2005 Annual Report

ECOBANK

ECOBANK

Principal Subsidiaries and Offices

GROUP OFFICE:

2, Rue du Commerce - BP : 3261 - Lomé (TOGO) - Tel. : (228) 221 03 03 / 221 31 68 - Fax : (228) 221 51 19

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01 B.P. 145 Ouagadougou 01
Burkina-Faso
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Fax: (237) 343 84 87

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Côte d'Ivoire
Tel.: (225) 20 21 10 44
Fax: (225) 20 21 10 46

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P.O. Box 16746 Accra North
Ghana
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Fax: (233) 21 68 04 28

GUINEA
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Conakry - Guinée
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22 64 28
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Quartier du Fleuve,
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NIGER
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Rue des Bâtisseurs,
B.P. 13804 Niamey - Niger
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2626710-17
Fax : (234) 1 2616568

SENEGAL
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Dakar - Sénégal
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Fax : (221) 823 47 07

TOGO
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B.P. 3302 Lomé - Togo
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Ecobank Development Corporation
2, Rue du Commerce,
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Fax: (228) 221 51 19

Ecobank Investment Corporation
Immeuble Alliance, 4ème Etage
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Ecobank Stockbrokers Limited
13, Seventh Avenue Extension
North Ridge
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21 223 716

ESL Securities Limited
Plot 161, Raufu Taylor Close,
Off Idejo Street
Off Adeola Odeku Street
Victoria Island Lagos - Nigeria
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Fax: (234) 1 261 2983

ECV Servicos Financieros Agencia de Cambios
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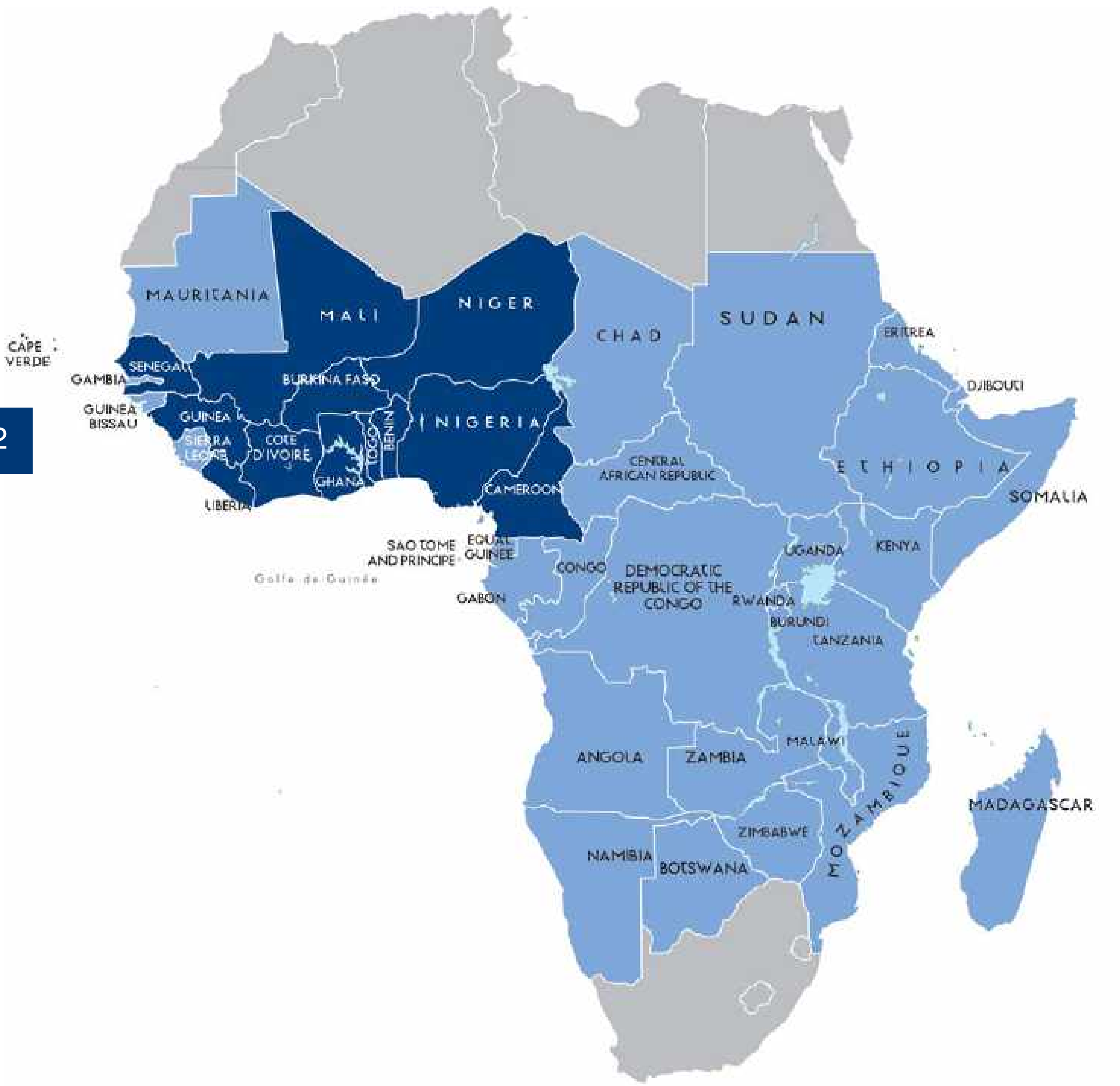


Countries in which Ecobank is currently present

The Ecobank Group

Ecobank is the leading indigenous regional banking group in Sub-Sahara Africa. Established from inception as a regional banking group in 1988, Ecobank has grown to 18 subsidiaries, 162 branches and 2,602 employees across 13 West and Central African countries.

Ecobank is committed to enhancing shareholder value by building a world class African bank based on world class processes, people, corporate governance standards and customer service.

In 2005, the Group generated over US$236 million in revenues from wholesale and retail banking services and products and had a balance sheet of US$2.2 billion.

The major developments in the Group in 2005 were:

- The successful increase in shareholder's funds to over US$ 220 million
- The decision to enter into a combination with one of the leading banks in West Africa, to create one of the major banks in Sub-Sahara Africa
- The commencement of activities to open 4 new subsidiaries in West and Central Africa
- The decision to list ETI, Ecobank Nigeria and Ecobank Ghana
- The re-organization of the group into four regional, two customer and two business sectors
- The appointment of five group executive directors
- The commencement of the transformation of the group from a largely wholesale bank to a more balanced retail and wholesale group.

Financial Highlights

In thousands of US dollars, except per share, ratio and headcount data

At Year End	2005	2004
Assets	2,199,230	1,910,345
Loans and advances to Customers	1,022,140	923,661
Customers Deposits	1,532,478	1,465,117
Shareholders' equity	221,547	127,219
Book value per share ($)	0.59	0.44 *
Non - performing loans to total loans (%)	12.2	9.4
Headcount (number)	2,602	2,033
Branches and locations (number)	162	109
For the Year		
Revenues	236,351	203,852
Loan loss provision	14,898	18,136
Profit before tax	73,729	60,315
Profit after tax	50,939	40,427
Profit attributable	41,502	31,431
Basic earnings per share (cents)	14	12
Diluted earning per share - restated (cents)	14	12
Dividend per share (cents)	3	1.88 *
Weighted average return on equity (%)	23.8	26.9
Return on average assets (%)	2.5	2.4
Other Data		
Risk - based capital ratios (%)		
Total	21.7	13.3
Tier 1	21.7	13.1
Number of shares outstanding (in thousands):		
Weighted average	293,291	267,180
As at 31 December 2005	401,272	283,036 *

* Adjusted for 4:1 stock split.

Chairman's Statement

I am pleased to report another record year for the Ecobank Group. We have again demonstrated our ability to deliver growth and profitability in one of the most diverse and challenging markets in the world.

Performance

Our 2005 results showed improvement in all key areas. Total assets grew to US$2.2 billion and net revenues increased by 19 per cent to US$221.5 million. Profit before tax was up 22 per cent to US$ 74 million. Return on average equity was 24 per cent compared to 27 per cent in 2004 reflecting the significant increase in our share capital during the year.

Strategy

During 2005, we took several important steps to transform Ecobank to ensure a sustainable and balanced growth of our business in the long-term.

We reinforced our management team with the appointment of a new group chief executive officer and five group executive directors to manage the key business units and geographical regions in which the group operates.

We took advantage of the consolidation of the banking sector in Nigeria to transform and reposition our operations in this major economy in the sub-region. Along with recapitalization of our Nigerian subsidiary to meet the higher capital requirements in Nigeria, we entered into an agreement with FirstBank of Nigeria to combine our businesses to create one of the largest and most diversified banking groups in Africa. This combination is still subject to shareholder and regulatory approval. We are also actively considering similar opportunities in other countries and markets where we currently operate.

During the year, we also significantly reinforced our capital base through a successful rights issue and private placement. Along with the proposed listing of ETI and our subsidiaries in Nigeria and Ghana this year, we believe that the Ecobank Group's improved capital and financial flexibility makes it well positioned to achieve its long-term strategic objectives.

Corporate Governance

The Vice Chairman, Michel Abrogoua, who joined the board in February 2002, resigned at the last Annual General Meeting following a change of ownership at the West Africa Growth Fund. Cheick Modibo Diarra, who has been on the board for three years, also agreed to step down to assume the chairmanship of Ecobank Mali.

Olufemi Adefope left the group after fifteen years of service in various capacities including more recently as Group Finance Director and acting Group Chief Executive.

We thank them all for their service and contribution to the development of the Ecobank group.

During the year, Arnold Ekpe, rejoined the group as Group Chief Executive Officer. Albert Essien, Evelyne Tall, Funke Osibodu, Christophe Jocktane-Lawson and Patrick Akinwuntan were appointed group executive directors. We welcome them to the board and look forward to their contribution to the development of the group. We now have a new generation management team to lead the group forward. Along with a strong team of independent and experienced non-executive directors, Ecobank now has a board of directors with the depth and breadth to support and sustain the future development of the group.

The board also approved a revised organizational structure for the group. This structure, which has now been implemented, is designed to improve and decentralize decision-making. We are already seeing the benefits in terms of improved performance across the group. In addition, the board also approved a succession plan for the group to ensure that changes at the board and management levels are properly planned and implemented. This plan has already been implemented in terms of my planned departure from

Chairman's Statement (Continued)

the board and will be implemented for future board and management changes.

I will be stepping down from the board at the end of this annual general meeting of shareholders having reached the mandatory retirement age. As I look back over the years, I am pleased at the considerable progress the group has made. Ecobank is now moving from a sub-regional bank to a truly pan-African institution with the resources and the reach to achieve the aspirations of our founding fathers and to play a leading role in the transformation of the African continent.

I assumed the chairmanship at a time of major change in the group. I am pleased to hand over the leadership of the bank to my successor with the knowledge that Ecobank is now a stronger and a bigger institution, refreshed and reinvigorated to move to the next level of its development.

I take this opportunity to thank the shareholders, my colleagues on the board, the management and the staff, our regulators and the communities in which we operate for their support during my tenure as chairman.

The board has unanimously elected the current Vice-Chairman, Mande Sidibe, to succeed me as Chairman subject to his re-election at the Annual General Meeting. I count on you to give him the necessary support and cooperation in moving the group forward.

Corporate Social Responsibility

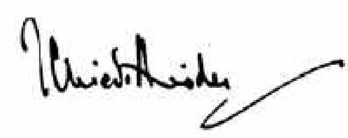
Ecobank Foundation, our corporate philanthropic arm, commenced operations in 2005. It is already having an impact in supporting worthwhile causes and projects in our sub-region. During the year under review, donations were made to projects in Benin, Mali and Burkina Faso. The Foundation has its own board of trustees and makes its decisions independent of Ecobank. Ecobank provides an annual grant to the Foundation. The Foundation is also free to source funds from other parties.

Conclusion

Against a background of relatively positive economic and political development across West and Central Africa, 2005 was a year of considerable change for the Ecobank Group.

We are now better positioned to address the challenges of the future and to build on our track record of growth and profitability. We are committed, more than ever, to building Ecobank into a world class African banking group.

I would like to conclude by thanking all our stakeholders - shareholders, customers, management and staff, regulators and the communities in which we operate - for their support and confidence in the Ecobank Group. I am confident that with your support, we can together build Ecobank into one of Africa's leading institutions.



Philip C. Asiodu
Chairman

Directors' Report

Principal Activity

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. It enjoys special fiscal, exchange control and legal rights under an agreement with the Government of Togo.

A review of the business of the Group during the year 2005 and of likely future developments is contained in the Business and Financial Review section.

Results

The Group's net profit after tax was US$ 51 million. Net profit attributable to ETI was US$ 41.5 million. The details of the results for the year are set out in the consolidated profit and loss statement.

The directors approved the financial statements of the Company and the Group for the year ended 31st December 2005 at the meeting of the Board held on 12th May 2006. Philip C. Asiodu and Arnold Ekpe were authorized to sign the accounts on behalf of the Board.

International Financial Reporting Standards (IFRS)

As you are aware, the accounts of ETI and the Group are prepared in accordance with International Accounting Standard (IAS). These standards have been revised and are now referred to as the International Financial Reporting Standards (IFRS).

IFRS does not require the publication of separate parent company accounts where group accounts are prepared. However, Ecobank has a tradition of providing shareholders with the accounts of the parent company. Accordingly, in order to comply with IFRS and our long-standing practice, we have provided you with the accounts of the Group and the parent company, ETI. The accounts of the Group have been prepared in full compliance with the new IFRS standards. The accounts of ETI have also been prepared in compliance with these standards except with respect to accounting for our investments in our subsidiaries for which we have reported in accordance with the rules that we have always used.

Dividend

The directors recommend the payment of 3 cents per ordinary share as dividend based on the shareholding as at 31st December 2005. Dividend on shares issued under the private placement will be prorated from the date on which funds were received by the Company.

Capitalization Issue

The directors propose a capitalization issue of one ordinary share for every five ordinary shares.

Capital

At an extraordinary general meeting of shareholders on 11th March 2005, the authorized capital of the Company was increased from One hundred (100) million dollars to two hundred (200) million dollars and the nominal reduced from US$1 to US$0.25. The authorized capital is therefore currently represented by 800 million ordinary shares of $0.25 each. The EGM also approved a rights issue of four (4) new ordinary shares for every five (5) shares (total of shares 226.4 million).

The rights were issued at a price of $0.70 per share. Shares not taken up under the rights issue were privately placed at a price of US$0.80. 60,764,495 shares were taken up under the rights issue and 57,471,545 shares under the private placement at the end of 2005. Furthermore 47,500,000 shares were reserved under two convertible loan agreements concluded in 2006 with Kingdom Zephyr Africa Management Company (KZAM), and Kingdom Holding.

