Ecobank Group
Annual Report 2014

The preferred banking partner in Africa

Ecobank
The Pan African Bank

Our key figures

As at 31 December 2014

US$2.7bn
Total Equity

US$24.2bn
Total Assets

1,265
Ecobank Branches and Offices

20,331
Ecobank Employees

2,690
Ecobank ATMs

10.8m
Ecobank Customers

Contents

2014 Highlights

2014 was a year of refocus and renewal for Ecobank.

We implemented a 51-point action plan to improve our internal controls and corporate governance and we reconstituted the Group's Board of Directors.

Our strong financial performance reflected a renewed focus on driving efficiency across the Group, leveraging the strength of our pan-African platform to better service our customers.

We strengthened our capital base increasing Tier 1 capital by nearly US$ 1 billion.

We welcomed two new major institutional shareholders – our long-standing strategic partners, the Nedbank Group, and the Qatar National Bank (QNB), Qatar's largest bank and the leading financial institution in the Middle East and North Africa region.


PREMIER BANKING
by Ecobank

Ecobank at a glance

Ecobank is the leading pan-African banking group, with a presence in 36 African countries and international offices in Paris, London, Dubai and Beijing. At year end 2014, the Group had US$24.2 billion in total assets and US$2.7 billion in total equity. Ecobank is listed on the Lagos, Accra and Abidjan (BRVM) stock exchanges.

Our vision and mission

Our vision is to build a world-class pan-African bank and contribute to the economic development and financial integration of Africa. Our mission is to provide all of our customers with convenient and reliable financial products and services.

We are optimistic about both Africa's future and the prospects for its financial services sector. That optimism continues to underpin our pan-African strategy today, just as it did 26 years ago at the opening of our first branch in Togo. Every day our 20,331 employees work hard to service our more than 10.8 million customers, who range from households to governments, domestic and multinational businesses. By providing innovative products and excellent customer service, over time, we hope to create sustainable value for all Ecobank stakeholders.

We believe we have a responsibility to be socially relevant to the communities that we serve. We are also strongly committed to sustainable development of the region and are a signatory of the Equator Principles, the UNEP Finance Initiative and the UN Global Compact.

Our geographical clusters

Our geographical clusters in Africa are segmented according to shared attributes such as common currency and central bank, size and membership of existing Regional Economic Communities. Within these clusters, Ecobank is structured as a network of locally incorporated, regulated banking entities.

Ecobank Nedbank alliance: the African champion banking network

Formed in 2008, the Ecobank Nedbank alliance is the largest banking network in Africa, with more than 2,000 branches in 39 countries. As part of its commitment to offering a uniquely One Bank experience, the alliance provides tailored banking and business advisory solutions to Ecobank and Nedbank clients across Africa. This includes our advisory service, LocalKnowledgeAfrica™, which provides tailored research and market intelligence for businesses seeking to expand their presence or taking their first steps in Middle Africa.

Nedbank cemented this long term partnership with Ecobank in 2014 by becoming the Group's largest shareholder with a 20% ordinary equity stake.

Through our three customer-centric business segments, Corporate and Investment Bank, Domestic Bank and Treasury, we provide a full range of retail, wholesale, investment and transactional banking services.

Ecobank
The Pan African Bank

Corporate and Investment Bank

(See page 32)

We provide financial solutions to global, regional and public corporates, financial institutions and international organisations. Products and services include pan-African lending, trade services, cash management, internet banking and value chain finance. We also provide corporate finance, investment banking and securities and asset management.

Domestic Bank

(See page 33)

We provide a full range of convenient, accessible, and reliable financial products and services to more than 10.8 million individuals, small businesses, local corporates and public sector organizations, through our extensive network of 1,265 branches and offices, 2,690 ATMs and 14,233 POS.

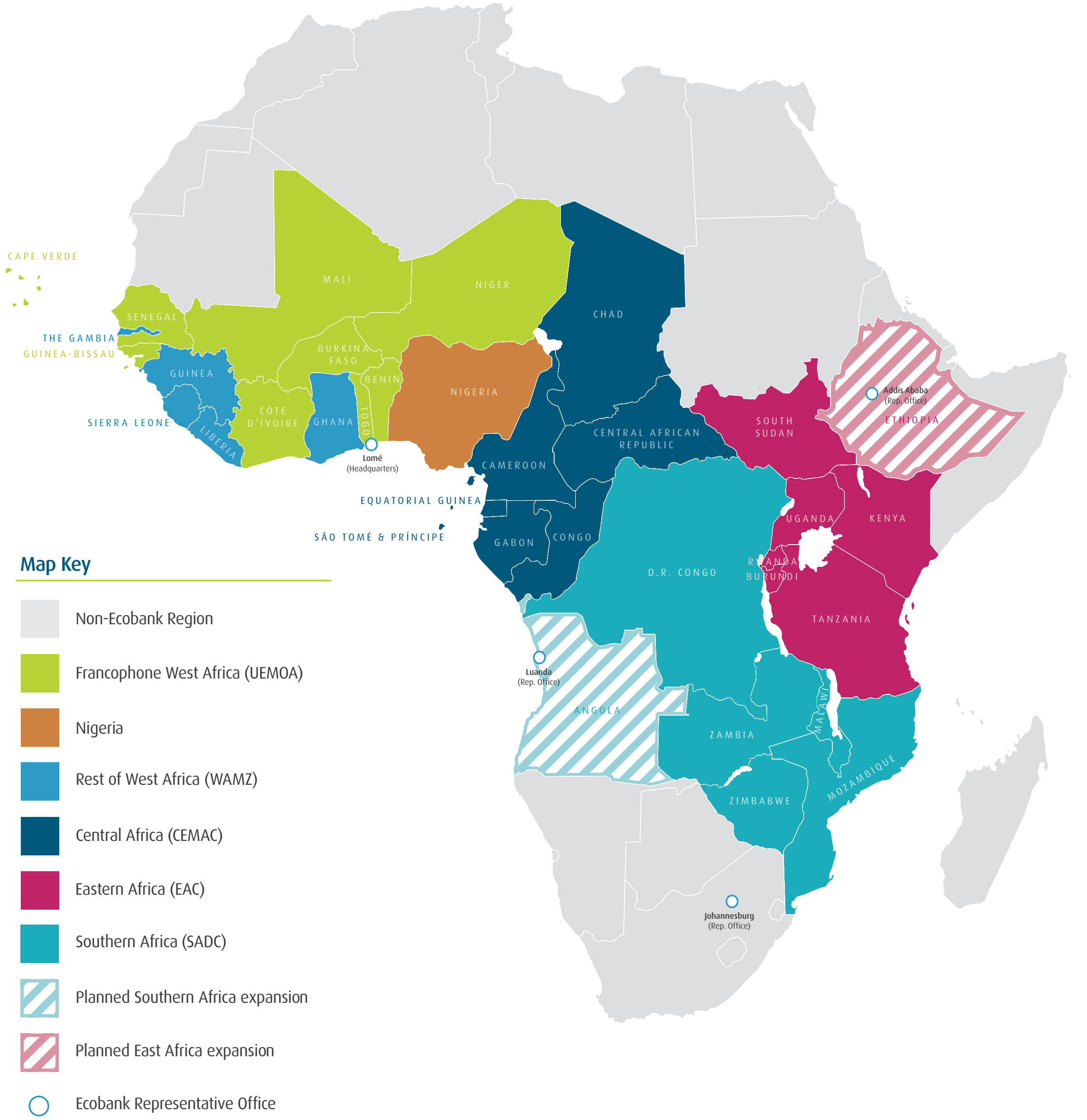
Treasury

(See page 34)

Treasury activities include sales, trading, balance sheet management and Currency and African Assets Distribution (CAAD). We deal in foreign exchange, fixed income and money market instruments and provide hedging and structured products and solutions to clients. The Currency and African Assets Distribution business facilitates the transfer of African fixed income assets between international investors and Middle Africa.

Unique pan-African footprint

Our operations in Middle Africa are grouped into six geographical clusters according to size and shared attributes. Our international operations outside of Africa form a seventh cluster.



Cluster	Revenue	Total Assets	Countries	Country list	Branches	Employees
Francophone West Africa	US$472m	US$6.8bn	9	Benin, Burkina Faso, Côte d'Ivoire, Cape Verde, Guinea Bissau, Mali, Niger, Senegal, Togo	290	3,172
Nigeria	US$989m	US$9.7bn	1	Nigeria	516	9,940
Rest of West Africa	US$382m	US$2.7bn	5	Ghana, Guinea, Liberia, Sierra Leone, Gambia	151	2,840
Central Africa	US$199m	US$2.3bn	7	Cameroon, Chad, Central Africa, São Tomé and Príncipe, Congo Brazzaville, Gabon, Equatorial Guinea	102	1,334
Eastern Africa	US$85m	US$1.1bn	7	Rwanda, Kenya, Burundi, Uganda, Tanzania, South Sudan, Ethiopia	98	1,320
Southern Africa	US$102m	US$0.7bn	6	DR Congo, Malawi, Zambia, Zimbabwe, Mozambique, Angola	75	875
International	US$28m	US$1.0bn	5	France, UK, Dubai, South Africa, China	–	86

The number of employees for the Group is inclusive of employees of ETI, EDC and eProcess which are not represented in our geographic clusters. The number of branches for the Group is inclusive of a number of a offices which are not part of the numbers of the clusters. The Group total assets and revenues are made up of numbers from our geographic clusters, other entities not part of our cluster grouping and the impact of consolidation adjustments.

Performance highlights

2014 delivered strong earnings growth, driven by revenue gains and strategic cost management.

Selected income statement data

For the year ended 31 December (in millions of US Dollars, except per share data)	2014	2013	Change (%)
Net revenue	2,280	2,003	+14%
Operating expenses	(1,491)	(1,405)	+6%
Pre-impairment profit	789	598	+32%
Impairment losses	(267)	(377)	-29%
Profit before tax	520	222	+134%
Profit for the year from continuing operations	398	156	+155%
Profit attributable to owners of the parent (from continuing operations)	339	103	+230%
Earnings per share (from continuing operations)			
Basic	1.83	0.60	+202%
Diluted	1.72	0.56	+207%
Dividend per share	–	–	–

Selected statement of financial position data

As at 31 December (in millions of US Dollars, except per share data)	2014	2013	Change (%)
Loans and advances to customers (net)	12,312	11,422	+8%
Total assets	24,244	22,532	+8%
Customer deposits	17,437	16,490	+6%
Total equity	2,655	2,135	+24%
Book value per share ($ cents)	11.77	12.40	-5%

Selected ratios

As at, or for year ended, 31 December 2014

Net interest margin
6.8%
(2013: 7.2%)

NPL ratio
4.4%
(2013: 6.2%)

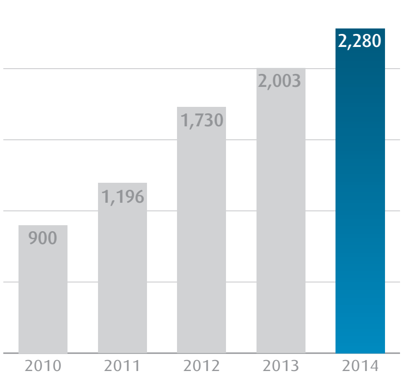
Tier 1 capital ratio
18.3%
(2013: 13.0%)

Cost-to-income ratio
65.4%
(2013: 70.1%)

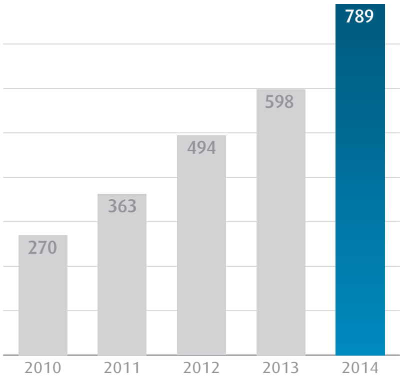
Coverage ratio
68.7%
(2013: 79.0%)

Capital adequacy ratio
20.4%
(2013: 16.3%)

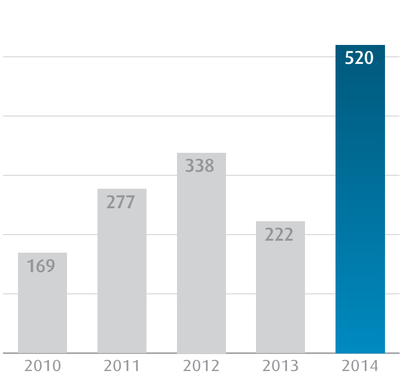
Net revenue*
(US$m)



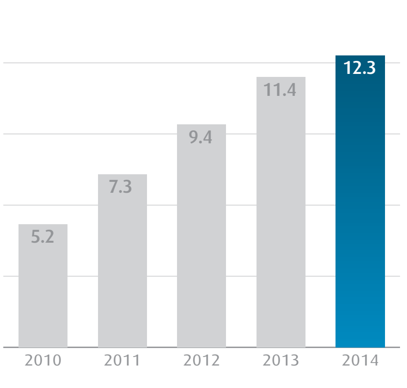
Pre-impairment profit*
(US$m)



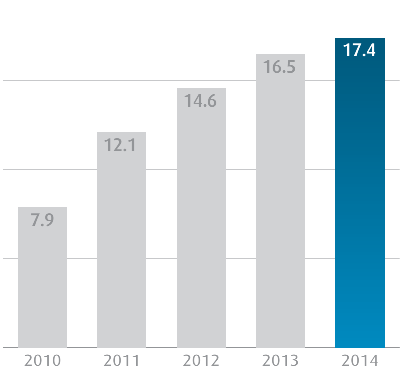
Profit before tax*
(US$m)



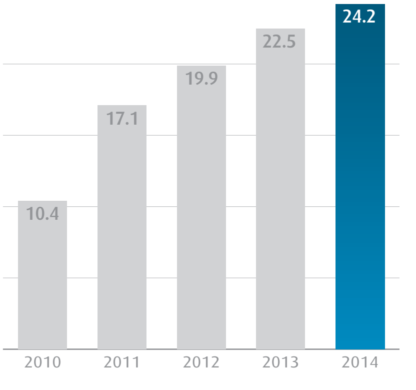
Customer loans (net)
(US$bn)



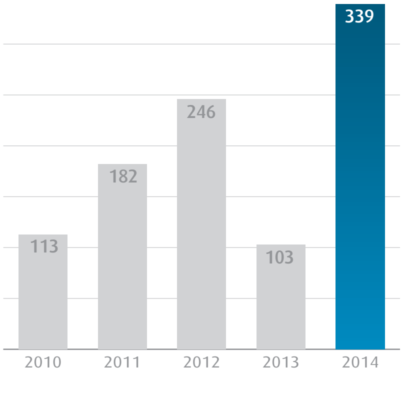
Customer deposits
(US$bn)



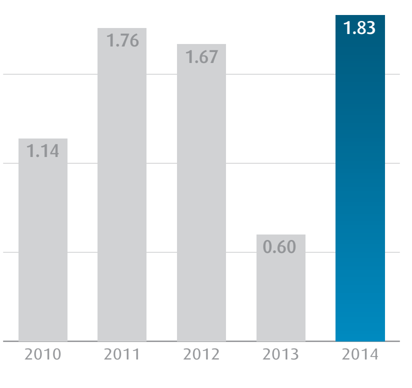
Total assets
(US$bn)



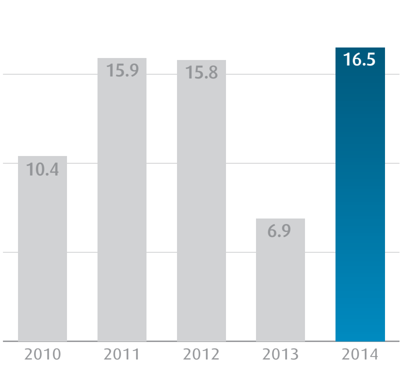
Attributable profit*
(US$m)



Earnings per share (basic)*
(US$cents)



Return on average equity
(%)



* 2012 to 2014 figures relate to continuing operations

Board and Management Reports

Ecobank's Board of Directors has been significantly strengthened during the course of 2014.

We welcomed our new Group Chairman, Mr. Emmanuel Ikazoboh. He is supported by a new team of non-executive directors, with a rich blend of experience and knowledge spanning African banking, economics and strategic management.

The new Board has a suitably diverse composition in terms of nationality and gender, which is particularly important for such a geographically and culturally diverse organisation as Ecobank.

Ecobank's Board and Management are united behind the overarching objective of building Ecobank as a world-class bank which contributes to the economic development and financial integration of Africa.

Board of Directors

Executive Board Members

1 **Laurence do Rego**
Group Executive Director, Finance
Beninese

2 **Albert Essien**
Group Chief Executive Officer
Ghanaian

3 **Evelyne Tall-Daouda**
Deputy Group Chief Executive Officer and Chief Operating Officer,
Senegalese

Non-Executive Board Members

4 **André Siaka**
Non-Executive Vice-Chairman
Cameroonian

5 **Emmanuel Ikazoboh**
Non-Executive Group Chairman
Nigerian

6 **Bashir Mamman Ifo**
Non-Executive Director
Nigerian

Non-Executive Board Members (Continued)

7 **Dr. Daniel Matjila**
Non-Executive Director
South African

8 **Dr. Adesegun Akinjuwon Akin-Olugbade**
Non-Executive Director
Nigerian

9 **Tei Mante**
Non-Executive Director
Ghanaian

10 **Sheila Mmbijjewe**
Non-Executive Director
Kenyan

11 **Kadita Tshibaka**
Non-Executive Director
Congolese

12 **Dolika Banda**
Non-Executive Director
Zambian

13 **Graham Dempster**
Non-Executive Director
South African

Directors' biographies

Emmanuel Ikazoboh (66)

Group Chairman
Nigerian

Emmanuel Ikazoboh is a UK Certified Accountant and a Fellow of the Chartered Association of Certified Accountants, the Institute of Chartered Accountants Nigeria and the Nigeria Institute of Taxation. He has over 25 years' experience of managing high profile advisory assignments for public and private sector clients in Nigeria, Côte d'Ivoire, Cameroon and South Africa. He was the Chairman/CEO of Deloitte West and Central Africa from 2007 to 2009 and a member of the Africa Board of Deloitte and Touche from 2001 to 2009. Between 2002 and 2007, he was Client Services Director for Africa, specifically responsible for Financial Institutions. He also has extensive international experience, having been a partner at Deloitte in the UK.

As Chairman of the Board of the Central Securities Clearing System (Nigeria's central data depository for stock trading), he led its restructuring and transformation to meet current global standards. As Interim Administrator of the Nigerian Stock Exchange, he restructured management, the equities market, stockbroking and corporate governance processes.

Emmanuel is currently the Chairman of Hedonmark Management Services Limited, a Nigerian mobile payment platform. He is one of two Africans on the board of Canada's International Institute for Sustainable Development. He is also an Independent Non-Executive Director of Nampak Packaging (South Africa), the Chairman/Non-Executive Director of ARM Pensions Managers and sits on the boards of Dangote Cement Plc and Oceanview Hospitality.

He holds an MBA in Financial Management and Marketing from Manchester University Business School and was one of the top CEOs seconded to the Kellogg School of Management at Northwestern University, Chicago, USA.

Albert Essien (60)

Group Chief Executive Officer
Ghanaian

Albert Essien assumed the role of Group Chief Executive Officer of the Ecobank Group in March 2014. Prior to that he was the Deputy Group Chief Executive Officer and Group Executive Director for Corporate and Investment Bank, including Ecobank's international Offices. In a career with Ecobank spanning more than 20 years, Mr. Essien has held a number of key appointments, including Regional Head for the Rest of Anglophone West Africa and the Eastern and Southern Africa (ESA) regions. He spearheaded Ecobank's expansion into the ESA, culminating in the establishment of subsidiaries in Kenya, Uganda, Tanzania, Rwanda, Burundi, Zambia and Malawi and a Representative office in South Africa.

Mr. Essien started his banking career with the National Investment Bank in Accra, Ghana. He joined the Corporate Bank 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. He has a degree in Economics from the University of Ghana and is an alumnus of the Executive Development Programme of INSEAD (France/Singapore). He is also an honorary fellow of the Chartered Institute of Bankers, Ghana.

Directors' biographies

Evelyne Tall-Daouda (56)

Deputy Group Chief Executive Officer since 2012
Group Chief Operating Officer
Senegalese

Evelyne Tall is currently Deputy Group CEO and Group Chief Operating Officer. She oversees ETI's banking subsidiaries across Africa and the Group's Internal Control, Customer Service and Compliance functions. Previously, she was the Head of Domestic Bank. She has been a Group Executive Director since 2005. 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. Evelyne Tall 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 École d'Administration et de Direction des Affaires (ex EAD), Paris.

Laurence Do Rego (50)

Group Executive Director, Finance
Executive Director since 2010
Beninese

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. Following the separation of the Finance and Risk functions in April 2014, she continued as the Group Executive Director, Finance. She joined Ecobank in 2002 as Head of Financial Control for Ecobank Benin. Prior to this, Laurence do Rego had over 15 years of experience in senior financial roles, including Financial Director at Binney & Smith, France, a subsidiary of the Hallmark Group (USA) and at Group Thoer (France), and Managing Director of SOCIEC (Société d'Expertise Comptable), a French accountancy firm. Laurence do Rego holds both bachelor and postgraduate degrees in Finance and Accounting.

André Siaka (65)

Non-Executive
Vice-Chairman
Cameroonian

André Siaka is a Board Director of SA Brasseries du Cameroun ('SABC'). He started his career with SABC in 1977, rising through the ranks to eventually become its Chief Executive Officer from 1988 to January 2014. Before joining SABC, he worked with Société Générale in Paris from 1974 to 1976. He is a member of the Financial Markets Commission and a Director of Orange Cameroun. André was Vice-Chairman of Ecobank's Board from 2009 to October 29, 2013; he then served as interim Chairman until June 2014. Mr. Siaka holds an engineering degree from the École Polytechnique, Paris. He is the Honorary Consul for the Monaco Principality in Douala.

Dr. Adesegun Akinjuwon Akin-Olugbade (52)

Non-Executive Director
Nigerian

Dr. Adesegun Akinjuwon Akin-Olugbade, is currently an Executive Director (Chief Operating Officer) and General Counsel at Africa Finance Corporation. He has over 30 years' experience in the legal profession and financial services sector, having worked at both technical and management levels, in the public and private sector, for leading commercial law firms, development banks and international financial institutions. He was previously General Counsel and Director at the African Development Bank and pioneer Chief Legal Officer and Head of the Legal Services Department of the African Export-Import Bank (Afreximbank).

A graduate of the University of London's King's College, he also has a Masters degree and a Doctorate degree from Harvard Law School and a Masters in International Finance and Corporate Law and Bachelors (Honours) degree from King's College London. He was called to the Nigerian Bar as a Barrister and Solicitor of the Supreme Court of Nigeria in 1984. He is a member of the Nigerian Bar Association, International Bar Association and the International Law Association, where he is one of two African members of the distinguished Committee on International Monetary Law. He currently chairs the Board of Governors of the African Law Institute and serves as a Non-Executive Director for Allied Atlantic Distilleries Ltd., Southport Facilities Management Company Ltd., OBA Transport Ltd. and Axion Realty and Development Company Ltd.

Dolika Banda (53)

Non-Executive Director
Zambian

Dolika Banda has over 25 years' experience in international banking and financial management. Her experience spans the globe, including Africa, Europe, Latin America and the Caribbean and the United States of America. In recent years, she has particularly brought this global experience to bear with a specific focus on banking and economic development in sub-Saharan Africa. Most recently, Dolika served as the UK's Commonwealth Development Company ('CDC')'s Regional Director for Africa. Prior to joining CDC in 2013, she was a Senior Advisor and a Director at the World Bank Group's International Finance Corporation ('IFC'), where she worked for 16 years in the Financial Markets, Credit, Accounting and Treasury departments. She held senior positions in Corporate and Merchant Banking at Barclays Bank Zambia and in Financial Control, Credit and Treasury and International Relationships with Citibank Zambia. Currently an independent consultant, she is a non-executive director of Pan Africa Capital Growth and Harith General Partners, and also serves as Group Chair of Focus Investment Group, a SME financial services provider in Zambia. Dolika was recognised with a prize for vision and courage by Africa Femmes Performantes (Africa's Performing Women) in Washington DC in 2012.

She holds a Bachelor in International Business and Marketing from Schiller International University, UK, and a Masters in International Business and Banking from Schiller University, France.

Graham W. Dempster (60)

Non-Executive Director
South African

Graham Dempster is a Chartered Accountant with over 30 years of banking experience. He has been Chief Operating Officer of the Nedbank Group since August 2009, and Joint Chairman – alongside Ecobank's current Group CEO, Albert Essien – of the Ecobank Nedbank Strategic Alliance Committee since its inception in 2008. He joined the Nedbank Group in 1980 in the Corporate Finance Division of UAL Merchant Bank and has held various senior executive positions, including General Manager and Joint Head of UAL Merchant Bank's Special Finance Division, Head of Nedbank's International Division and Managing Director of Nedbank Corporate. He holds a Bachelor of Commerce and a Certificate in the Theory of Accounting, both from Rand Afrikaans University. He is also an alumnus of the prestigious Advanced Management Programme of Harvard Business School.

Bashir Mamman Ifo (55)

Non-Executive Director
Nigerian

Bashir Mamman Ifo is the current President of the ECOWAS Bank for Investment and Development ('EBID'), formerly known as the ECOWAS Fund for Cooperation, Compensation and Development, in Togo. He has 30 years of experience in both the public and private sectors. Between 1995 and 2011, he held several senior management positions at EBID. These included: Head of Financial Operations Division, Director of Treasury Department, Head of Finance and Administration Department, Acting Managing Director of the former ECOWAS Regional Investment Bank ('ERIB') and Vice President for Finance and Corporate Services. From 1982 to 1995, he worked in both the public and private sectors in Nigeria. He holds a Bachelor's degree in Business Administration (Banking and Finance) and an MBA (Finance), both obtained from the Ahmadu Bello University, Zaria, Nigeria.

Tei Mante (65)

Non-Executive Director
Ghanaian

Tei Mante is an Economic and Financial Consultant with nearly forty years of financial markets' experience in Investment Banking, Project Finance and Private Equity. He worked with the World Bank Group in Washington DC from 1975 to 2000, during which time he worked on a variety of assignments, including heading the Africa and Agribusiness Departments of the International Finance Corporation ('IFC'). He has also worked as a consultant for the African Development Bank, the Government of Ghana, the European Commission, UNECA and the Government of Sierra Leone. He has considerable board level experience, having represented IFC on the Boards of the Caribbean Financial Services Corporation, the Africa Emerging Markets Fund and the West Africa Growth Fund and having chaired the Africa Project Development Facility Board. He was Chairman of the Board of Ecobank Ghana between 2006 and 2010 and currently is a member of the Investment Committee of the West Africa Emerging Markets Growth Fund. Tei holds an MBA from Columbia University, New York, and a BSc in Administration from The University of Ghana. He is also an alumnus of INSEAD (IEP).

Dr. Daniel Matjila (53)

Non-Executive Director since 2012
South African

Dr, Daniel Matjila is a well-respected and experienced finance, investment risk management and investment specialist. He is also an academic. Currently, he is the Chief Executive Officer ('CEO') and Executive Director of the Public Investment Corporation ('PIC'). PIC is the largest asset manager both in South Africa and the rest the African continent. He manages an investment portfolio valued in excess of R1.1 trillion (approx. US$150 billion) across all asset classes. He is also spearheads PIC's offshore and African investment strategies. He currently is also a Non-Executive Director and Board member at Erin Energy Corporation and Ecobank Transnational Inc. Prior to his recent appointment as CEO, Dr. Matjila was PIC's Chief Investment Officer. Before joining PIC, he was the Senior Manager for Quantitative Research Analysis for Stanlib, where he introduced the application of quantitative techniques in fund management and managed the Quant Portfolio for over two years. Before this, Dr. Matjila worked for Anglo American, a JSE-listed company, for five years where he was the Senior Manager of Quantitative Research Analysis, responsible for Derivatives (Fixed Income, Equity and Currency) and the application of quantitative techniques in Fund Management.

Dr. Matjila started his career as a senior mathematics lecturer at the University of the North, working in academia for over nine years. Amongst other qualifications, he holds a Ph.D. (Wits), a M.Sc. (Rhodes) and a B.Sc. Hons (Fort Hare).

Sheila Mmbijjewe (57)

Non-Executive Director
Kenyan

Sheila Mmbijjewe is a Chartered Accountant (England and Wales) and Certified Public Accountant (Kenya). She was Finance Director at Pricewaterhouse Kenya and Stagecoach International. Between 1999 and 2005, she worked with Standard Chartered Bank as Executive Director and Head of Consumer Banking, East Africa, and Finance Director and Chief Finance Officer. Until early 2014, she was a member of the Monetary Policy Committee of the Central Bank of Kenya. Sheila currently is a Board member of the University of Nairobi Science and Technology Park, the Rhodes Scholarship Selection Committee for Kenya, Keninda Assurance Company, Old Mutual Insurance Company (Kenya) and the Kenya Proceeds of Crime and Anti-money Laundering Act Advisory Committee. In the past, she also sat on the board of the Capital Market of Kenya and was a member of several Nairobi Stock Exchange and Capital Markets Committees. She is a past Vice Chair of the Kenya Women Finance Trust.

In 1999, Sheila became the first woman to be appointed as an Executive Director of a publicly quoted commercial bank in Kenya. She was awarded the Moran of the Order of the Burning Spear ('MBS'), a Presidential medal for service to the country. She also led the team that won the award for most innovative financial product from the UK's Financial Services Institute in 2005.

In addition to her accounting qualifications, she holds a Bachelor of Accounts and Finance from Kingston University (UK).

Kadita Tshibaka (68)

Non-Executive Director
Congolese

A career banker, Kadita Tshibaka's considerable experience spans various geographies, business and functional responsibilities within the financial services industry. This includes country, regional and global leadership positions in corporate banking, risk management, retail banking, operations, treasury and people development. He spent thirty-three years at Citigroup, culminating in his role as Head of Corporate Risk Management between 2002 to 2004, covering some 77 emerging economies. He later became Divisional Risk Director, Wholesale and International Banking, with the Lloyds TSB Group in London. Since his retirement in 2008, Kadita Tshibaka has served on the US and Global Boards, as well as a number of Audit Committees, for Opportunity International, a worldwide microfinance organisation.

Over the years, he has served on numerous boards, including: Corporate Council on Africa (Washington DC), Citibank (Czech Republic), Centro Cristiano Vida Nueva (Spain), the Liberia Bank for Development and Investment, KazInvest Bank (Kazakhstan) and Citibank (Congo and Cameroon).

Kadita Tshibaka obtained his Bachelor of Economics degree from Dartmouth College (USA) and his MBA from the Amos Tuck School of Business Administration (USA).

André Boboé Bayala (Deceased)

Non-Executive Director
Burkinese

André Bayala was a leading economic affairs advisor, with more than 30 years' experience in senior management roles in the public and private sectors in Burkina Faso. He had been the Managing Director of Société Nationale d'Assurances since its privatisation in 1994, as well as Executive Chairman of Société Nationale d'Assurances et de Reassurance-Vie since 1999. He also served in various Government advisory roles, including Advisor to the Office of Economic Affairs at the Presidency of Burkina Faso, a Technical Advisor at the Ministry of Trade and Supply and a member of the Investigation and Diagnosis Commission of State Companies. Between 2003 and 2010, he was Chairman of Ecobank Burkina and had been a member of the Board of Ecobank Mali since 2010. André Bayala was an Officer of the Order of Merit of Burkina Faso, Officer of the Order of Merit of France and had a degree in Public and Business Law.

Group Chairman's statement

"I want to assure all our customers, partners and shareholders that the Board and the many outstanding people working in the organisation are firmly resolved to maintain Ecobank's standing as the pre-eminent pan-African bank."

In this, my first Chairman's statement, I am pleased to report that in 2014 we made meaningful progress in strengthening our internal controls and corporate governance, bolstering our executive management team and restoring stakeholder confidence in Ecobank.

As a highly committed pan-Africanist, I am delighted to have the opportunity to work with all my new colleagues to re-establish and sustain Ecobank's reputation as a world-class financial institution, capable of making a significant contribution to the economic development and financial integration of the African continent. While challenges undoubtedly lie ahead, I believe that my track record and that of the Board of Directors in successful corporate restructuring and implementing professional management systems will help steer Ecobank towards a sustainable growth trajectory in the future.

The development of indigenous human capital and well-functioning institutions is vital if Africa is to achieve continuing economic growth. However, acquired skills cannot be fully utilised, nor can institutions operate effectively without enduring good governance.
I must emphasise that strong corporate governance is a cornerstone of Ecobank's business. It underpins our operations to ensure that we deliver convenient and reliable financial products and services for our customers, and create value for our shareholders.

Global Environment

In 2014, Middle Africa's markets were once again driven by developments in the wider global economy. Ongoing debt and structural problems in the Eurozone, coupled with deflationary pressures in the latter part of the year, continued to depress European demand for African goods. Trade flows between the US and Africa were also undermined by rising domestic shale oil production in the US, which had a negative knock-on impact on Africa's oil exports, most notably from Nigeria. A marked slowdown in the growth of the Chinese economy led to a slide in many commodity prices in the second half of the year. The impact of this on Africa's commodity exporting countries has been exacerbated by the strength of the US Dollar. Despite the softening commodity price environment, Middle Africa performed relatively well, registering real growth of around 5%.

On the domestic front, the absence of elections in our main markets helped to maintain a stable policy environment. While efforts to increase intra-regional trade still face a number of barriers, a surge in infrastructure investment across the continent, especially in the transport, energy and power sectors, has underpinned economic growth. In addition, buoyant bond and equity capital markets continued to attract capital from domestic and international investors. This translated into increasing capital expenditure in both the private and public sectors. Prompt and efficient action by West African authorities and communities contained the spread of the Ebola epidemic and, whilst the threat remains, it is encouraging that the number of new cases continues to decline.

Financial Results

Ecobank's financial results demonstrated solid revenue growth and a further reduction in the cost-income ratio, thanks to our renewed focus on operational efficiency. An ongoing improvement in the performance of Ecobank Nigeria, the largest of Ecobank's African subsidiaries, together with another strong performance from the Treasury business, contributed to an 134 percent year-on-year increase in pre-tax profits for the Group. Pre-tax profit growth was strong across all regions: Nigeria (+2,276 percent), Central Africa (+4 percent), Southern Africa (+26 percent), Francophone West Africa (+11 percent), Rest of West Africa (+12 percent), while East Africa returned to the black after reporting a pre-tax loss in 2013.

We closed the financial year with total assets of over US$24 billion. To further strengthen our financial position, during the year we raised nearly US$1 billion in combined equity and debt capital for both the parent company and our Nigerian subsidiary.

Insufficient earnings at the parent company level have required us to make a difficult decision regarding the payment of a cash dividend, a decision that the Board has not taken lightly. However, in recognition of our shareholders' loyalty, we are proposing a 1 – for – 15 bonus issue of ordinary shares at the Annual General Meeting in Dar Es Salaam on 19 June 2015. Going forward, the Board is committed to reinstating the payment of cash dividends as soon as possible.

Developments during the Year

We were delighted to welcome Nedbank as a substantial Ecobank shareholder last October. Our long-standing strategic partnership is based on an alignment of vision, as well as the potential for reciprocal business, especially as South African corporates and financial institutions look to expand into the rest of Africa. Graham Dempster, Nedbank's Chief Operating Officer, has joined our Board as a non-executive director and I am pleased to be working closely with him to capitalise fully on operational synergies and deepen the relationship between our two institutions.

In the course of 2014 the Qatar National Bank ('QNB') Group acquired a 17.4% ordinary equity stake in ETI. We have already established a good working relationship with QNB, with clearly defined and shared business aims. The strategic objective is to leverage QNB's balance sheet strength to capitalise on joint new business opportunities in the Middle East and North Africa region and sub-Saharan Africa.

Board and management changes

Our new Board of Directors, constituted in 2014, is a highly credible and vastly experienced team. We have also made a concerted effort to make the Board more gender balanced and more representative of the cultural diversity of our workforce. Under its guidance, we have subsequently completed the rigorous 51-point action plan to implement best practice governance controls and systems, including quarterly reporting to Ecobank's regulators.

We were deeply saddened by the news of the passing away of André Boboé Bayala , a former director and an outstanding Ecobanker and wish to extend our heart-felt condolences to all his family.

One of the most important duties of the new Board has been the appointment of Ecobank's new Group Chief Executive Officer. This has involved a thorough, robust and transparent selection process. The search encompassed both internal and external applicants, from which a candidate will be selected. I am sure whoever is eventually selected will prove a worthy successor to Albert Essien.

Appreciation

On behalf of the Board and all of our stakeholders, I wish to express our immense debt of gratitude to Albert Essien. He has given more than 20 years of loyal and meritorious service to Ecobank, and we must acknowledge his vital contribution in assuming the role of Group Chief Executive Officer at a very challenging time for Ecobank. He displayed great courage and personal integrity in the process. The subsequent recovery in Ecobank's financial performance and the renewed confidence of our customers, partners and shareholders can largely be attributed to his strenuous efforts and the strength of his leadership. I know that he will do all that he can to make the succession process as seamless as possible, and I wish him every success in his future endeavours.

I would also like to thank our former non-executive directors – Sena Agbayissah, Dr. Babatunde Ajibade, Kwasi Boatin, Paulo Gomes, Assaad Jabre, Sipho Mseleku and Isyaku Umar - for their valued contributions.

We also wish to pay particular tribute to the staff of the Ecobank Group for their hard work and loyalty to the institution. We must recognise in particular the dedication and professionalism shown by our staff in Liberia, Sierra Leone and Guinea in continuing to serve our customers under extremely challenging conditions, as these countries became the epicentre of the Ebola epidemic in 2014.

Outlook

Ecobank remains ideally placed to capitalise on the fundamental trends that are driving Africa's growth; improving macroeconomics, increasing intra-African trade, rising disposable incomes and huge unmet needs for basic financial services.

While market opportunities abound, regulatory requirements and competition are intensifying too. In an increasingly complex operating environment, Ecobank is committed to proactively managing its capital and assets, while strengthening risk controls to generate quality earnings growth. We recognise that this involves a delicate balancing act. It means streamlining operations wherever possible, while allowing local units sufficient flexibility to play to their strengths to generate added value.

Our people, who are passionate about Africa, are crucial to the achievement of our objectives. We remain committed to excellence in customer service, empowering our staff with access to the right knowledge to deliver to our customers at the time, and on the channel, of their choice. Going forward, we intend to focus on developing talent from within, creating a rich blend of experience and innovative thinking and developing clear succession paths. We are also looking to set a range of cultural and business ethic values, against which the performance of every employee will be assessed and rewarded.

Ecobank has built a unique brand, generating a genuine sense of pride among Africans in a home-grown success story that stands as a beacon for pan-African cooperation. I remain convinced that Africa needs an indigenous, commercial bank, capable of addressing the daily banking needs of Africans, assisting the growth of African small and medium enterprises and transforming the continent's manufacturing base and infrastructure with innovative financing. I want to assure all our customers, partners and shareholders that the Board and the many outstanding people working in the organisation are firmly resolved to maintain Ecobank's standing as the pre-eminent pan-African bank.

Emmanuel Ikazoboh
Chairman, Board of Directors

Directors' Report

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.

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Business Review

During the year 2014, we continued to focus on the delivery of our key strategic pillars, namely providing an outstanding customer service experience, delivering improvements in long term shareholder value and returns, as well as being the employer of choice in the markets where we operate.

In April 2014, a new subsidiary was opened in Mozambique increasing the company's presence to 40 countries worldwide.

A detailed review of the business of the Group during the 2014 financial year is contained in the Business and Financial Review section of the full annual report.

Acquisitions and Divestitures

In April 2014, through a share purchase agreement, ETI acquired a 96% stake in Banco ProCredit, Mozambique. The name of the acquired company has been changed to Ecobank Mozambique and the subsidiary has been fully integrated into the Ecobank Group. This acquisition has further extended our footprint in the Southern Africa region.

Results

The Group's revenue for the year ended December 2014 was US$2.3 billion while that of the parent company was US$134.8 million. Profit before tax for the Group was US$519.5million and US$5.8 million for the parent company. The Group's profit after tax stood at US$394.8 million.

The detailed results for the year are set out in the consolidated financial statements. The Board of Directors approved the financial statements of the parent company and the Group for the year ended 31 December 2014 at its meeting held on 1 April 2015.

Messrs. Emmanuel Ikazoboh and Albert Essien were authorised to sign the accounts on behalf of the Board.

International Financial Reporting Standards

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

Dividend

The Directors do not recommend the payment of a cash dividend for the year 2014.

Bonus Shares

The Directors recommend for the approval of the General Meeting the issue of bonus shares from retained earnings on the basis of (1) ordinary share for every fifteen (15) ordinary shares held on the closure of the Company's share register in accordance with the rules of the stock exchanges on which the Company's shares are listed. The new shares issued will rank pari passu in all respects with existing ordinary shares of the Company.

Capital

The authorised share capital of the Company is US$1.3 billion, divided into 50 billion ordinary shares of 2.5 US cents per share and 1.07 billion preference shares of 2.5 US cents. At the end of 2014, there were a total of 22.5 billion ordinary shares in issue.

During the year, there was a change in the number of shares in issue resulting principally from Nedbank exercising its rights under the loan agreement signed between them and the Company and by the exercise of staff share options.

By a subscription agreement dated 4 November 2011, Nedbank had the option of converting its US$285 million facility into ETI shares. The agreement also gave Nedbank the right to additional shares upon conversion bringing its total shareholding to 20% of the total issued shares of ETI.

On 14 August 2014, Nedbank delivered its subscription notice indicating its intention to convert its loan into equity. Subsequently, it subscribed for the total 4,512,618,890 ordinary shares (2,478,341,936 shares from the conversion of the loan and 2,034,276,954 additional shares).

By subscription agreements dated 3 July 2012, the IFC through various of its funds had the option of converting its US$75 million facility into ETI shares.

In July 2014, IFC Capitalization (Equity) Fund L.P and IFC ALAC Holding Company converted their loans into equity and subscribed to 838,323,352 ordinary shares from the conversion of the loans.

In 2014, staff subscribed to 425,000 shares under the staff share option scheme.

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

Under ETI's Articles of Association, the holders of ETI preference shares have the option at any time between the third and fifth anniversaries of the issue date, to convert at the rate of 0.76923 ordinary share to each preference share. From 23 October 2014, the preference shares became due for conversion. Preference shareholders have up to 23 October 2016 to exercise their options. Any preference share that is not converted on 24 October 2016 will be redeemed by the Company at a premium of 6% to the issue price per preference share.

Directors

The names of the Directors of the Company appear on pages 12 and 13 of this annual report.

As of 31 December 2014, the Board was composed of 14 Directors: 11 Non-Executive and 3 Executive Directors.

The Board of Directors met 11 times during the year. The Governance Committee and the Audit and Compliance Committee met six times whilst the Risk Committee met three times to deliberate on issues under their respective responsibilities. The Special Nomination Committee met ten times to deliberate on the renewal of the Board.

Messrs. Paolo Gomes resigned from the Board on 22 January 2014 whilst Mr. Isyaku Umar and Dr. Babatunde Ajibade both resigned from the Board on 6 February 2014.

Following recommendations of the Securities and Exchange Commission of Nigeria, a Special Nomination Committee (SNC) was set up to undertake a process for the renewal of the Board. The following recommendations of the SNC were approved by the General Meeting of 30 June 2014: a) the resignations of Messrs Asaad Jabre, Sena Agbayissah, Kwasi Boatin, Sipho Mseleku, Patrick Akinwuntan and Eddy Ogbogu from the Board of Directors, on 30 June 2014; b) the appointment of the following Board members: Messrs. Emmanuel Ikazoboh, Andre Bayala (deceased 11 March, 2015), Tei Mante, Kadita Tsibaka (nominee of IFC) and Dr. Adesegun Akin-Olugbade.

In October 2014, Messrs Sheila Mmbijjewe, Dolika Banda and Graham Dempster (representing Nedbank) were co-opted to the Board on the recommendations of the SNC. Their appointments will be presented for the approval of shareholders at the General Meeting in June 2015.

Mr. Hewett Benson was co-opted to the Board in April 2014 as a nominee of AMCON but resigned on 17 November 2014 when Asset Management Corporation of Nigeria (AMCON) sold its shares to Qatar National Bank (QNB).

As part of the governance improvement process, at an Extraordinary General Meeting of the Company on 3 March 2014, the shareholders approved the reduction of the maximum number of directors from 20 to 15, To ensure effective representation of all stakeholders of the institution, it was agreed that the fifteen seats on the Board would be distributed as follows: one seat for the ECOWAS Bank for Investment and Development (EBID) as a historical institutional founding shareholder; four seats for institutional shareholders holding a minimum of 10%; two seats for individual minority shareholders; three seats for Executive directors, including the Group CEO; and five seats for independent directors. The composition of the Board has been diversified to include nationals of countries from all the six geographical clusters where Ecobank is present, namely CEMAC, EAC, Nigeria, SADC, UEMOA and WAMZ.

Corporate governance and compliance

There has been considerable focus on the Group's corporate governance practices, particularly at the Board level, this year. Following a series of publications in the local and international media from July 2013 regarding alleged breaches of corporate governance and allegations against members of the Board of Directors and certain principal officers of the Company, the Securities & Exchange Commission of Nigeria undertook an independent review of these allegations through the professional services firm, KPMG. The Board also engaged the services of the Global Board Centre of the renowned Swiss Business School, International Institute for Management Development (IMD), to conduct a corporate governance review. The implementation of the recommendations of the two reviews is contained in the Corporate Governance Section of the Annual Report.

The Company continues to maintain corporate policies and standards designed to encourage good and transparent corporate governance, avoid potential conflicts of interest and promote ethical business practices. These policies were significantly reviewed and updated in 2014 and captured in a revised Group Corporate Governance Charter adopted by the Board in early 2015. Highlights of the revised Corporate Governance Charter are provided in the Corporate Governance Report in the full annual report.

The Board and the Group are committed to improving the governance of the institution and are working closely with regulators and other stakeholders to rebuild confidence in this area.

Subsidiaries

In 2014, the Group extended its African operations by opening a subsidiary in Mozambique.

eProcess International SA, our shared services and technology subsidiary, continued to provide the technology infrastructure and platform for the Group.

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

The total number of ETI subsidiaries consolidated in this Annual Report is 53.

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 2014 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 and other financial information included in this annual report, 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 and to 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 a 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 acted as external auditors of the Company since incorporation and in keeping with best governance practices of rotation, they shall not continue in office. The Board shall recommend the appointment of Akintola Williams Deloitte, Nigeria and Grant Thornton, Côte d'Ivoire for a term of one (1) year ending on the day of the Annual General Meeting that will approve the accounts for the 2015 financial year.

A resolution will be presented at the 2015 Annual General Meeting to authorise the Directors to fix their remuneration.

Dated in Lomé, 13 May 2015
By Order of the Board,

Samuel K. Ayim
Company Secretary

Group Chief Executive's Review

"We made significant progress in addressing regulators' concerns regarding Ecobank's corporate governance and have strengthened and diversified the composition of the Board of Directors. Ecobank has been successfully repositioned and is on course for sustainable long-term earnings growth."

Despite the adverse currency translation impact of the strong US Dollar on our local currency earnings and intensifying competition, Ecobank produced a highly credible performance in 2014, thanks to strong revenue growth and strategic cost management. Overall, Group revenues grew in line with our guidance for the year, reflecting the strength and stability of our diversified business model. Our drive for cost efficiencies across all of our businesses is yielding tangible results in the form of improved operating margins and returns. The marked improvement in the performance of Ecobank Nigeria, on the back of strong loan and non-interest revenue growth, is particularly encouraging.

During 2014 we made significant progress in addressing regulators' concerns regarding Ecobank's corporate governance and have strengthened and diversified the composition of the Board of Directors. Ecobank has been successfully repositioned and is on course for sustainable long-term earnings growth.

Financial Performance

Our net customer loans increased by 8% to US$12.3 billion, below our target for the year. This was as a result of the aforementioned currency translation impact and that we took a more cautious approach to growing the loan book in the second half of 2014, reflecting the economic uncertainties in some of our major markets. Customer deposits rose 6% year-on-year to US$17.4 billion, as strong growth In Francophone West Africa, East, Southern and Central Africa partially offset a decrease in deposits in Nigeria and the Rest of West Africa region.

For the year ended 31 December 2014, the Group reported a 14% increase in net revenues to US$2.3 billion. We experienced significant growth in non-interest revenue, buoyed by a strong performance from Treasury as a result of currency volatility and higher transaction volumes. Net interest income advanced by a more modest 6% year-on-year, as strong customer loan growth was offset by a decline in the net interest margin. Non-performing loans (NPLs) amounted to US$560 million, a decrease of 25% year-on-year, thanks largely to loan recoveries and write-offs of fully provisioned NPLs. As a result, our NPL ratio fell to a record low of 4.4%, versus 6.2% in 2013.

Stripping out 2013's one-off impairment charges relating to legacy assets, the net impairment charge on loans increased by 16% to US$229 million. Net impairment losses in 2014 represented 1.86% of the average loans outstanding, within the Group's guidance of a cost of risk below 2%.

Our focus on cost control is bearing fruit in that the cost-to-income ratio improved from over 70% in 2013 to 65.4%, with the ratio falling on a quarterly basis throughout the year. We remain on track to reach the low-to-mid 60s for 2015.

Robust growth in non-interest revenues, including treasury income, cash management fees and fees and commissions on loans, led to a substantial year-on-year improvement in Group profit before tax, which advanced by US$298 million to US$520 million. As a result, our return on equity in 2014 also advanced strongly, rising from 6.9% in 2013 to 16.5% for the year in review.

We further strengthened our capital base, with Tier 1 capital increasing by US$981 milion. This included the conversion by the International Finance Corporation in July 2014 of two convertible loans into equity, followed by Nedbank exercising their option to convert a US$285 million loan facility into an equity stake in October 2014 and their subscription for additional shares of US$208 million. As a result, our Tier 1 ratio stood at 18.3% at year-end, versus 13.0% in 2013, and our total capital adequacy ratio was 20.4%.

However, due to insufficient profits recorded by our parent company, ETI, which reported a net profit of just US$5.8 million, we are unable to recommend a cash dividend for the 2014 financial year. It is our intention to reinstate the payment of cash dividends as soon as practicably possible; in the interim, in recognition of our investors' sustained loyalty, we are recommending a 1-for-15 bonus issue, subject to shareholder approval at the Annual General Meeting in June 2015.

Business Segments

Domestic Bank, which includes our retail, SME, local corporate and public sector businesses, saw a major turnaround in its financial performance in 2014, reporting a pre-tax profit of US$93 million, versus a loss in 2013.

Our major achievement was the successful implementation of customer segmentation across all 34 African countries in which we have retail operations. We have segmented our customer base into three main groups: affluent customers (subdivided into high net worth individuals and middle class professionals), mass market and youth. As a result, we will be able to deliver more differentiated services, tailored to the unique needs of each segment.

In 2014, we launched services tailored to two segments within our domestic banking operations with the highest growth potential, namely 'Premier Banking' to better serve our high net worth customers and our first 'SME Club' in Senegal to deliver bespoke services to our small business customers. We plan to rollout both of these services in all our key markets during 2015.

Across our retail franchises, we recognise that a 'one size fits all' strategy is inappropriate, given that each market is quite different and unique. Going forward, our focus will be to play to our strengths in terms of generating enhanced returns, exiting unprofitable markets and leveraging digital channels to improve profitability and thereby grow the balance sheet. The impact of these initiatives will become more evident in 2015 as they gather momentum. Ultimately, we are looking to establish Ecobank as the pan-African retail bank of choice.

Revenues from our Corporate and Investment Banking ('CIB') activities increased by 10% year-on-year to US$667 million. Much of this improvement was due to new business wins; for example, we saw a 17% year-on-year growth in the number of new Tier 1 client relationships. Aided by our award-winning pan-African corporate Internet banking platform, Omni, we managed to secure and implement a number of large, multi-country cash management mandates during 2014. We also successfully implemented more technologically advanced customer integrations, based on either host-to-host or SWIFT connectivity. These important wins allowed us to gain significant traction with key customers, resulting in improved market acceptance in a number of our geographies.

Treasury, as a business segment, had another extremely successful year, reporting a 44% increase in profit before tax to US$291 million. This was a result of a combination of volatile currencies during the year and higher client transaction volumes.

Our Investment Banking activities registered a 16% increase in net revenues in 2014 to US$55million, thanks to higher fees and commission income. Assets under management for the Securities and Asset Management division rose 62% year on year to US$310 million.

Geographical Clusters

Our operations are divided into seven geographic cluster regions; six clusters within Middle Africa, plus our international network (with offices in Paris, London, Dubai and Beijing).

Each of our geographic clusters achieved a positive jaws ratio in 2014, with revenue growth exceeding that of operating costs across the board. Ecobank Nigeria, our largest subsidiary, reported a dramatic turnaround in its fortunes. Net revenues grew by 21% year-on-year to nearly US$1 billion. Increases in the reserves required to be held in cash at the Central Bank, and thus not earning interest, led to a modest 5% increase in net interest revenue. Contrastingly, non-interest income grew by an impressive 41% to US$494 million, reflecting buoyant levels of client foreign exchange and fixed income trading, as well as a 13% increase in fee and commission income.

The macroeconomic challenges faced by Ghana during 2014, particularly the 26% depreciation of the Cedi relative to the US Dollar, had an adverse impact on the operational performance of the entire Rest of West Africa cluster. Nevertheless, efficiency improvements across the region led to a 130 basis point fall in the cost-to-income ratio to 49% and the highest return on average equity (RoAE) of any of our clusters of 37.5%.

Francophone West Africa reported an 11% rise in profit before tax to US$141 million, thanks largely to stringent cost controls. The net impairment charge increased 36% year on year to US$45 million, reflecting higher loan impairments in Togo and Benin.

East Africa returned to the black in 2014, reporting a small net profit in comparison to losses of US$23 million in the previous year. This was thanks to the combination of a 26% year-on-year growth in net loans, a lower cost of funds and higher fee and commission income, whilst operating expenses were held in check.

Southern Africa registered a 26% increase in pre-tax profits to US$15.7 million, thanks to higher revenues and a first-time contribution from Mozambique. Ecobank has adopted a buy-and-build strategy in Mozambique, acquiring an established business, Banco Procredit, in June of last year. This is primarily a retail operation with 67,000 customers and 14 branches, but also with an extensive SME clientele. The integration of systems, people and clients is now well advanced, giving Mozambican customers access to our entire suite of products. There is also significant potential to leverage Mozambique's key strategic position, providing port access to its landlocked hinterland, to facilitate cross-border transactions across the wider SADC region. As Africa's fifth largest economy, Angola is another strategically important country within the SADC. We are in advanced negotiations with the Angolan banking authorities and will make an announcement in due course.

The results of the International division were adversely affected by the temporary suspension of the Currency and African Assets Distribution business, which facilitates the international transfer of Middle African foreign exchange and assets, in order to strengthen internal controls.

Strategy

Falling oil prices, sluggish growth in much of the developed world and a slowdown in China's growth is expected to restrict sub-Saharan Africa's GDP growth to around 4% in 2015, with only a gradual recovery expected in 2016. As the risks remain on the downside, we have lowered our guidance of revenue, deposits and loans growth in 2015 to single digit targets.

Cost management and efficiency improvements will continue to be a key focus of the Group going forward. Efficiency gains will be delivered mainly via two strategic initiatives; namely, the transformation of our branch performance and the migration of mass-market customers to lower cost-to-service electronic channels.

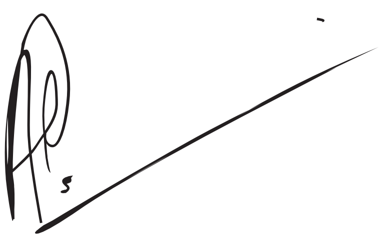
Clearly at a time of increased capital requirements, it is essential for Ecobank to continue to optimise its balance sheet to achieve higher shareholder returns. Hence we will be critically reviewing our pan-African portfolio to ensure we invest in areas of competitive advantage, playing to our strengths in each of our markets. Operational efficiencies are easier to achieve in some lines of business than others, demanding a delicate balancing act, streamlining activities wherever possible.

Conclusion

As you all know, I will be retiring as Group CEO of Ecobank later this year and I will be working very closely with the Board to ensure an orderly management transition.

Whilst I do not underestimate the challenges that still lie ahead, I believe we have made real progress in 2014 both in terms of restoring stakeholder confidence in Ecobank's strategic intent and direction and improving our operational performance. On behalf of the Board, I wish to thank all of our staff for their hard work, loyalty and commitment to Ecobank, which forms the very bedrock of our success.

Rest assured, Ecobank has exceptional foundations on which to build: we have a strong corporate culture, we have a shared commitment to continually improve the quality of our customer service and an unparalleled footprint, which is coveted by many of our peers. By executing our strategy well and making meaningful progress towards our prioritised goals, Ecobank will be in a strong position to meet our performance objectives and continue to create longer-term shareholder value. As I pass on the baton of leadership, I know that Ecobank's future is in very good hands.



Albert Essien
Group Chief Executive Officer

Group Chief Operating Officer's review

In response to the constantly evolving financial services markets, governments and regulators worldwide are introducing increasingly rigorous standards. Effective regulation ensures integrity and strengthens trust – two principles that are ingrained in our values and vital to our success as a pan-African Bank. We will continue to evaluate our businesses to ensure that we achieve the right balance amongst these competing priorities to continue to deliver long-term value.

Against the broader backdrop of changes in our business environment, our efforts going forward will be shaped by two significant forces - rising customer expectations, which are changing almost daily, and the increasing need for engagement with regulators. In some ways, these forces appear to be diametrically opposed, but we have confidence in our ability to resolve the natural tension between simplifying the lives of our customers and maintaining confidence in financial systems with complex obligations.

Strengthening our operational capability across our network is now critical to our future success as the pace of change quickens and regulation continues to intensify. In 2014, we have worked extremely hard and have much of which to be proud. We have moved forward with a new operating business model and a more sustainable cost base, with a strategy that is aligned across all businesses and functions to build on our proven strengths. None of this would have been possible without our strong, dedicated and hardworking team.

In 2015 our focus will be on execution and performance as we capitalise on our operating platforms to deliver superior returns. Our market presence and diversified businesses will ensure consistent and balanced growth. Our strategic goals will continue to guide us in delivering sustainable, long-term profitability.

Performance Management

The bank's performance reflects the dedication and commitment of a talented and motivated team. Despite the challenges of exchange rate volatility in our major markets, we have accomplished a tremendous amount in 2014. In the second half of the year, the Ebola crisis significantly affected our West African businesses. Also, political tensions held back business growth in some middle African countries. Regulatory policies also inhibited revenue growth in major markets.

On the back of sustained efforts, our operating units achieved impressive progress in relation to relevant performance indicators. Similarly, our prioritisation of operational efficiency paid off in terms of improved profitability. To ensure the achievement of our business performance targets, we continue to place a strong emphasis on execution.

Although regulatory changes, volatile interest rates, market volatility and increasing competition will pose some challenges in the future, we also see opportunities. We are committed to delivering the right strategy, business mix, culture and people to drive continued growth and take advantage of the changing marketplace.

Our operating platforms are moving forward with clear momentum, together with considerable confidence and our collective resolve for strong performance. As we continue to focus on our key business priorities, we are very well positioned for 2015 and beyond, with our unmatched African connectivity.

Customer Service

Service continues to be a key strategic pillar for the Ecobank Group in our quest to become the pan-African bank that provides convenient, accessible and reliable financial products and services. Our strategic focus is to drive the ease and speed of doing business and offer seamless service delivery with appropriate customer segmentation to deliver the desired client experience in each of our business units.

In 2014 we have embedded key feedback initiatives that have enriched our insights from the voice of franchise and informed interventions to enhance customer experience. This improvement has been mirrored in a seven point annual increase in our global Net Promoter Score, a measure of our retail customer satisfaction with our products and services. More broadly, we have initiated longer-term measures to increase our responsiveness to evolving customer expectations. We are confident in our ability to thrive because we have been steadily deepening our long-standing focus on customers, building the capabilities that grow loyalty and promote advocacy.

To further strengthen our service quality, we have implemented a client engagement model that enables and drives organisation-wide customer centricity, to continuously improve client service experience across our Retail, Corporate and Investment banking businesses.

Servicing our clients well and meeting their evolving needs is critical to our long-term success. In this regard, we will continue to align our service strategy and increasingly embed service excellence into our culture to establish Ecobank as our customers' bank of choice in all of the markets in which we operate. We are positioned to enhance our ability to develop capabilities that drive customer experience at the right pace, given the increasing knowledge of our businesses in different markets and the opportunities we have to further enhance them.

We are viewing 2015 and beyond with great optimism and excitement, looking to best serve our clients in all countries of operation and in all our business segments, which is both our role and purpose.

Compliance

Compliance is an essential part of the business culture at Ecobank. Across the Group, the Compliance department performs both an advisory and a support role to the business. This enables us to achieve the right balance between the business objectives and regulatory imperatives, whilst ensuring that our subsidiaries and affiliates comply with local laws and regulations as well as adhering to international best practice.

Our wide operating platform in Middle Africa dictates extensive interaction with regulators in the countries in which we operate. We mitigate compliance risks through the collective responsibility of the executive and management team at both the Group and country levels. This reinforces our resolve to protect the brand against reputational risks and regulatory sanctions. We continue to train and sensitise all Ecobankers to these compelling imperatives and have invested in compliance monitoring systems to strengthen this process. In this regard, we have received ample commendation from regulatory authorities, notably from the Ghana Financial Intelligence Centre ('FIC') for the implementation of a strong Anti-Money Laundering and Counter-Terrorist Financing framework.

In the years ahead, Ecobank will continue to institutionalise strong compliance and control practices in all of its business processes, while strengthening relationships with our key stakeholders.

Internal Control

Our objective is to build a world-class risk and control system that ensures efficient service delivery and enhances stakeholder value. Our emphasis on best practice creates a proactive culture of internal control, with the Board, Executives and Senior Management all being active in risk recognition and assessment.

We have adopted the Internal Control Integrated Framework of the Committee of Sponsoring Organisations of the Treadway Commission ('COSO'), with the objective of further ensuring the effectiveness and efficiency of our operations and improve the reliability of our financial reporting, whilst strengthening compliance with applicable laws and regulations across our network. Through its foundational components, the framework ensures that management is able to identify internal control issues and affect their resolution more successfully. Similarly, dashboards have been developed for key processes to alert management to potential anomalies and failures. Technology solutions have been deployed for comparing transaction details against predetermined thresholds, including monitoring trends and patterns.

Internal control responsibilities have also been embedded into the culture, business processes, and procedures at Ecobank. We have achieved this through the implementation of a risk control self-assessment (RCSA) programme as part of our continuous evaluation and monitoring of all of our activities, this enables management periodically to validate the operating effectiveness of our key controls, reducing our reliance on internal or external auditors to make such assessments. This supports accountability and increases confidence in management's judgment. At Ecobank, internal control continues to be an independent assurance function.

Evelyne Tall-Daouda
Deputy Group CEO
Group Chief Operating Officer

Corporate and Investment Bank

Ecobank's Corporate and Investment Bank (CIB) business comprises the client-focused businesses of Corporate Bank, Investment Bank, Securities and Asset Management, Transaction Banking and Research.

