PRESS RELEASE

PR. No 076/2012

ECOBANK TRANSNATIONAL INCORPORATED (ETI) -
FINANCIAL STATEMENTS FOR THE
YEAR ENDED DECEMBER 31, 2011

ETI has released its audited Financial Statements for the year ended December 31, 2011 as per the attached.

Issued at Accra, this 28th
day of March, 2012.

- E N D -

att'd.

Distribution:
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ECOBANK TRANSNATIONAL INCORPORATED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

Ecobank Transnational Incorporated

Consolidated Financial Statements

For the year ended 31 December 2011

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Statement of directors' responsibilities

Responsibility for annual consolidated financial statements

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

(a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the company and its subsidiaries;

(b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

(c) prepares its consolidated financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, that are consistently applied.

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

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

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

Approval of annual consolidated financial statements

The annual consolidated financial statements, presented on pages 5 to 57 were approved by the board of directors on 16 March 2012 and signed on its behalf by:

Kolapo Lawson
Chairman, Board of Directors

Arnold Ekpe
Group Chief Executive Officer

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ECOBANK TRANSNATIONAL INCORPORATED

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Ecobank Transnational Incorporated and its subsidiaries ("the group") which comprise the consolidated statement of financial position as of 31 December 2011 and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows, a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion the accompanying consolidated financial statements give a true and fair view of the financial position of the group as of 31 December 2011 and of its profits and cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers
Chartered Accountants
Lagos, Nigeria

28 March 2012

PricewaterhouseCoopers SA
Abidjan, Cote d' Ivoire

28 March 2012

PricewaterhouseCoopers Chartered Accountants, 252E Muri Okunola Street, Victoria Island, Lagos, Nigeria
PricewaterhouseCoopers Chartered Accountants, 20 ème étage Immeuble Alpha 2000, Abiddjan Côte d'Ivoire

Ecobank Transnational Incorporated

Consolidated financial statements
For the year ended 31 December 2011

Consolidated income statement
(All amounts in US dollar thousands unless otherwise stated)

	Note	Year ended 31 December	
		2011	**2010**
Interest income	6	878 493	697 084
Interest expense	6	(295 103)	(222 313)
Net interest income		**583 390**	**474 771**
Insurance premium income	7	2 466	-
Insurance premium ceded to reinsurers	7	(418)	-
Net insurance premium		**2 048**	**-**
Fee and commission income	8	404 475	297 522
Fee and commission expense	8	(21 453)	(10 653)
Net fee and commission income		**383 022**	**286 869**
Lease income	9	8 706	10 223
Dividend income	10	4 209	2 587
Net trading income	11	182 737	117 233
Net gains/losses from investment securities	12	(549)	111
Other operating income	13	32 065	7 849
Other income		**227 168**	**138 003**
Operating income before impairment loss		**1 195 628**	**899 643**
Impairment losses for loans and advances	14	(85 748)	(101 473)
Operating income after impairment loss		**1 109 880**	**798 170**
Insurance benefits	15	53	-
Insurance claims and loss adjustment expenses	15	(772)	-
Insurance claims and loss adjustments recovered from insurers	15	26	-
Investment contract benefits	15	-	-
Expenses for acquisition of insurance and investment contracts	15	(87)	-
Staff expenses	15	(346 660)	(265 381)
Depreciation and amortization	15	(81 846)	(68 687)
Other operating expenses	15	(403 418)	(295 112)
Total operating expenses		**(832 704)**	**(629 180)**
Operating profit		**277 176**	**168 990**
Share of profit of associates (Note 27)		246	36
Profit before income tax		**277 422**	**169 026**
Income tax expense	16	(70 582)	(37 207)
Profit for the year		**206 840**	**131 819**
Attributable to:			
Equity holders of the parent company		**182 207**	**112 716**
Non-controlling interest		24 633	19 103
		206 840	**131 819**

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

	Note	2011	2010
- basic	17	1,76	1,14
- diluted	17	1,55	1,13

The notes on pages 8 to 55 are an integral part of these consolidated financial statements

Ecobank Transnational Incorporated

Consolidated financial statements

For the year ended 31 December 2011

Consolidated statement of comprehensive income

(All amounts in US dollar thousands unless otherwise stated)

	Note	Year ended 31 December 2011	2010
Profit for the year		206 840	131 819
Exchange difference on translation of foreign operations		(81 296)	(70 889)
Available-for-sale investments:			
Net valuation (losses)/gains taken to equity	42	(87 969)	29 150
Reclassified to income statement	42	(14)	(171)
Property and equipment - net revaluation gain/loss	29	21 874	-
Taxation relating to components of other comprehensive income	38	23 236	(8 300)
Other comprehensive income for the year, net of taxation		(124 169)	(50 210)
Total comprehensive income for the period		**82 671**	**81 609**
Total comprehensive income attributable to:			
Equity holders of the parent		62 752	68 833
Non controlling interest		19 919	12 776
		82 671	**81 609**

Ecobank Transnational Incorporated

Consolidated financial statements
For the year ended 31 December 2011

Consolidated statement of financial position
(All amounts in US dollar thousands unless otherwise stated)

	Note	As at 31 December 2011	As at 31 December 2010
ASSETS			
Cash and balances with central banks	18	1 707 380	1 126 222
Treasury bills and other eligible bills	19	745 943	588 922
Loans and advances to banks	20	2 558 590	1 613 322
Trading assets	21	1 570	6 803
Derivative financial instruments	22	8 611	10 000
Reinsurance assets	23	3 282	-
Loans and advances to customers	24	7 359 940	5 264 184
Investment securities: available-for-sale	25	2 697 911	893 125
Pledged assets	26	97 446	-
Investment in associate	27	3 436	3 181
Investment in affiliates		-	-
Intangible assets	28	460 510	28 168
Property and equipment	29	820 366	464 289
Investment property	30	72 177	12 948
Deferred income tax assets (Note 38)		38 752	35 734
Other assets	31	585 998	419 973
Total assets		**17 161 912**	**10 466 871**
LIABILITIES			
Deposits from other banks	32	936 612	372 384
Due to customers	33	12 076 495	7 924 585
Other deposits	34	170 099	50 918
Derivative financial instruments (Note 22)		10 270	9 913
Insurance liabilities (Note 23)		3 282	-
Borrowed funds	35	1 403 021	225 975
Other liabilities	36	1 040 294	518 964
Current income tax liabilities		42 992	35 933
Deferred income tax liabilities	38	3 328	27 442
Retirement benefit obligations	39	16 183	8 147
Total liabilities		**15 702 576**	**9 174 261**
EQUITY			
Capital and reserves attributable to the equity holders of the parent entity			
Share capital	41	1 080 186	866 709
Retained earnings and reserves	42	274 019	288 638
		1 354 205	**1 155 347**
Non-controlling interests in equity		**105 131**	**137 263**
Total equity		**1 459 336**	**1 292 610**
Total liabilities and equity		**17 161 912**	**10 466 871**

The notes on pages 10 to 57 are an integral part of these consolidated financial statements

Consolidated statement of changes in equity
(All amounts in US dollar thousands unless otherwise stated)

	Note	Attributable to equity holders of the company			Non-controlling interest	Total
		Share capital	Retained earnings	Other reserves		
At 1 January 2010		866 709	221 610	23 810	123 436	1 235 565
Net changes in available for sale investments, net of tax	42	-	-	20 679	-	20 679
Currency translation differences	42	-	-	(64 562)	(6 327)	(70 889)
Currency translation differences		-	-	-	-	-
Net income recognized directly in equity		-	-	(43 883)	(6 327)	(50 210)
Profit for the year		-	112 716	-	19 103	131 819
Total comprehensive income for the year		-	112 716	(43 883)	12 776	81 609
Dividend relating to 2009		-	(29 745)	-	(13 469)	(43 214)
Transfer to general banking reserves	42	-	(11 180)	11 180	-	-
Transfer to statutory reserve	42	-	(15 281)	15 281	-	-
Share options granted	42	-	4 130	-	-	4 130
Proceeds from shares issued:						
- Rights issue		-	-	-	14 520	14 520
At 31 December 2010/ 1 January 2011		866 709	282 250	6 388	137 263	1 292 610
Net changes in available for sale investments, net of tax	42	-	-	(59 802)	-	(59 802)
Currency translation differences	42	-	-	(76 582)	(4 714)	(81 296)
Net gains on revaluation of property				16 929		16 929
Net loss recognized directly in equity		-	-	(119 455)	(4 714)	(124 169)
Profit for the year		-	182 207	-	24 633	206 840
Total comprehensive income for the year		-	182 207	(119 455)	19 919	82 671
Dividend relating to 2010	42	-	(39 653)	-	(15 319)	(54 972)
Reserves of previously unconsolidated subsidiaries	42	-	-	-	-	-
Transfer to general banking reserves	42	-	(10 722)	10 722	-	-
Transfer to statutory reserve	42	-	(22 617)	22 617	-	-
Reclassification of share option reserve	42		(13 037)	13 037	-	-
Share options granted	42	-	(12 538)	-	-	(12 538)
Convertible loans - equity component	42	-	-	25 501	-	25 501
Net proceeds from shares issued:						
- Private placement	41	187 320	-	-	3 493	190 813
- Share issue to purchase minority interest of Ecobank Nigeria	41	26 362	13 863	-	(40 225)	-
- Share option exercised	41	1 964	-	-	-	1 964
- Transfer from retained earnings - share option exercised	41	369	(369)	-	-	-
Share issue expenses	41	(2 538)	-	-	-	(2 538)
Elimination of investments in Oceanic subsidiaries	42	-	(64 175)	-	-	(64 175)
At 31 December 2011		1 080 186	315 209	(41 190)	105 131	1 459 336

The notes on pages 10 to 57 are an integral part of these consolidated financial statements

Consolidated statement of cash flows
(All amounts in US dollar thousands unless otherwise stated)

	Note	Year ended 31 December	
		2011	**2010**
Cash flows from operating activities			
Interest income received		878 493	697 084
Interest expense paid		(295 103)	(222 313)
Dividends received		4 209	2 587
Net fee and commission receipts		396 013	320 620
Net trading and other incomes		223 754	135 341
Cash payments to employees and suppliers		(762 398)	(557 143)
Cash payments to retired employees		-	-
Income taxes paid		(90 655)	(53 692)
Changes in operating assets and liabilities			
- net decrease/(increase) in trading assets		5 233	666
- net decrease in other financial assets at fair value		-	-
- net decrease/(increase) in derivative financial assets		1 389	17
- net decrease/(increase) in other treasury bills		(176 847)	(7 584)
- net decrease/(increase) in loans and advances to banks		(744 641)	(254 411)
- net increase in loans and advances to customers		(520 111)	(628 616)
- net increase in pledged assets		(97 446)	-
- net increase in other assets		22 625	(107 099)
- net increase in mandatory reserve deposits		(104 858)	(98 429)
- net increase in other deposits		119 181	50 918
- net increase in amounts due to customers		965 096	1 452 126
- net (decrease)/ increase in derivative liabilities		357	(109)
- net increase in other liabilities		(2 732)	40 499
Net cash from/(used in) operating activities		(178 441)	770 462
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired		1 076 600	3 122
Purchase of software	28	(56 294)	(5 409)
Purchase of property and equipment	29	(109 298)	(83 235)
Proceeds from sale of property and equipment		30 364	13 574
Purchase of investment securities	25	(3 213 971)	(2 724 432)
Proceeds from sale and redemption of securities		2 185 353	2 338 776
Net cash used in investing activities		(87 246)	(457 604)
Cash flows from financing activities			
Proceeds from/(payment of) borrowed funds		719 285	(27 927)
Proceeds of subscription of ordinary shares	41	3 493	14 520
Dividends paid to non-controlling shareholders		(15 319)	(13 469)
Dividends paid	42	(39 653)	(29 745)
Net cash from/(used in) financing activities		667 806	(56 621)
Net (decrease)/increase in cash and cash equivalents		**402 119**	**256 237**
Cash and cash equivalents at start of year	44	1 191 824	1 016 726
Effects of exchange differences on cash and cash equivalents		(263 347)	(81 139)
Cash and cash equivalents at end of year	44	**1 330 596**	**1 191 824**

The notes on pages 10 to 57 are an integral part of these consolidated financial statements

Notes

1 General information

Ecobank Transnational Incorporated (ETI) and its subsidiaries (together, the group) provide retail, corporate and investment banking services throughout sub Saharan Africa outside South Africa. The Group had operations in 33 countries and employed 23,355 people (2010: 10,003) as at 31 December 2011.

Ecobank Transnational Incorporated is a limited liability company and is incorporated and domiciled in the Republic of Togo. The address of its registered office is as follows: 2365 Boulevard du Monon, Lome, Togo. The company has a primary listing on the Ghana Stock Exchange, the Nigerian Stock Exchange and the Bourse Regionale Des Valeurs Mobilieres (Abidjan) Cote D'Ivoire.

The consolidated financial statements for the year ended 31 December 2011 have been approved for issue by the Board of Directors on 16 March 2012

2 Summary of significant accounting policies

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

2.1 Basis of presentation

The group's consolidated financial statements for the year 2011 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Additional information required by national regulations is included where appropriate.

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

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

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

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

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

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

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Group's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

(a) Standards, amendment and interpretations effective on or after 1 January 2010

The following standards, amendments and interpretations, which became effective in 2010 are relevant to the Group:

Standard / Interpretation	*Content*	Applicable for financial years beginning on/after
IFRS 2	Share-based payment - Vesting conditions and cancellations	1 January 2010
IFRS 7	Improving disclosures about financial instruments	1 January 2010
IFRS 8	Operating segments	1 January 2010
IAS 1	Presentation of financial statements	1 January 2010
IAS 23	Borrowing costs	1 January 2010

Notes

Basis of preparation (continued)

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

ii) Amendments to IFRS 7, 'Financial instruments: Disclosures'
The IASB published amendments to IFRS 7 in March 2010. The amendment requires enhanced disclosures about fair value measurements and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendment results in additional disclosures but does not have an impact on the statement of financial position or the comprehensive income of the group.

iii) IFRS 8, 'Operating segments'
IFRS 8 was issued in November 2006 and excluding early adoption was first required to be applied to the Group's accounting period beginning on 1 January 2010. The standard replaces IAS 14, 'Segment reporting', with its requirement to determine primary and secondary reporting segments. Under the requirements of the revised standard, the Group's external segment reporting will be based on the internal reporting to the group executive board (in its function as the chief operating decision-maker), which makes decisions on the allocation of resources and assess the performance of the reportable segments. The application of IFRS 8 does not have any material effect for the Group but has an impact on segment disclosure and on the measurement bases within segments. The segment results have been changed accordingly.

iv) **IAS 1 (revised), 'Presentation of financial statements'**
A revised version of IAS 1 was issued in September 2007. It prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also conforms with the revised standard. According to the amendment of IAS 1 in January 2008, each component of equity, including each item of other comprehensive income, should be reconciled between carrying amount at the beginning and the end of the period. Since the change in accounting policy only impacts presentation aspects, there is no impact on retained earnings.