Directors and Company Secretary

The names of the directors of the Company and the name of the Company Secretary appear on pages 9 to 10 respectively of this report.

Five executive directors were appointed during the year.

- Patrick Akinwuntan, Retail, Technology & Operations,
- Albert Essien, Regional Head,
- Christophe Jocktane-Lawson, Corporate Development and Wholesale Bank,
- Olufunke Osibodu, Regional Head, and
- Evelyne Tall, Regional Head.

As at 31st December 2005, the Board was composed of thirteen (13) directors: seven (7) non executive directors and six (6) executive directors.

The Board of Directors met seven (7) times during the year. The three (3) board committees, namely, the Governance and Strategy Committee, the Audit and Compliance Committee and the Risk Management Policy Committee met at various times during the year to deliberate on issues under their respective responsibilities.

The board also appointed ad hoc committees to address the consolidation in Nigeria and the proposed combination with FirstBank.

Corporate Governance and Compliance

The company maintains corporate policies and standards designed to encourage good and transparent corporate governance, avoid potential conflicts of interest and promote ethical business practices. See pages 11 to 13 for details.

The board has adopted the International Finance Corporation (IFC) Code of Corporate Governance to guide its composition and terms of reference.

Subsidiaries

Ecobank currently has operations in 13 countries namely Benin, Burkina Faso, Cape Verde, Cameroon, Côte d'Ivoire, Ghana, Guinea, Liberia, Mali, Niger, Nigeria, Senegal and Togo.

During 2005, work commenced to secure operational licenses in Chad, Equatorial Guinea, Guinea Bissau and Sierra Leone.

Our investment banking subsidiary, Ecobank Development Corporation, expanded its activities and presence during the year and its management was strengthened. eProcess International SA, our shared services subsidiary was also strengthened to play a more strategic role in improving our efficiency and reducing operational costs.

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

Post Balance Sheet Events

There were no post balance sheet events that could materially affect either the reported state of affairs of the Company as at 31st December 2005 or the profit for the year ended on the same date which have not been adequately provided for or disclosed.

Responsibilities of Directors

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

- adequate internal control procedures are instituted to safeguard assets, prevent and detect fraud and other irregularities;
- proper accounting records are maintained;
- applicable accounting standards are followed;
- suitable accounting policies are used and consistently applied;
- the financial statements are prepared on the 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, Abidjan, Côte d'Ivoire have indicated their willingness to continue in office. A resolution will be presented to authorize the directors to determine their remuneration.

12th May 2006.

By order of the Board,
Company Secretary
Samuel K Ayim

Board of Directors

Philip C. Asiodu
Chairman

Mandé Sidibé
Vice Chairman

Arnold Ekpe
Group Chief Executer
Executive Officer

Christian N. Adovelande

Oba A. Otudeko

J. Kofi Bucknor

Kolapo Lawson

Evelyne Tall*

Olufunke Osibodu*

Albert K. Essien*

Christophe Jocktane-Lawson*

Patrick Akinwuntan*

Cheick Modibo Diarra
Resigned on
December 31, 2005

M. Olufemi Adefope
Resigned on
September 22, 2005

Michel Abrogoua
Resigned on
June 16, 2005

* Executive Director's

Non-executive Directors (backround information)

Philip C. Asiodu (Chairman)

Industrialist, businessman and former senior civil servant. Former minister of petroleum and mineral resources of Nigeria. He is chairman and board member of several public and private sectors companies of Nigeria.
He was the first Chairman of the Board of Directors of Ecobank Nigeria (1989 to 1992).

Mandé Sidibé (Vice Chairman)

Former Special advisor to the President, and former Prime Minister of the Republic of Mali. He is a former national director for Mali for the BCEAO, the central bank for the 8 West African francophone countries and special advisor to the governor of BCEAO. He was also former divisional head, and principal economist in the Africa department of the International Monetary Fund.

Cheick Modibo Diarra

Former Director of programs at NASA Jet Propulsion Laboratory. He is also UNESCO goodwill ambassador for science and technology. He holds a doctorate degree in mechanical engineering from Howard University, Washington DC, USA. He has recently been appointed Chairman of Microsoft Africa.

Kolapo A. Lawson

Chief executive officer of an international industrial and trading Group, and chairman of two quoted companies. He was a Director of Ecobank Nigeria (1989 to 1997) and of Ecobank Togo (1990 to 1993). He has a degree in Economics and is a fellow of the Institute of Chartered Accountants in England and Wales and of the Institute of Chartered Accountants of Nigeria.

Ayoola Oba Otudeko

Chairman and board member of several Nigerian and overseas companies and banks (including the Central Bank of Nigeria) and Chambers of Commerce. He is a member of the regional advisory board of the London Business School and chancellor of the Olabisi Onabanjo University. He is a chartered accountant and a chartered banker.

Christian N. Adovelande

Chairman of the ECOWAS Bank for Investment and Development (EBID) Group, which he represents on the board of ETI. Former Chairman/Managing Director of Cauris Investment, a regional venture capital fund. He has held key positions at the Africa Private Investment Guarantee Fund (Fonds GARI S.A.) and the West African Development Bank (BOAD).

J. Kofi Bucknor

Principal of Kingdom Zephyr Africa Management Company and the Chief Executive Officer of J. Kofi Bucknor & Associates in Ghana. He has held a number of key positions in companies in West Africa, Europe and the USA. He is Chairman of the Ghana Stock Exchange and is an advisor to Prince Alwaleed Bin Talal Bin Abdulaziz Al Saud of Saudi Arabia. He represents Kingdom Holding on the Board of Directors.

Michel G. Abrogoua

Former Managing Director of Framlington Asset Management West Africa, the investment advisor of the West Africa Growth Fund. He has held positions in International Finance Corporation (IFC), and in the African Development Bank (ADB).

Corporate Governance

Commitment to Corporate Governance

The Ecobank Group is committed to ensuring good corporate governance. The Group believes that good corporate governance enhances shareholder value. Ecobank has been a pioneer in West African banking in institutionalizing corporate governance principles as part of the Group's corporate culture. To this end Ecobank aims at complying with best international practices on corporate governance. Adherence to corporate governance principles are articulated in a number of corporate documents. The Articles of Association of the Company and those of its subsidiaries define the respective roles of management, the board of directors and shareholders (including the protection of minority rights) in the administration of the Group. The Group has standard written rules for the internal operation of the boards of directors, a corporate governance charter, a code of conduct for directors and rules on business ethics for staff, all of which aim at ensuring transparency and accountability within the Group.

The board of directors has, adopted the IFC guidelines on corporate governance to guide its corporate governance framework. The group's governance practices are also guided by the Basle standards on corporate governance.

Governance Structure within the Ecobank Group

The Ecobank Group corporate governance documents outline corporate governance policies and clarify governance structures throughout the group.

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

- The parent company, ETI acts as a "strategic architect" with limited involvement in operational management and decision making at subsidiaries level. It sets the overall strategy and direction of the Group, policies and procedures; and monitors them through reviews and audits to ensure compliance not only with Group strategy, policies and procedures but also with local laws and regulations.
- Operational decision-making is individualized and maintained at a level, as close as possible to required action and customers.
- Individual accountability and responsibility are institutionalized and embedded through empowerment and the granting of relevant levels of authority.
- Coordination at the corporate centre and Group level is achieved through high levels of interaction between parent company and its subsidiaries as well as amongst subsidiaries at board and executive management levels.
- Clear terms of reference and accountability are laid out for committees at board and executive levels. There is effective communication and information sharing outside of meetings. The Group operates an 'open-door' policy.

The following are the governance units within the Group:

- ETI Board of Directors
- Country Board of Directors
- Group Executive Management Committee
- Country Executive Management Committee
- Annual Country Heads Meeting.

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 in the following paragraphs.

ETI Board of Directors

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

- Clear delineation and segregation of responsibilities between executive management and board to ensure non interference of the board in the operational management of the Group.
- Objective judgment on corporate affairs independent of executive management.
- Actions on a fully informed basis, in good faith, with due diligence and care and in the best interest of the Group and its shareholders.
- Compliance with applicable laws and regulations in line with group strategy and direction.
- Local legislation to prevail in the event of any conflict between group policies and local laws.
- Transparency and avoidance of conflict of interest between directors and the business of the Ecobank Group.
- Full disclosure of accurate, adequate and timely information regarding personal interests of directors.

The board has recently approved the enlargement of its membership to include five additional executive directors. The membership of the Board is now twelve, comprising six executive and six non-executive directors (refer to pages 9 to 10). The board has a policy of ensuring that there are more non-executive directors than executives on the board.

The board has three committees, namely, the Governance Committee, the Audit and Compliance Committee and the Risk Committee. The current composition and terms of reference of the committees are summarized below:

Governance Committee

Composition

Comprises four members (the Chairman, The Chief Executive Officer and two non executive directors – Messrs Christian Adovelande and Oba Otudeko).

Responsibilities

- Formulates, reviews and generally ensures implementation of policies applicable to all units of the Group and ensure good governance throughout the Group.
- Manages the relationship between ETI and its shareholders and subsidiaries, including relationships with the boards of subsidiaries.
- Formulates new and reviews existing group-wide policies including organizational structure.
- Handles relationship with regulators and third parties.
- Manages board affairs in between the meetings of the board or when the board is not sitting.
- Recommends the appointment of executive and non-executive directors.
- Reviews the human resources strategy and policies of the Group and the remuneration of senior executives.

Audit and Compliance Committee

Composition

Composed of two non-executive directors (Messrs Mande Sidibe and Kofi Bucknor) and two shareholders (Social Security and National Insurance Trust of Ghana represented by its General Manager, Finance, Mr. Kwasi Boatin; and Mr. Ayi A. Amavi) with the Chief Executive Officer in attendance, where appropriate.

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

The Group Chief Audit and Compliance Officer, the Group Chief Financial Officer serve as the secretariat for 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.
- Ensure compliance with all applicable laws, regulations and operating standards.

Risk Committee

Composition

Composed of four members namely Messrs Kolapo Lawson, as Chairman, Christian Adovelande, Kofi Bucknor and the Group Chief Executive Officer. Members have good knowledge of business, finance, banking, general management and credit.

Responsibilities

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

Country 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 same governance principles as ETI. 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 ETI.

The boards of directors of the subsidiaries are accountable to the subsidiaries' shareholders for the proper and effective administration of the subsidiary in line with the overall group direction and strategy. These boards also have statutory obligations based on company and banking laws in the respective countries.

In the event of any conflict between ETI and local laws, the local legislation prevails.

Group Executive Management Committee

The Group Executive Management Committee is comprised of the Group Chief Executive Officer, the regional and group business heads and group functional heads, currently a total of thirteen members. They are responsible for the operational management of the Group and its subsidiaries.

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

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

Country Executive Management Committee

The Country Executive Management Committee consists of the country head, and other senior executive members of each subsidiary. In addition to the day-to-day management of the subsidiary's operations, the role of a country's 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 strategic and business performance against plan.
- Tracking and monitoring progress and accomplishments on major initiatives and projects at country level.
- Articulating appropriate response to environmental factors, regulation, government policies, competition and other such issues in the country.
- Articulating policies for advancing business objectives in the country.
- Advising ETI on adaptation of overall strategy to the specificities of the local environment.
- Advising on local laws and regulation impacting on group policies.

Annual Country Heads Meeting

The Annual Country Heads Meeting is an annual meeting of all Managing Directors and Group functional heads across the group, to review and reflect on group strategy and policies. The meeting plays a key role in facilitating the harmonization and integration of the group strategy. Its role includes:

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

Executive Management (As at 31st March 2006)

Group Executive Management

Arnold Ekpe	Group Chief Executive Officer
Evelyne Tall	Regional Head, UEMOA
Albert Essien	Regional Head, WAMZ
Abou Kabassi	Regional Head, CEMAC
Olufunke Osibodu	Regional Head, Nigeria
Christophe Jocktane-Lawson	Head, Corporate Development & Wholesale Bank
Patrick Akinwuntan	Head, Operations, Technology & Retail Bank
Antoine Kayembe Nzongola	Group Chief Risk Officer
Laurence do Rego	Group Chief Financial Officer
Robert Kwami	Group Chief Audit & Compliance Officer
Richard Kyereboah	Group Chief Human Resources Officer
Samuel Ayim	Company Secretary

Country Heads

Benin
Cheick Travaly

Burkina Faso
Latifou Yessoufou

Cameroon
Abou Kabassi

Cape Vert
Malick Guèye

Côte d'Ivoire
Martin Djedjes

Ghana
Samuel Ashitey Adjei

Guinea
Assiongbon Ekué

Liberia
Esijolone Okorodudu

Mali
Yves Coffi Quam-Dessou

Niger
Charles Daboiko

Nigeria
Olufunke Osibodu

Senegal
Ehouman Kassi

Togo
Roger Dah-Achinanon

Specialized Subsidiaries Heads

eProcess International SA (Togo)
Patrick Akinwuntan

Ecobank Stockbrokers Limited (Ghana)
Mahama Iddrissu

Ecobank Investment Corporation (Côte d'Ivoire)
Adonis Séka

Ecobank Development Corporation (Togo)
Michael Ashong

ESL Securities Limited (Nigeria)
Tunde Ayeni

Chief Executive Officer's Review

Overview

2005 was another record year for Ecobank Group. Our performance across a wide range of financial metrics was positive. Revenue and profitability grew.

Our strategy of regional banking continues to serve us well and we have over the years been able to demonstrate that we can manage across countries, cultures and markets in one of the most challenging regions in the world. Our business model of diversification across countries and markets has ensured that we are less vulnerable to single country event risks compared with many of our peers. We have continued to grow through periods of economic and political instability in our region.

Overall, the economic performance of our region in 2005 was positive and this trend looks likely to continue in 2006. The West and Central African economies recorded positive growth with the oil-exporting countries in particular benefiting from high oil prices. There were also positive economic and political developments across the region that positively impacted the business environment although there were setbacks in a couple of countries.

In spite of the improved external and business environment, our industry is facing a number of fundamental changes: local banks are increasingly regionalizing their operations; international and South African banks are showing increasing interest in our region; margins and market shares are under pressure due to increased competition; regulatory requirements are becoming more stringent; customers are demanding better service and better products; and there is an increasing competition for talent.

Some of these challenges are new but most of them are typical of a commodity business. To compete successfully and grow, we have to adapt to the markets in which we operate, to anticipate and react to changes, to grow revenues and manage our costs, improve our processes and focus on customer service.

Strategic Intent

Our strategic intent is to build a world–class African institution focused on Africa. This will involve transforming and re-inventing the Ecobank Group to meet the challenges of a globalizing marketplace. We need to refresh and reposition our brand as a symbol of convenient, accessible and reliable banking.

Our values must be seen as transparent, committed, pioneering and multinational. Our strategy and actions will be shaped by the three key themes driving our industry, namely growth, efficiency and scale.