Corporate and Investment Bank provides financial solutions to global and regional corporates, state-owned enterprises, financial institutions and international organisations.

2014 proved to be a challenging year globally. The global economy experienced little growth as the economic problems of the Eurozone persisted and China's GDP faltered, impacting commodity prices. World crude oil prices fell precipitously, primarily from supply increases from non-traditional sources most notably shale oil production in the US. The combination of these factors adversely impacted our region in many ways. The low crude oil prices reduced fiscal revenues of oil-producing countries like Nigeria, and falling demand for African commodities stretched the balance of payment accounts of commodity dependent African economies, thereby translating into high volatility of most currencies against the US Dollar. Notwithstanding the difficult economic environment, CIB has been able to produce good results, with all businesses experiencing significant growth compared with the previous year.

Our strategic objective is to build a leading CIB franchise, focused on Middle Africa, providing our clients with the financial solutions and products that best meet their needs. In 2014 our business growth was supported by a significant increase in the number of new client relationships – in particular we saw a 17% year-on-year growth in the number of Tier 1 customers. Also, we increased share of wallet with our existing clients, as they expanded into newer regions in Middle Africa. These, we believe, are testaments to the deep and strong client relationships that we have built over time and which we will continue to prioritise in the future.

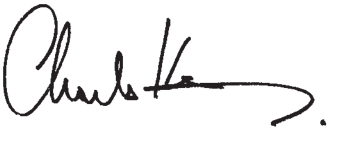
CIB produced robust revenue growth, with all businesses showing growth in profit before tax. Revenue increased by 10% to US$667 million. We grew client loans by 9% to US$6.9 billion and client deposits increased by 28% to US$7.2 billion. The solid growth in client deposits reflects the deeper relationships and engagements with our clients. CIB remains one of the leading contributor to the Group's earnings, accounting for 41% of total profits of the three business segments. Corporate Bank grew revenue by 10%, Investment Banking by 24%, Securities and Asset Management by 20%, and the Transaction Services Group by 18% year on year. Both the Trade Finance and the Cash Management businesses saw continued double-digit growth and were successful in closing a number of significant transactions and mandates throughout the year.

Propelled by our strong pan-African Cash Management proposition through our internet banking platform, Omni, we managed to secure and implement a number of large multi-country cash management mandates. In addition to leveraging our large pan-African footprint, we also successfully managed to leverage our single technology platform to implement a large number of tailored and more sophisticated host-to-host or SWIFT-based customer integrations. These key wins allowed us to gain significant traction with key customers and also resulted in significant recognition and positive market perception in a number of our markets.

We strongly believe that we have the right strategy in place to deliver strong and sustainable growth. The Network Advantage marketing campaign will assist in communicating our unique elements of differentiation, thereby supporting new customer acquisition and customer migration across the network, as well as increased transactional volumes and revenue as we improve our customer service.

We are expecting to see increased levels of competition in most of our markets. However, by focusing on delivering on our strategy, we can compete effectively.

We would like to thank the executive team and staff of CIB for their contribution to last year's encouraging results. We remain confident that we have the skills and resources necessary to manage the significant opportunities and challenges that lie ahead.



Charles Kié
Group Executive,
Corporate and Investment Banking

Domestic Bank

The year 2014 was significant for the Domestic Banking business as major milestones were achieved. In terms of bottom line performance, we achieved a turnaround reporting a profit before tax of US$93 million in 2014 up from a loss of US$133 million in 2013.

This landmark result reflects a sustained growth in revenues, an improvement in portfolio quality, lower costs of credit and a gradual reduction in the cost to serve by leveraging digital channels. Asset quality improved, with the NPL ratio falling from 11.9% in 2013 to 7.7% at the end of 2014. Efficiency also improved with a reduction in the cost-to-income ratio from 82.4% in 2013 to 78.2% in 2014. In terms of improved customer engagement and retention, we grew our customer base from 10.4 million in 2013 to 10.7 million in 2014, whilst the active customer ratio improved from 68% to 84% over the same period. In 2014, we grew our percentage of digital transactions to 70%, up from 63% in 2013.

These results were attained despite the adverse impact of currency depreciations on our deposit base, particularly in Nigeria and Ghana, the continued regulatory-induced reduction in interest rates on loans, lower fees on account services and higher interest costs on savings accounts in some of our major markets, including Nigeria and UEMOA.

In terms of our medium-to-long term focus, we continued the effective implementation of our enhanced customer segmentation to position ourselves as 'best in class' in our markets through product and service excellence, developing our people and improving shareholder returns. Within this improved operating model, in each market we have defined our focus customer segments and identified unprofitable markets with the aim of delivering market leadership and enhanced returns. The execution of this model commenced in 2014 but its impact on our performance will become more evident in 2015 and beyond.

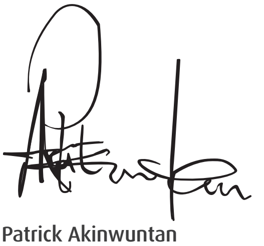
In early 2015 we launched 'Premier Banking by Ecobank' in Nigeria, Ghana and Côte d'Ivoire; SME clubs in Nigeria, Ghana, Burkina Faso, Senegal and Benin and Advantage Banking for the middle class in Nigeria to improve customer aquisition. We also leverage tailored products, including current and savings accounts, cards, remittances, personal, business, trade loans and collections/payments/cash management to grow our revenues, low cost deposits and wallet share. In 2015, we will expand these to all our key markets to positon us to become the market leader in Personal and Small Business banking in Middle Africa.

With the gradual adoption of digital banking in our markets, we opened a world-class digital banking center in Accra, Ghana during 2014 and plan to roll out same in Nigeria and Cote d'Ivoire in 2015. The digital banking center provides experiential opportunities to our customers to facilitate adoption and conversion to digital banking services on a self-service, 24/7 basis.

Leveraging our unique pan-African digital platform, our non-interest revenues including cards, ebanking and remittances revenues grew by 11% in 2014. We grew our ATM network to 2,690 and our internet banking, and mobile banking and mobile money subscribers climbed to about 1.3 million and 1.5 million respectively. We also deepened our cards offerings by issuing premium cards to Premier and Advantage banking customers and we now have a pan African POS offering that accepts, VISA, Mastercard, Union Pay and Ecobank Pan African Cards in all our markets.

With the foundation firmly laid and all the key building blocks in place, we look forward to an exciting 2015 as we continue to invest in our people to enable us deliver improved products and services to our customers in an efficient manner whilst also delivering improving returns to our shareholders.

I thank you.



Patrick Akinwuntan
Group Executive
Domestic Bank

Treasury

2014 was another productive year for Treasury. It delivered profit before tax of US$291 million up 44% from the prior year and it recorded the largest contribution of 45% to total profits of the three business segments. Total revenue in 2014 amounted to US$530 million in 2014, an increase of US$136 million or 35% from the prior year, stemming mainly from higher sales and trading revenue, primarily in foreign exchange and fixed income products, but also a more efficient and optimal management of the balance sheet.

The Currency and African Assets Distribution (CAAD) business facilitates the transfer of foreign exchange and African assets between the international trade and investment community and Middle Africa. Management decided to temporarily suspend this business in 2014 in order to strengthen processes; as a result, CAAD generated no revenues in 2014, against the US$8 million recorded in 2013.

Net interest income of $59 million, some 12% below the prior year, reflects lower average earning assets, impacted by increases in cash reserve requirements in Nigeria, and increased interest expense from higher average interbank borrowings.

Sales and trading revenue grew 43% to US$483 million in 2014. Currency volatility, growth in our client base and volatility in the interest rates market supported this strong performance.

Overall, the improvement in our foreign exchange business reflects continued collaboration with Corporate & Investment Bank (CIB) and Domestic Bank (DB) to understand client needs, develop appropriate solutions and grow our wallet share. We aim to be the lead bank in providing foreign exchange, fixed income and innovative solutions to clients and our focus remains on gaining an increased market share across the geographies where we operate. To this end, we will continue to invest in enabling systems to improve our efficiency. The roll-out of Calypso Treasury Solution is progressing well and its implementation across all of our banking subsidiaries is expected to be completed before the end of 2015.

Aggressive efforts to win new clients across all sectors for both the CIB and DB businesses, combined with efforts to migrate relationships across our network, also continue to benefit the Treasury Business. As a result in 2014, Treasury witnessed growth in foreign exchange volumes from both existing and new clients despite the increased competition which adversely impacted on our margins. Our diversified geographic footprint and our strong sales team across the businesses remain key differentiators.

Developing a motivated and talented workforce with diverse business experience and knowledge is another critical area for us. During the year we launched the Ecobank Treasury Certification programme, working closely with the Ecobank Academy. The programme, which is structured in three (3) levels, is designed to train and develop skills in Treasury Management. In 2014, over 70 mid-to-senior level managers from the Treasury department were enrolled in the Treasury Certification programme and the remainder is expected to complete the entry and intermediate level before the end of 2015. Our vision is to set a new standard of certification for Treasury professionals, both in Africa and around the world.

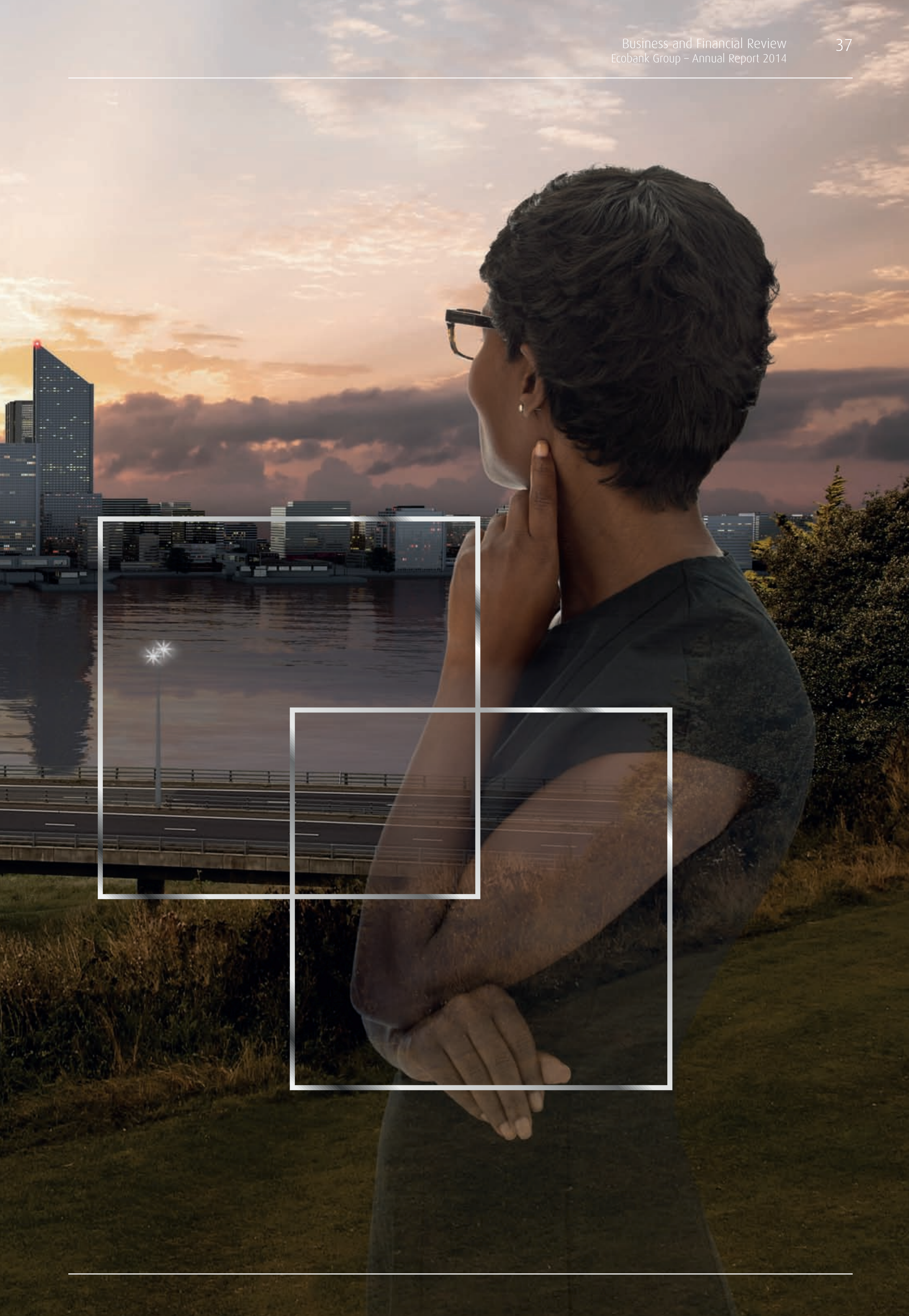
Finally, I would like to thank our 10.8 million customers for their business. I also want to recognise all Ecobankers, especially the leadership of CIB and DB, and our support partners in other departments in the bank without whom we could not have achieved this continued strong financial performance. The future of our bank is bright and our clients can look forward to an unparalleled customer service.

Abdul Aziz Dia
Group Head,
Treasury

Business and Financial Review

Despite a challenging operational environment in 2014, due to volatile commodity prices and the depreciation of major African currencies relative to the US Dollar, Ecobank registered a strong financial performance thanks to its diversified business model and a focus on cost control.

We remain confident of the Group's future prospects, despite a forecast slowdown in Africa's growth in 2015, due to our ongoing focus on capital and operational efficiency, as well as our ability to leverage our unique platform to become our customers' pan-African banking partner of choice.



Business and Financial Review

Economic environment

Global economic growth was mixed in 2014. The US economy led global growth with a GDP of 2.2%, buoyed by an improved housing market, falling unemployment, strong inventory, and growing consumer confidence. The Eurozone, on the other hand, continued to experience some challenges, with many countries still dealing with large fiscal deficits, high debt stocks, and widespread unemployment. The possible exit of Greece from the Eurozone dogged markets for most of 2014 and drove the Euro depreciation against the US dollar to record lows. Interest rate movements were largely shaped by US Federal Reserve's decision to bring its quantitative easing (QE) program to an end in October 2014 and expectations for a gradual rate rise in 2015.

All of these pressures had an impact in each of the 36 countries in Ecobank's Middle Africa footprint. Nonetheless, economic growth remained strong. Real GDP in most of these countries expanded by more than 5%, a good result given the ongoing weakness in developed economies, particularly Europe that remains an important trade partner. Middle Africa's growth was supported by a combination of sustained strong commodity prices, mostly in the first half of the year, solid agricultural production, high levels of government spending, and increased provision of banking, telecoms and trade services. However, perennial problems such as poor infrastructure and insufficient power held back activity in many countries.

Average inflation for 2014 was 7%, relatively high across Middle Africa and, largely unchanged from 2013. However, inflationary expectations remained high due to robust domestic demand and high government spending. Also, trade imbalances partly driven by weak demand for Africa's exports and lower global commodity prices led to the sharp depreciation of many Middle African currencies in 2014.

And finally, the precipitous fall in Brent crude oil prices experienced from July 2014, placed pressure on the fiscal and monetary conditions of oil producers such as Nigeria, Angola, Ghana, Cameroon and Equatorial Guinea.

Revenue

Year ended 31 December (In thousands of US$)	2014	2013	Change
Interest income	1,731,628	1,599,756	8%
Interest expense	(622,221)	(548,998)	13%
Net interest income (NII)	**1,109,407**	**1,050,758**	**6%**
Fees and commissions on loans	155,305	133,386	16%
Trade finance	126,634	117,790	8%
Markets, Asset Management and Corporate Finance	43,066	40,085	7%
ATM commissions	79,886	64,056	25%
Cash management	272,359	241,489	13%
Other fees and commissions	21,973	29,742	-26%
Total fee and commission income	699,222	626,548	12%
Fee and commission expense	(38,502)	(25,402)	52%
Net fee and commission income	**660,720**	**601,146**	**10%**
Foreign exchange	382,183	228,999	67%
Securities trading	80,465	79,961	1%
Net trading income	**462,647**	**308,960**	**50%**
Net losses from investment securities	**5,070**	**(1,581)**	**NM**
Other operating income	**42,036**	**44,173**	**-5%**
Non-interest revenue (NIR)	**1,170,474**	**952,698**	**23%**
Net revenue (NII + NIR)	**2,279,881**	**2,003,456**	**14%**
Net interest margin (NIM)	6.8%	7.1%	
Contribution of NIR to net revenues	51.3%	47.6%	

Income statement analysis

Net revenue

Net revenue (operating income before impairment losses), the sum of net interest income and non-interest revenue was US$2.3 billion for 2014, increasing by US$276 million, or 14% from the prior year. The increase was primarily driven by non-interest revenue, particularly from our Treasury business. Revenue sources ,however, remained fairly balanced between funded and non-funded income, which reflects our diversified business model, distinctive pan-African platform, and cross-sell capabilities.

Net interest income

Net interest income increased US$59 million, or 6% to US$1.1 billion in 2014 compared with 2013. The increase was primarily driven by strong customer loan growth in Nigeria, offset by net interest margin compression. Gross interest income increased US$132 million, or 8%, reflecting the strong customer loan growth in Nigeria. Interest expense was US$622 million, increasing US$73 million, or 13%, largely due to an increase in the cost of funds. The resultant net interest margin for 2014 was 6.8% down from 7.1% in 2013.

Non-interest revenue

Non-interest revenue increased US$218 million or 23% to US$1.2 billion in 2014 compared with the prior year, benefiting largely from client-driven foreign exchange (FX) volumes and trading income. The following, in numbered lists, is a discussion of the key components of our non-interest revenue.

a. Net fee and commission income

Net fee and commission income was US$661 million, increasing US$60 million or 10% from the prior year. The following are the primary drivers of net fee and commission income: fees and commissions on loans were US$155 million, up US$22 million or 16% from 2013, reflecting the strong growth in customer loans in Nigeria. Trade finance income was US$127 million, up US$8.8 million or 8%, benefiting from increased client activity particularly among our regional corporate clients. Fees and commissions from our capital markets, asset management and corporate finance activities were US$43 million, an increase of US$3.0 million from the prior year, driven largely by financial advisory fees and arrangement fees, offset by a decline in fees from asset management. Cash management fees, the largest component of fee and commission income increased US$31 million or 13% from the prior year. The major contributors to the increase in cash management fees were Rapid Transfer, our flagship remittance product, which contributed US$8.4 million, commissions earned on facilitating clients' funds transfers US$3.8 million, current account servicing US$2.2 million, and other cash management commissions of US$5.4 million. The growth we are experiencing in our Rapid Transfer business is a reflection of the power that our pan-African franchise brings to bear for our clients.

b. Trading income

Net trading income of US$463 million increased US$154 million or 50% from the prior year. Trading income comprises of FX income, which are fees and income we derive from buying and selling currencies on behalf of our clients to meet their trade finance, payments, and cash management needs, and securities trading income, which is primarily derived from trading of government securities. FX income was US$382 million, up US$153 million, or 67%, benefiting primarily from the volatility in currency markets in the second half of 2014. Additionally, we are able to trade currencies for our clients because our innovative Paris-based FX trading hub leverages our presence in 36 African countries to quote and trade more than 20 African currencies. Securities trading income was US$80 million, flat compared with the prior year.

Operating expenses

Year ended 31 December (In thousands of US$)	2014	2013	Change
Staff expenses	649,094	639,459	2%
Depreciation and amortisation	126,685	134,898	-6%
Communications and technology	138,336	110,531	25%
Professional fees	106,544	79,729	34%
Rent and utilities	72,745	70,376	3%
Repairs and maintenance	55,717	55,121	1%
Insurance	48,518	48,981	-1%
Others [1]	293,494	265,870	10%
Other operating expenses	715,354	630,607	13%
Total operating expenses	**1,491,133**	**1,404,964**	**6%**
Cost-income ratio	65.4%	70.1%	

[1] Others include operational losses and fines, advertising and promotion, business travels, supplies and services, fuel, etc.

Business and Financial Review

c. Other income

Other income was US$42 million, a decrease of US$2.1 million or 5% from the prior year. The decrease was primarily driven by lower lease income.

Operating expenses

Operating expenses were US$1.5 billion in 2014, up US$86 million, or 6% from 2013. The increase in operating expenses was primarily driven by costs associated with investments in information and communications technology and professional fees, largely offset by a decrease in depreciation and amortisation expenses. Staff costs were largely contained, increasing by just 2% to US$649 million, driven by headcount reductions.

The cost-income ratio improved to 65.4% in 2014 compared with 70.1% in 2013 and was within our target guidance of high 60s percent for 2014.

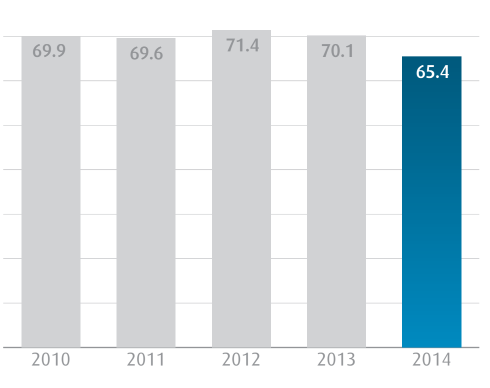
The improvement in the cost-income ratio reflects strong revenue generation but most importantly, management's continued focus on driving efficiency across our businesses. The company expects to operate within a targeted cost-income ratio range of low to mid 60s percent in 2015.

Impairment losses

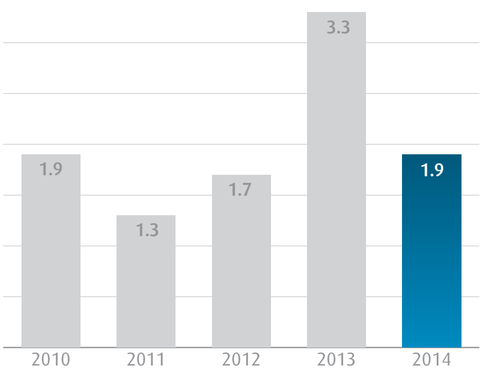
Impairment losses charged on loans and advances were US$229 million in 2014, down US$133 million, or 37% from 2013. The decrease was largely due to one-off net impairment losses of US$165 million taken on certain legacy assets in 2013.

On a geographical cluster basis, the decrease in impairment losses was driven by Nigeria and to a lesser extent Ghana. On a line of business basis, impairment losses decreased significantly by 53%, driven by Domestic Bank due to the one-off impairment losses taken in 2013.

Cost-income ratio
(%)



Cost-of-risk
(%)



Impairment losses

Year ended 31 December (In thousands of US$)	2014	2013	Change
Provision for loan impairment	388,333	411,963	-6%
Provision no longer required	(172,917)	(80,669)	114%
Specific impairment losses on loans and advances	215,416	331,294	-35%
Collective impairment losses (net) on loans and advances	13,896	31,334	-56%
Impairment losses on loans and advances	**229,312**	362,628	-37%
Impairment losses on other financial assets	37,648	14,102	167%
Impairment losses on financial assets	266,960	376,730	-29%
Cost-of-risk	1.9%	3.3%	

Our full year cost-of-risk improved to 1.9% from 3.3% in 2013, benefiting from lower impairment losses in the current year and an increase in customer loans.

Included in the reported total impairments on financial assets of US$267 million are US$38 million of impairments on doubtful receivables (2013: US$14 million). These are largely from Nigeria and include some long outstanding receivables.

Management continues to ensure that we only accept risks we thoroughly understand and are comfortable with. We continue to strengthen our risk management framework with improved credit underwriting standards and aggressive remedial and recovery efforts. We expect to achieve a cost-of-risk of below 200 basis points for 2015.

Profit

Profit before tax increased by US$298 million, or 134% to US$520 million in 2014 compared with 2013. The increase was predominantly due to strong growth in non-interest revenue and costs efficiency.

The strong growth in pre-tax profits was broad-based across our geographic cluster regions – Nigeria's pre-tax profits grew by 2,276%, Rest of West Africa by 12%, Francophone West Africa by 11%, Central Africa by 4%, and Southern Africa by 28%. East Africa reported a profit before tax of US$0.02 million in 2014 compared with a pre-tax loss of US$24 million in the previous year.

Across our lines of business, Treasury reported the largest increase in pre-tax profits in 2014, increasing profits by US$89 million, or 44% to US$291 million from 2013, driven by FX income. Domestic bank reported a pre-tax profit of US$93 million for 2014 compared with a pre-tax loss of US$133 million for 2013, driven by efficiency gains and lower impairment charges. Corporate and Investment bank reported a decline in pre-tax profits of US$24 million, or 8% to US$264 million in 2014 compared with 2013 primarily driven by higher impairment losses on loans.

Taxation

Tax expense was US$122 million for 2014, representing an effective tax rate of 23.5% compared with 29.6% in 2013. The decrease in the effective tax rate was predominantly due to the fact that Nigeria's profit before tax increased significantly. And a large part of this increase was driven by interest earned on Treasury bills and Government bonds that are exempt from taxation.

Summary Consolidated Income Statement

Year ended 31 December (In thousands of US$)	2014	2013	Change
Net revenue	2,279,881	2,003,456	14%
Operating expenses	(1,491,133)	(1,404,964)	6%
Pre-impairment income	788,748	598,492	32%
Impairment losses on financial assets	(266,960)	(376,730)	-29%
Profit before income tax	**519,549**	**221,778**	**134%**
Taxation	(122,024)	(65,728)	86%
Profit for the year from continuing operations	**397,525**	**156,050**	**155%**
Loss for the year from discontinued operations	(2,755)	(8,277)	-67%
Profit for the year	**394,770**	**147,773**	**167%**
Effective tax rate	**23.5%**	**29.6%**	
Attributable to:			
Owners of the parent (total)	**337,863**	**95.541**	**254%**
Profit for the year from continuing operations	339,351	102,932	230%
Profit for the year from discontinued operations	(1,488)	(7,391)	-80%
Non-controlling interest (total)	**56,907**	**52,232**	**9%**
Profit for the year from continuing operations	58,174	53,118	10%
Profit for the year from discontinued operations	(1,267)	(886)	43%
Profit for the year	**394,770**	**147,773**	**167%**
Return on average equity (ROAE)	**16.5%**	**6.9%**	
Basic earnings per share (US$ cents)	1.83	0.60	
Diluted earnings per share (US$ cents)	1.72	0.56	

Business and Financial Review

Profit for the year

Profit for the year was US$395 million, increasing US$247 million or 167% from 2013. The increase in profits was driven by higher non-interest revenue, cost efficiency gains, and a reduction in impairment losses.

Earnings per share (EPS) were 1.83 US$ cents (basic) and 1.70 US$ cents (diluted) compared with 0.60 US$ cents (basic) and 0.56 US$ cents (diluted) in the prior year, respectively. On 1 July 2014, two IFC funds were issued a total of 838.3 million new shares following a loan conversion. And in early October 2014, 4,512.6 million new shares were issued to Nedbank following its loan conversion and top-up investment. Also 0.425 million (425K) new shares were issued in stock options to bring the Group's current total shares in issue to 22,563.5 million.

Balance Sheet Analysis

Consolidated Balance Sheets overview

Total assets increased by US$1.7 billion, or 8% to US$24.2 billion, and total liabilities increased by US$1.2 billion, or 6%, in 2014 from 2013. The following is a discussion of the significant changes in the specific line items on the consolidated Balance Sheets during 2014.

Consolidated Balance Sheets data

At 31 December (In thousands of US$)	2014	2013	Change
Interest earning assets			
Treasury bills and other eligible bills	1,276,120	1,127,927	13%
Financial assets held for trading	279,434	114,917	143%
Loans and advances to banks	1,882,501	1,312,150	43%
Loans and advances to customers	12,311,642	11,421,605	8%
Investment securities: available-for-sale	1,435,580	1,893,489	-24%
Pledged assets	1,032,146	1,135,434	-9%
	18,217,423	**17,005,522**	**7%**
Non-interest earnings assets			
Cash and balance with central banks	3,546,543	2,877,868	23%
Intangible assets	410,257	496,748	-17%
Property and equipment	920,690	872,145	6%
Derivative financial instruments	247,664	141,346	75%
Other non-interest earning assets	900,985	1,138,824	-21%
	6,026,139	5,526,931	9%
Total Assets	**24,243,562**	**22,532,453**	**8%**
Liabilities			
Deposits from other banks	912,841	706,953	29%
Deposits from customers	17,436,970	16,489,904	6%
Other deposits	573,300	677,960	-15%
Borrowed funds	1,540,264	1,303,406	18%
Other liabilities	1,125,103	1,219,582	-8%
Total Liabilities	**21,588,477**	**20,397,805**	**6%**
Equity			
Share capital	1,979,523	1,409,001	40%
Retained earnings	550,680	574,768	-4%
Reserves	(79,378)	(47,333)	68%
Total equity and reserves attributable	**2,450,825**	1,936,436	27%
Non-controlling interest in equity	204,260	198,212	3%
Total equity	**2,655,085**	**2,134,648**	**24%**
Total liabilities and shareholders' equity	**24,243,562**	**22,532,453**	**8%**

Assets

Cash and balances with central banks

As part of our normal course of business we place funds with central banks for the purposes of meeting cash reserves and liquidity requirements. As at 31 December 2014 we had US$3.5 billion in cash and balances with central banks, up US$669 million, or 23% from 2013. Cash in hand, branch vaults and ATMs, and other balances held with central banks other than for mandatory reserve requirements, increased US$230 million, or 17% from the prior year.

Mandatory reserve deposits with central banks were US$2.0 billion at 31 December 2014, increasing by US$439 million, or 28%, from 2013, primarily driven by higher cash reserve requirements (CRR) on both public and private sector deposits. The higher CRR regime continues to have an adverse impact on the level of available interest earning assets.

Loans and advances to banks

Loans and advances to banks largely constitute deposits we hold with other banks to facilitate correspondent banking relationships and manage our liquidity and interest rate risks. At 31 December 2014, loans and advances to banks were US$1.9 billion, an increase of US$570 million, or 43% from 2013. The opportunities that were presented by volatile currency and interest rates markets drove the increase in loans and advances to banks.

Treasury bills and other eligible bills

The bank places deposits otherwise not immediately loaned out to clients in treasury bills and other eligible bills. Treasury bills and other eligible bills increased US$148 million or 13% to US$1.3 billion in 2014 from 2013. The increase was primarily driven by Francophone West Africa, where treasury bills increased US$117 million in 2014.

Loans and advances to customers

At 31 December (In thousands of US$)	2014	2013	Change
Group			
Gross loans and advances to customers	12,696,471	12,009,770	6%
Less: allowance for impairment	(384,829)	(588,165)	-35%
Loans and advances to customers (net)	12,311,642	11,421,605	8%
Non-performing loans	559,920	744,572	-25%
Loans-to-deposits ratio	72.8%	72.8%	
Non-performing loan ratio	4.4%	6.2%	
NPL coverage ratio	68.7%	79.0%	
Loans and advances by business segments:			
Corporate Bank			
Gross loans and advances to customers	7,009,540	6,385,035	10%
Less: allowance for impairment	(154,186)	(89,573)	72%
Loans and advances to customers (net)	6,855,354	6,295,462	9%
Non-performing loans	122,243	77,262	58%
Loans-to-deposits ratio	97.7%	114.1%	
Non-performing loan ratio	1.7%	1.2%	
NPL coverage ratio	126.1%	115.9%	
Domestic Bank			
Gross loans and advances to customers	5,686,931	5,624,735	1%
Less: allowance for impairment	(230,643)	(498,592)	-54%
Loans and advances to customers (net)	5,456,288	5,126,143	6%
Non-performing loans	437,677	667,310	-34%
Loans-to-deposits ratio	55.4%	51.6%	
Non-performing loan ratio	7.7%	11.9%	
NPL coverage ratio	52.7%	74.7%	

Business and Financial Review

Loans and advances to customers

The Group provides loans to customers, ranging from large global and regional corporates to individuals, households, and small businesses. Total gross loans increased US$687 million or 6% to US$12.7 billion in 2014 from 2013, driven by a significant increase in loans in Nigeria. The increase in customer loans in 2014, however was below the loan growth guidance of 15%, primarily for two reasons. First, during the second half of 2014, we slowed down quite significantly the underwriting of customer loans, particularly in our Domestic banking business, as we became more cautious and selective as macroeconomic headwinds increased. Secondly, the US dollar strengthened significantly against the Group's key functional currencies, the CFA franc, the Naira, and the Ghana cedi, causing them to depreciate by approximately 12%, 13%, and 26% respectively in 2014. This led to a reduction in customer loans on a US dollar basis following currency translations.

On a line of business basis, Corporate Bank grew net customer loans by US$560 million or 8% in 2014 from 2013, largely driven by our regional and global corporate clients particularly in Nigeria. Domestic bank grew net customer loans by US$330 million or 6% to US$5.5 billion in 2014 from 2013. The increase was driven by loan growth in local corporates and SME customers. The loans-to-deposits ratio stood at 72.8% in 2014 and was flat compared to 2013.

Our customer loan portfolio is fairly diversified on a geographic basis. Nigeria's strong loan growth saw it increase its share of Group loans to 41% in 2014 from 36% in 2013. Francophone West Africa's loan growth, negatively impacted by decisions to be more cautious and selective in underwriting, saw its share of Group loans decline to 30% in 2014 from 34% in 2013. Our younger geographic clusters of East, and Southern Africa grew their loans in 2014, helping them both to increase their shares of Group loans from 4% and 2%, to 5% and 3%, respectively.

The allowance account for loan losses decreased US$203 million, or 35% to US$385 million for 2014 from 2013. The decrease was primarily due to write-offs of certain legacy non-performing loans in our Domestic Bank business. Total loans, including the legacy-related ones, amounted to US$370 million in 2014. As a result, Domestic Bank reported a decrease of US$268 million, or 54% in its allowance for impairment balances, helping it to reduce its non-performing loans ratio to 7.7% in 2014 from 11.9% in 2013. Corporate Bank, on the other hand, reported an increase of US$65 million, or 72% in its allowance impairments to US$154 million, driven by an increase in gross impairment losses due to growth in client loans. Corporate Bank's non-performing loans ratio deteriorated to 1.7% in 2014 from 1.2% in 2013, reflecting higher non-performing loans.

With the allowance account for loan losses decreasing, the non-performing loans coverage ratio decreased to 68.7% in 2014 from 79.0% in 2013.

Securities

We hold trading and investment securities in the normal course of our business. We also hold securities for the purposes of cash, liquidity, and asset and liability management.

Securities held for trading purposes, mostly in government bonds in Nigeria, increased US$165 million, or 143% to US$279 million in 2014 compared with the prior year. The higher balances are a result of the opportunities the volatility currency and rates markets presented during the year.

Our investment securities are all held as available-for-sale (AFS) and constitute primarily listed and unlisted debt and equity securities. As at 31 December 2014, the AFS securities portfolio was US$1.4 billion, decreasing US$456 million, or 24% from US$1.9 billion in 2013. The decrease was primarily driven by a decline of US$555 million of AFS securities in Nigeria, partially offset by an increase of US$151million in AFS securities in Francophone West Africa.

Liabilities and Equity

Deposits from banks
We take deposits from other banks to facilitate correspondent banking relationships, manage liquidity, interest rate, and currency risks. Deposits from other banks increased US$206 million or 29% to US$913 million in 2014 from 2013.

Customer deposits
Customer deposits, the predominant source of funding for the Group, increased by US$947 million, or 6% to US$17.4 billion in 2014 compared with the prior year, despite the negative effects of currency translation. The increase was due to growth in Corporate Bank customer deposits.

Corporate Bank customer deposits increased US$1.6 billion, or 28% to US$7.2 billion in 2014 compared with the prior year. The increase reflected the deeper relationships and engagements we continued to have with our clients. Domestic Bank customer deposits, on the other hand, decreased US$627 million, or 6% in 2014 compared with the prior year. The decrease reflected currency translation effects and a competitive deposit market.

Our low-cost current and savings account (CASA) deposits, which are largely core and stable deposits, were 70.2% of total customer deposits in 2014 compared with 66.1% in 2013.

Borrowed funds
Borrowed funds are an alternative source of long-term funding and a critical component of the Group's liquidity and capital management activities. ETI, the parent company of the Group oversees Group-wide planning and funding strategy. As of 31 December 2014, total borrowed funds were US$1.5 billion, up US$237 million, or 18% from the prior year. The increase was largely due to the US$250 million long-term debt capital Nigeria raised on the Eurobond market.

Total equity
Total equity increased US$520 million, or 24% to US$2.7 billion in 2014 from 2013, predominantly due to new issuance of ordinary shares to IFC's managed funds for its US$75.2 million loan conversion to equity and to Nedbank for its conversion of US$285 million loan to equity, and further subscription for additional new ordinary shares.

Shareholders' equity increased US$514 million, or 27% to US$2.5 billion compared with the prior year. The increase was largely driven by growth in share capital.

Customer Deposits

Year ended 31 December (In thousands of US$)	2014	2013	Change
Domestic Bank deposits	10,266,078	10,893,535	-6%
Corporate Bank deposits	7,170,892	5,596,369	28%
Total customer deposits	**17,436,970**	**16,489,904**	**6%**

Business and Financial Review

Business segments

Ecobank's activities are grouped into three customer-focused business segments namely Corporate and Investment Bank, Domestic Bank and Treasury. The business segments are determined based on the products and services provided, or the type of customer served.

Ecobank
The Pan African Bank

Corporate and Investment Bank

(See page 47)

We provide financial solutions to global, regional and public corporates, financial institutions and international organisations. Products and services include pan African lending, trade services, cash management, internet banking and value-chain finance. We also provide corporate finance, investment banking and securities and asset management.

Domestic Bank

(See page 48)

We provide a full range of convenient, accessible, and reliable financial products and services to more than 10 million individuals, small businesses, local corporates and public sector organisations, through our extensive network of 1,265 branches and offices, 2,690 ATMs and over 14,233 points of sale (POS).

Treasury

(See page 50)

Treasury activities include sales, trading, balance sheet management and Currency and African Assets Distribution (CAAD). It deals in foreign exchange, fixed income and money market instruments and provides hedging and structured product solutions to clients. The CAAD business facilitates the transfer of African fixed income assets between the international community and Middle Africa

Corporate and Investment Banking

Financial performance

Corporate and Investment Bank profit before tax was US$264 million, a decrease of US$24 million, or 8%, compared with the prior year, due to impairment losses in Nigeria.

Net revenue increased US$60 million, or 10% to US$667 million for 2014 compared to 2013. The increase was balanced between funded and non-funded income. Revenue, however, was negatively impacted by regulatory headwinds especially in Nigeria and currency weaknesses in our key functional currencies against the US dollar. Net interest income was US$406 million, up US$37 million, or 10%, reflecting moderate loan growth in our regional and global corporate clients and a reduction in the cost of funds. Non-interest revenue was US$261 million, up US$23 million, or 10% from 2013. The increase was primarily driven by a strong increase in trade volumes and customers reflecting the benefits our pan-African model brings to bear for our customers. Also non-interest revenue benefited from growth in transaction services, helped by Omni, our cash management internet banking platform.

Operating expenses increased US$34 million, or 13% to US$298 million for 2014 compared to 2013. The increase was primarily driven by non-staff costs. The cost-income ratio deteriorated in 2014 to 44.6% from 43.4% in 2013. The focus is to continue to drive efficiency in 2015, particularly given that the challenging operating environment could have a negative impact on revenue growth.

Impairment losses on loans increased US$49 million or 89% to US$105 million from the prior year, due primarily to provisions on non-performing loans in Ghana and Nigeria.

Corporate and Investment Bank: Key Lines of Business and Products

Corporate Bank and Transaction Services Group	Investment Bank	Securities and Asset Management
• Lending • Cash management • Trade finance • Electronic Banking (Omni) • Commodity finance	• Structured trade finance • Project finance • Syndicated lending • Capital markets • Advisory (M&A)	• Brokerage • Asset management

Corporate and Investment Bank: Key Customer Segments

Global corporates	Regional corporates	Public corporates	Financial institutions	International organisations
Customers with operations in several countries headquartered outside Middle Africa and whose operations are coordinated globally.	Customers with headquarters and operations in Middle Africa and whose operations are regionally coordinated.	Parastatal companies, such as airports,seaports, oil refineries and major state insurance companies, operating in one country.	Banks, pension funds, insurance companies, development finance institutions, central banks, asset managers, private equity funds etc.	Multilaterals, bi-laterals, international NGOs, embassies

Business and Financial Review

Corporate and Investment Bank

Year ended 31 December (In millions of US$)	2014	2013	Change
Net interest income	406.1	369.2	10%
Non-interest revenue	261.1	238.0	10%
Net revenues	**667.2**	**607.3**	**10%**
Operating expenses	(297.8)	(263.7)	13%
Impairment losses on loans	(105.0)	(55.6)	89%
Profit before tax	**264.4**	**288.0**	**-8%**
Loans (net)	6,855	6,295	9%
Deposits	7,171	5,596	28%
Cost-income ratio	44.6%	43.4%	
Non-performing loans ratio	1.7%	1.2%	
NPL coverage ratio	126.1%	115.9%	

Domestic Bank

Domestic Bank has four lines of business, namely Personal Banking, Local Corporate/SME, Public Sector and Cards and eBanking. It also incorporates our microfinance businesses.

Domestic Bank: Lines of Business and Products

	Personal Banking	Local Corporate/SME	Public Sector	Cards and eBanking
Customers served:	Our consumer business caters to the banking needs of individuals with emphasis on professionals, civil servants, teachers, regular salary earners and Africans in the diaspora. It is further segmented into Classic and Direct Banking, Advantage Banking and Premier Banking to enable us deliver products and services tailored to the specific needs of customers.	The local corporate business caters to the needs of companies with annual revenues above US$5 million, with formal structures (typically with corporate governance systems) that operate only within national boundaries.	Public sector caters to all arms of the government at Federal, National, State, Municipal, County and Local levels including non-profit Non-Governmental Organizations (NGOs). As part of our value chain banking proposition, we also provide banking services to public sector staff, contractors and suppliers.	Cards and electronic Banking business covers cards issuing, cards acquiring (providing our merchants with POS terminals to enable their customers make payments with cards). Alternative channels (deployment and management of ATMs and POS terminals), internet banking, mobile banking and MobileMoney. Cards and eBanking business allows customers to conduct specific banking activities outside the branch, anytime and anywhere. We strive to provide easy self-service banking with minimal assistance.
Products offered:	• Current, Savings and Domiciliary accounts • Western Union, Money Gram, Ria, Wari, and RapidTransfer • Ecobank Diaspora Current, Savings and Domiciliary Account • Utility Payment/Collection • Retail credits (Asset finance, auto loans, personal loans etc) • Ecobank Advance Account	• Current and Domiciliary accounts • Letters of Credit and Trade finance • Bonds and Guarantees • Payment and Collection • Corporate Internet Banking (Omni) • Remittances and Transfers • Asset, Inventory, Lease, Contract, Import and Receivable finance • Bills Discounting	• Current and Domiciliary accounts • Bonds and Guarantees • Tax and Utility Collections • Corporate Internet Banking (Omni) • Public Private Partnership	• Regional, Visa and MasterCard debit • Prepaid Visa/MasterCard • E-alert, e-statement and SMS • Mobile banking • Retail Internet banking • Corporate Internet Banking (Omni) • ATMs and ATM galleries • POS terminals

Financial performance

Domestic bank profit before tax for 2014 was US$93 million, compared with a pre-tax loss of US$133 million in 2013. The strong earnings performance was largely due to costs containment and lower impairment losses.

Net revenue was US$1.1 billion, up 7% from the prior year. Net interest income increased 5% to US$695 million compared with the prior year, reflecting growth in local corporate loans, partially offset by margin compression from continued regulatory headwinds, especially in our Francophone West Africa cluster region. Non-interest revenue was US$420 million, increasing 11% from the prior year, primarily driven by remittances, particularly Rapidtransfer, our innovative remittance offering, fees on loans through our credit factories, and cards and electronic banking.

Operating expenses increased marginally to US$872 million for 2014 compared to 2013 primarily driven by higher non-staff costs. Our continued focus on cost discipline through initiatives such as branch optimisation and investments in Information and Communications Technology is achieving the desired results. The cost-income ratio, as a result, improved to 78.2% for 2014 compared with 82.4% in 2013.

Impairment losses on loans decreased US$166 million or 53% to US$150 million compared with the prior year, primarily due to the one-off impairment losses in 2013 on legacy non-performing loans in Nigeria.

Domestic Bank

Year ended 31 December (In millions of US$)	2014	2013	Change
Net interest income	694.8	663.5	5%
Non-interest revenue	420.2	378.6	11%
Net revenues	**1,115.0**	**1,042.1**	**7%**
Operating expenses	(871.7)	(858.7)	2%
Impairment losses on loans	(150.0)	(316.1)	-53%
Profit before tax	**93.2**	**(132.7)**	**n.m**
Loans (net)	5,456	5,126	6%
Deposits	10,266	10,894	-6%
Cost-income ratio	78.2%	82.4%	
Non-performing loans ratio	7.7%	11.9%	
NPL coverage ratio	52.7%	74.7%	

Business and Financial Review

Treasury

Financial performance

Treasury profit before tax was US$291 million, an increase of US$89 million, or 44%, compared with the prior year, driven by growth in non-interest revenue.

Net revenues increased US$136 million, or 35% to US$530 million, primarily driven by strong growth in sales and trading income. Net interest income fell 12% to US$59 million, driven by lower average earning assets, which were negatively impacted by cash reserve requirements in Nigeria and higher interest expense from average interbank borrowings. Non-interest revenue was US$472 million, an increase of US$144 million, or 44%, compared with the prior year, benefiting from interest rates and currency market volatility, particularly in the second half of 2014.

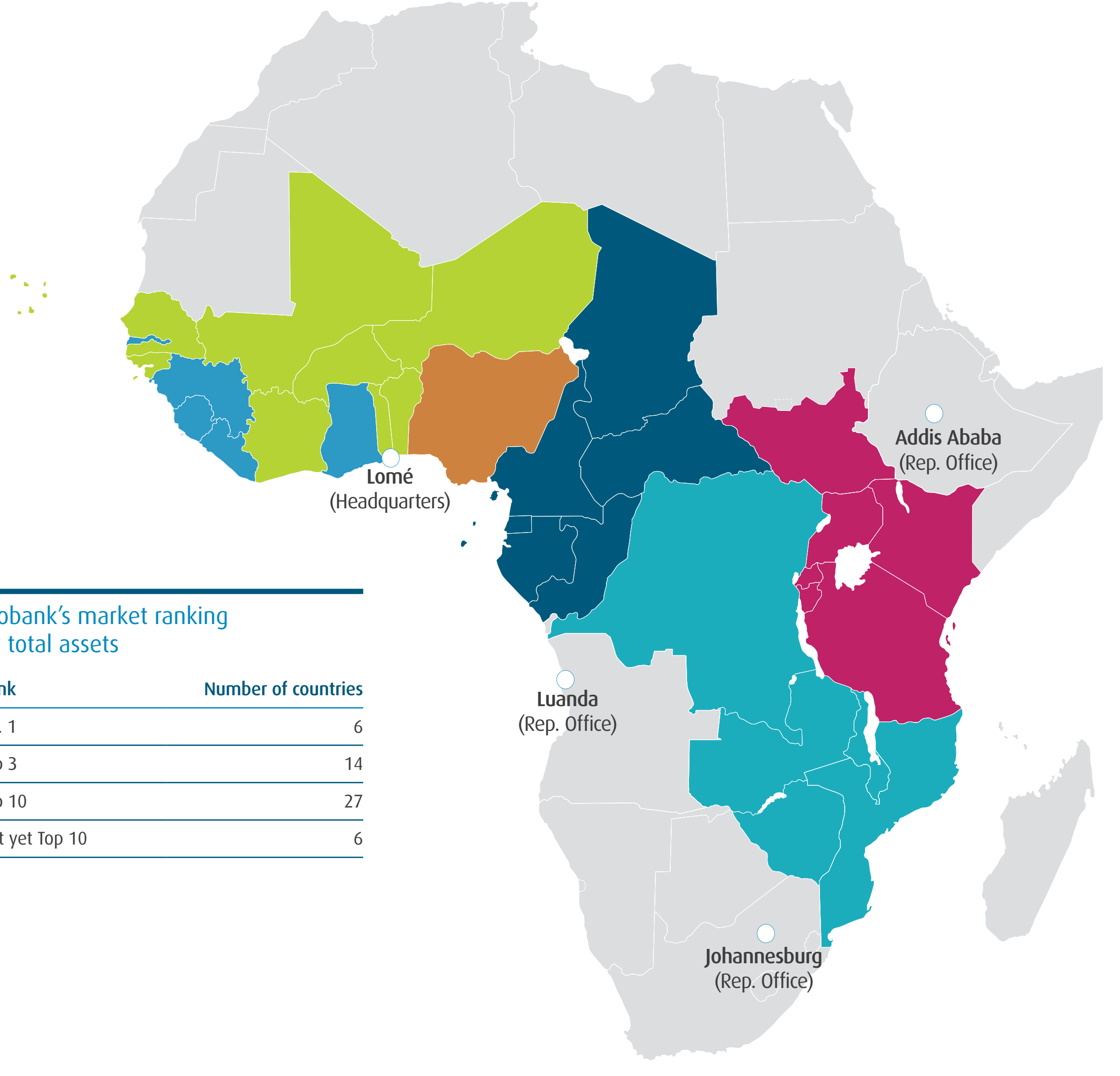
Operating expenses increased US$40 million or 21% to US$227 million mainly driven by higher staff costs. The cost-income ratio improved to 42.9% compared to 47.6% in the prior year as a result of tighter controls and cost discipline.

Impairment losses on financial assets increased US$7.4 million or 163% to US$12 million from the prior year.

Treasury

Year ended 31 December (In millions of US$, except ratios)	2014	2013	Change
Net interest income	58.7	66.6	-12%
Non-interest revenue	471.5	327.1	44%
Net revenues	**530.2**	**393.7**	35%
Operating expenses	(227.3)	(187.3)	21%
Impairment losses on financial assets	(11.9)	(4.5)	163%
Profit before tax	**290.9**	**201.9**	44%
Assets	4,389	4,440	-1%
Funding	1,927	1,155	67%
Cost-income ratio	42.9%	47.6%	

Geographical clusters in Africa



Ecobank's market ranking by total assets

Rank	Number of countries
No. 1	6
Top 3	14
Top 10	27
Not yet Top 10	6

Market position by country ranked by total assets

Francophone West Africa

1st: Burkina Faso
2nd: Togo
2nd: Benin
2nd: Côte d'Ivoire
2nd: Guinea-Bissau
3rd: Mali
3rd: Niger
3rd: Senegal
7th: Cape Verde

Nigeria

6th: Nigeria

Rest of West Africa

1st: Ghana
1st: Liberia
1st: Guinea
3rd: Gambia
4th: Sierra Leone

Central Africa

1st: Cen. Africa Rep.
1st: Chad
4th: Congo Brazza
4th: Gabon
4th: Sao Tome
5th: Cameroon
5th: Eq. Guinea

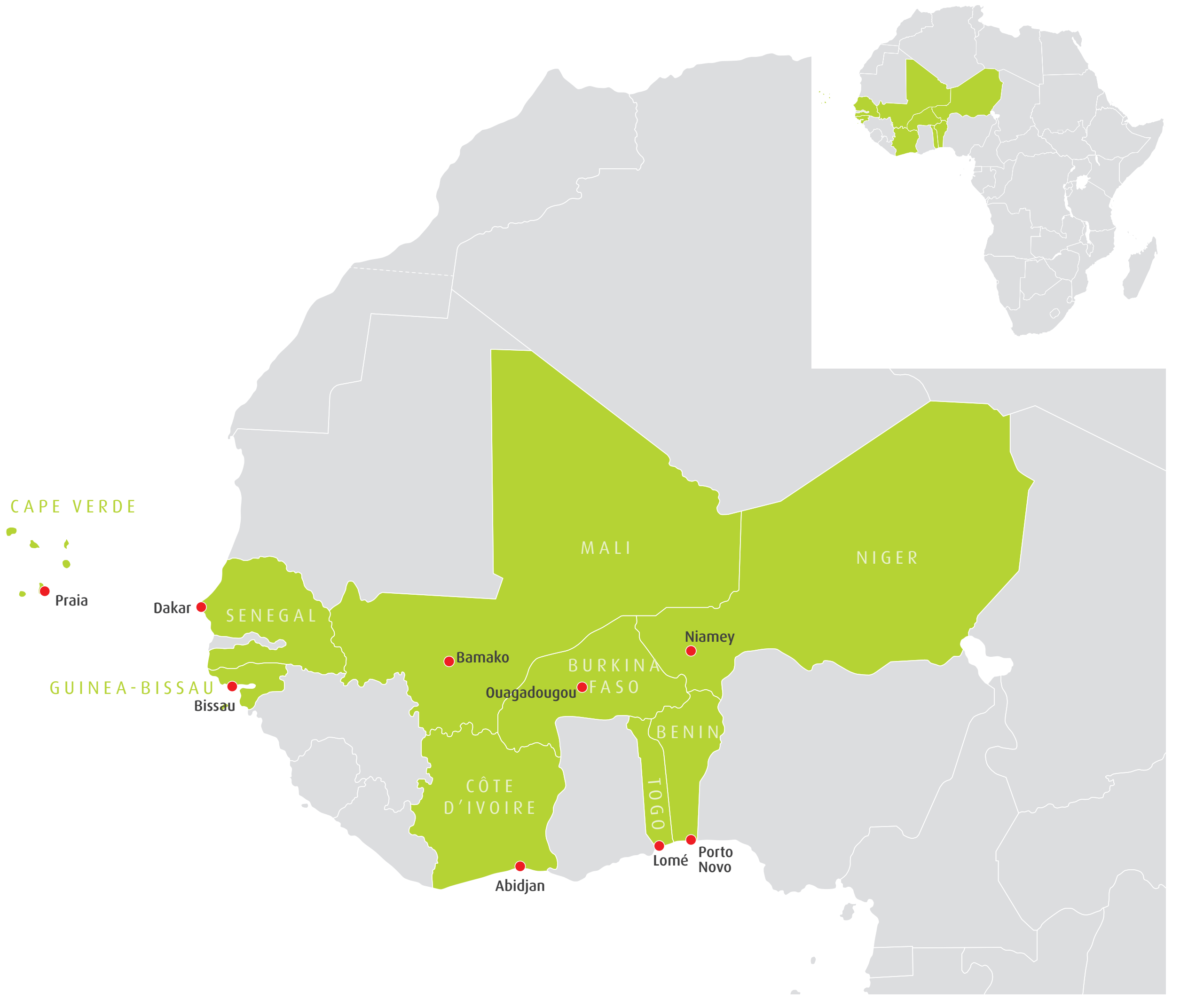
East Africa

4th: Rwanda
4th: Burundi
8th: South Sudan
15th: Uganda
20th: Kenya
21st: Tanzania

Southern Africa

6th: DR Congo
7th: Malawi
12th: Zambia
12th: Zimbabwe
8th: Mozambique

Business and Financial Review
Francophone West Africa



Francophone West Africa

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 also included for management purposes although it is outside UEMOA. The eight UEMOA countries have a common currency, the CFA franc (XOF), 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).

Francophone West Africa

	Date commenced operations	ETI ownership (%)	GDP US$ bn	Real GDP Growth %		Inflation %	
			2014e	2014e	2015f	2014e	2015f
Togo	1988	82	4.7	6.0	6.0	2.4	2.5
Côte d'Ivoire	1989	94	35.8	8.0	8.0	0.6	2.6
Benin	1990	79	9.2	5.5	5.2	1.7	2.8
Burkina Faso	1997	85	12.7	4.0	5.0	1.5	2.0
Mali	1998	93	12.1	5.8	5.5	1.0	2.2
Niger	1999	100	8.1	6.5	4.6	-0.8	1.6
Senegal	1999	80	15.9	4.5	4.6	-0.5	1.5
Cape Verde	2004	94	2.1	3.0	3.5	2.0	2.5
Guinea Bissau	2007	100	1.0	2.5	4.0	-0.8	3.3
Total Francophone West Africa			**101.6**				

Source: IMF and World Bank

Economic environment

Economic activity continued to rise in 2014 across the region of 100 million people supported by strong growth in Côte d'Ivoire (led by vigorous agricultural production and construction activities following the return to political stability) and economic recovery in Mali (after a security crisis in 2012 and adverse climatic conditions in 2013). The euro-linked XOF depreciated 11.5% against the US$ due to economic uncertainties in the eurozone and the deflation challenge. Meanwhile, inflation remained low, or slightly negative, at less than 2% for most countries due to lower food prices and better weather conditions supporting food supply.

Performance highlights

The Francophone West Africa geographic cluster's profit for the year was US$114 million, up US$8.6 million, or 8% from the previous year, driven by higher revenues and cost efficiency.

Net revenue was US$472 million, up US$38 million, or 9% from the previous year. Net interest income increased US$16 million, or 7% to US$251 million, reflecting growth in average balances of Treasury bills and higher average yields on interest earning assets. Non-interest revenue increased US$22 million, or 11% to US$222 million, predominately driven by client-driven foreign exchange trading income.

Operating expenses were US$287 million, up US$12 million, or 4% from the prior year. Personnel expenses drove the increase, which was partially offset by a reduction in operational losses. The cost-income ratio improved to 60.7% versus the 63.3% from the prior year. The improvement reflected management's continued focus on expense discipline.

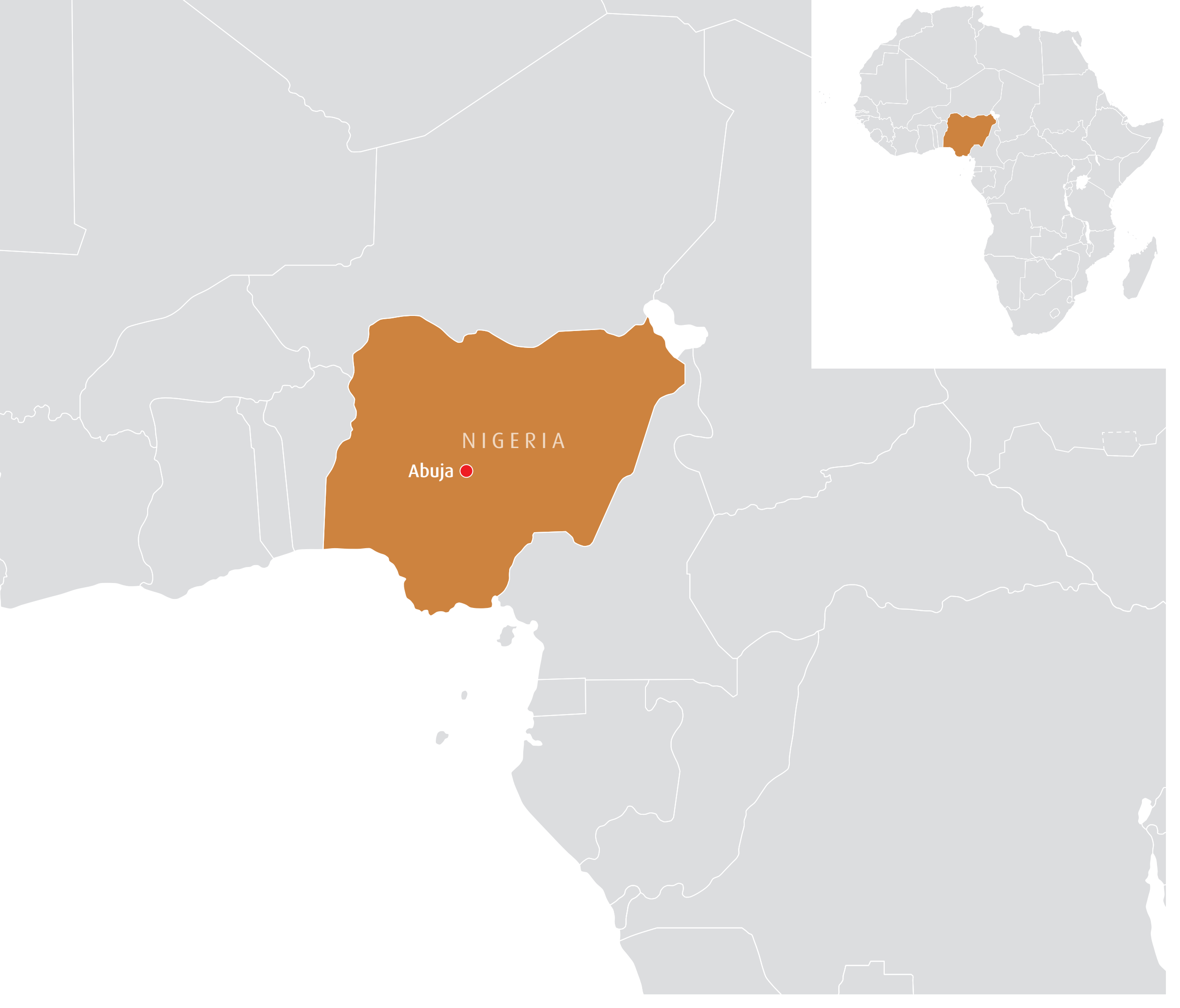
The net impairment charge was US$45 million, up 36% from the previous year. The increase reflected higher loan impairments in Togo and Benin, partially offset by reductions in Senegal and Côte d'Ivoire. The non-performing loans coverage ratio increased 90 basis points to 5.0% from 4.1% the previous year.

Francophone West Africa (UEMOA)

Year ended 31 December (In millions of US$)	2014	2013	Change
Net interest income	250.7	234.7	7%
Non-interest revenue	221.8	199.3	11%
Net revenue	**472.4**	**434.0**	**9%**
Operating expenses	(286.6)	(274.6)	4%
Impairment losses on financial assets	(45.2)	(33.1)	36%
Profit before tax	**140.7**	**126.2**	**11%**
Taxation	(26.7)	(20.9)	28%
Profit for the year	**114.0**	**105.4**	**8%**
Loans (net)	3,593	3,870	-7%
Total assets	6,763	6,501	4%
Deposits	4,807	4,398	9%
Cost-income ratio	60.7%	63.3%	
Loans-to-deposit ratio	77.1%	90.1%	
Non-performing loans ratio	5.0%	4.1%	
NPL coverage ratio	60.7%	57.0%	

NB: selected income statement lines only so totals may not add up

Business and Financial Review
Nigeria



Nigeria

Nigeria constitutes a cluster in itself by virtue of its size.

Nigeria

	Date commenced operations	ETI ownership (%)	GDP US$ bn	Real GDP Growth %		Inflation %	
			2014e	2014e	2015f	2014e	2015f
Nigeria	1989	100	574.4	6.1	4.8*	8.1	9.5

Source: IMF and World Bank

Economic environment

Real GDP growth expanded 6.1% in 2014 supported by robust performances in the non-oil economy (agriculture, services, construction) highlighting the increasing diversification of the economy. Average annual inflation decelerated slightly in 2014 due to lower food prices, but remained high at 8.1% because of high election-related spending. Meanwhile, the Naira depreciated 14.5% in the course of the year, due to the fall in oil prices which has reduced export revenues and foreign exchange reserves, insufficient US dollar supply at the Retail Dutch Auction System (RDAS, which was suspended in February 2015), and strong import demand. In order to stabilise the Naira, the Central Bank of Nigeria maintained a tight monetary policy throughout the year. Most notably, in November 2014, the CBN decided to devalue the currency by 8.4%. The strong demand for imported goods and weaker than expected oil export revenues, which account for around 95% of total exports, helped reduce the current account surplus to 2.2% of GDP.