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

The following interpretation became effective in 2010, but was not relevant for the Group's operations:

Standard / Interpretation	*Content*	Applicable for financial years beginning on/after
IFRIC 13	Customer loyalty programmes	1 July 2008
IAS 32 and IAS 1	Puttable financial instruments and obligations arising on liquidation	1 January 2010
IFRIC 16	Hedges of a net investment in a foreign operation	1 October 2008

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

ii) **IAS 32 and IAS 1, 'Puttable financial instruments and obligations arising on liquidation'**
The IASB amended IAS 32 in February 2008. It now requires some financial instruments that meet the definition of a financial liability to be classified as equity. Puttable financial instruments that represent a residual interest in the net assets of the entity are now classified as equity provided that specified conditions are met. Similar to those requirements is the exception to the definition of a financial liability for instruments that entitle the holder to a pro rata share of the net assets of an entity only on liquidation. The adoption of the IAS 32 amendment does not have any effect for the group.

Notes

Basis of preparation (continued)

iii) **IFRIC 16, 'Hedges of a net investment in a foreign operation'**
This interpretation clarifies the accounting treatment in respect of net investment hedging. This includes the fact that net investment hedging relates to differences in functional currency not presentation currency, and hedging instruments may be held anywhere in the Group. This interpretation does not have any impact on the Group's financial statements.

(b) Standards and interpretations issued but not yet effective
The following standards and interpretations have been issued and are mandatory for the Group's accounting periods beginning on or after 1 July 2010 or later periods and are expected to be relevant to the group.

Standard / Interpretation	*Content*	Applicable for financial years beginning on/after
IFRS 1 and 27	Cost of an investment in a subsidiary, jointly controlled entity or associate	1 July 2010
IFRS 3	Business combinations	1 July 2010
IAS 27	Consolidated and separate financial statements	1 July 2010
IAS 39	Financial instruments: Recognition and measurement – eligible hedged items	1 July 2010
IFRIC 17	Distribution of non-cash assets to owners	1 July 2010
IFRIC 18	Transfers of assets from customers	1 July 2010
IFRS 9	Financial instruments part 1: Classification and measurement	1 January 2013

i) **IFRS 1 and IAS 27, 'Cost of an investment in a subsidiary, jointly-controlled entity or associate'**
The amended standard allows first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removes the definition of the cost method from IAS 27 and requires an entity to present dividends from investments in subsidiaries, jointly controlled entities and associates as income in the separate financial statements of the investor.

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

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

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

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

vi) **IFRIC 18, 'Transfers of assets from customers'**
IFRIC 18 was issued in January 2010. It clarifies how to account for transfers of items of property, plant and equipment by entities that receive such transfers from their customers. The interpretation also applies to agreements in which an entity receives cash from a customer when that amount of cash must be used only to construct or acquire an item of property, plant and equipment, and the entity must then use that item to provide the customer with ongoing access to supply of goods and/or services. The Group is not impacted by applying IFRIC 18.

Notes

Summary of significant accounting policies (continued)

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

viii) IFRS 9, 'Financial instruments part 1: Classification and measurement'
IFRS 9 was issued in November 2010 and replaces those parts of IAS 39 relating to the classification and measurement of financial assets. Key features are as follows:

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

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

All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognize unrealized and realized fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment.

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

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

(c) Early adoption of standards

The Group did not early-adopt new or amended standards in 2011.

2.2 Consolidation

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

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

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

(a) accounting for financial assets and liabilities at their fair value at the acquisition date as measured in accordance with IAS 39, 'Financial instruments: Recognition and measurement'; and

(b) allocating the remaining balance of the cost of purchasing the assets and liabilities to the individual assets and liabilities, other than financial instruments, based on their relative fair values at the acquisition date.

c) Business combinations and goodwill
Business combinations are accounted for using the acquisition method of accounting. The consideration transferred in a business combination is measured at fair value at the date of acquisition. This consideration includes the cash paid plus the fair value at the date of exchange of assets given, liabilities incurred or assumed and equity instruments issued by the Group. The fair value of the consideration transferred also includes contingent consideration arrangements at fair value. Directly attributable acquisition-related costs are expensed in the current period and reported within general and administration expenses. At the date of acquisition the Group recognizes the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquired business. The identifiable assets acquired and the liabilities assumed are initially recognized at fair value. Where the Group does not acquire 100% ownership of the acquired business non-controlling interests are recorded as the proportion of the fair value of the acquired net assets attributable to the non-controlling interest.

Goodwill is recorded as the surplus of the consideration transferred over the Group's interest in the fair value of the acquired net assets. Any goodwill and fair value adjustments are recorded as assets and liabilities of the acquired business in the functional currency of that business. When the initial accounting for a business combination is incomplete at the end of a reporting period, provisional amounts are used. During the measurement period, the provisional amounts are retrospectively adjusted and additional assets and liabilities may be recognized, to reflect new information obtained about the facts and circumstances that existed at the acquisition date which would have affected the measurement of the amounts recognized at that date, had they been known. The measurement period does not exceed twelve months from the date of acquisition.

Goodwill is not amortized, but is assessed for possible impairment at each reporting date and is additionally tested annually for impairment. Goodwill may also arise upon investments in associates, being the surplus of the cost of investment over the Group's share of the fair value of the net identifiable assets. Such goodwill is recorded within investments in associates. Changes in ownership interests in subsidiaries are accounted for as equity transactions if they occur after control has already been obtained and if they do not result in a loss of control.

d) Business combinations under common control
Business combinations under common control refer to business combinations in which all of the combining entities or businesses are ultimately controlled by the Ecobank Group both before and after the business combination, and that control is not transitory. Such transactions are specifically scoped out by IFRS 3 (revised) with no guidance in any other International Financial Reporting Standard or IASB framework as to the accounting treatment.

As required by IAS 8, 'Accounting policies, changes in accounting estimates and errors', the group has developed an accounting policy for group re-organization that is relevant, represents faithfully the financial position, financial performance and cash flows of the group and reflect the economic substance of the transactions. Re-organization within the group represents a transfer of an existing business without any change in the economic substance or the activities of the business transferred.

Business combinations under common control are accounted for using the Pooling of Interest method of accounting. The assets and liabilities of the entities involved are not re-measured at fair value, rather the book values of the assets and liabilities of the entities are carried over prospectively from the date of initial acquisition by the Ecobank Group. Push down values from the parent company (ETI) reflecting the initial acquisition of the business by the Group are not used as these will be reflected in the consolidated financial statements of the Group.

Notes

Summary of significant accounting policies (continued)

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

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

The Group's share of its associates' post-acquisition profits or losses is recognized in the consolidated income statement; its share of post-acquisition movements is 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 associate.

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

2.3 Foreign currency translation

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

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

Notes

Summary of significant accounting policies (continued)

b) Transactions and balances

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

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

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

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

c) Group companies

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

i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

ii) income and expenses for each income statement are translated at average exchange rates; (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions) and

iii) all resulting exchange differences are recognized in other comprehensive income.

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

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

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

2.4 Sale and repurchase agreements

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

2.5 Financial assets and liabilities

All financial assets and liabilities – which include derivative financial instruments – have to be recognized in the consolidated statement of financial position and measured in accordance with their assigned category.

Notes

Summary of significant accounting policies (continued)

2.5.1 Financial assets

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

a) Financial assets at fair value through profit or loss

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

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorized as held for trading unless they are designated and effective as hedging instruments. Financial assets held for trading consist of debt instruments, including money-market paper, traded corporate and bank loans, and equity instruments, as well as financial assets with embedded derivatives. They are recognized in the consolidated statement of financial position as 'Financial assets held for trading'.

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

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

b) Loans and receivables

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

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

(b) those that the Group upon initial recognition designates as available for sale; or

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

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

c) *Held-to maturity financial assets*

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

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

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

Notes

Summary of significant accounting policies (continued)

d) Available-for-sale

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

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

e) Recognition

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

2.5.2 Financial liabilities

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

a) Financial liabilities at fair value through profit or loss

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

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

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

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

b) Other liabilities measured at amortized cost

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

c) Determination of fair value

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

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

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

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

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

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

Summary of significant accounting policies (continued)

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

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

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

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

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

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

f) *Insurance and investment contracts*
The Group issues contracts that transfer insurance risk, financial risk or both.

Insurance contracts are those contracts that transfer significant insurance risk. The Group defines as significant insurance risk the possibility of having to pay benefits, on the occurrence of an insured event, that are significantly more than the benefits payable if the insured event did not occur.

Investment contracts are those contracts that transfer financial risk without significant insurance risk. Financial risk refers to the risk of a possible future change in the value of an asset or financial instrument due to a change in interest rate, commodity price, index of prices, foreign exchange rate or other measurable variable.

g) *Insurance contracts*
In terms of IFRS 4, insurance liabilities are measured under existing local practice at the date of adoption of IFRS 4.

The Group had, prior to the adoption of IFRS 4, valued insurance liabilities using certain actuarial techniques as described below. The Group has continued to value insurance liabilities in accordance with these.

Insurance contracts are classified into three broad categories, depending on the duration of the risk and the type of risk insured, namely Individual Life, Group Life and General insurance.

(i) Individual life
These contracts insure mainly against death. For the published accounts, the contracts are valued based on a gross premium valuation taking into account the present value of expected future premium, claim and associated expense cash flows.

Any resultant negative policyholder liabilities, measured on an individual policy level, are set to zero ("zeroed") so as not to recognize profits prematurely.

Where the same policy includes both insurance and investment components and where the policy is classified as insurance, the insurance and investment benefits are valued separately.

(ii) Group Life

These contracts insure against death on a group basis. These contracts are short-term in nature and are typically renewed annually. For these contracts, gross premiums are recognized as revenue when due.

(iii) General Insurance

These contracts provide Fire, Accident, Motor, Marine, Bond, Engineering and Aviation insurance. For these contracts, gross premiums are recognized as revenue when due.

(iv) Outstanding claims provision
A full provision is made for the estimated cost of all claims notified but not settled at the date of the balance sheet, using the best information available at that time. Provision is also made for the cost of claims incurred but not reported ("IBNR") until after the balance date.

Similarly, provisions are made for "unallocated claims expenses" being the estimated administrative expenses that will be incurred after the balance sheet date in settling all claims outstanding as at the date, including IBNR. Differences between the provision for outstanding claims at a balance sheet date and the subsequent settlement are included in the Revenue Account of the following year.

h) *Insurance contracts with Discretionary Participation Features*
The Group issues single premium contracts that provide primarily savings benefits to policyholders but also transfer insurance risk. The investment return credited to the policyholders is at the Group's discretion, subject to fair oversight and a minimum guaranteed. These contracts are valued on a retrospective basis.

(i) Embedded Investment Derivatives
Embedded derivatives are analyzed and valued separately where significant to the total liability, taking into account variation in investment performance and interest rates.

(ii) Guaranteed Annuity Options
Guaranteed Annuity Options, where a guaranteed rate of conversion to a life annuity is provided, is offered on some products. This feature provides an option to the policyholder as is analyzed and valued separately where significant to the total liability, taking into account expected take-up rates, mortality variation and investment variation.

2.6 Reclassification of financial assets

The Group may choose to reclassify a non-derivative financial asset held for trading out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near-term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortized cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

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

Notes

Summary of significant accounting policies (continued)

2.7 Classes of financial instrument

The Group classifies the financial instruments into classes that reflect the nature of information and take into account the characteristics of those financial instruments. The classification made can be seen in the table below:

Financial assets

Category (as defined by IAS 39)	Class (as determined by the Group)	Note
Financial assets at fair value through profit or loss	Trading assets	21
	Derivative financial assets	22
Loans and receivables	Loans and advances to banks	20
	Loans and advances to customers	24
Held-to-maturity Investments	None	Not applicable
Available-for-sale financial assets	Treasury bills and other eligible bills	19
	Investment securities – debt securities	25
Hedging derivatives	None	Not applicable

Financial liabilities

Category (as defined by IAS 39)	Class (as determined by the Group)	Note
Financial liabilities at fair value through profit or loss	Derivative financial liabilities	22
Financial liabilities at amortized cost	Deposits from banks	32
	Other deposits	34
	Deposits from customers	33
	Borrowed funds	35

Off balance sheet financial instruments

Category (as defined by IAS 39)	Class (as determined by the Group)	Note
Loan commitments	Loan commitments	40
Guarantees, acceptances and other financial facilities	Guarantees, acceptances and other financial facilities	40

2.8 Offsetting financial instruments

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

2.9 Interest income and expense

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

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

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

2.10 Fee and commission income

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

Notes

Summary of significant accounting policies (continued)

2.11 Dividend income

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

2.12 Impairment of financial assets

a) Assets carried at amortized cost

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

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

i) significant financial difficulty of the issuer or obligor;
ii) a breach of contract, such as a default or delinquency in interest or principal payments;
iii) the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

iv) it becomes probable that the borrower will enter bankruptcy or other financial reorganization;
v) the disappearance of an active market for that financial asset because of financial difficulties; or
vi) observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio.

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

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

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

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 industry, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

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

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

Summary of significant accounting policies (continued)

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

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

b) Assets classified as available-for-sale

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

c) Renegotiated loans

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

2.13 Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. No non-financial assets were impaired in 2011.