Growth

We will continue to position our businesses for growth across Africa.

Our growth strategy will be driven by a combination of factors including:

- expansion into new markets. We plan to open four new subsidiaries in 2006 in Chad, Equatorial Guinea, Sierra Leone and Guinea-Bissau.
- increased market share in existing markets through opening new branches and channels and combination with local banks.
- expansion into new markets segments such as retail banking which are underserved and offer significant potential for revenue growth.

Efficiency

We believe that there is considerable scope for further improvement. As Ecobank grows bigger and more geographically diversified, we need to take steps to exploit the efficiencies that can be derived from economies of scale. Our objective is to be perceived as the efficient operator in what are inefficient markets by utilizing modern technology and business practices to drive down costs and grow revenues.

The group is taking steps to centralize its middle and back office operations in a shared services centre. Work on this will commence in 2006 and when completed, should result in considerable costs savings and efficiency improvements.

Our strategy for improving efficiency will borrow from those that have succeeded in other more advanced emerging markets. We will also continue our efforts to stay ahead of the competition by adopting and adapting business processes and practices that have been successful in other markets.

Scale

Commercial banking is essentially a commodity business in which scale is important. Major international and South African banks with considerable resources have rekindled their interest in Sub-Sahara Africa. The consolidation program in Nigeria has created a number of major banks with the resources to expand into the rest of Africa. If Ecobank is to compete in the unfolding banking landscape, we need to adopt measures to ensure that we are positioned as one of the largest banks in markets in which we operate.

Our strategy to build scale is designed to position Ecobank as the leading bank in middle Africa. Middle Africa comprises a region of 44 countries, excluding North Africa and the Republic of South Africa, with a population of over 701 million inhabitants and a GDP of over US$321 billion. This region also includes some of the fast growing oil-exporting countries in Africa.

In building scale, we seek to operate not as a group of banks but as “One Bank” with common operating standards in all markets in which we operate, taking into account local regulations and market conditions. Our strategy also accepts that whilst some African countries may on the face of it appear unattractively small, modern technology and telecommunications should enable us to exploit economies of scale.

Our proposed combination with FirstBank in Nigeria is designed to transform our operations in this major market in Africa. Nigeria is the “China” of Africa in terms of population and Ecobank's long-term success will be significantly impacted by its performance in this market.
We have also commenced a program of identifying other opportunities to grow our business through acquisitions of majority interests in banks in markets in which we operate and in new markets.

Shareholder Value

By building scale, improving efficiency and growing the franchise, we believe we can position Ecobank to enhance and grow shareholder value in a sustainable long-term manner.

The proposed listing of Ecobank Transnational Incorporated (ETI) on three exchanges in West Africa is designed to improve the liquidity of our shares and the market value of the company to our shareholders. It is also designed to enhance the financial flexibility of the company by providing a liquid instrument for funding growth. The exchanges on which Ecobank Transnational Incorporated (ETI) will be listed are the Bourse Régionale de Valeurs Mobilières (BRVM) in Abidjan, the Ghana Stock Exchange in Accra and the Nigerian Stock Exchange in Lagos. To our knowledge, this is the first time any institution will seek to list on all three stock exchanges. An international listing is also being considered in line with the regional listings.

In addition, two of our major subsidiaries, namely Ecobank Nigeria and Ecobank Ghana will be listed in 2006. Again, this is designed to enhance shareholder value by providing a market-related and efficient basis for valuing the Ecobank group and minimizing any discount due to our holding company structure.

A focus on shareholder value also means that we will increasingly adopt a stock market related approach in running the company and responding to shareholder concerns. In addition to changes to our management information and reporting system, we will be setting up an investor relations unit that will focus on addressing the information and other needs of our shareholders in a timely and efficient manner.

Execution

We have set ourselves ambitious goals which we hope to achieve. Over the next 3 years we intend to take steps to transform and reinvent the Ecobank Group and position it to address the changing marketplace. In so doing, we will adopt and adapt practices and processes that have been successful in the more advanced emerging markets, particularly the fast-emerging markets of Asia and Eastern Europe. Our priorities for the coming year will be driven by our strategic intent of creating a world class African bank:

Chief Executive Officer's Review (Continued)

- Listing of Ecobank Transnational and our subsidiaries in Nigeria and Ghana in order to enhance shareholder value, provide liquidity to our shares and financial flexibility to the group.
- Transform the Ecobank Group from its current market position as a predominantly wholesale bank to a bank with a balanced presence in the wholesale and retail markets. We believe the retail sector in West and Central Africa is largely untapped and holds significant opportunity.
- Build strong capabilities in transaction banking, and a leading presence in foreign exchange, money markets and equities in the sub-region.
- Build a shared services centre to centralize middle and back office operations, reduce costs, improve efficiency and provide a robust scalable platform for growth; and strengthen and deepen our technology infrastructure to improve efficiency and product delivery.
- Continue our geographical expansion and diversification into new markets in Central, Eastern and Southern Africa.
- Complement organic growth in existing markets with targeted acquisitions to achieve leadership positions in markets in which we are present.
- Make significant investments in improving our people selection, management better; review and modernize our rewards system to align them with the strategic intent and direction of the Group. In 2005 we implemented an improved organizational structure for the group and appointed a younger group of business leaders.
- Improve our risk management, compliance and audit processes. In 2006, we will implement the use of automated tools to manage our credit and operational risks processes.

Highlights of 2005

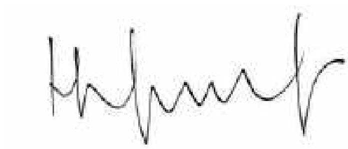
The highlights of 2005 were undoubtedly the successful re-organization of the group and the successful recapitalization of our Nigerian subsidiary. The re-organization was designed to refresh the institution by bringing in younger and more dynamic managers to ensure the future leadership of the group and to decentralize decision-making in the group. The changes are already yielding positive results in terms of improvements in the speed and quality of decision-making.

The recapitalization of our Nigerian subsidiary has ensured our continued and strengthened presence in the Nigerian market and has better positioned us for the proposed combination with FirstBank, the oldest and one of the leading banks in Nigeria. The resultant group will be the largest banking institution in middle Africa with the resources and the capital to compete effectively in the changing African banking space.

Conclusion

In conclusion, I believe Ecobank is well positioned to take advantage of the opportunities in our existing markets and in new markets and countries to achieve sustainable growth and profitability in the long-term.

We also count on the support and dedication of our board of directors and all our stakeholders without whom we could not achieved the results we recorded in the last year. With their continued support and the commitment and dedication of all employees across the group, we can look forward to 2006 and beyond with confidence.



Arnold Ekpe
Group Chief Executive Officer

Business and Financial Review

Group Financial Summary

The Ecobank Group achieved another record performance in 2005. Gross revenue grew by 16 per cent to US$236.4 million and profit before tax was up 22 per cent to US$73.7 million. The balance sheet grew to US$2.2 billion, exceeding US$2 billion for the first time. As the financial results show, the operating ratios also generally recorded positive improvements, except for our cost to income ratio which registered a negative increase from 61 to 62 per cent of which 2.6% was due to the negative impact of the recognition of retirements benefits under the International Financial Reporting Standards (IFRS).

Return on average assets was 2.5 per cent, an improvement of 4 per cent. Return on average equity dropped to 23.8 per cent, due to the increase in capital during the year. Earning per share was 14 cents versus 12 cents in 2004.

This performance was the result of a broadly based organic growth across our business and countries in which we operate. The results also benefited from a turnaround in our operations in Côte d'Ivoire although this was offset to some extent by the performance in Benin, the devaluation in Guinea franc.

Prior period figures have been restated where appropriate to reflect the adoption of the provisions of the International Financial Reporting Standards.

Revenues

Net revenue grew by 19.2 per cent to US$221.5 million compared with US$185.7 millions in 2004. This growth in revenue was entirely organic based on strong growth in our core banking business.

Net interest income was US$109.3 million, 7.7 per cent higher than 2004 amount of US$101.4 million. This level of increase reflects growth in volumes and improved asset and liability management. Average earning assets rose by 7.4 per cent to US$1,481 million. Net interest margin (net interest income divided by average earning assets) was up to 7.38 per cent from 7.36 per cent.

Non interest revenues amounted to US$127 million or 24 per cent higher than in 2004, demonstrating the Group's increased focus on fee-based income. Of this, income from foreign exchange and related activities was US$34 million, an increase of 6.2 per cent over 2004.

Overall the group achieved a balance between interest and non-interest income confirming its cross-sell products strategy.

Operating Expenses

Operating expenses were US$147.8 million compared to US$ 125.4 million in 2004, driven mainly by the cost of additional staff and the opening new branches and other service delivery points.

Included in the operating expenses were provisions for operational losses which reduced significantly during the year to US$2.8 million from US$5.2 million in 2004.

Loan Loss Provisions

Net loan loss expenses were US$14.9 million compared to US$18.1 million in 2004. The reduction in gross provisions during the year was due to a combination of better risk management and an improvement in the overall asset quality particularly in Côte d'Ivoire.

The Group recovered loans previously written off or “reserved against” amounting to US$8.9 million. Recovery efforts have been intensified and it is expected that a substantial part of the provisioned amounts will be recovered in 2006.

Liquidity and Funding

Customer deposits represented 81 per cent of total liabilities at 31 December 2005, from 84 per cent in 2004. The Group has a net liquidity gap of one month equal to 17.4 per cent of total assets (10.9 per cent in 2004). Average deposits from customers grew by 14.5 per cent to US$1,499 million from US$1,309 million in 2004.

Risk Assets

Average loans and advances rose by 13.8 per cent to US$973 million from US$855 million. The Group's net loan loss expense amounted to 1.5 per cent of the average loans in contrast to a figure of 2.1 per cent in 2004.

Capital

During the year, ETI undertook a significant and successful capital increase through a combination of a rights issue and a private placement primarily with international investors.

As a result, shareholders equity grew from US$127.2 million at the end of 2004 to US$221.5 million at the end of 2005. Tier one capital ratio was 21.7 per cent. Total capital ratio was 21.7 per cent.

The private placement was completed in 2006 with an additional equity of US$46 million raised and US$38 million as convertible debt.

Retail Banking

The Group's retail banking business is structured to provide a range of products and services to meet the financial needs of consumers, small and medium scale businesses and the microfinance sector. Our retail banking business is experiencing significant growth as delivery channels have expanded. During the year more branches and cash offices were opened to bring the number of Ecobank outlets from 109 to 162.

Our cards program also received a boost. In Nigeria, Ecobank launched MasterCard thus becoming the first bank to launch an international credit card in the country. In Ghana, Ecobank is one of the leading issuers of Visa cards. In addition, in the UEMOA region, the Ecobank card is the leader in regional debit cards. Ecobank plans to offer card services in all its countries of operation by the end of 2006. To date, over 90,000 cards have been issued and 35 ATMs installed.

On the SME and microfinance front, Ecobank services a wide range of companies including sole proprietors, partnerships and small businesses either directly or through other alliances with microfinance institutions and third parties.

We observe that this market segment carries specific risks but can also offer a good rate of return if managed well. In recognition of its considerable potential, a concerted effort was initiated across the region to strengthen its in-house capacity to service this segment.

Wholesale Banking

Ecobank's wholesale banking business is directed at serving the public sector, multilateral agencies, financial institutions and the organized private sector including major local companies and multinationals.

Our business in this sector focuses on tailoring products to the specific requirements of our customers and thereby developing and maintaining mutually profitable long-term relationships. In spite of keen competition from some of the leading international banks, Ecobank continues to leverage its regional presence and local experience to achieve considerable growth in business volumes.

Through its specialized investment banking subsidiary, Ecobank Development Corporation (EDC), Ecobank also offers its wholesale customers a range of investment banking capabilities in corporate and project finance, advisory services and asset management.

Treasury and money market activities represent a significant part of the wholesale bank's activities. Ecobank is a major player in the foreign exchange and money markets in the West African sub-region. During the year, we took steps to further strengthen and develop this business involving training and investments in the management and implementation of new treasury initiatives.

Operations and Technology

Effective, cost-efficient technology and communications systems are crucial to the success of any bank with a wide scope of operations. Through increased levels of standardization and centralization of transaction processes we expect to be better positioned to control costs, improve the quality of service to our customers and provide a fast and reliable management reporting system.

Our technology and telecommunications company, eProcess International S.A., achieved successes in providing a shared gateway for our payments systems and for our regional ATM network. This move is aimed at improving the efficiency of the support we are currently able to provide our various locations.

With the implementation of a shared services centre planned for 2006, the group expects to achieve a reduction in its cost-to-income ratio in the medium term.

UEMOA Region

Ecobank is present in 7 of the 8 countries that make up the Union Economique et Monétaire Ouest Africaine ("UEMOA") Zone namely Benin, Burkina Faso, Côte d'Ivoire, Mali, Niger, Senegal and Togo. A subsidiary in Guinea Bissau, the eighth country is planned for 2006. These countries share a common currency, the CFA franc, which is pegged to the euro. They also have a single central bank, Banque

Centrale des Etats de l'Afrique de l'Ouest ("BCEAO") and common business laws (OHADA, Organisation pour l'Harmonisation en Afrique du Droit des Affaires). Together they account for about 50 per cent of Ecobank's balance sheet and about half of the profits. The region witnessed satisfactory growth during the year although this was tempered by the continued political uncertainty in Côte d'Ivoire, the largest economy in the zone.

	US$'000
Revenues	107,166
Profit Before Tax	36,950
Total Deposits	847,084
Shareholders Funds	102,056
Total Assets	1,145,473

The banking sector in the zone is witnessing increasing competition with the licensing of two regional banks and a number of local banks in the markets in which we operate. Ecobank is addressing this challenge in a number of ways including the introduction of new products and entry into new market segments.

The UEMOA Region is also responsible for our operations in Cape Verde.

WAMZ Region

The West African Monetary Zone (WAMZ) is made up of 5 countries namely Ghana, Guinea, Liberia, Sierra Leone and the Gambia. Ecobank has subsidiaries in Ghana, Guinea-Conakry, and Liberia and with a subsidiary in Sierra Leone planned for 2006. Ghana which represents the largest economy in the zone continues to perform well with a relatively stable currency although competition has increased with the entry of 4 new banks. Guinea on the other hand had a difficult year due to a devaluation of the Guinean franc. Liberia's performance was affected by the political and social uncertainty in the country and conditions are expected to improve with the successful election of a new President and the return of the country into democracy.

	US$'000
Revenues	56,411
Profit Before Tax	24,202
Total Deposits	339,097
Shareholders Funds	48,127
Total Assets	463,412

Nigeria Region

The major development in Nigeria in 2005 was the requirement by the Central Bank of Nigeria for all Nigerian registered banks to meet a minimum capital requirement of US$ 188 million by the end of 2005. As a result, the number of banks in the country has dropped from 90 to 25. Ecobank met this requirement by recapitalizing its subsidiary in this important African country. This resulted in significant increase in the group's interest in the affiliate. The management and the board have been reinforced to address the greater challenges of this market and the need for significantly improved performance to justify the higher capital.