Performance highlights

The Nigeria geographic cluster's profit for the year was US$218 million, up US$186 million, or 566% from the previous year. Higher non-interest revenues and efficiency improvements in the business primarily drove this increase.

Net revenue was US$989 million, up US$170 million, or 21% from the previous year. Net interest income increased US$26 million, or 5% to US$496 million, driven by a decline in interest expense from lower interest bearing liabilities, largely offset by a substantial reduction in interest income from lower average yields. The increases in the cash reserve requirement by the Central Bank of Nigeria further impacted net interest income as deposits that could be earning interest income were not because they were being held in cash at the Central Bank.

Non-interest revenue increased US$144 million, or 41% to US$494 million, reflecting strong client activity in 2014. Net trading income was US$227 million, up US$112 million, or 97%, largely driven by client-driven foreign exchange income and fixed income trading revenues. Net fee and commission income was US$239 million, up US$28 million, or 13%, from the previous year, benefiting from higher loan balances, trade finance, and credit related activities.

The focus on driving efficiency and maximizing cross-sell capabilities is paying off. Operating expenses increased US$50 million, or 9% to US$588 million, primarily driven by an increase in information, communications and technology costs and professional fees, partially offset by lower personnel and depreciation and amortization costs. Also impacting operating expenses is fees paid into the Asset Management Corporation of Nigeria's (AMCON) sinking fund, which were approximately US$44 million in 2014, up US$2.4 million from 2013. The cost-income ratio improved to 59.5% compared to 65.7% in 2013. We expect further efficiencies from ongoing cost management initiatives in Nigeria.

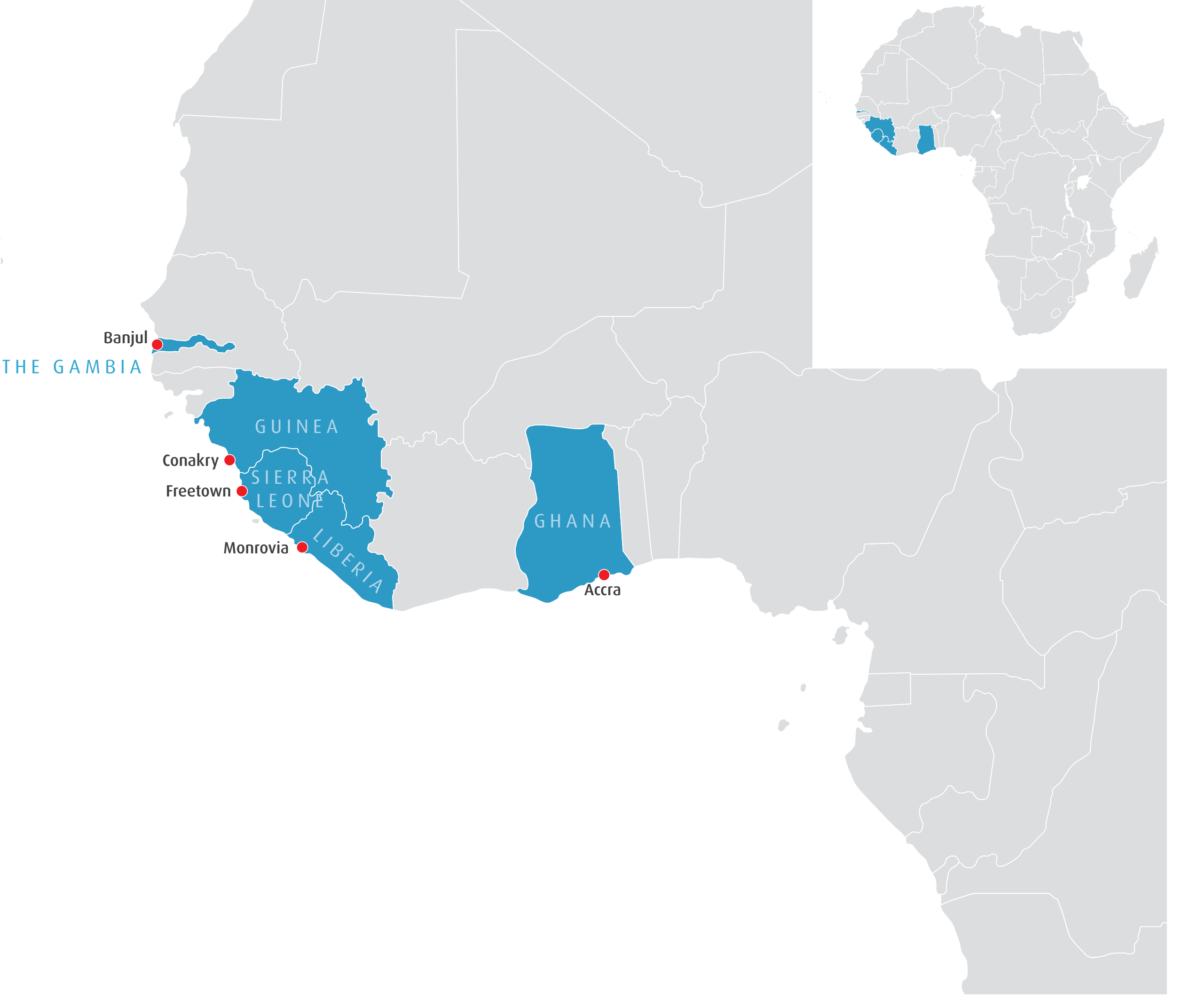
The impairment charge for 2014 was US$177 million, a decrease of 35% from 2013. The ratio of non-performing loans to total loans was 3.2% in 2014 against 8.3% the previous year. Write-offs of fully provisioned non-performing loans primarily drove this improvement.

Nigeria

Year ended 31 December (In millions of US$)	2014	2013	Change
Net interest income	495.6	469.8	5%
Non-interest revenue	493.5	349.4	41%
Net revenue	**989.2**	**819.3**	**21%**
Operating expenses	(588.3)	(538.1)	9%
Impairment losses on financial assets	(176.5)	(271.7)	-35%
Profit before tax	**224.3**	**9.4**	**2,276%**
Taxation	(6.0)	23.3	-126%
Profit for the year	**218.3**	**32.8**	**566%**
Loans (net)	4,808	3,918	23%
Total assets	9,673	9,232	5%
Deposits	6,744	7,001	-4%
Cost-income ratio	59.5%	65.7%	
Loans-to-deposit ratio	73.2%	60.6%	
Non-performing loans ratio	3.2%	8.3%	
NPL coverage ratio	81.4%	92.3%	

Note: totals may not sum due to rounding.

Business and Financial Review
Rest of West Africa



Rest of West Africa

Ecobank's Rest of West Africa geographical cluster comprises five countries in the West African Monetary Zone (WAMZ) namely, Ghana, Guinea, Liberia, Sierra Leone and The Gambia.

Rest of West Africa

	Date commenced operations	ETI ownership (%)	GDP US$ bn	Real GDP Growth %		Inflation %	
			2014e	2014e	2015f	2014e	2015f
Ghana	1990	69	38.9	4.8	5.4	13.0	11.1
Guinea	1999	83	6.6	0.4	-0.3	9.7	9.1
Liberia	1999	96	2.0	0.5	-1.4	9.9	7.9
Sierra Leone	2006	100	5.0	6.0	-12.8	8.3	13.1
The Gambia	2007	97	0.9	8.5	6.5	6.0	5.0
Total Rest of West Africa			**53.4**				

Source: IMF and World Bank

Economic environment

The economic environment in the rest of West Africa region deteriorated sharply in 2014. Real GDP growth expanded 4.0%, compared to 7.4% the year before. The Ebola outbreak has inflicted a heavy toll on economic activity (agriculture, transport, trade and investments) in the region, and especially in Guinea, Sierra Leone and Liberia. Moreover, despite the drop in world oil prices since mid-2014, inflationary pressures have increased in some countries due to higher government spending and disruption in the supply of goods and services following the Ebola outbreak. Meanwhile, fiscal policy expanded in some countries reflecting revenue shortfalls and higher Ebola related spending, resulting in markedly higher budget deficits. In Liberia, the fiscal deficit remained broadly unchanged owing to significant under-execution of public investment. Gains from the fall in oil prices (in a region where most countries are oil importers) were generally offset by an increase in basic goods imports and weaker exports, leading to the widening of current account deficits in some countries and increased downward pressures on their currencies (most notably in Sierra Leone and The Gambia). In Ghana the cedi depreciated 26.5% in 2014 reflecting strong import demand and continued concerns about the fiscal stance.

Performance highlights

The Rest of West Africa geographic cluster's profit for the year was US$124 million, up US$14 million, or 13% from 2013, significantly driven by a decline in impairment losses.

The macroeconomic challenges in Ghana during 2014, particularly, the significant depreciation of the Ghana cedi against the US dollar adversely impacted the cluster's performance in US dollar terms.

Net revenues of US$382 million, were flat compared to 2013. Net interest income was US$231 million, down US$4.3 million, or 2.0% from the prior year, resulting primarily from lower earning assets balances and spread compression. Non-interest revenue was US$152 million, up US$3.3 million, or 2.0% from 2013. The increase was mostly driven by growth in client-driven foreign exchange income and fee and commission income.

Given the difficult operating environment, management prioritised efficiency improvements within the business translating into operating expenses declining by US$5.3 million, or 3.0% to US$189 million compared with 2013. This was significantly driven by lower personnel and depreciation and amortisation expenses. The cost-income ratio for 2014 improved to 49.3% versus 50.6% in 2013.

Net impairment charge decreased 45%, reflecting a reduction in non-performing loans and continued improvements in credit risk management. The ratio of non-performing loans to total loans, as a result, improved to 4.0% in 2014, compared with 6.0% in the previous year. The non-performing loans coverage ratio increased to 85% in 2014, from 78% in the previous year.

Rest of West Africa (WAMZ)

Year ended 31 December (In millions of US$)	2014	2013	Change
Net interest income	230.9	235.3	-2%
Non-interest revenue	151.5	148.2	2%
Net revenue	**382.4**	**383.5**	**-0%**
Operating expenses	(188.7)	(194.0)	-3%
Impairment losses on financial assets	(18.4)	(33.6)	-45%
Profit before tax	**175.6**	**156.1**	**12%**
Taxation	(51.2)	(45.9)	12%
Profit for the year	**124.3**	**110.2**	**13%**
Loans (net)	1,180	1,326	-11%
Total assets	2,712	3,026	-10%
Deposits	2,008	2,126	-6%
Cost-income ratio	49.3%	50.6%	
Loans-to-deposit ratio	60.8%	65.4%	
Non-performing loans ratio	4.0%	6.0%	
NPL coverage ratio	85.3%	77.8%	

Note: totals may not sum due to rounding
Reported profit before tax arrived after accounting for share of profit of associate of US$0.2m and US$0.3m for 2014 and 2013 respectively.

Business and Financial Review
Central Africa

Central Africa

Central Africa comprises the six countries of the Communauté Economique et Monétaire de l'Afrique Centrale (CEMAC) and Sao Tome & Principe. Ecobank is present in all the countries in the region. The six CEMAC countries have a common currency, the CFA franc (XAF), 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.

Central Africa

	Date commenced operations	ETI ownership (%)	GDP US$ bn	Real GDP Growth %		Inflation %	
			2014e	2014e	2015f	2014e	2015f
Cameroon	2001	80	32.5	5.5	5.6	2.2	2.6
Chad	2006	74	15.8	9.6	6.7	2.8	3.1
Central African Republic	2007	75	1.7	1.5	5.3	4.4	4.0
Sao Tome & Principe	2007	99	0.4	5.0	5.5	7.1	5.0
Congo – Brazzaville	2008	89	14.4	6.0	7.5	3.0	2.9
Gabon	2009	75	17.2	5.1	4.4	4.5	2.5
Equatorial Guinea	2012	60	15.4	-2.5	-7.9	3.9	3.7
Total Central Africa			**97.4**				

Source: IMF and World Bank

Economic environment

Real GDP growth in the Central Africa geographic cluster region improved in 2014. During the first half of the year, good oil production performances in some countries along with high oil prices supported growth in the oil sector. At the same time, continued investment in infrastructure supported the growth in the non-oil sector. However, as most countries are oil producers, the recent sharp fall in oil prices should negatively impact the economies through lower export earnings and induced lower levels of government spending in 2015. Although inflation surpassed the 3.0% CEMAC convergence criterion due to high levels of government spending, the XAF peg to the Euro and lower food prices helped contain inflation at around 4.0%. Current account deficits have been reduced in most countries but remained large due to strong demand for consumer and capital goods.

Performance highlights

The Central Africa geographic cluster's profit for the year was US$32 million, down US$7.8 million, or 20% from the prior year, predominantly due to an increase in the effective tax rate to 45.1% compared with 29% in the previous year. The increase in the effective tax rate was largely because the tax exemption status enjoyed by Congo-Brazzaville ended in 2013 and also, in Cameroon, the impact of non-tax-deductible expenses.

Net revenue was US$199 million, up US$13 million, or 7% from 2013. Net interest income was US$86 million, up US$2.6 million, or 3% from the previous year. The increase was primarily driven by higher average yields on earning assets, partially offset by higher rates paid on funds. Non-interest revenue increased US$11 million, or 11% to US$112 million, primarily driven by fee and commission income.

Operating expenses increased US$5.5 million, or 4% to US$128 million from the previous year, largely driven by personnel and information, communications and technology costs. This was largely offset by a decline in operational losses. The cost-income ratio improved 170 basis points to 64.4% from the prior year.

The impairment charge was US$13 million, up 79% from the previous year, reflecting higher net provisions from Congo and Gabon. The non-performing loans coverage ratio declined to 49.8% from 57.7% in 2013.

Central Africa (CEMAC)

Year ended 31 December (In millions of US$)	2014	2013	Change
Net interest income	86.3	83.7	3%
Non-interest revenue	112.4	101.6	11%
Net revenue	**198.7**	**185.3**	**7%**
Operating expenses	(128.0)	(122.5)	4%
Impairment losses on financial assets	(13.2)	(7.4)	79%
Profit before tax	**57.3**	**55.3**	**4%**
Taxation	(25.8)	(16.1)	61%
Profit for the year	**31.5**	**39.2**	**-20%**
Loans (net)	1,316	1,410	-7%
Total assets	2,345	2,260	4%
Deposits	1,934	1,850	5%
Cost-income ratio	64.4%	66.1%	
Loan-to-deposit ratio	70.0%	77.9%	
Non-performing loans ratio	5.6%	3.8%	
NPL coverage ratio	49.8%	57.7%	

Selected income statement lines only and hence may not add up.
Reported profit before tax arrived after accounting for share of profit of associate of US$(0.2)m and US$(0.2)m for 2014 and 2013 respectively.

Business and Financial Review
East Africa

East Africa

Our East Africa region comprises the member countries of the East African Community (EAC), namely Burundi, Kenya, Rwanda, Uganda and Tanzania. During 2013, we commenced banking operations in South Sudan and opened a representative office in Ethiopia.

East Africa

	Date commenced operations	ETI ownership (%)	GDP US$ bn	Real GDP Growth %		Inflation %	
			2014e	2014e	2015f	2014e	2015f
Rwanda	2007	91	7.8	6.0	6.0	2.1	4.1
Kenya	2008	97	60.9	6.1	7.0	6.0	5.2
Burundi	2008	75	3.1	4.7	4.8	4.4	5.0
Uganda	2009	100	24.6	6.1	6.2	5.0	5.0
Tanzania	2010	100	38.2	7.1	7.0	5.3	5.2
South Sudan	2013	100	13.0	-7.5	15.5	11.2	20.6
Ethiopia	2013	Rep. office	49.7	8.5	8.5	9.0	9.0
Total East Africa			**197.3**				

Source: IMF and World Bank

Economic environment

Growth in the EAC region in 2014 was led by Ethiopia, which expanded 8.5% driven by higher agricultural production and, large public sector and foreign direct investments. Growth in the other economies of the region accelerated between 5-7%, reflecting robust domestic demand, strong output across agriculture, construction, manufacturing and services, and the implementation of major infrastructure projects. However, due to increased internal instability, South Sudan registered a GDP contraction of -7.5% which pulled the region's economic performance down. Inflation remained contained due to low import prices for food and fuel (since mid-2014). The current account deficit remained high in most EAC economies, reflecting weak performances in goods and services exports (notably, lower tourism receipts in Kenya, the dominant economy in the region), and higher imports related to infrastructure spending. This led most currencies to remain on a broadly stable path of gradual depreciation against the US dollar (notably, Kenyan and Tanzanian shilling).

Performance highlights

The East Africa geographic cluster's profit for the year was US$0.83 million, compared with an after-tax loss of US$20 million in 2013. Profit for the year benefited from higher revenues, a reduction in impairment losses, and efficiency improvements.

Revenue was US$85 million, up US$17 million, or 25% from 2013. Net interest income increased US$8.7 million, or 25% to US$44 million, predominantly driven by income from loan growth and a decrease in interest expense from lower rates paid on funds. Non-interest revenue grew US$8.3 million or 25% to US$41 million, primarily driven by higher fee and commission and foreign exchange trading income. Also, revenue growth benefited from capital injection of approximately US$50 million in Ecobank Kenya in 2014.

Operating expenses increased US$4.1 million, or 5% to US$81 million, primarily driven by personnel, and information, communications and technology costs, largely offset by a decrease in operational losses.

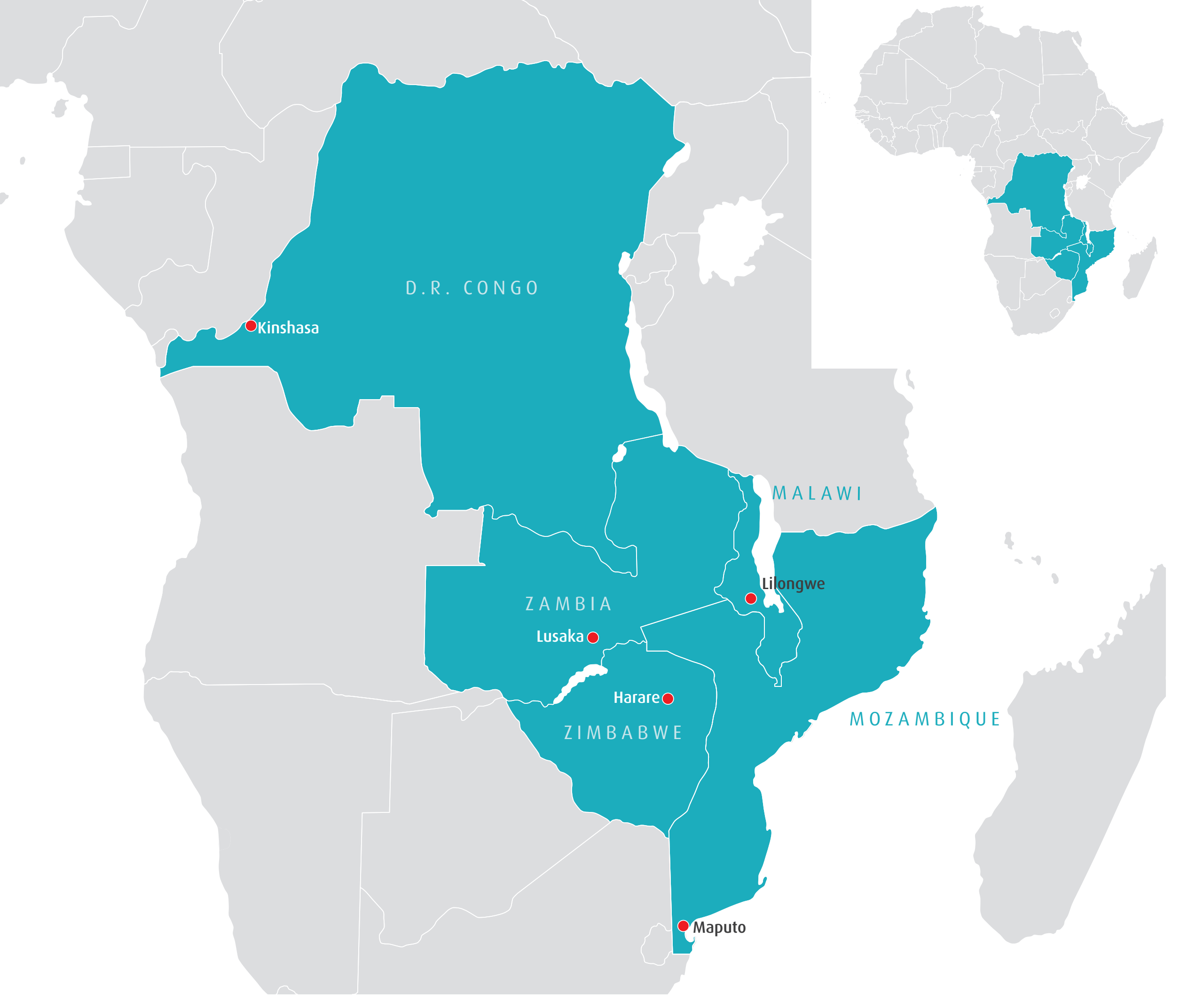
The impairment charge for 2014 was US$3.9 million, a decline of 73% from the previous year, driven by provision releases and recoveries. The ratio of non-performing loans to total loans was 6.9% compared with 8.4% in the previous year.

East Africa (EAC)

Year ended 31 December (In millions of US$)	2014	2013	Change
Net interest income	43.7	35.0	25%
Non-interest revenue	41.0	32.7	25%
Net revenues	**84.8**	**67.7**	**25%**
Operating expenses	(80.9)	(76.7)	5%
Impairment losses on financial assets	(3.9)	(14.4)	-73%
Profit before tax	**0.02**	**(23.4)**	**n.m**
Taxation	0.8	3.9	-79%
Profit for the year	**0.8**	**(19.4)**	**n.m**
Loans (net)	576.7	461.9	25%
Total assets	1,131.1	937.9	21%
Deposits	813.4	640.7	27%
Cost-income ratio	95.4%	113.3%	
Loan-to-deposit ratio	73.1%	75.4%	
Non-performing loans ratio	6.9%	8.4%	
NPL coverage ratio	43.0%	52.3%	

Note: totals may not sum due to rounding and selected income statement lines only.

Business and Financial Review
Southern Africa



Southern Africa

The Southern African Development Community (SADC) comprises Angola, Democratic Republic of Congo, Malawi, Mozambique, Zambia and Zimbabwe. Ecobank Mozambique commenced business in May 2014. In Angola we currently only have a representative office, but are pursuing full banking operations.

Southern Africa

	Date commenced operations	ETI ownership (%)	GDP US$ bn	Real GDP Growth %		Inflation %	
			2014e	2014e	2015f	2014e	2015f
Democratic Republic of the Congo	2008	100	32.5	8.7	8.5	2.4	4.1
Malawi	2008	90	4.3	5.7	5.5	23.8	17.3
Zambia	2009	100	25.6	7.3	7.5	7.0	6.0
Angola	2010	Rep. office	131.4	3.9	5.9	7.3	7.3
Zimbabwe	2011	81	14.0	3.1	3.2	0.0	0.4
Mozambique	2014	96					
Total Southern Africa			**207.8**				

Source: IMF and World Bank

Economic environment

Macroeconomic performances in the Southern African region remained strong in 2014. GDP growth, averaged 5-6% regionally, was driven by the Democratic Republic of Congo which benefited from higher mining output and higher agricultural production. In other countries, strong contribution from agriculture, wholesale and retail trade, telecommunications, or services sectors have supported economic activity. Inflation in the region remained at high single digits but this conceals wide disparities. While Malawi registered an average inflation rate of around 20% (reflecting accommodative monetary policies), Zimbabwe had inflation close to zero because of weak domestic demand and the impact of the depreciation of the South African rand. Fiscal balances and current account positions deteriorated in most countries in 2014. In Angola, the overall fiscal balance reached a deficit of around 4% of GDP due to the decline of oil revenue and an increase in public spending. At the same time, increased demand for imports (particularly capital, equipment for infrastructure development and consumer goods) and lower export receipts sustained a large current account deficit. Meanwhile, most countries in the region (Angola, the Republic of Congo and Zimbabwe) benefited from a stable exchange rate in 2014.

Performance highlights

The Southern Africa geographic cluster's profit for the year was US$9.2 million, up US$0.93 million, or 11% from 2013, primarily driven by higher revenues.

Net revenue was US$102 million, up US$26 million, or 34% from 2013. Net interest income was US$42 million, up US$10 million, or 30% from the previous year, primarily driven by income from loan growth, partially offset by higher interest expense resulting from an increase in rates paid on funds. Non-interest revenue was US$59 million, up US$16 million, or 37% from the previous year, largely driven by fee and commission, and net trading income.

Operating expenses were US$78 million, up US$19 million, or 33% compared to the previous year. The increase was primarily driven by professional fees and information, communications and technology costs. The cost-income ratio was 76.8%, a slight improvement over the 77.3% in 2013.

Impairment charges increased 66% to US$7.9 million largely following portfolio reviews.

Southern Africa (SADC)

Year ended 31 December (In millions of US$)	2014	2013	Change
Net interest income	42.4	32.6	30%
Non-interest revenue	59.4	43.3	37%
Net revenues	**101.7**	**75.9**	**34%**
Operating expenses	(78.1)	(58.7)	33%
Impairment losses on financial assets	(7.9)	(4.8)	66%
Profit before tax	**15.7**	**12.5**	**26%**
Taxation	(6.5)	(4.2)	54%
Profit for the year	**9.2**	**8.2**	**11%**
Loans (net)	346.0	266.6	30%
Total assets	745.0	570.4	31%
Deposits	496.5	402.2	23%
Cost-income ratio	76.8%	77.3%	
Loan-to-deposit ratio	73.1%	69.5%	
Non-performing loans ratio	6.4%	4.4%	
NPL coverage ratio	73.1%	105.3%	

Note: totals may not sum due to rounding and selected income statement lines only

Business and Financial Review
International

International

The International cluster incorporates our business outside of Africa. In 2009 EBI SA, a non-banking financial institution was opened in Paris, France. EBI SA is now a fully licensed banking institution. Representative offices were opened in Dubai, UAE in 2010, London, United Kingdom in 2011, and Beijing, China in 2012. The focus is on serving global corporations and international institutions that do business with and in Middle Africa.

Performance highlights

The international cluster's profit after tax for full year 2014 was US$6.1 million, flat from the previous year.

Net revenue was US$28 million, down US$2.0 million, or 7% from 2013. Net interest income was US$5.6 million, up US$0.86 million, or 18% from the previous year, significantly driven by growth in customer loans. Non-interest revenue was US$23 million, down US$2.9 million, or 11% from 2013.The decrease reflected a loss in income from management's decision to temporarily suspend the Currency and African Assets Distribution(1) business in the second quarter of 2014 in order to strengthen processes. Fees earned by the Currency and African Assets Distribution business were US$8 million in 2013.

Operating expense of US$19 million decreased US$2.2 million, or 11% from 2013. This decrease reflected a reduction in professional fees and rental fees, and travel costs.

(1) The Currency and African Assets Distribution business facilitates the transfer of foreign exchange and African assets between international community and Middle Africa.

International

Year ended 31 December (In millions of US$)	2014	2013	Change
Net interest income	5.6	4.7	18%
Non-interest revenue	22.5	25.4	-11%
Net revenues	**28.1**	**30.1**	**-7%**
Operating expenses	(18.5)	(20.7)	-11%
Profit before tax	**9.6**	**9.4**	**2%**
Taxation	(2.2)	(1.9)	14%
Profit after tax	**6.1**	**6.2**	**-1%**
Loans (net)	411	199	106%
Loans and advances to banks	208	208	-0%
Deposits from banks	315	360	-13%
Cost-income ratio	65.9%	68.8%	

Note: totals may not sum due to rounding and selected income statement lines only

Business and Financial Review
EDC Group

EDC

EDC Group is the investment banking subsidiary of ETI including securities and asset management.

Performance highlights

Ecobank Development Corporation Group's profit for the year was US$23 million, up US$13 million, or 148% from the previous year, primarily driven by a reduction in impairment losses on financial assets.

Net revenue was US$55 million, up US$7.7 million, or 16% from 2013. The year-on-year increase was driven by net fee and commission income, up US$4.6 million, or 13% to US$41 million and dividend income from affiliates. Investment banking fees predominantly drove the increase in net fee and commission income.

Operating expenses were up US$3.4 million, or 14% to US$28 million, driven by personnel costs. The cost-income ratio improved slightly to 50.4% versus 51.5% in 2013.

Assets under management were US$310 million as of 31 December 2014, compared with US$191 million in the prior year.

EDC Group

Year ended 31 December (In millions of US$)	2014	2013	Change
Revenue	55.1	47.3	16%
Investment bank	29.4	24.6	20%
Securities & asset management	**11.7**	**11.9**	**-2%**
Other income (1)	13.9	10.7	30%
Other operating expenses	**(27.8)**	**(24.4)**	**14%**
Impairment losses on financial assets	(1.9)	(11.2)	-83%
Profit before tax	25.4	11.7	117%
Profit for the year	**22.5**	**9.1**	**148%**
Assets under management	310.0	191.0	62%
Cost-income ratio	50.4%	51.5%	

(1) Other income include income from interest earned, dividends received, and from our Registrar business

Business and Financial Review

Conclusion

Despite the challenging operating environment in 2014, our performance was good, demonstrating the resilience of our diversified business model. Going forward we would continue to focus on driving business growth, efficiency and improving returns.

In 2015, we expect growth rates to come in lower than we did in 2014, primarily because the operating environment remains challenging. Economic activity in Sub-Saharan Africa is projected to expand at a slower pace in 2015, with real GDP growth averaging 4%. Growth rates for some of our countries in which we operate in have been forecasted to grow slower compared with 2014. Also a major factor to consider is falling commodity prices on commodity-rich African countries.

Focus areas would include growth in market share in our Trade Finance, Transaction Banking and Foreign Exchange businesses. Our ongoing optimisation of our branch network should also contribute to revenue growth.

As a result, we expect deposits and loans to grow at a slower pace than we experienced in 2014 and revenue to increase moderately. We expect our cost-income ratio to range from low to mid 60s percent. On asset quality, we expect our non-performing loans ratio to be below 5% and cost of risk below 200 basis points.

We believe in the growth prospects for Africa and are driven by this optimism.

Laurence do Rego
Group Executive Director, Finance

Corporate Governance

More than ever, Ecobank is committed to effective corporate governance in accordance with international best practice.

Our strengthened corporate governance controls and systems have four key elements: improved relations with regulators and shareholders, closer cooperation between the Group Board and our African subsidiaries, performance-related compensation for executive management and employees alike and transparent and timely disclosure to all our stakeholders.

Corporate Governance

Corporate Governance

Corporate Governance is important to Ecobank as it seeks to implement the values of fairness, transparency and accountability to its shareholders and other stakeholders. As an independent pan-African banking group founded on the spirit of regional co-operation and economic integration of African countries, Ecobank recognises the critical nature of its relationships with its regulators across the Group in executing its vision and in safeguarding the deposits of the general public and other lenders, as well as the capital of its shareholders. This ensures that their needs and interests are taken into account in a balanced and transparent manner. Ecobank believes that, only good governance will deliver sustained good business performance and ultimately good returns for shareholders.

To this end, Ecobank complies with best practice in corporate governance as clearly articulated in its corporate documents. The Articles of Association of the Company, and those of its subsidiaries, provide a clear delineation and separation of the rights and responsibilities of the Board, Executive Management and the shareholders to ensure the non-interference of the Board in management functions and full disclosure of information to shareholders.

Whilst the Board approves policies and general strategies, it is the duty of Management to ensure the day-to-day implementation of policies and strategies adopted by the Board. The General Meeting is a key forum for sharing information and decision-making, fostering the active participation of shareholders.

The shareholders' right to information is an essential principle underpinning the Corporate Governance philosophy of the Group, which necessitates the establishment of meaningful dialogue.

The Group Corporate Governance Charter sets out the structures and processes followed to build credibility, and to ensure transparency and accountability across the Group and define appropriate arrangements to facilitate and enable the execution of Ecobank's overall vision and objectives to be recognised as 'a world class pan-African banking group'.

The Governance Charter is regularly updated to reflect the constantly changing business environment. Following an extensive independent review of the Governance of the parent company of the Group in 2013 and 2014 by KPMG on behalf of the Securities and Exchange Commission, (SEC) of Nigeria, the Company, at an Extraordinary General Meeting held on 3 March 2014, adopted a 51-point action plan to improve governance across the Group. The major changes are highlighted below:

i) Board nomination and appointment process

Prior to 2013, the appointment process of Directors to the Board of ETI was not clearly defined. New Directors were co-opted to the Board by referral of existing Directors or major shareholders without undergoing an objective screening process. The process of nomination and appointment of Directors has now been properly defined in the Revised Governance Charter. The Charter provides for a Nomination and Remuneration Committee which is charged with the selection and on-boarding process of Directors. Prior to the appointment of Directors, the Committee defines the job profile and competencies for the Directorship roles to be filled. It then develops suitable selection criteria and screens, and interviews the candidates. The Committee recommends the selected candidates to the Board. Thereafter, successful candidates are presented for the approval of the General Meeting. Directors appointed during the year are co-opted by the Board and they are presented to the next General Meeting for ratification. New Directors are issued with letters of appointment with clear terms and conditions for the discharge of their duties.

Following several calls for the renewal of the Board after the governance challenges in 2013, a Special Nomination Committee was constituted to refresh the Board and restore its credibility.

The Special Nomination Committee went through an objective professional process to select and recommend new Directors to manage the affairs of ETI. The Committee was composed of two former chairmen, two Board members and three shareholder representatives. The Committee's mandate was to recommend a substantive Board Chairman and other Directors with the requisite stature and experience to sit on the Board and ensure that Ecobank's strategic direction is implemented effectively. In order to ensure transparency and professionalism in the process, a top ranked business school, the International Institute on Management Development (IMD)'s Global Board Centre was appointed as a special adviser, whilst KPMG provided the Committee with technical support. Within six weeks and after a very rigorous process, the Committee successfully identified and recommended a substantive Chairman in the person of Mr. Emmanuel Ikazoboh and three other independent Directors, namely, Messrs Adesegun Akin-Olugbade, Andre Bayala and Tei Mante. The Committee further recommended that the Interim Chairman, Mr. André Siaka, the Group CEO (GCEO), Mr. Albert Essien, the Deputy Group CEO/Group Chief Operating Officer, Mrs. Evelyne Tall Daouda and the ED Finance, Mrs. Laurence do Rego should remain on the Board for one year up to the AGM that will be held in 2015 to ensure a smooth transition and continuity of the Board. Asset Management Corporation of Nigeria ('AMCON'), Ecowas Bank of Investment and Development ('EBID') and the Public Investment Corporation ('PIC') decided to maintain their representatives; however, the International Finance Corporation (IFC) replaced its nominee with Mr. Kadita Tshibaka. The new Directors were approved by the Annual General Meeting of 30 June 2014. The Committee subsequently selected through the same process Mr. Alain Nkontchou, Ms. Dolika Banda and Mrs. Sheila Mmbijjewe. Ms. Banda and Mrs. Mmbijjewe were co-opted in October 2014. Due the impending retirement of Mr. Siaka from the Board, Mr. Nkontchou has been proposed to replace him as a Director from the CEMAC region. The Board will propose the ratification of their co-options, as well as the election of Mr. Nkontchou, at the AGM of 19 June 2015.

At an Extraordinary General Meeting on 3 March 2014, the Shareholders resolved to limit the tenure of Directors to nine (9) years. In the past there was no limit on the tenure of Directors. The limit on the tenure has been included in the Articles of Association and the revised Corporate Governance Charter. Directors are appointed for an initial period of three years and are eligible for re-appointment. However, re-appointment is not automatic. Under the revised Corporate Governance Charter, Directors are required to be evaluated periodically and the outcome of the evaluation and the competency needs of the Board, as well as their contribution and input, are taken into account in assessing whether or not to re-appoint them.

New guidelines for the exit and removal of Directors have been introduced in the revised Governance Charter. In addition to statutory provisions for removal, a Director may be removed for breach of his fiduciary duties under the terms contained in the letter of appointment or corporate documents of the Company, lack of performance and/or lack of independence (in the case of an independent directorship position).

Furthermore, the Board may recommend the replacement of the nominee of an institutional shareholder where he or she does not possess the requisite competencies required by the Board or where his or her performance is found to be unsatisfactory.

ii) Board composition and structure

The composition of the Board has been restructured. The size of the Board has been limited to fifteen (15) members, comprising a maximum of four (4) nominees of major institutional shareholders (i.e shareholders holding at least 10 percent of the total issued shares of the Company), one (1) representative of the EBID (as a historical founding institutional shareholder), seven (7) independent Directors, including two (2) representatives of individual minority shareholders and a maximum of three Executive Directors, including the GCEO. Where there are more than four major institutional shareholders, they may jointly nominate four Directors to the Board.

The final composition of the Board should ensure the representation of the regional economic communities where the Group operates, namely Nigeria, the West African Monetary Zone (WAMZ), L'Union Economique et Monétaire Ouest Africaine (UEMOA), the East African Community (EAC), the Southern Africa Development Community (SADC) and the Central African Economic and Monetary Community (CEMAC).

In 2014, there were three Board committees, namely: the Governance Committee, the Audit and Compliance Committee and the Risk Committee. In May 2015, the Board resolved to expand the number of committees at the ETI level to six (6), namely:

1. Audit and Compliance Committee
2. Risk and Capital Management Committee
3. Governance Committee
4. Nomination and Remuneration Committee
5. Finance and Regulatory Monitoring Committee
6. Ethics, Social and Reputation Committee

The activities of the new Committees will be reported in the Annual Report of 2015.

The charters of the various Board Committees have been updated in accordance with best practice. The composition of Board Committees has been reviewed to exclude Executive Directors. Also, for purposes of refreshing the Board Committees, the tenure of members has been restricted to a maximum number of two (2) three-year terms but may be extended as the Board may deem fit.

A new independence evaluation policy and tool have been incorporated into the revised Corporate Governance Charter.

Guided by best practice, the Board has revised the definition of 'Independent Director' to include the following principles:

i) Is not an officer or employee – neither the Director, nor an immediate family member of the Director is, or within the last two years has been, an officer or employee of a member of the Group.

An immediate family member of an individual is the individual's spouse, parent, child, sibling, mother-in-law, father-in-law, sister-in-law, brother-in-law, daughter-in-law, son-in-law and anyone, other than an employee, who resides in the individual's home.

An officer of the Group includes an individual who performs a policy making function on behalf of Ecobank or who makes, or participates in, making decisions that affect all or a substantial part of the business of Ecobank, whether or not the individual is an employee and whether or not the individual does so directly or through another organisation.

Corporate Governance

ii) Is not a substantial shareholder – the Director or an immediate family member is not, nor has not been in the last three years, a substantial shareholder of a member of the Group or affiliated with a substantial shareholder of a member of the Group.

A substantial shareholder of ETI is a person who beneficially owns, directly or indirectly, or exercises control or direction over, 0.1% or more of the voting interests of the Company, or 1% of the shares of a subsidiary or affiliate of the Company.

An individual is affiliated with ETI if the individual is a Director, officer, employee, principal, partner or Managing Director of the Group, or occupies a similar position within the Group, or is a substantial shareholder of a member of the Group.

iii) Has no material contractual relationship – the Director does not have any material contractual relationship with a member of the Group other than as a Director. The test of whether a contractual relationship is material will be based on all the circumstances relevant to the Director.

iv) Does not receive consulting or other advisory fees or payments – neither the Director, nor an immediate family member or related entity of the Director, receives, or within the last three years has received, consulting or other advisory fees or payments from the Group other than compensation for Board services, payments arising from investments in securities of Ecobank or, in the case of an immediate family member who is not an officer of a member of the Group, compensation for services as an employee of a member of the Group.

An entity is a related entity of a Director if the Director, or an immediate family member of the Director, is a Director, officer, employee, principal, partner or Managing Director of, or occupies a similar position within, the entity or is a substantial shareholder of the entity.

v) Does not receive incentive compensation – the Director does not participate in any share-based incentive scheme or performance-related pay scheme of the Group.

vi) Is not a professional consultant or advisor – neither the Director, nor an immediate family member of the Director, is, or within the last three years has been, an auditor, other professional consultant or advisor to a member of the Group or affiliated with an auditor or other professional consultant or advisor to a member of the Group.

A professional consultant or advisor includes an entity that provides accounting, actuarial, consulting, legal, investment banking or financial advisory services.

vii) Is not a material supplier or customer – neither the Director nor an immediate family member of the Director is, or within the last three years has been, a material supplier or customer of the Group or affiliated with a material supplier or customer of the Group.

A material supplier or customer of the Group is a person to which the Group made or from which Group received payments (other than payments arising from investments in securities of the Company) in any year that exceed 5% of the consolidated gross revenues of the person for the year.

viii) Has not served too long – the Director has not served on the Board for a period that in the determination of the Board could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Group.

A Director may be considered to have served too long on the Board for purposes of the assessment of his/her independence if he/she has been on the Board for more than six years.

ix) Has no other material business relationship – neither the Director nor an immediate family member or related entity of the Director has, or within the last three years has had, directly or indirectly, any other material business relationship with the Group.

The test of whether a business relationship is material will be based on the circumstances relevant to the Director.

x) Has no significant links with other Directors – the Director does not hold cross directorships or have any significant links with any other Director (eg, through involvement in other entities) that would materially interfere with the exercise of independent judgment by the Director or the ability of the Director to act in the best interests of the Group.

xi) Is independent in character and judgment – the Director is independent in character and judgment.

xii) Is not affiliated with an organisation to which Ecobank Foundation or any other member of the Group has made significant charitable contributions.

xiii) Is free from any relationship with Ecobank, its management or major shareholders that may impair or appear to impair the Director's abilities to make independent judgement.

At least one third of the members of the Board are expected to be independent Directors.

Generally, a Director will be considered to be independent if he or she satisfies all the criteria set out above. A Director may, however, still be considered to be independent even though he/she does not satisfy one or more of the criteria, if the Board determines that such criteria will not impair the independence of the Director.

The independence of Directors is assessed on an annul basis. Currently, there are six independent Directors on the Board; namely, Dr. Adesegun Akin-Olugbade, Ms. Dolika Banda, Mr. Emmanuel Ikazoboh, Mr. Tei Mante, Mrs. Sheila Mmbijjewe and Mr. André Siaka.

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

The following competencies are also taken into account in appointing Directors to the Board.

Demonstrated business acumen

Strong business experience, 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 recognised 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 experience in African commercial banking, African retail banking, asset management, African central banking, IT/digital banking, bank accounting, bank regulation, bank risk management, international commercial banking, international retail banking, investment banking, treasury, capital markets, funding and capital formation, CEO succession planning, executive compensation, general audit, government relations, media and communication, investor relations, political intelligence, rating agencies, general law, international tax laws, marketing, oil and gas industry or commodity sector, bankruptcy management and insurance). These competencies are expected to be largely present on the Board as a whole as the cumulative experience of all of the Directors.

Integrity

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

Character

Strength of character, 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

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

iii) Board and Directors performance

In order to ensure that Directors of ETI discharge their functions with the requisite competence, several steps are required to be taken by the Company. Firstly at the on-boarding stage, the Nomination and Remuneration Committee is required to carry out a competency assessment of potential candidates to ensure that they meet the requirement of the Company. The Charter provides for minimum competency requirements for each Director that must be met.

Secondly, Directors are to be properly inducted and continuously trained to meet the ever changing dynamics of their role.

As part of the self-assessment process, each Director is to prepare his/her own development plan, and undertake any required training/development in order to achieve these competencies. All Directors are expected to avail themselves of appropriate training courses, where necessary, at the earliest opportunity in order to fulfil competency requirements.

Going forward, the evaluation of the Board of Directors of the Group will be outsourced to external firms. The evaluation will cover the performance of the Board, its Committees and individual Directors. The first such independent external evaluation for 2014 performance of Directors is being carried out at the ETI level and across the Group.

The Governance Committee is now more involved in the evaluation of the GCEO and other Group Executives. It evaluates the GCEO and reviews the evaluation of Group Executives.

iv) Stewardship

A revised conflict of interest policy with procedures has been approved. It covers staff and Directors of the Group. On an annual basis, each member of staff and each Director is required to reconfirm that no conflict of interest exists by completing standard forms.

The review of related party credits is conducted on a monthly basis and reported to the Board through the Risk Committee. A new policy on related party lending has been approved by the Board.

v) Assurance monitoring

Revised internal control and internal audit charters were approved by the Board. The Finance and Risk functions were segregated for purposes of objectivity and transparency.

Corporate Governance

The Board has reviewed and approved the whistle blowing system of the Company. Satisfactory arrangements for an independent investigation of allegations by whistleblowers and for appropriate follow-up action have been put in place.

The whistle blowing system is being implemented by an independent outsourced firm. This will provide a secured means for staff to report complaints or suspicious activities. The Compliance Unit is responsible for the compilation of all reports and subsequent submission to the Board of all whistle blowing cases.

vi) Directors' remuneration

A Remuneration policy has been included in the revised Governance Charter for Executive and Non-Executive Directors. Recognition is given to the new onerous Corporate Governance Regulations that exist in many territories, which hold the Board members individually and collectively responsible for the actions of the Group. Adequate compensation is given to attract and retain professional and experienced individuals to carry out these roles. The remuneration policy for Non-Executive Directors is not intended to reward attendance at meetings via per diem payments; rather, it is based on criteria measuring responsibility, dedication and challenges inherent to the position of a Director.

Efforts are being made to ensure that the remuneration of the Directors matches the level in comparable organisations, whilst also taking into consideration Board members' required competencies, effort and the scope of the Board work, including the number of meetings. Periodic remuneration surveys are to be undertaken by external consultants. At the conclusion of the surveys, the Board takes a decision which is submitted to the General meeting of the Company for approval.

The Remuneration of Senior Executives is one of the responsibilities of the Nomination and Remuneration Committee. Consistent with our objective of being an employer of choice in our markets and attracting the best talent, Senior Executives are compensated with a mix of both fixed compensation (salary, benefits and pension) and variable compensation (bonus and share options scheme). The total remuneration paid to all Senior Executives during the 2014 financial year amounted to US$7.79 million.

Non-Executive Directors receive fixed fees of US$100,000 per annum for services on the Board of ETI. The Vice-Chairman receives US$120,000 and the Chairman receives US$150,000. In addition, Directors receive nominal fees for attendance at Board and Board Committee meetings.

Non-Executive Directors do not receive any short–term or long–term performance incentives.

Governance structures within the Ecobank Group

The Ecobank Group Corporate Governance Charter clarifies governance structures throughout the Group.

The Charter essentially covers the following areas:

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

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

a) The Group, as much as possible, operates a standard organisational structure at ETI and subsidiary levels ('One Bank' concept).

b) The organisational structure of the Group may be revised from time to time by the Group Executive Committee ('GEC'), subject to the approval of the ETI Board, to address the changing needs of the institution and the marketplace.

c) ETI is responsible for the overall strategy of the Group. As the parent company, ETI acts as the 'Strategic Architect' of the Group, with appropriate input in operational management and decision-making at the 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.

d) Group decisions and policies are made for the application of all members of the Group and shall be binding on all subsidiaries. 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

e) Key senior staff positions at the subsidiary level require the review and approval of the Group Executive Committee and ETI Board

f) ETI Board holds bi-annual meetings with Chairpersons of subsidiary Boards and ETI's Functional Heads for the purpose of sharing information on the overall direction and major policy decisions of the Group.

g) Operational decision-making is maintained at an appropriate level, as close as possible to required action and customs.

h) Individual accountability and responsibility are institutionalised and embedded through empowerment and the granting of relevant levels of authority.

i) Coordination at the corporate centre and Group level is achieved through high levels of interaction between the parent company and its subsidiaries, as well as amongst subsidiaries at Board and Executive Management levels.

j) 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 following are the governance units within the Group:

- The parent company Board of Directors
- Country Board of Directors
- Group Executive Committee
- Group Management Committee
- Country Executive Management Committee
- Business Leaders' Conference
- Country Management Committees

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 appropriate 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:
- Ensure 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.
- The Board approves policies and general strategies whilst Management ensures the day to day implementation of policies and strategies adopted by the Board.
- Exercise objective judgment on corporate affairs, independent of Executive Management.
- Take 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.
- Comply with applicable laws and regulations in line with Group strategy and direction.
- Operate transparently to avoid conflict of interest between Directors and the business of the Ecobank Group.
- Ensure full disclosure of accurate, adequate and timely information regarding personal interests of Directors.

At the end of 2014, the membership of the Board was fourteen (14), comprising three (3) Executives, eleven (11) Non-Executive Directors, including seven independent Directors (refer to Board of Directors section).

The Board of Directors met eleven (11) times during the year. The Governance Committee and the Audit and Compliance Committee met six (6) times whilst the Risk Committee met three (3) times to deliberate on issues under their respective responsibilities. The Special Nomination Committee met ten (10) times to deliberate on the renewal of the Board.

Mr. Paolo Gomes resigned from the Board on 22 January 2014, whist Mr. Isyaku Umar and Dr. Babatunde Ajibade both resigned from the board on 6 February 2014. Mr. Thierry Tanoh left the Board on 11 March 2014 and Mr. Albert Essien was appointed as the Group Chief Executive Officer.

Following recommendations of the Securities and Exchange Commission of Nigeria, a Special Nominations Committee ('SNC') was set up to renew the Board. The following recommendations of the SNC were approved by the General Meeting of 30 June 2014: Messrs Asaad Jabre, Sena Agbayissah, Kwasi Boatin, Sipho Mseleku, Patrick Akinwuntan and Eddy Ogbogu resigned from the Board of Directors on 30 June 2014. On the same day, the following were appointed to the Board on the recommendations of the SNC:

- Messrs. Emmanuel Ikazoboh
- Andre Bayala
- Tei Mante
- Kadita Tsibaka (nominee of IFC) and
- Dr. Adesegun Akin-Olugbade.

In October 2014, Messrs Sheila Mmbijjewe, Dolika Banda and Graham Dempster (representing Nedbank) were co-opted to the Board on the recommendations of the SNC. Their appointments will be presented for ratification at the General Meeting on 19 June 2015.

Mr. Hewett Benson was co-opted to the board in April 2014 as a nominee of AMCON but resigned on 17 November 2014 when AMCON sold its shares to Qatar National Bank ('QNB').

Corporate Governance

Board Attendance

S/N	Name	Role	Year appointed to Board	Number of Meetings held	Number of Meetings attended
1	Mr. Emmanuel IKAZOBOH[5]	Chairman	2014	4	4
2	Mr. André SIAKA	Vice-Chairman	2006	11	10
3	Mr. Albert ESSIEN	CEO from March 2014	2005	11	11
4	Mr. Thierry TANOH[3]	CEO till March 2014	2012	2	2
5	Dr Adesegun AKIN-OLUGBADE[5]	Non-Executive	2014	4	4
6	Mr. Sena AGBAYISSAH[4]	Non-Executive/Independent	2011	11	5
7	Dr Babatunde AJIBADE[2]	Non-Executive	2010	2	2
8	Mr. André BAYALA[5]	Non-Executive	2014	4	4
9	Mr. Hewett BENSON[7]	Non-Executive	2014	6	6
10	Mr. Kwasi BOATIN[4]	Non-Executive	2009	7	7
11	Mr. Graham DEMPSTER (Nedbank)[6]	Non-Executive	2014	1	1
12	Mr. Paulo GOMES[1]	Non-Executive/Independent	2006	1	1
13	M. Bashir IFO (EBID)	Non-Executive	2011	9	9
14	Mr. Assaad JABRE[4]	Non-Executive	2010	7	7
15	Mr. Tei MANTE[5]	Non-Executive/Independent	2014	4	4
16	Dr Daniel MATJILA (GEPF/PIC)	Non-Executive	2012	8	8
17	Mrs. Sheila MMBIJJEWE[6]	Non-Executive/Independent	2014	1	1
18	Mr. Sipho MSELEKU[4]	Non-Executive/Independent	2009	6	6
19	Mr. Kadita TSHIBAKA (IFC)[5]	Non-Executive	2014	4	4
20	Mr. Isyaku UMAR[2]	Non-Executive/Independent	2006	2	2
21	Mrs. Evelyne TALL	DCEO	2005	11	11
22	Mr. Patrick AKINWUNTAN[4]	Executive	2012	8	8
23	Mrs. Laurence do REGO	Executive	2010	8	8
24	Mr. Eddy OGBOGU[4]	Executive	2012	8	8

1 Mr. Paulo Gomes resigned from the Board on 22 January 2014.

2 Dr Babatunde Ajibade and Mr. Isyaku Umar resigned from the Board on 6 February 2014.

3 Mr. Thierry Tanoh left the Board on 11 March 2014.

4 Messrs. Asaad Jabre, Sena Agbayissah, Kwasi Boatin, Sipho Mseleku, Patrick Akinwuntan and Eddy Ogbogu resigned from the Board of Directors on 30 June 2014 .

5 Messrs. Emmanuel Ikazoboh, Andre Bayala, Tei Mante, Kadita Tsibaka (nominee of IFC) and Dr. Adesegun Akin-Olugbade joined the Board on 30 June 2014.

6 Messrs. Sheila Mmbijjewe and Graham Dempster (representing Nedbank) joined the Board in October 2014.

7 Mr. Hewett Benson resigned from the Board on 17 November 2014.

Governance Committee

Composition and attendance

S/N	Name	Role	Number of Meetings held	Number of Meetings attended
1	Mr. André Siaka	Chairman/Member	6	4
2	Mr. Bashir Ifo	Chairman/Member	6	5
3	Mr. Sipho G. Mseleku	Member	6	3
4	Dr. Adesegun Akin-Olugbade	Member	6	3
5	Mr. Tei Mante	Member	6	3
6	Mr. Thierry Tanoh	Member	6	1

Mr. Thierry Tanoh was a member but left the Board on 11 March 2014.

The Group General Counsel and 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 ensures 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 organisational structure.
- Handles relationships 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.

Corporate Governance

Audit and Compliance

S/N	Name	Role	Number of Meetings held	Number of Meetings attended
1	Kwasi Boatin[1]	Chairman	6	3
2	Mr. Sena Agbayissah[1]	Member	6	3
3	Mrs. Evelyne Tall	Member	6	6
4	Mr. Assaad Jabre[1]	Member	6	3
5	Mr. Patrick Akinwuntan[1]	Member	6	3
6	Mrs. Laurence do Rego	Member	6	6
7	Mr. Tei Mante	Member	6	3
8	Mr. Hewett Benson[2]	Member	6	1
9	Mr. Kadita Tshibaka	Member	6	3

1. Messrs Patrick Akinwuntan, Sena Agbayissah, Kwasi Boatin and Assaad Jabre left the Board on 30 June 2014.
2. Mr. Hewett Benson was appointed into the Committee on 25 April 2014 and resigned on 17 November 2014.

All members have relevant 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.

Risk Committee

S/N	Name	Role	Number of Meetings held	Number of Meetings attended
1	Dr. Daniel Matjila	Chairman	3	2
2	Mr. Kadita Tshibaka	Member	3	3
3	Mr. Andre Bayala (deceased)	Member	3	3

Messrs. Babatunde Ajibade Albert Essien, Eddy Ogbogu, André Siaka, Thierry Tanoh, Isyaku Umar and Mrs. Laurence do Rego were also members of the Risk Committee at certain periods during the year.

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

The Group Chief Risk Officer serves as Secretary to the Committee.

Responsibilities

- Initiates the determination and definition of policies and procedures 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, e.g. technology, market, insurance, reputation, regulations etc.

Corporate Governance

Special Nomination Committee
Composition and attendance

S/N	Name	Role	Number of Meetings held	Number of Meetings attended
1	Mr. André Siaka	Chairman/Member	6	5
2	President Gervais Djondo	Member	6	5
3	Chief Philip Asiodu	Member	6	6
4	Mr. Sena Agbayissah[1]	Member	6	3
5	Mr.Hewett Benson	Member	6	6
6	Mr. Allen Forlemu/Mr. Martin Kimmig	Member	6	6
7	Mr. Fidelis Madavo	Member	6	5

1. Sena Agbayissah left the Board on 30 June 2014.

The Group General Counsel and Company Secretary is the Secretary to the Committee.

Responsibilities

- Define job profile and competency for the directorship roles to be filled
- Approve selection criteria for the roles
- Collect Curriculum Vitae of potential members
- Shortlist potential members to be screened
- Conduct an integrity due diligence for potential members
- Plan, organise and facilitate the interview process of shortlisted candidates
- Submit recommendations on selected candidates for the consideration of the Board of ETI.

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. However this may differ as a result of the country's regulatory requirements necessitating more committees.

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 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.

Subsidiary Governance Model

a) The subsidiary governance model of the Group is the dual reporting model.

b) The subsidiary's corporate governance is concurrently administered by the local Board and the parent company Board. Legally, the country Board has ultimate responsibility for the subsidiary but, as the majority shareholder (in some cases holding 100%), ETI, as the "Strategic Architect", has a duty to ensure that the subsidiary is properly run. As a result, the subsidiary CEO has a dual reporting line to the local Board and, also, to the ETI Executive Management. The local Board has access to the ETI governance or management structure. The local Board is legally constituted and Directors' duties comply with the host country's legal system.

c) The subsidiaries at all times comply with the Group Corporate Governance Charter, subject only to the requirements of local laws.

Candidates for directorship positions in the subsidiaries are shortlisted by Directors of the subsidiary and ETI Directors or other credible persons. The proposed candidates are then screened by the Board of the subsidiary and interviewed by ETI. Upon clearance by the Board of ETI, the candidates go through the formal internal Board processes of the subsidiary, including as may be appropriate, the Board Committees, regulatory and/or shareholders' approvals.

Group Executive Committee

In 2014, the Group Executive Committee ('GEC') comprised the Chief Executive Officer, two other Executive Directors, three Group Executives and four Group Functional Heads. The Group General Counsel and Company Secretary is a member and serves as secretary to the GEC. The GEC meets monthly and is responsible for the day-to-day operational management of the Group and its subsidiaries.

The GEC is responsible to the Board and plays an important role in the Group's corporate governance structure. The GEC manages the broad strategic and policy direction of the Group, submits them to the Board for approval where necessary, and oversees their implementation.

The GEC has decision-making powers in specific areas of Group Management. In particular, the GEC 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 HR issues.
- 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 GEC.

Corporate Governance

Group Management Committee

The Group Management Committee ('GMC') is the wider arm of the GEC. For purposes of succession planning of the Group, critical country and business leaders are consulted in the decision-making and execution of the Group strategy. It comprises all members of the GEC and Cluster Heads and/or such other Executives as the GCEO may determine. The GCEO is the Chairman of the GMC. The Group Company Secretary or his/her designate is the Secretary to the Committee

The GMC is charged with the following:

a) Reviewing the operational and financial performance of the respective business segments to ensure that actual performance is in line with overall intent, business goals and objectives.

b) Reviewing operational performance on an ongoing basis against plan and expectations.

c) Assessing progress and achievements on business unit projects and major initiatives.

d) Determining appropriate responses to operational and financial performance issues.

e) Disseminating strategy and policies across the Group.

Business Leaders Conference

The Business Leaders' Conference ('BLC') is a collegial group of all subsidiary CEOs and Group functional heads for deliberating strategy and policy formulation. It comprises the GMC and all subsidiary CEOs (i.e. country operations and other subsidiaries). The GCEO is the Chairman of the BLC. The Group Head, Strategy, or his/her designate, is the Secretary to the Committee.

The Business Leaders' Conference is the primary coordinating body for Group cohesion and integration and the delivery of Group strategy.

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

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

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

Country Executive Management Committee

The Country Executive Management Committee consists of the Managing Director 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 Subsidiary 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 responses 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 specifics of the local environment.
- Advising on local laws and regulation impacting on Group policies.

Director's interests in Ecobank Ordinary Shares

The Directors' interests in the issued ordinary shares of the Company as of the date of the statement of financial position are disclosed in tables below.

		Direct		Indirect		Total	
S/N	Name	2014	2013	2014	2013	2014	2013
1	Mr. Emmanuel IKAZOBOH	450,000	150,000			450,000	150,000
2	Mr. André SIAKA	1,183,500	1,183,500			1,183,500	1,183,500
3	Mr. Albert ESSIEN	932,600	932,600			932,600	932,600
4	Dr. Adesegun AKIN-OLUGBADE	367,800	367,800			367,800	367,800
5	Mr. Sena AGBAHISSAH	0	0			0	0
6	Dr. Babatunde A.M. AJIBADE					0	0
7	Mr. Andre Boboe BAYALA (deceased)	3,347,469	2,847,469			3,347,469	2,847,469
8	Ms. Dolika Banda	0	0			0	0
9	Mr. Hewett BENSON (AMCON)	0	0		1,402,669,653	0	0
10	Mr. Kwasi BOATIN,	21,026	21,026			21,026	21,026
11	Mr. Graham DEMPSTER (Nedbank)	0	0	4,676,708,030	0	4,676,708,030	0
12	Mr. Paulo GOMES	0	0			0	0
13	Mr. Bashir MAMAN IFO (EBID)	5,000	5,000	225,196,010	225,196,010	225,201,010	225,201,010
14	Mr. Assaad JABRE	0	0			0	0
15	Mr. MANTE TEI	100,086	100,086			100,086	100,086
16	Dr. Daniel MATJILA (GEPF/PIC)	0	0	3,125,000,000	3,125,000,000	3,125,000,000	3,125,000,000
17	Mrs. Sheila MMBIJJEWE	0	0			0	0
18	Mr. Sipho MSELEKU	0	0			0	0
19	Mr. Kadita TSHIBAKA (IFC)	0	0	1,181,055,863	1,181,055,863	1,181,055,863	1,181,055,863
20	Mr.Isyaku UMAR	98,235	598,235	59,900	59,900	158,135	658,135
21	Mrs. Evelyne TALL	1,023,400	1,023,400			1,023,400	1,023,400
22	Mr. Thierry TANOH	0	0			0	0
23	Mr. Patrick AKINWUNTAN	1,610,550	1,610,550	73,113	73,113	1,683,663	1,683,663
24	Mrs. Laurence Do REGO	1,591,987	1,591,987			1,591,987	1,591,987
25	Mr. Eddy OGBOGU	0	0			0	0
	Total	**10,731,653**	**10,431,653**	**9,208,092,916**	**5,934,054,539**	**9,218,824,569**	**4,541,816,539**

Director's interests in Ecobank Preference Shares

		Direct		Indirect		Total	
S/N	Name	2014	2013	2014	2013	2014	2013
1	Mr Bashir Maman IFO	2,140	2,140			2,140	2,140
2	Mr.Isyaku UMAR	2,140	2,140			2,140	2,140

Corporate Governance

Executive share options

In 2014, no new ETI staff share options were awarded to staff under the staff options scheme. However, some staff subscribed to 425,000 shares of the Company that were vested under existing options.

