

## **ECOBANK GROUP**

### **RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2012**

**Performance continues to be driven by our diversification strategy and customer focus**

**LOMÉ, 31 July 2012:** Ecobank Transnational Inc. ("Ecobank" or "the Group"; NSE: ETI, GSE: ETI; BRVM: ETIT), the parent company of the pan-African banking group with a presence in 32 African countries, today announced its unaudited results for the six months ended 30 June 2012.

**Financial highlights:**

- Revenue of \$765 million, up 51% from prior period
- Pre-tax profit of \$126 million, compared with \$134 million in prior period
- Basic earnings per share of 0.54 cents (2011: 0.82 cents)
- Customer loans of \$8.0 billion, up 46% from prior period
- Customer deposits of \$12.7 billion, compared with \$9.0 billion in prior period
- NPL ratio reduced to 5.6% (2011: 7.2%)

**Operational highlights:**

- Net interest income increased by 65% compared to prior year due to volume growth and a better portfolio mix of earning assets.
- The 6% decrease in pre-tax profits was primarily due to post acquisition-related costs.
- The integration of Oceanic Bank in Nigeria is ahead of schedule and that of The Trust Bank (TTB) in Ghana is completed. The full impact on our business and earnings is expected in the medium-term.
- Ecobank continues to derive significant benefit from our pan-African footprint, which allows us to increase our regional trade business, support customer remittance needs and provide a one-stop solution for customers.

Commenting on these results, Arnold Ekpe, Group CEO said: "Ecobank reported strong revenue growth and credit quality improvements in the first six months of 2012. However, earnings were negatively impacted due to the post-acquisition costs of Oceanic Bank. We expect Oceanic Bank to break-even in the second half of the year and this should have a positive impact on earnings going forward."

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## Performance Summary

Results for the first six months of 2012 reflected solid performance from our underlying businesses. Revenue growth was primarily driven by contributions from Oceanic Bank and TTB and also growth across our existing businesses. Earnings, however, was negatively impacted due to post-acquisition related costs.

## Financial Overview

- **Income statement**

**Revenue** was \$765 million in the first half of 2012, up 51% from \$505 million in June 2011. The increase in revenue was driven by a 65% growth in net interest income to \$422 million and a 37% growth in non-interest revenue to \$343 million. The growth in **net interest income** was driven by volume growth and a better portfolio mix of earning assets. The growth in **non-interest revenue** was driven by cash management fees, fees and commissions on loans, and investment banking related activities. Overall, revenues received a healthy boost from the inclusion of Oceanic Bank and TTB.

**Operating expenses** were \$595 million, up 71% from the prior period, largely due to the impact of the acquisitions. Excluding the acquisitions, the growth in operating expenses would have been 15%. Staff costs grew by 68% driven by employee related costs and non-staff costs increased 75% reflecting investments in technology and fixed assets. The cost-to-income ratio was 77.8% compared with 68.7% in June 2011.

**Net provision for impairment losses** was \$43.6 million in the first six months of 2012, compared with \$24.3 in the prior year. The increase in provisions reflected higher provisions in Nigeria and on TTB's SME loan portfolio.

**Profit before tax** for the first six months of 2012 was \$126 million, down 6% compared with the first six months of 2011. The decline in pre-tax profits was predominately driven by post-acquisition related costs.

**Tax expense** for the first half of 2012 was \$39.4 million compared with \$40.0 million in the same period of 2011. The effective tax rate was 31.2% compared with 29.9% in the prior year.

**Net income** was \$86.9 million in the first half of 2012, compared with \$93.8 million in the prior period.

- **Statement of financial position**

**Total assets** were \$17.8 billion at 30 June 2012, up 51%, or \$6.0 billion from \$11.8 billion at 30 June 2011. The increase primarily reflected asset additions of \$4.2 billion from Oceanic Bank and TTB. Growth in total assets also benefited from the underlying businesses.

**Customer loans** were \$8.0 billion, up 46% from June 2011. The increase in loans was driven by increasing growth in key consumer lending businesses and by the inclusion of Oceanic Bank and TTB.

The **NPL ratio** for the first half of 2012 was 5.6% compared with 7.2% in the same period of 2011. Asset quality benefited from write-offs of fully provisioned non-performing loans and enhanced conservative lending practices.

**Customer deposits** were \$12.7 billion, up 41% from the first half of 2011. The increase in deposits was predominately driven by the acquisitions.

**Shareholder's equity** was \$1.4 billion, up 18% from a year ago primarily driven by an increase in share capital.

**Tier I capital ratio** was 11.5% and our overall **capital adequacy ratio** was 17.2%.

## Operational Performance

- **By business segment**

Ecobank organizes its business along two customer-focused segments, namely Corporate and Investment Bank (CIB) and Domestic Bank.