	US$'000
Revenues	55,134
Profit Before Tax	13,611
Total Deposits	248,846
Shareholders Funds	201,485
Total Assets	522,282

CEMAC Region

The Communauté Economique et Monétaire de l'Afrique Centrale ("CEMAC") Region comprises the 6 countries that make up francophone central Africa namely Cameroon, Gabon, Chad, Central Africa Republic, Congo-Brazzaville and Equatorial Guinea. Ecobank is currently present in Cameroon but plans are underway to open in 2 new countries in 2006, thus bringing the number of countries to 3.

The countries in the zone have a single currency, one central bank Banque Centrale des Etats de l'Afrique Centrale ("BEAC") and common business laws (OHADA, Organisation pour l'Harmonisation en Afrique du Droit des Affaires) similar to the countries of the UEMOA Zone.

This region is assuming increasing regional and global importance with the discovery of large oil and gas reserves. As a result many of the countries are experiencing significant economic growth and Ecobank is positioning itself to be a beneficiary of this development.

	US$'000
Revenues	10,640
Profit Before Tax	3,082
Total Deposits	92,908
Shareholders Funds	6,415
Total Assets	129,978

Risk Management

The Risk Management function in the Group covers all areas of risk including credit, price/market, interest rate, exchange rate, liquidity, operational risk and legal risk. The primary objective of the risk management function is to establish acceptable risk limits and thereafter to ensure that exposure to these risks stays within these limits. The operational, legal and regulatory risk management functions are intended to ensure the adequacy as well as proper functioning of internal policies and procedures as well as compliance with prevailing laws and regulations risks.

The ultimate responsibility for the effective management of risk lies with the Board of Directors both at the company level and at the level of the operating subsidiaries. The Risk Committee of the board reviews and approves the risk management policies for the Group, subject to any local regulatory amendments, and reviews and monitors adherence to these policies.

The Group manages risks through the implementation and monitoring of a rigorous system of policies and procedures, the enforcing of a detailed and timely reporting system, and internal risk review program which systematically audits operations in all countries.

Each operating unit is periodically reviewed by a team of reviewers that includes representatives of all relevant functional units and consolidated into an Audit and Risk Reviews team. This team covers all relevant risks families, including strategic and franchise risk, legal and compliance risk, financial reporting risk, staffing and organizational risk, credit risk, market risk, operational risk, systems and technology risk, and country risk.

Strategy in Using Financial Instruments

By its nature, the Group's activities are principally related to the use of financial instruments. The Group accepts deposits from customers at both fixed and floating rates and for various periods and seeks to achieve interest margins commensurate with its objectives by investing these funds in higher yielding assets. The Group seeks to increase these margins by consolidating short-term funds and lending for variable periods at higher rates whilst maintaining sufficient liquidity to meet all claims that might fall due.

The Group also seeks to raise its interest margins by obtaining above average margins, net of provisions, through lending to commercial and retail borrowers with a range of credit standings. Such exposures involve not just on-balance sheet loans and advances but also off-balance commitments such as guarantees, letters of credit and performance and bonds.

The Group also trades in financial instruments where it takes positions in government securities, money market and foreign exchange instruments to take advantage of short-term market movements in the financial markets, interest rate and commodity prices. The board places trading limits on the level of exposure that can be taken in relation to both overnight and intra day market positions. Foreign exchange and interest rate exposures associated with these instruments are normally offset by entering into counterbalancing positions, thereby controlling the variability in the net cash amounts required to liquidate market positions.

Credit Risk

The Group takes on exposure to credit risk which is the risk that a counterparty will be unable to meet their obligations when due. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk acceptable in relation to anyone borrower, or groups of borrowers, and to geographical and industrial segments. Such risk is monitored on an ongoing basis and subject to frequent review. Limits on the level of credit risk by product, industry sector and by country are approved annually by the Group Risk Management.

The exposure to anyone borrower including financial institutions is further restricted by sub-limits covering on and off-balance sheet exposures. Actual exposures against limits are monitored daily and consolidated monthly for Group Risk Management review.

Exposure to credit risk is 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. Exposure to credit risk is also managed in part by obtaining collateral and corporate and other guarantees. A significant portion of lending to multinational corporations and government is unsecured.

Credit 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, which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Group on behalf of customers authorizing a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are collateralized by the underlying shipments of goods to which they relate and therefore carry less risk than a direct borrowing.

Commitments to extend credit represent unused portions of authorizations 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 since most of the 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.

Geographical concentration of assets and liabilities and off-balance sheet items

	Total assets US$'000	Total liabilities US$'000	Credit commitment US$'000	Revenues US$'000	Capital expenditure US$'000
As at 31 December 2005					
UEMOA region	1,021,652	965,358	385,552	130,823	14,337
Nigeria	484,140	328,668	257,621	73,989	12,871
West African Monetary Zone	331,614	378,760	95,195	64,240	5,646
Central Africa	109,917	129,098	30,494	16,378	1,526
Other African countries	51,250	49,118	-	6,404	2,538
Americas	24,500	15,578	1,185	255	-
Asia	284	106	-	-	-
Europe	175,873	28,665	14,376	3,435	-
	2,199,230	**1,895,351**	**784,423**	**295,524**	**36,918**

	Total assets US$'000	Total liabilities US$'000	Credit commitment US$'000	Revenues US$'000	Capital expenditure US$'000
As at 31 December 2004					
UEMOA region	987,793	937,181	262,279	131,887	11,183
Nigeria	300,553	254,519	227,516	41,646	9,679
West African Monetary Zone	203,135	243,843	62,018	40,321	4,536
Central Africa	109,463	111,745	100,814	13,120	852
Other African countries	115,216	101,559	39,005	21,296	342
Americas	97,451	37,463	232	127	-
Asia	-	51	-	-	-
Europe	96,734	58,726	3,638	2,579	-
	1,910,345	**1,745,087**	**695,502**	**250,976**	**26,592**

Economic Sector Risk Concentrations within the Loan Portfolio were as follows:

	2005	2005	2004	2004
	US$'000	%	US$'000	%
Agricultural	25,330	2	31,825	3
Coffee and cocoa trading	18,617	2	30,922	3
Construction	42,541	4	28,223	3
Cotton ginning	28,021	3	26,781	3
Government and parastatal	25,907	2	27,269	3
Manufacturing	161,167	14	149,285	15
Mining	21,021	2	22,786	2
Petroleum production and distribution	95,320	9	102,278	10
Telecommunication	152,965	14	153,448	15
Utilities	106,896	10	75,910	8
Financial institutions	68,410	6	32,801	3
Retail & wholesale trade	247,313	22	213,815	21
Others	122,580	11	111,092	11
	1,116,088	100	1,006,435	100

Currency Risk

The Group is exposed to the effects of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board of Directors sets limits on the level of exposure by currency and in total for both overnight and intra-day positions which are monitored daily. The following table summarizes the Group's exposure to foreign currency exchange rate risks at 31 December 2005. Included in the table are the Group's assets and liabilities at carrying amounts, categorized by currency.

Concentration of Assets and Liabilities and off Balance Sheet items

As at 31 December 2005	Dollar	Euro	CFA	Naira	Cedis	Others	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
ASSETS							
Cash and balances with central banks	34,328	15,718	86,932	142,946	10,366	8,281	**298,571**
Treasury bills and other eligible bills	-	-	83,281	74,469	89,297	14,000	**261,047**
Loans and advances to banks	136,779	56,719	72,570	72,752	55	23,285	**362,160**
Trading securities	-	-	301	-	111	-	**412**
Other financial instruments at fair value through profit and loss	100	-	-	-	5,123	-	**5,223**
Loans and advances to customers	93,997	4,939	713,248	120,465	74,731	14,760	**1,022,140**
Investment securities:		-	-	-	-	-	
• available-for-sale	82	-	6,390	3,516	191	723	**10,902**
• held-to-maturity	40	-	109,766	3,838	-	-	**113,644**
Intangible assets	-	-	1,506	76	-	14	**1,596**
Property, plant and equipment	853	-	35,123	26,796	8,251	2,849	**73,872**
Deferred income tax assets	-	-	1,432	3,513	1,497	12	**6,454**
Other assets	6,718	2,245	19,646	7,519	5,171	1,910	**43,209**
Total assets	**272,897**	**79,621**	**1,130,195**	**455,890**	**194,793**	**65,834**	**2,199,230**
LIABILITIES							
Deposits from banks	7,878	16,564	89,706	-	4,771	2,317	**121,236**
Other deposits	17,826	-	738	-	-	-	**18,564**
Derivative financial instruments and other trading liabilities	-	-	-	-	22	-	**22**
Due to customers	233,217	20,167	929,607	169,715	135,782	43,990	**1,532,478**
Borrowed funds	8,573	3,466	5145	-	8,793	-	**25,977**
Other liabilities	32,377	2,014	53,556	56,287	17,490	5,806	**167,530**
Current income tax liabilities	-	-	8,370	3,662	1,566	1,081	**14,679**
Deferred income tax liabilities	-	-	-	7,226	472	-	**7,698**
Retirement benefit obligations	-	-	2,062	5,070	-	35	**7,167**
Total liabilities	**299,871**	**42,211**	**1,089,184**	**241,960**	**168,896**	**53,229**	**1,895,351**
Net on-balance sheet position	(26,974)	37,410	41,011	213,930	25,897	12,605	**303,879**
Credit commitments	139,593	53,485	376,015	163,283	35,180	16,867	**784,423**
	112,619	**90,895**	**417,026**	**377,213**	**61,077**	**29,472**	**1,088,302**

At 31 December 2004	Dollar	Euro	CFA	Naira	Cedis	Others	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Total assets	144,032	114,608	1,140,169	262,589	128,569	120,378	**1,910,345**
Total liabilities	248,040	35,100	1,146,871	134,955	119,169	60,952	**1,745,087**
Net on-balance sheet position	(104,008)	79,508	(6,702)	127,634	9,400	59,426	**165,258**
Credit commitments	139,823	53,419	353,137	112,271	32,384	4,469	**695,503**
	35,815	**132,927**	**346,435**	**239,905**	**41,784**	**63,895**	**860,761**

Cash Flow and Fair Value 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 or create losses in the event that unexpected movements arise. The Board sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored daily.

The table below summarizes the Group's exposure to interest rate risks. Included in the table are the Group's assets and liabilities at carrying amounts, categorized by the earlier of contractual repricing or maturity dates.

As at 31 December 2005	Up to 1 month US$'000	1-3 months US$'000	3-12 months US$'000	1- 5 years US$'000	Over 5 years US$'000	Non interest bearing US$'000	Total US$'000
ASSETS							
Cash and balances with central banks	-	-	-	-	-	298,571	**298,571**
Treasury bills and other eligible bills	12,916	102,326	108,069	37,736	-	-	**261,047**
Loans and advances to banks	232,320	6,396	114,705	8,740	-	-	**362,160**
Trading securities	-	301	-	-	111	-	**412**
Loans and advances to customers	408,862	182,952	198,216	201,013	31,096	-	**1,022,140**
Investment securities:							
• available-for-sale	-	4,778	-	162	406	5,556	**10,902**
• held-to-maturity	185	3,605	10,037	65,837	15,053	18,927	**113,644**
Other assets	4,609	-	-	-	-	38,600	**43,209**
Total assets	**658,891**	**300,359**	**431,027**	**313,488**	**46,665**	**361,655**	**2,112,085**
LIABILITIES							
Deposits from banks	82,452	22,247	10,228	6,309	-	-	**121,236**
Other deposits	-	-	-	1,000	-	17,564	**18,564**
Due to customers	690,987	96,236	139,122	75,574	1,046	529,512	**1,532,478**
Borrowed funds	-	1,908	3,752	17,624	2,693	-	**25,977**
Other liabilities	9,242	-	-	-	-	158,288	**167,530**
Total liabilities	**782,681**	**120,391**	**153,103**	**100,507**	**3,739**	**705,364**	**1,865,784**
Total interest sensitivity gap	**(123,789)**	**179,968**	**277,925**	**212,981**	**42,926**		

As at 31 December 2004	Up to 1 month US$'000	1-3 months US$'000	3-12 months US$'000	1- 5 years US$'000	Over 5 years US$'000	Non interest bearing US$'000	Total US$'000
ASSETS							
Cash and balances with central banks	-	-	-	-	-	234,249	**234,249**
Treasury bills and other eligible bills	81,620	48,110	37,519	11,458	3,119	-	**181,826**
Loans and advances to banks	194,595	5,023	125,661	-	-	-	**325,279**
Trading securities	-	-	-	-	-	-	-
Loans and advances to customers	365,227	168,251	118,764	260,677	10,742	-	**923,661**
Investment securities:							
• available-for-sale	-	95	-	-	296	6,439	**6,830**
• held-to-maturity	1,940	632	6,021	56,712	3,965	-	**69,270**
Other assets	1,941	-	-	-	770	90,066	**92,777**
Total assets	**645,323**	**222,111**	**287,965**	**328,847**	**18,892**	**330,754**	**1,833,892**
LIABILITIES							
Deposits from banks	72,492	15,431	-	832	-	6,183	**94,938**
Due to Customers	700,209	175,362	62,231	108,146	51,929	367,240	**1,465,117**
Debt securities in issue	-	-	-	-	-	-	-
Borrowed funds	1,659	856	371	11,562	10,741	-	**25,189**
Other Liabilities	6,574	-	-	164	-	130,280	**137,018**
Total liabilities	**780,934**	**191,649**	**62,602**	**120,704**	**62,670**	**503,703**	**1,722,262**
Total interest sensitivity gap	**(135,611)**	**30,462**	**225,363**	**208,143**	**(43,778)**		

Liquidity Risk

The Group is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan draw downs, guarantees and from margin and other calls on cash settled instruments. The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The Board of Directors sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of inter-bank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

The following table analyses assets and liabilities of the Group into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

Maturities of Assets and Liabilities

As at 31 December 2005	0-30 days US$'000	1-6 months US$'000	6-12 months US$'000	Over 1 year US$'000	Total US$'000
ASSETS					
Cash and balances with central banks	275,709	22,862	-	-	**298,571**
Treasury bills and other eligible bills	12,916	174,069	74,062	-	**261,047**
Loans and advances to banks	242,398	100,016	11,007	8,739	**362,160**
Trading securities	-	301	-	111	**412**
Other financial instruments at fair value through profit and loss	100	-	-	5,123	**5,223**
Loans and advances to customers	460,130	214,892	118,937	228,181	**1,022,140**
Investment securities:					
• available-for-sale	-	1,312	3,516	6,074	**10,902**
• held-to-maturity	180	4,364	7,767	101,333	**113,644**
Intangible assets	318	-	-	1,278	**1,596**
Property, plant and equipment	7,843	-	-	66,029	**73,872**
Deferred income tax assets	2,512	156	3,513	273	**6,454**
Other assets	28,951	12,996	717	545	**43,209**
Total assets	**1,031,057**	**530,968**	**219,519**	**417,686**	**417,686**
LIABILITIES					
Deposits from banks	88,762	27,768	200	4,506	**121,236**
Other deposits	738	16,826	-	1,000	**18,564**
Derivative financial instruments and other trading liabilities	22	-	-	-	**22**
Due to customers	1,226,997	159,740	71,848	73,893	**1,532,478**
Borrowed funds	1,193	3,255	1,213	20,316	**25,977**
Other liabilities	89,751	40,277	37,499	3	**167,530**
Current income tax liabilities	5,577	5,109	3,993	-	**14,679**
Deferred income tax liabilities	472	-	7,226	-	**7,698**
Retirement benefit obligations	341	264	5,070	1,492	**7,167**
Total liabilities	**1,413,853**	**253,239**	**127,049**	**101,210**	**1,895,351**
Net liquidity gap	**(382,796)**	**277,729**	**92,470**	**316,476**	**303,879**
As at 31 December 2004					
Total assets	987,899	334,390	173,982	414,074	**1,910,345**
Total liabilities	1,195,947	342,800	96,063	110,277	**1,745,087**
Net liquidity gap	**(208,048)**	**(8,410)**	**77,919**	**303,797**	**165,258**

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual for banks ever to be completely matched since business transacted is often of uncertain terms and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates.

