714,327	2,500,178
Total equity	1,292,610	1,235,565	1,157,622	651,760	482,315
Book value per share (cents)	11.4	12.1	11.4	6.5	4.8
For the year					
Revenues	899,643	873,318	826,124	543,988	348,464
Profit before tax	169,026	101,066	162,385	190,570	129,299
Profit after tax	131,819	64,600	111,140	138,936	86,365
Profit attributable	112,716	51,075	94,195	107,373	69,350
Earnings per share (cents)	1.14	0.58	1.39	1.56	1.11
Earnings per share – diluted (cents)	1.13	0.57	1.35	1.51	1.11
Dividend per share (cents)	0.4	0.3	0.2	0.4	0.3
Return on average equity	10.4%	5.6%	17.1%	24.5%	23.0%
Return on average assets	1.4%	0.7%	1.5%	2.8%	3.0%
Efficiency ratio	69.9%	72.4%	66.7%	61.4%	59.0%



Parent company's financial statement

(All amounts in \$US thousands unless otherwise stated)

Income statement

	Year ended 31 December	
	2010	2009
Interest income	1 328	8 604
Interest expense	(4,570)	(7,831)
Net interest (expense)/income	(3,242)	773
Fee and commission income	24,917	15,420
Fee and commission expense	(186)	(681)
Net interest, fee and commission income	21,489	15,512
Dividend income	74,278	67,817
Operating expenses	(19,269)	(20,462)
Profit for the year	76,498	62,867

Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in US\$ per share):

- Basic	0.77	0.71
- Diluted	0.77	0.70

Statement of comprehensive income

	Year ended 31 December	
	2010	2009
Profit for the year	76,498	62,867
Other comprehensive income:		
Available-for-sale investments:		
- Net valuation losses taken to equity	-	(234)
Other comprehensive income for the year	-	(234)
Total comprehensive income for the year	76,498	62,633





Statement of financial position

	Year ended 31 December	
	2010	2009
Assets		
Loans and advances to banks	30,480	97,439
Investment securities – available- for-sale	6,078	6,193
Investment in subsidiaries	1,043,874	951,833
Investments in associates	427	-
Other assets	64,580	65,689
Property and equipment	27,046	18,054
Total assets	1,172,485	1,139,208
Liabilities		
Borrowed funds	106,784	123,947
Other liabilities	32,149	33,630
Retirement benefit obligations	3,844	2,807
Total liabilities	142,777	160,384
Equity		
Share capital	866,709	866,709
Retained earnings	117,618	78,209
Other reserves	45,381	33,906
Total equity	1,029,708	978,824
Total liabilities and equity	1,172,485	1,139,208





Parent company's financial statement (continued)

(All amounts in \$US thousands unless otherwise stated)

Statement of changes in equity

	Share capital	Retained earnings	Other reserves	Total
At 1 January 2009	773,491	38,959	29,242	841,692
Total recognised income for 2009	-	62,867	-	62,867
Dividend relating to 2008	-	(17,500)	-	(17,500)
Share option granted	-	3,313	-	3,313
Net change in available for sale investments, net of tax	-	-	(234)	(234)
Transfer to general banking reserve	-	(9,430)	9,430	-
Proceeds from issue of shares	93,218	-	(4,532)	88,686
At 31 December 2009/1 January 2010	866,709	78,209	33,906	978,824
Net profit for the year	-	76,498	-	76,498
Total recognised income for 2010	-	76,498	-	76,498
Dividend relating to 2009	-	(29,744)	-	(29,744)
Share option granted	-	4,130	-	4,130
Transfer to general banking reserve	-	(11,475)	11,475	-
At 31 December 2010	866,709	117,618	45,381	1,029,708