Related Party Security Trading policy

The Group has a code of practice for staff dealing in Ecobank securities that requires them to seek the approval of the Group Company Secretary or the Company Secretary of a subsidiary of the Group prior to the purchase of shares of the parent company or any member of the Ecobank Group. The policy makes it mandatory for such staff to disclose the nature of the securities, the amount to be invested, the nature of the transaction and interest. The staff undertakes to ensure that the transaction is not in connection with the possession of any inside information and further undertakes not to proceed with the transaction should he/she come into possession of any inside information prior to the execution of the transaction. The policy will be updated to include other related parties.

Shareholders' Rights

The Board has always placed considerable importance on effective communication with its shareholders. It ensures that the rights of shareholders are protected at all times. Notice of meetings and all statutory notices and information are communicated to shareholders regularly.

The General Meeting is a key forum for information and decision-making, fostering the active participation of shareholders.

The Shareholders' right to information is an essential principle underlying the philosophy of Corporate Governance, which necessitates the establishment of meaningful dialogue.

The Board is responsible for submitting complete and comprehensive financial and management information to the General Meeting in order to facilitate a balance and fair exchange of views within the Company.

The Board must ensure that there is dialogue with shareholders and that information furnished to the General Meeting is accurate and reliable.

Shareholders are encouraged to communicate their opinions and recommendations whenever they see the need to do so, to either the Investor Relations Unit and/or the Company Secretary.

Their contact details are available on Ecobank's website.

Sustainability report

Managing Sustainable Development

At Ecobank, sustainability is informed by incorporating three main tenets in the management of the bank's financial, social and environmental issues, obligations and opportunities, namely profits, people and the planet. These criteria underpin our resiliency, enabling Ecobank, over time, to weather interrelated socio-economic and environmental shocks, creating business value and contributing to strong communities and to healthy ecosystems.

For today's businesses and industries, sustainability is not just about the future of our society; it is also crucial to commercial success. Since 1988, thanks to its mandate to transform businesses whilst respecting the protection of the environment and fulfilling social wants and needs, Ecobank has become an unparalleled platform for innovation in strategy, product differentiation, design and brand, offering massive opportunities to compete in and adapt to a rapidly evolving world. The Group continues to act as a development stakeholder to transform and impact positively on the lives of its customers, shareholders and employees. In its over 25 years of existence, Ecobank has endeavoured to bring about positive change and promote environmental sustainability through banking and finance, its core competency.

With a presence in 36 countries in sub-Saharan Africa and four global business capitals (Paris, Dubai, London and Beijing), Ecobank's sustainability practices reflect the bank's commitment to conduct its business in an environmentally friendly and socially responsible manner. Whilst Ecobank's footprint affirms its credentials as a truly pan-African and increasingly global bank, the Group remains committed to the sustainability of its business activities, clients and communities wherever it operates.

At Ecobank, we believe that our business can only thrive over the long term if we pursue sustainable and responsible banking, striking a fine balance between financial, socio-economic and environmental issues. We provide common strategic direction and standards on sustainability by setting the tone 'from the top' through our governance structure, comprising the Group Board of Directors, Country Boards of Directors, the Group Executive Committee, the Group Management Committee and Country Executive Management Committees. We ensure the buy-in of all stakeholders, while specific sustainability issues are addressed by country subsidiaries, business units and relevant staff.

Sustainability framework

At Ecobank, we are pursuing both eco-efficient and eco-effective sustainability. This means we not only embed sustainability in our operation, but also in our short- and long term business activities. Thus, we continue to ensure that our human[1], natural, economic and social capitals are being utilised effectively, efficiently and in a sustainable manner. We remain committed to driving economic transformation in Africa, protecting our environment, and being a socially responsible financial institution. We reaffirm our Sustainability Framework, focusing on:

- Our **stakeholder** approach to sustainable development
- Our need to balance **profitability** with the **fight against poverty and protection of our planet**
- Our taking **seriously** the **welfare** and **development** of the communities in which we operate
- **Our consistent factoring of** social and environmental concerns into our business operations.

Sustainability framework

Driving economic transformation

- Creating economic value
- Fostering Integration
- Partnership for development

Socially responsible finance

- Microfinance and microbanking
- Women in Business
- Ecobank Foundation
- Community engagement

Protecting natural resources: environmental sustainability

- Risk management
- Green business
- Global initiatives
- Internal Carbon footprint

Human Capital: attracting and retaining employees

- Diversity and culture
- Training and development
- Pan-African spirit

[1] **Human Capital is discussed in a separate Chapter on People**

Sustainability report

Driving economic transformation

Over the years, we have undertaken development activities through collaborative engagement. We have adapted several platforms to create and deliver socio-economic values through our financial products, models and markets for long-term sustainability, as well as contributing in many ways to the economic and financial development in countries where we are present, as reflected below:

Creating economic value

At the end of 2014, Ecobank had loans and advances outstanding in support of private sector companies, enterprises, individuals, and public sector entitities in Africa of US$12.3 billion. Revenues generated within the period were US$2.3 billion.

Tax borne

Taxes borne are those taxes that represent a cost to the business and which, therefore, directly affect Ecobank's financial results. The profile for these taxes across Ecobank group is as presented below:

Tax borne

S/N	Tax Profile/Category	Tax borne (US$'000)	Tax Borne by %	% Increase/ (Decrease) 2013 – 2014
1	Company Income Tax	86,472	56%	57%
2	Employers' Social Sec. Cont.	24,399	16%	8%
3	Reverse Vat	19,639	13%	-3%
4	Irrecoverable Input Vat	13,265	9%	22%
5	Payroll Tax	3,432	2%	10%
6	Wht On Imported Services	2,633	2%	20%
7	Other Employer Contributions	2,517	2%	-45%
8	Property Tax	304	0%	-70%
9	Others	2,205	1%	-19%
	Total	**154,867**	**100%**	**26%**

Tax collected

Taxes collected are those taxes that Ecobank collects and administers on behalf of Governments and which are generated as a result of Ecobank's activities. Taxes collected are not a cost to Ecobank (other than the associated administration costs) and do not directly affect Ecobank's results. The profile of these taxes across Ecobank affiliates are outlined below:

Tax collected

S/N	Tax Profile/Category	Tax Collected (US$'000)	Tax Collected By %	% Increase/ (Decrease) 2013 vs 2014
1	Paye Income tax	67,946	30%	-3%
2	Tax deducted at source (Wht)	50,138	22%	27%
3	Tob/Taf	35,708	16%	-6%
4	Net Vat	31,307	14%	16%
5	Tax On Money Transfers	21,665	10%	5%
6	Employees' Social Sec. Cont.	15,762	7%	23%
7	Stamp Duty/Land Tax	1,373	1%	-8%
8	Others	2,087	1%	23%
	Total	**225,986**	**100%**	**7%**

Corporate taxes

Consumption Tax Borne	% TTC by Tax Type
Company Income Tax	23%
Others	0.20%
Consumption Tax Collected	
Tax deducted at source	13%
Total	**36%**

Corporate taxes – Levied on profits, they include both taxes borne (corporation tax and other taxes on turnover) and taxes collected (tax deducted at source, including withholding tax on services and interest).

People taxes

People Tax Borne	% TTC by Tax Type
Payroll Tax	1%
Employer SSC	6%
Other Employee Cont.	1%
People Tax Collected	
PAYE	18%
Employee SSC	4%
Total	**30%**

People taxes – Withheld on employment earnings, they include income tax, employee social security contributions (SSC) collected through PAYE, employers' social security contributions, payroll taxes and other related contributions.

Consumption taxes

Consumption Tax Borne	% TTC by Tax Type
Irrecoverable VAT	3%
Reverse VAT	5%
WHT on imported Services	1%
Consumption Tax Collected	
Net VAT	8%
Tax on Banking Activities	9%
Money Transfer Tax	6%

Consumption taxes – indirect taxes on production and consumption of goods and services, they include value added tax, customs duties, tax on banking activities, tax on money transfers, withholding taxes on imported services, vehicle taxes etc. As an operator in the financial industry, consumption taxes represent a significant part of the taxes paid/collected by Ecobank.

Property taxes

Property/Registration Tax Borne	% TTC by Tax Type
Property Tax	0.6%
Consumption Tax Collected	
Stamp Duty & Patent	0.5%
Total	**1%**

Property taxes – Applied on the ownership, sale, transfer or occupation of property, they include business rates, bank levies, stamp duty tax etc.

Value Added is a measure of the economic value contributed by an economic entity. During the year 2014, Ecobank Group has contributed a total of US$ 1.9 billion, versus US$ 1.5 billion in the previous year.

During 2014, Ecobank Group contributed a total of US$1.9 billion to various stakeholders. The details of this value added are outlined below:

The financing cost stands as the highest beneficiary of value added (32%), followed by investment in employees (28%). Value to shareholders/reinvestment and value added to governments in terms of taxes rank respectively in third and fourth place with a percentage of 20% and 19%. The details of the value added are shown below:

Value added

Stakeholder	Base	Value Added (Usd'000)	% Value Added	Value Added (Usd'000) In 2013	% Increase/ (Decrease) 2013 – 2014
Suppliers of Fund	Financing Interest	622,221	32.2%	548,998	13%
Shareholders/Reinvestment	Profit After Tax	397,525	20.5%	147,773	169%
Employees	Wages and Salaries less Employment Taxes	534,562	27.6%	525,861	2%
Government	Tax Borne	154,867	8.0%	122,487	26%
Government	Tax Collected	225,986	11.7%	210,747	7%
		1,935,161	**100%**	**1,555,866**	**24%**

Sustainability report

This contribution, direct and indirect, represents the tax footprint of our business as presented below:

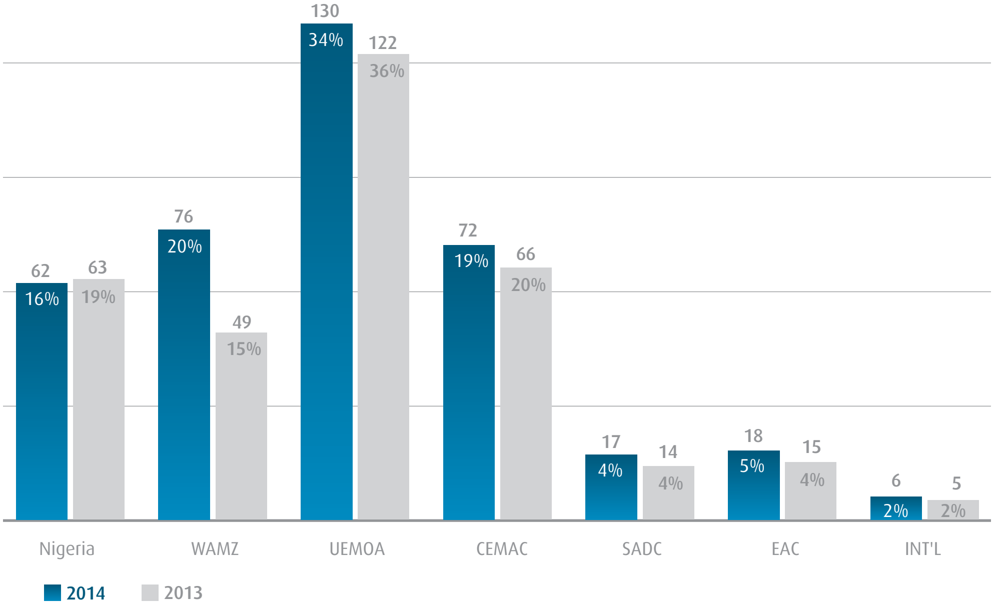
Value added by Ecobank Group as at December 2014

Financing Interest (Investors)	32.2%
Profit After Tax (Shareholders/reinvest)	20.5%
Wages and Salaries less Employment Taxes (Employees)	27.6%
Tax Borne (Government)	8%
Tax Collected (Government)	11.7%

Total Contribution by Ecobank Clusters

Total Tax Contribution by Cluster (in millions of US$)

Total tax contribution by Ecobank Clusters, 2014



Fostering Financial and Economic Integration

Africa's challenges often require a pan-African solution—harmonised policies, free cross-border trade and the free movement of capital, people and goods. Thanks to our pan-African approach to banking and finance, we have made a significant contribution to Africa's financial and economic integration. Our integrated offerings and competencies are unique in Middle Africa. We have built economies of scale with extensive coverage across 36 African countries. We have 1,265 branches and offices and enable access to cash 24/7 at 2,690 ATMs and over 10,000 points of sale (POS) in Africa. No other bank in Africa has such breadth of coverage. We are making cross-border transactional banking more convenient, accessible, and efficient. Our unique Rapidtransfer product, tailored to the needs of the large numbers of migrant workers across Middle Africa, is increasingly gaining market share, and enabling customers to send and receive funds between countries within our footprint.

Our transformational banking solutions are predicated on the need to support Africa's trade and infrastructure development through private-public partnership and regional integration. This offers us the opportunity to finance projects of larger scale at lower unit costs. We leverage African trade corridors across the various sub-regions by providing integrated trade solutions using various payment methods to facilitate intra-African trade. The continent is witnessing the rise of businesses that are often considered emerging regional champions. Our unique 'One Bank' platform enables us to serve these regional corporates seamlessly. This regional approach is further augmented by our Ecobank-Nedbank Alliance. We have also become the gateway for international banks seeking to provide services to their clients operating in Africa.

Banking for the public sector

Ecobank's goal is to be the preferred bank for Africa's public sector. In 2014, we redefined and re-focused our strategy, taking into account the evolution of the public sector business, which now includes all tiers of government (central, state and local), the education sector and public projects financed by bilateral and multilateral donors.

We are focusing on the delivery of value chain services to public sector clients and their stakeholders, including civil servants, teachers, health workers, contractors and suppliers. We provide customised products and services for public sector deposits, collections, payments, cash management solutions, payroll administration and project accounts. We also provide advanced payment guarantees to contractors, supplier payments and credits, and services for civil servants. In the education sector, we provide banking services for school fee collections, salaries and bursary payments. The Ecobank Foundation also supports health- and education-related causes.

Partnership for development

- Ecobank Nigeria remains a major banking partner for various local government entities. It won the mandate to administer the Imo State's Local Government pension account, the Local Government MDG account of Bayelsa State, as well as the Salary Administration account of Imo State. Ecobank Nigeria also provided loan facilities of US$30 million for Ekiti State and US$85 million for Osun State.
- Ecobank Ghana is a leading banking partner for various government entities including: National Health Insurance Authority, Ministry of Health (e.g. Global Fund), Judicial Service Collection at the Courts, Environment Permit fee collections and the collection of school fees for all state-owned tertiary education establishments.
- Ecobank Liberia won the account for the Millennium Challenge Corporation's EUWF Project, which will fund the cleaning of drainage systems of four swamp communities within Monrovia.
- Ecobank Benin won the mandate to process salaries for the military using Omni in 2014.
- Ecobank Senegal signed up a major hospital, with 1,000 staff and an expected volume of transactions of US$7.5 million a year, to Omni. The subsidiary also opened an account for the Casamance Development Pole Project, a World Bank–backed initiative that seeks to boost agricultural capacity in the country, with a potential value of US$20 million over 5 years.
- In Cameroon, Ecobank signed an MOU with the Ministry of Agriculture to participate in the US$100 million PIDMA project, financed by the World Bank that aims to transform subsistence farming in the country. Ecobank Cameroon also helped to fund a water project covering 9 towns, as well as the purchase of two planes for Camair-Co, the troubled national carrier.
- Ecobank Togo opened Omni accounts for DSIA (Ministry of Defence) and ABERME (Benin's Rural Electrification Agency), the latter with an annual budget of US$4million.
- Ecobank Niger opened an account for the USAID-funded SAREL ('Sahel Resiliency Learning') project, funded at US$ 10 million over 5 years

We ensure that all public sector transactions with significant economic expansion potential meet the criteria of Ecobank's Environmental and Social Management System (ESMS), as well as the International Finance Corporation's performance standards for Environment Social and Governance.

Socially Responsible Finance

In 2014, we further strengthened our position as a socially responsible bank via our sustainable banking solutions that comprise inclusive financing, SME banking, innovative financial products and the financing of green businesses.

A Nexus for economic development and finance – OPIC/Global Communities Case Study

In the bid to support African businesses, Ecobank has continued to work on an agribusiness initiative with the support of OPIC, the US Government's Development Finance Institution. The aim is to enable processors to support contracted-out growers with finance to cover inputs such as fertilisers, pesticides and seeds.

The Agricultural sector remains paramount to the economic development of Africa. Albeit the perceived credit risks in the sector undermines its ability to access adequate bank financing in Africa, especially for small holder farming activities. Nonetheless, Ecobank collaborated with Overseas Private Investment Corporation (OPIC) and Global Communities to ameliorate the perceived risk and provide requisite technical assistance to the eligible agribusiness SMEs, including cooperatives, farmers associations and saving and credit cooperatives. In this partnership agreement, Ecobank is lending to agribusiness stakeholders with risk sharing guarantee from OPIC, while Global

Sustainability report

Community is providing basic credit and financial management information as well as other agric-based technical assistance in the target countries, Kenya, Malawi and Tanzania.

Ecobank partners with Pledge Guarantee for Health to accelerate delivery of essential health supplies

In October 2014 Ecobank and Pledge Guarantee for Health ('PGH') announced a US$40 million credit facility to accelerate delivery of life-saving health supplies. Through a five-year, US$100 million partial guarantee provided by the United States and Swedish governments, PGH unlocks private sector financing to maximise the impact of donor funding, ultimately improving health access and outcomes for the millions who are helped by foreign aid. In collaboration with creative financiers, such as Ecobank, PGH is able to create credit facilities for the benefit of non-traditional borrowers.

PGH and Ecobank will work actively with non-profit and governmental beneficiaries of donor funding to structure short-term, low-cost financing on the basis of approved donor pledges. By smoothing out the timing of health aid disbursements, recipients will be able to procure essential health commodities based on projected need, resulting in increased efficiencies in pricing and quality, accelerated delivery, and, ultimately, more lives saved.

In addition to improving health service delivery in the near-term, Ecobank's participation in this partnership represents a significant step toward increasing sustainable access to finance in developing countries. By utilising PGH's lending model, Ecobank will be able to test the market in a lower risk environment to better understand the true risk associated with receivables financing on the basis of committed donor funding. It is anticipated that after the five-year life of the PGH guarantee, commercial lenders will have amassed enough evidence to continue lending without a guarantee, thus building the foundation for a truly sustainable solution in the area of international development.

Microfinance and SMEs

Ecobank remains committed to playing a key role in empowering low-income but active micro- and small entrepreneurs in Africa through wholesale and retail microfinance activities. Our prime objective is to provide tailor-made financial products and services, access to capital and financial education to encourage consumption, create wealth and generate employment amongst low income, unbanked or under-banked populations. According to Ecobank's own research, these amount to some 47 million people, or 40% of sub-Saharan Africa's bankable population of 116 million.

Microfinance enables the low-income population, marginalised by the formal banking system, to fulfil their aspirations and realise their goals. Microfinance offers financial assistance in multiple ways, including the provision of working capital, the injection of credit to smooth cash flows to mitigate irregularities in business transactions, thereby cushioning beneficiaries from their economic impact. Additionally, the microfinance sector provides an alternative channel to the loans offered by informal moneylenders, who demand extortionate rates of interest.

Ecobank now has microfinance banking subsidiaries and associated companies in 5 countries, servicing more than 224,000 clients. These are:

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

In addition to its own microfinance operations, Ecobank is the main banker and partner to most of sub-Saharan Africa's leading microfinance institutions and cooperatives, with an indirect reach to over 10 million microfinance clients. Ecobank's wholesale microfinance programme probably represents the largest network of microfinance operators in Middle Africa.

Ecobank has a track record of success in building financial inclusion distribution networks/partnerships, in utilising technology-enabled delivery models, such as mobile banking, and adopting innovative approaches to risk management.

Growing a Microfinance business: Case Study of Ecobank-Accion in Ghana

The microfinance sector in Ghana presents a strong growth story. Starting as non-profit making organisations, Ghanaian microfinance institutions have grown into an extensive network, affording access to high-quality and affordable financial services to a wider audience. Today, the simple idea of making very small loans to poor entrepreneurs is attracting significant investment.

After six years of operation, Ecobank-Accion Ghana is amongst the country's 25 largest regulated savings and loans companies. Through savings and credit, it aims at facilitating wealth creation within its target market, comprising participants in the informal sector, such as peasant farmers, traders and artisans. It currently has 13 branches and docking stations in five regions (Greater Accra, Ashanti, Brong Ahafo, Eastern and Central). Clients are assessed and loans made available to them at relatively affordable rates and convenient payment plans, whilst they are also encouraged to save with attractive interest rates.

Ecobank-Accion Ghana has demonstrated consistent growth over the past three years on all key performance indicators (revenue, profit, deposits, loans, branches and number of customers). For example, revenues over this period have grown on average by 39%, whilst deposits have increased by 20%. Future growth will be driven by diversifying its offerings products to broaden its client base and providing creative financial and non-financial solutions to boost the economic activities of its customers, whilst abiding by its mission of providing convenient financial services to Ghana's low income and un-banked population.

Provision of Financial Services to SMEs

Ecobank Ghana

In 2014, Ecobank Ghana financed:

- **Masara N'arziki**, helping to provide farming inputs to over 10,000 small-holder farmers in the Northern Region of Ghana, the most vulnerable region in terms of food security. This helped to increase food availability and reduce poverty levels.
- **Strategic Security Systems**, to the tune of US$5 million to provide solar lighting systems to rural communities.
- **Kumasi Institute for Technology and Environment ('KITE')**, supporting the implementation of the KITE/UNEP AREED End-User Finance Programme, aimed sustainable development through research, capacity-building and project management, such as the provision of solar lamps for rural communities.

Ecobank Senegal

In 2014, Ecobank Senegal supported its customer, EDE Engineering, a consultancy firm specialising in water and sanitation, by offering bank guarantees and support towards:

- Preparation of detailed surveys in order to build two sludge treatment plants in Douala
- Works control for improved sanitation systems in Douala
- Preparation of detailed surveys for the construction of two sludge treatment plants in Bobo Dioulasso and Ouagadougou
- Provision of working capital.

Similarly, in the fight against poverty and food insecurity, Ecobank Senegal provided financing to rural women through Caurie Microfinance, one of Senegal's largest microfinance institutions. Ecobank Senegal provided with Caurie with US$200 million of finance in 2013, followed by US$ 100 million in 2014. Caurie contributes to the sustainable economic and social development of poor microentrepreneurs, mainly women, by providing them with appropriate financial products and services, with a current portfolio of 63,000 borrowers throughout the country.

Ecobank DRC

In 2014, Ecobank DRC signed a partnership memorandum with SNV (a Dutch NGO) to facilitate farmers' access to the following financing opportunities:

- Cassava processing equipment in DRC
- Working capital

The facilities granted by Ecobank are underwritten by a US$ 150,000 guarantee fund provided by SNV.

Elsewhere, Ecobank DRC provided finance to Aurora, a private sector school focused on nursery, primary and secondary education in Kinshasa, to enable it to increase pupil numbers. Bank guarantees have also been provided to the PRRIS (Reconstruction and Renovation of School Infrastructure Programme), which ultimately aims to refurbish 1,000 schools across the entire country.

Ecobank Liberia:

Ecobank Liberia provided loans to local companies, Jalk Services and Devine Fingers, to pre-finance the feeding of Ebola patients in various centres around Monrovia.

Social Responsibility

At Ecobank, we believe we have a role to play in building a better world for future generations. We measure our success not only by financial criteria, but also by focusing on customer satisfaction and employee engagement, as well as supporting the communities in which we operate. We strive to make a real difference in the communities where we operate, so each year, we dedicate more time and manpower resources to community projects. In 2014, we continued to increase the impact of our charitable programmes by creating real opportunities for our employees to get involved in life-changing and inspiring projects.

The Ecobank Foundation

The Ecobank Foundation was founded in 2002 in response to the desire of the Ecobank Group to place economic development and social responsibility at the forefront of its strategy.

In accordance with Ecobank's mission and vision, the Foundation strives for the well-being and improved economic prospects of the communities in which the Group operates, focusing on innovative projects that promote creativity, excellence and regional integration in the following areas:

- Entrepreneurship (especially in rural areas)
- Education
- Health
- Community development.

Sustainability report

Each year, Ecobank's parent company, ETI, commits up to 1% of its profit after tax to the Foundation. Such assistance, while improving the welfare of these communities, is also meant to project a positive image of the Group and enhance its reputation as a socially responsible corporate entity.

In 2014, the Foundation funded three projects for a total of US$ 815,000. These projects were the following:

Ecobank/The Global Fund Partnership

The Global Fund to Fight AIDS, Tuberculosis and Malaria ('the Global Fund') mobilises and invests nearly US$4 billion a year to support programmes aimed at ending AIDS, TB and malaria as epidemics in more than 140 countries. The Global Fund has made around US$30 billion of commitments worldwide since its inception in 2002, with approximately 65% of the grants flowing into sub-Saharan Africa. In December 2013, the Ecobank Group and the Ecobank Foundation announced a 3-year partnership ('the Partnership') with the Global Fund to help strengthen financial management capabilities ('SFMC') amongst grant recipients and to leverage Ecobank's network and innovative capabilities to engage with other private sector entities.

The Partnership's major achievements in 2014 included:

- In Nigeria, which accounts for 32% of the global malaria mortality burden, Ecobank Nigeria supported SFMC training for 1 Principal Recipient and 7 Sub-Recipients of the malaria grant component. Ecobank Nigeria trained 82 people at workshops and training events covering treasury & cash management practices, reporting policies, budgeting skills, risk management assessment, organisational skills and accounting. The Group engaged Accounting for International Development ('AfID'), a UK social enterprise, to provide 44 weeks of voluntary, qualified accounting support.
- In South Sudan, Ecobank South Sudan supported SFMC training for the National Aids and Tuberculosis programmes, working with UNDP and Population Services International. AfID supported the Ecobank programmes with 10 weeks of voluntary, qualified accounting support.

Ecobank and the Foundation's joint contribution in 2014 consisted of a US$250,000 direct cash contribution, US$244,000 spent on supporting the two country programmes and work with Global Fund Treasury, US$246,000 of 'in kind' services consisting of dedicated Ecobank employee time, plus US$255,000 of monetised AfID volunteer support provided over 54 working weeks.

The Partnership is an example of Ecobank leading the way in the sustainable development of Africa, as healthy communities will help lead to prosperous local economies. Ecobank is seen as a Global Fund advocate, a champion of the private sector and has received recognition in the fight against malaria in Nigeria.

Partnership with African Clinical Training (E-PACT)

This is a three-year joint project between the UK's Royal College of Physicians and the West African College of Physicians. The Ecobank Foundation is providing close to US$900,000 in funding support for high quality training programmes for doctors in the fight against HIV/AIDS, malaria and tuberculosis, the three major diseases of the Millennium Development Goal 6 ('MDG6') in West Africa.

The two institutions are working together to develop three MDG6 training centres in Ghana, Nigeria and Senegal, located in the cities of Accra, Ibadan and Dakar respectively. These centres will constitute hubs of clinical training excellence for doctors from across the region and will increase the direly needed specialist skills to treat and manage HIV/AIDS, malaria and tuberculosis. At the end of the programme, more than 500 physicians will be trained across the region. With proper coordination, it is anticipated that their work will add value to and have a positive impact on to the major programmes focused on fighting HIV/AIDS, Malaria and Tuberculosis, financed jointly by The Global Fund and Ecobank Foundation.

Ecobank Foundation UK's / OneFamilyHealth / GlaxoSmithKline Partnership in Rwanda

This partnership between the Foundation, Ecobank Rwanda, GlaxoSmithKline, the Government of Rwanda and OneFamilyHealth aims at improving access to healthcare and quality essential medicines for children and their families in rural Rwanda, using a sustainable franchising model.

The initiative benefits from the financing support of GlaxoSmithKline and Ecobank Rwanda/Ecobank Foundation, which provide loans and 5-year interest rate subsidies, respectively, through OFH, for the benefit of the nurse franchisees. US$ 255,000 was drawn under the loan facility in July 2014.

During 2014 the number of operating OFH Health Posts increased from 50 to 92, operating in 11 districts of the country. There are plans to continue the expansion at the rate of 4 new Health Post openings per month, covering at least 16 districts by year-end 2015. Ultimately, the plan is to establish 240 health posts across Rwanda over the next three years and increase access to around two million people in rural communities each year. The partnership continues to deliver on its mission despite some pressures typical of PPP structures, including the complex administration of health insurance reimbursements required to ensure a steady inflow of funds to sustain the model.

Additionally, the following two projects, approved in 2013, were implemented in 2014:

Provision of an eco-friendly education facility for 1,000 disadvantaged children in Ghana

In partnership with the Sabre Charitable Trust, a Ghanaian charity focused on improving the future of disadvantaged children, the Foundation built an eco-friendly kindergarten complex in Dominase, Cape Coast, Ghana. Its design makes innovative use of local, sustainable materials, including fibre from coconut husks as an insulating agent, locally sourced cement made from clay and palm kernels and, wherever possible, using fast growing bamboo, as opposed to slower growing hardwood.

The school complex, which includes internal and external teaching areas, playgrounds, kitchens, offices, and amenities, will welcome over 1,000 children over the next five years. It has been handed over to the Ghana Education Services.

Renovation of paediatric unit serving 1,200 sick children from Benin, Togo and Ghana

The Ecobank Foundation and Aquereburu & Partners Foundation joined forces to support the complete renovation of the paediatric block at the Centre Hospitalier Prefectoral of Aneho, located on the transit corridor serving Benin, Togo and Ghana. The project was funded on a 50:50 basis by each foundation at a total cost of US$ 50,000.

The Centre Hospitalier Prefectoral of Aneho is one of Togo's leading hospitals. It receives patients from surrounding rural villages in Togo, as well as those from Benin, Ghana and sometimes Nigeria, admitting more than 1,200 sick children each year.

Community engagement

As a responsible employer, we encourage our employees to give some of their time and to use their professional skills to create positive change within their local communities. Be it across the Group, at a subsidiary or at a personal level, we are all actively involved in community engagement.

Special Community Event: Ecobank Day

Africa is the heart of Ecobank and we are absolutely committed to its future. We conduct business, develop ourselves and make profits based on our daily interactions with our communities. It is therefore right for us to give back by contributing both financially and through our own energy to improve the communities that have welcomed us and in whose territories we work. In 2013, we introduced our first 'Ecobank Day' to enable our staff right across the Group to participate in local community service initiatives to develop both their individual skills and their teamwork, an event which proved to be immensely popular with all concerned.

The theme for our second annual 'Ecobank Day' in October 2014 was 'Malaria Prevention & Control in sub-Saharan Africa'. This was expanded to include Ebola in the three Ecobank countries most affected by the 2014 epidemic – namely Guinea, Liberia and Sierra Leone.

Ecobank Malawi

As part of its Ecobank Day celebrations, Ecobank Malawi donated various medical supplies that will help in the fight against malaria to the Limbe Health Centre. Limbe is at the centre of trading activities in the city of Blantyre and covers a large catchment area of over 10,000 households.

The donations included:

- 50 pre-treated mosquito nets (patients previously were sleeping without nets),
- 1,000 examination gloves
- 1,000 glass slides (for carrying out blood tests)
- 1,000 syringes
- 50 litres of disinfectants

At the presentation ceremony, Ecobank Malawi's Managing Director, Mr. Charles Asiedu, pledged Ecobank's continued support of health initiatives. Speaking on behalf of the Hospital Administration, Mrs Naomi Bowa, thanked Ecobank for the donations, saying they will go a long way in fighting Malaria. "As a Health Centre, this is the first time we have received a donation of this kind. We are truly grateful to Ecobank as the donated items will make a big difference."

Sustainability report

Ecobank Nigeria takes fight against malaria to schools and rural communities.

Ecobank Day 2014 saw Ecobank Nigeria staff offering the malaria prevention supplies that includes easy to use SD malaria testing kits, treated mosquito nets and mosquito repellent creams to pupils and officials in selected schools and basic healthcare centres across the country, including St Kizito Clinic, Jakande Estate, Lekki, Lagos, the Community Basic Primary School, Ladogan, Iseyin, Oyo State, the Government Secondary School, Jos, the Queen Amina College in Kaduna and the Eastern Academy, Onitsha.

Head Teacher of the Cherubim & Seraphim Primary School, Majidun, Ikorodu Lagos, Mrs. Kudirat Olabode, commented: "These preventative materials will go a long way to reducing the malaria pandemic amongst us. We wish other corporate organisations would emulate Ecobank's generous gesture."

In his message to the various recipients, Ecobank Nigeria's Managing Director, Mr. Jibril Aku, explained that the choice of this year's theme was especially pertinent, as malaria prevention will help to save the lives of children in Nigeria's rural communities who lack access to basic healthcare. This, he maintained, is a very practical and visible demonstration of Ecobank's commitment to the economic development and financial integration of Africa.

Ecobank Sierra Leone

To mark Ecobank Day, Ecobank Sierra Leone chose to donate five hundred 50kg bags of rice to the First Lady's Danke Koroma Foundation. An initial three hundred bags of rice were presented as an emergency response to the need for food aid in the North and South of Sierra Leone as a result of Ebola-related quarantines. The second batch of bags of rice meant for quarantined homes in Freetown were presented on Ecobank Day.

Ecobank Day in Nigeria

Speaking at the presentation ceremony at the Presidential Lodge in Freetown, Mohamed Cole, Chairman of Ecobank Sierra Leone's Board of Directors, said that Ecobank's success is "inextricably linked with the health status of our marketplace." Mr. Cole further observed that "Ebola has negatively impacted individuals, families, communities and countries even the world at large, creating panic and stigmatisation of citizens of Ebola-affected countries."

In her response, the First Lady, Madam Sia Nyama Koroma, observed that Ebola has had devastating effects on all spheres of life, with women and children suffering the highest fatality rates, whilst the country grappled with falling revenues due to the reduction in economic activity. The First Lady said, that with Ecobank's support, they were able to expand her Foundation's distribution areas. She expressed appreciation for what she referred to as the "careful choice of donation" which demonstrates Ecobank's love and concern for families and the communities in which it works.

Ecobank Ghana

This annual community action day was marked by Ecobank Ghana and all its affiliate businesses, including Ecobank Development Corporation, Ecobank Accion, and eProcess. Traditional community leaders and health facilitators from the Ministry of Health's Malaria Control Team also lent their support, fully committed to the cause of Ecobank Day 2014.

Under the leadership of senior management, staff visited 13 health centres across the country to make donations, participate in clean-up exercises and educate the general public about the causes, prevention and treatment of malaria.

The donated items included malaria test kits, malaria drugs for adults and children, hospital beds, treated mosquito nets, blood pressure monitors and digital/mercury thermometers. Ecobank staff took to some of the principal streets in the country to engage the public in talks about malaria, with flyers and malaria prevention products as giveaways, such as mosquito repellents, mosquito nets and insecticide sprays.

Ecobank DRC

As its contribution to Ecobank Day 2014, Ecobank DRC decided to take part in the renovation of Barumbu's Hospital for Mothers and Children.

The event brought together the hospital staff, the Provincial Heath Department, the 'Fight against Malaria' National Programme, the President of the International NGO, Roll Back Malaria, representatives of Kinshasa Town Hall and outpatients of the hospital.

Supporting activities included:

- a grant of antimalarial medicines
- a consignment of replacement airbeds
- a donation of 32 roof fans
- various renovation works

During their visit to the hospital, Ecobank staff spent time consoling and comforting the patients, as well as helping to install some of the replacement airbeds.

Outside of the capital, antimalarial medicines were also distributed in the Katana and North Kivu provinces.

Ecobank Senegal

As its contribution to Ecobank Day, Ecobank Senegal provided 1.6 million doses of sulfadoxine-pyrimethamine (SP), effectively subsidising the Health Ministry's malaria programme for four months, thereby allowing valuable resources to be allocated to other areas of medical need. SP is an anti-malarial drug, specifically formulated for pregnant women and for children less than 5 years old.

The celebration ceremony was held at the Philippe Maguilène Senghor health centre in Dakar in the presence of Dakar's Chief Medical Officer, representing the Health and Social Security Minister, representatives of the PNLP (the National Anti-Malarial Programme) and local authorities, as well as Ecobank Senegal's Managing Director, Mr. Yves Coffi, and his staff.

Ecobank Day in DRC

Ecobank Senegal later took part in the 'Stop Ebola' programme launch, led by the NGO, Africare, in conjunction with the Health ministry. The programme involved raising funds on behalf of countries affected by the virus, as well as promoting preventative measures in Senegal. Addressing the Health Minister and the invited audience at the 'Stop Ebola' launch ceremony, Mr. Coffi commented: "Whenever our community as a whole is put to the test, especially when it is about public health, Ecobank is there, actively present. As a pan-African institution, it is simply our duty and a key factor in the success of our mission to further the economic and social development both of countries within Ecobank's footprint and for the continent as a whole."

Ecobank Guinea

Last September, a delegation of Ecobank Guinea's executive management team, led by the bank's Chairman, met with the Prime Minister's Office to express their solidarity and support of the Government in its fight against the Ebola virus epidemic since March 2014.

The ceremony took place in presence of the Prime Minister and other senior government representatives, the National Coordinator for the fight against Ebola, Mr. Sakoba Keita, and the Central Bank Governor.

On behalf of Ecobank Group, Mr. Moukaramou Chanou, Managing Director of Ecobank Guinea presented the Government with a cheque for 350 million Guinean francs (equivalent to around US$47,000) to help in the fight against Ebola. This represented Ecobank Guinea's second contribution to the cause, having previously participated in a collective donation from the 'Association des Banques de Guinée', the banking sector's professional organisation.

Mr. Chanou called for a united front against the Ebola virus, saying: "The present threat from Ebola makes it necessary for all of us to start fighting it in the country, as well as on our African continent as a whole. We are confident that, by pooling our efforts, we will eradicate Ebola."

In his address of thanks, the Prime Minister, Mr. Mohamed Said Fofana, expressed his hope that Ecobank's example would inspire other banks and the country's business community. The National Coordinator assured everyone that the monies received would be strictly assigned to the most pressing Ebola treatment needs.

Community Corporate Activity

Ecobank Kenya's Cancer Awareness Campaign

Last October, over 3,600 people were screened for various types of cancer during Ecobank Kenya's Cancer Awareness Campaign. A free cancer-screening programme was financed by a donation of some US$ 137,992 by the Ecobank Foundation to support Ecobank Kenya's CSR programmes. Of the patients

Sustainability report

screened, about 200 tested positive for either prostate, cervical or breast cancer. 26 of them are receiving treatment courtesy of Ecobank.

Ecobank Kenya also donated 6 chemotherapy chairs to Kenyatta National Hospital ('KNH'), Kenya's main referral hospital and sole public cancer centre. Prior to this, the unit had only 12 such chairs, clearly inadequate for the needs of the, on average, 60 patients that attend the centre for chemotherapy treatment every day.

Mrs. Lily Koros, the Chief Executive Officer of KNH, said that the chemotherapy chairs donated by Ecobank would make their cancer patients' chemotherapy sessions "safe and comfortable." Dr. Eliud Njuguna, the Head of KNH's Cancer Centre said the burden of cancer was growing out of hand and there was need for more educational and social support. For her part, Mrs. Koros thanked Ecobank for its contribution to improving the quality of life of cancer patients in Kenya.

Additionally, in conjunction with the Blood Link Foundation, Ecobank Kenya took part in a blood donation appeal in Nairobi. There is an increasing need for blood transfusions in Kenya due to rising childbirth, road accidents, surgeries and other emergencies. The 'Donate blood, Help save a life'" campaign targeted Head Office employees and members of the public; of the 69 donors who took part on the day, 17 were Ecobank employees. This is the third consecutive year that Ecobank Kenya's staff has participated in a blood donation appeal and reflects Ecobank's strategy of supporting high impact yet cost-effective charitable activities.

Ecobank Mali

To overcome recurring flooding problems in the capital, Bamako, Ecobank Mali has invested CFA francs 22 million (around US$ 37,000) to clean out a natural sewer, Diafarana-Kô. As a long-standing partner of the Malian State, Ecobank is keen to support the Government's flood prevention and sanitation programmes. The Ministers of Housing and Urban Development and Environmental Sanitation and Water attended the launch ceremony associated with the works at Ecobank's headquarters last July.

Protecting Natural Resources: Environmental Sustainability

Environmental and social risk management

As a sustainable lender, Ecobank realises that it has a vital role to play in shaping and helping clients to conduct their business activities in a sustainable manner through its Environmental and Social Management System ('ESMS'). The Board of ETI formally approved Ecobank's revised Environmental and Social Risk Policy and Procedure Manual ('ESPPM') in 2014 to drive the implementation of ESMS.

The revised ESPPM provides guidelines to ensure that we only finance business activities that will not cause irreparable, irreversible and large-scale destruction of the environment. It also enables us to work with our clients to identify and implement mitigation and corrective actions to minimise the environmental impact of approved transactions.

The E&S Unit's primary responsibilities include the facilitation of sustainable business development, ensuring Group compliance with the ESG framework and the coordination of the internal carbon footprint management.

Compliance

The E&S Unit evaluates the potential E&S risk impact of Ecobank's client transactions and ensures compliance with the contractual and membership reporting obligations of the ESG Frameworks and its Development Finance Institution ('DFI'), including the Dutch Development Financial Institution ('FMO'), the

Major E&S Activities in 2014
Environmental and Sustainability ('E&S') Unit

06. IFC remarked that Ecobank is E&S satisfactorily compliant

01. Revised Ecobank E&S Policy was formally approved by the ETI Board

02. 2,721 Credit applications in the E&S impactful sectors were screened

03. No breach of E&S risk issue in 2014

05. Ecobank sustainability Practices was reviewed by External consultant

04. ESMS refresher training was organised for 340 employees

International Finance Corporation ('IFC'), the United Nations Global Compact ('UNGC'), the United Nations Environment Programme Finance Initiative ('UNEPFI') and the Equator Principles ('EP'). All the annual ESG reporting requirements of the relevant institutions have been duly submitted.

In our 2014 annual Communication on Progress ('COP') to the UNGC, we reported on our activities in each of UNGC's four thematic areas: Human Rights, Labour, Environment and Corruption. Using practical examples, we further demonstrated our commitment to the implementation of UNGC's principles.

IFC Annual Environmental Performance Review ('AEPR'):

With direct funding from the IFC, ETI, together with eight Ecobank subsidiaries (Nigeria, Ghana, Kenya, Chad, Central Africa Republic, Liberia, Mali and Cameroon), is working to finalise the IFC Annual Environmental Performance Review ('AEPR') report for 2014, which is a loan contractual obligation.

Based on the ESMS requirements, Ecobank continues to ensure compliance by applying socio-economic and environmental cost-benefit analysis to any project financing with strategic development implications, particularly transactions that may fall within the Exclusion List.

As agreed with some Ecobank lenders, including IFC, the bank is permitted to fund aspects of the Exclusion List activities on the basis of exceptional consideration and the compelling justification of high socio-economic benefits, as well as the possibility of reversing socio-environmental damage. For example, in 2014, the bank financed tobacco transactions, mostly in Malawi, albeit the total value of tobacco transactions is within the permitted limit of 3% of the total portfolio, as agreed with IFC.

Key E&S activities

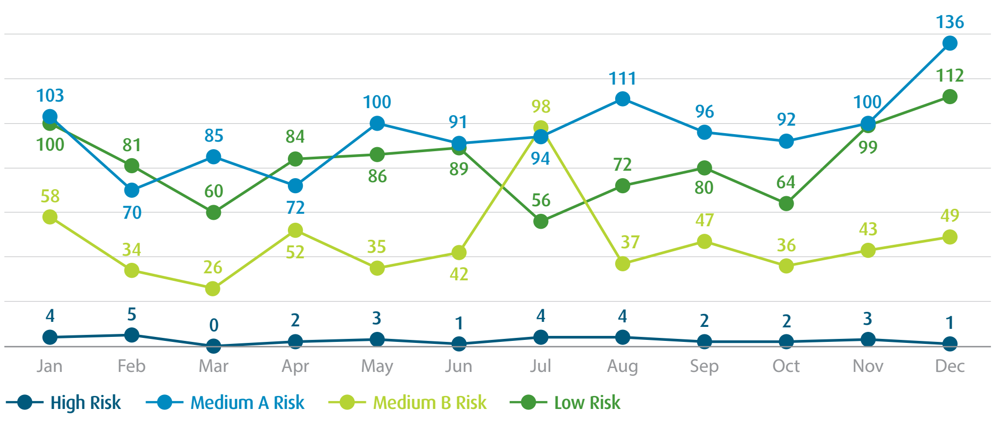
A total of 2,721 transactions were screened and managed for E&S risks in 2014 and 62% of these transactions were in the serious (Medium B[2]) and critical (Medium A[3]) E&S risk categories. This compares with total transactions screened and managed for the E&S risks in 2013 of 2,814, of which 61% were in the Medium B and Medium A categories. In 2014, 36% (37% in 2013) of the screened transactions were in the E&S Low risk[4] category.

However, compared with 2% in 2013, only 1% of the screened transactions in the year under review were in the High risk category and these were mainly in the petrochemical refineries, upstream oil & gas exploration, large scale mining activities, as well as Forest and Forestry product activities with significant destruction in the biodiversity rich areas.

The graph below is a presentation of E&S risk eligible transactions across the four categories (High, Medium A, Medium B and Low E&S risks). Albeit, the Low risk category signifies that the qualifying transactions pose less severe and negligible impact on the aesthetic quality of Environmental and Social standards.

Nonetheless, the percentage concentration of the E&S risk eligible transactions in the Medium B and Medium A risk categories signifies that the bank's exposures to potential E&S risks is well within the operational containment limit, hence largely manageable.

No. of Transactions Screened and Managed for E&S Risks, 2014



Sustainability report

Generally, transactions screened and managed for E&S risks decreased by 93 between 2013 and 2014, whereas the Group portfolio exposures to E&S risk increased from $8.9 billion as of December 2013 to $10.7 billion as of December 2014. This increase in exposure values is partly due to the contribution of new affiliates such as Equatorial Guinea as well as growing investment in the E&S sectors, including the extractive industry and heavy construction activities.

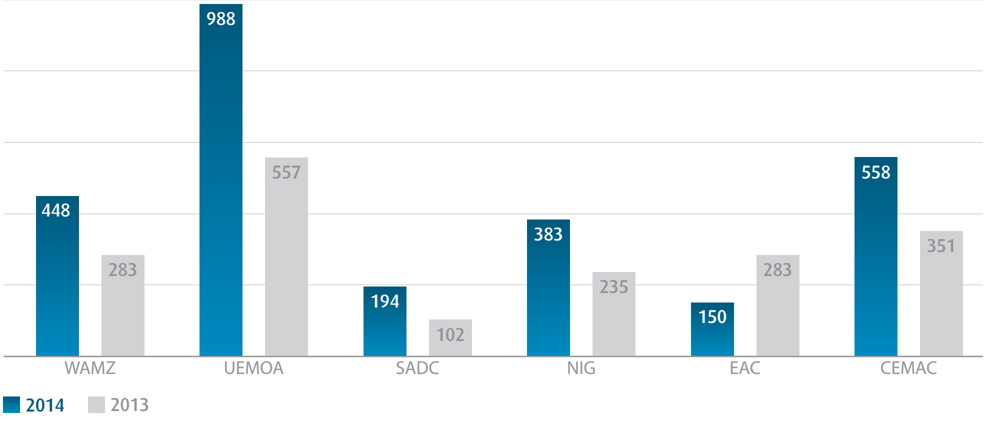
The graph below aims to draw attention to the priority Clusters for Ecobank E&S risk management as identified through the Group and Cluster reviews and monitoring activities, including consultations with the Cluster Coordinators of E&S risks across the Group and other internal stakeholders.

The chart below illustrates, hot spots of transactions with potential E&S impacts in Nigeria and the CEMAC cluster. Besides being Ecobank's largest subsidiary, as of December 2014, Nigeria had 44% of total portfolio exposure to sectors with significant E&S risk impacts, including highly sensitive mining and oil & gas activities. Similarly, the CEMAC cluster, with an average portfolio exposure to E&S sensitive sectors of 36%, transactions such as mining, oil and gas and heavy construction continue to affect and disturb the aesthetic quality of the physical environment, natural habitat and biodiversity, particularly in the Congo Basin area, which covers Cameroon, Gabon, Congo-Brazzaville, the Democratic Republic of Congo (DRC) and the Central Africa Republic.

In the UEMOA and WAMZ Clusters, with average percentage portfolio exposures to the E&S sensitive sectors at 40.2% and 31.7%, respectively (as of December 2014), emerging environmental degradation in Burkina Faso, Mali, Niger, Senegal and Ghana, as well as potential social standard issues in Cote d'Ivoire, Benin, Guinea Conakry and Liberia have been identified and highlighted. Subsequently, corrective Action Plans (where relevant) have been formulated to address possible impacts on the Ecobank business and the client activities.

In the EAC and SADC Clusters, the average percentage portfolio exposure to the E&S sensitive sectors was 35.2% and 46.55%, respectively (as of December 2014). Furthermore, the E&S risk management in these Clusters is not yet at the full implementation level. Therefore, affiliates in these Clusters need to harness the favourable environmental regulatory platforms created by the national environmental agencies, especially in Kenya, Rwanda, Uganda, Zambia and Democratic Republic of Congo in order to strengthen the E&S policy clarification, ensure environmental resource efficiency and enhance the opportunities in the adoption and practice of environmental sustainability for both the clients and the bank. Albeit, the bank can leverage the E&S information to differentiate its products, include energy efficiency financing to the clients, while helping the clients to optimise their operational costs as well as conduct business in a sustainable manner.

No of Transactions screened & managed for E&S risk by Cluster



[2] Transactions with potentially limited adverse social and/or environmental impact that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures

[3] Transactions with potential adverse social and/or environmental impact that are generally beyond the site boundaries, largely reversible and readily addressed through relevant mitigation measures

[4] Low: Transactions that carry minimal or no environmental or social impact

ESMS Procedures

The procedures for the Ecobank ESMS implementation are as follows:

- Screening transactions against the Exclusion List activities
- Reviewing transactions for E&S risks in accordance with E&S sector guidelines
- Identifying project/transaction sectors for the Environmental and Social (E&S risk classification)
- Verifying transactions for potential E&S risk identification
- Classifying transactions for E&S risk into Low, Medium B, Medium A and High
- For E&S low risk transactions, the Relationship Officer (RO) will sign off Environmental and Social Due Diligence (ESDD) forms to be verified by the Country Risk Manager (CRM)
- For all Medium B, Medium A & High risk transactions, detailed ESDD is required (RO and CRMs will sign-off all Medium risk rated transactions to be verified by the Group Manager for E&S):
  - General Information
  - Health, Safety & Security
  - Labour & Working Conditions
  - Internal Environment (energy, waste, pollution etc.)
  - Community
  - Legislation
  - Internal Environmental and Social Management System (ESMS)
  - Mitigation & Improvement Action Plan
  - Compliance Monitoring and Reporting.

Training and Capacity Building

Under the auspices of Group Risk Management, Ecobank continues to invest in human capital development, including the implementation of Environmental and Social Management System ('ESMS') across our entire network. Specifically, in the year under review, the Group developed in-house training course material and delivered ESMS refresher workshops for 340 employees in 6 countries. Cluster coordinators of E&S risk management were also sponsored to attend international training programmes, hosted by the Cambridge Institute for Sustainability Leadership in the UK and the Centre for Sustainability Excellence in the USA.

Internal and external E&S risk management training continues to intensify the implementation of E&S risk management, which is still evolving in some Ecobank Clusters, notably the EAC, SADC and UEMOA. Aspects of the E&S risk management process, notably transaction classification and categorisation have been deemed satisfactory by IFC during its 2014 Portfolio Review of ETI.

Green business financing

Ecobank's sustainable financial models, products and markets continue to deliver socio-economic and environmental value to assist the long-term development of the countries in which we operate. In 2014, our lending has contributed to the promotion of environmental resource efficiency. For instance, solar powered street lighting and indoor appliances, financed by Ecobank in Ghana and Nigeria, reduced the use of wood as a fuel, as well as reducing the adverse affects on the immune system of women exposed to indoor smoke or fumes while cooking.

Green initiatives

Green initiatives: As a demonstration of its commitment to implement activities that will contribute to climate change adaptation and mitigation, the bank carried out a number of projects in several Ecobank subsidiaries, including Ghana. In Ghana, the bank collaborated with the John Agykum Kufuor (JAK) Foundation to implement a solar energy based project towards climate change adaptation in Ghana. The project comprises of a solar powered mechanized borehole and streetlights; and a refurbished health centre. It will help to overcome water borne diseases and safe maternal health delivery as well as invigorate night live with safer neighbourhoods and evening social activities for the people of Kojo Ashong Village in Ga West Municipal District of Greater Accra, Ghana. The project handing over ceremony was held on 26 August 2014 at Kojo Ashong. The handing over ceremony was attended by cross section of guests, including local executives and traditional council.

Ecobank supported Solar panel for street lights and Borehole water pump in Kojo Ashong, Ghana

Sustainability report

Meanwhile, Ecobank is actively participating in the Environment Social and Governance (ESG) frameworks to which it has subscribed or adopted. These include:

Nigerian Sustainable Banking Principles

In September 2012, the Central Bank of Nigeria ('CBN') issued a circular directing banks, discount houses and development finance institutions to implement the Nigeria Sustainable Banking Principles, a non-prescriptive set of tools aimed at mitigating the potential negative E&S impacts of credit transactions.

As required by the CBN, Ecobank Nigeria had developed and submitted an overarching Sustainable Banking Commitment, which articulates how Ecobank is applying the principles and guidelines, as well as integrating E&S risk management into its Enterprise Risk Management framework, along with its implementation targets and milestones.

Inaugural IFC/FT Sustainability Conference

Ecobank continues to align its environmental and sustainability activities with international best practices through the exchange of ideas and our participation in knowledge management events. As a leader in the implementation of the sustainable banking practices in Africa, Ecobank led in the discussion on the Sustainable Banking in Africa at the launch of the 2014 IFC/FT Sustainability Conference and Awards (Africa), held in Nairobi, Kenya.

Equator Principles

Since its formation, Ecobank has been transforming lives and remains committed to the practice of environmental sustainability. Our adoption of the Equator Principles ('EP') in 2012 has further enhanced our environmental and social risk management, in line with the international best practice. The Group continues to apply the Equator Principles to project finance transactions with a face value greater than US$10 million.

As an Equator Principles financial institution ('EPFI'), Ecobank is playing an active role in the Africa and Middle East outreach group for NGO and Civil Society stakeholder engagement and in the Social Risks and Biodiversity thematic areas.

Ecobank has integrated the Equator Principles with its internal Environment and Social Risk Management Systems, which were developed on the basis of our engagement with the IFC's performance standards, as well as our association with other financial institutions on their interpretation of environmental and social management issues relating to the credit review process.

All eligible project finance transactions, as well as corporate lending activities, in 2014 took into consideration the EP guidelines. Notably, the EP eligible sectors included:

- Oil and Gas Exploration
- Mining
- Plantation Agriculture
- Telecom Infrastructure.

UNEP Finance Initiative

Ecobank is a member of the United Nations Environment Programme Finance Initiative ('UNEPFI') and contributes to the discussions of the Africa Task Force and the Banking Commission group.

In many Middle African countries, there is a need to mainstream Environmental and Social Risk Management Systems within risk management procedures and the general banking operations. Working with bankers' associations and wider industry stakeholders, including environmental and financial regulators, Ecobank is promoting the integration of environmental sustainability within banking operations in order to create a level playing field across the sector. The Group has already made progress towards this objective, drawing on the expertise of institutions such as the International Finance Corporation (IFC) and UNEPFI.

United Nations Global Compact

Ecobank is a signatory to the United Nations Global Compact (UNGC) and continues to abide with the Principles and tenets of the Compact and is fully implementing all its thematic areas of Human Right, Labour, Environment and Anti-Corruption. Over the years, Ecobank has been undertaken development activities as well as worked with both local and international development institutions, including the UN agencies in promoting development initiatives, from our core competency, banking and finance; and these have invariably contributed towards the achievements of the Millennium Development Goals (MDGs) in Middle Africa. We remain committed to share our Annual Communication on Progress with our stakeholders and will continue to work with other stakeholders, including the United Nations in realizing our vision, while promoting private sector participation towards achieving genuine sustainability transformation in Africa.

Internal Carbon Footprint Management

In 2014, we strengthened the Group's environmental sustainability credentials by reducing our consumption of fuel, energy, water, paper and natural resources, whilst minimising waste generation. Continuous progress on sustainability remains a measure of our success so carbon footprint management is focused on sustainable travel, procurement and energy as key sustainability performance indicators.

We are increasing the number of solar-powered ATMs and signposts across our network. This further demonstrates our commitment to environmental sustainability, as we aim to continuously improve our environmental performance.

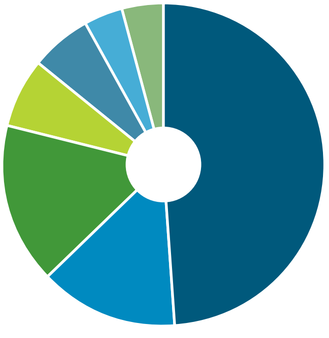
People report

People at the centre of our strategy

Employee data (as at December 2014)

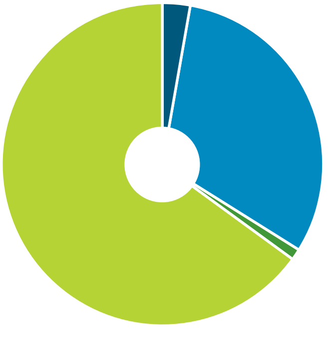
Number of employees:	20,331
Number of nationalities represented:	40
Female representation:	42%
Attrition rate:	11%

Employee by geographic segments/clusters



Nigeria	49%
WAMZ	14%
UEMOA	16%
CEMAC	7%
EAC	6%
SADC	4%
Other (including international)	4%

Breakdown of employees by business unit/function



Corporate and Investment Bank	3%
Domestic Bank	31%
Treasury	1%
Support units/functions	65%

Our highlights in 2014

- Successfully embedded the Ecobank Performance Management ('EPM') system across all of Ecobank's subsidiaries
- Developed and rolled out core leadership and functional curricula across the Group to build a motivated and high-performing work force
- Launched the Group's Learning Centre ('Ecobank Academy') and prepared for its transition to a profit centre
- Built a holistic view of overall bench strength to inform targeted decisions to drive corporate strategy
- Continued implementation of a strategic approach to performance-related compensation and harmonised salary structures
- Built and rolled out an HR Management Information System across the network, linked to an automated hiring and on-boarding platform.
- Reviewed the Group policies and procedures to align to best practices and enhance our employee value proposition to promote Ecobank an employer of choice.

Priorities for 2015

- The full automation of the Ecobank Performance Management ('EPM') system across our entire network, adding a behavioural component to the performance framework
- Introduce a strong performance culture to ensure sustainable business and financial performance
- Creating a lean workforce to ensure employee productivity and efficiency
- Further roll out core leadership and functional curricula across the Group to build a motivated and high-performing workforce to facilitate the attainment of corporate strategic goals
- Ensure the successful transition of the Ecobank Academy into a profit centre
- Roll out a holistic view of overall bench strength to inform targeted decisions to drive corporate strategy
- Continued implementation of a strategic approach to strengthen performance-related compensation through revisions to the current grading system (and harmonised salary structures), as well as the annual incentive and reward scheme.

With over 20,000 employees encompassing 40 nationalities, the diversity of our workforce is one of our core strengths and an important component of Ecobank's distinctive culture.

We recognise that, if the Group is to deliver on its commitments, our people need to be at the centre of our strategy. As a result, we closely monitor global financial trends and their impact on human capital management. Our Human Resources ('HR') strategy provides a comprehensive framework for talent acquisition, development and retention. It also emphasises the need for an appropriate skills mix. Our reward and recognition programmes are designed to create an empowering environment that allows our people to succeed in all aspects of the Group's business.

In 2014, HR implemented a number of critical processes and systems to drive the execution of our people value proposition and to support the Group's three strategic pillars, namely people, customer service excellence and increasing shareholder value.

The focus was to build on this progress by further streamlining processes and implementing initiatives in the following core areas:

1. Talent management: Attracting and retaining talent
2. Performance management: Creating a strong performance culture
3. Learning & development: Developing capabilities for organisational sustainability
4. Promoting diversity and inclusion
5. Improving employee welfare

1. Talent management: Attracting and retaining talent

We instituted an Ecobank Performance Management ('EPM') system and began to implement a talent management programme across the Group. This new framework comprises a comprehensive set of processes and toolkits, including:

- Bench Strength Analysis
- Succession Planning
- Career Planning and Development; and
- A Structured Talent Review Process

By prioritising succession planning, we were able to complete the design and implementation of a Group-wide succession management framework.

Overall, the aim of the EPM system is to ensure that we have adequate staffing levels to support the growth of the business. We believe that, by attracting and retaining the best talent, we will improve customer satisfaction and ultimately increase shareholder value. The following initiatives will ensure continued progress in this regard:

A consistent approach to talent management across the entire Group

- Ensuring the adequate resourcing of critical roles to maintain business continuity
- Create and support clear career pathways
- Develop a clear employee value proposition and transparent performance reviews
- Accelerate a sustainable learning culture in Ecobank as a result of ongoing analysis of the talent pool timeously

People report

2. Performance management: Driving a strong performance culture

At Ecobank, we recognise that a strong, effective and institutionalised performance management system is fundamental to driving and delivering on our business strategy. The EPM system was carefully designed to create a strong performance culture and employee value proposition agenda by:

- Promoting a meritocratic organisation
- Ensuring that employees' goals and objectives are fully aligned to Group strategy
- Ensuring that all business lines are measuring performance against predetermined targets
- Making the performance feedback system more objective
- Using quantitative performance indicators to ensure that performance can measured in relation to pre-agreed targets
- Introducing performance-related pay and ensuring clarity in compensation
- Standardising the Group's appraisal processes

3. Learning and development: Developing capabilities for organisational sustainability

Building on the previous year's successes, 2014 saw major step changes in our Learning & Development (L&D) activities. We took a more holistic approach to the training and development of our people, strengthened our competency-based approach and developed and delivered additional strategic programmes, including the Treasury Certification Programme, the Advanced Trade Finance Programme, the Operational and Technology ('O&T') Programme, the Middle Management Development Programme ('MMDP') and the Branch Manager Certification Programme ('BMCP').

We believe that strong leadership is required to drive and support Ecobank's vision and strategy, so we use action-based and business-driven frameworks to develop our leaders. In 2014, we successfully piloted the Ecobank Leadership and Management Development ('ELMD') programmes, designed around the Ecobank leadership model and instilling core competencies for senior, middle and front-line managers, as well as individual employees.

To further support our L&D activities, we developed and rolled out some of the most comprehensive tools, processes and systems, including:

- Ecobank Learning and Development Programme: A comprehensive programme with over 116 training modules
- Ecobank Learning and Development Competency Programme: A comprehensive competency programme, covering front and back office activities. Additionally, we upgraded this programme by adding other departments, including Treasury, O&T, Finance, Risk, Internal Control and Compliance.
- Group Learning and Development Policies: We developed additional Learning and Development policies and finalised the customisation of a Group-wide Learning Management System ('LMS'), which is designed to capture and centralise training needs and solutions across the entire Ecobank network.