Fair Value of Financial Assets and Liabilities

The table below summarizes the carrying amounts and fair values of those financials assets and liabilities not presented on the Group's balance sheet at their fair value. Bid prices are used to estimate fair values of assets, whereas offer prices are applied for liabilities.

	Carrying Value		Fair Value	
	2005	2004	2005	2004
Financial Assets	US$'000	US$'000	US$'000	US$'000
Due from other banks	261,047	181,826	261,047	181,826
Loans and advances to customers	1,022,140	923,661	1,017,790	922,250
Investment securities - held-to-maturity	113,644	69,270	113,644	69,270
Financial Liabilities				
Due to other banks	121,236	94,938	121,236	94,938
Other deposit	18,564	-	18,564	-
Due to customers	1,532,478	1,465,117	1,532,478	1,465,117
Other borrowed funds	25,977	25,189	25,977	25,189

a) Due from other banks
Due from other banks included inter-bank placements and items in the course of collection. The fair value of floating rate placements and overnight deposits is their carrying amount. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using the prevailing money-market interest rates for debts with similar credit risk and maturity.
b) Loans and advances to customers
Loans and advances are net of provisions for impairment. The estimated fair value of loans and advances represents the discounted amounts of estimated future cash flows expected to be received. Expected cash flows are discounted at the current market rates to determine fair value.
c) Investments securities
Investment securities include only interest-bearing assets held-to-maturity, as assets available-for-sale are measured at fair value. Fair value for held to maturity assets is based on market. Where this information is not available, fair value has been estimated using discounted cash flow.
d) Deposits and borrowings
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 and other borrowings without quoted market prices is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

Market Risk

Market risk is supervised by the Risk Policy Committee of the Board. Limits are proposed by the countries and approved and set for specific currencies and instruments as appropriate. The Group risk management function monitors exposures against approved limits on a monthly basis.

Business Risk

Business risk relates to the risk of failing to compete effectively in the market place due to inappropriate strategies, inadequate resources or changes in the economic or competitive environment.

This risk is managed through Group performance management processes. Regular reviews are carried out by the Group Management covering financial performance, capital allocation and returns, risks statistics, human resource capability and appropriate actions are taken where necessary.

Legal and Compliance Risk

Compliance risks include the risk of loss, including reputational loss, arising from non-compliance with regulatory requirements in a country in which the Group operates. Legal risks include the risk of loss arising from defective documentation or contracts or from defective transactions or contracts giving rise to claims or liability on the institution or the impairment in the institution's ability to enforce title to assets, or risks arising from changes in the law.

The Risk Committee reviews and recommends appropriate policies to manage legal and compliance risks across the Group. The Audit and Compliance Committee of the Board through the Audit and Compliance function is responsible for monitoring adherence to Group compliance policies and procedures.

Operational Risk

Operational risk refers to the risk of direct or indirect losses arising from the failure of technology, processes, infrastructure, personnel and other non-credit and market/price risks that have an operational impact. The Group seeks to ensure that key operational risks are identified and managed in a timely and effective manner through the appropriate policies, procedures and tools. To enhance its operational risk management capability, the Group has recently acquired automated software tools from one of the leading providers of operational risk management tools.
Group Risk Management Committee and the Country Risk Management function are responsible for supervising and directing the management of operational risks across the group.
Compliance with operational risk policies is the responsibility of all managers in the Group. Every country has responsibility for ensuring that appropriate and effective operational risk management framework is in place to manage and monitor operational risks.

Independent Monitoring

The Group Audit and Compliance function is an independent function and reports directly to the Chief Executive Officer and the Board of Directors through the Audit and Compliance Committee. The Group Audit and Compliance function provides independent review and confirmation that group standards, policies and procedures are being adhered to.

Capital

The Group seeks to maintain adequate capital and reserves to meet foreseeable future developments and targets a minimum total capital ratio of 12%.

The Group's capital is principally invested in its operating subsidiaries. The Group does not generally hedge the value of its investments in subsidiaries.

Basle II

The Group is taking steps to comply with Basle II. The Group risk function has adopted a program to achieve compliance by 2008 or earlier if so required by local regulations. This involves replacing our current risk management processes with updated and automated credit and operational risk management tools that meet the Basle II requirements. It also involves significant changes to the way we manage and record our credit and operational risks.

Inflation and Exchange Rate Movements

Ecobank holds assets which are predominantly financial in nature. The impact of inflation and exchange rate movements on the Group is significantly different from that of a company or group that has a high proportion of its assets in property and equipment. During periods of inflation and/or currency depreciation, monetary assets tend to lose value in terms of purchasing power while the value of fixed assets may remain unaffected.

Monetary gains and/or losses are reported in the financial statements in the manner required by IFRS.

International Financial Reporting Standards (IFRS)

The Group accounts for 2005 have been prepared in accordance with IFRS. This has necessitated changes to our reporting and disclosure requirements which are detailed in the accounts. IFRS does not change the net cash flows or the underlying economics of our business. However, it does have an impact on the reporting requirements at the holding company level. Accordingly, ETI, the parent company is in the process of converting to the IFRS and will be fully compliant when reporting the 2007 results.

Laurence do Rego
Group Chief Financial Officer

Directors' Responsibilities Statement

Responsibilities for Annual Financial Statements

The Directors take responsibility for ensuring that these financial statements accurately and fairly represent the state of affairs of the Group at the end of the financial year and the profits and losses for the year. The Directors are also responsible for the accuracy and consistency of other information included in the financial statements.

To enable the Directors meet these responsibilities:

- The board is guided by the management of the Group by whom the financial statements are prepared;

- The board is advised by the audit and compliance committee, comprising non executive Directors and representatives of shareholders. The committee meets regularly with the auditors and management of the Group to ensure that adequate internal controls are maintained, and that the financial information complies with generally accepted accounting practice. The internal and external auditors have unrestricted access to this committee.

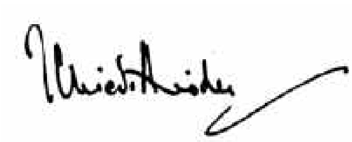
To the best of our knowledge and belief the Directors are satisfied that no material breakdown in the operation of the systems of internal control and procedures occurred during the year under review.
The annual financial statements have been prepared in accordance with International Financial Reporting Standards and there have been no material departures from these standards.

The Directors have no reason to believe that the Group, or any company within the Group, will not be a going concern in the foreseeable future, based on forecasts and available cash resources. These financial statements support the viability of the Group.

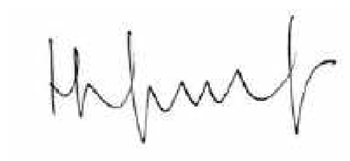
It is the responsibility of the independent auditors to report on the financial statements. In order, to do so they were given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the Board of Directors and committees of the board. The audit report is presented on page 31.

Approval of Annual Financial Statements

The annual financial statements, presented on pages 32 to 35 were approved by the board of Directors on 12th May 2006 and signed on its behalf by:



Philip C. Asiodu
Chairman



Arnold Ekpe
Group Chief Executive Officer

Independent Auditors Report

To the Shareholders of Ecobank Transnational Incorporated

We have audited the accompanying consolidated balance sheet of Ecobank Transnational Incorporated (the Company) and its subsidiaries (the Group) as of 31st December 2005 and the related consolidated statements of income, cash flows and changes in shareholder's equity for the year then ended.

Respective Responsibilities of Directors and Auditors

The Company's directors are responsible for the preparation of the financial statements set out on pages 32 to 35. It is our responsibility to express an independent opinion on these financial statements based on our audit.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Opinion

In our opinion the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as of 31st December 2005 and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers
Chartered Accountants
Abidjan, Côte d'Ivoire
12th May 2006

PricewaterhouseCoopers
Chartered Accountants
Lagos, Nigeria
12th May 2006

Consolidated Income Statement

	Note	Year ended 31 December 2005 US$'000	2004 US$'000
Interest and similar income	2	155,423	145,216
Interest expense and similar charges	2	(46,139)	(43,775)
Net interest income		**109,284**	**101,441**
Fee and commission income	3	89,280	71,156
Fee and commission expense	3	(3,605)	(3,349)
Net fee and commission income		**85,675**	**67 807**
Operating lease rentals		3,911	164
Dividend income	4	339	1,105
Net trading income	5	33,981	32,003
Gains less losses from investment securities	17	9	-
Other operating income		3,152	1,332
Impairment losses on loans and advances	8	(14,898)	(18,136)
Operating expenses	6	(147,724)	(125,401)
Profit before income tax		**73,729**	**60,315**
Income tax expense	9	(22,790)	(19,888)
Profit for the year		**50,939**	**40,427**
Attributable to:			
Equity holders of the company		41,502	31,431
Minority interest		**9,437**	**8,996**
		50,939	**40,427**

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

	Note	2005	2004
• basic	10	0.14	0.12
• diluted	10	0.14	0.12

The notes on pages 45 to 65 are an integral part of these consolidated financial statements

Consolidated Balance Sheet

	Note	As at 31 December 2005 US$'000	2004 US$'000
ASSETS			
Cash and balances with central banks	11	298,571	234,249
Treasury bills and other eligible bills	12	261,047	181,826
Loans and advances to banks	13	362,160	325,279
Trading securities	14	412	1,286
Other financial instruments at fair value through profit and loss	14	5,223	8,947
Loans and advances to customers	16	1,022,140	923,661
Investment securities:			
-available-for-sale	17	10,902	6,830
-held-to-maturity	17	113,644	69,270
Intangible assets	18	1,596	1,747
Property, plant and equipment	19	73,872	63,233
Deferred income tax assets	27	6,454	1,240
Other assets	20	43,209	92,777
Total assets		**2,199,230**	**1,910,345**
LIABILITIES			
Deposits from banks	21	121,236	94,938
Other deposits	22	18,564	-
Derivative financial instruments and other trading liabilities	15	22	-
Deposits from customers	23	1,532,478	1,465,117
Borrowed funds	24	25,977	25,189
Other liabilities	25	167,530	137,018
Current income tax liabilities		14,679	17,855
Deferred income tax liabilities	27	7,698	4,503
Retirement benefit obligations	28	7,167	467
Total liabilities		**1,895,351**	**1,745,087**
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital	30	179,256	90,779
Retained earnings	31	23,558	16,122
Other reserves	31	18,733	20,318
		221,547	**127,219**
Minority interest		**82,332**	**38,039**
Total equity		**303,879**	**165,258**
Total liabilities and equity		**2,199,230**	**1,910,345**

Consolidated Statement of Changes in Equity

	Note	Share capital	Other reserves	Retained earnings	Minority Interest	Total
		Attributable to equity holders of the company				
		US$'000	US$'000	US$'000	US$'000	US$'000
Previously reported balance at 1 January 2004		79,973	(33,272)	55,051	30,351	132,103
- reclassification to general banking reserve	31	-	2,666	(2,666)	-	-
- reclassification to statutory reserve	31	-	24,731	(24,731)	-	-
- reclassification of negative goodwill on acquisition	31	-	(5,009)	5,009	-	-
- Reversal of losses included in translation reserve	31	-	19,979	(19,979)	-	-
- Reversal of translation loss on reversal of revaluation surplus on land	19	-	(1,806)	478	-	(1,328)
Adjusted balance at 1 January 2004		**79,973**	**7,289**	**13,162**	**30,351**	**130,775**
Currency translation differences	31	-	4,859	(3,740)	425	1,544
Net gains not recognised in the income statement		-	4,859	(3,740)	425	1,544
Net profit		-	-	31,431	8,996	40,427
Total recognised income for 2004		**-**	**4,859**	**27,691**	**9,421**	**41,971**
Dividend relating to 2003	32	-	-	(3,139)	(1,733)	(4,872)
Transfer to general banking reserves	31	-	2,111	(2,111)	-	-
Transfer to statutory reserves	31	-	6,059	(6,059)	-	-
Reserves of previously unconsolidated subsidiaries	31	-	-	(1,942)	-	(1,942)
Elimination indirect group holding in subsidiaries	31	-	-	(5,205)	-	(5,205)
Purchases of treasury shares	30	(3,750)	-	-	-	(3,750)
Conversion of preference shares	30	3,750	-	-	-	3,750
Bonus issue	30	6,275	-	(6,275)	-	-
Proceeds from shares issued	30	4,531	-	-	-	4,531
At 31 December 2004 / 1 January 2005		**90,779**	**20,318**	**16,122**	**38,039**	**165,258**
Deemed acqusition cost following a rise group share in Ecobank Nigeria	31	-	-	(17,779)	17,779	-
Currency translation differences	31	-	(13,350)	-	(2,585)	(15,935)
Net gains not recognised in the income statement		-	(13,350)	(17,779)	15,194	(15,935)
Net profit		-	-	41,502	9,437	50,939
Total recognised income for 2005		**-**	**(13,350)**	**23,723**	**24,631**	**35,004**
Dividend for 2004	32	-	-	(6,234)	(2,231)	(465)
Reserves of previously unconsolidated subsidiaries	31	-	-	(121)	(3)	(124)
Restatement of brought forward reserves of subsidiaries	31	-	-	1,833	-	1,833
Transfer to general banking reserves	31	-	3,421	(3,421)	-	-
Transfer to statutory reserve	31	-	8,344	(8,344)	-	-
Issue of shares		88,477	-	-	21,896	110,373
At 31 December 2005		**179,256**	**18,733**	**23,558**	**82,332**	**303,879**