2.14 Share-based payments

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

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

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

2.15 Cash and cash equivalents

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

2.16 Repossessed collateral

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

Notes

Summary of significant accounting policies (continued)

2.17 Leases

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

(a) A group company is the lessee

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

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is 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.

(c) Fees paid in connection with arranging leases

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

2.18 Investment properties

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

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

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

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

2.19 Property and equipment

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

Notes

Summary of significant accounting policies (continued)

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

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

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

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

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

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

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

2.20 Intangible assets

a) Goodwill

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

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

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

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

b) Computer software licences

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

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

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

2.21 Income tax

a) Current income tax

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

Where the Group has tax losses that can be relieved against a tax liability for a previous year, it recognizes those losses as an asset, because the tax relief is recoverable by refund of tax previously paid. This asset is offset against an existing current tax balance. Where tax losses can be relieved only by carry-forward against taxable profits of future periods, a deductible temporary difference arises. Those losses carried forward are set off against deferred tax liabilities carried in the consolidated statement of financial position. The Group does not offset income tax liabilies and current income tax assets.

Notes

Summary of significant accounting policies (continued)

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

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

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

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

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

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

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

2.23 Employee benefits
a) Pension obligations

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

b) Other post-retirement obligations
The group also provides gratuity benefits to its retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the accounting methodology described below.

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

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

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

Notes

Summary of significant accounting policies (continued)

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

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

2.25 Fiduciary activities

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

2.26 Share capital

a) *Share issue costs*

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

b) *Dividends on ordinary shares*

ividends on ordinary shares are recognised in equity in the period in which they are approved by the Company's shareholders. Dividends for the year that are declared after the date of the consolidated statement of financial position position are dealt with in Note 43.

c) *Treasury shares*

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

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

2.27 Segment reporting

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

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

Notes

Summary of significant accounting policies (continued)

3 Financial risk management

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

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

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

3,1 Credit risk

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

3.1.1 Credit risk measurement

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

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

Group's rating	Description of grade	Mapping to external rating (Standards and Poors)
1 - 4	Investment Grade	AAA to BBB
5 - 6	Standard Grade	BB to B
7 - 10	Non Investment Grade	CCC to D

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

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

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

(ii) Exposure at default
EAD is is based on the amounts the Group expects to be owed at the time of default. For example, for a loan this is the face value. For a commitment, the Group includes any amount already drawn plus the further amount that may have been drawn by the time of default, should it occur.

(iii) Loss given default/loss
Loss given default or loss severity represents the Group's expectation of the extent of loss on a claim should default occur. It is expressed as percentage loss per unit of exposure. It typically varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support.

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

(ii) Exposure at default is based on the amounts the Group expects to be owed at the time of default. For example, for a loan this is the face value. For a commitment, the Group includes any amount already drawn plus the further amount that may have been drawn by the time of default, should it occur.

(iii) Loss given default or loss severity represents the Group's expectation of the extent of loss on a claim should default occur. It is expressed as a percentage loss per unit of exposure and typically varies by type of counterparty, type and seniority of claim and availability of collateral or other credit mitigation.

(b) Debt securities and other bills

For debt securities and other bills, external rating such as Standard & Poor's rating or their equivalents are used by Group Treasury for managing the credit risk exposures. The investments in those securities and bills are viewed as a way to gain a better credit quality mapping and maintain a readily available source to meet funding requirements at the same time.

c) Reinsurance credit risk

The credit quality of reinsurance assets by reference to the Group's internal ratings are as follows:

	31 December 2011	
	2011	**2010**
AAA to AA-	-	-
BBB+ to BB-	-	-
Unrated	3 282	-
	3 282	**-**

d) Market risk

The Group takes exposure to market risks, which is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rates, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spread, foreign exchange rates and equity prices. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return on risk.

e) Management of market risk

The Market Risk Management unit is mandated to assess, monitor and manage market risk for the Group. The primary objective of the Market Risk Management unit is to establish a comprehensive and independent market risk control framework.

The Group's market risk objectives, policies and processes are aimed at instituting a model that objectively identifies, measures and manages market risks in the Group and ensure that:

1. The individuals who take or manage risk clearly understand it.
2. The Group's risk exposure is within established limits.
3. Risk taking decisions are in line with business strategy and objectives set by the Board of Directors.
4. The expected payoffs compensate for the risks taken.
5. Sufficient capital, as a buffer, is available to take risk.

f) *Insurance risk*

Insurance risk is the risk that future risk claims and expenses will exceed the value placed on insurance liabilities. It occurs due to the uncertainty of the timing and amount of future cash flows arising under insurance contracts. The timing is specifically influenced by future mortality, longevity, morbidity, persistency and expenses about which assumptions are made in order to place a value on the liabilities. Deviations from assumptions will result in actual cash flows differing from those projected in the policyholder liability calculations. As such, each assumption represents a source of uncertainty.

Summary of significant accounting policies (continued)

g) *Mortality and morbidity risks*

The risk that actual experience in respect of the rates of mortality and morbidity may vary from what is assumed in pricing and valuation, depending on the terms of different products. The material classes of business most affected by these risks are discussed below.

(i) Individual life products – Term assurance, Mortgage protection, Savings Plan

Products are sold directly to individuals providing a benefit on death. The main insurance risk relates to the possibility that rates of death may be higher than expected. This may be due to:

- Normal statistical variation due to the random nature if the insured events;
- Natural catastrophes such as floods, and unnatural catastrophes such as acts of terrorism;
- The impact of HIV/AIDS or other health epidemics;
- Anti-selection such as where a policyholder with a pre-existing condition or disease purchases a product where a benefit will be paid on death;
- The effect of selective withdrawal; and
- Concentration risk, which is the risk of a large number of claims from a single event or in a particular geographical area

For contracts with fixed and guaranteed benefits (such as the minimum death benefits available on savings plan policies) and fixed future premiums, there are no mitigating terms that reduce the risk accepted by Group. The Group therefore employs some underwriting controls to ensure that only acceptable risks are accepted.

The following additional controls and measures are in place in order to ensure that the Group manages its exposure to mortality risk:

- Claims assessment processes to ensure only valid claims are paid;
- Reinsurance to limit liability on particularly large claims or substandard risks; and
- Concentration risk is reduced by diversification of business over a large number of independent lives, as well as by taking c

(ii) Group life products

Employee benefit products provide life cover to members of a group, such as employees of companies or members of trade unions.

An aggregate stop-loss reinsurance agreement is in place to ensure that the Group's exposure to the aggregate mortality risk in its group life business is managed and limited to a specified limit.

In addition, there is a catastrophe reinsurance treaty in place for both group business and individual business. Such a treaty is particularly important for the group life business as there are considerably more concentrations of risks compared to individual business.

(iii) Deposit administration

Deposit administration contracts provide a guaranteed life annuity conversion at the maturity of the contract. The mortality risk in this case is that the policyholders may live longer than assumed in the pricing of the contract. This is known as the risk of longevity.

The Group manages this risk by allowing for improvements in mortality when pricing and valuing the contracts. The Group also performs more detailed actuarial experience investigations and adjust assumptions in pricing for new contracts and valuation of existing contracts when necessary.

h) *Claims experience risk*

In terms of the short-term insurance contracts held by the Group, the claims experience risk for these policies is that the number of claims and/or the monetary claim amounts are worse than that assumed in the pricing basis.

The Group manages this risk by charging premiums which are appropriate to the risks under the insurance contracts.

Under the short-term insurance products, the Group also holds a concentration risk, which is the risk of a large number of claims from a single event or in a particular geographical area. This risk is reduced by diversification over a large number of uncorrelated risks, as well as taking out catastrophe reinsurance.

i) *Persistency risk*

Persistency risk relates to the risk that policyholders may withdraw their benefits and terminate their contracts prior to the contractual maturity date of the contract. Expenses such a commission and acquisition expenses are largely incurred at the outset of the contract. These upfront costs are expected to be recouped over the term of a contract from fees and charges from the contract. Therefore, if the contract is terminated before the contractual date, expenses might not have been fully recovered, resulting in losses being incurred.

Where a surrender benefit is payable, the benefit amount on withdrawal normally makes provision for recouping any outstanding expenses. However, losses may still occur if the expenses incurred in respect of the policy exceed the value of the policy, or where the withdrawal benefit does not fully allow for the recovery of all unrecouped expenses. This may either be due to a regulatory minimum surrender benefit applying, or because of product design.

j) *Expense risk*

There is a risk that the Group may experience a loss due to actual expenses being higher than those assumed when pricing and valuing policies. This may be due to inefficiencies, higher than expected inflation, lower than expected volumes of new business or higher than expected terminations resulting in smaller in-force policies.

To manage this risk, the Group performs expense investigations annually and sets pricing and valuation assumptions to be in-line with the actual expenses experience, with allowance for inflation.

The Group's exposure to unexpected increases in the inflation rate is expected to be minimal due to the short-term nature of their business and their ability to review premium rates at renewals (typically on an annual basis).

k) *Business volume risk*

There is a risk the Group may not sell sufficient volumes of new business to meet the expenses associated with distribution and administration. A significant portion of the new business acquisition costs are variable and relate directly to sales volumes.

l) *Capital adequacy risk*

There is a risk that the capital held by the Group to back to its insurance liabilities may prove to be inadequate on a regulatory solvency basis. This may then lead to intervention by the Regulator and may further lead to a fall in the reputation of the group (see Reputational risk below for further details). At an extreme, the Regulator may require the Group to close to new business. This will have a further negative impact on the Group.

This risk is monitored and assessed by performing annual valuations on the life insurance liabilities performed by an independent valuation actuary, calculating the outstanding claims reported (OCR) and Incurred But Not Reported (IBNR) contingency reserves, monitoring any regulatory rules applying to the assets and the adequacy of the assets to back the liabilities and adopting an investment strategy which is aimed at investing in admissible assets and maintaining adequate capital.

In addition, sensitivity and scenario analysis are performed to assess the Group capital adequacy under various scenarios and to ensure that the Group will remain financially sound under some stress economic conditions.

m) *Asset liability matching risk*

Due to the short-term nature of the Group's insurance business, most of the liability cash flows will be of short-term nature. The asset liability matching risk lies in the risk that the cash inflows from the assets held will not match liability cash outflows in terms of timing and/or amounts. Therefore, the risk arises that Group will be unable to meet policyholder obligations. In this case, the asset liability mismatch risk is similar to liquidity risk described in liquidity risk.

n) *Assumption risk*

In determining the value of insurance liabilities, assumptions need to be made regarding future rates of mortality, morbidity, termination rates, expenses and investment performance. The uncertainty of these rates may result in actual experience being different from that assumed and hence actual cash flows being different from those projected, and, in the extreme, that the actual claims and benefits exceed the liabilities. The risk is mitigated to an extent through:

- The addition of margins, specifically where there is evidence of moderate or extreme variation in experience;
- The use of appropriate sources of data; and
- Regular actual versus expected investigations.

Due to the short-term nature of the Group's business, exposure to unexpected changes in trends in experience is minimal since premium rates are reviewable at renewal.

o) *Data risk*

Data risk is the risk that data used in the policyholders' liabilities valuation calculations are inaccurate or incomplete and, therefore, are not a true and accurate view of the insurance contracts held by the Group. The data could be inaccurate or incomplete due to incorrect data or valuation extracts between the policy administration system and the actuarial valuation model and/or incorrect capturing of data on the policy administration system.

This risk is managed by the Group through regular data integrity testing in order to assess the appropriateness, accuracy and credibility of the various data sets as well as investigations into data exceptions reported.

Where insufficient internal data is available, the Group makes use of external sources to derive its pricing and valuation assumptions. Frequent monitoring of these external sources is performed, including actual versus expected investigations.

Notes

Summary of significant accounting policies (continued)

p) *Model risk*

There is a risk that the Group may suffer a loss if the model used to calculate the insurance liabilities does not project expected cash flows under the insurance contracts accurately. The expected cash flow projections may be inaccurate either due to the model itself being incorrect, inappropriate to the policies being valued or inaccurate and/or the underlying assumptions used in the model being inappropriate.

The Group makes use of an independent valuation actuary to value its liabilities. The models being used to value the liabilities are, therefore, not internal to but belong to an external third party. The model risk underlying the use of third party models are addressed by:
- Regular actual versus expected cash flow investigations to assess the appropriateness of the external models; and
- Detailed investigations are performed annually to ensure the integrity of the data used in the valuation process.

q) *Insurance premium rating*

(a) Individual life products – Term-assurance, Mortgage protection and Savings Plan

The price for an individual life product is adjusted for the following risk factors:
- Age;
- Gender;
- Smoker status;
- Medical conditions;
- Financial condition; and
- Hazardous pursuits.

The Group employs the following additional controls and measures to ensure that only acceptable risks are accepted and risks are appropriately priced:
- Underwriting controls, with risk classification based on the above risk factors;
- Regular review of premium rates; and
- Appropriate policy conditions, including any exclusion on the cover on the individual's life.

Premium rates are guaranteed for the period up to the renewal of a policy, typically, after 1 year.

(b) Deposit administration

Premium rating on deposit administration policies distinguishes between the ages and gender of prospective policyholders. Annual premiums, payable up front, are repriced at renewal of the deposit administration policies.

(c) Group life products

Underwriting on group business is much less stringent than for individual business, as there is typically less scope for anti-selection. The main reason for this is that participation in the group schemes is normally compulsory, and members have limited choice in the level of the benefits.

Group policies are priced using standard mortality tables. The price for an individual scheme is adjusted for the following risk factors:
- Region;
- Salary structure;
- Gender structure; and
- Industry.

Notes

Summary of significant accounting policies (continued)

For large schemes, a scheme's past experience is a crucial input in setting rates for the scheme. The larger the scheme the more weight is given to the scheme's past experience. Rates are guaranteed for one year and reviewable at the renewal of the policy.

(d) Short-term insurance products

Underwriting on short-term insurance products takes the form of the insurance applicant completing a proposal form. The following risk factors are used in the risk classification:
- Age and gender of the insured driver or operator;
- Value of the item(s) to be covered;
- Use of the item(s) to be insured, for example, premium rates distinguish business and personal use for vehicle cover;
- Physical condition of the item(s) to be insured;
- Safety and security features installed; and
- Past claims experience, for example, the premium rate payable on vehicle cover reflects the past claims experience on the vehicle and driver to be insured.