Statement of cash flows

	Year ended 31 December	
	2010	2009
Cash flows from operating activities		
Profit for the year	76,498	62,867
Depreciation	435	354
Provision for gratuity	1,037	555
Dividend received	(74,278)	(67,817)
Share option granted	342	3,313
Profit/loss on disposal of property and equipment	(38)	-
Cash flows from operating profits before changes in operating assets and liabilities	3,996	(728)
Changes in operating assets and liabilities		
- net increase in other assets	1,109	462,148
- net decrease in other liabilities	(1,481)	(18,789)
Net cash used in operating activities	3,624	442,631
Cash flows from investing activities		
Dividend received	74,278	67,817
Purchase of property and equipment	(9,507)	(9,393)
Proceeds from sale of property and equipment	118	27
Investments in subsidiaries	(88,253)	(603,128)
Investments in associate	(427)	-
Investments securities available for sale	115	(6,427)
Net cash used in investing activities	(23,676)	(551,104)
Cash flows from financing activities		
Repayment of borrowed funds	(17,163)	(105,097)
Drawdown on borrowed funds	-	352
Proceeds from issue of ordinary shares	-	93,218
Dividends paid	(29,744)	(17,500)
Net cash used in financing activities	(46,907)	(29,027)
Net (decrease)/increase in cash and cash equivalents	(66,959)	(137,500)
Cash and cash equivalents at beginning of year	97,439	234,939
Cash and cash equivalents at end of year	30,480	97,439



Executive Management

Group Executive Management

Arnold Ekpe	Group Chief Executive Officer
Patrick Akinwuntan	Group Executive, Head Domestic Bank
Dele Babade	Group Executive, Head Ecobank Capital
Laurence do Rego	Group Executive Director, Head Finance and Risk
Albert Essien	Group Executive Director, Head Corporate Bank
Eddy Ogbogu	Group Executive, Head Operations and Information Technology, Managing Director, eProcess International
Evelyne Tall	Group Executive Director, Group Chief Operating Officer

Country Heads (Africa affiliates)

Cheikh Travaly	Benin	Anthony Okpanachi	Kenya
Roger Dah Achinanon	Burkina-Faso	Kola Adeleke	Liberia
Stéphane Doukouré	Burundi	Olufemi Salu	Malawi
Assiongbon Ekué	Cameroon	Binta Ndoye	Mali
Da Cruz Ibraltino	Cape Verde	Moukaramou Chanou	Niger
Christian Assossou	Central African Rep.	Jibril Aku	Nigeria
Mahamat Ali Kerim	Chad	Gilles Guérard	Rwanda
Lazare Noulekou	Congo (Brazzaville)	Alfred Kasongo	Sao Tome & Principe
Serge Ackré	Congo (Dem. Rep. of)	Yves Coffi Quam-Dessou	Senegal
Charles Daboiko	Côte d'Ivoire	Clement Dodoo	Sierra Leone
Jean-Baptiste Siate	Gabon	James Cantamantu-Koomson	Tanzania
Marème B. Mbaye Ndiaye	The Gambia	Didier Correa	Togo
Samuel Ashitey Adjei	Ghana	Oladele Alabi	Uganda
Moustapha Fall	Guinea	Charity Lumpa	Zambia
Adama Sene Cissé	Guinea-Bissau	Daniel Sackey	Zimbabwe

Heads of representative offices and Paris affiliate

Albert Essien	Johannesburg
Yoro Diallo	Dubai
Karen Akiwumi Tanoh	Luanda
Christophe Jocktane-Lawson	Paris
Geoffrey Armstrong	London



Shareholder information

1. Group Office

Ecobank Transnational Incorporated

2, Avenue Sylvanus Olympio
B.P. 3261, Lome – Togo
Phone: (228) 221 03 03
(228) 221 31 68
Fax: (228) 221 51 19
Contact: Ato Arku, aarku@ecobank.com

2. Company Secretary

Mr Morgan Sianko Asiedu

2, Avenue Sylvanus Olympio
B.P. 3261, Lome – Togo
Phone: (228) 221 03 03
(228) 221 31 68
Fax: (228) 221 51 19
E-mail: masiedu@ecobank.com

3. Registrars

Abidjan:

EDC Investment Corporation

Immeuble Alliance, 4ème étage
Avenue Terrasson de Fougères
01 BP 4107 – Abidjan 01 – Côte d'Ivoire
Phone: (225) 20 21 10 44
Fax: (225) 20 21 10 46
Contact: Brice Parfait ALLET, ballet@ecobank.com

Accra:

Ghana Commercial Bank

Registry Department
Thorpe Road, High Street
P.O. Box 134, Accra – Ghana
Phone: (233) (0)302 668 656
Fax: (233) (0)302 668 712
Contact: Gladys Wuo Asare, gcbshares@gcb.com.gh
gwu-asare@gcb.com.gh
Kojo Essel, kessel@gcb.com.gh

Lagos:

EDC Securities Limited

Registrars Department
139 Broad Street
Lagos – Nigeria
Phone: (234) 01 7301260 – 1
Fax: (234) 1 461 03 45
Contact: Prisca Enwe, penwe@ecobank.com
James Napoleon, njames@ecobank.com

4. Stock Exchanges

Bourse Régionale Des Valeurs Mobilières

18, Rue Joseph Anoma – (Rue des Banques)
01 BP 3802 – Abidjan 01 – Côte d'Ivoire
Phone: (225) 20 32 66 85
(225) 20 32 66 86
Fax: (225) 20 32 66 84
Contact: Le Directeur Général, brvm@brvm.org

Ghana Stock Exchange

5th Floor, Cedi House
P.O. Box 1849, Accra – Ghana
Phone: (233) (0)302 669 908
(233) (0)302 669 914
(233) (0)302 669 935
Fax: (233) (0)302 669 913
Contact: The Managing Director, info@gse.com.gh

Nigerian Stock Exchange

Stock Exchange House – (8th, 9th, and 11th Floors)
2/4 Customs Street
P.O. Box 2457, Lagos – Nigeria
Phone: (234) 1 4638333
(234) 1 4638364
(234) 1 4638335
Fax: (234) 1 4622873
(234) 1 4628337
Contact: nse@nigerianstockexchange.com
Web: www.nigerianstockexchange.com



Holding company and subsidiaries

Group Office: Ecobank Transnational Incorporated

2, Avenue Sylvanus Olympio
B.P. 3261, Lomé – Togo
Tél. : (228) 221 03 03 / 221 31 68
Fax : (228) 221 51 19

1. Bénin

Rue du Gouverneur Bayol
01 B.P. 1280, Cotonou – Bénin
Tél. : (229) 21 31 30 69 / 21 31 40 23
Fax : (229) 21 31 33 85

2. Burkina Faso

49, Rue de l'Hôtel de Ville
01 B.P. 145
Ouagadougou 01 – Burkina Faso
Tél. : (226) 50 33 33 33 / 50 49 64 00
Fax : (226) 50 31 89 81

3. Burundi

6, Rue de la Science
B.P. 270, Bujumbura – Burundi
Tél. : (257) 22 22 63 51
Fax : (257) 22 22 54 37

4. Cameroun

Boulevard de la Liberté
B.P. 582
Douala – Cameroun
Tél. : (237) 33 43 82 51 – 53
(237) 33 43 84 88 – 89
Fax : (237) 33 43 86 09

5. Centrafrique

Place de la République
B.P. 910
Bangui – République Centrafricaine
Tél. : (236) 21 61 00 42
Fax : (236) 21 61 61 36

6. Cape Verde

Praça Infante D. Henrique, N° 18
C.P. 374 / c Praia
Santiago – Cabo Verde
Tel: (238) 260 36 60
Fax: (238) 261 10 90

7. Congo

Rond point de la Coupole
B.P. 2485, Brazzaville – Congo
Tél. : (242) 600 04 04 / 547 00 35

8. Congo (République Démocratique)

Immeuble Future Tower
3642 Boulevard du 30 Juin
B.P. 7515, Kinshasa
Gombe – RD Congo
Tél. : (243) 99 60 16 000
Fax : (243) 99 60 17 070