Consolidated Cash Flow Statement

	Note	Year ended 2005 US$'000	31 December 2004 US$'000
Cash flows from operating activities			
Interest and discount receipts		154,289	146,413
Interest payments		(42,558)	(45,623)
Dividends received		339	1,105
Fee and commission received		89,280	71,156
Fee and commission paid		(3,605)	(3,349)
Other income received		36,119	36,848
Cash payments to employees and suppliers		(140,905)	(130,901)
Cash payments to retired employees		(267)	(835)
Income taxes paid		(28,128)	(19,190)
Cash flows from operating profits before changes in operating assets and liabilities:		64,564	55,624
Changes in operating assets and liabilities			
- net decrease/increase in mandatory reserve deposit with central banks		20,082	(37,525)
- net decrease/ (increase) in loans and advances to banks		26,685	(236,115)
- net decrease / (increase) in tradinng securities		874	-
- net decrease / (increase) in other financial assets at fair value		3,724	-
- net increase in loans and advances to customers		(98,479)	(137,678)
- net (increase)/ decrease in sundry receivables and prepayments		55,410	(24,493)
- net increase in other deposits		18,564	-
- net increase in amounts due to customers		67,361	311,881
- net increase in derivative liabilities		22	-
- net increase in other liabilities		21,131	21,847
Net cash from/ (used in) operating activities		**179 938**	**(46 459)**
Cash flows from investing activities			
Purchase of software	18	(1,159)	(1,103)
Purchase of property and equipment	19	(35,857)	(27,451)
Proceeds from sale of property and equipment		6,109	1,574
Purchase of securities	17	(62,685)	(38,503)
Proceeds from sale and redemption of securities		3,312	-
Net cash used in investing activities		**(90,282)**	**(65,483)**
Cash flows from financing activities			
Proceeds from borrowed funds		788	9,904
Issue of ordinary shares	30	88,477	781
Issue of shares (minority interest)		21,896	-
Deposit for shares		5,410	-
Purchase of treasury shares	30	-	(3,750)
Proceeds from treasury shares	30	-	3,750
Dividends paid to minority shareholders		(2,231)	(1,308)
Dividends paid to company's shareholders	31	(6,234)	(3,139)
Net cash from financing activities		**108,106**	**6,238**
Net increase/ (decrease) in cash and cash equivalents		197,762	(105,704)
Cash and cash equivalents at beginning of year	33	309,087	415,638
Net movement in equity other than recognised through income statement and issue of shares		3,131	(847)
Cash and cash equivalents at end of year	**33**	**509,980**	**309,087**

Accounting Policies

1 • General Information

Ecobank Transnational Incorporated (the Group) provides retail, corporate banking and investment banking services in various parts of West and Central Africa. The Group has operations in over 13 countries and employs over 2600 people.

The Groups parent company is Ecobank Transnational Incorporated (ETI), which is a limited liability company. ETI has the headquaters agreement with the government of Togo which accords it a diplomatic status. The primary statute governing its operations is its headquaters agreement, Memorandum and Articles of Association. The address of its registered office is as follows: 2 Rue de Commerce, Lomé, Togo.

These consolidated financial statements have been approved for issue by the Board of Directors on 12th May 2006.

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 have been prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available for sale financial assets, financial assets and financial liabilities held at fair value through the profit or loss and all derivative contracts.

The accounting conventions and policies are the same as those applied in the 2004 financial statements, except for the Company's adoption of new or revised IFRS rules which took effect from 1st January 2005. The 2004 comparatives have been amended to reflect these changes.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The area 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 3.

The financial statements have been stated in thousands of US dollars.

2.2 Consolidation

a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at acquisition date, irrespective of the extent of any minority interest.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

b) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognized at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (see 2.12a).

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

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

2.4 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 dollars, which is the Company's functional and 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. 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 recognized in the income statement. Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

c) Group Companies

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

- i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- 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 transactions, in which case income and expenses are translated at the dates of the transactions); and
- iii) all resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the investment in foreign entities, are taken to shareholders' equity. 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.

2.5 Derivative Financial Instruments

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e., without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group recognizes profits on day 1.

Certain derivatives embedded in other financial instruments, such as the conversion option in a convertible bond, treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in the income statement.

The resulting fair value gains or losses from derivative financial instruments are recognized in the income statement.

2.6 Interest Income and Expense

Interest income and expense are recognized in the income statement for all instruments measured at amortized cost 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 of 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.

2.7 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 retained no part of the loan package for itself or retained a part at the same effective interest rate for the other participants. Commission and fees arising from negotiating or participating in the negotiation of, transaction for the 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 applicable service contracts, usually on a time-apportionate basis. Asset management fees related to investment funds are recognized ratably over the period the service is provided.

2.8 Financial Assets

The Group classifies its financial assets in the following 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 investments at initial recognition.

a) Financial Assets at Fair Value Through Profit or Loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management.

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. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable.

c) Held-to Maturity

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. Were the Group to sell other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available for sale.

d) Available-for-Sale

Available-for-sale investments are those 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.

Purchases and sales of financial assets at fair value through profit or loss, held to maturity and available for sale are recognized on trade date- the date on which the Group commits to purchase or sell the asset. Loans are recognized when cash is advanced to the borrowers. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest method. Gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognized directly in equity, until the financial asset is derecognized or impaired at which time the cumulative gain or loss previously recognized in equity should be recognized in profit or loss. However, interest calculated using the effective interest method is recognized in the income statement. Dividends on available-for-sale equity instruments are recognized in the income statement when the entity's right to receive payment is established.

The fair values of quoted investments in active markets are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

2.9 Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet 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 Sale and Repurchase Agreements

Securities sold subject to repurchase agreements ('repos') are classified 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 amounts due to other banks, deposits from banks, other deposits or deposits due to 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.

Securities borrowed are not recognized in the financial statements, unless these are sold to third parties, in which case the purchase and sale are recorded with the gain or loss included in trading income. The obligation to return them is recorded at fair value as a trading liability.

2.11 Impairment of Financial Assets

a) Assets Carried at Amortized Cost

The Group assesses at each balance sheet 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 if, and 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. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about the following loss events:

- 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 Group granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would otherwise consider;
- iv) it becoming 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 group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with individual financial assets in the group, including:
  - adverse changes in the payment status of borrowers in the group; or
  - national or local economic conditions that correlate with defaults on the assets in the group.

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.

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortized cost has been incurred, 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 income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

The calculation of the present value of the estimated cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not the foreclosure is probable.
For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e., on the basis of the groups grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics that are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

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

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 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. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the income statement.

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.

b) Assets Carried at Fair Value

The Group assesses at each balance sheet date 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 considered in determining whether the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss-measured as the difference between the acquisition cost and 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 income statement. Impairment losses recognized in the income statement on equity instruments are not reversed through the 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 income statement.

2.12 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 subsidiary/associate at the date of acquisition. Goodwill is included in “intangible assets” on acquisition of subsidiaries. Goodwill on acquisitions of associates is included in “investments in associates”. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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

b) Computer Software

Acquired computer software licenses 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.

2.13 Property, Plant and Equipment

Land and buildings comprise mainly branches and offices. All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs 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. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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: 20 - 40 years,
- Leasehold improvements: Over the period of the lease,
- Equipment and motor vehicles: 3 - 8 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Assets that are subject to amortization are reviewed 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 disposal are determined by comparing proceeds with carrying amount. These are included in the income statement.

2.14 Leases

a) A Group Company is the Lessee

The leases entered into by the Group are primarily operating leases. The total payments made under operating leases are charged to 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.

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. When assets are held subject to an operating lease, the assets are recognised as property, plan and equipment based on the nature of the asset. Lease income is recognised on a straight line basis over the lease term.

2.15 Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including: cash and non-restricted balances with central banks, treasury bills and other eligible bills, loans and advances to banks, amounts due from other banks and short-term government securities.

2.16 Provisions

Provisions for restructuring costs and legal claims are recognized 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.

2.17 Employee Benefits

a) Pension Obligations

Group companies operate various pension schemes. The schemes are generally funded through payments to trustee-administered funds. A defined benefit plan is a pension plan that defines 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. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group has only defined contribution plans and pays contribution to publicly or privately administered pension plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

b) Other Post-Retirement Obligations

Some Group companies provide gratuity benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the accounting methodology described below.

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

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

2.18 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 balance sheet date and are expected to apply when the related deferred income tax asset is realized 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 including derivative contracts, provisions for pensions and other post-retirement benefits and tax losses carried forward; and, in relation to acquisitions, on the difference between the fair values of the net assets acquired and their tax base. The rates enacted or substantively enacted at the balance sheet date are used to determine deferred income tax. 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 recognized where it is probable that future taxable profit will be available against which the temporary differences can be utilized.

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 audit is probable that the difference will not reverse in the foreseeable future.

Income tax payable on profits, based on the applicable tax law in each jurisdiction, is recognized as an expense in the period in which profits arise. The tax effects of income tax losses available for carry forward are recognized as an asset when it is probable that taxable profits will be available against which these losses can be utilized.
Deferred tax related to fair value re-measurement of available-for-sale investments and cash flow hedges, which are charged or credited directly to equity, is also credited or charged directly to equity and is subsequently recognized in the income statement together with the deferred gain or loss.

2.19 Borrowings

Borrowings are recognized initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between proceeds net of transaction costs and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Preference shares, which carry a mandatory coupon, or are redeemable on a specific date or at the option of the shareholder, are classified as financial liabilities and are presented in other borrowed funds. The dividends on these preference shares are recognized in the income statement as interest expense on an amortized cost basis using the effective interest method.

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

If the Group purchases its own debt, it is removed from the balance sheet, and the difference between the carrying amount of a liability and the consideration paid is included in net trading income.

2.20 Share Capital

a) Share Issue Costs
Incremental costs directly attributable to the issue of new shares or options 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 recognized in equity in the period in which they are approved by the Company's shareholders
Dividends for the year that are declared after the balance sheet date are dealt with in the subsequent events note.

c) Treasury Shares
Where the Company or other members of the consolidated Group purchases the Company's 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.

2.21 Fiduciary Activities

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

2.22 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

3 • Critical Accounting Estimates, and Judgments in Applying Accounting Policies

The Group makes estimates and assumption that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments 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) Impairments Losses on Loans and Advances
The group reviews its loan portfolio to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the income statement, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

b) Fair Value of Derivatives
The fair value of financial instruments that are not quoted inactive markets are determined by using valuation techniques.

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 judgment. In making this judgment, 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) Held-to-Maturity Investments
The Group follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to maturity. This classification requires significant judgment. In making this judgment, the Group evaluates its intention and ability to hold such investments to maturity. If the Group fails to keep these investments to maturity other than for the specific circumstances- for example, selling an insignificant amount close to maturity- it will be required to reclassify the entire class as available-for-sale. The investments would therefore be measured at fair value not amortized cost.

e) Income Taxes
The Group is subject to income taxes in numerous jurisdictions. Significant estimates are required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

1- Business segments

The Group is organised along geographical regions to reflect and manage the risks of doing business across diverse geographic regions. The segments are:

- Union Economique et Monétaire Ouest Africaine (UEMOA) : Affiliates in Benin, Burkina, Côte d'Ivoire, Mali, Niger, Senegal, Togo. For the purpose of regional segment, Cape Verde is also attached to UEMOA Region.
- West African Monetary Zone (WAMZ): Affiliates in Ghana, Guinea, Liberia
- Communauté Economique et Monétaire d'Afrique Centrale (CEMAC): Affiliate in Cameroon
- Nigeria.

Other Group operations comprise fund management, institutional finance and providing computer services, none of which constitutes a separately reportable segment.

Transactions between the business segments are on normal commercial terms and conditions.

Funds are ordinarily allocated between segments, resulting in funding cost transfers disclosed in operating 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.

Segment assets and liabilities comprise operating assets and liabilities, being the majority of the balance sheet, but exclude items such as taxation and borrowings.

Internal changes 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 following table shows the Group's performance by business segments.

	UEMOA US$'000	WAMZ US$'000	Nigeria US$'000	CEMAC US$'000	Other US$'000	Eliminations US$'000	Group US$'000
At 31 December 2005							
External revenues	107,166	56,411	55,134	10,640	13,898	(6,898)	236,351
Revenues from other segments	787	124	46	177	3,747	(4,881)	-
Total revenues	**107,953**	**56,535**	**55,180**	**10,817**	**17,645**	**(11,779)**	**236,351**
Segment result	36,950	24,202	13,611	3,082	5,287	(9,403)	73,729
Income tax expense	(9,404)	(7,290)	(4,504)	(1,255)	(337)	-	(22,790)
Profit for the year							50,939
Segment assets	1,145,473	463,412	522,282	129,978	243,178	(305,093)	2,199,230
Unallocated assets							-
Total assets							**2,199,230**
Segment liabilities	1,043,417	415,285	320,797	123,563	87,256	(94,967)	1,895,351
Total liabilities							**1,895,351**
Other segments items:							
Capital expenditure	14,337	5,646	12,871	1,526	2,538	-	36,918
Depreciation	5,011	2,337	5,025	602	968	-	13,943
Impairment charge-loans	7,667	2,554	3,801	876	-	-	14,898
Restructuring costs	265	-	-	-	-	-	265

	UEMOA US$'000	WAMZ US$'000	Nigeria US$'000	CEMAC US$'000	Other US$'000	Eliminations US$'000	Group US$'000
At 31 December 2004							
External revenues	102,174	50,254	33,049	9,390	20,468	(11,483)	203,852
Revenues from other segments	-	-	-	-	-	-	-
Total revenues	**102,174**	**50,254**	**33,049**	**9,390**	**20,468**	**(11,483)**	**203,852**
Segment result	24,832	23,528	9,826	3,240	9,860	(10,971)	60,315
Income tax expense	(8,107)	(7,259)	(3,153)	(1,203)	(166)	-	(19,888)
Profit for the year							40,427
Segment assets	1,162,776	391,206	283,986	116,631	95,352	(139,606)	1,910,345
Unallocated assets							-
Total assets							**1,910,345**
Segment liabilities	1,068,128	351,134	250,835	111,185	28,414	(64,609)	1,745,087
Unallocated liabilities							
Total liabilities							**1,745,087**
Other segments items:							
Capital expenditure	11,183	4,536	9,679	852	342	-	26,592
Depreciation	5,366	1,876	3,122	486	146	-	10,996
Impairment charge-loans	14,691	3,377	(210)	278	-	-	18,136

Capital expenditure comprises additions to property and equipment (Note 19), software (Note 18) including additions resulting from acquisitions through business combinations.