Where the value of the item(s) to be insured exceeds a pre-specified limit, the underwriting becomes more stringent. This is particularly the case for marine and aviation cover. In this case the Group makes use of specialist underwriting agents to assess the risks and set an appropriate premium for cover.

Premium rates are guaranteed for the period up to the renewal of a policy, typically, after 1 year.

3.1.2 Risk limit control and mitigation policies

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

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

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

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

(a) Collateral

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is common practice. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:
• Mortgages over residential properties;
• Charges over business assets such as premises, inventory and accounts receivable;
• Charges over financial instruments such as debt securities and equities.

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

(b) Credit-related commitments

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

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

3.1.3 Impairment and provisioning policies

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

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

The internal rating tool assists management to determine whether objective evidence of impairment exists under IAS 39, based on the following criteria set by the Group;
- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower;
- Breach of loan covenants or conditions;
- Initiation of legal proceedings to enforce security;
- Deterioration of the borrower's competitive position; and
- Deterioration in the value of collateral.

	2011				2010			
Group's rating	**Loans and advances**		**Impairment provision**		**Loans and advances**		**Impairment provision**	
1 Current	6 179 401	81%	37 670	1%	4 154 513	73%	46 796	1%
1A Watchlist	818 429	11%	12 152	1%	517 753	9%	1 482	0%
II. Substandard	181 531	2%	10 810	6%	188 732	3%	2 483	1%
III. Doubtful	380 893	5%	109 525	29%	317 522	6%	121 127	38%
IV. Loss	34 354	0%	64 511	188%	551 066	10%	293 514	53%
	7 594 608	100%	234 668	3%	5 729 586	100%	465 402	8%

3.1.4 Credit Concentration

Maximum exposure to credit risk before collateral held	**Maximum exposure 2011**	**2010**
Credit risk exposures relating to on-statement of financial position assets are as follows:		
Treasury bills and other eligible bills	745 943	588 922
Loans and advances to banks	2 558 590	1 613 322
Loans and advances to customers:		
Corporate Bank		
- Overdrafts	796 158	725 185
- Term loans	2 364 648	1 770 447
- Others	141 636	172 291
Domestic Bank		
- Overdrafts	965 833	711 682
- Credit cards	5 839	3 066
- Term loans	2 952 912	1 786 529
- Mortgages	132 914	94 984
Trading assets		
- Debt securities	931	5 396
Derivative financial instruments	8 611	10 000
Investment securities - available-for-sale:		
- Debt securities	2 345 139	773 416
Other assets	390 095	315 784
Credit risk exposures relating to off-balance sheet items are as follows:		
Financial guarantees	2 984 065	2 060 500
Loan commitments	332 942	223 600
At 31 December	16 726 256	10 855 124

The above table represents a worse case scenario of credit risk exposure of the Group at 31 December 2011 and 2010, without taking into account any collateral held or other credit enhancements attached. For on-balance-sheet assets, the exposures set out above are based on net carrying amounts as reported in the statement of financial position.

As shown above, 59% (2010: 63%) of the total maximum exposure is derived from loans and advances to banks and customers; 15% (2010: 7%) represents investments in debt securities.

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the group resulting from its loan and advances portfolio, debt securities and other assets based on the following:
- 91% (2010: 82%) of the loans and advances portfolio are considered to be neither past due nor impaired;
- 65% (2010: 65%) of loans and advances are backed by collateral;
- Investment in debt securities are largely government securities.
- Other assets are considered to be neither past due nor impaired

3.1.5 Loans and advances

Loans and advances are summarised as follows:

	31 December 2011		31 December 2010	
	Loans and advances to banks	Loans and advances to customers	Loans and advances to banks	Loans and advances to customers
Neither past due nor impaired	2 558 590	6 923 139	1 613 322	4 670 989
Past due but not impaired	-	256 222	-	190 009
Impaired	-	415 247	-	868 588
Gross	2 558 590	7 594 608	1 613 322	5 729 586
Less: allowance for impairment	-	(234 668)	-	(465 402)
Net	2 558 590	7 359 940	1 613 322	5 264 184
				-

(a) Loans and advances neither past due nor impaired

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

31 December 2011

	Loans and advances to customers							
	Corporate Bank			Domestic Bank				Total
Grades:	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term Loans	Mortgages	
Current	703 313	1 921 208	135 404	860 666	5 855	2 372 479	105 778	6 104 703
Watchlist	52 753	356 331	6 205	19 177	-	358 716	25 254	818 436
Total	756 066	2 277 539	141 609	879 843	5 855	2 731 195	131 032	6 923 139

(a) Loans and advances neither past due or impaired (continued)

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

(b) Loans and advances past due but not impaired

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

31 December 2011	**Corporate Bank**			**Domestic Bank**				**Total**
Past due	Overdrafts	Term loans	Others	Overdrafts	Credit Card	Term Loans	Mortgages	
Past due up to 30 days	4 612	59 992	-	5 233	-	26 873	204	96 914
Past due 30-60 days	101	109	-	753	-	8 335	21	9 319
Past due 60-90 days	30 530	22 764	-	31 481	-	64 897	317	149 989
Total	35 243	82 865	-	37 467	-	100 105	542	256 222
Fair value of collateral	2 920	49 460	-	184	-	29 556	-	82 120
Amount of undercollateralisation	32 323	33 405	-	37 283	-	70 549	542	174 102

31 December 2010	**Corporate Bank**			**Domestic Bank**				**Total**
Past due	Overdrafts	Term loans	Others	Overdrafts	Credit Card	Term Loans	Mortgages	
Past due up to 30 days	104	9 886	188	4 795	22	6 570	124	21 689
Past due 30-60 days	94	2 281	-	7 990	8	57 334	24	67 731
Past due 60-90 days	1 450	30 785	-	3 233	23	64 194	904	100 589
Total	1 648	42 952	188	16 018	53	128 098	1 052	190 009
Fair value of collateral	2 855	1 347	-	1 065	-	3 306	610	9 183
Amount of undercollateralisation	(1 207)	42 952	188	13 930	-	124 792	442	180 826

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

c) Loans and advances individually impaired

i) Loans and advances to customers

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

31 December 2011	**Corporate Bank**			**Domestic Bank**				**Total**
	Overdrafts	Term loans	Other	Overdrafts	Credit cards	Term Loans	Mortgages	
Gross	10 390	31 812	67	172 213	8 956	184 833	6 976	415 247
Impairment allowance	3 177	10 483	8	84 342	6 095	69 813	118	174 036
Fair value of collateral	1 510	14 134	-	35 011	87	81 720	52	132 514
31 December 2010								
Gross	169 775	104 636	1 674	346 122	39 941	200 549	5 891	868 588
Impairment allowance	25 264	12 731	209	236 597	31 884	111 604	2 269	420 558
Fair value of collateral	10 132	15 721	352	62 916	1 983	256 550	1 269	348 923

(c) Loans and advances individually impaired (continued)

(ii) Loans and advances to banks
The total gross amount of individually impaired loans and advances to banks as at 31 December 2011 was nil (2010: nil).

(d) Loans and advances renegotiated
Restructuring activities include extended payment arrangements, modification and deferral of payments. Following restructuring, a previously overdue customer account is reset from past due to a normal status and managed together with other similar accounts. Restructuring policies and practices are based on indicators or criteria which, in the judgment of local management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans and overdrafts. Renegotiated loans that would otherwise be past due or impaired totalled $370.4 million at 31 December 2011 (2010: $705.4 million).

	2011	**2010**
Loans and advances to customers		
- Continuing to be impaired after restructuring (included in non performing loans)	24 026	166 810
- Non–impaired after restructuring – would otherwise have been impaired	261 299	488 188
- Non–impaired after restructuring – would otherwise not have been impaired	85 082	50 441
Total	370 407	705 439

3.1.6 Repossessed collateral
During 2011, the bank obtained possession of collateral held as security, as follows:

	2011		**2010**	
Nature of assets	Carrying amount		Carrying amount	
	Collateral	Related loan	Collateral	Related loan
Residential property	524	394	792	728
Commercial property	-	-	-	-
Vehicle and equipment	91	94	480	350
Others	-	-	-	-
	615	488	1 272	1 078

Repossessed properties are sold as soon as practicable with the proceeds used to reduce the outstanding indebtedness.

3.1.7 Concentration of risks of financial assets with credit risk exposure

a) Geographical sectors

The following table breaks down the Group's main credit exposure at their carrying amounts, as categorised by geographical region as of 31 December 2011. For this table, the Group has allocated exposures to regions based on the country of domicile of our counterparties.

	UEMOA	**Nigeria**	**West African Monetary Zone**	**Central Africa**	**East Africa**	**Southern Africa**	**Others**	**Total**
As at 31 December 2011								
Treasury bills and other eligible bills	162 673	146 805	406 256	3 810	6 629	19 770	-	745 943
Loans and advances to banks	119 816	1 137 557	145 312	97 429	20 730	67 113	970 633	2 558 590
Loans and advances to customers:								
Corporate Bank								
− Overdrafts	247 017	219 595	177 954	101 601	25 927	24 064	-	796 158
− Term loans	898 688	738 332	292 165	332 906	47 718	54 839	-	2 364 648
− Others	17 740	41 512	-	-	(21)	2 998	79 407	141 636
Domestic Bank								
− Overdrafts	305 876	454 887	81 394	54 190	40 111	29 375	-	965 833
− Credit cards	-	4 169	1 670	-	-	-	-	5 839
− Term loans	1 077 632	1 098 237	275 678	277 513	142 262	52 729	28 861	2 952 912
− Mortgages	53 923	25 754	8 384	17 496	27 074	283	-	132 914
Trading assets – debt securities	931	-	-	-	-	-	-	931
Derivative financial instruments	-	-	-	-	-	8 291	320	8 611
Investment securities – debt securities	273 023	1 797 369	94 132	96 122	73 839	2 616	8 038	2 345 139
Pledged assets	-	97 446	-	-	-	-	-	97 446
Other assets	119 672	89 701	64 586	59 451	21 317	18 558	16 810	390 095
Total	3 276 991	5 851 364	1 547 531	1 040 518	405 586	280 636	1 104 069	13 506 695
As at 31 December 2010								
Treasury bills and other eligible bills	175 290	170 372	223 430	-	11 074	8 756	-	588 922
Loans and advances to banks	171 299	597 651	59 520	84 585	122 287	20 393	557 587	1 613 322
Loans and advances to customers:								
Corporate Bank								
− Overdrafts	339 098	163 240	74 119	128 275	9 002	11 412	39	725 185
− Term loans	958 724	374 595	159 643	217 975	27 496	17 597	14 417	1 770 447
− Others	14 404	-	486	7 975	10 039	-	139 387	172 291
Domestic Bank								-
− Overdrafts	101 763	407 082	71 401	68 754	49 524	13 158	-	711 682
− Credit cards	-	1 180	1 886	-	-	-	-	3 066
− Term loans	775 339	586 855	161 453	132 780	106 943	22 837	322	1 786 529
− Mortgages	33 873	24 942	6 875	4 601	24 053	640	-	94 984
Trading assets – debt securities	243	-	-	-	5 153	-	-	5 396
Derivative financial instruments	-	-	-	-	-	10 000	-	10 000
Investment securities – debt securities	197 845	164 441	219 966	72 168	117 320	672	1 004	773 416
Pledged assets	-	-	-	-	-	-	-	-
Other assets	60 876	148 418	52 012	14 350	12 924	3 106	24 098	315 784
Total	2 828 754	2 638 776	1 030 791	731 463	495 815	108 571	736 854	8 571 024

3.1.7 Concentration of risks of financial assets with credit risk exposure (continued)

(b) Industry sectors

The following table breaks down the Group's main credit exposure at their carrying amounts, as categorised by the industry sectors of our counterparties.

	Financial institutions	Wholesale & retail trading	Manufacturi-ng	Governme-nt	Mining & construction	Services & others	Total
31 December 2011							
Treasury bills and other eligible bills	55 405	-	-	689 591	-	947	745 943
Loans and advances to banks	2 547 405	1 998	-	9 147	-	40	2 558 590
Loans and advances to customers:							
− Overdrafts	60 379	547 168	149 735	81 670	296 202	626 837	1 761 991
− Credit cards	-	-	-	-	-	5 839	5 839
− Term loans	200 184	1 426 983	657 852	512 692	571 861	1 947 988	5 317 560
− Mortgages	(10)	15 528	7 661	14	11 170	98 551	132 914
− Others	83 665	2 399	3 309	9 739	1 596	40 928	141 636
Trading assets – debt securities	766	-	-	165	-	-	931
Derivative financial instruments	8 611	-	-	-	-	-	8 611
Investment securities – debt securities	1 031 388	-	250	1 114 855	164	198 482	2 345 139
Pledged assets	-	-	-	97 446	-	-	97 446
Other assets	87 429	19 253	-	2 152	-	281 261	390 095
Total	4 075 222	2 013 329	818 807	2 517 471	880 993	3 200 873	13 506 695
31 December 2010							
Treasury bills and other eligible bills	49 129	-	-	539 793	-	-	588 922
Loans and advances to banks	1 591 131	12 601	1 988	7 602	-	-	1 613 322
Loans and advances to customers:							
− Overdrafts	77 549	539 060	88 902	33 810	91 077	606 469	1 436 867
− Credit cards	-	-	-	-	-	3 066	3 066
− Term loans	389 729	1 050 965	491 638	310 481	116 858	1 197 305	3 556 976
− Mortgages	286	12 591	-	-	-	82 107	94 984
− Others	120	146 903	1 866	-	-	23 402	172 291
Trading assets – debt securities	5 396	-	-	-	-	-	5 396
Derivative financial instruments	10 000	-	-	-	-	-	10 000
Investment securities – debt securities	167 640	-	-	559 533	3 564	42 679	773 416
Pledged assets	372	-	-	-	-	-	
Other assets	73 761	2 957	549	1 915	-	236 602	315 784
Total	2 323 824	1 017 411	441 234	1 082 632	281 904	2 191 630	8 571 024

3.2 Market risk

Market risk is the risk that changes in market prices, which include currency exchange rates and interest rates, will affect the fair value or future cash flows of a financial instrument. Market risk arises from open positions in interest rates and foreign currencies, both of which are exposed to general and specific market movements and changes in the level of volatility. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while optimising the return on risk. Overall responsibility for managing market risk rests with the Group Risk Management and the Board's Risk Committee. The Group Risk Management is responsible for the development of detailed risk management policies and procedures (subject to review and approval Board's Risk Committee) and for the day to day implementation of those policies.