**Corporate and Investment Bank** (comprises six business segments, namely Corporate Bank Group, Transaction Services Group, Ecobank Capital, Treasury Business, Investment Banking and Ecobank Research). CIB provides financial solutions to global and regional corporates, public corporates, financial institutions and international organisations. In addition, it offers treasury, corporate finance, investment banking, and securities and asset management solutions to corporate and government customers. Our research team, based on the ground in key markets, provides unique information support capabilities.

**Domestic Bank** provides convenient, accessible and reliable financial products and services to retail, local corporate, public sector and microfinance customers. It leverages an extensive branch and ATM network as well as mobile, internet and remittances banking platforms.

The table below and discussion of results that follows separates CIB into Corporate Bank (*Corporate Bank Group & Transaction Services*) and Investment Bank (*Ecobank Capital, Treasury Business, and Investment Banking*)

The table below summarizes the financial performance for each business segment in the first six months of 2012.

Business segments US\$ million	Corporate and Invest Bank				Domestic Bank	
	Corporate Bank <sup>(2)</sup>	% y/y	Investment Bank <sup>(3)</sup>	% y/y	Domestic Bank	% y/y
Revenue	210.4	+40	121.8	+8	461.5	+90
Operating expenses	(90.9)	+15	(84.0)	+20	(418.9)	+111
Net provision for impairment losses	(12.9)	+71	0.5	-	(31.2)	+87
<b>Profit before tax</b>	<b>106.6</b>	<b>+68</b>	<b>38.3</b>	<b>-8</b>	<b>11.4</b>	<b>-57</b>
Earning assets	4,142.8	+47	3,880.0	-18	3,814.4	+36
Funding <sup>(1)</sup>	3,652.5	+19	2,003.6	+47	9,025.9	+53

(1) Funding for Corporate Bank and Domestic Bank comes from customer deposits; funding for Investment Bank is a mix of interbank deposits, interbank borrowings and other borrowed funds. (2) comprises Corporate Bank Group and Transaction Services (3) comprises Ecobank Capital, Treasury business, Investment Banking and Research

### Highlights:

- **Corporate Bank:**

Revenues for Corporate Bank increased 40% to \$210 million in the first half of 2012 from a year ago, driven by client and trading volume growth. The evolving trends in client and trade activities across Middle Africa are creating opportunities for our Corporate Bank business because of our footprint and dominance in the region. As a result, Corporate Bank revenues continued to benefit from regional client flows as these clients expand their businesses across Africa.

Corporate Bank operating expenses growth was moderate at 15%, reflecting disciplined expense management. Provision for impairment losses however, were up 71%, driven by higher provisions in Nigeria.

Pre-tax profits increased 68% to \$107 million, from \$65.6 million a year ago, primarily driven by efficiency gains.

- **Investment Bank:**

Investment Bank revenues were \$122 million, up 8% from a year ago. The increase was primarily driven by FX income, which accounts for nearly 77% of Investment Bank revenues and strong growth in asset management and financial advisory fees, reflecting strong client activity during the period.

Pre-tax profits were \$38.3 million, down 8% from the prior year, reflecting the impact of higher operating expenses.

- **Domestic Bank:**

Domestic Bank revenues were \$462 million, up 90% from a year ago, driven by cash management fees, cards and transaction-related fees.

Operating expenses increased 111% year-on-year, driven by the acquisitions of Oceanic Bank and TTB, while provisions were up 87%, reflecting higher provisions from TTB's SME portfolio.

Pre-tax profits were \$11.4 million in the first half of 2012, compared with \$26.3 million in June 2011.

- **By geographical cluster**

Ecobank's operations in Africa are grouped into six geographic clusters according to size and shared attributes such as a common currency or membership of a regional economic community: **Francophone West Africa, Nigeria, Rest of West Africa, Central Africa, East Africa** and **Southern Africa**.

The table below summarizes the financial performance of each of these clusters in the first six months of 2012 relative to the same period in 2011.