9. Côte d'Ivoire

Immeuble Alliance
Avenue Terrasson de Fougères
01 B.P. 4107 – Abidjan 01
Côte d'Ivoire
Tél. : (225) 20 31 92 00
Fax : (225) 20 21 88 16

10. Gabon

214, avenue Bouet, 9ème Étage
B.P. 12111, Libreville – Gabon
Tél. : (241) 76 20 71 / 76 20 73
Fax : (241) 76 20 75

11. The Gambia

42 Kairaba Avenue
P.O. Box 3466
Serrekunda – The Gambia
Tel: (220) 439 90 31 – 33
Fax: (220) 439 90 34

12. Ghana

19 Seventh Avenue Ridge West
P.O. Box 16746
Accra North – Ghana
Tel: (233) 0302 68 11 66 – 67
Fax: (233) 0302 68 04 28

13. Guinée

Immeuble Al Iman
Avenue de la République
B.P. 5687
Conakry – Guinée
Tél. : (224) 30 45 57 77 / 76
Fax : (224) 30 45 42 41

14. Guinée-Bissau

Avenue Amilcar Cabral
B.P. 126, Bissau – Guinée-Bissau
Tél. : (245) 320 73 60 – 61
Fax : (245) 320 73 63

15. Kenya

Ecobank Towers
Muindi Mbingu Street
P.O. Box 49584, Code 00100
Nairobi – Kenya
Tel: (254) 20 288 3000
Fax: (254) 20 224 9670

16. Liberia

Ashmun and Randall Street
P.O. Box 4825
1000 Monrovia 10 – Liberia
Tel: (231) 727 72 77 / 697 44 94 – 6
Fax: (231) 701 22 90

17. Malawi

Ecobank House
Corner Victoria Avenue
and Henderson Street
Private Bag 389, Chichiri
Blantyre 3 – Malawi
Tel: (265) 01 822 099 / 808 / 681
Fax: (265) 01 820 583

18. Mali

Place de la Nation
Quartier du Fleuve
B.P. E1272
Bamako – Mali
Tél. : (223) 20 70 06 00
Fax : (223) 20 23 33 05

19. Niger

Angle Boulevard de la Liberté
et Rue des Bâisseurs
B.P. 13804, Niamey – Niger
Tél. : (227) 20 73 71 81 – 83
Fax : (227) 20 73 72 03 – 04

20. Nigeria

Plot 21, Ahmadu Bello Way
P.O. Box 72688, Victoria Island
Lagos – Nigeria
Tel: (234) 1 2710391 – 5
Fax: (234) 1 2616568

21. Rwanda

Plot 314, Avenue de la Paix
P.O. Box 3268
Kigali – Rwanda
Tel: (250) 252 503580 – 8
Fax: (250) 252 50132

22. São Tomé e Príncipe

Edifício HB, Travessa do Pelourinho
C.P. 316
São Tomé – São Tomé e Príncipe
Tél. : (239) 222 21 41 / 222 50 02
Fax : (239) 222 26 72

23. Sénégal

Km 5, Avenue Cheikh Anta DIOP
B.P. 9095 - CD
Dakar – Sénégal
Tél. : (221) 33 859 99 99
Fax: (221) 33 859 99 98





24. Sierra Leone

7 Lightfoot Boston Street
P.O. Box 1007
Freetown – Sierra Leone
Tel: (232) 22 221 704 / 227 801
Fax: (232) 22 290 450

25. Tanzania

Karimjee Jivanjee Building
Sokoine Drive
P. O. Box 20500
Dar-es-Salaam – Tanzania
Tel: (255) 22 213 7447
Fax: (255) 22 213 7446

26. Tchad

Avenue Charles de Gaulle
B.P. 87
N'Djaména – Tchad
Tél. : (235) 2252 43 14 / 21
Fax : (235) 2252 23 45

27. Togo

20, Avenue Sylvanus Olympio
B.P. 3302
Lomé – Togo
Tél. : (228) 221 72 14
Fax : (228) 221 42 37