The market risks arising from trading and non-trading activities are concentrated in Group Treasury. Regular reports are submitted to the Board of Directors and heads of each business unit. Trading portfolios include those positions arising from market-making transactions where the Group acts as principal with clients or with the market. Non-trading portfolios primarily arise from the interest rate management of the subsidiary's banking assets and liabilities. Non-trading portfolios also consist of foreign exchange and equity risks arising from the Group's held-to-maturity and available-for-sale investments.

The Group applies a 'value at risk' methodology (VAR) to its trading and non-trading portfolios, to estimate the market risk of positions held and the maximum losses expected,

	2011			2010		
	Low	Average	High	Low	Average	High
Foreign exchange risk	3 830	6 710	9 600			
Interest risk	240	290	580			
Equity risk						

3.2.1 Foreign exchange risk

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily. The table below summarises the Group's exposure to foreign currency exchange rate risk at 31 December. Included in the table are the Group's financial instruments at carrying amounts, categorised by currency.

31 December 2011	Dollar	Euro	CFA	Naira	Cedis	Others	Total
Assets							
Cash and balances with central banks	152 316	24 278	685 545	554 258	81 509	209 474	1 707 380
Treasury bills and other eligible bills	-	-	166 483	146 805	274 065	158 590	745 943
Loans and advances to banks	1 337 291	246 314	130 766	816 612	25 611	1 996	2 558 590
Loans and advances to customers	667 840	89 849	3 437 579	2 440 492	337 979	386 201	7 359 940
Trading assets	-	-	238	-	1 094	238	1 570
Derivative financial instruments	107	212	-	-	-	8 292	8 611
Investment securities - available-for-sale	218 074	-	467 822	1 842 613	90 651	78 751	2 697 911
Pledged assets	-	-	-	97 446	-	-	97 446
Other assets	143 170	18 448	155 984	124 167	101 838	42 391	585 998
Total financial assets	2 518 798	379 101	5 044 417	6 022 393	912 747	885 933	15 763 389
Liabilities							
Deposits from banks	453 771	192 901	17 165	183 933	44 430	44 412	936 612
Due to customers	1 286 782	305 896	4 318 047	4 728 397	628 823	808 550	12 076 495
Other deposits	89 918	-	80 181	-	-	-	170 099
Derivative financial instruments	210	103	-	-	-	9 957	10 270
Other borrowed funds	1 091 753	67 952	79 794	153 100	3 737	6 685	1 403 021
Other liabilities	125 984	18 954	254 806	313 789	298 137	28 624	1 040 294
Total financial liabilities	3 048 418	585 806	4 749 993	5 379 219	975 127	898 228	15 636 791
Net on-statement of financial position financial	(529 620)	(206 705)	294 424	643 174	(62 380)	(12 295)	126 598
Credit commitments	1 528 813	340 737	829 271	249 162	37 909	331 115	3 317 007

31 December 2010	Dollar	Euro	CFA	Naira	Cedis	Others	Total
Assets							
Cash and balances with central banks	99 480	49 418	555 426	103 909	94 354	223 635	1 126 222
Treasury bills and other eligible bills	-	-	175 175	170 372	128 637	114 738	588 922
Loans and advances to banks	623 651	432 880	19 307	332 930	960	203 594	1 613 322
Loans and advances to customers	677 987	149 876	2 781 824	1 156 651	201 965	295 881	5 264 184
Trading assets	-	-	376	-	1 274	5 153	6 803
Derivative financial instruments	-	-	-	-	-	10 000	10 000
Investment securities - available-for-sale	23 495	-	337 245	202 253	206 027	124 105	893 125
Pledged assets	-	-	-	-	-	-	-
Other assets	53 381	6 479	161 120	115 560	17 502	65 931	419 973
Total financial assets	1 477 994	638 653	4 030 473	2 081 675	650 719	1 043 037	9 922 551
Liabilities							
Deposits from banks	119 104	104 618	84 346	8 655	10 038	45 623	372 384
Due to customers	1 003 227	212 828	3 779 468	1 647 367	573 216	708 479	7 924 585
Other deposits	-	-	50 918	-	-	-	50 918
Derivative financial instruments	-	-	-	-	-	9 913	9 913
Other borrowed funds	142 083	1 260	69 780	-	3 431	9 421	225 975
Other liabilities	93 533	6 510	212 173	155 249	8 888	42 611	518 964
Total financial liabilities	1 357 947	325 216	4 196 685	1 811 271	595 573	816 047	9 102 739
Net on-statement of financial position financial	120 047	313 437	(166 212)	270 404	55 146	226 990	819 812
Credit commitments	638 593	502 789	753 382	188 007	66 845	134 484	2 284 100

3.2.2 Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise. The Board of Directors sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored daily by Group Treasury.

The table below summarises the Group's exposure to interest rate risks. It includes the Group's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

As at 31 December 2011	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest bearing	Total
Assets							
Cash and balances with central banks	899 912	60 349	1 186	174	3 251	742 508	1 707 380
Treasury bills and other eligible bills	155 774	92 028	478 182	14 552	5 407	-	745 943
Loans and advances to banks	1 201 409	484 664	118 915	71 545	224 116	457 941	2 558 590
Loans and advances to customers	2 382 770	892 420	1 048 387	2 291 503	737 050	7 810	7 359 940
Trading assets	700	2	587	-	235	46	1 570
Derivative financial instruments	8 611	-	-	-	-	-	8 611
Investment securities - available-for-sale	60 654	878 072	47 547	666 651	1 039 169	5 818	2 697 911
Pledged assets	-	97 446	-	-	-	-	97 446
Other assets	217 034	185 606	77 975	20 544	-	84 839	585 998
Total financial assets	4 926 864	2 690 587	1 772 779	3 064 969	2 009 228	1 298 962	15 763 389
Liabilities							
Deposits from banks	346 296	179 070	30 296	4 409	-	376 541	936 612
Due to customers	7 675 198	536 483	637 785	457 489	62 630	2 706 910	12 076 495
Other deposits	169 734	189	-	107	-	69	170 099
Derivative financial instruments	-	-	10 270	-	-	-	10 270
Borrowed funds	259 227	218 789	82 173	424 970	417 862	-	1 403 021
Other liabilities	187 908	216 637	119 326	6 437	37 575	472 411	1 040 294
Total financial liabilities	8 638 363	1 151 168	879 850	893 412	518 067	3 555 931	15 636 791
Total interest repricing gap	(3 711 499)	1 539 419	892 929	2 171 557	1 491 161	(2 256 969)	
As at 31 December 2010							
Assets							
Cash and balances with central banks	166 026	4 178	3 856	1 810	-	950 352	1 126 222
Treasury bills and other eligible bills	105 373	116 048	348 418	19 083	-	-	588 922
Loans and advances to banks	784 602	374 174	85 066	23 690	-	345 790	1 613 322
Loans and advances to customers	2 021 954	799 574	741 562	1 277 495	393 036	30 563	5 264 184
Trading assets	-	-	500	-	5 029	1 274	6 803
Derivative financial instruments	-	-	10 000	-	-	-	10 000
Investment securities - available-for-sale	78 263	14 396	121 180	395 016	258 718	25 552	893 125
Pledged assets	-	-	-	-	-	-	
Other assets	-	-	-	-	-	419 973	419 973
Total financial assets	3 156 218	1 308 370	1 310 582	1 717 094	656 783	1 773 504	9 922 551
Liabilities							
Deposits from banks	96 127	46 912	77 618	87 341	12 395	51 991	372 384
Due to customers	4 894 926	906 625	469 541	587 912	36 922	1 028 659	7 924 585
Other deposits	50 918	-	-	-	-	-	50 918
Derivative financial instruments	-	-	9 913	-	-	-	9 913
Borrowed funds	44 568	16 914	19 905	110 068	33 774	746	225 975
Other liabilities	-	-	-	-	-	518 964	518 964
Total financial liabilities	5 086 539	970 451	576 977	785 321	83 091	1 600 360	9 102 739
Total interest repricing gap	(1 930 321)	337 919	733 605	931 773	573 692		

3.3 Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

3.3.1 Liquidity risk management process

The Group's liquidity management process, as carried out within the Group and monitored by a separate team in Group Treasury, includes:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers;
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring statement of financial position liquidity ratios against internal and regulatory requirements; and
- Managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

3.3.1 Non-derivative cash flows

The table below presents the cash flows payable by the Group under non-derivative financial liabilities by remaining contractual maturities at the statement of financial position date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Group manages the inherent liquidity risk based on expected undiscounted cash inflows.

As at 31 December 2011

	Up to 1 month	1 -3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Assets						
Cash and balances with central banks	1 575 325	117 135	11 495	174	3 251	1 707 380
Treasury bills and other eligible bills	144 657	99 566	538 454	9 669	-	792 346
Loans and advances to banks	2 254 112	264 785	310 850	24 823	7 393	2 861 963
Loans and advances to customers	2 671 915	931 835	1 184 151	3 216 018	843 371	8 847 290
Trading assets	2 709	3 702	12 679	80 849	117	100 056
Investment securities - available-for-sale	402 902	424 939	257 165	1 582 380	969 033	3 636 419
Derivative financial instruments	1 780	-	11 390	-	-	13 170
Pledged assets	-	97 446	-	-	-	97 446
Other assets	321 775	50 948	208 964	5 763	131	587 581
Total assets (expected maturity dates)	7 375 175	1 990 356	2 535 148	4 919 676	1 823 296	18 643 651
Liabilities						
Deposits from banks	1 099 463	111 225	19 133	12 408	3 440	1 245 669
Due to customers	10 334 630	773 395	783 562	390 024	98 924	12 380 535
Other deposits	169 922	1 395	-	2 381	-	173 698
Other borrowed funds	410 198	379 564	222 377	417 565	303 072	1 732 776
Other liabilities	659 241	67 871	404 256	322 460	13 047	1 466 875
Current income tax liabilities	7 127	6 011	24 585	5 270	-	42 993
Deferred income tax liabilities	233	-	578	1 785	112	2 708
Retirement benefit obligations	-	-	11	190	15 981	16 182
Total liabilities (contractual maturity dates)	12 680 814	1 339 461	1 454 502	1 152 083	434 576	17 061 436

As at 31 December 2010

	Up to 1 month	1 -3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Assets						
Cash and balances with central banks	927 418	4 178	2 755	1 953	189 918	1 126 222
Treasury bills and other eligible bills	238 958	115 419	387 062	31 022	-	772 461
Loans and advances to banks	1 888 571	261 060	126 606	24 393	108 080	2 408 710
Loans and advances to customers	2 107 656	769 137	787 519	1 550 330	473 437	5 688 079
Trading assets	1 350	-	670	11 426	5 443	18 889
Investment securities - available-for-sale	74 321	15 225	245 572	443 404	161 773	940 295
Derivative financial instruments	-	-	10 350	-	-	10 350
Other assets	205 638	9 440	82 816	1 222	119 010	418 126
Total assets (expected maturity dates)	5 443 912	1 174 459	1 643 350	2 063 750	1 057 661	11 383 132
Liabilities						
Deposits from banks	1 415 456	45 648	86 971	102 424	7 480	1 657 979
Due to customers	5 534 532	1 195 037	485 037	820 410	64 379	8 099 395
Other deposits	51 003	202	-	-	-	51 205
Other borrowed funds	97 071	25 340	76 142	116 443	86 747	401 743
Other liabilities	312 605	75 441	95 423	34 285	14	517 768
Current income tax liabilities	8 216	13 333	14 378	-	6	35 933
Deferred income tax liabilities	2 689	258	12 945	10 131	1 487	27 510
Retirement benefit obligations	-	12	-	178	7 958	8 148
Total liabilities (contractual maturity dates)	7 421 572	1 355 271	770 896	1 083 871	168 071	10 799 681

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash, central bank balances, items in the course of collection and treasury and other eligible bills; loans and advances to banks; and loans and advances to customers. In the normal course of business, a proportion of customer loans and advances contractually repayable within one year will be extended. The Group would also be able to meet unexpected net cash outflows by selling investment securities.

3.4 Off-balance sheet items

The dates of the contractual amounts of the Group's off-balance sheet financial instruments that commit it to extend credit to customers and other facilities, provide financial guarantees and capital commitments are summarised in the table below.

	No later than 1 year	Over 1 years	Total
At 31 December 2011			
Loan commitments	207 978	124 964	332 942
Guarantees, acceptances and other financial facilities	2 733 284	250 781	2 984 065
Capital commitments	20 322	-	20 322
Total	2 961 584	375 745	3 337 329
At 31 December 2010			
Loan commitments	128 257	95 343	223 600
Guarantees, acceptances and other financial facilities	1 774 837	285 663	2 060 500
Capital commitments	72 732	1 599	74 331
Total	1 975 826	382 605	2 358 431

3.5 Fair value of financial assets and liabilities

(a) Financial instruments not measured at fair value
The table below summarises the carrying amounts and fair values of those financial assets and liabilities not presented on the group's consolidated statement of financial position.

	Carrying value		Fair value	
	2011	2010	2011	2010
Financial assets:				
Loans and advances to banks	2 558 590	2 314 228	3 377 325	2 390 107
Loans and advances to customers	7 359 940	5 264 185	7 325 384	5 306 188
Financial liabilities:				
Deposits from banks	936 612	971 779	1 335 508	986 364
Due to customers	12 076 495	7 924 585	11 506 103	8 089 552
Other deposits	170 099	50 918	167 789	50 895
Borrowed funds	1 403 021	327 485	1 736 916	389 411

(i) Loans and advances to banks
Loans and advances to banks include inter-bank placements and items in the course of collection. The carrying amount of floating rate placements and overnight deposits is a reasonable approximation of fair value. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity.