US\$ million	Francophone West Africa	% y/y	Nigeria	% y/y	Rest of West Africa	% y/y	Central Africa	% y/y	East Africa	% y/y	Southern Africa	% y/y
<b>Revenue</b>	<b>175.9</b>	+6	<b>331.5</b>	+175	<b>149.7</b>	+41	<b>67.9</b>	+24	<b>24.6</b>	-13	<b>20.7</b>	+20
Operating expenses	(113.9)	+8	(291.5)	+186	(80.6)	+40	(45.9)	+29	(30.2)	+19	(21.0)	+36
Net provision for impairment losses	(9.9)	+17	(14.6)	+164	(11.6)	+58	(3.3)	+227	(2.3)	+140	(1.3)	+44
<b>Profit before tax</b>	<b>52.0</b>	-2	<b>25.4</b>	+99	<b>57.4</b>	+38	<b>18.6</b>	+2	<b>(7.9)</b>	-	<b>(1.6)</b>	-
Assets	4,363	+3	7,756	+131	2,381	+20	1,596	+17	683	+14	322	+10
Customer loans	2,598	+5	2,799	+126	875	+63	958	+42	325	+20	165	+36
Customer deposits	3,159	-5	5,716	+141	1,774	+12	1,291	+15	452	+16	197	+10

- Note: the year-on-year comparable for Nigeria was significantly impacted by the acquisition of Oceanic Bank
- Note that Ecobank has a 7<sup>th</sup> Cluster, International, which comprises of EBI SA, our Paris affiliate. International's revenue is largely derived from corporate and treasury business and was \$9.6 million for the first six months of 2012 and profit before tax was \$4.0million.

## Highlights

- **Francophone West Africa** (comprising affiliates in Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Guinea Bissau, Mali, Niger, Senegal, and Togo)

Revenues were \$176 million, up 6% from the prior year, driven by Côte d'Ivoire and Senegal partially offset by Mali and Benin due to challenging market conditions.

Operating expenses increased 8% to \$114 million and provision for impairment losses increased 17% to \$9.9 million, offsetting revenue growth.

Pre-tax profits declined by 2% to \$52 million.

- **Nigeria** (categorized as a cluster in its own right due to its size)

Revenues in Nigeria increased 175% to \$332 million from June 2011, driven by the inclusion of Oceanic Bank and subsequently the turnaround strategic initiatives applied to drive revenues and improve efficiency. Additionally, revenue growth benefited from investments in higher yielding money market instruments and strong FX trading income.

Operating expenses were \$292 million compared with \$102 million in the prior year reflecting higher non-staff costs. Provisions were \$14.6 million, up 164% from the prior year.

Pre-tax profits were \$25.4 million, up 99% from a year ago, driven by increased revenue growth and managed expense growth.

- **Rest of West Africa** (comprising affiliates in Ghana, Guinea, Liberia, Sierra Leone and The Gambia)

Revenue increased to \$150 million in the first half of 2012, up 41% from same period in 2011. Growth was particularly marked in Guinea and Ghana from the inclusion of TTB.

Operating expenses increased 40% driven by business volumes and costs associated with TTB. The provision for impairment charge was \$11.6 million, up 58% from prior year. The increase in provision

reflected higher provision charges on TTB's SME loan portfolio.

Pre-tax profits increased 38% to \$57.4 million on higher revenue and efficiency gains.

- **Central Africa** (comprising affiliates in Cameroon, Central African Republic, Chad, Congo-Brazzaville, Gabon and Sao Tome & Principe)

Revenue was \$67.9 million in the first half 2012, up 24% from a year ago, driven by strong net interest income and non-funded income growth. In terms of affiliates, Cameroon, Central African Republic and Gabon achieved solid growth in revenues.

Operating expenses increased 29% from the prior year and provision for impairment losses increased 227% driven largely by Cameroon. The combined effects of higher expenses and provisions resulted in a moderate growth in pre-tax profits of 2% to \$18.6 million.

- **East Africa** (comprising affiliates in Burundi, Kenya, Rwanda, Uganda and Tanzania)

A challenging business environment damped growth, particularly in Kenya, and contributed to a 13% decline in East Africa's revenue for the first half of 2012.

Operating expenses increased 19% and provisions 140%. As a result, East Africa reported a pre-tax loss of \$7.9 million, compared with a pre-tax profit of \$2.0 million in the same period of last year.

- **Southern Africa** (comprising affiliates in Democratic Republic of Congo, Malawi, Zambia, Zimbabwe and a representative office in Angola)

Southern Africa revenue grew 20% in the first half of 2012 to \$20.7 million, compared with the same period in 2011. The increase in revenue was driven by solid growth in DR Congo and Zimbabwe reflecting encouraging business volume growth and performance.

Operating expenses increased by 36% in the first half of 2012, from a year ago, due to higher staff and non-staff expenses. Provision for impairment losses increased driven by higher provisions in Zimbabwe and Zambia.

As a result, Southern Africa reported pre-tax loss of \$1.6 million in the first half of 2012 compared with a pre-tax profit of \$3.0 million in the same period a year ago.