To ensure an effective and sustainable rollout of these programmes, we successfully launched the Group Learning Centre at the Ecobank Academy, based in Lomé, Togo. The Academy is a critical enabler in realising Ecobank's vision, mission and strategy through the delivery of Professional development, Leadership & Management development and Business enabler programs. As of December 2014, over 18,000 participants have taken part in programmes, either at the Learning Centre or online, via our Virtual Banking Institute ('VBI'). 2015 will see us establishing and strengthening other Training delivery hubs in Eastern, Central, Western and Southern Africa. All of these centres will be coordinated by Group Learning centre to ensure consistent quality delivery.

Learning from each other engenders inclusiveness and creates an inspiring environment for ongoing professional development At Ecobank, we encourage this kind of learning; to that end, in 2014, we reinforced the role of the internal faculty in our L&D programmes. Not only is there a wealth of talent to draw on within Ecobank to drive this initiative; it also helps us to manage costs.

We believe we can create significant value by combining these internal and external faculties as the internal faculty provides insights into Ecobank's corporate culture and perspectives, whilst the external faculty promotes the adoption of global best practices.

4. Promoting diversity and inclusion

As a successful, increasingly global organisation, we have a highly diverse workforce, reflecting national, cultural and gender characteristics. We have prioritised the nurturing of a corporate culture where employees want to work and choose to stay. With work force representation from over 40 nationalities, we have enhanced our customer insights as well as our ability to meet their needs and those of our stakeholders. We attained significant progress on gender diversity at all levels of the organisation. We are proud to report a workforce that is 42% female (up by 7% from 2011) with a management team that is now 35% female (9% increase from 2012).

On 8th March 2014, as part of the International Women's Day celebrations, Ecobank's female staff reached out to their communities, donating gifts purchased with employee contributions to a number of poorly equipped maternity centres in deprived communities.

On 8th November 2014, Ecobank's staff across the Group came together in various ways in a day of community service. This day, known as 'Ecobank Day', is now an established event in the Group's annual calendar. The objective of 'Ecobank Day' is to give back to the communities in which we do business. We have a duty of care to give back, both by contributing financially and donating our own time. Our aim is to inspire, motivate and equip community members to improve their life conditions, albeit in a modest way. Ecobank Day is an opportunity for us to collectively 'roll up our sleeves'.

The theme for the 2014 Ecobank Day was "Malaria Prevention and Control in Sub-Saharan Africa". Our interventions addressed both anti-Malaria and Ebola prevention and care. We installed mosquito netting in hospitals, we swept and cleaned the hospitals and we painted the Ebola Treatment Centre. We also donated air-conditioning units to the maternity, neonatal and pediatric wards, as well as Ebola kits for healthcare providers to use in the event of any Ebola infection.

We continue to foster a culture where employees' contributions are heard and valued. 'Voice of the Employee' surveys were conducted in various countries, with transformational taskforces formed to address the issues identified.

5. Strengthening employee welfare

Ecobank's employee welfare policies have remained consistent. We continue to promote the well being of our employees and their families by providing various benefits, such as full medical cover (including medical examinations and repatriation in the event of critical illness), retirement schemes based on local regulations and practices and home leave ticket. Reflecting our commitment to family values, we sponsor annual activities such as Christmas parties and gifts for our children.

We also provide various loans (mortgages, equipment, vehicles etc.) at preferential rates to all staff, irrespective of rank, enabling every employee to own a home or purchase other valuable assets.

We also engage in the roll out of programmes and other workplace activities to encourage staff to be more physically active, such as sports, social and clubhouse activities.

Ecobank also supports various healthcare initiatives across the Group, such as HIV/AIDS programmes and the fight against Malaria and other infectious diseases. There is Group-wide provision for addressing employee's emergency health issues. In most countries, they have access to an infirmary, where nurses are on call during normal working hours and doctors attend twice a week. Where there is no infirmary, staff healthcare arrangements are made with local medical centres.

Ecobank has also adopted Group policies regarding health and safety, violence in the work place, harassment, and stress management.

Risk Management

Understanding and controlling risk is critical for the effective management of any business. Ecobank's Risk Management Framework ensures that risk is managed and controlled on behalf of our shareholders, customers, depositors, employees and regulators.

It ensures a consistent approach to risk, with robust internal controls, so that every Ecobanker understands their personal and collective risk-related responsibilities.

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 any identified risk 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), assessing risk rating, 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, by means of reliable and up-to-date information systems.

1.4 Risk reporting

The Group allocates considerable resources to ensuring on-going 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 is the risk of loss resulting from the default or the credit risk migration of a customer or counterparty. 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 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, commodity 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:

- **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 realise 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 at reasonable market prices. This can happen when the liquidity of a market disappears making it difficult, or costly, to close or modify positions without incurring unacceptably high losses.

  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.
- **Commodity price risk** is the risk of loss from adverse changes in the value of commodity portfolios due to changes in the level of commodity prices.

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).

Reputational risk is defined as the current or prospective risk to earnings and capital arising from an adverse perception of the Ecobank brand on the part of existing and potential transactional stakeholders, i.e. clients, trading counterparties, employees, suppliers, regulators/governmental bodies and investors. Stakeholders such as the media, Non-Governmental Organizations (NGOs), trade unions, competitors and the general public can influence the bank's ability to maintain existing or establish new business relationships and continued access to sources of funding.

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 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 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 is the risk of loss due to the presentation of incomplete or false information to the general public, 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

3. Governance Structure

The Group's **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.

The **Group Chief Risk Officer** is the most senior risk management officer in the organisation, responsible for all risk activities, and reports functionally to the Board Risk Committee and administratively to the Group Chief Executive Officer. The **Group Chief Risk Officer** develops the risk management strategy, principles, framework and policies, and implements appropriate risk management processes, methodologies and tools for managing risk.

The **Group Chief Risk Officer** 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 Chief Executive Officer, the Group Executive Committee (GEC), the Risk Committee and the Board. The Group Chief Risk Officer provides overall supervision of a Corporate Credit Centre, a Domestic Credit Centre, an Early Warning, Remedial & Recovery Centre (EWRR), an Enterprise Risk Management (ERM) group, a Group Credit Administration unit and a Group Insurance unit. ERM is comprised of five departments in charge of Portfolio and Capital Management, Operational Risk Management, Market Risk Management, Risk Analytics and Environmental and Sustainability.

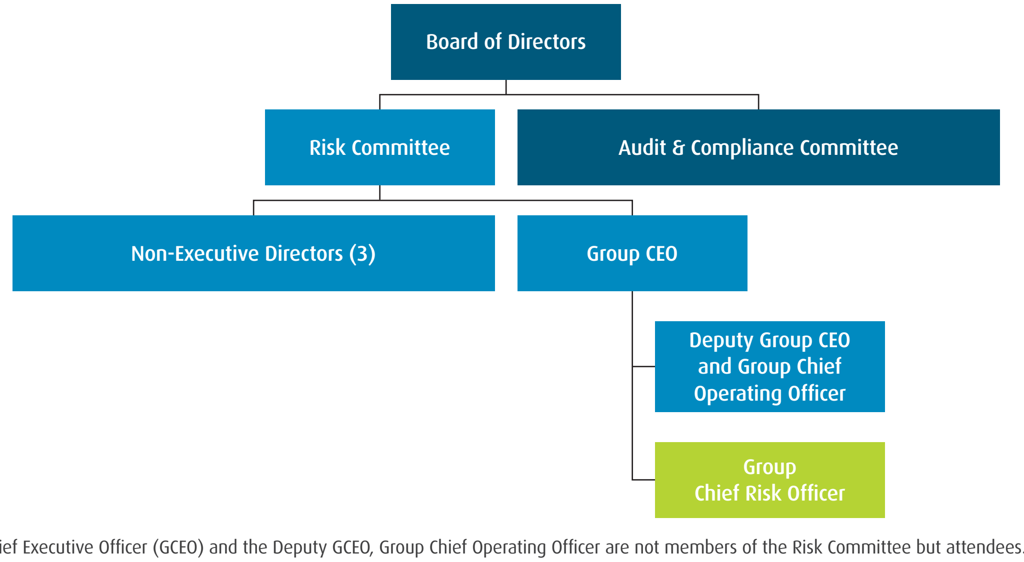
In each subsidiary bank, Group Risk Management is represented by a Risk Management department, which is completely independent from all the operating and risk-taking units. The Risk Management department is managed by a Country Risk Manager, who reports functionally to the Group Chief Risk Officer.

In 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 Chief Risk Officer.

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 all credits initiated by the subsidiaries for consistency with Group policies and procedures and provides its **no objection**.

Risk Management Governance Structure*



* The Group Chief Executive Officer (GCEO) and the Deputy GCEO, Group Chief Operating Officer are not members of the Risk Committee but attendees.

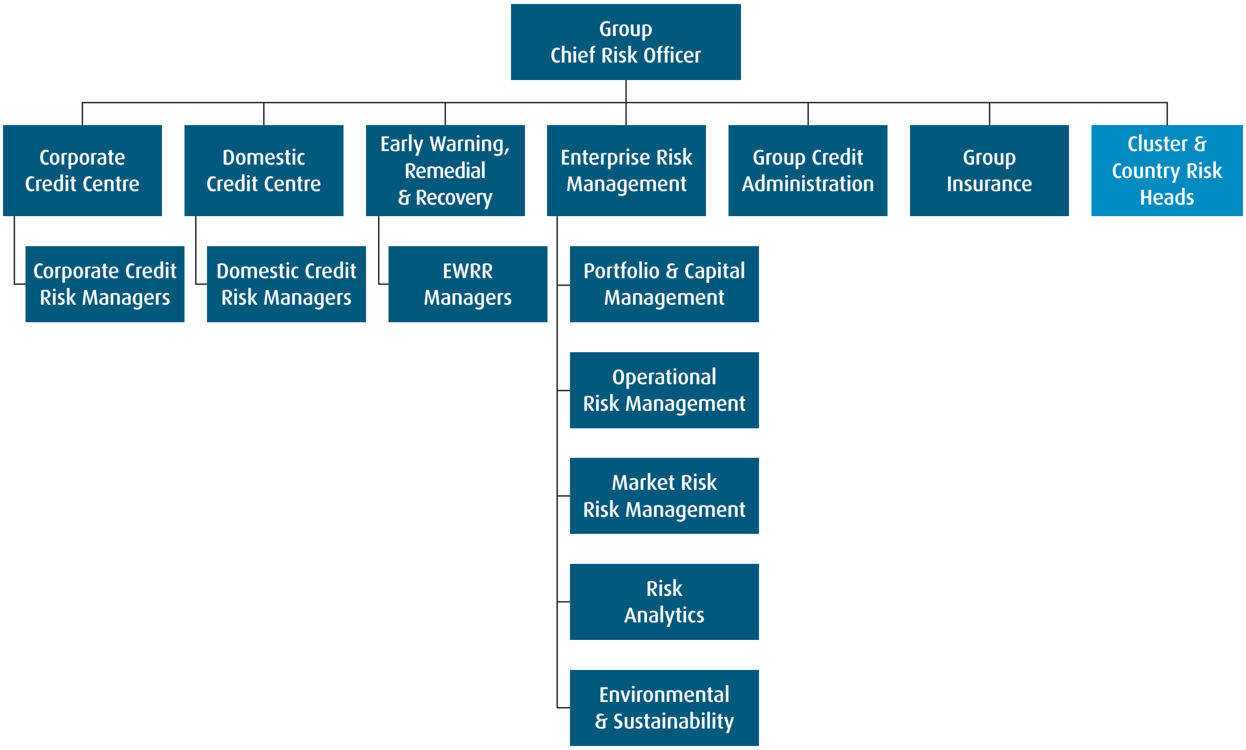
- Upon receipt of the no objection from CCC and other required approvers, depending on the facility limits and nature of the transaction, the initiating subsidiary submits the request to the local board for approval for transactions above their approved limits.

- **Credit to Individuals, SMEs and Local Corporates**
  - Credit transactions are approved under the terms and conditions of credit programmes previously approved by Group Risk Management through its Domestic Credit Centre (DCC).
  - DCC reviews credits above local limits for consistency with Group policies and procedures and provides its no objection.
  - Upon receipt of no objection from DCC, the initiating subsidiary submits credits above local limits to the local board for approval.

The **Group Asset and Liability Committee** (GALCO), 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 the Group Chief Executive Officer, Deputy GCEO and Group Chief Operating Officer, Group Executive Director Finance, Group Head Domestic Bank, Group Head Corporate and Investment Bank, Group Head Operations and Technology, Group Chief Risk Officer, Group Head Internal Audit, Group Market Risk Manager, Group Head Strategy Management, Group General Counsel, Group Head Compliance and Group Treasurer. The committee meets quarterly to review the structure and pricing of Group assets and liabilities, to agree on 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 Department 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 Managing Director, the Country Treasurer, the Country Risk Manager, the head of Internal Audit, the head of Finance and the head of Legal.

Organisational Chart of Group Risk Management



Risk Management

4. Risk Management Approach

4.1 Credit risk

4.1.1 Organisation

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 strictly 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 alone. 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 the Risk Management department. Furthermore, all credits require the no objection of Group Credit 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's consolidated shareholders' funds. It has however through its **Risk Committee** delegated this function to a Senior Credit Committee (SCC) consisting of three (3) Senior Executives, two of whom must be the Group Chief Executive Officer and the Group Chief Risk Officer, which has the authority to approve all such credits when the Board is not sitting. The Risk Committee comprises three non-executive directors. The Group Chief Executive Officer and the Deputy Group Chief Executive Officer/Chief Operating Officer participate in the Risk Committee meetings as Attendees, and the Group Chief Risk Officer participates in Risk Committee meetings in a consultative and record keeping capacity.

The primary responsibility for managing credit risk, however, lies with the Group Chief Risk Officer. He ensures that Ecobank has resources, expertise, and controls in place for efficient and effective management of credit risk across the Group. The Group Chief Risk Officer 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's 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 and the Group Chief Risk Officer.

4.1.2 Risk identification

The Group business activities can be divided into four segments: Domestic Bank, Corporate and Investment Bank, Treasury and support units 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 and Poor's. Obligors risk rated 1 to 6 are considered as '**normal borrowers**'; those risk rated 7 are considered as '**borrowers requiring caution**' while those risk rated 8 and 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, 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.

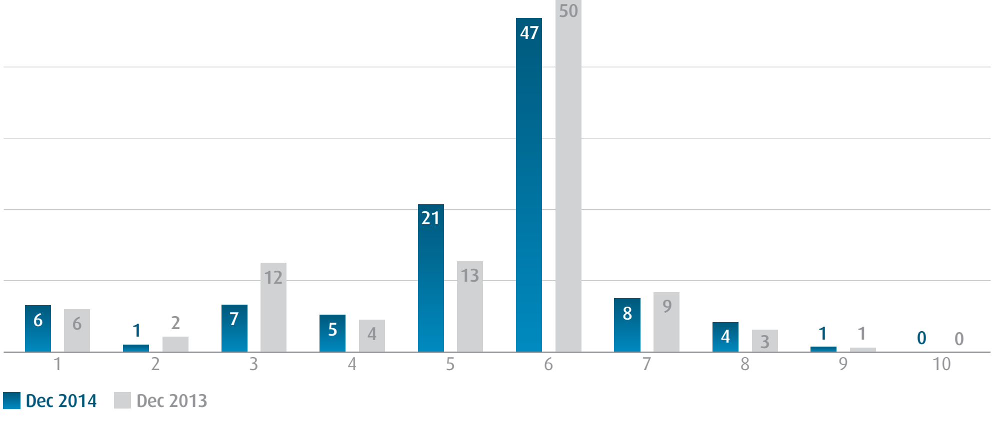
Risk ratings are assigned to obligors based on the probability that the obligor will default, and to facilities based on the loss that is expected in the event of such a default. An obligor risk rating is defined as the risk of default on long-term unsecured debt in local currency over a twelve month 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's 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.

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

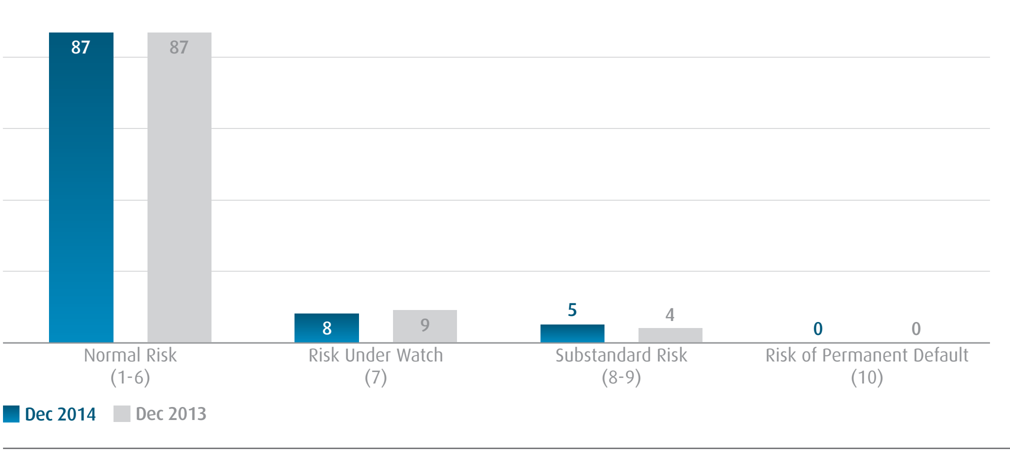
A facility risk rating describes the risk associated with a particular facility of a given obligor. It is usually equivalent to the obligor risk rating; however, a different facility risk rating may be assigned by adjusting the obligor risk rating to take into account such factors as the facility structure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

As of 31 December 2014, the credit portfolio distribution by facility rating remained fairly stable with the normal credit risk category representing 87% of the portfolio, the same as of 31 December 2013.

Credit Portfolio breakdown by Facility Risk Rating
Percent of Total Portfolio



Credit Portfolio Breakdown by Risk Category
Percent of Total Portfolio



Risk Management

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 loss norm is the probability that an obligor will default within the next twelve months multiplied by the economic loss expected in the event of such a default. 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.

The portfolio risk rating remained stable at 6, as of December 2014, and the average probability of default for the portfolio slightly increased from 6.7% in December 2013 to 6.9% in December 2014. The increase in the average probability of default was triggered by the slight increase in exposures with facility risk rating of 8.

4.1.4 Risk monitoring and control

Credit risk exposures of subsidiaries are monitored at 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 provide a second line of defence as they ensure 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 maximising 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 exposures 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 horizon.

4.1.4.1 Credit Risk Portfolio

In accordance with the Group Credit Policy, risk concentration limits are in place for managing the credit portfolio and monitoring compliance with the Group's 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.

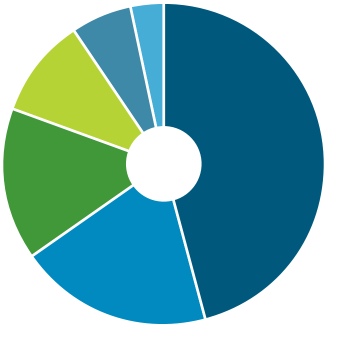
The Group has developed a framework for setting concentration limits. Concentration risk is monitored by addressing credit quality deterioration and portfolio diversification. With respect to portfolio quality, the probability of default (PD) of each risk factor (geography, industry segment, business 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 unexpected loss concept, Group Risk Management 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$25.95 billion as of 31 December, 2014 (US$24.02 billion as of 31 December, 2013). The 8.0% increase is driven mainly by Loans and Advances to customers, which increased by 7.8% from December 2013 to December 2014 and exposures to financial institutions (commercial and central banks) which grew 36% from December 2013 to December 2014. The portfolio consists of loans and advances to customers, securities, deposits with central banks, loans, advances and placements with banks and financial institutions, as well as off-balance sheet exposures in the form of financial and performance guarantees as shown in the table below.

4.1.4.2 Obligor Concentration

A large exposure is defined as any individual exposure that represents at least 10% of the total portfolio, or at least 10% of the capital at the obligor level. As of December 2014, there was no exposure equal to or greater than 10% of total portfolio. However, one non-bank obligor had individual outstanding balances in excess of 10% of capital. The twenty largest non-bank exposures represented 116% of the Group's Total Equity (December 2013: 129%) and 15% of the total non-bank credit exposures (December 2013: 13%). These exposures came mainly from four industry sectors (Oil & Gas, Manufacturing, Telecommunications and Services) and were all performing. 95% of the top twenty exposures were 'normal credit risk' quality, i.e. with ratings ranging from 1 to 6 and 5% were classified as 'exposures requiring caution' (rating 7).

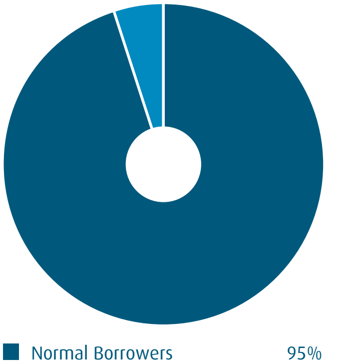
Top 20 Exposures per Industry Sector



Risk Assets
(US$ millions)

	Dec 2014	Dec 2013
Loans and advances to customers	12,312	11,422
Treasury bills & government bonds	3,019	4,048
Loans and advances to banks and financial institutions	1,883	1,312
Deposits with central banks	2,856	2,167
Other on-balance sheet assets	1,005	224
Sub-Total Direct Exposures	**21,074**	**19,172**
Import letters of credit	1,775	1,762
Other guarantees & undertakings	3,099	3,088
Sub-Total Contingent Exposures	**4,874**	**4,850**
Total Portfolio	**25,948**	**24,022**

Top 20 Exposures per Risk Category



Risk Management

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 Government sector (mainly treasury bills held for liquidity management purposes), the Services sector, the Oil & Gas sector and the Wholesale & Retail trade sector. These four industry sectors accounted for 58% of the total credit portfolio (December 2013: 61%).

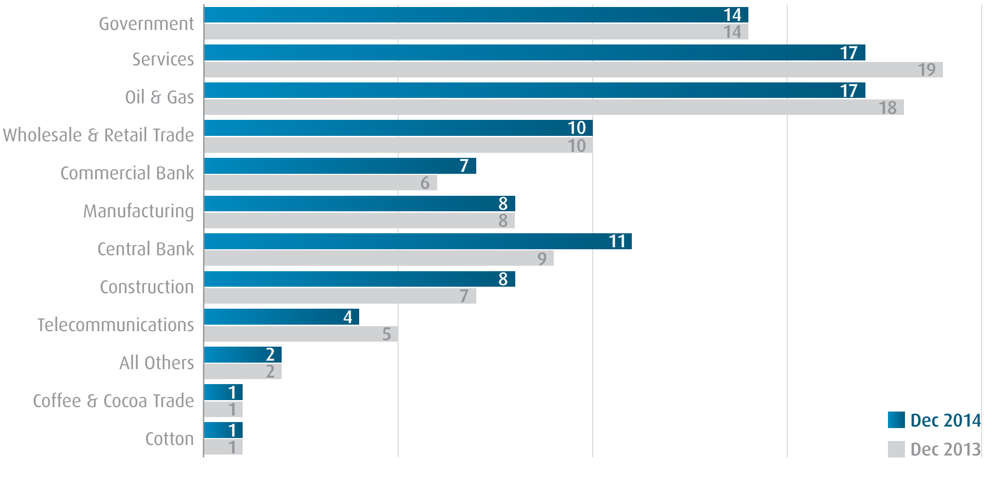
4.1.4.4 Geographic Diversification

The Group has banking operations in 33 countries and benefits substantially from the geographic diversification of its credit portfolio. Thirty-six percent of the Group credit portfolio was granted to obligors in Nigeria (December 2013: 33%). Apart from Nigeria, no other country represented more than 10% of the portfolio.

At the regional level, Nigeria (36%) was followed by the Francophone West Africa Region (30%), the Rest of West Africa excluding Nigeria (11%), Central Africa (9%), OECD countries (7%), EAC (4%) and SADC (3%).

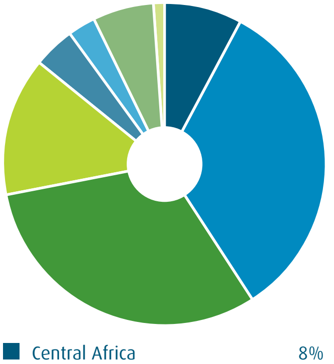
Diversification by Industry

Percent of Total Portfolio



2013 Exposures by Region of Residence

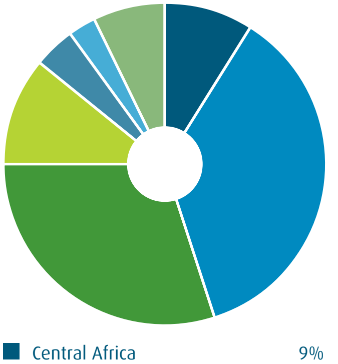
Percent of Total Portfolio



- Central Africa 8%
- Nigeria 33%
- Francophone West Africa 31%
- Rest of West Africa (Ex. Nigeria) 14%
- East Africa 4%
- Southern Africa 3%
- OECD Countries 6%
- Others 1%

2014 Exposures by Region of Residence

Percent of Total Portfolio



- Central Africa 9%
- Nigeria 36%
- Francophone West Africa 30%
- Rest of West Africa (Ex. Nigeria) 11%
- East Africa 4%
- Southern Africa 3%
- OECD Countries 7%

4.1.4.5 Currency Breakdown

The portfolio was mainly denominated in 3 major currencies, namely the CFA Franc (34%), the US Dollar (31%) and the Nigerian Naira (22%). These three currencies accounted for 87% of the lending portfolio.

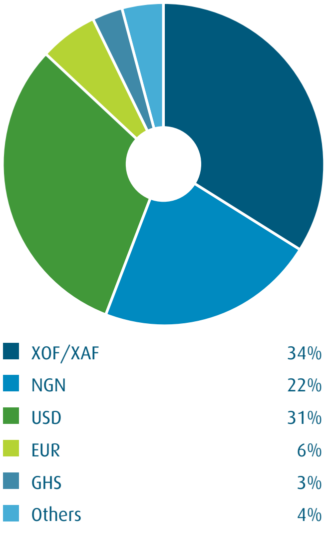
4.1.4.6 Asset Quality

4.1.4.6.1 Gross Loans and Advances to Customers

Gross loans and advances to customers rose 6% in 2014 to US$12.7 billion. The Corporate Bank and Domestic Bank business segments increased loans by 10% and 1% respectively.

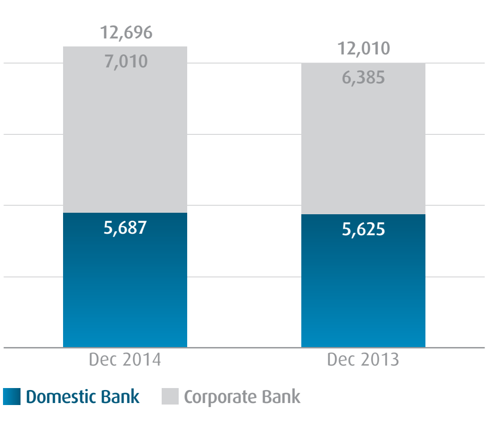
Gross loans and advances to customers increased in Nigeria (+US$690 million), EAC (+US$111 million) and SADC (+US$84 million), and decreased in UEMOA (-US$258 million), WAMZ (-US$170 million) and CEMAC (-US$88 million).

Credit Portfolio per Currency

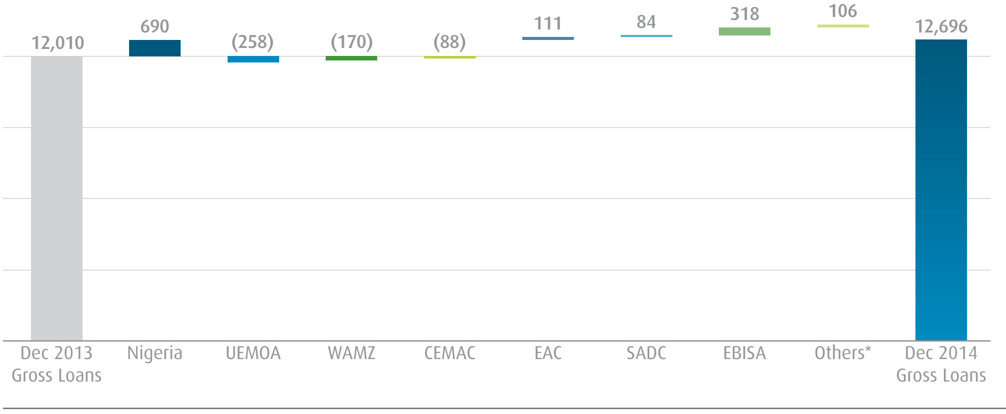


* Others refers to consolidation adjustment

Gross Loans by Business Segment



Geographical Contribution to the Increase in Loans to Customers
(US$ millions)



Risk Management

At the product level, loan growth was driven by term loans, which represented 79% of total loans (2013: 76%).

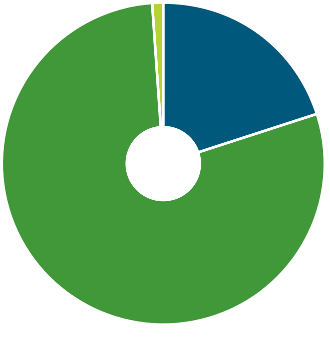
4.1.4.6.2 Non-Performing Loans

Non-performing loans (NPLs) decreased US$185 million or 25% from US$745 million in December 2013 to US$560 million in December 2014.

At the cluster level, UEMOA recorded the highest level of NPLs with 33% (22% in December 2013) of total NPLs, followed by Nigeria and CEMAC which accounted respectively for 28% (48% in December 2013) and 13% (7% in December 2013) of total NPLs.

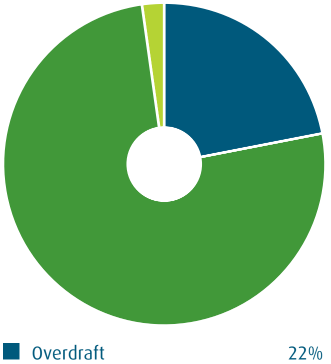
As a result of the reduction in total Non-Performing Loans, the ratio of non-performing loans to gross loans and advances ('**NPL ratio**') decreased from 6.2% as of December 2013 to a record low of 4.4% as of December 2014.

Loans: Product Concentration (2014)



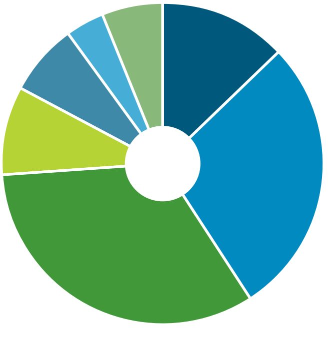
Overdraft	20%
Credit Cards	0%
Term Loans	79%
Mortgage Loans	1%
Others	0%

Loans: Product Concentration (2013)



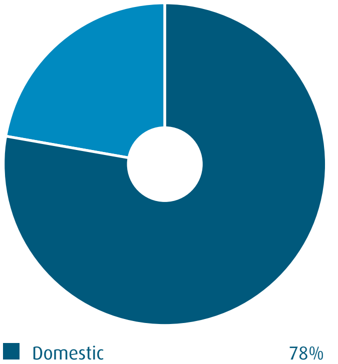
Overdraft	22%
Credit Cards	0%
Term Loans	76%
Mortgage Loans	2%
Others	0%

Non-Performing Loans Contribution by Cluster



Central Africa	13%
Nigeria	28%
Francophone West Africa	33%
Rest of West Africa (Ex. Nigeria)	9%
East Africa	7%
Southern Africa	4%
Others	6%

Non-Performing Loans per Business Segment



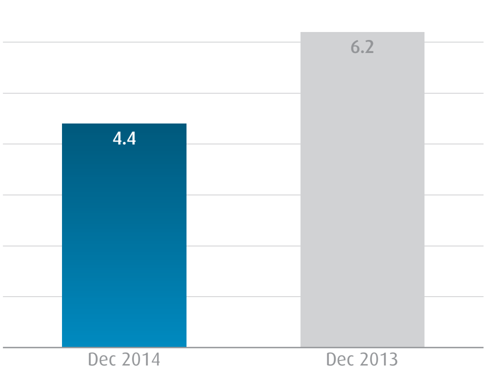
Domestic	78%
Corporate	22%

The breakdown of non-performing loans by business segments highlights a higher concentration of non-performing loans in the Domestic Bank (78%) relative to the Corporate Bank (22%). The non-performing loans in Domestic Bank are largely attributed to local corporate customers, SMEs, and consumers, who tend to be more vulnerable to economic cycles.

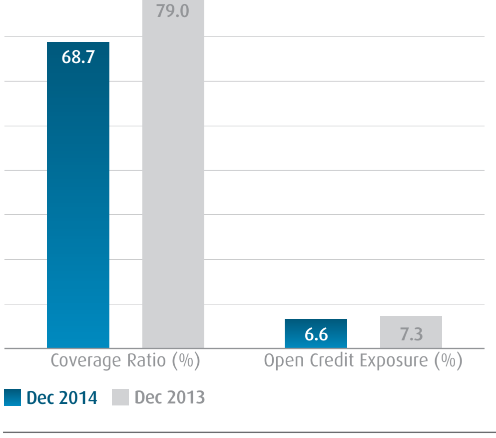
The NPL provisioning rate ('**NPL coverage**') decreased from 79.0% in 2013 to 68.7% in 2014, largely as a result of the write-off off fully provisioned non-performing loans. However, the unreserved portion of the non-performing loans (i.e. the '**open credit exposure ratio**') improved slightly to 6.6% of total equity in December 2014 compared with 7.3% in December 2013, due to the increase in Group capital.

The cost of credit (or impairment losses on loans) for the year decreased considerably to US$229 million compared to US$363 million in 2013. As a ratio of average gross loans and advances to customers, the cost of credit also improved from 331 basis points in 2013 to 189 basis points in 2014.

NPL Ratio Trend (%)



NPL Coverage and Net Open Exposure



4.1.5 Portfolio stress testing

Stress tests are an important means of analysing 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 requirements 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 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 testing exercises were undertaken during 2014 to assess the potential impact of various crises (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 dashboard to the Group Chief Executive Officer and Group Executive Committee (GEC). The Risk Committee reviews Risk Management's quarterly reports to ensure that the portfolio performs in accordance with approved policies, limits and risk appetite. The Risk Committee refers decisions to the Board for final approval.

Risk Management

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 organisation 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 stabilise earnings and capital under a broad range of market conditions and to ensure that the Group possesses adequate sources of liquidity.

4.2.1 Organisation

Group market risk management oversees market risks related to 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. The 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 Group. The GMRM also publicises knowledge on market risk to create awareness and understanding at all levels of employees. The GMRM approves price risk limits and liquidity contingency plans for banking subsidiaries. In addition, The GMRM constantly monitors market risk exposures and ensures that they are maintained within prudential levels at all times. The GMRM also ensures that market risk management processes (including people, systems, operations, limits, and controls) satisfy Group policies.

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 centralised risk management function, Ecobank measures, monitors, manages and reports its exposure to market risk on a daily basis. It also conducts intraday spot checks of 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 (VaR), are utilised 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 controllers and market risk managers monitor daily trading activities to ensure that risk exposures taken are within the approved price risk 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 bank's traditional banking loan and deposit products are non-trading positions and are generally reported at amortised cost. However, economic values of these positions may vary as a result of changes in market conditions, primarily changes in the levels of interest rates and foreign exchange rates, given that the Ecobank group has operations in 36 countries in Africa with exposure to 20 different currencies. The risk of adverse changes in the economic value of our non-trading positions is managed through the bank's Asset Liability Management activities.

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 re-price at various time periods in the future. In performing this analysis, the Group may make judgmental assumptions about the behaviour 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 interest income to increase when market interest rates are falling and to decline when interest rates are increasing.

4.2.3.2 Trading Book

At Ecobank, trading market risk generally emanates from the Group's market making activities where the Group acts as principal with the market. 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.

Risk Management

4.2.3.3 Liquidity risk

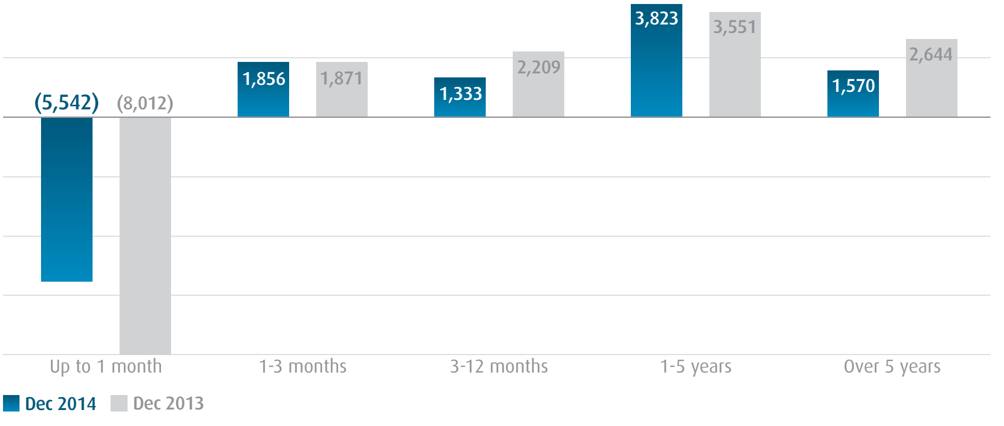
Liquidity risk is currently managed using a balance sheet approach that estimates all sources and uses of liquidity, including loans, investments, deposits and borrowings, as well as contingent off-balance sheet exposures. Respective subsidiary treasurers are generally responsible for formulating their subsidiary's 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, ratio analysis and stress testing.

As shown in the following graph, the Group is exposed to liquidity risk as of 31 December 2014 for maturities of up to one month; this is due mainly to the overnight contractual maturity of current and savings deposits which accounted for over 70% 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 investment portfolio for cash at central banks.

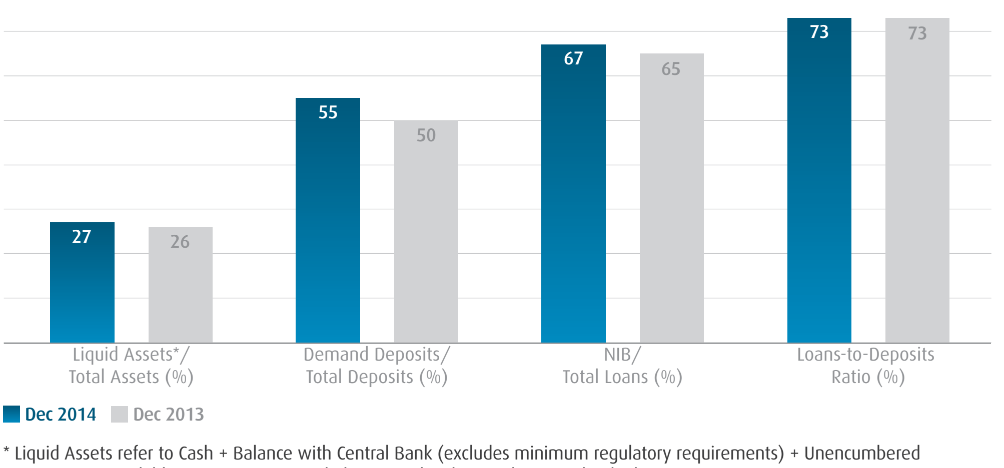
The Group liquidity position remained relatively unchanged from the previous year; the liquidity ratio (LR) increased from 25.6% to 26.5% while the loans-to-deposits ratio (LDR) was flat at 72.8% as at the end of 2014.

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 crisis. The stress test, which is conducted monthly, covers a time horizon of up to thirty days. The test estimates liquidity risk in various scenarios, including a name specific scenario and a general market crisis.

Contractual Liquidity Maturity Gap
(US$ million)



Key Liquidity Indicators



* Liquid Assets refer to Cash + Balance with Central Bank (excludes minimum regulatory requirements) + Unencumbered Securities + Available Operating Account balances with Other Banks + Interbank Placements

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 bill and bond holdings can be used as collateral for loan facilities with central banks, and, thus, are considered liquid. Scenario-specific haircuts are used on the treasury bill and bond 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 largely remain within its internal stress test targets throughout 2014.

4.2.3.4 Interest Rate Risk

As of 31 December 2014, the Group's balance sheet showed a re-pricing profile that was less asset sensitive compared to the previous year. There was a significant decline in the re-pricing mismatch in the up to 1 month bucket and an increase in the re-pricing mismatch in the 1 to 5 years bucket. Overall, however, the bank continues to be liability sensitive up to the 1-month bucket, and asset sensitive through the rest of the time bands.

Based on the re-pricing profile as of 31 December 2014, it is estimated that a 100 basis points decrease/(increase) in rates across the maturity buckets is expected to increase/(decrease) one-year earnings by approximately US$13 million (US$31 million in 2013). This is a reflection of the re-pricing profile (liability sensitive on the up to 1 month bucket and asset sensitive on the rest of the tenors) 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.

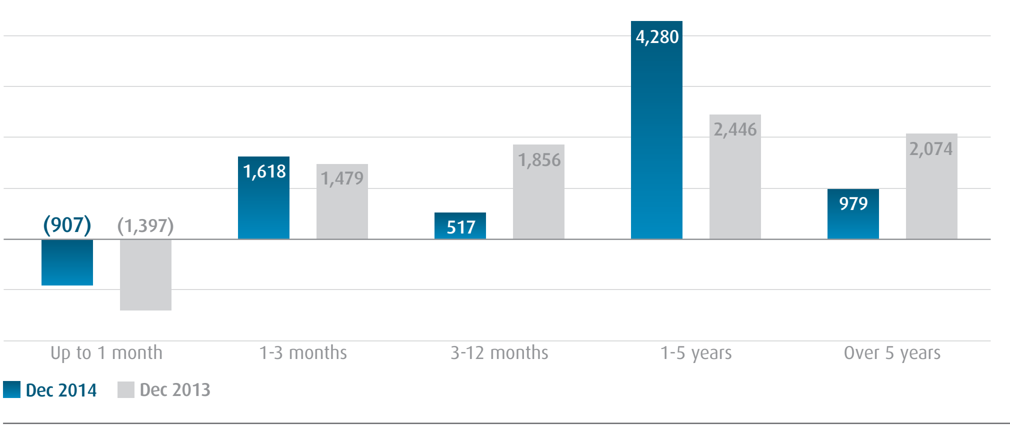
In order to estimate the impact of varying interest rates on the economic value of Ecobank's total equity, duration based weighting factors (based on an assumption of 200 basis points across the time frame) recommended by the Bank for International Settlements (BIS) were applied to exposures in different maturity buckets and the results were expressed as a percentage of the Group capital. The results for the position as of 31 December 2014 are shown in the table below.

The aggregate interest rate risk ratio decreased from 24.58% in December 2013 to 15.50% of capital as of December 2014. Thus, a 200 basis points increase in interest rates is expected to reduce economic value by 15.50% (24.58% in 2013). Conversely, a 200 basis points reduction in rates is anticipated to positively impact the economic value of Group equity by the same magnitude.

Interest Rate Risk Ratio
(US$ millions except ratios)

	Up to 1 month	1-3 months	3-12 months	1 – 5 years	Over 5 years	Total
Gap	-907	1,618	517	4,280	979	
Weighting Factor (%)	0.08	0.32	1.08	5.28	17.94	
Adjusted Gap	-1	5	6	226	176	411
Interest Rate Risk Ratio (%)	-0.03	0.20	0.21	8.51	6.61	15.50

Interest Rate Repricing Profile
(US$ millions)



Risk Management

4.2.3.5 Foreign exchange risk

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

The Group is exposed to foreign exchange rate fluctuations in 20 currencies. The Nigeria Naira and the CFA Franc continued to be the currencies to which the Group has significant exposure; accounting for 22% and 34% of the Group's credit portfolio respectively as of the end of the year. It is important to note that, the CFA Franc is a common currency for 14 out of the 40 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 31 December 2014 the Group had a net on-balance sheet long open position in EUR of US$291 million (net long position of US$367 million in December 2013), a net long open position in USD of US$5 million (net short position of US$82 million in 2013) and a net long open position in CFA of US$73 million (US$179 million long position in December 2013) as shown in the figure below.

4.2.3.6 Value-at-risk

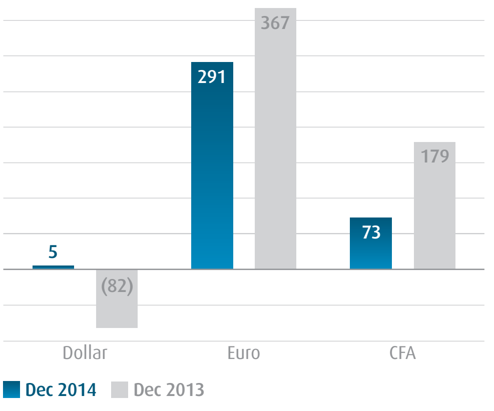
The Group measures and manages price risks in its foreign exchange and fixed income trading portfolios on the basis of Value-at-Risk (VaR) calculations and stress testing. VaR represents the potential loss in the market value of a position or portfolio at a given confidence interval level and over a pre-defined time horizon, and it is used for risk monitoring and economic capital assessment. The table below shows basic statistics of the 10-day VaR for the foreign exchange and fixed income trading positions for 2014. The average VaR for 2014 was US$5.4 million (2013: US$7.3 million), of which US$2.8 million is attributable to foreign exchange risk and US$2.6 million to interest rate risk.

4.3 Operational risk

Ecobank defines operational risk as the risk of loss arising from failed or inadequate internal control processes, systems or people, or from events external to the group. Operational risks include fraud, legal, regulatory, compliance and execution and business practices but exclude strategic and reputational risk. Other risks like reputational, credit and market risk are seen as potential consequences of operational risk events. Legal risk is the risk of loss resulting from the failure to comply with laws, prudent ethical standards and contractual obligations. Legal risk arises also when contracts executed with counterparties are not legally enforceable or documented correctly. The Group has established a common risk language to provide a consistent framework for the definition and categorisation of risk.

General and specific training through workshops, newsletters and mandatory operational risk awareness are conducted throughout the Group. Group Operational Risk Management (GORM) acts as the coordinating point where all significant operational risks are identified, measured, assessed, prioritised, managed, monitored, reported and treated in a consistent and effective manner across the Group. GORM also ensures that existing policies and procedures adequately address risks emerging from changing operating environments. All subsidiaries have adopted the Operational Risk Policies and Procedures Manual (ORPPM) approved by the Board.

Net Foreign Exchange Position
(US$ milions)



2014 Value at Risk
(US$ millions)

	2014			
Risk category	Average VaR	Minimum VaR	Maximum VaR	Year End
Interest rate risk	2.62	1.04	4.99	2.01
Foreign exchange risk	2.79	0.33	6.38	1.8
Total VaR	5.41	1.37	11.37	3.81

4.3.1 Operational Risk Policy

The Group operational risk policy covers the following activities:

- Identifying, monitoring and managing current and potential operational risk exposures;
- Managing 'critical risks' identified in the course of business unit reviews;
- 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 enforces other policies, including policies on security, fraud, control and compliance that also support operational risk management.

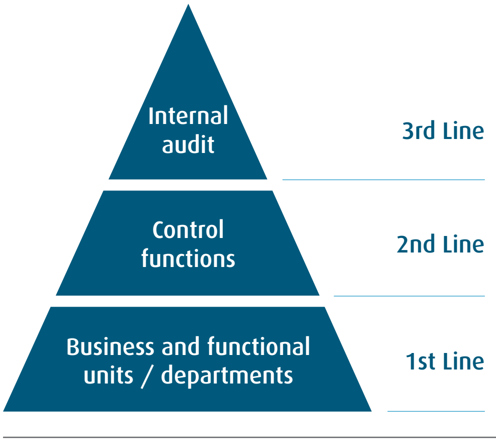
4.3.2 Organisation

4.3.2.1 Board Approval/Board Reporting

Pursuant to the Group Operational Risk Policies and Procedures Manual, ETI's Board of Directors must be advised of Ecobank's Operational Risk Management Framework, made aware of the major aspects of Ecobank's operational risks, and receive periodic reporting of Ecobank's operational risk exposures, loss experience and other relevant operational risk information.

The Group operates an operational risk 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 centralised and independent Group Risk Management.

Operational risk governance structure:
The three lines of defence



4.3.2.2 Operational Risk Governance Structure

Ecobank maintains an Operational Risk Management Framework with a governance structure to support its core operational risk management activities of anticipation, mitigation and recovery. To ensure effective management of operational risk across Ecobank, the Governance Structure presents three lines of defence.

First Line of Defence – The business: Owns its risks, including its operational risk, and is responsible for its management.

Second Line of Defence: Ecobank's control functions make up the second line of defence to enhance the effectiveness of controls and manage operational risks across products and business lines. The Second Line of Defence includes Operational Risk Management, Compliance, Internal Control, Finance, Human Resources and Legal. Legal and Compliance additionally advise on legal and regulatory issues that affect our risk and control environment and provide certain information related to emerging risks.

The Operational Risk Management team oversees the management of the operational risk framework for Ecobank. Group Operational Risk Management works proactively with Businesses and Functions at the Group and Affiliate levels to embed a strong operational risk management culture and framework across Ecobank through effective identification, anticipation and mitigation of risks that could impact business objectives and in minimising operational risk events and losses.

Risk Management

Third Line of Defence: Internal Audit recommends enhancements on an ongoing basis and provides independent assessment and evaluation of the control environment.

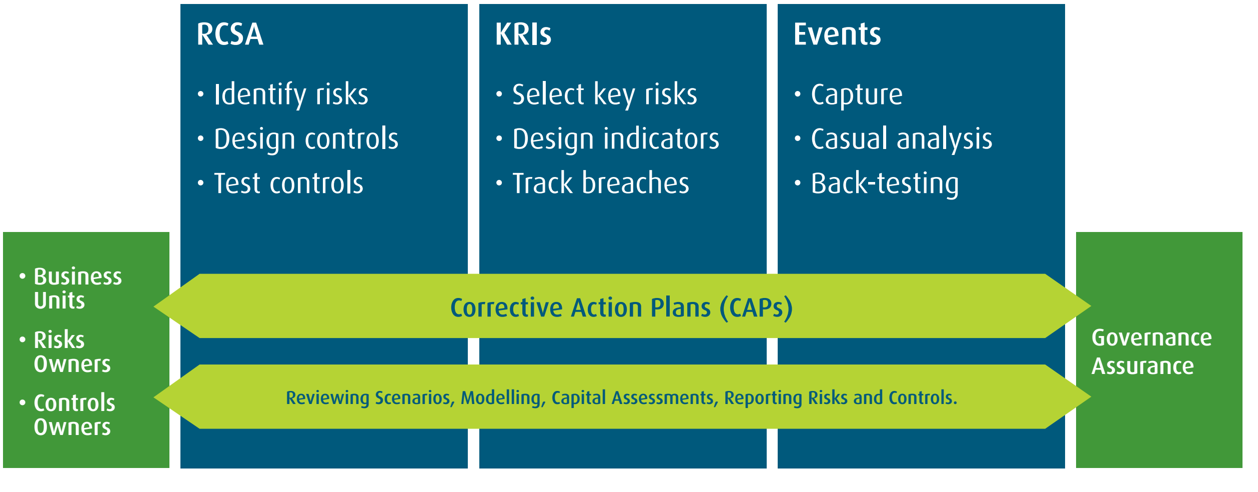
The Group Operational Risk Management (GORM) is a central function at the Group office, supported by operational risk officers in all subsidiaries and affiliates. GORM drafts operational risk policies, defines operational risk management standards, and develops tools, techniques, analysis, reporting, communication and training. It partners with Business Continuity Management (BCM) in preparing, testing and reviewing the business continuity and disaster recovery plans. Business Continuity is coordinated from the Business Continuity Management (BCM) programme office. The Group Operational Risk Manager is responsible for coordination, aggregation, facilitation and enabling functions.

GORM also continues to disseminate the operational risk governance structure which has been in existence since 2010. Over the past year, GORM worked closely with Business units and Control functions notably Internal Control, Compliance, Human Resources, Legal and Internal Audit to develop the foundational framework for the effective implementation of the Risk and Control Self-Assessment (RCSA) programme across the Group.

4.3.3 Operational Risk Management (ORM) Framework

An operational risk framework is an essential prerequisite for the effective and efficient implementation of a risk and control assessment. It provides a clear understanding of the structure and process around the identification of risks and controls and how the risk and control assessment fits into the overall management of operational risks. The figure below depicts the ORM framework. It anchors the Group's operational risk management approach and escalation processes.

Operational Risk Management Framework



4.3.3.1 Risk and Control Self-Assessment (RCSA)

The Risks and Controls Self-Assessment (RCSA) programme provides a range of diagnostic tools that assist Senior Business Managers to:

- Identify the most significant operational risks to business activities
- Assess the overall effectiveness of Key Controls that mitigate significant operational risks
- Detect and address specific weaknesses in the design and/or execution of Key Operational Controls and/or related business processes, and
- Detect and address emerging operational risks to business activities.

RCSA also provides a common framework to facilitate comprehensive and consistent Risk and Control Assessments across the Group and its subsidiaries, including consistent assessment of control issue materiality and RCSA Entity Ratings, and detection of emerging risks and Systemic Control weaknesses amplication.

4.3.3.2 Key Risk Indicators (KRIs)

Key Risk and Control Indicators are tools that can be utiliszed to monitor the risk and control environment and assist in the assessment of Operational Risk. A KRI's threshold or limit is set to establish values or limits that, when exceeded, alert the business to a potentially significant change in risk exposure and trigger escalation and action. They should be set with consideration of the business' overall risk appetite. Certain risks, e.g. emerging operational risks may not lend themselves well to establishment of KRI's, in which case, for Key Operational Risks, alternatives such as scenario analysis may be explored.

Key Risk Indicators (KRIs) complement the RCSA processes. 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

Events management involves identifying, analysing and recording details of events so that the bank can avoid a repeated occurrence. Analysing root causes that crystallise into loss events assists management in taking the necessary steps to tighten controls. Early detection and escalation facilitates effective remediation and improves the chances of recovery of operational risk losses. The Group has implemented a centralised platform for managing all losses.

The process also 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 methodologies covered in the ORM framework. It deploys the necessary tools across the Group. The Group Internal Audit function provides independent assurance through audits and risk reviews.

Risk Management

4.3.4 Risk identification, measurement, monitoring and control

Losses are categorised according to the Basel II event categories for operational risk losses. 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 across the network. Business units are thus able to monitor the key operational risk exposures and underlying drivers against policy thresholds set in the ORM framework.

Operational risk managers throughout the Group 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.

4.3.5 Compliance and Regulatory Risk

Ecobank has to deal with challenges as a result of significant regulatory changes in countries where it operates. These challenges could negatively impact its operations especially in the face of an anaemic world economy and unrelenting stiff business competition. Ecobank continues to be impacted by a significant number of new regulatory requirements from multiple sources. Therefore, management continues to provide attention and resources to ensure that regulatory reforms do not disrupt our operations.

Ecobank has implemented robust processes to ensure business units comply with laws and regulations. The objective of the bank's compliance programme is to protect the company against reputational risk, regulatory sanctions and enable it to conduct its business the right way. This is complemented by strong support functions comprising of audit, legal and internal control.

In 2012, a set of compliance policies ensuring transparency and best corporate practices was unequivocally supported and approved by the Board of Directors. The compliance unit, which reports to the DGCEO/COO, has the primary duty of ensuring that the business complies with local regulations and that the risks identified are not above the risk appetite of the Group.

4.3.6 Know-Your-Customer (KYC) and Due Diligence

The Compliance unit ensures that the Bank's network is firmly secured against money laundering, corruption or terrorism financing (AML/CFT). In order to effectively monitor these diverse risks and international financial crimes, the Group has put in place standard, effective and efficient automated monitoring tools through which compliance risks are identified, monitored and reduced to their lowest level.

Ecobank closely collaborates with local law enforcement authorities and financial intelligence units (FIUs) in an open and efficient manner. Ecobank plans to enhance AML/CFT monitoring processes further in 2015.

4.3.7 Business Continuity Management (BCM)

Ecobank's BCM programme is based on international BCM standards and principles. It outlines core business and function procedures for the recovery of operations or relocation in response to various disruptions. These procedures provide information for key Ecobank personnel responsible to:

- protect Ecobank staff safety and Ecobank property
- recover and resume operations to ensure continuation of business
- evaluate the disruption situation and commence appropriate action
- provide our clients with access to critical applications
- establish communication procedures between Ecobank and our employees, clients and regulators
- safeguard Ecobank records and intellectual property.

Affiliates and Business Units are guided to develop, maintain and regularly test comprehensive business continuity plans (BCPs) to ensure continuous and reliable service. The BCPs are based on predefined strategies and are designed to ensure provision of critical business processes and applications within predefined recovery time frames.

The BCM Programme has assigned roles and responsibilities, which are detailed in the corporate policy and standards. This stimulates an effective approach throughout Ecobank and results in efficient business continuity capability. Business continuity specialists manage the BCM Program at local, and Group levels. Group BCM provide expertise and guidance to all Ecobank subsidiaries in developing, implementing, testing and maintaining effective BCPs and recovery procedures.

4.3.8 People Risk

People risk is categorised into intentional or dishonest acts (frauds, unauthorised policy and procedure breaches, collusion, or sabotage) and unintentional causes (mistakes or errors due to lack of awareness of policies and procedures), both of which can lead to losses. The Group maintains zero tolerance for all dishonest acts and enforces Codes of Ethics for all staff. Management has implemented a number of control measures, including increasing on-site reviews, increased control awareness training, screening workers, and disciplining staff involved in dishonest behaviour. People risk is further managed through the hiring process. Management continued to maintain an efficient balance between sales and processing staff ratios. 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.

4.3.9 Reputational Risk

The Ecobank brand is strong across Africa. This is in spite of the governance issues experienced during the last quarter of 2013 and early 2014. Some of these events were however reported in a way that was potentially detrimental to the Ecobank brand. A review of the overall impact of these events on the brand image was performed by looking at public media information and records from internal sources such as Internal Audit, Internal Control, Customer Service, Legal & Compliance, Finance, and Communications. Contributions of each of these sources to the reputational risk was based on scores arrived at on the strength of their estimated severity and probability of occurrence. Generally, negative publications by globally renowned sources and national news media were rated higher than internal contributors for which management has implemented corrective actions for their remediation.

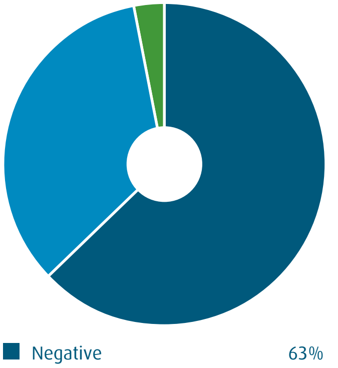
In conclusion, the review noted a reputational risk distribution of Negative 63%, Positive 34% and Others 3%.

4.3.10 Legal Risk

The 2014 Legal Risk exposures looked at legal fines, penalties, or punitive damages resulting from supervisory actions, as well as private settlements. As of December 2014, the Group recorded a total potential liability impact of US$ 232.2 million.

Reputational Risk Distribution

Basic assumptions type	Risk Score
International networks	
Positive: critical/high	81-100%
Negative: critical/high	81-100%
Negative/positive: critical/high	10-50%
National networks	
Positive: critical/medium	61-80%
Negative: critical/medium	61-80%
Negative/positive: critical/medium	5-20%
Positive: moderate/medium	51-60%
Negative: moderate/medium	51-60%
Internal sources	
Negative: moderate/medium	31-50%
Positive: moderate/low	11-40%
Negative: moderate/low	11-40%
Positive: minor/low	0-10%



Negative	63%
Positive	34%
Others	3%

Risk Management

4.3.11 Operational Risk Reporting

Operational risk reporting is an integral part of the governance structure. Clear mandates have been established in the Group. In addition to the day-to-day monitoring of events and follow-ups, all Business Unit Risk Committees (BURCs) in countries meet monthly to review operational risks specific to those units and also identify emerging risks. Country Operational Risk and Country Internal Control or Internal Audit observe the meetings, whose proceedings are documented and escalated to Group Operational Risk.

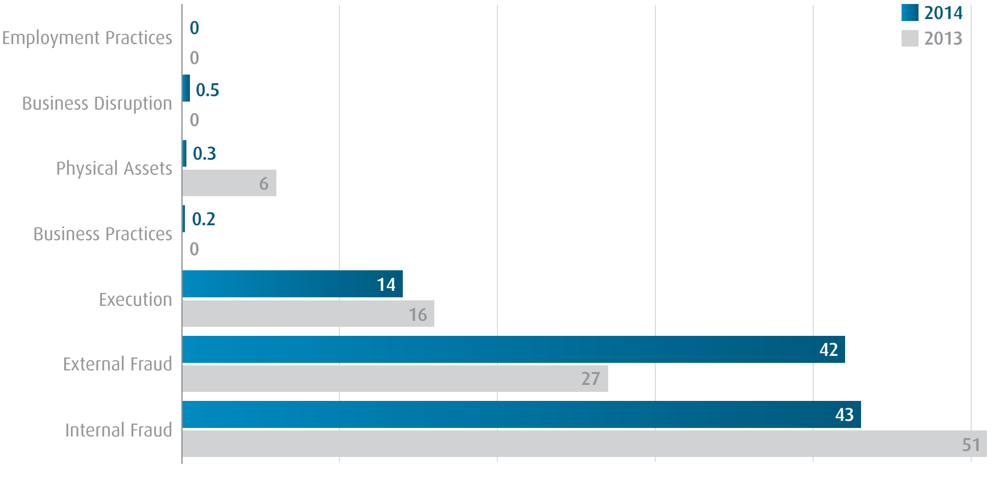
On a quarterly basis, functional heads in countries meet as members of the Country Business Risk and Control Committee (BRCC) to review key operational risks. Responsibilities are assigned as appropriate for outstanding action plans for follow-up. Country Operational Risk reports to GORM for escalation of significant issues to Group BRCC and Group Risk Committee through the Group Chief Risk Officer.

4.3.12 Events and Losses

Fraud events increased between 2013 and 2014, with total net losses increasing from US$ 7.6 million to US$ 14.0 million. Internal Frauds (US$ 5.9 million – of which US$ 4 million is attributable to Togo) constituted 43% of the total net loss for 2014 (2013: US$ 3.8 million or 51%). External Frauds (US$ 5.8 million – of which US$5.4 million is attributable to Nigeria) represented 42% of the total net loss for 2014 (2013: US$2 million

Operational Risk Governance structure

Net Operational Losses
Percentage of total



or 27%); Execution Delivery events amounted to US$2 million or 14% of the total net loss for 2014 (2013: US$1.2 million or 16%) and other events constituted US$ 0.15 million or 1%.

5. Capital Adequacy

5.1 Group Level

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 has been using 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 5% from US$15.76 billion in December 2013 to US$16.58 billion, largely driven by the increase in loans and advances to customers (+US$ 0.9 billion or 8%).

On the other hand, the group's capital position was enhanced in 2014 by Nedbank's US$493 million investment in ETI's additional shares and IFC's US$75 million loan conversion into equity. As a result, the Tier I capital increased from US$2.05 billion in December 2013 to US$3.03 billion in December 2014, and the Total Regulatory Capital also increased from US$2.57 billion in December 2013 to US$3.39 billion in December 2014.

Accordingly, the capital adequacy ratio under Basel I as of 31 December 2014 was 20.4% (16.3% in December 2013), exceeding regulatory requirements and minimum international standards and the core (Tier-1) capital adequacy ratio was 18.3% (13.0% in December 2013).