(ii) Loans and advances to customers
Loans and advances are net of charges for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

(iii) Deposit from banks and due to customers
The estimated fair value of deposits with no stated maturity, which includes non-interest bearing deposits, is the amount repayable on demand.

The estimated fair value of fixed interest-bearing deposits not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

(b) Financial instruments measured at fair value
See Note 2.5.2(c) 'Determination of fair value'.

(c) Fair value hierarchy
IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect

i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived
iii Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments
This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

	31 December 2011			31 December 2009		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Treasury and other eligible bills	-	745 943	-	-	588 922	-
Trading assets	639	931	-	1 407	5 011	-
Derivative financial instruments	-	8 611	-	-	10 000	-
Investment securities - available-for-sale	1 073 221	1 672 393	-	270 609	622 516	-
Total financial assets	1 073 860	2 427 878	-	272 016	1 226 449	-
Trading liabilities	-	-	-	-	-	-
Derivative financial instruments	-	8 611	-	-	10 000	-
Debt securities in issue	-	-	-	-	-	-
Financial liabilities designated at fair value	-	-	-	-	-	-
Total financial liabilities	-	8 611	-	-	10 000	-

d) Determining the value of liabilities under insurance contracts

i) Mortality

The Group's life assurance business is very small and therefore the Group does not have sufficient credible data to set its own mortality assumptions based on the mortality experience of its policyholders.It relies on an independent actuary to set the mortality assumptions based on standard mortality tables, with appropriate adjustments.

ii) Expenses

(a) Group life, term-assurance and mortgage protection products

The Group makes an explicit allowance for expenses of 40% of the gross premiums received, consistent with past experience.

(b) Deposit administration, Savings plan

No explicit assumption has been set to the level of the expenses. It has been assumed that the interest margin will be sufficient to cover future expenses that will be incurred.

(c) Non-life insurance

Annual expense investigations are carried out on non-life insurance policies. Further expense analyses are performed to split expenses between different lines of business, e.g. motor vehicle, aviation and marine insurance, as well as different functions, e.g. initial, renewal and management, termination as well as investment expenses. The expense assumptions for non-life insurance products are then set in-line with this expense investigation, with an additional allowance for inflation.

iii) Discount rate

The discount rate has been set to be 7% in-line with the yields on appropriate duration, traded and listed Government bonds.

3.6 Capital Management

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of statement of financial positions, are:
- To comply with the capital requirements set by the banking regulators in the markets where the entities within the Group operate;
-To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
-To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital by the subsidiaries are monitored daily by the Group's Risk Management, employing techniques based on the guidelines developed by the Basel Committee as implemented by the respective central banks. Monthly reports are submitted to the central banks in the various jurisdictions by the individual subsidiaries.

The central banks in the various jurisdictions require each bank to: (a) hold the minimum level of the regulatory capital determined by the banking regulations of the respective country, and (b) maintain a ratio of total regulatory capital to the risk-weighted asset (the 'Basel ratio') at or above the internationally agreed minimum of 8%.

The Group's capital is divided into two tiers:

- Tier 1 capital: share capital (net of any book values of the treasury shares), non-controlling interests arising on consolidation from interests in permanent shareholders' equity, retained earnings and reserves created by appropriations of retained earnings. The book value of goodwill is deducted in arriving at Tier 1 capital; and
- Tier 2 capital: subordinated loan capital, unrealised gains arsing on the fair valuation of equity instruments held as available for sale.

The risk-weighted assets are measured by means of a hierarchy of risk weights classified according to the nature of − and reflecting an estimate of credit, market and other risks associated with − each asset and counterparty. A similar treatment is adopted for off-statement of financial position exposure, with some adjustments to reflect the more contingent nature of the potential losses.

3.6 Capital Management (continued)

The table below summarises the composition of regulatory capital and the ratios of the Group for the years ended 31 December 2010 and 2009. During those two years, the individual entities within the Group complied with all of the externally imposed capital requirements to which they are subject.

	2011	2010
Tier 1 capital		
Share capital	1 080 186	866 709
General bank reserves	68 676	44 917
Statutory reserve	124 350	101 733
Retained earnings	315 209	282 250
Non-controlling interests	105 131	137 263
Less: goodwill	(404 623)	(15 669)
Total qualifying Tier 1 capital	1 288 929	1 417 203
Tier 2 capital		
Redeemable preference shares	111 021	-
Convertible loans (including liability and equity portions)	527 348	-
Revaluation reserve – available-for-sale investments	(15 858)	43 944
Total qualifying Tier 2 capital	622 511	43 944
Less investments in associates	3 436	3 181
Total regulatory capital	1 908 004	1 457 966
Risk-weighted assets:		
On-statement of financial position	9 616 935	6 557 151
Off-statement of financial position	663 401	456 820
Total risk-weighted assets	10 280 337	7 013 971
Basel ratio	18,6%	20,8%
Tier I	12,5%	20,2%

The increase of the capital in the year of 2010 is mainly due to proceeds from convertible loan which was converted during the year as well as the contribution of the current-year profit.

4 Critical accounting estimates, and judgements in applying accounting policies

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

b) *Fair value of financial instruments*
The fair value of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. To the extent practical, models use only observable data; however, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments.

c) *Impairment of available for-sale equity investments*
The Group determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Group evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of a deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

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

e) *Share-based payment*
The Group granted shares and share options to the employees as a common feature of employee remuneration. IFRS 2 requires recognition of an expense for those shares and share options at the fair value on the grant date (equity-settled plans). For shares granted to employees, the fair value is measured directly at the market price of the entity's shares, adjusted to take into account the terms and conditions upon which the shares were granted. For share options granted to employees, in many cases market prices are not available because the options granted are subject to terms and conditions that do not apply to traded options. If this is the case, the Group estimates the fair value of the equity instruments granted using a valuation technique, which is consistent with generally accepted valuation methodologies.

5 Segment Analysis

Following the management approach of IFRS 8, operating segments are reported in accordance with the internal reporting provided to the Group Executive Committee (the chief operating decision-maker), which is responsible for allocating resources to the reportable segments and assesses its performance. All operating segments used by the group meet the definition of a reportable segment under IFRS 8.

In 2010, the group implemented a new structure. This new structure which is based on business replaced the elsewhile geography based structure and now constitutes the operating segments of the group.

The group operating segments are described below:

a) Domestic Bank banking: Focuses on serving local companies, small and medium scale enterprises, government and government agencies and the retail market.

b) Corporate Bank: Focuses on providing one-stop banking services to multinationals and regional companies, financial institutions and international organisations across network of the group.

c) Ecobank Capital: Constitutes the treasury, corporate finance and asset management business. This unit provides value-added solutions primarily to corporate clients and governments.

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 statement of financial position, but exclude items such as taxation and borrowings.

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

At 31 December 2011	**Corporate Bank**	**Domestic Bank**	**Ecobank Capital**	**Others**	**Group**
Net interest income	233 354	314 277	41 503	(5 744)	583 390
Net fees and commission income	116 473	243 168	29 983	27 632	417 256
Other income	1 265	40 341	195 361	142 084	379 051
Operating income	351 092	597 786	266 847	163 972	1 379 697
Loan impairment charges	(16 260)	(68 062)	(1 593)	167	(85 748)
Operating expenses	(212 746)	(475 789)	(159 048)	(76 437)	(924 020)
Operating profit	122 086	53 935	106 206	87 702	369 929
Share of profit of associates and joint venture	-	-	246	-	246
Profit before tax	122 086	53 935	106 452	87 702	370 175
Total assets	3 302 441	4 057 499	5 065 946	7 308 503	19 734 389
Total liabilities	3 465 583	8 610 912	2 520 002	2 440 362	17 036 859
At 31 December 2010					
Net interest income	184 294	224 580	69 376	(3 479)	474 771
Net fees and commission income	69 709	200 531	16 009	23 405	309 654
Other income	1 173	22 563	113 275	101 187	238 198
Operating income	255 176	447 674	198 660	121 113	1 022 623
Loan impairment charges (negative)	(38 542)	(63 729)	798	-	(101 473)
Operating expenses	(129 268)	(376 743)	(120 095)	(47 914)	(674 020)
Operating profit	87 366	7 202	79 363	73 199	247 130
Share of profit of associates and joint venture	-	-	36	-	36
Profit before tax	87 366	7 202	79 399	73 199	247 166
Total assets	2 667 922	2 596 262	2 386 176	3 601 290	11 251 650
Total liabilities	2 763 096	5 161 489	659 190	1 375 265	9 959 040

Reconciliation of segment results of operations to consolidated results of operations

At 31 December 2011	**Total management reporting**	**Consolidation and adjustments**	**Total consolidation**
Net interest income	583 390	-	583 390
Net fees and commission income	417 256	34 234	383 022
Other income	379 051	149 835	229 216
Operating income	1 379 697	184 069	1 195 628
Loan impairment charges	(85 748)	-	(85 748)
Operating expenses	(924 020)	(91 316)	(832 704)
Operating profit	369 929	92 753	277 176
Share of profit of associates and joint venture	246	-	246
Profit before tax	370 175	92 753	277 422
Total assets	19 734 389	2 572 477	17 161 912
Total liabilities	17 036 859	1 334 283	15 702 576
At 31 December 2010			
Net interest income	474 771	-	474 771
Net fees and commission income	309 654	22 785	286 869
Other income	238 198	100 195	138 003
Operating income	1 022 623	122 980	899 643
Loan impairment charges	(101 473)	-	(101 473)
Operating expenses	(674 020)	(44 840)	(629 180)
Operating profit	247 130	78 140	168 990
Profit before tax	247 166	78 176	168 990
Total assets	11 251 650	784 779	10 466 871
Total liabilities	9 959 040	784 779	9 174 261

5.1 Entity-wide disclosures

The group is also further organised under the following geographical clusters:

i) Union Economique et Monétaire Ouest Africaine (UEMOA) region comprises all subsidiaries within the UEMOA monetary zone. Countries in this zone share a common currency. This region currently includes subsidiaries in Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Mali, Niger, Senegal, Togo and Guinea Bissau.

ii) Nigeria region comprises all subsidiaries in Nigeria.

iii) West African Monetary Zone (WAMZ) region comprises all subsidiaries in West African countries not included in the common monetary zone described as UEMOA. This region currently includes subsidiaries in Ghana, Guinea, Liberia, Sierra Leone, Gambia.

iv) Communauté Economique des Etats de l'Afrique Centrale (CEEAC) region comprises all subsidiaries within the CEMAC monetary zone. Countries in this zone share a common currency. Cameroon, Chad, Central Africa, DR Congo , Congo Brazaville, Gabon and Sao Tome are the only countries currently included in this segment.

v) Eastern Africa Community (EAC) comprises of Burundi, Kenya, Rwanda, Tanzania, and Uganda.

vi) Southern Africa Development Co-operation (SADC) comprises of Democratic Republic of Congo, Malawi, Zambia and Zimbabwe.

Transactions between the business segments are carried out at arm's length. The revenue from external parties reported to the Group Executive Committee is measured in a manner consistent with that in the consolidated income statement. Funds are ordinarily allocated between segments, resulting in funding cost transfers disclosed in inter-segment net interest income. Interest charged for these funds is based on the Group's cost of capital. There are no other material items of income or expense between the business segments.

Internal charges and transfer pricing adjustments have been reflected in the performance of each business. Revenue-sharing agreements are used to allocate external customer revenues to a business segment on a reasonable basis. The Group's management reporting is based on a measure of operating profit comprising net interest income, loan impairment charges, net fee and commission income, other income and non-interest expenses. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as restructuring costs, legal expenses and goodwill impairments when the impairment is the result of an isolated, non-recurring event. As the Group Executive Board reviews operating profit, the results of discontinued operations are not included in the measure of operating profit.

The information provided about each segment is based on the internal reports about segment profit or loss, assets and other information, which are regularly reviewed by the Group Executive Management Committee. Segment assets and liabilities comprise operating assets and liabilities, being the majority of the consolidated statement of financial position, but exclude items such as taxation.

Segment results of operations
The segment information provided to the Group Executive Board for the reportable segments for the year ended 31 December 2010 is as follows:

	UEMOA	Nigeria	WAMZ	Central Africa	East Africa	Southern Africa	Others	Total
At 31 December 2011								
Net interest income	189 306	176 648	120 813	58 744	26 536	17 236	(5 893)	583 390
Net fees and commission income	108 640	100 448	68 805	52 392	15 833	11 324	50 157	407 599
Other income	69 608	83 322	39 646	18 127	14 858	8 160	140 708	374 429
Operating income	367 554	360 418	229 264	129 263	57 227	36 720	184 972	1 365 418
Loan impairment charges	(25 628)	(28 830)	(11 833)	(9 989)	(4 082)	(3 793)	(1 593)	(85 748)
Operating expenses	(224 144)	(292 747)	(129 801)	(84 493)	(56 656)	(38 249)	(87 716)	(913 806)
Operating profit	117 782	38 841	87 630	34 781	(3 511)	(5 322)	95 663	365 864
Share of profit of associates and joint venture	-	-	185	-	-	-	-	185
Profit before tax	117 782	38 841	87 815	34 781	(3 511)	(5 322)	95 663	366 049
Taxation (negative)	(26 617)	(6 733)	(28 789)	(8 812)	1 177	1 288	(244)	(68 730)
Profit after tax	91 165	32 108	59 026	25 969	(2 334)	(4 034)	95 419	297 319
Total assets	4 683 862	7 503 192	2 243 240	1 429 633	619 995	331 393	2 598 773	19 410 088
Total liabilities	4 354 354	6 979 567	2 014 665	1 317 598	558 131	296 078	1 252 989	16 773 382
At 31 December 2010								
Net interest income	151 154	144 142	103 403	43 854	25 486	9 352	(2 620)	474 771
Net fees and commission income	85 706	79 184	51 454	39 282	12 546	4 647	36 837	309 656
Other income	44 191	31 247	28 840	13 457	12 329	4 055	104 019	238 138
Operating income	281 051	254 573	183 697	96 593	50 361	18 054	138 236	1 022 565
Loan impairment charges (negative)	(8 589)	(71 089)	(11 576)	(6 688)	(3 833)	(497)	799	(101 473)
Operating expenses (negative)	(181 956)	(199 803)	(98 646)	(63 161)	(49 559)	(20 105)	(60 804)	(674 034)
Operating profit	90 506	(16 319)	73 475	26 744	(3 031)	(2 548)	78 231	247 058
Share of profit of associates and joint venture	-	-	36	-	-	-	-	36
Profit before tax	90 506	(16 319)	73 511	26 744	(3 031)	(2 548)	78 231	247 094
Taxation (negative)	(21 515)	14 629	(23 687)	(12 027)	1 445	4 103	(155)	(37 207)
Profit after tax	68 991	(1 690)	49 824	14 717	(1 586)	1 555	78 076	209 887
Total assets	3 952 146	2 996 881	1 705 876	1 213 717	605 587	160 071	1 664 246	12 298 524
Total liabilities	3 634 624	2 490 340	1 503 555	1 129 462	504 440	132 066	568 862	9 963 349