**About Ecobank:** Incorporated in Lome, Togo, Ecobank Transnational Incorporated (ETI) is the parent company of the leading independent pan-African banking group. It currently has a presence in 32 African countries, namely: Angola, Benin, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Congo (Brazzaville), Congo (Democratic Republic), Côte d'Ivoire, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Liberia, Malawi, Mali, Niger, Nigeria, Rwanda, Sao Tome and Principe, Senegal, Sierra Leone, South Africa, Tanzania, Togo, Uganda, Zambia, Zimbabwe.

The Group is also represented in France through its affiliate EBI S.A. in Paris. ETI also has representative office in Dubai, United Arab Emirates and London, UK. ETI is listed on the stock exchanges in Lagos, Accra and the West African Economic and Monetary Union (UEMOA) – the BRVM. The Group is owned by more than 585,000 local and international institutional and individual shareholders. The Group has 18,229 employees from 35 different countries and 1,200 branches and offices. Ecobank is a full-service bank providing wholesale, retail, investment and transaction banking services and products to governments, financial institutions, multinationals, international organizations, medium, small and micro businesses and individuals. Additional information may be found at [www.ecobank.com](http://www.ecobank.com).

#### **Cautionary Note Regarding Forward- Looking Statements**

Certain statements in this document are "forward-looking statements". These statements are based on management's current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from those included in these statements.

**IFRS UNAUDITED CONSOLIDATED INCOME STATEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2012**

	<b>Six months ended 30 June</b>	
	<b>2012</b>	2011
	<b>US\$ '000</b>	US\$ '000
Interest income	<b>670,066</b>	378,917
Interest expense	<b>(248,043)</b>	(123,057)
<b>Net interest income</b>	<b>422,023</b>	255,860
Insurance premium income	<b>4,121</b>	-
Insurance premium ceded to reinsurers	<b>(856)</b>	-
<b>Net insurance premium</b>	<b>3,265</b>	-
Fee and commission income	<b>245,030</b>	170,850
Fee and commission expense	<b>(11,030)</b>	(11,492)
<b>Net fee and commission income</b>	<b>234,000</b>	159,358
Lease income	<b>1,120</b>	4,001
Dividend income	<b>866</b>	1,002
Net trading income	<b>97,629</b>	83,555
Gains less losses from investment securities	<b>(3,696)</b>	31
Other operating income	<b>10,078</b>	1,699
<b>Operating income before impairment loss</b>	<b>765,285</b>	505,506
Impairment losses for loans and advances	<b>(43,600)</b>	(24,263)
<b>Operating income after impairment loss</b>	<b>721,685</b>	481,243
Insurance claims and loss adjustment expenses	<b>(871)</b>	-
Insurance claims and loss adjustments recovered from insurers	<b>182</b>	-
Expense for acquisition of insurance and invest contracts	<b>(181)</b>	-
Staff expenses	<b>(278,801)</b>	(166,220)
Depreciation and amortisation	<b>(65,456)</b>	(34,232)
Other operating expenses	<b>(250,235)</b>	(146,957)
<b>Total operating expenses</b>	<b>(595,362)</b>	(347,409)
<b>Operating profit</b>	<b>126,323</b>	133,834
Share of profit of associates	-	-
<b>Profit before income tax</b>	<b>126,323</b>	133,834
Income tax expense	<b>(39,431)</b>	(39,992)
<b>Profit for the year</b>	<b>86,892</b>	93,842
<b>Attributable to:</b>		
- Equity holders of the parent company	<b>68,911</b>	81,170
- Non-controlling interests	<b>17,981</b>	12,672
	<b>86,892</b>	93,842
Earnings per share for profit attributable to the equity holders of the parent company during the period (in US cents)		
• Basic EPS	<b>0.54</b>	0.82