28. Uganda

Plot 4, Parliament Avenue
P.O. Box 7368
Kampala – Uganda
Tel: (256) 417 700 100/ 102
Fax: (256) 312 266 079

29. Zambia

22768 Thabo Mbeki Road
P.O. Box 30705
Lusaka – Zambia
Tel: (260) 211 250 056 – 7
(260) 211 250 202 – 4
Fax: (260) 211 250 171

30. Zimbabwe

Sam Levy's Office Park
2 Piers Road, Box BW1464, Borrowdale, Harare, Zimbabwe
Tel: (263-4) 851642 – 9
(263-4) 852252 – 69
Fax: (263-4) 851630 / 9
Tollfree: 0803 2 800 000

31. EBI SA Groupe Ecobank

Les Collines de l'Arche
Immeuble Concorde F
76 route de la Demi-Lune
92057 Paris La Défense Cedex
France
Tél. : (33) 1 70 92 21 00
Fax : (33) 1 70 92 20 90

32. Ecobank South Africa

Representative Office
4 Sandown Valley Crescent
4th Floor, Sandton 2196
Johannesburg – South Africa
Tel: (27) 11 783 6197 / 6431 / 6391
Fax: (27) 11 783 6852

33. Ecobank Dubai

Representative Office
Level 26d, Jumeirah Emirates Towers
Shaikh Zayed Road, P.O. Box 29926
Dubai – UAE
Tel: (971) 4 327 6996
Fax: (971) 4 327 6990

34. Ecobank Angola

Representative Office
Rua dos Coqueiros N° 13
Bairro dos Coqueiros, C.P 25
Luanda – Angola
Tel: (244) 222 372 904

35. Ecobank Development Corporation (EDC)

2, Avenue Sylvanus Olympio
B.P. 3261, Lomé – Togo
Tél. : (233) 21 25 17 23
Fax : (233) 21 25 17 34

36. EDC Investment Corporation

Immeuble Alliance, 4ème étage
Avenue Terrasson de Fougères
01 B.P. 4107 – Abidjan 01
Côte d'Ivoire
Tél. : (225) 20 21 10 44 / 20 31 92 24
Fax : (225) 20 21 10 46

37. EDC Stockbrokers Limited

5 Second Ridge Link, North Ridge
P.O. Box 16746
Accra North – Ghana
Tel: (233) 21 25 17 23 / 24
Fax: (233) 21 25 17 20

38. EDC Securities Limited

Plot 21, Ahmadu Bello Way
P.O. Box 72688, Victoria Island
Lagos – Nigeria
Tel: (234) 1 761 3833 / 761 3703
Fax: (234) 1 271 4860

39. EDC Asset Management

Immeuble Alliance, 4ème étage
Avenue Terrasson de Fougères
01 B.P. 4107 – Abidjan 01
Côte d'Ivoire
Tél. : (225) 20 22 26 68

40. eProcess International SA

20, Avenue Sylvanus Olympio
B.P. 4385
Lomé – Togo
Tél. : (228) 222 23 70
Fax : (228) 222 24 34

41. EDC Investment Corporation

Rue Prince de Galles Akwa
Immeuble Activa - 2ème étage
BP : 15385 Douala - Cameroun
Tél. : (237) 33 43 13 71 / 76
Fax : (237) 33 43 13 77

42. EBI SA Representative Office – London (Opening soon)

2nd floor, 20 Old Broad Street
London - EC2N 1DP
United Kingdom
Tél. : (44) 74 15 611 249

Contact centers/ Centres d'appel

Ghana

Tel: (233) 302 213999
800 30000
(Toll free from Ghana)

Côte d'Ivoire

Tél. : (225) 22 400 200

Nigeria

Tel: (234) 1270 1323
(234) 8063 262265

Cameroun

Tél. : (237) 33 431 363

Kenya

Tel: (254) 20-4968000
(254) 20 08002212218