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

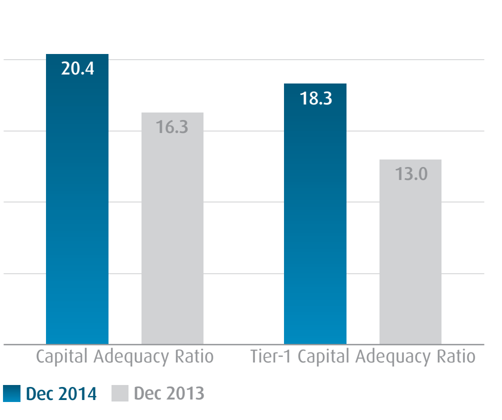
5.2 Capital Adequacy in Subsidiaries

In line with our commitment to comply with local regulations and ensure that our subsidiaries are well-capitalised to meet local business needs, the Group continued to monitor capital adequacy in subsidiaries. All subsidiaries comply with limits imposed by local regulators, and when a shortage arises, proper actions are taken for immediate compliance with regulations.

Risk-Weighted Assets
(US$ millions)

	Dec 2014	Dec 2013
Liquid assets	416	312
Loans to customers	12,312	11,422
Other on-balance sheet assets	2,879	3,052
Off-balance sheet assets	975	970
Total	16,582	15,755

Capital Adequacy Ratio (%)



Financial Statements

The opportunities for further growth in Africa's trade – both with itself and other regions such as the Middle East, India, Latin America and Asia – are enormous.

Working closely with its strategic partners, Nedbank and QNB, Ecobank has strengthened its position to finance major international transactions across Africa.

This, coupled with its large branch network and its forex trading hub in Paris, places Ecobank in an unparalleled position to service multinational organisations, international financial institutions, NGOs and individuals.

Statement of Directors' responsibilities

Responsibility for annual consolidated financial statements

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

(a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the company and its subsidiaries;

(b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

(c) prepares its consolidated financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, that are consistently applied.

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

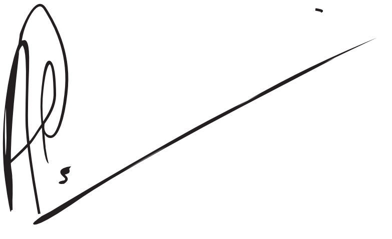
Nothing has come to the attention of the Directors to indicate that the company and its subsidiaries will not remain a going concern for at least twelve months from the date of this statement.

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.

Approval of annual consolidated financial statements

The annual consolidated financial statements were approved by the Board of Directors on 1 April 2015 and signed on its behalf by:

Emmanuel Ikazoboh
Chairman, Board of Directors



Albert Essien
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 2014 and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows, 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 financial statements in accordance with International Financial Reporting Standards and for such internal control, as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an independent opinion on the 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 our audit to obtain reasonable assurance that the financial statements are free from material misstatement.

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 judgement, 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, 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 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 2014 and of its profits and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Anthony Oputa

For: PricewaterhouseCoopers
Chartered Accountants
Lagos, Nigeria
FRC / 2013 / ICAN / 00000000980
7 April 2015

PricewaterhouseCoopers Chartered Accountants,
252E Muri Okunola Street, Victoria Island, Lagos, Nigeria

Didier Nguessan

For: PricewaterhouseCoopers
Chartered Accountants
Abidjan, Cote d'Ivoire
7 April 2015

PricewaterhouseCoopers Chartered Accountants,
20 ème étage Immeuble Alpha 2000, Abidjan Côte d'Ivoire

Consolidated income statement

(In thousands of US dollars, except per share amounts)

Year ended 31 December	Note	2014	2013
Interest income	6	1,731,628	1,599,756
Interest expense	6	(622,221)	(548,998)
Net interest income		**1,109,407**	**1,050,758**
Fee and commission income	7	699,222	626,548
Fee and commission expense	7	(38,502)	(25,402)
Net fee and commission income		**660,720**	**601,146**
Net trading income	8	462,648	308,960
Net losses from investment securities	9	5,070	(1,581)
Other operating income	10	42,036	44,173
Other income		**509,754**	**351,552**
Operating income before impairment loss		**2,279,881**	**2,003,456**
Impairment losses for loans and advances	11	(229,312)	(362,628)
Impairment losses on other financial assets	12	(37,648)	(14,102)
Impairment losses on financial assets		(266,960)	(376,730)
Operating income after impairment loss		**2,012,921**	**1,626,726**
Staff expenses	13	(649,094)	(639,459)
Depreciation and amortisation	13	(126,685)	(134,898)
Other operating expenses	13	(715,354)	(630,607)
Total operating expenses		**(1,491,133)**	**(1,404,964)**
Operating profit		**521,788**	**221,762**
Share of (loss)/profit of associates	25	(2,239)	16
Profit before tax		**519,549**	**221,778**
Taxation	14	(122,024)	(65,728)
Profit for the year from continuing operations		**397,525**	**156,050**
Loss for the year from discontinued operations	29	(2,755)	(8,277)
Profit for the year		**394,770**	**147,773**
Attributable to:			
Owners of the parent (total)		**337,863**	**95,541**
Profit for the year from continuing operations		339,351	102,932
Profit for the year from discontinued operations		(1,488)	(7,391)
Non-controlling interest (total)		**56,907**	**52,232**
Profit for the year from continuing operations		58,174	53,118
Profit for the year from discontinued operations		(1,267)	(886)
		394,770	**147,773**
Earnings per share for the profit from continuing operations attributable to owners of the parent during the year (expressed in US cents per share)			
• Basic	15	1.83	0.60
• Diluted	15	1.72	0.56
Earnings per share for the profit from continuing operations attributable to non-controlling interest during the year (expressed in US cents per share)			
• Basic	15	(0.01)	(0.04)
• Diluted	15	(0.01)	(0.03)

The notes detailed in the full Annual Report are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

(All amounts in thousands of US dollars unless otherwise stated)

Year ended 31 December	Note	2014	2013
Profit for the year		**394,770**	**147,773**
Other comprehensive income:			
Items that may be subsequently reclassed to profit or loss:			
Exchange difference on translation of foreign operations		(433,754)	(55,911)
Available-for-sale investments:			
Net valuation loss taken to equity	40	(40,389)	(52,486)
Remeasurements of post-employment benefit obligations	37	691	(1,486)
Taxation relating to components of other comprehensive income that may be subsequently reclassed to profit or loss	36	984	11,801
		(472,468)	(98,082)
Items that will not be reclassed to profit or loss:			
Property and equipment – net revaluation gain	27	112,179	2,493
Taxation relating to components of other comprehensive income that will not be reclassed profit or loss	36	(40,181)	(517)
		71,998	1,976
Other comprehensive loss for the year, net of tax		**(400,470)**	**(96,106)**
Total comprehensive (loss)/income for the year		**(5,700)**	**51,667**
Total comprehensive (loss)/income attributable to:			
Owners of the parent		(41,000)	(2,649)
• Continuing operations		(39,513)	4,742
• Discontinued operations		(1,488)	(7,391)
Non-controlling interests		35,300	54,317
• Continuing operations		36,568	55,203
• Discontinued operations		(1,267)	(886)
		(5,700)	**51,667**

Items in the statement above are disclosed net of tax. The deferred income tax relating to each component of other comprehensive income is disclosed in Note 36.

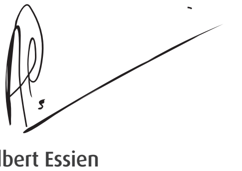
Consolidated statement of financial position

(All amounts in thousands of US dollars unless otherwise stated)

As at 31 December	Note	2014	2013
Assets			
Cash and balance with central banks	16	3,546,543	2,877,868
Financial assets for trading	17	279,434	114,917
Derivative financial instruments	18	247,664	141,346
Loans and advances to banks	19	1,882,501	1,312,150
Loans and advances to customers	20	12,311,642	11,421,605
Treasury bills and other eligible bills	21	1,276,120	1,127,927
Investment securities: available-for-sale	22	1,435,580	1,893,489
Pleged assets	23	1,032,146	1,135,434
Other assets	24	486,318	689,913
Investments in associates	25	16,773	21,993
Intangible assets	26	410,257	496,748
Property and equipment	27	920,690	872,145
Investment properties	28	168,167	168,048
Deferred income tax assets	36	113,110	122,747
		24,126,945	22,396,330
Assets held for sale	29	116,617	136,123
Total assets		**24,243,562**	**22,532,453**
Liabilities			
Deposits from other banks	30	912,841	706,953
Deposits from customers	31	17,436,970	16,489,904
Other deposits	32	573,300	677,960
Derivative financial instruments	18	20,478	1,454
Borrowed funds	33	1,540,264	1,303,406
Other liabilities	34	801,573	926,098
Provisions	35	26,368	28,511
Current income tax liabilities		69,061	63,818
Deferred income tax liabilities	36	65,405	44,450
Retirement benefit obligations	37	12,957	8,019
		21,459,216	20,250,573
Liabilities held for sale	29	129,261	147,232
Total liabilities		**21,588,477**	**20,397,805**
Equity			
Capital and reserves attributable to the equity holders of the parent entity			
Share capital and premium	39	1,979,523	1,409,001
Retained earnings and reserves	40	471,302	527,435
Total equity and reserves attributable		**2,450,825**	**1,936,436**
Non-controlling interests in equity		**204,260**	**198,212**
Total equity		**2,655,085**	**2,134,648**
Total liabilities and equity		**24,243,562**	**22,532,453**

The financial statements were approved for issue by the board of directors on 1 April 2015 and signed on its behalf by:

Emmanuel Ikazoboh
Chairman, Board of Directors



Albert Essien
Group Chief Executive Officer

Consolidated statement of changes in equity

(All amounts in thousands of US dollars unless otherwise stated)

		Attributable to equity holders of the Company			Total	Non-controlling interests	Total equity
	Note	Share capital and premium	Retained earnings	Other reserves			
At 1 January 2013		**1,409,001**	**630,192**	**(33,005)**	**2,006,188**	**167,729**	**2,173,917**
Net changes in available for sale investments, net of taxes	40	–	–	(40,685)	(40,685)	–	(40,685)
Foreign currency translation differences	40	–	–	(56,353)	(56,353)	442	(55,911)
Remeasurements of post-employment benefit obligations	37	–	–	(1,486)	(1,486)	–	(1,486)
Net gains on revaluation of property		–	–	1,976	1,976	–	1,976
Other comprehensive income for the year		–	–	(96,548)	(96,548)	442	(96,106)
Profit for the year		–	95,541	–	95,541	52,232	147,773
Total comprehensive income for the year		–	95,541	(96,548)	(1,007)	52,674	51,667
Dividend relating to 2012		–	(68,879)	–	(68,879)	(22,191)	(91,070)
Transfer to general banking reserves	40	–	(24,913)	24,913	–	–	–
Transfer to statutory reserve	40	–	(57,172)	57,172	–	–	–
Convertible loans – equity component		–	–	134	134	–	134
At 31 December 2013/1 January 2014		**1,409,001**	**574,768**	**(47,334)**	**1,936,436**	**198,212**	**2,134,648**
Net changes in available for sale investments, net of taxes	40	–	–	(39,405)	(39,405)	–	(39,405)
Foreign currency translation differences	40	–	–	(412,148)	(412,148)	(21,606)	(433,754)
Remeasurements of post-employment benefit obligations	37			691	691	–	691
Net gains on revaluation of property		–	–	71,998	71,998	–	71,998
Other comprehensive income for the year		–	–	(378,864)	(378,864)	(21,606)	(400,470)
Profit for the year		–	337,863	–	337,863	56,907	394,770
Total comprehensive income for the year		**–**	**337,863**	**(378,864)**	**(41,001)**	**35,301**	**(5,700)**
Dividend relating to 2013	40	–	–	–	–	(29,252)	(29,252)
Treasury shares	39	1,932	–	–	1,932	–	1,932
Transfer from share option reserve	40		1,066	(1,066)			–
Transfer to general banking reserves	40	–	(208,558)	208,558	–	–	–
Transfer to statutory reserve	40	–	(154,459)	154,459	–	–	–
Net proceeds from shares issued:	40						
• Convertible loans		345,048	–	–	345,048	–	345,048
• Private placement	39	208,376	–	–	208,376	–	208,376
• share option exercised	39	34	–	–	34	–	34
Convertible loans – equity component	40	15,132	–	(15,132)	–	–	–
At 31 December 2014		**1,979,523**	**550,680**	**(79,378)**	**2,450,825**	**204,260**	**2,655,085**

Consolidated statement of cash flows

(All amounts in thousands of US dollars unless otherwise stated)

Year ended 31 December	Note	2014	2013
Cash flow from operating activities			
Profit before tax		519,549	221,778
Adjustments for:			
Net trading income – foreign exchange	8	(15,601)	(54,468)
Net (gain)/loss from investment securities	9	(5,070)	1,581
Fair value (gain)/loss on investment properties	10	(699)	8,472
Gain on bargain purchase	10	(568)	-
Impairment losses on loans and advances	11	229,312	362,628
Impairment losses on other financial assets	12	37,648	14,102
Depreciation of property and equipment	13	101,215	110,379
Net interest income	6	(1,109,407)	(1,050,758)
Amortisation of software and other intangibles	13	25,470	24,519
Impairment charges:			
• Property and equipment	13	27	–
Loss/(Profit) on sale of property and equipment		960	(1,755)
Share of loss/(gain) profit of associates	25	2,239	(16)
Income taxes paid		(86,189)	(88,895)
Changes in operating assets and liabilities			
• Trading assets		(164,517)	(22,063)
• Derivative financial assets		(106,318)	2,071
• Other treasury bills		274,650	(391,457)
• Loans and advances to banks		(285,549)	451,675
• Loans and advances to customers		(686,701)	(2,162,352)
• Pledged assets		103,288	(435,380)
• Other assets		203,595	(109,803)
• Mandatory reserve deposits		(439,091)	(522,048)
• Other deposits		(104,660)	308,600
• Due to customers		947,066	1,869,426
• Derivative liabilities		19,024	1,325
• Other provisions		(2,143)	2,471
• Other liabilities		(124,525)	193,438
Interest received		1,731,628	1,599,756
Interest paid		(622,221)	(548,998)
Net cash flow from/(used in) operating activities		**442,412**	**(215,771)**
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired		(2,901)	–
Disposal of subsidiaries, net of cash disposed		–	(5,807)
Purchase of software	26	(10,874)	(17,158)
Purchase of property and equipment	27	(181,440)	(163,877)
Proceeds from sale of property and equipment		29,752	38,478
Purchase of investment securities	22	(4,113,497)	(4,301,604)
Purchase of investment properties		(484)	(11,519)
Proceeds from sale and redemption of securities		4,310,257	4,591,754
Net cash flow from investing activities		30,814	130,267
Cash flows from financing activities			
Repayment of borrowed funds		(432,915)	(897,690)
Proceeds from borrowed funds		669,773	970,249
Proceeds of subscription of ordinary shares	39	208,376	–
Proceeds from sale of treasury shares		1,158	–
Dividends paid to non-controlling shareholders		(29,252)	(23,834)
Dividends paid to owners of the parent	40	–	(68,879)
Net cash flow from/(used in) financing activities		417,140	(20,154)
Net increase/(decrease) in cash and cash equivalents		**890,365**	**(105,658)**
Cash and cash equivalents at start of year	42	1,641,749	1,813,053
Effects of exchange differences on cash and cash equivalents		(159,024)	(65,646)
Cash and cash equivalents at end of year	**42**	**2,373,090**	**1,641,749**

Guide to the notes to the consolidated financial statements

Notes to consolidated financial statements

(All amounts in thousands of US dollars unless otherwise stated)

1. General information

Ecobank Transnational Incorporated (ETI) and its subsidiaries (together, 'the Group') provide retail, corporate and investment banking services throughout sub-Saharan Africa outside South Africa. The Group had operations in 40 countries and employed 20,331 people (2013: 19,546) as at 31 December 2014.

Ecobank Transnational Incorporated is a limited liability company and is incorporated and domiciled in the Republic of Togo. The address of its registered office is as follows: 2365 Boulevard du Mono, Lomé, Togo. The company has a primary listing on the Ghana Stock Exchange, the Nigerian Stock Exchange and the Bourse Regionale Des Valeurs Mobilieres (Abidjan) Côte d'Ivoire.

The consolidated financial statements for the year ended 31 December 2014 have been approved by the Board of Directors on 1 April 2015.

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 ended 31 December 2014 have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS.

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

The consolidated 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 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. Included in cash and cash equivalents are highly liquid investments as shown in Note 42.

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires Directors to exercise judgment in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Group's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

(a) Standards, amendment and interpretations effective on or after 1 January 2014 adopted by the Group

In the current year, the Group has applied a number of new and revised IFRSs issued by the International Accounting Standard Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2014.

Standard	Content	Applicable for financial years beginning on/after
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment entities	1 January 2014
Amendment to IAS 32	Offsetting financial assets and financial liabilities	1 January 2014
Amendment to IAS 36	Recoverable amount disclosures for non-financial assets	1 January 2014
Amendment to IAS 39	Novation of derivatives and continuation of hedge accounting	1 January 2014
IFRIC 21	Levies	1 January 2014

i) Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment entities

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Group, since none of the entities in the Group qualifies to be an investment entity under IFRS 10.

ii) Amendment to IAS 32 – Offsetting financial assets and financial liabilities

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. These amendments have no impact on the Group, since none of the entities in the Group has any offsetting arrangements.

iii) Amendment to IAS 36 – Recoverable amount disclosures for non-financial assets

These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. to require disclosure of the recoverable amount of an asset or CGU when an impairment loss has been recognised or reversed; and to require detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognised or reversed. This has no impact on the Group since none of the recoverable amount for non-financial assets have been determined using fair value less costs of disposal approach.

iv) Amendment to IAS 39 – Novation of derivatives and continuation of hedge accounting

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no impact on the Group as the Group has not novated its derivatives during the current or prior periods.

v) IFRIC 21 – Levies

It sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. The application of this interpretation has had no material impact on the disclosures or on the amounts recognised in the consolidated financial statements.

(b) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these consolidated financial statement. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

i) IFRS 9, 'Financial instruments' (effective 1 January 2018)

In July 2014, the IASB finalised the reform of financial instruments accounting and issued IFRS 9 (as revised in 2014) which will supersede IAS 39 Financial Instruments: Recognition and Measurement in its entirety upon the former's effective date. Compared to IFRS 9 (as revised in 2013), the 2014 version includes limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments. It also adds the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit.

The first phase of this replacement project affects the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into three measurement categories: those measured as at fair value, those measured at amortised cost and those measured at fair value through other comprehensive income (FVTOCI). The determination is 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. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

The second phase of this replacement project is on impairment methodology. The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the impairment approach in IFRS 9, its is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date to reflect changes in crredit risk since initial recognition.

The third phase of this replacement project on headge accounting is yet to be finalized.

The group is yet to assess IFRS 9's full impact. The Group will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

ii) IFRS 15 – Revenue from contracts with customers (effective 1 January 2017)

The Standard outlines a single comprehensivemodel for entities to use in accounting for revenue arising from contracts with customers to improve comparability within industries, across industries, and across capital markets. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective. The revenue standard contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The group is yet to assess IFRS 15's full impact.

iii) Amendments to IAS 19 – Defined benefits plan: Employee contributions (effective 1 July 2014)

The amendment to IAS 19 clarify how an entity should account for contributions made by employees or third parties that are linked to services to defined benefit plans, based on whether those contributions are dependent on the number of years of service provide by the employee. For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction of the service cost in the period in which the related service is rendered, or to attribute them to th employees' period of service either using the plan's contribution formula or on a straight line basis; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service. The group is yet to assess the full impact of this amendment.

iv) Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation (effective 1 January 2016)

The amendments prohibits entities from using revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. Currently, the group uses straight-line method for depreciation and amortisation for its property, plant and equipment and intangible assets respectively. The application of this standard does not have any impact on the group.

v) Annual Improvements to IFRSs 2010 – 2012 cycle

The Annual Improvements to IFRSs 2010-2012 Cycle include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to IFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to IFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit or loss. The amendments to IFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to IFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and

(ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

vi) IAS 24 – Related party disclosures (effective 1 July 2014)

The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity'). The reporting entity is not required to disclose the compensation paid by the management entity to the management entity's employees or directors, but it is required to disclose the amounts charged to the reporting entity by the management entity for services provided.

vii) IFRS 13 - Fair value measurement (effective 1 July 2014)

The IASB has amended the basis for conclusions of IFRS 13 to clarify that it did not intend to remove the ability to measure short-term receivables and payables at invoice amounts in such cases.

The amendment clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9.

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets for components that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, otherwise they are recognised at fair value. Measurement of non-controlling interest is required at the date of acquisition. Subsequent increase in equity holding of the acquirer is seen to be transaction between equity holders acting in their capacity as owners of business.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. For receivables in cash, changes in fair value is transferred to the income statement. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity

interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and peviously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates in profit or loss.

2.3 Foreign currency translation

a) Functional and presentation currency

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

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

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Notes to consolidated financial statements

(All amounts in thousands of US dollars unless otherwise stated)

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

c) Group companies

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

i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

ii) Income and expenses for each income statement are translated at average exchange rates; (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions) and

iii) All resulting exchange differences are recognized in other comprehensive income.

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

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to 'Other comprehensive income'. When a foreign operation is sold, such exchange differences are recognized 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 – have to be recognized 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. Financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

a) Financial assets at fair value through profit or loss

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

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorized as held for trading unless they are designated and effective as hedging instruments. Financial assets held for trading consist of debt instruments, including money-market paper, traded corporate and bank loans, and equity instruments, as well as financial assets with embedded derivatives. They are recognized in the consolidated statement of financial position as 'Financial assets held for trading'.

Financial assets and financial liabilities are designated at fair value through profit or loss when:

i) Doing so significantly reduces measurement inconsistencies that would arise if the related derivative were treated as held for trading and the underlying financial instruments were carried at amortized cost for such loans and advances to customers or banks and debt securities in issue;

ii) Certain investments, such as equity investments, are managed and evaluated on a fair value basis in accordance with a documented risk management or investment strategy and reported to key management personnel on that basis are designated at fair value through profit or loss; and

iii) Financial instruments, such as debt securities held, containing one or more embedded derivatives significantly modify the cash flows, are designated at fair value through profit or loss.

Gains and losses arising from changes in the fair value of derivatives that are managed in conjunction with designated financial assets or financial liabilities are included in 'net income from financial instruments designated at fair value'.

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

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

b) Loans and receivables

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

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

b) those that the Group upon initial recognition designates as available for sale; or

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

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

c) Held-to maturity financial assets

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

a) those that the Group upon initial recognition designates as at fair value through profit or loss;

b) those that the Group designates as available for sale; and

c) those that meet the definition of loans and receivables.

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

There were no held-to-maturity financial assets as at the reporting date.

d) Available-for-sale

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

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

Notes to consolidated financial statements

(All amounts in thousands of US dollars unless otherwise stated)

2.5.2 Financial liabilities

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

a) Financial liabilities at fair value through profit or loss

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

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

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

Financial liabilities for which the fair value option is applied are recognized in the consolidated statement of financial position as 'Financial liabilities designated at fair value'. Fair value changes relating to such financial liabilities are passed through the statement of comprehensive income.

b) Other liabilities measured at amortized cost

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

c) Determination of fair value

Fair value under IFRS 13 is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) at the measurement date under current market condition (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

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

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

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

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

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

2.6 Reclassification of financial assets

The Group may choose to reclassify a non-derivative financial asset held for trading out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near-term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortized cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

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

2.7 Financial guarantees and loan commitments

'Financial guarantees' are contracts that require the Group to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. 'Loan commitments' are firm commitments to provide credit under pre-specified terms and conditions.

Liabilities arising from financial guarantees or commitments to provide a loan at a below-market interest rate are initially measured at fair value and the initial fair value is amortised over the life of the guarantee or the commitment. The liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment to settle the liability when a payment under the contract has become probable.

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2.8 Classes of financial instrument

The Group classifies the financial instruments into classes that reflect the nature of information and take into account the characteristics of those financial instruments. The classification made can be seen in the table below:

Financial assets

Category (as defined by IAS 39)	Class (as determined by the Group)	Note
Financial assets at fair value through profit or loss	Financial assets held for trading	17
	Derivative financial assets	18
Loans and receivables	Cash and balances with central banks	16
	Loans and advances to banks	19
	Loans and advances to customers	20
	Other assets excluding prepayments	24
Held-to-maturity Investments	None	Not applicable
Available-for-sale financial assets	Treasury bills and other eligible bills	21
Investment securities – available for sale		
	Investment securities – equity securities	22
	Pledged assets	23
Hedging derivatives	None	Not applicable

Financial liabilities

Category (as defined by IAS 39)	Class (as determined by the Group)	Note
Financial liabilities at fair value through profit or loss	Derivative financial liabilities	18
Financial liabilities at amortized cost	Deposits from banks	30
	Other deposits	32
	Deposits from customers	31
	Borrowed funds	33
	Other liabilities, excluding non-financial liabilities	34

Off balance sheet financial instruments

Category (as defined by IAS 39)	Class (as determined by the Group)	Note
Loan commitments	Loan commitments	38
Guarantees, acceptances and other financial facilities	Guarantees, acceptances and other financial facilities	38

2.9 Offsetting financial instruments

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

2.10 Interest income and expense

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

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

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

2.11 Fee and commission income

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

2.12 Dividend income

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

2.13 Impairment of financial assets

a) Assets carried at amortized cost

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

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

i) significant financial difficulty of the issuer or obligor;

ii) a breach of contract, such as a default or delinquency in interest or principal payments;

iii) the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

iv) it becomes probable that the borrower will enter bankruptcy or other financial reorganization;

v) the disappearance of an active market for that financial asset because of financial difficulties; or

vi) observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio.

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

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

Notes to consolidated financial statements

(All amounts in thousands of US dollars unless otherwise stated)

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

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

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

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

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

When a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

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

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 recognized in profit or loss – is removed from equity and recognized in the consolidated income statement. Impairment losses recognized in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the consolidated income statement.

c) Renegotiated loans

Loans that are either subject to collective impairment assessment or individually significant and whose terms have been renegotiated are no longer considered to be past due but are treated as new loans. In subsequent years, the asset is considered to be past due and disclosed only if renegotiated again. Where possible, the Bank seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms and the loan is no longer considered past due. Management continually reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original EIR.

2.14 Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.15 Share-based payments

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

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

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

2.16 Cash and cash equivalents

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

2.17 Repossessed collateral

Repossed collateral are equities, landed properties or other investments repossessed from customers and used to settle the outstanding obligations. Such investments are classified in accordance with the intention of the Group in the asset class which they belong.

2.18 Leases

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

(a) A group company is the lessee

The Group enters into operating leases. The total payments made under operating leases are charged to other operating expenses in the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other longterm payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

(b) A group company is the lessor

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

(c) Fees paid in connection with arranging leases

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

2.19 Investment properties

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

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

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

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

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

2.20 Property and equipment

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

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

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

Land and buildings are the class of items that are revalued on a regular basis. The other items are evaluated at cost.

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

For assets revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

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

- **Buildings:** 25 - 40 years
- **Leasehold improvements:** 25 years, or over the period of the lease if less than 25 years
- **Furniture, equipment and installations:** 3 - 5 years
- **Motor vehicles:** 3 - 10 years

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

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

2.21 Intangible assets

a) Goodwill

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

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

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

b) Computer software licences

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

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

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

2.22 Income tax

a) Current income tax

Income tax payable (receivable) is calculated on the basis of the applicable tax law in the respective jurisdiction and is 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 recognizes those losses as an asset, because the tax relief is recoverable by refund of tax previously paid. This asset is offset against an existing current tax balance. Where tax losses can be relieved only by carry-forward against taxable profits of future periods, a deductible temporary difference arises. Those losses carried forward are set off against deferred tax liabilities carried in the consolidated statement of financial position. The Group does not offset income tax liabilies and current income tax assets.

b) Deferred income tax

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

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

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

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

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

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

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

2.24 Employee benefits
a) Pension obligations
A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

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

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

Past-service costs are recognised immediately in income.

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

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

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

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

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

2.25 Borrowings

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

2.26 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

There were no such borrowing costs capitalised as at the reporting date.

2.27 Compound financial instruments

Compound financial instruments issued by the group comprise convertible notes that can be converted to share capital at the option of the holder.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

2.28 Fiduciary activities

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

2.29 Share capital

a) Share issue costs

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

b) Dividends on ordinary shares

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

c) Treasury shares

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

2.30 Segment reporting

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

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

In accordance with IFRS 8, the Group has the following business segments: Domestic, Corporate & Investment Banking and Treasury.

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(All amounts in thousands of US dollars unless otherwise stated)

Domestic Bank: Focuses on serving local companies, small and medium scale enterprises, government and government agencies and the retail market.

Corporate & Investment Bank: Corporate Bank focuses on providing one-stop banking services to multinationals and regional companies, financial institutions and international organisations across network of the group. Investment Bank constitutes corporate finance and asset management business. This unit provides value-added solutions primarily to corporate clients and governments.

Treasury: This unit provides value-added solutions (FX, fixed income and money market activities) primarily to Corporate & Investment Bank and Domestic Bank clients.

2.31 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interests in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Discontinued operations:

The Group presents discontinued operations in a separate line in the Income statement if an entity or a component of an entity has been disposed of or is classified as held for sale and:

a) Represents a separate major line of business or geographical area of operations;

b) Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

c) Is a subsidiary acquired exclusively with a view to resale

Net profit from discontinued operations includes the net total of operating profit and loss before tax from operations, including net gain or loss on sale before tax or measurement to fair value less costs to sell and discontinued operations tax expense. A component of an entity comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group´s operations and cash flows. If an entity or a component of an entity is classified as a discontinued operation, the Group restates prior periods in the Income statement.

2.32 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

Where IAS 8 ‘Accounting policies, changes in accounting estimates and errors’ applies, comparative figures have been adjusted to conform with changes in presentation in the current year.

3. Financial risk management

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

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

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

3.1 Credit risk

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

3.1.1 Credit risk measurement

i) Probability of default:

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

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

Group's rating	Description of grade	Mapping to external rating (Standards and Poors)
1 – 4	Investment Grade	AAA to BBB
5 – 6	Standard Grade	BB to B
7 – 10	Non Investment Grade	CCC to D

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

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

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

ii) Exposure at default

EAD is based on the amounts the Group expects to be owed at the time of default. For example, for a loan this is the face value. For a commitment, the Group includes any amount already drawn plus the further amount that may have been drawn by the time of default, should it occur.

iii) Loss given default/loss severity

Loss given default or loss severity represents the Group's expectation of the extent of loss on a claim should default occur. It is expressed as percentage loss per unit of exposure. It typically varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support.

iv) Debt securities and other bills

For debt securities and other bills, external rating such as Standard & Poor's rating or their equivalents are used by Group Treasury for managing the credit risk exposures. The investments in those securities and bills are viewed as a way to gain a better credit quality mapping and maintain a readily available source to meet funding requirements at the same time.

3.1.2 Risk limit control and mitigation policies

The Group manages, limits and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties and groups, and to industries and countries. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product, industry sector and by country are approved quarterly by the Board of Directors. The exposure to any one borrower including banks and other non bank financial institutions is further restricted by sub-limits covering on- and off-statement of financial position exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily. Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Some other specific control and mitigation measures are outlined below:

(a) Collateral

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

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

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

(b) Credit-related commitments

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

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

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.

"Current" : relate to assets classified as "Investment Grade" (no evident weakness) and "Non Investment Grade" (no significant weakness).

"watchlist": relate to items for which there are evidence of a weakness in the financial or operating condition of the obligor which requires management's close attention.

"Substandard": there is a well-defined weakness in the financial or operating condition of the obligor which jeopardizes the timely repayment of its obligations.

"Doubtful": there are all of the weakness that are normally seen in a substandard credit with the additional characteristic that these weaknesses make full repayment unlikely.

"Loss": These assets are considered uncollectible and of such little value that they should be fully written-off.

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.

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	2014				2013			
Group's rating	Loans and advances		Impairment provision		Loans and advances		Impairment provision	
1 Current	11,081,184	88%	92,996	1%	10,356,072	87%	77,307	1%
1A. Watchlist	508,050	4%	12,791	3%	369,563	3%	10,661	3%
II. Substandard	547,318	4%	16,422	3%	539,563	4%	45,287	8%
III. Doubtful	364,924	3%	148,554	41%	442,736	4%	182,366	41%
IV. Loss	194,995	2%	114,066	58%	301,836	3%	272,544	90%
	12,696,471	100%	384,829	3%	12,009,770	100%	588,165	5%

3.1.4 Credit Concentration

	Maximum exposure	
Maximum exposure to credit risk before collateral held	2014	2013
Credit risk exposures relating to on-statement of financial position assets are as follows:		
Balances with central banks	2,856,392	2,166,640
Treasury bills and other eligible bills	1,276,120	1,127,927
Loans and advances to banks	1,882,501	1,312,150
Loans and advances to customers:		
Corporate Bank		
• Overdrafts	1,244,829	1,357,792
• Term loans	5,547,879	4,917,436
• Others	62,646	20,233
Domestic Bank		
• Overdrafts	1,117,954	1,117,730
• Credit cards	6,086	6,827
• Term loans	4,216,481	3,812,040
• Mortgages	115,767	189,547
Financial assets held for trading:		
• Debt securities	279,077	114,830
Derivative financial instruments	247,664	141,346
Investment securities – available-for-sale:		
Debt securities	1,254,141	1,669,321
Pledged assets	1,032,146	1,135,434
Reinsurance assets	–	–
Other assets	313,248	529,006
Credit risk exposures relating to off-balance sheet items are as follows:		
Financial guarantees	4,687,226	4,555,929
Loan commitments	187,370	293,909
At 31 December	**26,327,527**	**24,468,097**

The above table represents a worse case scenario of credit risk exposure of the Group at 31 December 2014 and 2013, 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, 54% (2013: 52%) of the total maximum exposure is derived from loans and advances to banks and customers; 5% (2013: 7%) 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:

- 91% (2013: 89%) of the loans and advances portfolio are considered to be neither past due nor impaired;
- 72% (2013: 68%) of loans and advances are backed by collateral;
- Investment in debt securities are largely government securities.
- Other assets are considered to be neither past due nor impaired.

3.1.5 Loans and advances

Loans and advances are summarised as follows:	31 December 2014		31 December 2013	
	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	1,882,501	11,589,234	1,312,150	10,725,635
Past due but not impaired	–	547,318	–	539,563
Impaired	–	559,919	–	744,572
Gross	**1,882,501**	**12,696,471**	**1,312,150**	**12,009,770**
Less: allowance for impairment	–	(384,829)	–	(588,165)
Net	**1,882,501**	**12,311,642**	**1,312,150**	**11,421,605**

Other financial assets are neither past due nor impaired except for investment securities available for sale and other assets with impairment provision in Note 22 and Note 24 respectively.

(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 in the Group Credit Policy and Procedure Manual (see the Note 3.1.3 Impairment and provisioning policies–Group Rating).

31 December 2014

	Loans and advances to customers							
	Corporate Bank			Domestic Bank				Total
Grades:	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term Loans	Mortgages	
Current	1,166,801	5,303,916	36,373	743,353	3,691	3,720,194	106,856	11,081,184
Watchlist	32,509	199,644	22,962	26,444	-	217,515	8,976	508,050
Total	**1,199,310**	**5,503,560**	**59,335**	**769,797**	**3,691**	**3,937,709**	**115,832**	**11,589,234**

31 December 2013

	Loans and advances to customers							
	Corporate Bank			Domestic Bank				Total
Grades:	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term Loans	Mortgages	
Current	1,249,176	4,654,635	20,264	673,131	4,427	3,569,939	184,500	10,356,072
Watchlist	34,948	191,419	–	14,312	15	123,052	5,817	369,563
Total	**1,284,124**	**4,846,054**	**20,264**	**687,443**	**4,442**	**3,692,991**	**190,317**	**10,725,635**

All loans and advances to banks are neither past due nor impaired and all fall under the 'current' grade.

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(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 2014

	Corporate Bank			Domestic Bank				Total
Past due	Overdrafts	Term loans	Others	Overdrafts	Credit Cards	Term Loans	Mortgages	
Past due up to 30 days	16,927	35,434	3,594	16,586	–	53,991	451	126,983
Past due 30-60 days	16,521	25,413	–	49,179	2,448	67,689	430	161,680
Past due 60-90 days	6,231	7,437	–	224,009	–	20,136	842	258,655
Total	**39,679**	**68,284**	**3,594**	**289,774**	**2,448**	**141,816**	**1,723**	**547,318**
Fair value of collateral	101,178	9,140	–	142,456	–	30,613	–	283,387
Amount of (over)/ undercollateralisation	**(61,499)**	**59,144**	**3,594**	**147,318**	**2,448**	**111,203**	**1,723**	**263,931**

31 December 2013

	Corporate Bank			Domestic Bank				Total
Past due	Overdrafts	Term loans	Others	Overdrafts	Credit Cards	Term Loans	Mortgages	
Past due up to 30 days	23,871	36,676	–	19,824	–	48,427	744	129,542
Past due 30-60 days	992	38,615	–	22,766	–	30,524	146	93,043
Past due 60-90 days	45,580	7,964	–	245,705	2,451	15,181	97	316,978
Total	**70,443**	**83,255**	**–**	**288,295**	**2,451**	**94,132**	**987**	**539,563**
Fair value of collateral	7,996	14,356	–	28,125	–	52,356	324	103,157
Amount of (over) / undercollateralisation	**62,447**	**68,899**	**–**	**260,170**	**2,451**	**41,776**	**663**	**436,406**

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 2014

	Corporate Bank			Domestic Bank				Total
	Overdrafts	Term loans	Others	Overdrafts	Credit Cards	Term Loans	Mortgages	
Gross	40,049	87,125	–	180,209	29	252,503	4	559,919
Impairment allowance	(24,889)	(66,220)	–	(60,622)	(16)	(110,356)	(517)	(262,620)
	15,160	20,905	–	119,587	13	142,147	(513)	297,299
Fair value of collateral	(16,326)	(25,321)	–	(78,438)	–	(128,378)	–	(248,463)
Amount of (over)/ undercollateralisation	**(1,166)**	**(4,416)**	**–**	**41,149**	**13**	**13,769**	**(513)**	**48,836**

31 December 2013

	Corporate Bank			Domestic Bank				Total
	Overdrafts	Term loans	Others	Overdrafts	Credit Cards	Term Loans	Mortgages	
Gross	19,689	57,573	–	254,925	237	411,986	162	744,572
Impairment allowance	(11,400)	(31,387)	–	(87,659)	(182)	(323,769)	(513)	(454,910)
	8,289	26,186	–	167,266	55	88,217	(351)	289,662
Fair value of collateral	(3,276)	(39,672)	–	(57,523)	–	(197,796)	(19)	(298,286)
Amount of (over) / undercollateralisation	**5,013**	**(13,486)**	**–**	**109,743**	**55**	**(109,579)**	**(370)**	**(8,624)**

(d) Other assets with exposure to credit risks

	Balances with central banks	Financial assets held for trading–debt securities	Derivative financial instruments	Treasury bills and other eligible bills	AFS debt securities	Pledged assets	Other assets less prepayments	Total
31 December 2014								
Neither past due nor impaired (Investment/standard grade)	2,856,392	279,077	247,664	1,276,120	1,254,141	1,032,146	313,248	7,258,788
Past due but not impaired	–	–	–	–	–	–	–	–
Impaired (Non-investment grade)	–	–	–	–	–	–	81,325	81,325
Gross	2,856,392	279,077	247,664	1,276,120	1,254,141	1,032,146	394,573	7,340,113
Less: allowance for impairment	–	–	–	–	–	–	(81,325)	(81,325)
Net	**2,856,392**	**279,077**	**247,664**	**1,276,120**	**1,254,141**	**1,032,146**	**313,248**	**7,258,788**
Carrying amounts	2,856,392	279,077	247,664	1,276,120	1,254,141	1,032,146	313,248	7,258,788
31 December 2013								
Neither past due nor impaired (Investment/standard grade)	2,166,640	114,830	141,346	1,127,927	1,669,321	1,135,434	529,006	6,884,504
Past due but not impaired	–	–	–	–	–	–	–	–
Impaired (Non-investment grade)	–	–	–	–	–	–	56,649	56,649
Gross	2,166,640	114,830	141,346	1,127,927	1,669,321	1,135,434	585,655	6,941,153
Less: allowance for impairment	–	–	–	–	–	–	(56,649)	(56,649)
Net	**2,166,640**	**114,830**	**141,346**	**1,127,927**	**1,669,321**	**1,135,434**	**529,006**	**6,884,504**
Carrying amounts	2,166,640	114,830	141,346	1,127,927	1,669,321	1,135,434	529,006	6,884,504

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3.1.6 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 2014. 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 2014								
Balances with central banks	284,483	1,701	118,827	338,767	84,810	34,557	–	863,146
Financial assets held for trading	–	279,077	–	–	–	–	–	279,077
Derivative financial instruments	–	241,683	–	–	–	–	5,981	247,664
Loans and advances to banks	196,415	562,533	339,271	17,224	54,161	39,974	672,923	1,882,501
Loans and advances to customers:								
Corporate Bank								
• Overdrafts	309,342	488,890	191,781	121,220	63,439	70,157	–	1,244,829
• Term loans	1,362,584	2,379,724	501,394	576,921	230,070	112,317	465,953	5,628,963
• Others	62,646	–	–	–	–	–	–	62,646
Domestic Bank								
• Overdrafts	189,773	578,446	170,770	90,110	43,059	45,768	28	1,117,954
• Credit cards	–	4,805	1,281	–	–	–	–	6,086
• Term loans	1,610,731	1,334,705	306,846	525,338	239,689	117,748	340	4,135,397
• Mortgages	66,286	18,224	12,721	6,344	12,081	–	111	115,767
Treasury bills and other eligible bills	437,878	457,805	236,655	49,363	61,264	33,155	–	1,276,120
Investment securities – debt securities	827,670	24,312	109,085	91,131	128,746	1,368	71,829	1,254,141
Pledged assets	–	1,032,146	–	–	–	–	–	1,032,146
Other assets	140,103	33,340	50,000	26,961	8,600	31,300	22,944	313,248
Total	**5,487,911**	**7,437,391**	**2,038,631**	**1,843,379**	**925,919**	**486,345**	**1,240,109**	**19,459,685**
Credit commitments	1,246,885	2,112,805	472,023	512,190	189,369	255,928	85,394	4,874,594
As at 31 December 2013								
Balances with central banks	119,881	223,138	74,399	110,476	58,000	26,591	–	612,485
Financial assets held for trading	–	113,367	–	1,463	–	–	–	114,830
Derivative financial instruments	–	–	–	–	–	–	141,346	141,346
Loans and advances to banks	110,437	241,851	120,558	35,270	38,257	99,704	666,074	1,312,150
Loans and advances to customers:	–							
Corporate Bank	–							
• Overdrafts	415,716	489,077	193,269	172,990	43,903	42,837	–	1,357,792
• Term loans	1,536,592	1,742,510	572,862	529,694	182,139	102,751	250,888	4,917,436
• Others	19,014	–	178	992	–	49	–	20,233
Domestic Bank	–							
• Overdrafts	209,869	561,900	190,597	86,399	44,702	24,235	28	1,117,730
• Credit cards	–	5,110	1,717	–	–	–	–	6,827
• Term loans	1,576,154	1,068,240	355,378	547,169	167,963	96,701	435	3,812,040
• Mortgages	113,542	25,692	11,995	14,950	23,228	–	140	189,547
Treasury bills and other eligible bills	321,023	389,076	307,534	32,131	48,664	29,499	–	1,127,927
Pledged assets	–	1,135,434	–	–	–	–	–	1,135,434
Other assets	173,753	244,926	60,554	29,980	12,160	6,141	1,492	529,006
Investment securities – debt securities	683,725	486,232	228,215	94,693	123,326	6,349	46,781	1,669,321
Total	**5,279,706**	**6,726,553**	**2,117,256**	**1,656,207**	**742,342**	**434,857**	**1,107,184**	**18,064,105**
Credit commitments	1,276,996	1,845,200	652,339	497,444	147,659	173,212	256,988	4,849,838

3.1.6 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	Mining and construction	Services and others	Total
31 December 2014							
Balances with central banks	863,146	–	–	–	–	–	863,146
Loans and advances to banks	1,882,501	–	–	–	–	–	1,882,501
Loans and advances to customers:							
• Overdrafts	48,991	1,005,414	269,228	127,956	358,438	552,756	2,362,783
• Credit cards	–	–	–	–	–	6,086	6,086
• Term loans	205,424	2,468,388	1,547,198	917,174	1,595,445	3,030,731	9,764,360
• Mortgages	425	23,431	2,469	2,587	3,635	83,220	115,767
• Others	–	19,245	–	–	–	43,401	62,646
Financial assets held for trading	–	–	–	279,077	–	–	279,077
Pledged assets	–	–	–	1,032,146	–	–	1,032,146
Derivative financial instruments	247,664	–	–	–	–	–	247,664
Treasury bills and other eligible bills	517,281	–	–	758,616	–	223	1,276,120
Investment securities – available for sale	120,326	–	–	948,910	–	184,905	1,254,141
Other assets	103,122	39,004	–	2,262	7,348	161,512	313,248
Total	**3,988,879**	**3,555,482**	**1,818,895**	**4,068,728**	**1,964,866**	**4,062,835**	**19,459,685**
Credit commitments	1,973,476	1,028,001	693,777	135,737	233,584	810,020	4,874,596
31 December 2013							
Balances with central banks	612,485	–	–	–	–	–	612,485
Loans and advances to banks	1,281,736	–	–	–	–	30,414	1,312,150
Loans and advances to customers:							
• Overdrafts	59,567	907,984	266,918	140,121	331,686	769,246	2,475,522
• Credit cards	–	–	–	–	–	6,827	6,827
• Term loans	129,176	1,761,655	1,178,738	805,946	1,257,085	3,596,876	8,729,476
• Mortgages	426	46,772	4,462	6,770	12,970	118,147	189,547
• Others	–	20,006	–	–	–	227	20,233
Financial assets held for trading	1,464	–	–	113,366	–	–	114,830
Pledged assets	–	–	–	1,135,434	–	–	1,135,434
Derivative financial instruments	141,346	–	–	–	–	–	141,346
Treasury bills and other eligible bills	7,374	–	–	1,120,553	–	–	1,127,927
Investment securities – available for sale	22,737	–	–	1,452,924	–	193,660	1,669,321
Other assets	3,239	32,760	40	4,918	333	487,716	529,006
Total	**2,259,549**	**2,769,177**	**1,450,158**	**4,780,032**	**1,602,074**	**5,203,114**	**18,064,104**
Credit commitments	240,927	1,115,677	416,706	140,159	336,473	2,599,896	4,849,838

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(All amounts in thousands of US dollars unless otherwise stated)

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.

It will be worth noted that due to significant currency evolution , the year end exposure of foreign exchange and and interest rate sensitivity analysis may be unrepresentative of the exposure during the year.

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 portfolios, to estimate the market risk of positions held and the maximum losses expected.

	2014			2013		
	Low	Average	High	Low	Average	High
Foreign exchange risk	330	2,790	6,380	840	5,280	9,160
Interest risk	1,040	2,620	4,990	170	2,060	3,920

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 2014	Dollar	Euro	CFA	Naira	Cedis	Others	Total
Assets							
Cash and balances with central banks	175,516	357,264	1,160,862	1,326,125	168,209	358,567	3,546,543
Loans and advances to banks	1,074,911	259,866	169,361	234,773	50,272	93,318	1,882,501
Loans and advances to customers	3,511,750	139,957	4,879,316	2,609,479	536,002	635,138	12,311,642
Financial assets held for trading	–	–	–	279,077	–	357	279,434
Derivative financial instruments	126,802	–	–	120,862	–	–	247,664
Treasury bills and other eligible bills	–	–	487,242	457,805	123,022	208,051	1,276,120
Investment securities–available-for-sale	231,085	764	877,848	90,928	96,843	138,112	1,435,580
Pledged assets	–	–	–	1,032,146	–	–	1,032,146
Other assets	185,123	2,248	52,621	20,640	26,504	26,111	313,248
Total financial assets	**5,305,188**	**760,099**	**7,627,250**	**6,171,836**	**1,000,852**	**1,459,654**	**22,324,878**
Liabilities							
Deposits from banks	253,212	167,516	106,488	323,869	2,865	58,891	912,841
Due to customers	3,767,540	261,655	6,640,749	4,985,421	618,648	1,081,873	17,355,886
Other deposits	1,526	19,186	550,124	–	–	2,464	573,300
Derivative financial instruments	20,478	–	–	–	–	–	20,478
Other borrowed funds	1,062,253	1,656	11,409	407,610	10,416	46,920	1,540,264
Other liabilities	195,249	18,936	245,368	197,306	55,951	30,901	743,711
Total financial liabilities	**5,300,258**	**468,949**	**7,554,137**	**5,914,206**	**687,880**	**1,221,050**	**21,146,480**
Net on-statement of financial position	**4,929**	**291,150**	**73,113**	**257,630**	**312,971**	**238,604**	**1,178,397**
Credit commitments	**2,452,315**	**625,414**	**1,090,549**	**541,353**	**29,527**	**135,438**	**4,874,596**

31 December 2013	Dollar	Euro	CFA	Naira	Cedis	Others	Total
Assets							
Cash and balances with central banks	135,279	135,100	727,227	1,429,428	165,074	285,760	2,877,868
Loans and advances to banks	693,051	304,868	96,946	143,442	68,931	4,912	1,312,150
Loans and advances to customers	2,528,621	149,420	5,254,265	2,339,163	502,327	647,809	11,421,605
Financial assets held for trading	–	–	1,464	113,367	–	86	114,917
Derivative financial instruments	26	1,500	–	139,820	–	–	141,346
Treasury bills and other eligible bills	–	–	353,154	389,076	222,420	163,277	1,127,927
Investment securities–available-for-sale	230,305	872	794,339	501,402	231,004	135,568	1,893,489
Pledged assets	–	–	–	1,135,434	–	–	1,135,434
Other assets	120,543	11,996	152,823	180,517	23,903	39,224	529,006
Total financial assets	**3,707,825**	**603,756**	**7,380,218**	**6,371,648**	**1,213,659**	**1,276,636**	**20,553,742**
Liabilities							
Deposits from banks	303,830	31,639	123,538	35	156,429	91,483	706,953
Due to customers	2,683,139	187,610	6,137,479	5,786,554	787,838	907,284	16,489,904
Other deposits	2,666	–	673,091	–	–	2,203	677,960
Derivative financial instruments	1,443	11	–	–	–	–	1,454
Other borrowed funds	692,950	–	76,132	484,053	10,615	39,656	1,303,406
Other liabilities	105,357	17,066	146,152	482,169	72,625	57,735	881,105
Total financial liabilities	**3,789,385**	**236,326**	**7,201,385**	**6,752,811**	**1,027,508**	**1,098,361**	**20,060,782**
Net on-statement of financial position	**(81,560)**	**367,430**	**178,833**	**(381,162)**	**186,152**	**178,275**	**492,960**
Credit commitments	**1,875,868**	**499,726**	**1,265,436**	**665,860**	**28,046**	**514,902**	**4,849,838**

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(All amounts in thousands of US dollars unless otherwise stated)

Currency Sensitivity Analysis

ETI periodically performs sensitivity analysis to determine the impact on Group earnings resulting from a potential appreciation of the United States Dollars (USD) relative to the currencies to which the Group has major exposure namely; CFA Franc (FCFA), the Euro (EUR), the Nigerian Naira (NGN) and the Ghana Cedi (GHS). The results using data as of 31 December 2014 are shown in the table below.

	2014			2013		
Overall Impact						
Projected Appreciation of the USD	5%	10%	20%	5%	10%	20%
Estimated Impact on Earnings ($ Million)	3.8	7.6	15.3	3.0	6.1	12.1
Impact for Naira						
Projected Appreciation of the USD	5%	10%	20%			
Estimated Impact on Earnings ($ Million)	1.8	3.7	7.4			

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. The Group's derivatives will be settled on a net basis.

As at 31 December 2014	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	398,038	–	–	–	–	3,148,505	3,546,543
Loans and advances to banks	1,362,652	103,055	115,667	32,849	1,313	266,965	1,882,501
Loans and advances to customers	3,068,888	1,679,930	1,518,104	4,544,131	1,500,589	–	12,311,642
Financial assets held for trading	–	279,077	288	69	–	–	279,434
Derivative financial instruments	10,307	58,554	57,941	–	–	120,862	247,664
Treasury bills and other eligible bills	177,151	552,246	501,374	43,548	1,801	–	1,276,120
Investment securities–available-for-sale	206,570	99,285	154,537	449,587	525,601	–	1,435,580
Pledged assets	75,394	618,930	22,239	205,049	110,534	–	1,032,146
Other assets	6,097	25,088	166,048	1,262	2,469	112,283	313,248
Total financial assets	**5,305,097**	**3,416,166**	**2,536,198**	**5,276,495**	**2,142,307**	**3,648,615**	**22,324,878**
Liabilities							
Deposits from banks	94,371	113,479	451,043	29,266	–	224,682	912,841
Due to customers	5,482,432	1,333,590	1,387,890	730,643	24,103	8,478,312	17,436,970
Other deposits	569,310	–	–	1,769	–	2,221	573,300
Derivative financial instruments	20,234	244	–	–	–	–	20,478
Borrowed funds	43,358	60,328	37,254	216,431	1,113,732	69,161	1,540,264
Other liabilities	2,041	290,342	142,575	18,276	25,831	264,646	743,711
Total financial liabilities	**6,211,746**	**1,797,983**	**2,018,761**	**996,385**	**1,163,666**	**9,039,022**	**21,227,564**
Total interest repricing gap	**(906,650)**	**1,618,182**	**517,437**	**4,280,110**	**978,641**	**(5,390,407)**	

As at 31 December 2013	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	1,002,433	23,295	–	–	–	1,852,142	2,877,868
Loans and advances to banks	838,840	76,722	47,495	43,376	256,161	49,556	1,312,150
Loans and advances to customers	3,116,308	1,905,340	1,763,717	3,329,760	1,306,480	–	11,421,605
Financial assets held for trading	–	31,609	82,115	1,193	–	–	114,917
Derivative financial instruments	854	657	14	–	–	139,821	141,346
Treasury bills and other eligible bills	105,037	203,916	658,637	160,337	–	–	1,127,927
Investment securities–available-for-sale	46,922	31,747	336,490	580,764	897,567	–	1,893,489
Pledged assets	434,905	362,324	144,876	123,564	69,765	–	1,135,434
Other assets	22,443	12,660	318,151	4,614	–	171,138	529,006
Total financial assets	**5,567,742**	**2,648,269**	**3,351,495**	**4,243,607**	**2,529,973**	**2,212,657**	**20,553,742**
Liabilities							
Deposits from banks	340,934	27,030	183,518	17,164	–	138,307	706,953
Due to customers	5,638,633	1,118,671	915,414	877,987	90,426	7,848,773	16,489,904
Other deposits	674,945	–	–	1,952	1,063	–	677,960
Derivative financial instruments	789	651	14	–	–	–	1,454
Borrowed funds	56,328	3,931	1,124	862,999	364,144	14,879	1,303,406
Other liabilities	253,365	18,776	395,279	38,311	–	175,374	881,105
Total financial liabilities	**6,964,994**	**1,169,059**	**1,495,349**	**1,798,414**	**455,633**	**8,177,332**	**20,060,782**
Total interest repricing gap	**(1,397,252)**	**1,479,206**	**1,856,148**	**2,445,193**	**2,074,339**	**(5,964,675)**	

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Interest Rate Sensitivity Analysis

The Group performs a periodic analysis of the sensitivity of its one-year projected earnings to an increase or decrease in market interest rates assuming a parallel shift in yield curves and a constant balance sheet position and the results using data as of 31 December 2014 are shown below.

2014

Projected Change in Interest Rates	25 basis points Increase	50 basis points Increase	100 basis points Increase	25 basis points decrease	50 basis points decrease	100 basis points decrease
Estimated Impact on Earnings ($ Million)	3.2	6.4	12.8	-3.2	-6.4	(12.8)

2013

Projected Change in Interest Rates	25 basis points Increase	50 basis points Increase	100 basis points Increase	25 basis points decrease	50 basis points decrease	100 basis points decrease
Estimated Impact on Earnings ($ Million)	7.8	15.7	31.3	-7.8	-15.7	-31.3

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 2014	Up to 1 month	1 -3 months	3–12 months	1–5 years	Over 5 years	Total
Assets						
Cash and balances with central banks	3,523,876	18,573	4,094	–	–	3,546,543
Loans and advances to banks	1,955,901	142,605	425,401	88,691	–	2,612,598
Loans and advances to customers	3,572,844	1,810,569	1,642,406	4,955,004	1,472,710	13,453,533
Derivative financial instruments	131,170	58,554	57,941	–	–	247,665
Financial Asset held for trading	3,209	283,507	289	540	–	287,545
Treasury bills and other eligible bills	240,723	542,403	544,096	56,281	–	1,383,503
Investment securities–available-for-sale	100,671	94,667	109,347	825,710	574,883	1,705,278
Pledged assets	76,210	625,629	22,479	207,268	111,730	1,043,316
Other assets	137,147	46,963	278,724	86,418	609	549,862
Total assets (expected maturity dates)	**9,741,750**	**3,623,471**	**3,084,777**	**6,219,912**	**2,159,932**	**24,829,842**
Liabilities						
Deposits from banks	551,082	95,470	389,205	1,526	–	1,037,283
Due to customers	13,629,138	1,435,534	1,503,616	940,488	–	17,508,776
Other deposits	737,747	–	881	1,928	–	740,556
Other borrowed funds	46,296	28,975	55,353	1,216,895	581,870	1,929,389
Other liabilities	299,699	302,409	192,196	237,160	8,000	1,039,464
Derivative financial instruments	20,234	344	–	–	–	20,578
Total liabilities (contractual maturity dates)	**15,284,196**	**1,862,732**	**2,141,251**	**2,397,997**	**589,870**	**22,276,046**
Gap analysis	(5,542,446)	1,760,738	943,527	3,821,915	1,570,062	2,553,796
As at 31 December 2013						
Assets						
Cash and balances with central banks	1,715,716	160,655	7,177	47,612	946,708	2,877,868
Loans and advances to banks	1,332,523	152,978	77,964	29,594	77	1,593,136
Loans and advances to customers	3,188,797	2,147,763	2,034,417	4,181,649	1,531,978	13,084,604
Financial Asset held for trading	4,603	32,081	89,052	3,924	–	129,660
Treasury bills and other eligible bills	108,458	204,427	869,282	47,882	26,099	1,256,148
Investment securities–available-for-sale	51,472	314,749	119,767	1,434,763	348,007	2,268,758
Pledged assets	439,101	372,811	161,883	138,069	77,955	1,189,819
Other assets	272,541	78,947	323,281	25,466	–	700,234
Total assets (expected maturity dates)	**7,112,519**	**3,464,410**	**3,682,823**	**5,908,958**	**2,930,824**	**23,099,535**
Liabilities						
Deposits from banks	581,873	112,490	230,674	8,872	–	933,909
Due to customers	13,535,886	1,284,332	798,033	1,064,284	92,983	16,775,518
Other deposits	675,780	–	–	2,196	1,064	679,040
Borrowed funds	191,464	154,587	4,229	978,198	193,024	1,521,502
Other liabilities	139,078	41,826	441,103	303,980	110	926,097
Total liabilities (contractual maturity dates)	**15,124,081**	**1,593,235**	**1,474,039**	**2,357,531**	**287,181**	**20,836,067**
Gap analysis	(8,011,561)	1,871,175	2,208,784	3,551,428	2,643,643	2,263,468

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash, central bank balances, items in the course of collection and treasury and other eligible bills; loans and advances to banks; loans and advances to customers and other assets. In the normal course of business, a proportion of customer loans and advances contractually repayable within one year will be extended. The Group would also be able to meet unexpected net cash outflows by selling investment securities.

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Offsetting
At 31 December 2014

	Gross amount	Gross amount set-off on SOFP	Net amount presented on SOFP	Related amount not set-off on SOFP	Net amount
Derivative financial assets					
• forwards	16,059	–	16,059	–	16,059
• swaps	110,743	–	110,743	–	110,743
• options	120,862	–	120,862	–	120,862
Derivative financial liabilities					
• forwards	3,417	–	3,417	–	3,417
• swaps	17,061	–	17,061	–	17,061
• options	–	–	–	–	–
At 31 December 2013					
Derivative financial assets					
• forwards	1,525	–	1,525	–	1,525
• options	139,821	–	139,821	–	139,821
Derivative financial liabilities					
• forwards	1,454	–	1,454	–	1,454
• options	–	–	–	–	–

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 2014	No later than 1 year	Over 1 years	Total
Loan commitments	153,944	33,426	187,370
Guarantees, acceptances and other financial facilities	3,530,577	1,156,649	4,687,226
Total	**3,684,521**	**1,190,075**	**4,874,596**
At 31 December 2013			
Loan commitments	234,270	59,639	293,909
Guarantees, acceptances and other financial facilities	3,273,764	1,282,165	4,555,929
Total	**3,508,034**	**1,341,804**	**4,857,104**

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 measured at fair value on the group's consolidated statement of financial position.

	Carrying value		Fair value	
	2014	2013	2014	2013
Financial assets:				
Cash and balances with central banks	3,546,543	2,877,868	3,546,543	2,877,868
Loans and advances to banks	1,882,501	1,312,150	2,612,598	1,541,263
Loans and advances to customers	12,311,642	11,421,605	13,453,533	11,650,868
Other assets (excluding prepayments)	313,248	529,006	313,248	529,006
Financial liabilities:				
Deposits from banks	912,841	706,953	1,037,283	988,280
Due to customers	17,436,970	16,489,904	18,473,364	16,605,661
Other deposits	573,300	677,960	740,556	931,904
Other liabilities (excluding deferred income)	743,711	881,105	743,711	881,105
Borrowed funds	1,540,264	1,303,406	1,929,389	1,504,674

All the fair values are determined using the Level 2 fair value hierarchy

(i) Cash
The carrying amount of cash and balances with banks is a reasonable approximation of fair value

(ii) 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.

(iii) 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.

(iv) Deposit from banks, due to customers and other deposits
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.

(v) Deposit from banks, due to customers and other deposits
For those notes where quoted market prices are not available, a discounted cash flow model is used based on a current yield curve appropriate for the remaining term to maturity.

(vi) Other assets
The bulk of these financial assets have short term (less than 12 months) maturities and their amounts are a reasonable approximation of fair value

(vii) Other liabilities
The carrying amount of financial liabilities in other liabilities is a reasonable approximation of fair value

(b) Fair value hierarchy
IFRS 13 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.