2 - Interest and similar income

	Year ended 31 December 2005 US$'000	2004 US$'000
Placements and short-term funds	10,998	10,944
Treasury bills and investment securities	31,133	27,854
Loans and advances	111,385	105,288
Other	1,907	1,130
	155,423	**145,216**
Interest expenses and similar charges		
Current accounts	5,196	11,457
Savings deposits	6 939	4,847
Time deposits	26 231	23,448
Borrowed funds	7,773	4,023
	46,139	**43,775**

3 - Net fee and commission income

	2005	2004
Fee and commission income		
Credit related fees and commissions	29,755	16,992
Commission on turnover	10,482	8,342
Corporate finance fees	2,720	3,048
Portfolio and other management fees	2,802	5,578
Asset management and related fees	2,641	2,392
Other fees	40,880	34,804
	89,280	**71,156**
Fee and commission expense		
Brokerage fees paid	92	142
Other fees paid	3,513	3,207
	3,605	**3,349**

	Year ended 31 December	
	2005	**2004**
	US$'000	**US$'000**

4 - Dividend income

Trading securities	7	6
Available-for-sale securities	332	1,099
	339	**1,105**

5 - Net trading income

Foreign exchange:		
- translation gains less losses	5,365	6,079
- transaction gains less losses	28,616	25,924
	33,981	**32,003**

6 - Other operating expenses

Directors' emoluments	905	376
Staff costs (Note 7)	65,765	48,588
Administrative expenses:		
- Rent, rates and utilities	10 114	6,179
- Insurance	3,980	3,230
- Advertising and promotion	4,352	3,816
- Professional fees	3,362	4,320
- Operational losses and fines	2,819	5,241
- Communications	4,993	2,520
- Business travels	3,231	3,126
- Board activities	1,225	1,361
- Training	2,165	1,716
- Repairs and maintenance	7,796	4,612
- Supplies and other services	6,164	5,020
- Donations	710	234
- Other administrative expenses	14,034	21,844
Depreciation (Note 19)	13,943	10,996
(Profit)/loss on sale of property and equipment	(228)	(639)
Impairment charges:		
- doubtful receivables	1,054	2,286
Software costs	1,075	575
Restructuring costs	265	-
	147,724	**125,401**

7- Staff cost

Wages and salaries	54,140	4,791
Social security costs	4,580	3,803
Pension costs:		
- defined contribution plans	61	-
Other post retirement benefits (Note 28)	6,984	994
	65,765	**48,588**

The average number of persons employed by the group during the year was 2,318 (2004: 1880).

	Year ended 31 December	
	2005	2004
	US$'000	US$'000

8- Impairment losses on loans and advances

Amounts due from other banks (Note 13)	275	-
Loans and advances to customers	14,623	18,136
	14,898	**18,136**

9- Income tax expense

Current tax	24,952	18,446
Deferred tax (Note 27)	(2,162)	1,442
	22,790	**19,888**

Further information about deferred income tax is presented in Note 27. 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	73,729	60,315
Weighted average tax for the Group as parent company is not subject to tax	26,358	22,623
Effect of different tax rates in other countries	-	-
Income not subject to tax	(5,772)	(6,931)
Expenses not deductible for tax purposes	1,767	2,815
Utilisation of previously unrecognised tax losses	(1,143)	-
Others	1,580	1,381
Income tax expense	**22,790**	**19,888**

10- 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 during the year, excluding the average number of ordinary shares purchased by the Company and held as treasury shares.

In May 2005, the shareholders' approved a stock split of 4 shares for every existing share as at 31 December 2004. The basic earnings per share computation for 2004 have accordingly been re-stated.

	Year ended 31 December	
	2005	2004
	US$'000	US$'000
Profit attributable to equity holders of the Company	41,502	31,431
Weighted average number of ordinary shares in issue (millions)	293,291	267,180
Basic earnings per share (expressed in $ per share)	0.14	0.12

Diluted

There were no potential dilutive shares in 2005 (2004: nil)

11- Cash and balances with central banks

Cash in hand	68,947	68,431
Balance with central banks other than mandatory reserve deposits	148,492	64,604
Included in cash and cash equivalents (Note 33)	217,439	133,035
Mandatory reserve deposits with central banks	81,132	101,214
	298,571	**234,249**

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.

12- Treasury bills and other eligible bills

Treasury bills	254,789	173,189
Other eligible bills	6,258	8,637
	261,047	**181,826**

Treasury bills and other eligible bills are debt securities issued by the treasury department for a term of three months, six months or a year.

13- Loans and advances to banks

Items in course of collection from other banks	48,063	40,187
Current account balances with other banks	152,730	89,164
Placements with other banks	146,204	173,174
	346,997	302,525
Loans and advances to other banks	14,913	22,779
Less: allowance for losses on amounts due from other banks (Note 8)	250	(25)
	362,160	**325,279**

14 - Financial assets at fair value through profit or loss (including trading)

	Year ended 31 December	
	2005	**2004**
	US$'000	**US$'000**
Trading:		
Government bonds	124	130
Other debt securities	-	1,067
Equity securities		
listed	288	89
Total trading	412	1,286
Financial assets at fair value through profit and loss (designated at initial recognition)	5,223	8,947
Total	**5,635**	**10,233**

15- 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, established in an organised financial market. 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) or a combination of all these (i.e., cross-currency interest rate swaps). 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, a proportion of the notional amount of the contracts and the liquidity of the market. To control the level of credit risk taken, the Group assesses counterparties using the same techniques as for its lending activities.

At 31 December 2005		**Fair value**	
Derivatives	**Contract / notional amount**	**Assets**	**Liabilities**
Interest rate swaps	22 /	-	(22)
Total OTC derivatives		-	(22)
Total derivatives assets/(liabilities)		**-**	**(22)**

The Group has not designated at initial recognition any financial liability as at fair value through profit

16 - Loans and advances to customers

	Year ended 31 December	
	2005	2004
	US$'000	US$'000
a) Analysis by type:		
Overdrafts	394,325	353,585
Term loans	467,723	326,902
Mortgage loans	7,178	3,863
Commercial loans	186,317	238,083
Other	60,545	84,002
	1,116,088	1,006,435
Less: allowance for impairment on loans and advances	(93,948)	(82,774)
	1,022,140	**923,661**
b) Analysis by security:		
Secured against real estate	100,981	19,490
Otherwise secured	451,629	301,041
Unsecured	563,478	685,904
	1,116,088	**1,006,435**
c) Analysis by performance:		
Performing	959,525	901,384
Non-performing	156,563	105,051
	1,116,088	**1,006,435**
d) Loan loss movement		
At 1 January	82,774	53,800
Reclassification	371	5,140
Additional provision	28,426	30,295
Recoveries	(7,197)	(5,335)
Provisions written off	(2,753)	(5,588)
Exchange difference	(7,674)	4,462
At 31 December	**93,948**	**82,774**
Loans and advances to customers include finance lease receivables		
Gross investment in finance leases, receivable		
No later than 1 year	4,586	937
Later then 1 year and no other than 5 years	680	396
Later than 5 years	-	-
	5,266	1,333
Unearned future finance income on finance leases	(3,956)	(911)
Net investment in finance leases	**1,310**	**423**
The net investment in finance lease may be analysed as follows:		
No later than 1 year	746	79
Later then 1 year and no other than 5 years	564	344
Later than 5 years		-
	1,310	**423**

	Year ended 31 December 2005 US$'000	2004 US$'000

17 - Investment securities

	2005 US$'000	2004 US$'000
Securities available-for-sale		
Debt securities - at fair value:		
- listed	1,262	8
- unlisted	192	29
Equity securities - at fair value:		
- listed	-	2
- unlisted	9,448	6,791
Total securities available-for-sale	**10,902**	**6,830**
Securities held-to-maturity		
Debt securities - at amortised cost:		
- listed	26,212	3,765
- unlisted	87,539	65,897
Allowance for impairment	(107)	(392)
Total securities held-to-maturity	**113,644**	**69,270**
Total investment securities	**124,546**	**76,100**

All debt securities have fixed coupons. Equity securities do not bear interest.
The Group has not reclassified any financial asset measured at amortised cost rather than fair value during the year (2004: nil).

Gains and losses from investment securities comprise:

	2005	2004
Derecognition of available-for-sale financial assets	9	-
	9	-

	Available-for-sale	Held-to-maturity	**Total**
At 1 January 2005	6,830	69,662	**76,492**
Exchange differences on monetary assets	(523)	(11,091)	**(11,614)**
Additions	4,651	58,034	**62,685**
Disposals (sale and redemption)	(56)	(3,246)	**(3,302)**
Provision for impairment	-	285	**285**
At 31 December 2005	10,902	113,644	**124,546**

18 - Intangible assets

	Year ended 31 December 2005 US$'000	2004 US$'000
Software costs		
Opening net book amount	1,747	1,104
Purchase	1,159	1,103
Amortisation	(1,075)	(575)
Exchange differences	(234)	115
Closing net book amount	**1,596**	**1,747**

19 - Property, plant and equipment

	Motor Vehicles US$'000	Land & Buildings US$'000	Furniture & Equipment US$'000	Installations US$'000	Construction in progress US$'000	Total US$'000
At 1 January 2004						
Cost/valuation	9,780	13,472	46,300	12,746	10,350	92,648
Accumulated depreciation	6,381	2,754	28,997	5,908	-	44,040
Net book amount	**3,399**	**10,718**	**17,303**	**6,838**	**10,350**	**48,608**
Year ended December 2004						
Opening net book amount	3,399	10,718	17,303	6,838	10,350	48,608
Unconsolidated - prior years	45	-	1,901	9	6	1,961
Reversal of revaluation surplus	-	(1,328)	-	0	0	(1,328)
Additions	2,828	101	14,497	4,062	4,002	25,490
Disposals - cost	(1,051)	-	(1,279)	(164)	(394)	(2,888)
Disposals - accumulated depreciation	952	-	857	144	0	1,953
Reclassifications - cost	-	-	(1,329)	882	(1,159)	(1,606)
Reclassifications - accumulated depreciation	-	-	849	(25)	0	824
Impairment charge	37	-	(21)	21	0	37
Depreciation charge	(1,904)	(441)	(7,582)	(1,069)	0	(10,996)
Exchange rate adjustments	12	1,117	(608)	311	346	1,178
Closing net book amount	**4,318**	**10,167**	**24,588**	**11,009**	**13,151**	**63,233**
At 31 December 2004						
Cost/valuation	10,759	12,314	53,844	19,561	13,151	109,629
Accumulated depreciation	6,441	2,147	29,256	8,552	-	46,396
Net book amount	**4,318**	**10,167**	**24,588**	**11,009**	**13,151**	**63,233**
Year ended December 2005						
Opening net book amount	4,318	10,167	24,588	11,009	13,151	63,233
Unconsolidated - prior years	-	32	40	27	-	98
Additions	2,808	4,089	11,746	10,275	6 ,841	35,759
Disposals - cost	(668)	(40)	(351)	(4,979)	(2,475)	(8,513)
Disposals - accumulated depreciation	577	7	29	2,019	-	2,633
Reclassifications - cost	22	516	(7,210)	7,463	(798)	(8)
Reclassifications - accumulated depreciation	-	-	-	-	(3)	(3)
Depreciation charge	(2,001)	(777)	(7,144)	(4,021)	-	(13,943)
Exchange rate adjustments	(285)	(1,313)	(1,511)	(1,376)	(900)	(5,384)
Closing net book amount	**4,771**	**12,681**	**20,187**	**20,417**	**15,816**	**73,872**
At 31 December 2005						
Cost/valuation	12,386	17,241	52,399	31,786	15,816	129,628
Accumulated depreciation	7,615	4,560	32,212	11,369	-	55,756
Net book amount	**4,771**	**12,681**	**20,187**	**20,417**	**15,816**	**73,872**

In 2000, Ecobank Ghana Limited revalued its portfolio of land and recognised the resulting surplus of $1,8 million in equity. However, the Group policy is to carry all land and building at cost. The above reversal of revaluation surplus is to ensure uniformity of application of the Group accounting policy. Also see Note 31.

Property, plant and equipment include leased to customers under operating lease arrangements. Most of the operating leases are non-cancellable and the future minimum lease payments analysed in aggregate as follows:

	Year ended 31 December	
	2005 US$'000	2004 US$'000
No later than 1 year	6,488	838
Later then 1 year and no other than 5 years	5,021	8,833
Later than 5 years	176	142
	11,685	**9,814**

20 - Other assets

Interest and fees receivable	9,736	8,602
Accounts receivable	9,897	5,200
Prepayments	9,255	11,502
Sundry receivables	21,268	73,357
	50,156	**98,661**
Impairment charges on receivable balances	(6,947)	(5,884)
	43,209	**92,777**

21 - Deposits from banks

Items in course of collection	8,664	3,919
Deposits from other banks	112,572	91,019
	121,236	**94,938**

All deposits from banks have variable interest rates.

22 - Other deposits

Other money-market deposits	16,826	-
Certificates of deposits	1,738	-
	18,564	**-**

23 - Deposits from customers

Institutional		
- Current/settlement accounts	460,446	328,994
- Term deposits	187,584	180,281
Commercial		
- Current/settlement accounts	270,083	307,400
- Term deposits	48,273	49,125
Consumer		
- Current/settlement accounts	267,973	293,505
- Term deposits	86,110	115,628
- Savings deposits	212,009	190,184
	1,532,478	**1,465,117**

24 - Borrowed funds

European Investment Bank (EIB)	1,077	1,321
Ashanti Goldfields Company Employees Pension Fund	3,301	3,322
Netherlands Development Finance Company (FMO)	914	2,136
African Development Bank (ADB)	8,574	10,000
Others	12,111	8,410
	25,977	**25,189**

24 - Borrowed funds (continued)

The EIB facilities to Ecobank Benin and Ecobank Ghana are repayable in 2006 and 2009 respectively.The interest rate is 2%(fixed) in Ecobank Benin and average of Ghanain 6 month T-bill rate and 6 month corporate rate in Ecobank Ghana.

The Facility from ADB is repayable over 8 years after a one year period of moratorium. Interest rate is based on the per annum 6 month EURIBOR rate plus a margin of 2%. Interest and principal is payable twice a year.

The FMO facility is repayable between 2003 and 2007. Interest is paid at 1% above the BCEAO discount rate Amount due to Ashanti Goldfields Company (now Anglogold Ashanti) Employees Pension Fund is a 6-year subordinated non-redeemable deposit. The facility would mature on March 29 2008. It attracts interest at the Ghanaian one-year treasury bond rate plus 4%.

The Group has not had any defaults of principal, interest or redemption amounts during the period on its borrowed funds (2004: nil)

The Group has not had any defaults of principal, interest or other breaches with respect to their liabilities during the period (2004: nil).