(All amounts in US dollar thousands unless otherwise stated)

Reconciliation of segment results of operations to consolidated results of operatioins

	Total management reporting	Consolidation and adjustments	Total consolidation
At 31 December 2011			
Net interest income	583 390	-	583 390
Net fees and commission income	407 599	24 577	383 022
Other income	374 429	147 261	227 168
Operating income	1 365 418	171 838	1 193 580
Loan impairment charges	(85 748)	-	(85 748)
Operating expenses	(913 806)	(81 102)	(832 704)
Operating profit	365 864	90 736	275 128
Share of profit of associates and joint venture	185	(61)	246
Profit before tax	366 049	90 675	275 374
Taxation (negative)	(68 730)	1 852	(70 582)
Profit after tax	297 319	92 527	204 792
Total assets	19 410 088	2 248 176	17 161 912
Total liabilities	16 773 382	1 070 806	15 702 576
At 31 December 2010			
Net interest income	474 771	-	474 771
Net fees and commission income	309 656	22 787	286 869
Other income	238 138	100 135	138 003
Operating income	1 022 565	122 922	899 643
Loan impairment charges	(101 473)	-	(101 473)
Operating expenses	(674 034)	(44 854)	(629 180)
Operating profit	247 058	78 068	168 990
Share of profit of associates and joint venture	36	-	36
Profit before tax	247 094	78 068	169 026
Taxation (negative)	(37 207)	-	(37 207)
Profit after tax	209 887	78 068	131 819
Total assets	12 298 524	1 831 653	10 466 871
Total liabilities	9 963 349	789 088	9 174 261

	Year ended 31 December 2011	2010
6 Net interest income		
Interest income		
Loans and advances to banks	63 021	43 350
Loans and advances to customers:		
- Corporate Bank	288 270	262 170
- Domestic Bank	331 242	287 233
Treasury bills and other eligible bills	74 592	50 355
Investment securities - available for sale	57 972	52 922
Trading securities	61 585	850
Others	1 811	204
	878 493	697 084
Interest expense		
Deposits from banks	20 352	2 935
Due to customers:		
- Corporate Bank	82 357	85 592
- Domestic Bank	148 029	115 769
Debt securities in issue	-	-
Other borrowed funds	42 405	17 761
Others	1 960	256
	295 103	222 313
7 Net insurance premium		
Insurance premium income		
Long-term insurance contracts with fixed and guaranteed terms	359	-
Short-term insurance contracts:	65	-
- Change in unearned premium provisions	991	-
Premium revenue arising from insurance contracts issued	1 051	-
	2 466	-
Insurance premium ceded to reinsurers		
- Change in unearned premium provisions	229	-
Premium revenue arising from insurance contracts issued	189	-
	418	-
8 Net fee and commission income		
Fee and commission income		
Credit related fees and commissions	148 943	112 596
Corporate finance fees	22 928	15 955
Portfolio and other management fees	5 667	1 047
Brokerage fees and commissions	1 377	1 234
Cash management and related fees	183 152	152 142
Card management fees	22 704	12 740
Insurance commission	33	
Other fees	19 671	1 808
	404 475	297 522
Fee and commission expense		
Brokerage fees paid	392	1 401
Insurance commission expenses	302	
Other fees paid	20 759	9 252
	21 453	10 653

The Group provides custody, trustee, investment management and advisory services to third parties, which involve the Group making allocation and purchase and sale decisions in relation to a wide range of financial instruments. Those assets that are held in a fiduciary capacity are not included in these financial statements.

	2011	2010
9 Lease income		
Equipment	7 199	6 692
Motor vehicles	766	3 531
Other leased assets	741	-
	8 706	10 223
10 Dividend income		
Trading securities	369	203
Available-for-sale securities	3 840	2 384
	4 209	2 587
11 Net trading income		
Foreign exchange:		
- translation gains less losses of trading assets	22 699	3 121
- transaction gains less losses	148 914	105 018
Interest rate instruments	3 278	6 184
Equities	7 846	2 910
	182 737	117 233

		Year ended 31 December	
	Derecognition of available-for-sale financial assets	**2011**	**2010**
12	**Net gain from investment securities**		
	Derecognition of available-for-sale financial assets (Note 42)	14	230
	Net loss transferred to net profit on impairment (Note 42)	-	(59)
	Impairment of available-for-sale equity securities	(563)	(60)
		(549)	111
13	**Other operating income**		
	Writeback on payables	24 729	-
	Others	7 336	7 849
		32 065	7 849
14	**Impairment losses on loans and advances**		
	Loans and advances to customers (Note 24)	85 748	101 473
		85 748	101 473

15 Operating expenses

a) Insurance benefits

	2011	2010
Long-term insurance contracts with fixed and guaranteed terms:		
- Deaths, maturity and surrender benefits	(53)	-

There are no benefits arising from these policies that are recoverable from the group's reinsurance at the end of 2011 (2010: Nill)

b) Claims and loss adjustment expenses

	Gross	Reinsurance	Net
Current year claims and loss adjustment expenses	409	(14)	395
Additional cost for prior-year claims and loss adjustments expneses	363	(12)	351
Increase in the expected cost of claims for unexpired risks	-	-	-
Total claims and loss adjustment expenses	**772**	**(26)**	**746**

c) Expenses for the acquisition of insurance and investment contracts

	2011	2010
Costs incurred for the acquisition of insurance contracts expensed in the year	85	-
Costs incruured for the acquisition investment contracts expensed in the year	2	-
	87	**-**
d) Staff expenses		
Salaries, allowances and other compensation	320 913	251 142
Social security costs	24 260	12 081
Pension costs:		
- defined contribution plans	1 320	212
- defined benefit plans	-	-
Other post retirement benefits (Note 39)	167	1 946
	346 660	265 381
e) Depreciation and amortisation		
Depreciation of property and equipment (Note 29)	71 944	59 705
Amortisation of software and other intangibles (Note 28)	9 902	8 982
	81 846	68 687
f) Other operating expenses		
Directors' emoluments	4 704	2 721
Profit on sale of property and equipment	343	(456)
Impairment charges:		
- property and equipment (Note 29)	514	-
- doubtful receivables	9 034	5 811
Restructuring costs	892	-
Social responsibility	1 600	1 664
Rent and utilities	50 047	42 041
Insurance	27 669	20 597
Advertising and promotion	22 006	18 187
Professional fees	5 109	1 323
Operational losses and fines	14 134	11 387
Communications and technology	74 266	52 592
Business travels	24 611	13 475
AGM and board activities	4 258	3 911
Training	11 659	4 611
Employee activities	8 360	5 680
Repairs and maintenance	34 393	32 844
Supplies and services	24 257	20 356
Allocated cost	15 469	9 960
Cash transportation	21 446	15 093
Fuel	11 188	9 639
Other taxes	11 860	10 520
Non capitalised items	992	1 143
Pre-opening expenses	519	2 199
Listing fees	1 511	1 244
Other administrative expenses	22 577	8 570
Total	**403 418**	**295 112**
Total operating expenses	**832 704**	**629 180**

16 Income tax expense (continued)	**Year ended 31 December 2011**	**2010**
Current income tax	67 212	61 088
Deferred income tax (Note 38)	3 370	(23 881)
	70 582	37 207

The income tax rate applicable to the majority of income of the subsidiaries ranged from 25% to 45%

Further information about deferred income tax is presented in Note 38. 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

	2011	2010
Profit before tax	277 422	169 026
Tax calculated at local tax rates applicable to profits in the respective countries	66 110	57 988
Tax impact on income not subject to tax	1 267	(12 788)
Tax impact on expenses not deductible for tax purposes:	(3 180)	11 722
Utilisation of previously unrecognised tax losses	6 183	(19 730)
Others	202	15
Income tax expense	70 582	37 207

Under the Headquarters Agreement between Ecobank Transnational Incorporated (ETI) and the Republic of Togo signed in October 1985, ETI is exempt from tax on all its income arising from operations in Togo.

17 Earnings per share

Basic

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue outstanding during the year.

	2011	2010
Profit attributable to equity holders of the Company	182 207	112 716
Weighted average number of ordinary shares in issue (in thousands)	10 330 947	9 913 368
Basic earnings per share (expressed in US cents per share)	1,76	1,14

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has two categories of dilutive potential ordinary shares: convertible debts and share options granted to employees.

The convertible debt is assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less the tax effect. For the share options, a calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2011	2010
Profit attributable to equity holders of the company	182 207	112 716
Interest expense on dilutive convertible loans	11 459	-
Adjusted profit	193 666	112 716
Weighted average number of ordinary shares in issue (in thousands)	10 330 947	9 913 368
Adjustment for dilutive convertible loans	2 132 321	-
Adjustment for share option	29 911	64 224
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	12 493 179	9 977 592
Dilutive earnings per share (expressed in US cents per share)	1,55	1,13

18 Cash and balances with central banks

	2011	2010
Cash in hand	450 795	348 412
Balances with central banks other than mandatory reserve deposits	715 021	341 104
Included in cash and cash equivalents (Note 44)	1 165 816	689 516
Mandatory reserve deposits with central banks	541 564	436 706
	1 707 380	1 126 222

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.

19 Treasury bills and other eligible bills

	2011	2010
Maturing within three monts (Note 44)	247 494	221 421
Maturing after three months	498 449	367 501
	745 943	588 922

The movement in Treasury bills and other eligible bills may be summarised as follows:

	2011	2010
At 1 January 2010	588 922	531 567
Additions	2 787 054	1 419 556
Acquisition of subsidiaries	45 899	
Disposals (sale and redemption)	(2 619 564)	(1 338 164)
Gains/(loss) from changes in fair value	(8 648)	1 060
Exchange differences	(47 720)	(25 097)
At 31 December 2010	745 943	588 922
	-	

	Year ended 31 December	
	2011	**2010**
19 Treasury bills and other eligible bills (continued)		
Current	725 984	569 839
Non current	19 959	19 083
	745 943	588 922

Treasury bills and other eligible bills are debt securities issued by the government of various countries in which the group operates.

	2011	2010
20 Loans and advances to banks		
Items in course of collection from other banks	96 217	75 906
Deposits with other banks (Note 44)	853 898	653 271
Placements with other banks	1 608 475	884 145
	2 558 590	1 613 322

All loans and advances to banks are current.

	2011	2010
21 Trading assets		
Debt securities:		
- Government bonds	931	5 011
- Other debt securities	-	385
Total debt securities	931	5 396
Equity securities		
- Listed	639	1 407
- Unlisted	-	-
Total equity securities	639	1 407
Total trading assets	1 570	6 803
Current	1 289	589
Non current	281	6 214
	1 570	6 803

22 Derivative financial instruments and trading liabilities

The Group uses the following derivative instruments for non-hedging purposes.

Currency forwards represents commitments to purchase foreign and domestic currency, including undelivered spot transactions. Foreign currency and interest rate futures are contractual obligations to receive or pay a net amount based on changes in currency rates or interest rates or buy or sell foreign currency or financial institution on a future date at a specified price. The credit risk is negligible, as futures contracts are collateralised by cash or marketable securities, and changes in the futures contract value are settled daily with the exchange.

	Fair value	
Derivatives	**Assets**	**Liabilities**
At 31 December 2011		
Currency forwards	320	312
Currency swaps	8 291	9 958
Currency futures	-	-
Total derivatives assets	8 611	10 270
At 31 December 2010		
Currency forwards	-	-
Currency swaps	10 000	9 913
Currency futures	-	-
Total derivatives liabilities	10 000	9 913

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

All derivative financial instruments are current.