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 2014			31 December 2013		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Treasury and other eligible bills	480,785	795,335	–	330,816	797,111	–
Financial Asset held for trading	131,733	147,701	–	113,454	1,463	–
Derivative financial instruments	–	247,664	–	–	141,346	–
Pledged assets	–	1,032,146	–	–	1,135,434	–
Investment securities–available-for-sale (AFS)	620,340	705,083	110,157	760,554	1,026,482	106,453
Total financial assets	**1,232,858**	**2,927,929**	**110,157**	**1,204,824**	**3,101,837**	**106,453**
Derivative financial instruments	–	20,478	–	–	1,454	–
Total financial liabilities	**–**	**20,478**	**–**	**–**	**1,454**	**–**

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(All amounts in thousands of US dollars unless otherwise stated)

There are no movements between Level 1 and Level 2. The following table presents the changes in Level 3 instruments for the available for sale securities:

	2014	2013
	Level 3	Level 3
Opening balance	106,453	85,427
Transfer into Level 3*	–	8,900
Gains and losses recognised in profit or loss	–	–
Gains and losses recognised in other comprehensive income	3,704	12,126
Closing balance	**110,157**	**106,453**
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	–	–

*In 2013, Cappa D'Alberto was transferred from level 2 hierarchy to level 3. This follows from a change in the method of valuation of the unquoted securities. In the prior period, valuation was measured in relation to the quoted price of similar companies in the same industry. EV/EBITDA method of valuation was considered more appropriate in the current period in line with IFRS 13 guidelines on the determination of fair value. Fair value loss on the valuation of Cappa D'Alberto has been recognised in other comprehensive income.

Level 3 fair value measurement

The table below sets out information about significant unobservable value inputs used at year end in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Type of financial instrument	Fair value as at 31 Dec 2014	Valuation technique	Significant unobservable input	Range of estimates for unobservable input	Fair value measurement sensitivity to unobservable inputs
Airtel Network Limited (Airtel)	90,941	Comparable multiples	EV/EBITDA multiple	4.00%–11.60%	Significant increase in multiple would result in a higher fair value. An increase in multiple by 1 will result in increase in fair value by $28 million.
Cappa d'Alberto	12,789	Comparable multiples	EV/EBITDA multiple	2.0%–6.0%	Significant increase in multiple would result in a higher fair value. An increase in multiple by 1 will result in increase in fair value by $1 million.
Compagnie Aerienne ASKY S.A	6,427	Discounted cash flow	Weighted average cost of capital	11.5%–12.0%	Significant increase in WACC rate would result in a lower fair value. An increase in multiple by 1 will result in increase in fair value by $0.1 million.

(c) Financial instrument classification

At 31 December 2014	Assets at fair value through profit or loss	Loans and receivables	Available-for-sale financial assets	Liabilities at fair value through profit or loss	Liabilities at amortized cost	Total
Assets						
Cash and balances with central banks	–	3,546,543	–	–	–	3,546,543
Financial assets held for trading	279,434	–	–	–	–	279,434
Derivative financial instruments	247,664	–	–	–	–	247,664
Loans and advances to banks	–	1,882,501	–	–	–	1,882,501
Loans and advances to customers	–	12,311,642	–	–	–	12,311,642
Treasury bills and other eligible bills	–	–	1,276,120	–	–	1,276,120
Investment securities: available-for-sale	–	–	1,435,580	–	–	1,435,580
Pledged assets	–	–	1,032,146	–	–	1,032,146
Other assets, excluding prepayments	–	313,248	–	–	–	313,248
Total	**527,098**	**18,053,934**	**3,743,846**	**–**	**–**	**22,324,878**
Liabilities						
Deposits from banks	–	–	–	–	912,841	912,841
Due to customers	–	–	–	–	17,436,970	17,436,970
Other deposits	–	–	–	–	573,300	573,300
Derivative financial instruments	–	–	–	20,478	–	20,478
Borrowed funds	–	–	–	–	1,540,264	1,540,264
Other liabilities, excluding non-financial liabilities	–	–	–	–	743,711	743,711
Total	**–**	**–**	**–**	**20,478**	**21,207,086**	**21,227,564**

At 31 December 2013	Assets at fair value through profit or loss	Loans and receivables	Available-for-sale financial assets	Liabilities at fair value through profit or loss	Liabilities at amortized cost	Total
Assets						
Cash and balances with central banks		2,877,868				2,877,868
Financial assets held for trading	114,917					114,917
Derivative financial instruments	141,346					141,346
Loans and advances to banks		1,312,150				1,312,150
Loans and advances to customers		11,421,605				11,421,605
Treasury bills and other eligible bills			1,127,927			1,127,927
Investment securities: available-for-sale			1,893,489			1,893,489
Pledged assets			1,135,434			1,135,434
Other assets, escluding prepayments		529,006				529,006
Total	**256,263**	**16,140,629**	**4,156,850**	**–**	**–**	**20,553,742**
Liabilities						
Deposits from banks					706,953	706,953
Due to customers					16,489,904	16,489,904
Other deposits					677,960	677,960
Derivative financial instruments				1,454		1,454
Borrowed funds					1,303,406	1,303,406
Other liabilities, excluding non-financial liabilities					881,105	881,105
Total	**–**	**–**	**–**	**1,454**	**20,059,328**	**20,060,782**

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(All amounts in thousands of US dollars unless otherwise stated)

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 arsing 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 2014 and 2013. During those two years, the individual entities within the Group complied with all of the externally imposed capital requirements to which they are subject.

	2014	2013
Tier 1 capital		
Share capital	1,979,523	1,409,001
General bank reserves	325,957	117,399
Statutory reserve	339,729	185,270
Retained earnings	550,680	574,768
Non-controlling interests	204,260	198,212
Less: goodwill	(367,984)	(433,167)
Total qualifying Tier 1 capital	**3,032,165**	**2,051,484**
Tier 2 capital		
Redeemable preference shares	115,973	116,515
Convertible loans (including liability and equity portions)	92,303	466,816
Eurobond Nigeria	244,655	–
Revaluation reserve – available-for-sale investments	(80,432)	(41,027)
Total qualifying Tier 2 capital	**372,499**	**542,304**
Less investments in associates	16,773	21,993
Total regulatory capital	**3,387,891**	**2,571,794**
Risk-weighted assets:		
On-statement of financial position	15,607,177	14,785,153
Off-statement of financial position	974,919	969,968
Total risk-weighted assets	**16,582,096**	**15,755,120**
Basel ratio	**20.4%**	**16.3%**
Tier I	**18.3%**	**13.0%**

The increase of the capital in the year of 2014 is mainly due to contribution of the current-year profit and share capital increase.

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 porfolio. 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. 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.

if the decline in fair value below cost of available for sale equity investments had been considered significant or prolonged, an additional impairment loss of $ 39.5 millions would have been recognised.

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) Goodwill impairment

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.6. These calculations require the use of estimates. The recoverable amount of all CGUs has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period are extrapolated using the estimated growth rates. By adjusting the three main estimates (cashflows, growth rate and discount rates) by 10%, no impairment charge on goodwill will arise.

e) Retirement benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the group considers the interest rates of high-quality bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

The Group is of the opinion that there is no deep market in Corporate Bonds in Nigeria and as such assumptions underlying the determination of discount rate are referenced to the yield on Nigerian Government bonds of medium duration, as compiled by the Debt Management Organisation.

Other key assumptions for pension obligations are based in part on current market conditions.

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f) Revaluation of property, plant and equipment

Fair value is derived by applying internationally acceptable and appropriately benchmarked valuation techniques such as depreciated replacement cost or market value approach.

The depreciated replacement cost approach involves estimating the value of the property in its existing use and the gross replacement cost. For this appropriate deductions are made to allow for age, condition and economic or functional obsolescence, environmental and other factors that might result in the existing property being worth less than a new replacement.

The market value approach involves comparing the properties with identical or similar properties, for which evidence of recent transaction is available or alternatively identical or similar properties that are available in the market for sale making adequate adjustments on price information to reflect any differences in terms of actual time of the transaction, including legal, physical and economic characteristics of the properties.

Level 2 fair values of land and building have been derived using the sales comparison approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.

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 erstwhile geography based structure and now constitutes the operating segments of the group. This was further streamlined in 2012 with the combination of Corporate Bank and Investment Bank. In 2014, we split the Corporate Bank and Investment Bank in two segments : Corporate & Investment Bank and Treasury.

The group operating segments are described below:

a) Domestic Bank

Focuses on serving local companies, small and medium scale enterprises, government and government agencies and the retail market.

b) Corporate and Investment Bank

Corporate Bank focuses on providing one-stop banking services to multinationals and regional companies, financial institutions and international organisations across network of the group. Investment Bank constitutes the treasury, corporate finance and asset management business. This unit provides value-added solutions primarily to corporate clients and governments.

c) Treasury

This unit provides value-added solutions (FX, fixed income and money market activities) primarily to Corporate & Investment Bank and Domestic Bank clients.

Apart from Domestic Bank, Corporate & Investment Bank and Treasury segment, our non-banking affiliates other than the EDC group are aggregated under 'others'.

All revenues are external revenues. Attributing revenue to geographical areas is based on affiliate geaographical position and activities. The reconciling items are intercompany adjustments : mainly elimination of intra group dividend income and other intercompany assets and liabilities.

Segment assets and liabilities comprise operating assets and liabilities, being the majority of the statement of financial position, but exclude items such as taxation and borrowings.

5. Segment Analysis (continued)

The following table shows the Group's performance by business segments.

At 31 December 2014	Treasury	Corporate and Investment Bank	Domestic Bank	Others	Total Group segment
Net interest income	58,681	406,100	694,800	(50,173)	1,109,408
Net fees and commission income	7,843	249,576	395,319	48,704	701,442
Other income	463,644	11,549	24,842	246,182	746,217
Operating income	**530,168**	**667,225**	**1,114,961**	**244,713**	**2,557,067**
Impairment losses	(11,877)	(105,041)	(150,043)	(45,943)	(312,905)
Operating expenses	(227,346)	(297,823)	(871,726)	(194,995)	(1,591,884)
Operating profit	**290,945**	**264,361**	**93,193**	**3,775**	**652,278**
Share of profit of associates	(1)	–	–	–	(1)
Profit before tax from continuing operations	290,944	264,361	93,193	3,775	652,277
Total assets	**9,805,290**	**6,858,571**	**5,374,809**	**3,331,570**	**25,370,240**
Total liabilities	**4,605,844**	**7,089,838**	**10,266,527**	**3,032,039**	**24,994,248**
Other segment items					
Depreciation and amortisation	22,392	24,381	51,956	27,956	126,685
At 31 December 2013					
Net interest income	66,618	369,240	663,547	(48,647)	1,050,758
Net fees and commission income	14,796	229,621	349,174	46,367	639,958
Other income	312,305	8,404	29,420	196,118	546,247
Operating income	**393,719**	**607,265**	**1,042,141**	**193,838**	**2,236,963**
Impairment losses	(4,523)	(55,550)	(316,148)	(47,018)	(423,239)
Operating expenses	(187,283)	(263,692)	(858,699)	(159,214)	(1,468,888)
Operating profit	**201,913**	**288,023**	**(132,706)**	**(12,394)**	**344,836**
Share of profit of associates	20	–	–	–	20
Profit before tax from continuing operations	201,933	288,023	(132,706)	(12,394)	344,856
Total assets	**5,946,352**	**4,162,742**	**12,957,996**	**3,665,521**	**26,732,611**
Total liabilities	**2,363,758**	**5,922,384**	**10,893,535**	**3,513,035**	**22,692,712**
Other segment items					
Depreciation and amortisation	26,754	28,183	54,585	25,376	134,898

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5. Segment Analysis (continued)

Reconciliation of segment results of operations to consolidated results of operations

At 31 December 2014	Total management reporting	Consolidation adjustments	Total consolidation
Net interest income	1,109,408	–	1,109,407
Net fees and commission income	701,442	40,722	660,720
Other income	746,217	236,463	509,754
Operating income	**2,557,067**	**277,185**	**2,279,881**
Impairment losses	(312,905)	(45,945)	(266,960)
Operating expenses	(1,591,884)	(100,750)	(1,491,134)
Operating profit	**652,278**	**130,489**	**521,788**
Share of profit of associates	(1)	2,238	(2,239)
Profit before tax from continuing operations	**652,277**	**132,727**	**519,549**
Total assets	**25,370,240**	**1,126,678**	**24,243,562**
Total liabilities	**24,994,248**	**3,405,771**	**21,588,477**
At 31 December 2013			
Net interest income	1,050,758	–	1,050,758
Net fees and commission income	639,958	38,812	601,146
Other income	546,247	194,695	351,552
Operating income	**2,236,963**	**233,507**	**2,003,456**
Loan impairment charges	(423,239)	(46,509)	(376,730)
Operating expenses	(1,468,888)	(63,924)	(1,404,964)
Operating profit	**344,836**	**123,074**	**221,762**
Share of profit of associates	20	4	16
Profit before tax from continuing operations	**344,856**	**123,078**	**221,778**
Total assets	**26,732,611**	**4,200,158**	**22,532,453**
Total liabilities	**22,692,712**	**2,294,907**	**20,397,805**

The reconciling items are intercompany adjustments mainly elimination of intra group dividend income, intercompany assets and liabilities and other adjustments for consolidation.

5. Segment Analysis (continued)

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 except Cape Verde. This region currently includes subsidiaries in Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Mali, Niger, Senegal, Togo and Guinea Bissau.

ii) Nigeria region is made up of Ecobank 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, 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 except Sao Tome. Cameroon, Chad, Central Africa, Congo Brazaville, Gabon, Sao Tome and Equatorial Guinea are the only countries currently included in this segment.

v) Eastern Africa Community (EAC) comprises of Burundi, Kenya, Rwanda, Tanzania, Uganda and South Sudan.

vi) Southern Africa Development Co-operation (SADC) comprises of Democratic Republic of Congo, Malawi, Zambia, Zimbabwe and Mozambique.

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 Management 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.

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(All amounts in thousands of US dollars unless otherwise stated)

5. Segment Analysis (continued)

Segment results of operations

The segment information provided to the Group Executive Board for the reportable segments for the year ended 31 December 2014 is as follows:

At 31 December 2014	UEMOA	Nigeria	WAMZ	Central Africa	East Africa	Southern Africa	Others	Total
Net interest income	250,674	495,620	230,936	86,282	43,710	42,357	(40,171)	1,109,408
Net fees and commission income	134,536	239,014	86,686	71,146	26,426	44,083	99,551	701,442
Other income	87,236	254,521	64,800	41,262	14,624	15,268	268,506	746,217
Operating income	472,446	989,155	382,422	198,690	84,760	101,708	327,886	2,557,067
Loan impairment charges	(45,200)	(176,502)	(18,381)	(13,180)	(3,866)	(7,911)	(47,865)	(312,905)
Operating expenses	(286,585)	(588,312)	(188,690)	(128,022)	(80,875)	(78,139)	(241,261)	(1,591,884)
Operating profit	**140,661**	**224,341**	**175,351**	**57,488**	**19**	**15,658**	**38,760**	**652,278**
Share of profit of associates	–	-	205	(207)	-	-	-	(1)
Profit before tax from continuing operations	140,661	224,341	175,556	57,281	19	15,658	38,760	652,277
Taxation	(26,661)	(6,002)	(51,239)	(25,823)	815	(6,486)	(6,628)	(122,024)
Profit after tax	**114,000**	**218,339**	**124,317**	**31,458**	**834**	**9,172**	**32,132**	**530,253**
Total assets	**6,762,908**	**9,672,634**	**2,711,718**	**2,344,813**	**1,131,066**	**744,950**	**4,847,997**	**28,216,086**
Total liabilities	**6,353,098**	**8,516,389**	**2,382,041**	**2,190,678**	**953,613**	**606,032**	**2,259,220**	**23,261,071**
At 31 December 2013								
Net interest income	234,704	469,826	235,269	83,700	34,420	32,603	(39,764)	1,050,758
Net fees and commission income	126,668	210,618	91,166	60,417	19,666	32,962	98,461	639,958
Other income	72,643	138,810	57,045	41,214	13,959	10,341	212,234	546,246
Operating income	434,015	819,254	383,480	185,331	68,045	75,906	270,931	2,236,962
Loan impairment charges	(33,114)	(271,707)	(33,619)	(7,377)	(14,389)	(4,764)	(58,268)	(423,238)
Operating expenses	(274,580)	(538,106)	(193,990)	(122,516)	(77,284)	(58,670)	(203,744)	(1,468,890)
Operating profit	**126,321**	**9,441**	**155,871**	**55,438**	**(23,628)**	**12,472**	**8,919**	**344,834**
Share of profit of associates	(78)	-	261	(163)	-	-	-	20
Profit before tax from continuing operations	126,243	9,441	156,132	55,275	(23,628)	12,472	8,919	344,854
Taxation	(20,880)	23,348	(45,909)	(16,051)	3,881	(4,225)	(5,892)	(65,728)
Profit after tax	**105,363**	**32,789**	**110,223**	**39,224**	**(19,747)**	**8,247**	**3,027**	**279,126**
Total assets	**6,500,712**	**9,231,950**	**3,025,533**	**2,260,341**	**953,915**	**570,418**	**4,090,237**	**26,633,106**
Total liabilities	**6,076,216**	**8,238,967**	**2,692,436**	**2,077,200**	**824,202**	**479,955**	**2,156,499**	**22,545,475**

5. Segment Analysis (continued)

Reconciliation of segment results of operations to consolidated results of operations

At 31 December 2014	Total management reporting	Consolidation adjustments	Total consolidation
Net interest income	1,109,408	–	1,109,407
Net fees and commission income	701,442	40,722	660,720
Other income	746,217	236,463	509,754
Operating income	2,557,067	277,185	2,279,881
Loan impairment charges	(312,905)	(45,945)	(266,960)
Operating expenses	(1,591,884)	(100,750)	(1,491,134)
Operating profit	**652,278**	**130,489**	**521,788**
Share of profit of associates	(1)	2,238	(2,239)
Profit before tax from continuing operations	**652,277**	**132,727**	**519,549**
Taxation	(122,024)	–	(122,024)
Profit after tax	**530,253**	**132,727**	**397,525**
Total assets	**28,216,086**	**3,972,524**	**24,243,562**
Total liabilities	**23,261,071**	**1,672,594**	**21,588,477**

At 31 December 2013			
Net interest income	1,050,758	–	1,050,758
Net fees and commission income	639,958	38,812	601,146
Other income	546,246	194,694	351,552
Operating income	2,236,962	233,506	2,003,456
Loan impairment charges	(423,238)	(60,610)	(362,628)
Operating expenses	(1,468,890)	(63,926)	(1,404,964)
Operating profit	**344,834**	**108,970**	**235,864**
Share of profit of associates	20	4	16
Profit before tax from continuing operations	**344,854**	**108,974**	**235,880**
Taxation	(65,728)	–	(65,728)
Profit after tax	**279,126**	**108,974**	**170,152**
Total assets	**26,633,106**	**4,100,653**	**22,532,453**
Total liabilities	**22,545,475**	**2,147,670**	**20,397,805**

Notes to consolidated financial statements

(All amounts in thousands of US dollars unless otherwise stated)

6. Net interest income

Year ended 31 December	2014	2013
Interest income		
Loans and advances to banks	42,384	43,658
Loans and advances to customers:		
• Corporate Bank	627,348	542,190
• Domestic Bank	720,848	616,280
Treasury bills and other eligible bills	183,749	234,244
Investment securities–available for sale	114,956	133,271
Financial assets held for trading	41,492	29,369
Others	851	744
	1,731,628	**1,599,756**
Interest expense		
Deposits from banks	34,312	8,767
Due to customers:		
• Corporate Bank	174,358	156,150
• Domestic Bank	254,589	277,830
Borrowed funds	158,568	101,589
Others	394	4,662
	622,221	**548,998**

7. Net fee and commission income

Year ended 31 December	2014	2013
Fee and commission income		
Credit related fees and commissions	281,939	251,177
Corporate finance fees	32,634	27,873
Portfolio and other management fees	7,579	7,813
Brokerage fees and commissions	2,854	4,398
Cash management and related fees	272,359	241,489
Card management fees	79,886	64,056
Other fees	21,971	29,742
	699,222	**626,548**
Fee and commission expense		
Brokerage fees paid	3,924	2,933
Other fees paid	34,578	22,469
	38,502	**25,402**

8. Net trading income

Year ended 31 December	2014	2013
Foreign exchange	382,183	228,999
Trading income on securities	80,465	79,961
	462,648	**308,960**

9. Net gain/(loss) from investment securities

Year ended 31 December	2014	2013
Derecognition of available-for-sale financial assets	5,864	–
Impairment of available-for-sale equity securities	(794)	(1,581)
	5,070	**(1,581)**

10. Other operating income

Year ended 31 December	2014	2013
i) Lease income		
Equipment	12,536	12,371
Motor vehicles	392	374
Other leased assets	3	214
	12,931	**12,959**
ii) Dividend income		
Trading securities	36	87
Available-for-sale securities	3,900	3,523
	3,936	**3,610**
iii) Others		
Fair value gain/(loss) on investment properties	699	(8,472)
Gain on bargain purchase (Note 45)	568	–
(Loss)/Profit on sale of property and equipment	(960)	1,755
Others	24,862	34,321
	25,169	**27,604**
Total other operating income	**42,036**	**44,173**

11. Impairment losses on loans and advances

Year ended 31 December	2014	2013
Provision for loan impairment (Note 20)	441,088	485,245
Provisons no longer required (Note 20)	(211,776)	(122,617)
	229,312	**362,628**

12. Impairment losses on other financial assets

Year ended 31 December	2014	2013
Impairment charge on doubtful receivables (Note 24)	37,648	14,102

Notes to consolidated financial statements

(All amounts in thousands of US dollars unless otherwise stated)

13. Operating expenses

Year ended 31 December	2014	2013
a) Staff expenses		
Salaries, allowances and other compensation	576,102	572,549
Social security costs	46,190	48,909
Pension costs:		
• defined contribution plans	17,801	13,747
Other post retirement benefits (Note 37)	9,001	4,254
	649,094	639,459
b) Depreciation and amortisation		
Depreciation of property and equipment (Note 27)	101,215	110,379
Amortisation of software and other intangibles (Note 26)	25,470	24,519
	126,685	134,898
c) Other operating expenses		
Directors' emoluments	1,517	1,652
Impairment charges on property and equipment (Note 27)	27	–
Restructuring costs	227	326
Social responsibility	4,169	4,084
Rent and utilities	72,745	70,376
Insurance	48,518	48,980
Advertising and promotion	30,363	31,164
Professional fees	106,544	79,729
Operational losses and fines	49,373	45,328
Communications and technology	138,336	110,531
Business travels	26,233	32,869
AGM and board activities	5,732	5,248
Training	10,140	7,886
Employee activities	16,042	16,332
Repairs and maintenance	55,717	55,121
Supplies and services	23,076	23,684
Allocated cost	5,091	4,324
Cash transportation	20,212	17,150
Fuel	13,486	20,071
Other taxes	17,975	12,314
Non capitalised items	481	1,375
Pre-opening expenses	186	112
Listing fees	2,263	2,973
Banking resolution sinking fund cost (AMCON)	40,390	31,351
Other administrative expenses	26,511	7,627
Total	**715,354**	**630,607**
Total operating expenses	**1,491,133**	**1,404,964**

14. Taxation

Year ended 31 December	2014	2013
Current income tax	123,614	94,687
Deferred income tax (Note 36)	(1,590)	(28,959)
	122,024	**65,728**

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 36. 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	519,549	221,778
Tax calculated at local tax rates applicable to profits in the respective countries	121,863	96,902
Tax impact on income not subject to tax	(7,106)	(16,731)
Tax impact on expenses not deductible for tax purposes:	25,375	27,135
Utilisation of previously unrecognised tax losses	(18,108)	(41,578)
Income tax expense	**122,024**	**65,728**

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.

Year ended 31 December	2014	2013
Profit attributable to equity holders of the Company from continuing operations	339,351	102,932
Profit attributable to equity holders of the Company from discontinued operations	(1,488)	(7,391)
Weighted average number of ordinary shares in issue (in thousands)	18,581,599	17,028,399
Basic earnings per share (expressed in US cents per share) from continuing operations	1.83	0.60
Basic earnings per share (expressed in US cents per share) from discontinued operations	(0.01)	(0.04)

Notes to consolidated financial statements

(All amounts in thousands of US dollars unless otherwise stated)

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 company has two categories of dilutive potential ordinary shares: convertible debts and share options granted to employees.

The convertible debt is assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less the tax effect. For the share options, a calculation is made 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.

Year ended 31 December	2014	2013
Profit attributable to equity holders of the company from continuing operations	339,351	102,932
Interest expense on dilutive convertible loans	9,644	22,368
Adjusted profit	348,995	125,300
Profit attributable to equity holders of the company from discontinued operations	(1,488)	(7,391)
Interest expense on dilutive convertible loans	–	–
Adjusted profit	(1,488)	(7,391)
Weighted average number of ordinary shares in issue (in thousands)	18,581,599	17,028,399
Adjustment for dilutive convertible loans	1,684,747	5,325,753
Adjustment for share option	77,550	86,973
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	20,343,897	22,441,125
Dilutive earnings per share (expressed in US cents per share) from continuing operations	1.72	0.56
Dilutive earnings per share (expressed in US cents per share) from discontinued operations	(0.01)	(0.03)

16. Cash and balances with central banks

At 31 December	2014	2013
Cash in hand	690,151	711,228
Balances with central banks other than mandatory reserve deposits	863,146	612,485
Included in cash and cash equivalents (Note 42)	1,553,297	1,323,713
Mandatory reserve deposits with central banks	1,993,246	1,554,155
	3,546,543	2,877,868

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. All balances are current.

17. Financial assets held for trading

At 31 December	2014	2013
Debt securities:		
• Government bonds	279,077	114,830
Total debt securities	279,077	114,830
Equity securities		
• Listed	357	87
Total equity securities	357	87
Total financial assets held for trading	279,434	114,917
Current	279,365	113,724
Non current	69	1,193
	279,434	114,917

18. Derivative financial instruments and trading liabilities

The Group uses the following derivative instruments for non-hedging purposes.

Currency forwards represents 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.

Currency and interest rate swaps are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies or interest rate (for example, fixed rate for floating rate). No exchange of principal takes place, except for certain currency swaps. The Group's credit risk represents the potential cost to replace the swap contracts if counterparties fail to perform their obligation. This risk is monitored on an ongoing basis with reference to the current fair value and the liquidity of the market.

	At 31 December 2014			At 31 December 2013		
		Assets			Assets	
	Notional Amount	Assets	Liabilities	Notional Amount	Assets	Liabilities
Currency forwards	424,593	16,059	3,417	373,791	1,525	1,454
Currency swaps	1,261,597	110,743	17,061	–	–	–
Options	162,367	120,862	–	188,732	139,821	–
Total	**1,848,557**	**247,664**	**20,478**	**562,523**	**141,346**	**1,454**

The Group has not designated at initial recognition any financial liability as at fair value through profit or loss.

All derivative financial instruments, other than the options, are current.

19. Loans and advances to banks

At 31 December	2014	2013
Items in course of collection from other banks	70,404	82,154
Deposits with other banks (Note 42)	1,000,838	716,036
Placements with other banks	811,259	513,960
	1,882,501	1,312,150

All loans and advances to banks are current.

Notes to consolidated financial statements

(All amounts in thousands of US dollars unless otherwise stated)

20. Loans and advances to customers

At 31 December	Corporate Bank 2014	Corporate Bank 2013	Domestic Bank 2014	Domestic Bank 2013	Total 2014	Total 2013
a) Analysis by type:						
• Overdrafts	1,277,463	1,378,066	1,239,233	1,225,803	2,516,696	2,603,869
• Credit cards	–	–	6,168	7,131	6,168	7,131
• Term loans	5,669,149	4,986,705	4,323,971	4,200,334	9,993,120	9,187,039
• Mortgage loans	–	–	117,559	191,467	117,559	191,467
• Others	62,928	20,264	–	–	62,928	20,264
Gross loans and advances	7,009,540	6,385,035	5,686,931	5,624,735	12,696,471	12,009,770
Less: allowance for impairment	(154,186)	(89,573)	(230,643)	(498,592)	(384,829)	(588,165)
	6,855,354	**6,295,462**	**5,456,288**	**5,126,143**	**12,311,642**	**11,421,605**
b) Analysis by security:						
Secured against real estate	615,425	444,961	1,258,094	1,480,035	1,873,519	1,924,996
Otherwise secured	4,553,552	3,840,259	2,652,301	2,413,874	7,205,853	6,254,133
Unsecured	1,840,562	2,099,815	1,776,537	1,730,824	3,617,099	3,830,641
	7,009,539	6,385,035	5,686,932	5,624,733	12,696,471	12,009,770
Current					6,630,877	7,208,901
Non current					6,065,594	4,800,866
					12,696,471	**12,009,767**
c) Analysis by performance						
Non-impaired	6,887,297	6,307,773	5,249,254	4,957,424	12,136,551	11,265,197
Impaired	122,243	77,262	437,677	667,310	559,920	744,572
	7,009,540	**6,385,035**	**5,686,931**	**5,624,734**	**12,696,471**	**12,009,769**

c) Movements in loans and advances

Reconciliation of loans and advances by class is as follows:

At 31 December 2014	Corporate Bank Overdrafts	Corporate Bank Term loans	Corporate Bank Others	Domestic Bank Overdrafts	Domestic Bank Credit cards	Domestic Bank Term loans	Domestic Bank Mortgage	Total
At 1 January 2014	1,378,066	4,986,705	20,264	1,225,803	7,131	4,200,334	191,467	12,009,770
Acquistion of subsidiaries	2,379	1,600	–	844	–	16,938	–	21,761
Disbursed during the year	656,690	3,490,961	50,129	710,673	591	1,763,786	92,188	6,765,018
Paid off during the year	(563,228)	(2,040,193)	(997)	(521,892)	(203)	(827,815)	(146,102)	(4,100,430)
Amounts written off as uncollectibles	(738)	(8,422)	–	(17,660)	–	(342,750)	–	(369,570)
Reclassification	8,630	(54,875)	(171)	34,206	–	9,133	3,077	–
Exchange difference	(204,337)	(706,627)	(6,296)	(192,741)	(1,351)	(495,655)	(23,071)	(1,630,078)
At 31 December 2014	**1,277,462**	**5,669,149**	**62,929**	**1,239,233**	**6,168**	**4,323,971**	**117,559**	**12,696,471**

At 31 December 2013	Corporate Bank Overdrafts	Corporate Bank Term loans	Corporate Bank Others	Domestic Bank Overdrafts	Domestic Bank Credit cards	Domestic Bank Term loans	Domestic Bank Mortgage	Total
At 1 January 2013	1,009,330	3,532,760	229,927	1,224,900	11,345	3,695,033	144,122	9,847,417
Disbursed during the year	1,145,101	3,224,338	47,398	413,562	625	5,568,271	50,294	10,449,589
Paid off during the year	(856,285)	(1,765,002)	(277,069)	(361,303)	(4,383)	(4,842,319)	(50,598)	(8,156,959)
Amounts written off as uncollectibles	(16)	(13,340)	–	(80,244)	–	(23,772)	–	(117,372)
Reclassification	2,942	15,779	18,372	91,342	–	(185,668)	57,233	–
Exchange difference	76,994	(7,830)	1,636	(62,454)	(456)	(11,211)	(9,584)	(12,905)
At 31 December 2013	**1,378,066**	**4,986,705**	**20,264**	**1,225,803**	**7,131**	**4,200,334**	**191,467**	**12,009,770**

20. Loans and advances to customers (continued)

d) Allowance for impairment

Reconciliation of allowance account for losses on loans and advances by class is as follows:

At 31 December 2014	Corporate Bank			Domestic Bank				Total
Specific allowance for impairment	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term loans	Mortgage	
At 1 January 2014	12,014	33,609	–	98,880	237	355,710	491	500,941
Acquistion of subsidiaries	–	–	–	–	–	2,355	–	2,355
Provision for loan impairment	17,605	86,978	–	97,470	3,376	182,775	129	388,333
Provisons no longer required	(1,958)	(23,841)	–	(42,351)	(3,572)	(100,033)	(1,162)	(172,917)
Loans written off during the year	(398)	(7,283)	–	(26,860)	–	(335,029)	–	(369,570)
Reclassification	–	–	–	–	–	(12,509)	–	(12,509)
Exchange difference	(1,902)	(11,812)	–	(16,256)	(12)	(22,654)	1,059	(51,577)
At 31 December 2014	**25,361**	**77,651**	**–**	**110,883**	**29**	**70,615**	**517**	**285,056**

At 31 December 2014	Corporate Bank			Domestic Bank				Total
Collective allowance for impairment	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term loans	Mortgage	
At 1 January	8,260	35,660	31	9,193	67	32,584	1,429	87,224
Provision for loan impairment	1,257	12,283	53	14,734	60	23,257	1,111	52,755
Provisions no longer required	(245)	(987)	–	(10,511)	(64)	(26,404)	(648)	(38,859)
Reclassification	(977)	2,702	(1)	(1,662)	–	12,901	(454)	12,509
Exchange difference	(1,022)	(6,039)	199	(1,358)	(10)	(5,463)	(163)	(13,856)
At 31 December 2014	7,273	43,619	282	10,396	53	36,875	1,275	99,773
Total allowance for impairment	**32,634**	**121,270**	**282**	**121,279**	**82**	**107,490**	**1,792**	**384,829**

At 31 December 2014	Corporate Bank			Domestic Bank				Total
Specific allowance for impairment	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term loans	Mortgage	
At 1 January 2013	2,435	21,485	–	150,385	4,516	164,869	8,950	352,640
Acquistion of subsidiaries	–	–	–	–	–	–	–	–
Provision for loan impairment	9,364	39,750	–	90,290	–	269,923	2,636	411,963
Provisons no longer required	(3,008)	(12,192)	–	(27,532)	(4,114)	(30,861)	(2,962)	(80,669)
Loans written off during the year	(16)	(13,340)	–	(80,244)	–	(23,772)	–	(117,372)
Exchange difference	3,239	(2,094)	–	(34,019)	(165)	(24,449)	(8,133)	(65,621)
At 31 December 2013	**12,014**	**33,609**	**-**	**98,880**	**237**	**355,710**	**491**	**500,941**

At 31 December 2014	Corporate Bank			Domestic Bank				Total
Collective allowance for impairment	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term loans	Mortgage	
At 1 January 2013	4,622	17,570	–	8,525	–	22,820	296	53,833
Provision for loan impairment	4,274	15,247	30	12,973	67	39,727	964	73,282
Provisions no longer required	(514)	(76)	–	(12,187)	(70)	(28,764)	(337)	(41,948)
Exchange difference	(122)	2,919	1	(118)	70	(1,199)	506	1,054
At 31 December 2013	8,260	35,660	31	9,193	67	32,584	1,429	87,224
Total allowance for impairment	**20,274**	**69,269**	**31**	**108,073**	**304**	**388,294**	**1,920**	**588,165**

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(All amounts in thousands of US dollars unless otherwise stated)

20. Loans and advances to customers (continued)

At 31 December Loans and advances to customers include finance lease receivables analysed below.	2014	2014
Gross investment in finance leases, receivable		
No later than 1 year	–	58
Later than 1 year and no later than 5 years	4,262	2,450
	4,262	2,508
Unearned future finance income on finance leases	(495)	(376)
Net investment in finance leases	3,767	2,132
The net investment in finance lease may be analysed as follows:		
No later than 1 year	–	427
Later than 1 year and no later than 5 years	3,767	1,705
	3,767	2,132

21. Treasury bills and other eligible bills

At 31 December	2014	2013
Maturing within three months (Note 42)	731,796	308,953
Maturing after three months	544,324	818,974
	1,276,120	**1,127,927**
Current	1,230,771	967,590
Non current	45,349	160,337
	1,276,120	**1,127,927**

Treasury bills and other eligible bills are debt securities issued by the government of various countries in which the Group operates.

22. Investment securities

At 31 December	2014	2013
Securities available-for-sale		
Debt securities–at fair value:		
• listed	559,785	730,632
• unlisted	694,356	938,689
Total	1,254,141	1,669,321
Equity securities–at fair value:		
• listed	10,345	29,922
• unlisted	181,453	205,035
Total	191,798	234,957
Total securities available-for-sale before impairment	1,445,939	1,904,278
Allowance for impairment	(10,359)	(10,789)
Total securities available-for-sale	1,435,580	1,893,489
Current	460,392	415,159
Non current	975,188	1,478,330
	1,435,580	1,893,489

The Group has not reclassified any financial asset measured at amortised cost to fair value during the year. (2013: nil)
The movement in impairment allowance on securities available-for-sale may be summarised as follows:

	2014	2013
At 1 January	10,789	37,438
Additional provision	794	1,581
Reclassification	–	(19,355)
Exchange differences	(1,224)	(8,875)
At 31 December	**10,359**	**10,789**

23. Pledged assets

At 31 December	2014	2013
Treasury bills	540,524	880,495
Government bonds	491,622	254,939
	1,032,146	**1,135,434**
Pledged assets have been stated at fair values		
Current	716,564	942,105
Non-current	315,582	193,329
	1,032,146	**1,135,434**

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(All amounts in thousands of US dollars unless otherwise stated)

24. Other assets

At 31 December	2014	2013
Fees receivable	22,215	13,401
Accounts receivable	350,832	463,274
Prepayments	173,070	160,907
Sundry receivables	21,526	108,980
	567,643	746,562
Impairment charges on receivable balances	(81,325)	(56,649)
	486,318	689,913
Current	463,563	657,632
Non-current	22,755	32,281
	486,318	689,913
The movement in impairment allowance on other assets may be summarised as follows:		
1 January	56,649	52,445
Increase in impairment	37,648	14,102
Write-off	(12,972)	(9,898)
At 31 December	**81,325**	**56,649**

25. Investment in associates

At 31 December	2014	2013
At 1 January	21,993	7,530
Disposal	(1,359)	–
Share of results	(2,239)	16
Reclassification	–	13,714
Exchange differences	(1,621)	733
At 31 December	**16,773**	**21,993**

Investment in associates balances are non-current.

25. Investment in associates (continued)

	At 31 December 2014			At 31 December 2013					
	OLD MUTUAL Life insurance	OLD MUTUAL General insurance	EB-ACCION Ghana	EB-ACCION Cameroon	EB-ACCION Ghana	EB-ACCION Cameroon	SOFIPE	OLD MUTUAL Life insurance	OLD MUTUAL General insurance
Current assets	29,196	23,431	10,997	9,339	13,604	8,714	3,985	27,969	27,841
Non-current assets	1,530	11,023	839	1,251	1,019	753	253	714	12,476
Total assets	**30,726**	**34,454**	**11,836**	**10,589**	**14,623**	**9,467**	**4,238**	**28,682**	**40,318**
Liabilities	14,201	10,509	9,237	9,176	11,006	7,410	1,636	12,532	8,672
Total Liabilities	**14,201**	**10,509**	**9,237**	**9,176**	**11,006**	**7,410**	**1,636**	**12,532**	**8,672**
Revenues	4,107	10,755	6,219	317	7,145	2,461	655	2,997	–
Profit after tax	(7,434)	48	350	(450)	470	(354)	(163)	(3,242)	–

None of the associates are listed. There were no published price quotations for any associates of the Group. Furthermore, there are no significant restrictions on the ability of associates to transfer funds to the Group in the form of cash dividends or repayment of loans and advances. These associates are strategic to the Group. The ACCION entities are microfinance banks while Old Mutual entities are in life and general insurance businesses.

	At 31 December 2014			At 31 December 2013		
	Principal place of business/Country of incorporation	Net assets of associate	Share Holding (Direct and Indirect)	Country of incorporation	Net assets of associate	Share Holding (Direct and Indirect)
EB-ACCION	Ghana	2,600	39.78%	Ghana	3,617	39.78%
EB-ACCION	Cameroon	1,413	47.00%	Cameroon	2,058	47.00%
				SOFIPE Burkina Faso	2,602	40.80%
OLD MUTUAL Life insurance	Nigeria	16,525	30.00%	Nigeria	16,150	30.00%
OLD MUTUAL General insurance	Nigeria	23,945	30.00%	Nigeria	31,646	30.00%

Reconciliation of summarised financial information to the carrying amount of its interests in associates

At 31 December 2014	OLD MUTUAL Life insurance	OLD MUTUAL General insurance	SOFIPE Burkina	EB-ACCION Ghana	EB-ACCION Cameroon	Total
Opening net assets	16,150	31,646	2,602	3,617	2,058	56,072
Profit/(loss) for the year	(7,434)	48	29	350	(450)	(7,457)
Disposal of associates	–	–	(2,631)	–	–	(2,631)
Exchange differences	7,808	(7,748)	–	(1,367)	(195)	(1,502)
Closing net assets	**16,525**	**23,945**	**–**	**2,600**	**1,413**	**44,482**
Interest in associates	4,957	7,184	–	1,034	664	13,839
Notional goodwill	(1,724)	520	–	1,725	2,413	2,934
Carrying value	**3,233**	**7,704**	**–**	**2,759**	**3,077**	**16,773**
At 31 December 2013						
Opening net assets	–	–	2,602	3,617	2,058	8,276
Profit/(loss) for the year	(3,242)	–	(163)	470	(354)	(3,289)
New associates	16,150	31,646	–	–	–	47,796
Exchange differences	3,242	–	163	(470)	354	3,289
Closing net assets	**16,150**	**31,646**	**2,602**	**3,617**	**2,058**	**56,072**
Interest in associates	4,845	9,494	1,062	1,439	967	17,806
Notional goodwill	1,112	(1,740)	89	1,792	2,933	4,187
Carrying value	**5,957**	**7,754**	**1,151**	**3,231**	**3,900**	**21,993**

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26. Intangible assets

At 31 December	2014	2013
Goodwill		
At 1 January	433,167	433,167
Acquisition of subsidiary	5,396	–
Exchange differences	(70,579)	–
At 31 December	367,984	433,167

Goodwill is tested annually for impairment, or more frequently when there are indications that impairment may have occurred. There was no impairment identified in 2014 (2013: nil).

At 31 December	2014	2013
Software costs		
At 1 January	63,581	69,982
Purchase	10,874	17,158
Amortisation (Note 13)	(25,469)	(24,519)
Exchange differences	(6,713)	960
At 31 December	**42,273**	**63,581**
Total intangible assets	**410,257**	**496,748**

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill acquired through business combinations is allocated to cash-generating units (CGUs). The recoverable amounts of the CGUs have been determined based on the value-in-use calculations; using cash flow projections based on the financial budgets approved by senior management covering a period of three years.

The goodwill is arising on acquisitions in the following subsidiaries:

At 31 December	2014	2013
Ecobank Nigeria (Oceanic Bank)	331,222	386,749
Ecobank Ghana (The Trust Bank)	12,629	24,199
Ecobank Rwanda	5,468	6,930
Ecobank Zimbabwe	6,550	6,550
SOFIPE	4,751	–
Ecobank Chad	2,832	2,962
Ecobank Central Africa	1,743	1,860
Ecobank Burundi	1,208	1,592
Ecobank Sierra Leone (ProCredit)	834	1,056
Ecobank Malawi	209	700
Ecobank Burkina Faso	537	569
	367,984	433,167

The calculation of value-in-use was based on the following key assumptions:

- the cash flows were projected based on the Bank's approved budget. The cash flows were based on past experiences and were adjusted to reflect expected future performances of the company putting into consideration the country's gross domestic product. To test the sensitivity of this assumption, with a stressed decrease in cashflows by 10%, the goodwill will not impaired.
- a terminal growth rate of between 3% and 8.6% were applied in determining the terminal cash flows depending on the country the entity is domiciled. To test the sensitivity of this assumption, with a stressed terminal growth rate of 0%, the goodwill will not impaired.
- discount rates of averaging 17.1%, representing pre-tax weighted average cost of capital (WACC), was applied in determining the value in use. The growth rate used to extrapolate terminal cash flows for goodwill impairment testing is consistent with long term average growth rate for industry and countries.To test the sensitivity of this assumption, with a stressed increase in discount rate by 10%, the goodwill will not impaired.
- the Group expects that through this acquisition, it would create synergy that enhances its ability to tap into opportunities in the respective countries where the entities are domiciled;
- The key assumptions described above may change as economic and market conditions change. The Group estimates that reasonably possible changes in these assumptions would not cause the recoverable amount of either CGU to decline below the carrying amount.

Notes to consolidated financial statements

(All amounts in thousands of US dollars unless otherwise stated)

27. Property and equipment

	Motor Vehicles	Land and Buildings	Furniture and Equipment	Installations	Construction in progress	Total
At 1 January 2013						
Cost or Valuation	104,530	588,175	499,320	114,336	137,842	1,444,203
Accumulated depreciation	73,525	106,440	348,123	54,799	–	582,886
Net book amount	**31,005**	**481,735**	**151,197**	**59,537**	**137,842**	**861,316**
Year ended December 2013						
Opening net book amount	31,005	481,735	151,197	59,537	137,842	861,316
Additions	10,674	54,696	65,987	21,831	10,689	163,877
Revaluation	–	2,493	–	–	–	2,493
Disposals – cost	(6,349)	(15,639)	(12,936)	(13,344)	(8,167)	(56,435)
Disposals–accumulated depreciation	7,026	2,785	5,845	4,056	–	19,712
Reclassifications–cost	–	10,163	1,663	6,135	(17,961)	–
Reclassifications–accumulated depreciation	–	74	(415)	340	–	–
Depreciation charge	(10,933)	(19,434)	(65,812)	(14,200)	–	(110,379)
Exchange rate adjustments	(477)	(7,316)	(2,068)	2,178	(756)	(8,439)
Closing net book amount	**30,947**	**509,556**	**143,460**	**66,535**	**121,647**	**872,145**
At 31 December 2013/1 January 2014						
Cost or Valuation	105,139	631,401	544,746	132,660	121,647	1,535,593
Accumulated depreciation	74,192	121,845	401,286	66,125	–	663,448
Net book amount	**30,947**	**509,556**	**143,460**	**66,535**	**121,647**	**872,145**
Year ended December 2014						
Opening net book amount	30,947	509,556	143,460	66,535	121,647	872,145
Acquisition of subsidiaries	70	9,632	2,633	236	–	12,570
Additions	7,806	18,787	78,542	30,760	45,545	181,440
Revaluation	–	112,179	–	–	–	112,179
Disposals – cost	(4,077)	(10,150)	(19,734)	(7,037)	(3,461)	(44,459)
Disposals – accumulated depreciation	4,313	4,257	5,141	36	–	13,747
Reclassifications – cost	–	2,137	–	1,053	(3,190)	–
Reclassifications – accumulated depreciation	–	(394)	–	394	–	–
Impairment charge	–	(27)	–	–	–	(27)
Depreciation charge	(9,759)	(17,370)	(58,073)	(16,013)	–	(101,215)
Exchange rate adjustments	(2,307)	(77,674)	(18,161)	(8,230)	(19,319)	(125,691)
Closing net book amount	**26,993**	**550,933**	**133,808**	**67,734**	**141,222**	**920,690**
At 31 December 2014						
Cost	97,380	550,933	534,529	142,108	141,222	1,466,172
Accumulated depreciation	70,387	–	400,721	74,374	–	545,482
Net book amount	**26,993**	**550,933**	**133,808**	**67,734**	**141,222**	**920,690**

An independent valuation of the group's land and buildings was performed by valuers to determine the fair value of the land and buildings as at 31 December 2014. The revaluation surplus net of applicable deferred income taxes was credited to other comprehensive income and is shown in 'revaluation reserve – property and equipment' in shareholders equity (note 40).

Fair value is derived by applying internationally acceptable and appropriately benchmarked valuation techniques such as depreciated replacement cost or market value approach. The depreciated replacement cost approach involves estimating the value of the property in its existing use and the gross replacement cost. For this appropriate deductions are made to allow for age, condition and economic or functional obsolescence, environmental and other factors that might result in the existing property being worth less than a new replacement.

The market value approach involves comparing the properties with identical or similar properties, for which evidence of recent transaction is available or alternatively identical or similar properties that are available in the market for sale making adequate adjustments on price information to reflect any differences in terms of actual time of the transaction, including legal, physical and economic characteristics of the properties.

27. Property and equipment (continued)

If land and buildings were stated at historical costs, the amounts would be as follows:

	2014	2013
Cost	557,836	631,401
Accumulated depreciation	119,082	121,845
Net book amount	**438,754**	**509,556**

28. Investment property

At 31 December	2014	2013
1 January	168,048	196,588
Additions	484	11,519
Fair value gains	699	(8,472)
Disposal	(26)	(32,252)
Exchange rate adjustments	(1,038)	665
At 31 December	168,167	168,048

The following amounts have been recognised in the income statement:

	2014	2013
Rental income	1,360	1,611
Direct operating expenses arising from investment properties that generate rental income	(632)	(539)
Fair value gains / (losses)	699	(8,472)
	1,427	(7,401)

Investment properties are carried at fair value. The valuation of investment properties has been done using the level 2 technique (inputs other than quoted prices that are observable for the asset or liability). The values have been derived using the sales comparison approach. The fair value of investment property is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

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29. Held for sale and discontinued operations

The assets and liabilities of Union Bank of Cameroon (UBC) have been classified as held for sale in line with IFRS 5 (Non current assets held for sale and discontinued operations). UBC was acquired as part of the Oceanic transaction in 2011 but was deemed as non-core to ETI's operations. Regulatory approval has been obtained for the sale and it is expected to be completed during 2015. UBC is classified under 'others' in the segment reporting. The assets and performance reviewed by the CODM does not include assets held for sale.

At 31 December	2014	2013
a) Assets classified as held for sale		
Cash and balances with central banks	68,189	61,296
Treasury bills and other eligible bills	18,470	20,922
Loans and advances to banks	93	7,273
Loans and advances to customers	13,474	16,482
Investment securities–available for sale	12,635	23,713
Intangible assets	37	33
Property and equipment	1,351	2,013
Deferred income tax assets	2,143	2,435
Other assets	225	1,957
	116,617	136,123
b) Liabilities classified as held for sale		
Deposits from banks	643	1,079
Due to customers	118,187	134,779
Other liabilities	6,389	6,937
Current income tax liabilities	–	80
Retirement benefit obligation	822	742
Deferred income tax liabilities	3,220	3,615
	129,261	147,232
c) Profit from discontinued operations		
Revenue	5,319	10,443
Costs	(7,692)	(11,735)
Loss before tax of discontinued operations	(2,373)	(1,292)
Taxation	(381)	1,330
(Loss)/Profit from discontinued operations after tax	(2,755)	38
Loss on disposal (**)	–	(8,315)
Loss from discontinued operations (*)	(2,755)	(8,277)

(*) The results of discontinued operations for 2014 relates to the performance of UBC as assets held for sale.

	2014	2013
Loss attributable to:		
Owners of the parent	(1,488)	(7,391)
Non controlling interests	(1,267)	(886)
	(2,755)	(8,277)
Cash and Flow statement		
Cash flow from operating activities	3,882	14,034
Cashflow from investing activities	8,096	(23,457)
Cashflow from financing activities	–	–
Total cashflows	**11,978**	**(9,423)**

29. Held for sale and discontinued operations (continued)

d) Disposal of businesses

In 2013, ETI sold majority interests in some Oceanic entities.These entities were acquired as part of the Oceanic transaction in 2011 but were deemed as non-core assets. Oceanic Life was disposed in January 2013, Oceanic Health in June 2013, Oceanic Insurance and Oceanic Homes in November 2013.

At 31 December	2014	2013
Total assets	–	91,422
Total liabilities	–	31,738
Net assets at date of disposal	–	59,684
Net proceeds from disposal	–	37,537
Fair value of net assets retained	–	13,832
Profit/(loss) from disposal	–	(8,315)

30. Deposits from other banks

At 31 December	2014	2013
Operating accounts with banks	710,644	562,282
Deposits from other banks	202,197	144,671
	912,841	706,953

All deposits from banks are current and have variable interest rates.

31. Due to customers

At 31 December	2014	2013
Corporate Bank		
• Current accounts	4,211,970	3,670,418
• Term deposits	2,958,922	1,925,951
	7,170,892	5,596,369
Domestic Bank		
• Current accounts	5,373,141	4,612,885
• Term deposits	2,292,317	3,668,329
• Savings deposits	2,600,620	2,612,321
	10,266,078	10,893,535
Total	**17,436,970**	**16,489,904**
Current	8,203,912	7,672,718
Non current	9,233,058	8,817,186
	17,436,970	16,489,904

Customer deposits carry variable interest rates.

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31. Due to customers (continued)

At 31 December 2014	Corporate Bank		Domestic Bank			Total
	Current account	Term deposits	Current account	Term deposits	Savings	
At 1 January	3,670,418	1,925,951	4,612,885	3,668,329	2,612,321	16,489,904
Additions	5,165,733	1,489,217	7,219,977	226,274	796,776	14,897,976
Acquisition of subsidiaries	8,470	20	18,130	7,100	1,638	35,359
Withdrawals	(4,025,508)	(164,549)	(6,748,057)	(397,091)	(436,202)	(11,771,407)
Reclassification	19,501	–	(19,501)	–	–	–
Exchange difference	(626,644)	(291,717)	(263,039)	(659,549)	(373,913)	(2,214,862)
At 31 December 2014	**4,211,970**	**2,958,922**	**5,373,141**	**2,292,317**	**2,600,620**	**17,436,970**

At 31 December 2013	Corporate Bank		Domestic Bank			Total
	Current account	Term deposits	Current account	Term deposits	Savings	
At 1 January	3,094,973	1,444,278	5,578,911	2,209,264	2,293,052	14,620,478
Additions	2,845,875	702,479	7,277,060	1,573,389	700,748	13,099,551
Withdrawals	(2,228,043)	(215,485)	(8,112,678)	(83,809)	(320,348)	(10,960,363)
Reclassification	16,646	–	(16,646)	–	–	–
Exchange difference	(59,033)	(5,321)	(113,763)	(30,515)	(61,131)	(269,763)
At 31 December 2013	**3,670,418**	**1,925,951**	**4,612,884**	**3,668,329**	**2,612,321**	**16,489,903**

32. Other deposits

At 31 December	2014	2013
Other money-market deposits	573,217	677,628
Certificates of deposits	83	332
	573,300	677,960

All other deposits are current and have variable interest rates.

33. Borrowed funds

	At 31 December	2014	2013
a	Nedbank	–	285,000
b	Bank of Industry of Nigeria (BOI)	307,267	282,263
c	Eurobond Nigeria	244,655	–
d	Deutsche Bank	198,683	–
e	Standard Chartered Bank, Nigeria	151,176	–
f	4% Convertible preference shares	115,973	109,794
g	African Development Bank (AfDB)	70,103	–
h	Societe de Promotion et Participation pour la Coopération Economique (PROPARCO)	79,266	82,320
i	Opec Fund for International Development (OFID)	30,546	35,077
j	International Finance Corporation	85,669	203,336
k	European Investment Bank	91,614	114,716
l	Standard Chartered Bank, Nigeria to Bewcastle	40,000	45,000
m	Keystone Bank, Nigeria	25,000	20,000
n	Central Bank of Nigeria	1,999	11,393
o	Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V (FMO)	7,656	17,678
p	Caisse Régionale de Refinancement Hypothécaire (CRRH)	14,588	19,332
	Atlantic Coast Regional Fund (ACRF)	13,875	11,297
	Social Security and National Insurance Trust	1,404	2,016
	Banque Ouest-Africaine de Dévelopment (BOAD)	1,349	3,893
	Export Development Investment Fund (EDIF) Ghana	5,010	6,383
	East African Development Bank (EADB) Kenya	5,513	2,900
q	Other loans	48,919	51,006
		1,540,264	1,303,406
	Current	185,415	61,384
	Non current	1,354,849	1,242,022
		1,540,264	1,303,406

a) NEDBANK loan was a convertible loan to ETI. It was repayable at once, at the end of 2014 if the share subscription option was not exercised. On 2 October 2014, the loan was converted into new ETI shares.

b) The Bank of Industry (BOI) loan to Ecobank Nigeria represents CBN (Central Bank of Nigeria) intervention funds on-lent to some of the Bank's customers in the manufacturing sector through Bank of industry (BOI). The fund is administered at an all-in interest rate of 7% per annum payable on a quarterly basis. The maximum tenor of the facility is 15 years.

c) Eurobond loan to Ecobank Nigeria represents Subordinated Tier 2 Note of $250 million Fixed Rate Limited Recourse Participation Notes maturing in 2021. The Note has a tenure of 7 years while interest of 8.5% on the notes will be payable semi-annually in arrear in each year commencing 14 August 2014.

d) Deutsche Bank AG loan to ETI is a, one year, senior unsecured loan facility of $200 million. Interest rate is based on 6 month LIBOR rate plus margin of 5.5% payable annualy.

e) Standard Bank loan to Ecobank Nigeria represents a short term loan of $150 million Bilateral Facility from Commerzbank, MASHREQ Bank, Standard Chartered and others. The facility has a tenure of one year, interest of 3% + 90 days LIBOR is payable quarterly while the principal repayment is at maturity on 29 October 2015.

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33. Borrowed funds (continued)

f) In 2011, ETI issued 1.07 billion units of convertible, redeemable and cumulative preference shares to the shareholders of Oceanic Bank International Limited at US$0.1032 per share. Dividend is payable on the preference shares at the higher of 4% per annum and proposed ordinary dividend per share.

g) The AfDB (African Development Bank) loan to ETI is repayable over three and half (3.5) years, in full in two (2) equal installments from 2017. Interest rate is based on 6 month LIBOR rate plus margin of 3.65% and payable at half-yearly intervals on 1st February and 1st August of each year.

h) Societe De Promotion et De Participation Pour La Cooperation Economique S.A. (PROPARCO1) is repayable in eleven (11) equal semi annual installments starting from 2014 to 2019. Interest is payable semi-annually at either a fixed rate or a floating rate determined at the instance of the lender.

(PROPARCO2) During the year 2013, ETI obtained additional US$50 million loan from Proparco. The loan is repayable in 17 installments starting from 2016 to 2024. Interest is payable semi-annually at a floating rate LIBOR 6 Month.

i) Opec Fund for International Development (OFID) Loan is a convertible and subordinated loan repayable, over 8 years, in seven (7) equal semi-annual installments starting from 2016. Interest rate is based on 6 month LIBOR rate plus margin of 5.75% payable semi-annually. The subsidiaries that benefitted from this loan are: Ecobank Senegal, Cameroon, Kenya and Cote d'Ivoire.

j) International Finance Corporation (IFC) Loan is a convertible and subordinated loan repayble in thirteen (13) equal semi-annual installments starting from 2015. The subsidiaries that benefitted from this loan are: Ecobank Benin, Burkina, Guinea Bissau, Mali, Niger, Senegal, Togo, Gambia, Ghana, Sierra Leone, Cameroun, Central African Republic, Chad, Rwanda, and Nigeria. There were other IFC loans to Ecobank Nigeria and Ecobank Ghana expiring on 2013 and 2015 respectively and attracting interest rates of LIBOR+2.75% and LIBOR+3% respectivley.

k) European Investment Bank (I) Loan is repayable in ten equal semi-annual instalments which started from 2010. Interest is payable semi-annually at an annual rate of 2.4% plus 6 month LIBOR. European Investment Bank (II) Loan is a convertible and subordinated loan repayable in ten equal semi-annual instalments which started from 2010. The subsidiaries that benefitted from this loan are: Ecobank Burkina, Cote d'Ivoire, DR Congo, Ghana, Guinea Bissau, Mali, Rwanda, Chad, Senegal, Togo, Uganda, and Zambia.

l) The loan from Standard Chartered Bank Nigeria was obtained by Bewcastle Limited for a tenor of 36 months with interest rate at 90day LIBOR plus 7%.

m) The loan from Keystone Bank Nigeria was obtained by Bewcastle Limited for a tenor of 36 months with interest rate at 90day LIBOR plus 7%.

n) Central Bank of Nigeria loan represents 7-year intervention funds for on-lending to a customer of the Bank in the agricultural sector. The funds are administered at a maximum interest rate of 9% per annum.

o) 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.

p) Caisse Régionale de Refinancement Hypothécaire loan to Ecobank Cote d'Ivoire is repayable over (10) years in 20 equal semi-annual instalments which started from 2014. Interest is payable semi-annually at an annual rate of 6%. The loan is maturing in 2023.

q) The Group also received other loans in several of our subsidiaries with interest ranging between 3% and 5% with maximum maturity of 10 years.

33. Borrowed funds (continued)

Analysis of the convertible loans

The convertible loans are presented in the consolidated statement of financial position as follows:

Name of Institution	Contract interest rate	Effective interest rate	Tenor (Years)	Face value	Amount
European Investment Bank (II)	4.267% + 6 months Libor	5.47%	7	68,205	54,850
Opec Fund for International Development	5.75% + 6 months Libor	6.53%	8	30,000	30,546
Preference share	4%	5.43%	5	110,071	115,973
				208,276	**201,369**

At 31 December	2014	2013
Initial recognition:		
• Face value of convertible bond issued	208,276	568,456
• Equity conversion component net of deferred tax liability (Note 40)	(10,503)	(25,635)
Liability component	**197,773**	**542,821**
The convertible bond is presented in the statement of financial position as follows:		
Liability component	195,003	544,634
Interest expense	9,051	31,780
Interest paid	(2,685)	(18,718)
Liability component at 31 December	**201,369**	**557,696**
Summary of subordinated loans		
European Investment Bank (II)	54,850	68,252
Opec Fund for International Development	30,546	30,598
International Finance Corporation	70,110	138,063
	155,506	**236,913**

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34. Other liabilities

At 31 December	2014	2013
Accrued income	57,862	44,993
Unclaimed dividend	3,330	1,676
Accruals	238,862	299,308
Obligations under customers' letters of credit	49,610	45,246
Bankers draft	68,506	52,151
Accounts payable	367,369	389,805
Others	16,034	92,919
	801,573	926,098

Other liabilities are expected to be settled within no more than 12 months after the reporting date.

35. Provisions

	2014	2013
At 1 January	28,511	26,040
Additional provisions charged to income statement	10,495	13,319
Provision no longer required	(1,345)	(388)
Utilised during year	(8,346)	(4,618)
Exchange differences	(2,947)	(5,842)
At 31 December	26,368	28,511

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.

36. 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 31 December	2014	2013
At 1 January	(80,475)	(35,463)
Income statement charge	(1,590)	(28,959)
Available-for-sale securities (directly in OCI):		
• fair value remeasurement	(984)	(11,801)
Revaluation of property and equipment (directly in OCI)	40,181	517
Exchange differences	(4,837)	(2,591)
At 31 December	**(47,705)**	**78,297**

	2014	2013
Deferred income tax assets and liabilities are attributable to the following items:		
Deferred income tax liabilities		
Accelerated tax depreciation	3,004	6,675
Available-for-sale securities	1,328	2,693
Revaluation of property and equipment	53,632	30,408
Provision for loan impairment (recovery)	3,158	3,813
Other temporary differences	4,283	861
	65,405	**44,450**
Deferred income tax assets		
Pensions and other post retirement benefits	324	51
Provisions for loan impairment	10,996	25,587
Other provisions	4,363	1,637
Tax loss carried forward	26,170	26,725
Other temporary differences	56,181	60
On untilised capital allowances	127	16
On revaluation PPE	78	17,035
Available-for-sale securities	14,871	–
On Impairment of assets	–	51,636
	113,110	**122,747**
Deferred tax liabilities		
• To be recovered within 12 months	21,736	18,622
• To be recovered after more than 12 months	43,669	25,828
	65,405	44,450
Deferred tax assets		
• To be recovered within 12 months	18,893	18,893
• To be recovered after more than 12 months	94,217	103,854
	113,110	122,747
The deferred tax charge in the income statement comprises the following temporary differences:		
Accelerated tax depreciation	(3,671)	(157)
Provision for loan impairment (recovery)	(655)	(362)
Pensions and other post retirement benefits	(273)	229
Allowances for loan losses	14,591	(20,788)
Other provisions	(2,726)	(1,456)
Tax losses carry forward	555	–
Other temporary differences	3,422	(4,486)
Exchange differences	(12,833)	(1,939)
	(1,590)	**(28,959)**

Deferred income tax assets are recognised for tax losses carried forward only to the extent that realisation of the related tax benefit is probable.