	Year ended 31 December 2005 US$'000	2004 US$'000

25 - Other liabilities

	2005	2004
Accrued interest and commission	9,954	6,373
Deposit for shares	5,751	341
Unclaimed dividend	1,241	3,740
Accruals	21,231	15,767
Other Provisions (Note 26)	5,778	7,379
Obligations under customers' letters of credit	55,570	35,834
Other liabilities	68,005	67,584
	167,530	**137,018**

26 - Other provisions

	2005	2004
At 1 January	7,379	3,243
Exchange differences	(989)	1,263
Additional provisions charged to income statement	498	3,636
Utilised during year	(1,110)	(762)
At 31 December	**5,778**	**7,379**

Other provisions represent amounts provided for in respect of various litigations pending in court. Based on professional advice, these amounts have been set aside to cover the expected losses to the Group on the determination of these litigations.

27 -Deferred income taxes

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of each subsidiary as the parent company is not subject to tax.
The movement on the deferred income tax account is as follows:

	2005	2004
At 1 January	3,263	1,765
Income statement charge	(2,162)	1,442
Exchange differences	141	56
At 31 December	**1,242**	**3,263**

Deferred income tax assets and liabilities are attributable to the following items:
Deferred income tax liabilities

	2005	2004
Accelerated tax depreciation	7,622	4,503
Other temporary differences	76	-
	7,698	**4,503**

Deferred income tax liabilities

	2005	2004
Pensions and other post retirement benefits	1,539	184
Provisions for loan impairment	2,778	877
Other provisions	2,137	179
	6,454	**1,240**

	Year ended 31 December 2005 US$'000	2004 US$'000

27 - Deferred income taxes (continued)

The deferred tax charge in the income statement comprises the following temporary differences:

	2005	2004
Accelerated tax depreciation	2,487	1,811
Pensions and other post retirement benefits	(806)	(55)
Allowances for loan losses	(1,748)	(261)
Other provisions	(1,084)	(53)
Other temporary differences	(1,012)	-
	(2,162)	**1,442**

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.

Deferred income tax liabilities have not been established for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries, as such amounts are permanently reinvested.

28 - Retirement benefit obligations

	2005	2004
Amounts recognised in the balance sheet:		
Other post retirement benefits	7,167	467

Other post-retirement benefits
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 Accounting policies 2.17.

The amounts recognised in the balance sheet are as follows:

	2005	2004
Present value of funded obligations	1,751	293
	1,751	293
Present value of unfunded obligations	5,415	173
Liability in the balance sheet	**7,167**	**467**

The amounts recognised in the income statement are as follows:

	2005	2004
Current service cost	2,948	994
Net actuarial losses recognised in year	4,037	-
Total included in staff costs	**6,984**	**994**

The movement in the liability recognised in the balance sheet is reconciled as follows:

	2005	2004
At 1 January	467	276
Exchange differences	(17)	32
Total expense - as above	6,984	994
Contributions paid	(267)	(835)
At 31 December	**7,167**	**467**

29 - Contingent liabilities and commitments

a) Legal proceedings

There were a number of legal proceedings outstanding against the Group at 31 December 2005 with contingent liabilities of US$8.667 million (2004: US$6.006 million). No provision has been made as professional advice indicates that it is unlikely that any significant loss will arise.

b) Capital commitments

At 31 December 2005, the Group had capital commitments of US$3.686 million (2004: US$2.268 million) 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) Credit commitments

The contractual amounts of the Group's off-balance sheet financial instruments that commit it to extend credit to customers are as follows:

Bankers acceptances	21,386	1,018
Guaranteed commercial papers	84,702	89,349
Documentary and commercial letters of credit	208,851	136,111
Performance bond, guarantees and indemnities	181,902	267,030
Commitments to extend credit:		
- Original term to maturity of one year or less	266,260	180,951
- Original term to maturity of more than one year	21,322	21,043
	784,423	**695,502**

The fair value of loan commitments is US$ 304,208 (2004: US$193,555)

d) Asset pledged

Mandatory reserve deposits are held with local central banks in accordance with statutory requirements. These deposits are not available to finance the Group's day to day oparations.

	Asset	
	2005	**2004**
	US$'000	**US$'000**
Balances with central banks	**81,132**	**101,214**

e) Operating lease commitments

Where a Group company is the lessee, the future minimum lease payments under non-cancellable building operating leases are as follows:

No later than 1 year	159	226
Later than 1 year and no later than 5 years	445	637
	604	**862**

30 - Share Capital

	No of shares (millions)	Ordinary shares US$'000	Share premium US$'000	Treasury shares US$'000	Total US$'000
At January 2004	251,044	62,761	17,212	-	79,973
Bonus issue	25,100	6,275	-	-	6,275
Proceeds from shares issued	6,892	1,723	2,808	(1,723)	2,808
Conversion of preference shares	15,000	3,750	-	-	3,750
Treasury shares:					
- purchases	(15,000)	(3,750)	-	3,750	-
- cancelled	-	-	-	(2,027)	(2,027)
At 31 December 2004/ 1 January 2005	**283,036**	**70,759**	**20,020**	**-**	**90,779**
Proceeds from shares issued	118,236	29,559	58,918	-	88,477
Purchases/sale of treasury shares	-	-	-	-	-
At 31 December 2005	**401,272**	**100,318**	**78,938**	**-**	**179 256**

The total number of issued and fully paid ordinary shares at year end was 401,272 million (2004: 283,036 million) with a par value of US$ 0.25 per share (2004: US$ 0,25 per share).

At an Extraordinary General Meeting held in March 2005, the shareholders of the company authorised the following:

- **a stock split of four (4) ordinary shares for every one (1) ordinary share of the company.**
- **an increase in the authorised capital of the company from US$ 100 million to US$ 200 million by the creation of 400 million new ordinary shares of US$ 0.25 each.**
- **a rights issue of four (4) new shares for every five (5) shares held on the close of business on March 12, 2005 at a price of US$ 0.70 per share.**
- **placement of any unsubscribed rights to any other shareholder or other persons on such terms that the directors deem fit**

The right issue raiserd a total of US$ 42 million. Unsubscribed shares were privately placed at the end of December 2005. A sum of US$ 46 million had been raised under the private placement.

The company may buy and sells its own shares. This is accordance with the Company's articles of association. Where the company buys its own shares, theses shares are treated as a deduction from the shareholders' equity. Gains and losses on sales or redemption of own shares are credited or charges to reserves. The total number of treasury shares at the end of 2005 was nil (2004: nil).

	Year ended 31 December	
	2005	2004
	US$'000	US$'000

31 - Reserves and retained earnings

	2005 US$'000	2004 US$'000
General banking risks	8,198	4,777
Statutory reserve	39,134	30,790
Translation reserve	(28,599)	(15,249)
	18,733	**20,318**

Movements in the reserves were as follows:
General banking reserve

	2005 US$'000	2004 US$'000
At 1 January	4,777	2,666
Transfer from retained profits	3,421	2,111
At 31 December	**8,198**	**4,777**

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.

Statutory reserve

	2005 US$'000	2004 US$'000
At 1 January	30,790	24,731
Transfer from retained profits	8,344	6,059
At 31 December	**39,134**	**30,790**

Statutory reserves represents accumulated transfers from retained earnings in accordance with relevant local banking legislation. These reserves are not distributable

Capital reserves - pre-acquisition profits

	2005 US$'000	2004 US$'000
At 1 January	-	5,009
Reversal of negative goodwill on acquisition to retained earnings	-	(5,009)
At 31 December	**-**	**-**

Translation reserve

	2005 US$'000	2004 US$'000
At 1 January	(15,249)	(40,087)
Currency translation difference arising during the year	(13,350)	4,859
Reversal of losses included in translation reserve	-	19,979
At 31 December	**(28,599)**	**(15,249)**

Revaluation Reserve - property, plant and equipment

	2005 US$'000	2004 US$'000
At 1 January	-	1,806
Reversal of translation loss thereon	-	(478)
Reversal of share of revaluation surplus (Note 19)	-	(1,328)
At 31 December	-	-

Movements in retained earnings were as follows:		
Previously reported balance at 1 January 2004	16,122	55,051
Reversal of losses included in translation reserve	-	(19,979)
Restatement of translation movement	-	(3,740)
Adjustment to opening retained earnings of subsidiaries	1,833	-
Reclassification of general banking risk reserve	-	(2,666)
Reclassification of statutory reserve	-	(24,731)
Reversal of negative goodwill on acquisition to retained earnings	-	5,009
Adjustment for intra group equity holdings in consolidated subsidiaries	-	(5,205)
Reversal of translation loss on revaluation reserve	-	478
Adjusted balance at 1 January 2004	17,955	4,217
Reserves of previously unconsolidated subsidiaries	(121)	(1,942)
Net profit for year	41,502	31,431
Deemed cost of increasing shareholding arising from additionnal injection of capital in Ecobank Nigeria	(17,779)	-
Dividend paid	(6,234)	(3,139)
Bonus issue of shares	-	(6,275)
Transfer to general banking reserve	(3,421)	(2,111)
Transfer to statutory reserve	(8,344)	(6,059)
At 31 December	**23,558**	**16,122**

32 - Dividends per share

Final dividends are not accounted for until they have been ratified at the Annual General Meeting. The Board of Directors have proposed a dividend in respect of 2005 of 3 cents per share (2004: actual dividend 1.88 cents per share) amounting to a total of US$ 10.7 million (2004: actual US$ 6.2 million). The body of shareholders is yet to ratify this proposed dividend. The financial statements for the year ended 31 December 2005 do not reflect this proposed dividend, which will be accounted for in shareholder's equity as an appropriation of retained profits in the year ending 31 December 2006.

33 - Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash and non-restricted balances with central banks, treasury bills and other eligible bills, loans and advances to banks, amounts due from other banks and short-term government securities.

Cash and balances with central banks (Note 11)	217,439	133,035
Treasury Bills and other eligible bills (Note 12)	261,047	181,826
Current account balances with other banks (Note 13)	152,730	89,164
Deposits from banks (Note 21)	(121,236)	(94,938)
	509,980	**309,087**

34 - Related -party transactions

A number of banking transaction are entered into with related parties in the normal course of business. These transactions include loans, deposits, and foreign currency transactions. The volumes of related party transactions, outstanding balances at the year end, and relating expense and income for the year as follows:

Loans	Directors and key management personnel		Associated companies	
	2005	2004	2005	2004
	US$'000	US$'000	US$'000	US$'000
Loans outstanding at 1 January	7	70	1,500	-
Loans issued during the year	550	-	11,453	1,500
Loan repayments during the year	62	63	2,591	-
Loans outstanding at 31 December	495	7	10,362	1,500
Interest income earned	**7**		**523**	**113**

No provisions have been recognized in respect of loans given to related parties (2004:nil).

The loans issued to executive directors during the year of US$ 0,5 millions (2004:nil) and associated companies of US$ 10,4 million (2004: US$ 1,5 million) are repayable over an average of 10 year period and have interest rates of 3% (2004: 3%) for executive directors and 9% for associated companies.

Deposit	Directors and key management personnel		Associated companies	
	2005	2004	2005	2004
	US$'000	US$'000	US$'000	US$'000
Deposit at 1 January	21	-	141	-
Deposit received during the year	1,570	21	10,336	3,042
Deposit repaid during the year	398	-	8,711	-
Deposit at 31 December	1,193	21	1,766	141

Interest expense on deposits

Foreign exchange trading
Aggregated gain / (loss)

Other revenue - fee income

Guarnatees issued by the Group

Year ended 31 December

	2005	2004
	US$'000	US$'000
Key management compensation		
Salaries and other short term benefits	1,398	1,365
Post employment benefits	-	-
Share-based payments	-	-
	1,398	**1,365**

Directors' remuneration
A list of the members of directors of the Board of Directors is shown on page 9 to 10 of the Annual Report.

In 2005, the total remuneration of the directors was US$ 0.9 million (2004: US$ 0.4 million).

35 - Events after the balance sheet date

In the first quarter 2006 additional capital of US$ 46 million and two convertible loan amounting to US$38 million were raised as part of the private placement. The loans are mandatorily convertible at par into ordinary shares upon shareholders approval granting a buy back of such shares or voluntary by the convertible debt holders by June 2006.

In November 2005, the Group announced its intention to enter into a business combination with First Bank of Nigeria Plc to create one of the largest banking groups in Africa. The transaction is yet to be approved by the shareholders. Regulatory approvals are also pending. Due to the stage of negotiations, the estimated financial effects cannot yet be reliably estimated nor is it certain that the transaction will be successfully concluded.

The Group is also in negotiations to acquire a bank in the Republic of Chad. This is part of the Group's strategy to grow its presence in Central Africa.The Group is conducting due diligence on the target bank. At this stage, the estimated financial effect of the transaction cannot yet be reliably estimated nor is it certain that the transaction will be successfully concluded.

In May 2006, the Nigerian banking subsidiary of the Group, Ecobank Nigeria Plc (EBN), obtained approval to take over the branches and deposit liabilities of Allstates Trust Bank Plc (ATB). Under the terms of the agreement, EBN will assume the following:

- **Deposit liabilities of ATB to the amount of NGN 18 billion (US$ 142.09 million at rate of $1 to NGN 126.68 as 28 April 2006)**
- **Cash, Investment Securities and Property, Plant and Equipment to the amount of NGN 3 billion (US$ 23.681 million)**

Promissory Notes to be issued by the Central Bank of Nigeria in favor of Ecobank Nigerai with tenors of 1 - 3 years amounting to NGN 15 billion (US$ 118.408 million) guaranteeing the obligations assumed by Ecobank under the transaction.

Summary of Subsidiaries' Financials

Affiliate	% Share Holding	Shareholder's Fund US$'000	Total Assets US$'000	Profit Before Tax US$'000
Ecobank Benin	78%	26,593	236,697	5,169
Ecobank Burkina	78%	16,646	154,133	7,843
Ecobank Cameroon	80%	6,415	129,978	3,082
Ecobank Cape Verde	98%	5	324	(92)
Ecobank Cote d'Ivoire	94%	14,032	261,218	6,342
Ecobank Ghana*	92%	38,139	351,154	19,329
Ecobank Guinea	83%	6,857	61,511	4,863
Ecobank Liberia	100%	3,131	50,747	10
Ecobank Mali	83%	13,721	136,122	6,470
Ecobank Niger	91%	4,366	68,955	825
Ecobank Nigeria	71%	201,485	522,282	13,611
Ecobank Senegal	75%	9,885	135,792	4,325
Ecobank Togo	81%	16,808	152,193	6,067
Ecobank Development Corporation	100%	1,442	1,992	767
Ecobank Investment Corporation Bourse	86%	1,994	3,993	1,011
eProcess International SA	100%	(163)	4,678	(733)

* Ecobank Stockbrokers limited is wholly owned by Ecobank Ghana.

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