**IFRS UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2012**

	<b>Six months ended 30 June</b>	
	<b>2012</b>	<b>2011</b>
	<b>USD '000</b>	<b>USD '000</b>
<b>Assets</b>		
Cash and balances with central banks	1,637,013	1,179,678
Treasury bills and other eligible bills	882,651	789,389
Loans and advances to banks	1,947,386	1,558,117
Loans and advances to customers	7,984,431	5,478,700
Trading assets	571,372	16,592
Derivative financial instruments	256	11,082
Reinsurance assets	3,551	-
Investment securities: available-for-sale	2,393,242	1,531,525
Investment in associates	2,906	3,154
Pledged assets	276,131	-
Intangible assets	526,700	47,143
Property and equipment	804,230	510,167
Investment property	60,420	11,599
Deferred income tax assets	68,895	37,292
Other assets	647,365	638,642
<b>Total Assets</b>	<b>17,806,549</b>	<b>11,813,080</b>
<b>Liabilities</b>		
Deposits from other banks	765,746	191,018
Deposits from customers	12,678,394	8,995,399
Other deposits	282,184	17,399
Derivative financial instruments	185	9,805
Insurance liabilities	3,551	-
Borrowed funds	1,181,887	374,124
Other liabilities	1,261,442	787,301
Current income tax liabilities	40,111	46,103
Deferred income tax liabilities	10,834	30,760
Retirement benefit obligations	11,331	10,058
<b>Total Liabilities</b>	<b>16,235,665</b>	<b>10,461,967</b>
<b>Equity</b>		
<b>Capital and reserves attributable to the equity holders of the parent entity</b>		
Share capital	1,080,186	866,709
Retained earnings and reserves	350,175	348,450
<b>Total equity and reserves attributable</b>	<b>1,430,361</b>	<b>1,215,159</b>
Non-controlling interests in equity	140,523	135,954
<b>Total Equity</b>	<b>1,570,884</b>	<b>1,351,113</b>
<b>Total Liabilities and Equity</b>	<b>17,806,549</b>	<b>11,813,080</b>

**IFRS UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR SIX MONTHS ENDED 30 JUNE 2012**

	<b>Six months ended 30 June</b>	
	<b>2012</b>	<b>2011</b>
	<b>USD '000</b>	<b>USD '000</b>
<b>Cash flows from operating activities</b>		
Interest income received	670,066	378,917
Interest paid	(248,043)	(123,057)
Dividends received	866	1,002
Fee and commission receipts	249,151	170,850
Fee and commission paid	(11,886)	(11,492)
Net trading and other income	105,131	89,285
Cash payments to employees and suppliers	(529,906)	(313,177)
Income taxes paid	(42,312)	(29,822)
<b>Changes in operating assets and liabilities</b>		
- net increase in trading assets	(569,802)	(9,789)
- net increase in pledged assets	(178,685)	-
- net (increase)/decrease in derivative financial assets	8,355	(1,082)
- net decrease in loans and advances to banks	577,015	22,305
- net (increase)/decrease in loans and advances to customers	(700,802)	32,761
- net (increase)/decrease in other assets	143,268	(218,669)
- net (increase)/decrease in mandatory reserve deposits with central banks	71,790	95,534
- net increase/(decrease) in other deposits	112,085	(33,519)
- net increase in amounts due to customers	601,899	1,070,814
- net (decrease) in derivative liabilities	(10,085)	(108)
- net increase in other liabilities	221,148	268,337
<b>Net cash (used in) operating activities</b>	<b>469,253</b>	<b>1,389,090</b>
<b>Cash flow from investing activities</b>		
(Acquisition of subsidiaries)/net of cash acquired	119,245	-
Purchase of software	(18,118)	(16,843)
Purchase of property and equipment	(75,777)	(68,907)
Sale/(purchase) of investment securities	301,763	(641,554)
<b>Net cash from / (used in) investing activities</b>	<b>327,113</b>	<b>(727,304)</b>
<b>Cash flow from financing activities</b>		
Net proceeds from/(payment of) borrowed funds	(221,134)	148,149
Dividends paid to minority shareholders	-	(15,319)
Dividends paid	-	(39,660)
<b>Net cash from/(used in) financing activities</b>	<b>(221,134)</b>	<b>93,170</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>575,232</b>	<b>754,956</b>
Cash and cash equivalents at start of year	1,330,596	1,191,824
Effects of exchange differences on cash and cash equivalents	469,881	9,483
<b>Cash and cash equivalents at end of period</b>	<b>2,375,709</b>	<b>1,956,263</b>



## CONFERENCE CALL

ETI will host a teleconference call for analysts and investors on **Friday, 3 August 2012 at 2.00pm GMT / 3.00pm UK & Lagos time** during which senior management will present the unaudited financial results for the six months ended 30 June 2012. There will be an opportunity at the end of the call for questions.

The teleconference call facility can be accessed by dialing:

UK Standard International	+44 145 255 5566
UK Free call	0800 694 0257
USA Free call	1866 966 9439
USA Local call	1631 510 7498
South Africa Free Call	0800 980 759

Participants would be asked for their full name, company name and Conference ID

Conference ID                    **157 874 26**

Participants should call at least five minutes before the start of the presentation.

For those who are unable to listen to the live call, an Encore replay facility will be available until **12 August, 2012** with details made available after the call on request.

The presentation will be posted on the Ecobank website the morning of the teleconference call at [www.ecobank.com](http://www.ecobank.com).

For further information please contact:

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