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36. Deferred income taxes (continued)

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:

	2014			2013		
	Gross	Tax	Net	Gross	Tax	Net
Fair value gains/loss on available for sale	(40,389)	984	(39,405)	(52,486)	11,801	(40,685)
Revaluation gains/loss on property and equipment	112,179	(40,181)	71,998	2,493	(517)	1,976
	71,790	**(39,197)**	**32,593**	**(49,993)**	**11,284**	**(38,709)**

37. Retirement benefit obligations

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 2.22. The Group operates a post employment gratuity payment scheme. The amounts recognised in the statement of financial position are as follows:

At 31 December	2014	2013
Present value of funded obligations	47,257	47,648
Fair value of plan assets	(43,950)	(45,017)
	3,307	2,631
Present value of unfunded obligations	9,650	5,388
Liability in the statement of financial position	12,957	8,019

In 2014, the movement in the defined benefit obligation over the year is as follows :

	2014			2013		
	Present value of obligation	Fair value of plan assets	Total	Present value of obligation	Fair value of plan assets	Total
At 1 January	**53,036**	**(45,017)**	**8,019**	**43,719**	**(36,499)**	**7,220**
Current service cost	8,927	–	8,927	4,022	–	4,022
Interest expense and income	74	(2,374)	(2,300)	232	(2,121)	(1,889)
	9,001	(2,374)	6,627	4,254	(2,121)	2,133
Remeasurements						
Return on plan assets	–	(175)	(175)	–	(414)	(414)
Actuarial (gain)/losses	739	(1,430)	(691)	570	915	1,485
	739	(1,605)	(866)	570	501	1,071
Exchange difference	(1,735)	5,785	4,050	7,394	(1,876)	5,518
Contributions	–	(4,873)	(4,873)	–	(7,923)	(7,923)
Benefit payments	(4,134)	4,134	–	(2,901)	2,901	–
At 31 December	**56,907**	**(43,950)**	**12,957**	**53,036**	**(45,017)**	**8,019**

The defined benefit obligation and plan assets are composed by regions/countries as follows :

	2014				2013			
	Nigeria	ETI	UEMOA/ CEMAC	Total	Nigeria	ETI	UEMOA/ CEMAC	Total
Present value obligation	33,136	9,650	14,121	**56,907**	33,477	5,388	14,171	**53,036**
Fair value of plan assets	(33,744)	–	(10,205)	**(43,950)**	(34,279)	–	(10,739)	**(45,017)**
Total liability	(609)	9,650	3,916	**12,957**	(801)	5,388	3,432	**8,019**

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(All amounts in thousands of US dollars unless otherwise stated)

37. Retirement benefit obligations (continued)

At 31 December	2014	2013
The amounts recognised in the income statement are as follows:		
Current service cost	8,927	4,022
Net interest cost	74	232
Total included in staff costs	9,001	4,254
Other Comprehensive Income		
Actuarial losses on obligations	(739)	(570)
Actuarial gains/(losses) on plan assets	1,430	(915)
	691	(1,486)

As the plan assets include significant investments in government bonds, the Group is also exposed to interest rate risks and impact of changes monetary policies on bond yields. The defined benefit plan does not have any significant impact on the group's cash flows.

The loss on the defined benefit obligation is largely as a result of the following : change in economic assumptions, higher than expected salaries and demographic experience being different than expected.

	2014
The above factors contributed to the net actuarial loss as follows:	
Actuarial gain/(losses)	
Change in economic assumptions;	(2,669)
Salary Increases	11
Demographic Experience	3,125
Other Miscellaneous items	270
	739

The net actuarial gain on the fair value of plan assets arose as a result of the actual returns on the assets being greater than the calculated expected return on assets.

Plan assets are comprised as follows:

	2014				2013			
	%	Quoted	Unquoted	Total	%	Quoted	Unquoted	Total
Cash	18%	–	8,129	8,129	41%	–	18,456	18,456
Equity instruments	23%	10,205	–	10,205	24%	10,739	–	10,739
Debt instruments (Bonds)	58%	25,615	–	25,615	35%	15,823	–	15,823
	100%	**35,821**	**8,129**	**43,950**	**100%**	**26,562**	**18,456**	**45,017**

37. Retirement benefit obligations (continued)

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:

At 31 December	2014	2013
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	13%	14%
Expected return on plan assets	9%	9%
Future salary increases	5%	5%

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amount below.

31 December 2014	Defined benefit obligation	
(effect in thousand of USD)	Increase	Decrease
Discount rate (1% movement)	(659)	741
Expected salary growth rate (1% movement)	507	–
Dismissal rate (1% movement)	1,842	(1,843)
Exit rate (1% movement)	(747)	833

Gratuity scheme

The Bank has a gratuity scheme for employees who have spent 10 years and above in its employment. An amount of $7.5 million ($8.1 million; 2013) was transferred to the fund adminstrator.

The principal assumptions used for the employees of Ecobank Transnational Incorporated were as follows:

At 31 December	2014	2013
Discount rate	3%	3%
Future salary increases	0%	0%

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38. Contingent liabilities and commitments

a) Legal proceedings

	2014	2013
	59,517	24,005

The Group is a party to various legal actions arising out of its normal business operations. The Directors believe that, based on currently available information and advice of counsel, none of the outcomes that result from such proceedings will have a material adverse effect on the financial position of the Group, either individually or in the aggregate. The amounts that the directors believe will materialize are disclosed in Note 35.

b) Capital commitments

At 31 December 2014, the Group had capital commitments of $22.9m (2013: $28.2m) 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 2014 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:

	2014	2013
Guaranteed commercial papers	207,466	295,415
Documentary and commercial letters of credit	1,775,148	1,761,659
Performance bond, guarantees and indemnities	2,704,612	2,498,855
Loan commitments	187,370	293,909
	4,874,596	**4,849,838**

39. Share capital

	No of shares ('000)	Ordinary shares	Share premium	Treasury shares	Total
At 1 January 2013	17,028,399	430,300	992,000	(13,299)	1,409,001
At 31 December 2013/ 1 January 2014	**17,028,399**	**430,300**	**992,000**	**(13,299)**	**1,409,001**
Proceeds from share subscription:					
• Private placement	2,034,277	50,857	157,519		208,376
• Convertible loans (IFC Funds and Nedbank)	3,316,665	82,917	277,263		360,180
• Share option exercised	425	11	23		34
Treasury shares	70,171			1,932	1,932
At 31 December 2014	**22,449,937**	**564,084**	**1,426,805**	**(11,367)**	**1,979,523**

The total authorised number of ordinary shares at year end was 50 billion (2013: 50 billion) with a par value of US$0.025 per share (2013: US$0.025 per share). Total issued shares as of 31 December 2014 were 22.6 billion shares. The adjustment for treasury shares on consolidation resulted in the share count of 22.4 billion shares.

The movements in the issued shares are as follows :

a) In July 2014, US$75.2 million convertible loan of IFC funds (IFC ALAC Holding Company II and the IFC Capitalization (Equity) Fund, L.P.) was converted into 838,323,352 ordinary shares at a price of US$0.089 per share.

b) In October 2014, US$285 million convertible loan of Nedbank Group was converted into 2,478,341,936 ordinary shares at a price of US$0.1150 per share.

c) In October 2014, a total of 2.0 billion shares were issued for payment to Nedbank Group at a price of US$0.1024 per share.

d) In December 2014, a total of 0.4 million from the staff share option scheme were exercised at a price of 0.08 cents in accordance with terms and conditions of the option scheme.

e) Treasury shares were ETI shares held by subsidiaries and related entities within the Group as at year end. The movement in Treasury shares indicated a sale of treasury shares during the period. The treasury shares count as at 31 December 2014 is 113.6 million shares.

39. Share capital (continued)

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:

At 31 December	2014	2013
At 1 January	422,120	442,070
Exercised	(425)	–
Lapsed	(9,080)	(19,950)
At 31 December	**412,615**	**422,120**

The share options exercised during the year were done at a price of US$0.08.

The range of exercise price of outstanding shares as at 31 December 2013 and 31 December 2014 and the lapsed options is 6 cents to 8 cents (average price 7 cents) while the weighted average remaining life of the outstanding shares as at 31 December 2014 is 2 years. All of the outstanding shares as at 31 December 2014 were exercisable.

Employee share options were granted on 1 January 2007 at a price of US$ 0.08 (restated for share splits) per share and options may be exercised prior to the tenth anniversary of the grant, no later than 31 December 2016. New employee share options totalling 119 million shares were granted on 1 January 2012 with same terms as the previous scheme. Additional share options totalling 100 million shares were also granted on 16 July 2012 with a contractual life of 5 years.

The number of shares outstanding at the end of the year was as follows:

At 31 December	2014	2013
Expiry date:	'000	'000
2016	312,615	322,120
2017	100,000	100,000
	412,615	422,120

For the general employees share option plan, options may be exercised prior to the tenth anniversary of the grant, no later than 31 December 2016.

Measurement of fair values–share options

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using the Black-Scholes formula. The service and non-market performance conditions attached to the transactions were not taken into account in measuring fair value.The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payment plans were as follows.

Fair value of share options and assumptions	2006 scheme	2011 scheme	2012 scheme
Fair value at grant date (US$)	0.056	–	0.012
Share price at grant date (US$)	0.229	0.067	0.063
Exercise price (US$)	0.08	0.08	0.06
Expected volatility	2.68%	2.25%	0.75%
Expected life (number of years)	7	7	4
Expected dividends	10%	10%	6%
Risk-free interest rate	4.68%	0.89%	11.8%

The expected volatility is based on both historical average share price.

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40. Retained earnings and other reserves

At 31 December	2014	2013
Retained earnings	550,680	574,768
Other reserves	(79,378)	(47,333)
	471,302	527,435

a) Retained earnings

Movements in retained earnings were as follows:		
At 1 January	574,768	630,192
Net profit for year	337,863	95,541
Dividend	–	(68,879)
Transfer to general banking reserve	(208,558)	(24,913)
Transfer to statutory reserve	(154,459)	(57,172)
Transfer from share option	1,066	–
At 31 December	**550,680**	**574,768**

b) Other reserves

General banking reserve	325,957	117,399
Statutory reserve	339,729	185,270
Revaluation reserve–Available-for-sale investments	(80,432)	(41,027)
Convertible bond–equity component	10,503	25,635
Revaluation reserve–property and equipment	137,599	65,601
Share option reserve	12,990	14,056
Remeasurements of post-employment benefit obligations	(795)	(1,486)
Translation reserve	(824,929)	(412,781)
	(79,378)	**(47,333)**

Movements in the other reserves were as follows:

i) General banking reserve

At 1 January	117,399	92,486
Transfer from retained earnings	208,558	24,913
At 31 December	**325,957**	**117,399**

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	185,270	128,098
Transfer from retained earnings	154,459	57,172
At 31 December	**339,729**	**185,270**

Statutory reserves represents accumulated transfers from retained earnings in accordance with relevant local banking legislation. These reserves are not distributable.

40. Retained earnings and other reserves (continued)

At 31 December	2014	2013
iii) Share option reserve		
At 1 January	14,056	14,056
Transfer to retained earnings	(1,066)	–
At 31 December	**12,990**	**14,056**

Statutory reserves represents accumulated transfers from retained earnings in accordance with relevant local banking legislation. These reserves are not distributable.

iv) Remeasurements of post-employment benefit obligations		
At 1 January	(1,486)	–
Transfer to retained earnings	691	(1,486)
At 31 December	**(795)**	**(1,486)**
v) Revaluation reserve – available-for-sale		
At 1 January	(41,027)	(342)
Net (loss)/gains transferred to comprehensive income	(5,864)	–
Net gain/loss from changes in fair value	(34,525)	(52,486)
Deferred income taxes (Note 36)	984	11,801
At 31 December	**(80,432)**	**(41,027)**

The revaluation reserve shows the effects from the fair value measurement of available-for-sale investment securities after deduction of deferred taxes.

vi) Convertible bond – equity component		
Movement in equity component of convertibles were as follows:		
At 1 January	25,635	25,501
Arising during the year	–	134
Exercise of the convertible option	(15,132)	–
At 31 December	**10,503**	**25,635**

The equity component of the convertible bond is computed as a residual amount after determining the loan amount using the market rate of an equivalent loan.

vii) Revaluation Reserve – property and equipment		
At 1 January	65,601	63,624
Net gains/(losses) from changes in fair value	112,179	2,493
Deferred income taxes	(40,181)	(517)
At 31 December	**137,599**	**65,601**
viii) Translation reserve		
At 1 January	(412,781)	(356,428)
Currency translation difference arising during the year	(412,148)	(56,353)
At 31 December	**(824,929)**	**(412,781)**

41. 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, no cash dividend in respect of 2014 (2013: nil) is to be proposed.

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42. Cash and cash equivalents

At 31 December	2014	2013
For the purposes of statement of cash flows, cash and cash equivalents comprise the following balances with less than three months maturity.		
Cash and balances with central banks (Note 16)	1,553,297	1,323,713
Treasury bills and other eligible bills (Note 21)	731,796	308,953
Deposits with other banks (Note 19)	1,000,838	716,036
Deposits from other banks (Note 30)	(912,841)	(706,953)
	2,373,090	**1,641,749**

43. Group entities

a) Significant subsidiaries

	Country of incorporation	Ownership interests	
		2014	2013
Ecobank Nigeria Limited	Nigeria	100%	100%
Ecobank Ghana Limited	Ghana	69%	69%
Ecobank Cote d'Ivoire	Cote d'Ivoire	94%	96%
Ecobank Burkina	Burkina Faso	85%	85%
Ecobank Senegal	Senegal	80%	80%
Ecobank Benin	Benin	79%	79%
Ecobank Cameroon	Cameroon	80%	80%
Ecobank Mali	Mali	93%	93%
Ecobank Togo	Togo	82%	82%

b) Non-controlling interests in subsidiaries

The following table summarises the information relating to the Group's subsidiary that has material non-controlling interests (NCI), before any intra-group eliminations.

Entity	Ecobank Ghana		Ecobank Benin		Ecobank Burkina	
NCI percentage	31%	31%	22%	22%	15%	15%
Period	2014	2013	2014	2013	2014	2013
Loans and advances to customers	846,698	983,910	580,359	575,746	664,288	691,503
Investment securities	107,352	228,919	94,674	89,321	105,859	99,562
Other assets	851,283	970,442	345,063	279,198	360,551	319,358
Deposits from customers	1,323,219	1,501,977	712,302	677,476	796,039	798,683
Other liabilities	232,614	425,824	244,545	207,490	255,000	242,203
Net assets	249,500	255,470	63,250	59,299	79,659	69,536
Carrying amount of NCI	77,520	79,375	13,915	13,046	11,949	10,430
Operating income	292,045	295,605	75,518	62,972	71,131	65,458
Profit before tax	152,176	134,302	23,533	20,475	29,770	26,294
Profit after tax	108,943	95,515	19,139	15,648	23,745	20,961
Total comprehensive income	119,902	90,775	25,274	15,760	30,337	17,921
Profit allocated to NCI	33,848	29,677	4,211	3,332	3,562	3,144
Cashflows from operating activities	236,472	87,990	56,237	80,182	70,561	141,992
Cashflows from investing activities	150,090	(101,829)	(19,378)	(29,432)	(21,442)	(50,820)
Cashflows from financing activities	(28,964)	(40,162)	(5,936)	(11,706)	(7,862)	(16,071)
Net increase/(decrease) in cash and cash equivalents	357,597	(54,002)	30,923	39,044	41,257	75,101

43. Group entities (continued)

c) Significant restrictions

The Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the supervisory frameworks within which banking subsidiaries operate. The supervisory frameworks require banking subsidiaries to keep certain levels of regulatory capital and liquid assets, limit their exposure to other parts of the Group and comply with other ratios.

d) Involvement with unconsolidated structured entities

The table below describes the structured entities in which the Group does not hold an interest but is a sponsor. The Group considers itself a sponsor of a structured entity when it facilitates the establishment of the structured entity. These entities were not consolidated in 2014.

Name	Type of structured entity	Nature and purpose	Investment held by the Group
Singularity Africa PCC (incorporated in Mauritius in 2013)	Asset-backed structured entity	a) Provide investors with an exposure to a referenced asset such as a debt instrument b) Generate fees for agent activities and funding for the Group's lending activities.	None
Creative Africa B.V. (incorporated in Netherlands in 2013)	Asset-backed structured entity		None
FCP UEMOA DIVERSIFIE (incorporated in Côte d'Ivoire in 2007)	Asset-backed structured entity		None
FCP UEMOA RENDEMENT (incorporated in Côte d'Ivoire in 2007)	Asset-backed structured entity		None

The table below sets out information for 2014 in respect of structured entities that the Group sponsors, but which the Group does not have an interest.

Asset-backed structured entities	FCP UEMOA DIVERSIFIE	FCP UEMOA RENDEMENT	Singularity Africa PCC	Creative Africa B.V.
Fee income earned from asset-backed structured entities	1,122	250	–	–
Carrying amount of assets transferred by third parties to conduit vehicle	30,899	4,063	34,017	15,560
Carrying amount of the financing received from unrelated third parties	30,129	3,916	33,496	14,475

The carrying value is stated at book value (costs less impairment)

The Group does not have any exposure to any loss arising from these structured entities.

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44. Related party transactions

The related party is the key management personnel, their related companies and close family relations. The key management personnel included directors (executive and non-executive),and other members of the Group Executive Committee.

A number of banking transactions are entered into with related parties in the normal course of business and at commercial terms. 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:

At 31 December Loans and advances to related parties	Directors and key management personnel		Related companies	
	2014	2013	2014	2013
Loans outstanding at 1 January	709	3,568	16,095	134,412
Loans issued during the year	2,370	20,889	53,600	112,960
Loan repayments during the year	161	(7,074)	(4,021)	(219,161)
Exchange difference	(3,114)	(16,674)	(44,201)	(12,116)
Loans outstanding at 31 December	126	709	21,473	16,095
Interest income earned	6	35	644	288

No provisions have been recognised in respect of loans given to related parties (2013: nil).

The loans issued to executive directors during the year and related companies controlled by directors were given on commercial terms and market rates.

At 31 December Deposits from related parties	Directors and key management personnel		Related companies	
	2014	2013	2014	2013
Deposits at 1 January	1,066	14,504	1,062	11,378
Deposits received during the year	11,829	212	1,593	4,165
Deposits repaid during the year	1,331	(12,730)	(638)	(10,414)
Exchange difference	(11,875)	(920)	(2,017)	(4,067)
Deposits at 31 December	2,351	1,066	–	1,062
Interest expense on deposits	35	16	–	16

At 31 December	2014	2013
Directors' remuneration		
Total remuneration of the directors	1,857	1,652
Key management compensation		
Salaries and other short term benefits	6,645	5,935
Included pension cost	543	436

Other related party credits

During the period the Group through its subsidiaries granted various credit facilities to directors and companies whose directors are also directors of ETI at rates and terms comparable to other facilities in the Group's portfolio. An aggregate of US$21.6 million was outstanding on these facilities at the end of the reporting period. The status of performance of each facility is as shown below:

Name of company/ individual	Relationship	Type	Status	Nature of security	Amount
Evelyne Tall	Director	Term loan	Non-impaired	Legal mortgage	126
BIDC	Director related	Bonds	Non-impaired	Unsecured	21,473
					21,599

44. Related party transactions (continued)

Parent

The parent company, which is also the ultimate parent company, is Ecobank Transnational Incorporated

Banking subsidiaries	Ownership interests
Ecobank Congo DRC	100%
Ecobank Guinea Bissau	100%
Ecobank Niger	100%
Ecobank Nigeria	100%
Ecobank Sierra Leone	100%
Ecobank South Sudan	100%
Ecobank Tanzania	100%
Ecobank Uganda	100%
Ecobank Zambia	100%
Ecobank Sao Tomé	99%
Ecobank Gambia	97%
Ecobank Kenya	97%
Ecobank Liberia	96%
Ecobank Mozambique	96%
Ecobank Cape Verde	94%
Ecobank Côte d'Ivoire	94%
Ecobank Mali	93%
Ecobank Rwanda	91%
Ecobank Malawi	90%
Ecobank Congo Brazzaville	89%
Ecobank Burkina Faso	85%
Ecobank Guinea	83%
Ecobank Togo	82%
Ecobank Zimbabwe	81%
Ecobank Cameroon	80%
Ecobank Sénégal	80%
Ecobank Benin	79%
Ecobank Burundi	75%
Ecobank Central Africa	75%
Ecobank Gabon	75%
Ecobank Chad	74%
Ecobank Ghana	69%
Ecobank Guinea Equatoriale	60%
Non Banking subsidiaries	
Ecobank Micro Finance Sierra Leone	100%
EKE Property Limited Kenya	100%
E Process international	100%
EBI SA (France)	100%
Bewcastle	100%
Treasury Bond Protected Investment Company (TBPIC)	100%
ETI Rep Office Nigeria	100%
ECB One	100%
EDC Holding	91%
SOFIPE Burkina	85%
FCP Obligataire	73%

Notes to consolidated financial statements

(All amounts in thousands of US dollars unless otherwise stated)

45. Major business acquisitions

In March 2014, Ecobank Burkina completed the acquisition of SOFIPE by increasing its stake from 48% to 100%. SOFIPE is a micro finance company. The acquired institution contributed revenue and profit of US$0.7 million and US$0.1 million respectively to the Group for period ended 31 December 2014. ETI holds 85% interest in Ecobank Burkina Faso.

In April 2014, ETI completed the acquisition of 96% interest in Procredit Mozambique and susbequently changed the name to Ecobank Mozambique. The acquired institution contributed revenue and loss of US$6.1 million and US$1.5 million respectively to the Group for period ended 31 December 2014.

The details of the fair value of the assets and liabilities acquired and goodwill arising from both acquisitions are as follows:

	SOFIPE		Mozambique	
	Fair values on date of Acquisition	Acquiree's previous carrying value	Fair values on date of Acquisition	Acquiree's previous carrying value
	31 March 2014	31 December 2013	30 April 2014	31 December 2013
Cash and cash equivalent	126	123	6,793	7,109
Loans and advances to banks	178	163	3,282	4,430
Loans and advances to customers	3,868	3,639	17,893	22,984
Investment securities	–	–	239	250
Property, plant and equipment	347	258	12,301	9,005
Other assets	43	25	4,364	5,233
Deposit from customers	(1,769)	(1,559)	(33,589)	(38,349)
Other borrowed funds	–	–	(2,882)	(3,285)
Other liabilities	(162)	(90)	(1,931)	(678)
Net assets acquired	2,631	2,559	6,471	6,697
Cost of acquisition	4,174		5,645	
Non-controlling interest	–		257	
Fair value of previously held equity interest	3,853		–	
Total identifiable net assets	2,631		6,471	
Goodwill (bargain on purchase)	5,396		(568)	
Cost of acquisition (discharged by cash)	4,174		5,645	
Cash and cash equivalents in subsidiaries acquired	126		6,793	
Net cash flow	(4,048)		1,147	

46. Contraventions

Regulatory Body	Infraction	Amount (USD)	Date payment
Nigeria Stock Exchange (Nigeria)	Late disclosure of material information to the Exchange	12,622	June 2014
Securities & Exchange Commission (Nigeria)	Late filing of financial information	180,310	March 2014

47. Events after reporting date

There is no material event after the reporting date including up to the date of signing of the audit report.

Five-year summary financials

(All amounts in thousands of US dollars unless otherwise stated)

	2014	2013	2012	2011	2010
At the year end					
Total assets	24,243,562	22,532,453	19,939,383	17,161,912	10,466,871
Loans and advances to customers	12,311,642	11,421,605	9,440,945	7,359,940	5,264,184
Deposit from customers	17,436,970	16,489,904	14,620,478	12,076,495	7,924,585
Total equity	2,655,085	2,134,648	2,173,917	1,459,336	1,292,610
For the year					
Revenue	2,279,881	2,003,456	1,729,999	1,195,628	899,643
Profit before tax	519,549	221,778	338,029	277,422	169,026
Profit after tax	394,770	147,773	286,732	206,840	131,819
Profit attributable to owners of the parent	337,863	95,541	249,743	182,207	112,716
Earnings per share – basic (cents)	1.83	0.60	1.67	1.76	1.14
Earnings per share – diluted (cents)	1.72	0.56	1.28	1.55	1.13
Dividend per share (cents)	–	–	0.40	0.40	0.40
Return on average equity (%)	16.5	6.9	15.8	15.9	10.4
Return on average assets (%)	1.70	0.73	1.55	1.50	1.40
Cost-to-income ratio (%)	65.4	70.1	71.4	69.6	69.9

* Results for 2012 to 2014 are shown for continuing operations.

Parent Company's financial statements

(All amounts in thousands of US dollars unless otherwise stated)

Statement of comprehensive income

Year ended 31 December	2014	2013
Interest income	17,317	17,321
Finance cost	(58,357)	(64,515)
	(41,040)	(47,194)
Impairment charge on financial assets	(45,941)	(47,017)
Net interest income after impairment charge	**(86,981)**	**(94,211)**
Fees and commission income	42,940	41,838
Fees and commission expense	(2,271)	(748)
Net fees and commission income	**40,669**	**41,090**
Dividend income	132,609	114,817
Other operating income	2,585	3,245
Personnel expense	(34,000)	(26,765)
Depreciation and amortization expense	(6,633)	(6,837)
Other operating expense	(43,081)	(32,122)
Foreign exchange translation gain/(loss)	653	(6,773)
Profit/(loss) for the year	**5,821**	**(7,556)**
Other comprehensive income:		
Items that will be reclassified to profit or loss		
Net valuation gain on available for sale securities	4,124	10,075
Other comprehensive income for the year	**4,124**	**10,075**
Total comprehensive income for the year	**9,945**	**2,519**

Statement of financial position

As at 31 December	2014	2013
Assets		
Loans and advances to banks	352,677	292,698
Investment in securities: available-for-sale	115,350	111,226
Other assets	155,192	129,171
Investment properties	36,600	36,600
Investment in associates	14,354	14,354
Investment in subsidiaries	2,504,457	2,281,515
Intangible assets	381	721
Property, plant and equipment	56,086	59,459
Total assets	**3,235,097**	**2,925,744**
Liabilities		
Other liabilities	252,031	311,474
Borrowed funds	709,105	906,872
Retirement benefit obligations	9,650	5,388
Total liabilities	**970,786**	**1,223,734**
Equity		
Share capital	564,085	430,300
Share premium	1,426,805	992,000
Retained earnings	183,892	177,878
Other reserves	89,529	101,832
Total equity	2,264,311	1,702,010
Total liabilities and equity	**3,235,097**	**2,925,744**

Parent Company's financial statements

(All amounts in thousands of US dollars unless otherwise stated)

Statement of changes in equity

	Share capital	Share premium	Retained earnings	Other reserves	Total
At 1 January 2013	430,300	992,000	272,720	73,216	1,768,236
Loss for the year	–	–	(7,556)	–	(7,556)
Equity component of convertible loan issued during the year	–	–	–	134	134
Net unrealized gain on available for sale investments	–	–	–	10,075	10,075
Total comprehensive income	**–**	**–**	**(7,556)**	**10,209**	**2,653**
Dividend relating to 2013	–	–	(68,879)	–	(68,879)
Transfer to general banking reserve	–	–	(18,407)	18,407	–
At 31 December 2013/1 January 2014	**430,300**	**992,000**	**177,878**	**101,832**	**1,702,010**
Profit for the year	–	–	5,821	–	5,821
Equity component of convertible loan converted during the year	–	–	–	(16,234)	(16,234)
Net unrealized gain on available for sale investments	–	–	–	4,124	4,124
Total comprehensive income	**–**	**–**	**5,821**	**(12,110)**	**(6,289)**
Transfer from share option reserve	–	–	1,066	(1,066)	–
Transfer to general banking reserve	–	–	(873)	873	–
Proceeds from issue of shares	133,785	434,805	–	–	568,590
At 31 December 2014	**564,085**	**1,426,805**	**183,892**	**89,529**	**2,264,311**

Statement of cash flows

	2014	2013
Cash flows from operating activities		
Profit/(loss) for the year	5,821	(7,556)
Adjustment for non cash items:		
Interest income	(17,317)	(17,321)
Finance cost	58,357	64,515
Dividend income	(132,609)	(114,817)
Fair value gain on investment property.	–	(600)
Gain on disposal of property plant and equipment	(29)	(21)
Loss on disposal of investment in subsidiary	–	1,815
Gain on disposal of investment property.	–	(1,300)
Gain on disposal of available for sale investment securities	–	(28)
Depreciation and amortization	6,633	6,837
Amortization of government grant	(192)	(192)
Provision for doubtful receivables	45,942	47,017
Foreign exchange loss on retirement benefit obligation	86	195
Current service cost and interest on benefit obligation	5,949	880
	(27,359)	**(20,576)**
Interest paid	(43,094)	(55,694)
Interest received	17,317	16,579
Changes in working capital		
• other assets	(69,544)	(62,349)
• other liabilities	(57,386)	17,742
Payment to gratuity benefit holders	(1,773)	–
Net cash used in operating activities	**(181,839)**	**(104,298)**
Cash flows from investing activities		
Dividend received	132,609	114,817
Purchase of property, plant and equipment and intangible assets	(3,003)	(2,725)
Proceeds from the sale of property, plant and equipment	116	80
Proceeds from disposal of investment property	–	2,800
Addition to loans and advances	(70,000)	(25,954)
Proceeds from repayment of loans to subsidiaires	12,004	4,168
Addition to investment in subsidiaries	(224,621)	(108,255)
Proceeds from sale of investment in subsidiaries	–	37,538
Proceeds from sale of available for sale investments	–	157
Additions to Investment in associates	–	(1,559)
Net cash (used in)/from investing activities	**(152,895)**	**21,067**
Cash flows from financing activities		
Proceeds from borrowings	270,000	165,264
Repayment of borrowed funds	(140,951)	(44,654)
Proceeds from share issue	208,409	–
Dividends paid	–	(68,879)
Net cash from financing activities	**337,458**	**51,731**
Net increase/(decrease) in cash and cash equivalents	2,724	(31,500)
Cash and cash equivalent at the beginning of the year	**18,851**	**50,351**
Cash and cash equivalents at end of the year	**21,575**	**18,851**

Corporate Information

We believe that direct interaction with our customers, partners, regulators, employees and shareholders is the only effective way to create true understanding of our business and strategic goals.

Whilst we make a real effort to stay connected with our stakeholders on a regular basis, we recognise the importance of a two-way dialogue, so we encourage you all to get involved and have your say.


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Executive management

Group Executive Committee

Albert Essien
Group Chief Executive Officer

Patrick Akinwuntan
Group Executive, Domestic Bank

Aziz Dia
Group Head, Treasury

Ibrahima Diouf
Group Head, Internal Audit

Evelyne Tall-Daouda
Deputy Group Chief Executive Officer, Group Chief Operating Officer

Charles Kie
Group Executive, Corporate and Investment Bank

Julie Essiam
Group Head, Human Resources

Dayo Orimoloye
Group Head, Risk Managment

Laurence do Rego
Group Executive Director, Finance

Eddy Ogbogu
Group Executive, Operations and Technology

Sam Ayim
Group Head, Legal and Company Secretary

Country Heads (African banking subsidiaries)

Jean Baptiste Siate
Angola

Roger Dah-Achinanon
Benin

Cheick Travaly
Burkina Faso

Alassane Sissoko
Burundi

Moustapha Fall
Cameroon

Jose Mendes
Cape Verde

Stephane Doukoure
Central African Republic

Mahamat Ali Kerim
Chad

Lazare Noulekou
Congo (Brazzaville)

Serge Ackre
Congo (Democratic Republic)

Charles Daboiko
Côte d'Ivoire

Alfred Kasongo
Equitorial Guinea

Gaelle Biteghe
Gabon

Marème Mbaye Ndiaye
Gambia

Samuel Adjei
Ghana

Sonia Abo Tene
Guinea-Bissau

Moukaram Chanou
Guinea (Conakry)

Ehouman Kassi
Kenya

Kola Adeleke
Liberia

Charles Asiedu
Malawi

Coumba Sidibé Touré
Mali

Adama Cisse
Mozambique

Ibrahim Aboubakar Bagarama
Niger

Jibril Aku
Nigeria

Gilles Guerard
Rwanda

Nadeem Cabral De Almada
Sao Tome and Principe

Yves Coffi Quam-Dessou
Senegal

Clement Dodoo
Sierra Leone

Robert Wabbi
South Sudan

Enoch Osei-Sarfo
Tanzania

Didier Correa
Togo

Michael Monari
Uganda

Jolone Okorodudu
Zambia

Daniel Sackey
Zimbabwe

Subsequent to 31 December 2014 there has been changes in the Country Heads for the following subsidiaries: **Central African Republic**: Sylvain Pendi; **Congo (Democratic Republic)**: Yves Coffi Quam-Dessou; **Liberia**: Gilles Guerard; **Rwanda**: Mareme Mbaye Ndiaye; **Senegal**: Serge Ackre; **Sierra Leone**: Aina Moore; **Togo**: Binta Toure Ndoye; **Uganda**: Clement Dodoo; **Zambia**: Kola Adeleke

Heads of Representative Offices and Paris Subsidiary

Charles Kie
South Africa
(Johannesburg)

James R Kanagwa
Ethiopia
(Addis Ababa)

Christophe Jocktane-Lawson
France
(Paris)

Ara Bakjejian
United Arab Emirates
(Dubai)

Monica Xiaoning LU
China
(Beijing)

David Pitts
United Kingdom
(London)

Disclaimer

This annual report or any extract thereof including its abridged version could or may contain forward looking statements that are based on current expectations or beliefs, as well as assumptions about future events.

These forward looking statements involve known and unknown risks, uncertainties and other important factors that could in future cause actual results, performance or achievements of the Group to be materially different from those expressed or implied in the forward looking statements.

These forward looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward looking statements often use words such as “anticipate”, “target”, “expect”, “estimate”, “intend”, “plan”, “goal”, “believe”, “will”, “may”, “should”, “would”, “could” or other words of similar meaning.

Such forward looking statements are based on assumptions regarding the Group’s present and future business strategies and the environment in which the Group will operate in the future.

The Group expressly disclaims any obligation or undertaking to release any updates or revisions to any forward looking statements contained herein to reflect any change in the Group’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Ecobank has made every effort to ensure the accuracy of the information contained in this annual report relating to such forward looking statements and believes such information is reliable but does not warrant its completeness or accuracy. The Company shall not be held liable for errors of fact or opinion connected to such forward looking statements. This however does not exclude or restrict any duty or liability that Ecobank has to its customers under any regulatory system.

Shareholder information

Ordinary shareholding structure

As at 31 December 2014, ETI had authorized share capital of 50,000,000,000 ordinary shares with a par value of US$0.025 per share.

Distribution of shareholders

Share range	Number of shareholders	Number of shares held	% shareholding
1 - 1,000	495,374	153,107,957	0.7%
1,001 - 10,000	126,059	399,482,931	1.8%
10,001 - 100,000	17,011	481,711,520	2.1%
100,001 - 1,000,000	2,467	737,355,063	3.3%
1,000,001 - 10,000,000	401	1,123,535,498	5.0%
10,000,001 - 100,000,000	74	2,246,520,307	10.0%
100,000,001 - 1,000,000,000	12	3,290,986,737	14.6%
1,000,000,001 and above	5	14,130,819,437	62.6%
Total	**641,403**	**22,563,519,450**	**100%**

Top 10 shareholders as at 31 December 2014

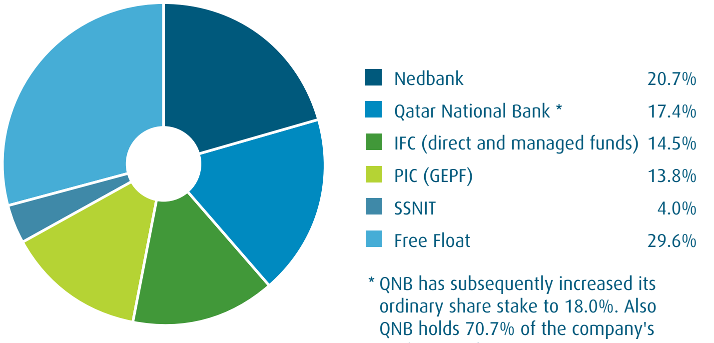
	Shareholders	Number of shares held	% of total
1	Nedbank Group Limited	4,676,708,030	20.7%
2	Qatar National Bank	3,922,722,130	17.4%
3	Government Employees Pension Fund (PIC)	3,125,000,000	13.8%
4	IFC Capitalization (Equity) Fund, L.P	1,225,333,414	5.4%
5	International Finance Corporation	1,181,055,863	5.2%
6	Social Security and National Insurance Trust	895,958,412	4.0%
7	IFC ALAC Holding Company II	522,080,838	2.3%
8	JP Morgan Bank Luxemburg	451,246,505	2.0%
9	Africa Capitalization Fund Ltd	340,909,100	1.5%
10	B.I.D.C	225,196,010	1.0%
	Total of top 10 ordinary shareholders	**16,566,210,302**	**73.4%**

ETI shares are listed on three stock exchanges under the ISIN TG000A1JS796 and are fungible between the three exchanges.

ETI Shares by listing venue as at 31 December 2014

	Shares
Nigeria Stock Exchange (NSE)	18,545,617,796
Ghana Stock Exchange (GSE)	2,417,631,237
Bourse Régionale des Valeurs Mobilières (BRVM)	1,600,270,417
Total	**22,563,519,450**

Major shareholders
(as of 31 December 2014)



* QNB has subsequently increased its ordinary share stake to 18.0%. Also QNB holds 70.7% of the company's preference shares

Dilutive securities

The Group has a number of dilutive securities, as outlined below.

Convertibles

IFC, EIB and OFID hold a total of approximately US$175 million of convertibles, which are exchangeable into ordinary shares at market-related prices.

Share options

There are options outstanding to staff and management in respect of 422 million shares.

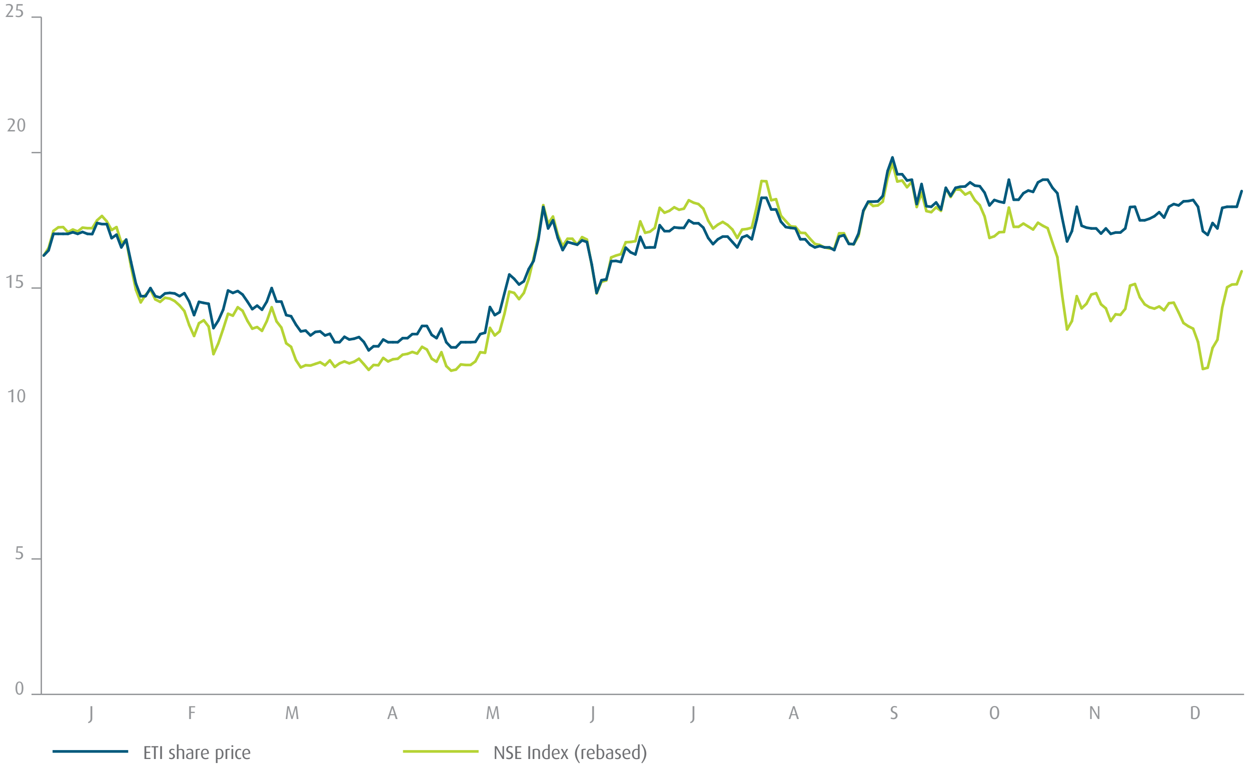
Ordinary share dividend history

Financial Year	Dividend per ordinary share (US$ cents)	Total dividend (US$ thousands)
2006	3.0	18,355
2007	2.0	26,940
2008	0.2	17,500
2009	0.3	29,744
2010	0.4	39,653
2011	0.4	51,349
2012	0.4	68,849
2013	–	–
2014	–	–

Shareholder information

Nigeria

ETI Share price relative to NSE Index: 2014



Source: Bloomberg

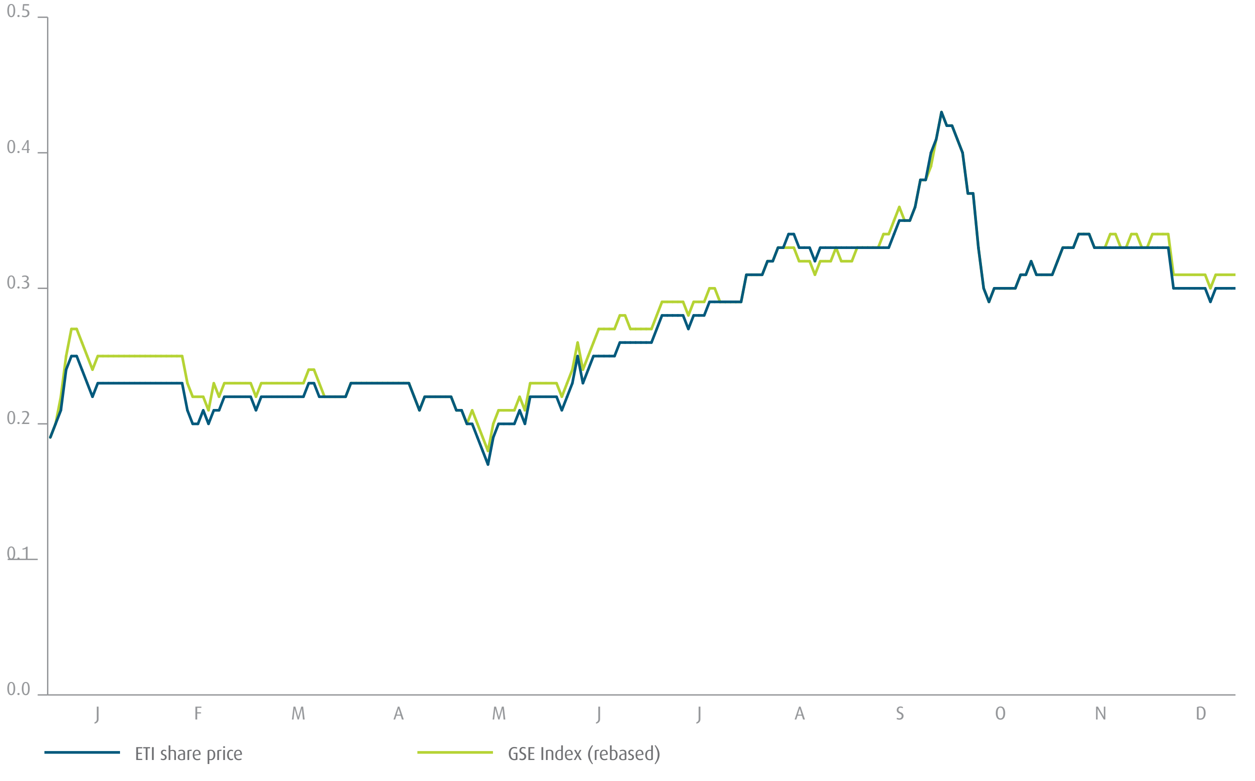
Nigeria: Summary of trading

Quarter	Volume (shares)	Value (NGN)	Average daily volume (shares)	Average daily value (NGN)
Jan-Mar	619,316,571	9,208,897,431	9,988,977	148,530,604
Apr-Jun	403,596,501	5,901,350,530	6,616,336	96,743,451
Jul-Sep	275,104,715	4,840,900,096	4,366,742	76,839,684
Oct-Dec	879,822,610	15,884,580,745	14,423,321	260,402,963
Total/average	**2,177,840,397**	**35,835,728,803**	**35,395,376**	**582,516,702**

Source: Bloomberg

Ghana

ETI Share price relative to GSE Index: 2014



Source: Bloomberg

Ghana: Summary of trading

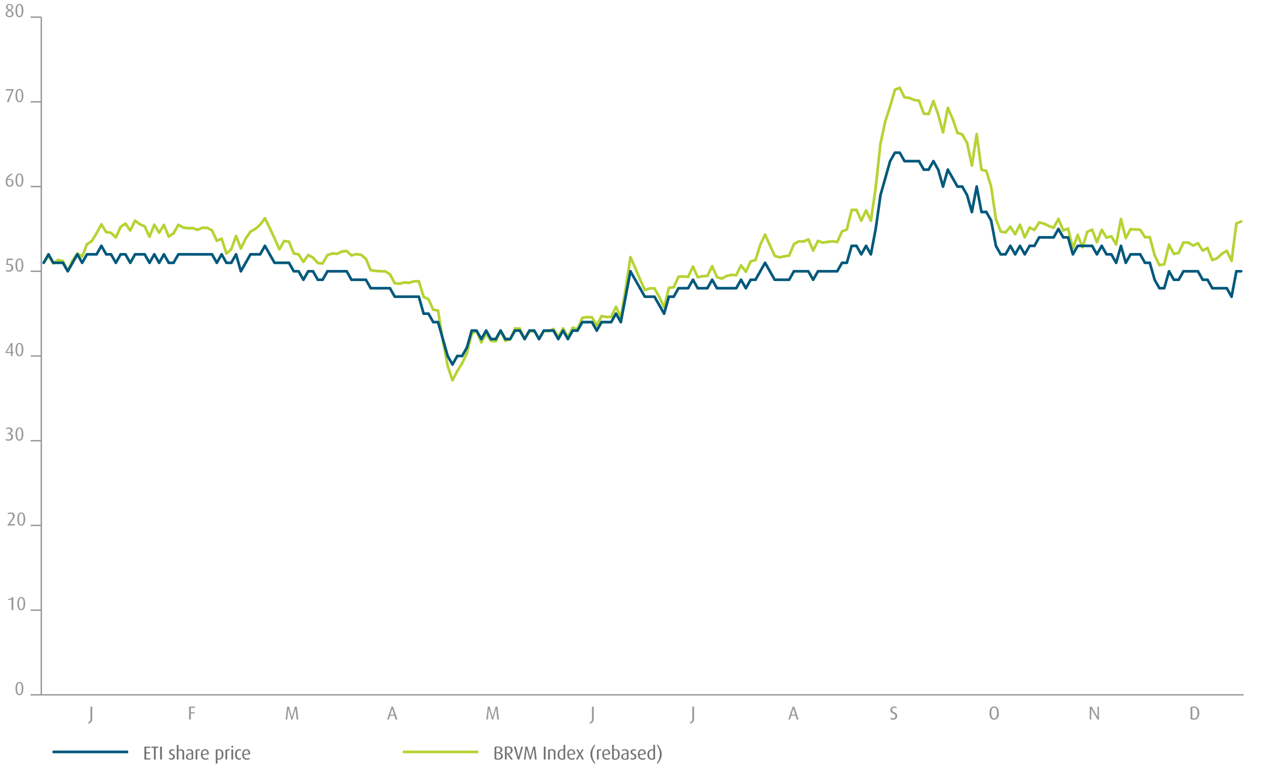
Quarter	Volume (shares)	Value (GHS)	Average daily volume (shares)	Average daily value (GHS)
Jan-Mar	3,610,959	790,241	13,171	13,171
Apr-Jun	10,537,884	2,525,098	46,761	46,761
Jul-Sep	6,209,738	1,974,168	31,336	31,336
Oct-Dec	2,357,092	731,519	14,344	14,344
Total/average	**22,715,673**	**6,021,025**	**105,611**	**105,611**

Source: Bloomberg

Shareholder information

Côte d'Ivoire

ETI Share price relative to BRVM Index: 2014



Source: Bloomberg

Côte d'Ivoire: Summary of trading

Quarter	Volume (shares)	Value (XOF)	Average daily volume (shares)	Average daily value (XOF)
Jan-Mar	29,591,281	1,506,295,831	469,703	23,909,458
Apr-Jun	13,385,941	578,447,382	223,099	9,640,790
Jul-Sep	38,672,710	2,064,519,382	623,753	33,298,700
Oct-Dec	19,145,609	993,300,316	294,548	15,281,543
Total/average	**100,795,541**	**5,142,562,911**	**1,611,103**	**82,130,490**

Source: Bloomberg

Preference shareholding structure

As part of the consideration for the Oceanic Bank acquisition in 2011, Ecobank issued participating cumulative convertible preference shares. The key terms and holdings are outlined below.

Issue date	31 October 2011
Nº outstanding	1,066,580,478
Issue price	$0.1032
Dividends	Higher of 4% of issue price or dividend paid on ordinary shares. Paid in priority to dividends on ordinary and cumulative shares. Dividends will be paid in US$.
Voting	No voting rights attached.
Liquidation	In the event of liquidation, dissolution or winding up of the Company, the holders of preference shares shall enjoy priority of repayment before the holders of ordinary shares and shall receive, an amount payable in cash equal to the issue price plus any dividend that has not been declared or that has been declared but which remains unpaid.
Conversion	Holders have the right, exercisable between 3rd and 5th anniversaries of issue date to convert into ordinary shares at the rate of 0.76923 ordinary shares to each preference share, all or part of such preference shares into ordinary shares of the Company, such ordinary shares to rank pari passu with, and have the same rights as, all other ordinary shares of the Company.
Redemption	At any time after the 5th anniversary of issue, ETI has a right to redeem the preference shares into ordinary shares if not already converted. This right extends into perpetuity. The redemption price shall be a 6% premium to the issue price, i.e. $0.1094.

The preference shares are not listed on an exchange.

Share Range	Number of shareholders	Cumulative holders	% of shareholders	Number of shares held	Cumulative holdings	% Shareholding
1 – 1,000	386,137	386,137	0.937	43,052,234	43,052,234	4.039
1,001 – 10,000	23,780	409,917	5.769	57,277,587	100,329,821	5.374
10,001 – 1000,000	2,269	412,186	0.550	97,678,927	198,008,748	9.164
1000,001 – 10,000,000	18	412,204	0.004	67,204,703	265,213,451	6.305
10,000,001 – 20,000,000	4	412,208	0.001	46,552,259	311,765,710	4.367
20,000,001 – 50000000	1	412,209	0.000	21,846,830	333,612,540	2.050
50,000,001 – 1000000000	1	412,210	0.000	732,277,056	1,065,889,596	68.701
Total	**412,210**		**100**	**1,065,889,596**		**100**

Top 10 preference shareholders

Shareholders	Number of shares held	% of total
QATAR NATIONAL BANK SAQ	732,277,056	68.7%
IBRU V OBODEN	21,846,830	2.0%
BAYELSA STATE MIN. OF FINANCE INCORP.	13,377,632	1.3%
MINISTRY OF FINANCE INCORPORATED	11,492,074	1.1%
IBRU OBARO S E	10,923,647	1.0%
F/AM/OCBK/FALCON SECURITIES LTD	10,758,906	1.0%
ETHOS CAPITAL VGP (JERSEY) LTD	9,637,150	0.9%
OLD MUTUAL LIFE ASSURANCE	8,300,605	0.8%
IBRU C. A. O.	7,935,833	0.7%
MICHAEL AND CECILIA FOUNDATION	7,222,500	0.7%
Total of top 10	**833,772,233**	**78.2%**
Total number of preference shares	**1,065,889,596**	

*Beneficial ownership is AMCON

Shareholder contacts

Questions about your shares?

Please contact the Registrars
for queries about:

- Missing dividends
- Lost share certificates
- Estate questions
- Address change to the share register
- Having dividends paid directly into bank accounts
- Eliminating duplicate mailings of shareholder materials
- Uncashed dividend cheques.

Registrars

Abidjan

EDC Investment Corporation
Immeuble Alliance, 4ème étage
Avenue Terrasson de Fougères
01 BP 4107 – Abidjan 01
Côte d'Ivoire
Tel: (225) 20 21 10 44
Fax: (225) 20 21 10 46
Contact: Jean-Noël Delafosse,
jdelafosse@ecobank.com

Accra

GCB Limited
Share Registry Department
Thorpe Road, High Street
P.O. Box 134, Accra – Ghana
Tel: (233) 0 302 668 656
Fax: (233) 0 302 668 712
Contact: Kojo Essel, kessel@gcb.com.gh

Lagos

EDC Registrars Limited
154 Ikorodu Road
Onipanu Bus stop, Shomolu
Lagos – Nigeria
Tel: (234) 704 3721311
Contact:
EDCRegComplaints@ecobank.com
Prisca Enwe, penwe@ecobank.com
Mercy Onyejiuwa,
monyejiuwa@ecobank.com

To buy or sell shares in ETI

Nigéria
EDC Securities Limited

EDC Securities Limited
19A Adeola Odeku Street
Victoria Island
Lagos, Nigeria
(234) 1 270 8955
(234) 1 271 3407
Contact: Josephine Onwubu,
jonwubu@ecobank.com

Côte d'Ivoire
EDC Investment Corporation

Immeuble Alliance, Avenue
Terrasson de Fougères 01
BP 4107 Abidjan 01
Côte d'Ivoire
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(225) 20 31 92 24
Contact: Brice Allet,
ballet@ecobank.com

Cameroon
EDC Investment Corporation

2ème Etage, Immeuble ACTIVA
Rue Prince de Galles
Akwa, Douala – Cameroun
Tel: (237) 33 43 13 81
Contact: Adonis Seka,
aseka@ecobank.com

Ghana
EDC Stockbrokers Ltd

No. 22 Ambassador Re-Development Area,
Ridge
Valco Trust House, Third Floor
P. O. Box AN 16746,
Accra – North, Ghana
Tel: (233) 302 251 720/4/7/9
Fax: (233) 21 251 734
Contact: Edem Dewotor,
edewotor@ecobank.com

Other investor queries

For other queries about investing in ETI

Investor Relations
Ecobank Transnational Incorporated

2365, Boulevard du Mono
B.P. 3261, Lomé – Togo
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ir@ecobank.com

Company Secretary

Samuel K. Ayim
Group Office
2365, Boulevard du Mono
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(228) 22 21 31 68
Fax: (228) 22 21 51 19
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Holding company and subsidiaries

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Tel: (228) 22 21 03 03
(228) 22 21 31 68
Fax: (228) 22 21 51 19

1. Benin
Rue du Gouverneur Bayol
01 B.P. 1280, Cotonou – Benin
Tel: (229) 21 31 30 69
(229) 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
Tel: (226) 25 33 33 33
(226) 25 49 64 00
Fax: (226) 25 31 89 81

3. Burundi
6, Rue de la Science
B.P. 270, Bujumbura – Burundi
Tel: (257) 22 20 8100
(257) 22 20 8200
(257) 22 20 8299
Fax: (257) 22 22 5437

4. Chad
Avenue Charles de Gaulle
B.P. 87, N'Djaména – Tchad
Tel: (235) 2252 43 14/21
Fax: (235) 2252 23 45

5. Cameroon
Rue Ivy French– Bonanjo
B.P 582, Douala – Cameroun
Tel: (237) 233 43 82 51
(237) 233 43 82 53
Fax: (237) 233 43 86 09

6. Cape Verde
Avenida Cidade de Lisboa
CP 374C
Praia – Cabo Verde
Tel: (238) 260 36 60
Fax: (238) 261 1090

7. Central African Republic
Place de la République
B.P. 910 Bangui – République
Centrafricaine
Tel: (236) 21 61 00 42
Fax: (236) 21 61 61 36

8. Congo
Immeuble de l'ARC, 3ème étage
Avenue du Camp
B.P. 2485, Brazzaville – Congo
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(242) 05 778 79 08

9. Côte d'Ivoire
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10. Democratic Republic of the Congo
47, Avenue Ngongo Lutete
Gombe – RD Congo
B.P. 7515, Kinshasa
Tel: (243) 99 60 16 000
Fax: (243) 99 60 17 070

11. Equatorial Guinea
Avenida de la Independencia
APDO.268, Malabo –
República de Guinea Ecuatorial
Tel: (240) 333 098 271
(240) 555 300 203

12. Gabon
214, Avenue Bouët
9 Étages, Montagne Sainte
B.P. 12111
Libreville – Gabon
Tel: (241) 01 76 20 71
(241) 01 76 20 73
Fax: (241) 01 76 20 75

13. The Gambia
42 Kairaba Avenue
P.O. Box 3466
Serrekunda – The Gambia
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Fax: (220) 439 90 34

14. Ghana
19 Seventh Avenue, Ridge West
P.O. Box AN 16746
Accra North – Ghana
Tel: (233) 302 68 11 46/8
Fax: (233) 302 68 04 28/37

15. Guinea (Conakry)
Immeuble Al Iman
Avenue de la République
B.P. 5687
Conakry – Guinée
Tel: (224) 631 70 14 34
(224) 631 70 14 35
Fax: (224) 30 45 42 41

16. Guinea-Bissau
Avenue Amilcar Cabral
B.P. 126, Bissau – Guinée-Bissau
Tel: (245) 320 73 60/61
Fax: (245) 320 73 63

17. Kenya
Ecobank Towers
Muindi Mbingu Street
P.O. Box 49584, Code 00100
Nairobi – Kenya
Tel: (254) 20 288 3000
/0719 098 000
Fax: (254) 20 224 9670

18. Liberia
Ashmun and Randall Street
P.O. Box 4825
1000 Monrovia 10 – Liberia
Tel: (231) 886 55 15 35
(231) 886 97 44 94

19. Malawi
Ecobank House
Corner Victoria Avenue and
Henderson Street, Private Bag 389
Chichiri, Blantyre 3 – Malawi
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Fax: (265) 01 820 583

20. Mali
Place de la Nation
Quartier du Fleuve
B.P. E1272
Bamako – Mali
Tel: (223) 20 70 06 00
Fax: (223) 20 23 33 05

21. Mozambique
Avenue Vladimir Lenine, nº 210 –
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Maputo – Mozambique
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22. Niger
Angle Boulevard de la Liberté
et Rue des Bâtisseurs
B.P.: 13804, Niamey – Niger
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Fax: (227) 20 73 72 03 (04)

23. Nigeria
Plot 21, Ahmadu Bello Way
P.O.: Box 72688, Victoria Island
Lagos – Nigeria
Tel: (234) 1 2710391–5
Fax: (234) 1 2710111

24. Rwanda
Plot 314, Avenue de la Paix
P.O. Box 3268, Kigali – Rwanda
Tel: (250) 788 16 10 00
Fax: (250) 252 50132

25. São Tomé and Príncipe
Edifício HB, Travessa do Pelourinho
C.P. 316
São Tomé – São Tomé e Príncipe
Tel: (239) 222 21 41
(239) 222 50 02
Fax: (239) 222 26 72

26. Senegal
Km 5 Avenue Cheikh Anta DIOP
B.P. 9095, Centre Douanes
Dakar – Sénégal
Tel: (221) 33 859 99 99
Fax: (221) 33 859 99 98

27. Sierra Leone
3 Charlotte Street
Freetown – Sierra Leone
Tel: (232) 22 221 704
(232) 22 227 801
Fax: (232) 22 290 450

28. South Sudan
Koita Complex, Ministries Road,
P.O. Box 150, Juba
South Sudan
Tel: (211) 954 018018
(211) 955 541683

29. Tanzania
Acacia Building
Plot no. 84, Kinondoni Road
P.O.Box 20500,
Dar es Salaam, Tanzania
Tel: (255) 22 213 7447
(255) 22 212 5592
(255) 22 212 5594
(255) 22 213 7446

30. Togo
20, Avenue Sylvanus Olympio
B.P. 3302
Lomé – Togo
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Fax: (228) 22 21 42 37

31. Uganda
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Fax: (256) 312 266 079

32. Zambia
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Lusaka – Zambia
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(260) 211 250 202 – 4
(260) 211 367 390
Fax: (260) 211 250 171

33. Zimbabwe
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2 Piers Road
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Harare – Zimbabwe
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Fax: (263 – 4) 852632
(263 – 4) 851630-9

34. EBI SA Groupe Ecobank
Les Collines de l'Arche
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92057 Paris La Défense Cedex France
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Fax: (33) 1 70 92 20 90

35. EBI SA Representative Office
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Fax: +44 (0)20 7382 0671

36. Ecobank Office in China
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Fax: (8610) 66 29 00 98

37. Ecobank Office in South Africa
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38. Ecobank Office in Dubai
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39. Ecobank Office in Angola
Representative Office
Rua Joaquim Kapango Nº31
Ingombota-Luanda
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40. Ecobank Office in Ethiopia
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(251) 116 291 101
Fax: (251) 116 291 425

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Customer contact centres

Services:

Balance enquiry
- Account balance
- Transaction confirmations
- Transfer confirmations

Card services
- Card activation for online transaction
- Pin resets
- Card blocking

Complaints
- ATM complaints
- Card complaints
- Transaction complaints
- Service/product delivery delays
- Staff attitude

General enquiries
- Information on Ecobank services/products
- Interest/exchange rates
- Directions to ATMs/branches
- Account opening requirements
- Branch contacts
- Fees and charges

For all enquiries, kindly email or call one of our Contact Centers listed below:

All countries:
ecobankenquiries@ecobank.com

Ghana
Please dial:
(233) 302 21 39 99

Toll free (Ghana only):
3225 (MTN, Airtel, Vodafone)

Nigeria
Please dial:
(234) 700 500 0000

Toll free (Nigeria only):
0800 326 2265

Kenya
Please dial:
(254) 496 8000
(254) 71 909 8000

Toll free (Kenya only):
0800 221 221 8
(free from landlines)

Côte d'Ivoire
Please dial:
(225) 22 40 02 00

Toll free (Côte d'Ivoire only):
800 800 88 (MTN, Orange, CITelecom, Moov et Comium)

Cameroun
Please dial:
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Toll free (Cameroon only):
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