23 Insurance assets and liabilities

	2011	2010
Reinsurance assets		
Reinsurers' share of insurance liabilities	3 282	-
Impairment provision (negative)	-	-
Total assets arising from reinsurance contracts	**3 282**	**-**
Insurance liabilities and reinsurance assets		
Gross:		
Long-term insurance contracts	413	-
Short-term insurance contracts:		
– Claims reported and loss adjustment expenses	490	-
– Claims incurred but not reported	90	-
– Unearned premiums	2 289	-
Total insurance liabilities, gross	3 282	-

23 Insurance assets and liabilities (continued)

Insurance liabilities and reinsurance assets (continued)

Recoverable from reinsurers

Short-term insurance contracts:		
– Claims reported and loss adjustment expenses	490	-
– Claims incurred but not reported	55	-
– Unearned premiums	1 025	-
– Unexpired risk provision	-	-
Total reinsurers' share of insurance liabilities	1 570	-
Long-term insurance contracts:		
– Claims reported and loss adjustment expenses	413	-
– Claims incurred but not reported	35	-
– Unearned premiums	1 264	-
– Unexpired risk provision	-	-
Total insurance liabilities, net	1 712	-
Recoverable from insurers	3 282	-

24 Loans and advances to customers

	Year ended 31 December					
	Corporate Bank		**Domestic Bank**		**Total**	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
a) Analysis by type:						
- Overdrafts	804 765	766 185	1 071 935	965 919	1 876 700	1 732 104
- Credit cards	-	-	14 812	35 502	14 812	35 502
- Term loans	2 383 334	1 815 238	3 039 535	1 872 758	5 422 869	3 687 996
- Mortgage loans	-	-	138 551	99 982	138 551	99 982
- Others	141 676	174 002	-	-	141 676	174 002
Gross loans and advances	3 329 775	2 755 425	4 264 833	2 974 161	7 594 608	5 729 586
Less: allowance for impairment	(27 334)	(87 503)	(207 334)	(377 899)	(234 668)	(465 402)
	3 302 441	2 667 922	4 057 499	2 596 262	7 359 940	5 264 184
b) Analysis by security:						
Secured against real estate	241 136	210 563	937 735	467 041	1 178 871	677 604
Otherwise secured	1 805 391	1 430 166	1 939 552	1 592 875	3 744 943	3 023 041
Unsecured	1 283 248	1 114 696	1 387 546	914 245	2 670 794	2 028 941
	3 329 775	2 755 425	4 264 833	2 974 161	7 594 608	5 729 586
Current					4 415 578	3 384 716
Non current					3 260 031	2 344 870
					7 675 609	5 729 586
Performing loan	3 286 615	2 498 598	3 892 746	2 362 400	7 179 361	4 860 998
Non performing loan	43 160	256 827	372 087	611 761	415 247	868 588
	3 329 775	2 755 425	4 264 833	2 974 161	7 594 608	5 729 586

d) Movements in loans and advances

Reconciliation of loans and advances by class is as follows:

At 31 December 2011	**Corporate Bank**			**Domestic Bank**				**Total**
	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term loans	Mortgage	
At 1 January 2011	766 185	1 815 238	174 002	965 919	35 502	1 872 758	99 982	5 729 586
Acquistion of subsidiaries	6 823	284 826	-	265 571	-	597 953	-	1 155 173
Disbursed during the year	634 467	1 337 665	823 200	415 906	11 385	1 441 620	198 569	4 862 812
Paid off during the year	(525 227)	(1 008 280)	(716 323)	(316 811)	(316)	(731 365)	(48 196)	(3 346 518)
Amounts written off as uncollectibles	(41 815)	(22 497)	-	(182 382)	(28 697)	(56 918)	(1 995)	(334 304)
Reclassification	(5 704)	49 897	(4 823)	25 332	-	37 927	(102 629)	-
Exchange difference	(29 965)	(73 515)	(134 380)	(101 600)	(3 062)	(122 440)	(7 180)	(472 141)
At 31 December 2011	804 764	2 383 334	141 676	1 071 935	14 812	3 039 535	138 551	7 594 608

At 31 December 2010	**Corporate Bank**			**Domestic Bank**				**Total**
	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term loans	Mortgage	
At 1 January 2010	1 172 691	2 172 462	155 209	561 219	52 368	867 760	74 465	5 056 174
Disbursed during the year	170 636	457 632	173 294	507 010	23 260	1 171 254	39 308	2 542 394
Paid off during the year	(497 214)	(735 246)	(130 250)	(88 080)	(25 184)	(120 120)	(36 250)	(1 632 344)
Amounts written off as uncollectibles	2 899	(419)	(39)	37 641	-	317	-	40 399
Reclassification	-	-	-	-	-	-	-	-
Exchange difference	(82 827)	(79 191)	(24 212)	(51 871)	(14 942)	(46 453)	22 459	(277 037)
At 31 December 2010	766 185	1 815 238	174 002	965 919	35 502	1 872 758	99 982	5 729 586

	Year ended 31 December	
	2011	2010

24 Loans and advances to customers (continued)

e) Allowance for impairment

Reconciliation of allowance account for losses on loans and advances by class is as follows:

At 31 December 2011	**Corporate Bank**			**Domestic Bank**				**Total**
	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term loans	Mortgage	
At 1 January 2011	41 000	44 791	1 711	254 237	32 436	86 229	4 998	465 402
Acquistion of subsidiaries	13	3 496	-	22 219	-	12 364	-	38 092
Provision for loan impairment	16 427	14 575	1 325	56 657	6 715	72 375	752	168 826
Provisons no longer required	-	(2 904)	(1 362)	(7 479)	(126)	(4 221)	-	(16 092)
Amounts recovered during the year	(5 875)	(6 780)	(736)	(30 328)	(18)	(20 622)	(2 627)	(66 986)
Loans written off during the year	(41 815)	(22 497)	-	(182 382)	(28 697)	(56 918)	(1 995)	(334 304)
Exchange difference	(1 143)	(11 995)	(898)	(6 822)	(1 337)	(2 584)	4 509	(20 268)
At 31 December 2011	8 607	18 686	40	106 102	8 973	86 623	5 637	234 668

At 31 December 2010	**Corporate Bank**			**Domestic Bank**				**Total**
	Overdrafts	Term loans	Others	Overdrafts	Credit cards	Term loans	Mortgage	
At 1 January 2010	27 777	21 392	2 139	183 167	21 546	72 653	6 099	334 773
Provision for loan impairment	30 265	31 590	880	51 951	11 293	19 683	490	146 152
Amounts recovered during the year	(16 239)	(6 734)	(1 220)	(12 914)	(17)	(6 176)	(1 379)	(44 679)
Loans written off during the year	2 899	(419)	(39)	37 641	-	317	-	40 399
Exchange difference	(3 702)	(1 038)	(49)	(5 608)	(386)	(248)	(212)	(11 243)
At 31 December 2010	41 000	44 791	1 711	254 237	32 436	86 229	4 998	465 402

Loans and advances to customers include finance lease receivables analysed below.

	2011	2010
Gross investment in finance leases, receivable		
No later than 1 year	7 171	10 680
Later than 1 year and no later than 5 years	48 666	43 708
Later than 5 years	-	21
	55 837	54 409
Unearned future finance income on finance leases	(10 245)	(6 408)
Net investment in finance leases	45 592	48 001

	2011	2010
The net investment in finance lease may be analysed as follows:		
No later than 1 year	6 434	9 646
Later than 1 year and no later than 5 years	39 157	37 878
Later than 5 years	-	477
	45 591	48 001

25 Investment securities

	2011	2010
Securities available-for-sale		
Debt securities - at fair value:		
- listed	928 258	253 324
- unlisted	1 416 881	520 092
Total	2 345 139	773 416
Equity securities - at fair value:		
- listed	144 963	17 285
- unlisted	255 512	102 424
Total	400 475	119 709
Total securities available-for-sale before impairment	2 745 614	893 125
Allowance for impairment	(47 703)	
Total securities available-for-sale	2 697 911	893 125
Current	986 273	213 839
Non current	1 711 638	679 286
	2 697 911	893 125

The Group has not reclassified any financial asset measured at amortised cost rather than fair value during the year. (2010: nil)

The movement in securities available-for-sale may be summarised as follows:

	2011	2010
At 1 January 2010	893 125	506 376
Additions	3 978 987	2 724 432
Acquisition of subsidiary	981 231	-
Disposals (sale and redemption)	(2 950 369)	(2 338 665)
Losses from impairment of available-for-sale equity securities	(36 805)	(1 815)
Gains/(loss) from changes in fair value	(79 321)	28 090
Exchange differences	(88 937)	(25 293)
At 31 December 2010	2 697 911	893 125
	-	

	Year ended 31 December 2011	2010
26 Pledgetd assets		
Open buy back for interbank takings	18 758	-
Bank of Industry of Nigeria intervention fund	78 688	-
	97 446	**-**

27 Investment in associate

	2011	2010
At 1 January	3 181	-
Acquisition of associate	-	3 172
Share of results	246	36
Share of tax	(61)	(9)
Dividends paid	-	-
Exchange differences	70	(18)
At 31 December	**3 436**	**3 181**

At 31 December 2011

Associate	Country of incorporation	Assets	Liabilities	Revenues	Profit	%interest
EB-Accion	Ghana	12 761	9 568	4 897	502	49%

At 31 December 2010

Associate	Country of incorporation	Assets	Liabilities	Revenues	Profit	%interest
EB-Accion	Ghana	9 933	6 955	3 289	73	49%

28 Intangible assets

	2011	2010
Goodwill		
At 1 January	15 669	14 613
Acquisition of subsidiary (Note 46)	388 954	1 056
At 31 December	404 623	15 669

Goodwill is tested annually for impairment, or more frequently when there are indications that impairment may have occurred. There was no impairment identified in 2011 (2010: nil)

	2011	2010
Software costs		
At 1 January	12 499	16 966
Purchase	56 294	5 409
Amortisation (Note 15)	(9 902)	(8 982)
Exchange differences	(3 004)	(894)
At 31 December	55 887	12 499
Total intangibles	460 510	28 168

29 Property and equipment

	Motor Vehicles	Land & Buildings	Furniture & Equipment	Installations	Construction	Total
At 1 January 2010						
Cost	48 315	294 851	210 971	81 860	37 836	673 833
Accumulated depreciation	25 257	31 973	113 412	28 977	-	199 619
Net book amount	23 058	262 878	97 559	52 883	37 836	474 214
Year ended December 2010						
Opening net book amount	23 058	262 878	97 559	52 883	37 836	474 214
Acquisition of subsidiaries	342	55	267	1 035	-	1 699
Additions	7 102	3 896	34 121	13 098	25 018	83 235
Disposals - cost	(3 292)	(1 633)	(9 941)	(4 978)	(239)	(20 083)
Disposals - accumulated depreciation	2 391	263	3 333	1 577	(599)	6 965
Reclassifications - cost	-	1 840	10 092	5 929	(17 861)	-
Reclassifications - accumulated depreciation	-	2 473	-	(2 473)	-	-
Depreciation charge	(9 511)	(8 030)	(33 893)	(8 271)	-	(59 705)
Exchange rate adjustments	(1 136)	(11 183)	(5 005)	(2 532)	(2 180)	(22 036)
Closing net book amount	18 954	250 559	96 533	56 268	41 975	464 289
At 31 December 2010/1 January 2011						
Cost	49 469	283 504	240 609	93 985	41 975	709 542
Accumulated depreciation	30 515	32 945	144 076	37 717	-	245 253
Net book amount	18 954	250 559	96 533	56 268	41 975	464 289
Year ended December 2011						
Opening net book amount	18 954	250 559	96 533	56 268	41 975	464 289
Acquisition of subsidiaries	6 743	203 838	50 579	2	88 387	349 549
Additions	6 214	18 271	48 093	12 404	33 866	118 848
Reveluation	-	21 874	-	-	-	21 874
Disposals - cost	(1 997)	(3 708)	(23 910)	(2 124)	(6 146)	(37 885)
Disposals - accumulated depreciation	1 684	753	2 656	2 085	-	7 178
Reclassifications - cost	47	15 125	14 583	(4 263)	(25 492)	-
Reclassifications - accumulated depreciation	(3)	-	(1 565)	1 568	-	-
Impairment charge	-	-	(514)	-	-	(514)
Depreciation charge	(10 019)	(10 086)	(41 506)	(10 332)	-	(71 943)
Exchange rate adjustments	(1 045)	(18 544)	(5 921)	(2 046)	(3 474)	(31 030)
Closing net book amount	20 578	478 082	139 028	53 562	129 116	820 366
At 31 December 2011						
Cost	86 207	567 780	422 562	97 019	129 116	1 302 684
Accumulated depreciation	65 629	89 698	283 534	43 457	-	482 318
Net book amount	20 578	478 082	139 028	53 562	129 116	820 366

The group revalued its buildings at 31 December 2011. The valuations were done by professionally qualified independent valuers, using market values as the reference.

	Year ended 31 December	
30 Investment property	**2011**	**2010**
1 January	12 948	13 280
Additions	57 592	17
Fair value gains	2 969	513
Disposal	-	(44)
Exchange rate adjustments	(1 332)	(818)
At 31 December	72 177	12 948

The investment properties are valued annually on 31 December at fair value, comprising market value by an independent, professionally qualified

The following amounts have been recognised in the income statement:

	2011	2010
Rental income	784	843
Direct operating expenses arising from investment properties that generate rental income	(570)	(572)
	214	271

31 Other assets

	2011	2010
Fees receivable	13 684	26 675
Accounts receivable	165 680	291 657
Prepayments	195 903	104 189
Sundry receivables	263 018	8 976
Insurance receivables (others)	1 964	-
	638 285	431 497
Impairment charges on receivable balances	(52 287)	(11 524)
	585 998	419 973

All other assets are current.

32 Deposits from other banks

	2011	2010
Items in course of collection	720 181	103
Deposits from other banks	216 431	372 281
	936 612	372 384

All deposits from banks are current and have variable interest rates.

33 Due to customers

	2011	2010
Corporate Bank		
- Current accounts	2 325 410	1 796 527
- Term deposits	1 140 173	966 569
	3 465 583	2 763 096
Domestic Bank		
- Current accounts	4 810 067	2 929 942
- Term deposits	1 774 811	1 002 606
- Savings deposits	2 026 034	1 228 941
	8 610 912	5 161 489
Total	12 076 495	7 924 585
Current	8 849 466	6 271 092
Non current	3 227 029	1 653 493
	12 076 495	7 924 585

Customer deposits carry variable interest rates.

At 31 December 2011	Corporate Bank		Domestic Bank			**Total**
	Current account	Term deposits	Current account	Term deposits	Savings	
At 1 January	1 796 527	966 569	2 929 942	1 002 606	1 228 941	7 924 585
Additions	606 467	523 234	1 169 944	155 684	167 858	2 623 187
Acquisition of subsidiaries	129 615	247 763	1 420 220	739 806	748 557	3 285 961
Withdrawals	(205 081)	(552 814)	(379 487)	(49 075)	(35 524)	(1 221 981)
Reclassification	121 282	13 669	(128 882)	(1 755)	(4 854)	(540)
Exchange difference	(123 400)	(58 248)	(201 670)	(72 455)	(78 944)	(534 717)
At 31 December 2011	**2 325 410**	**1 140 173**	**4 810 067**	**1 774 811**	**2 026 034**	**12 076 495**

At 31 December 2011	Corporate Bank		Domestic Bank			**Total**
	Current account	Term deposits	Current account	Term deposits	Savings	
At 1 January	1 733 036	799 970	1 958 341	812 453	947 740	6 251 540
Additions	406 879	312 448	1 029 971	150 921	344 452	2 244 671
Withdrawals	(133 435)	(30 682)	(60 346)	(6 902)	-	(231 365)
Reclassification	(111 479)	(78 219)	111 479	78 219	-	-
Exchange difference	(98 474)	(36 948)	(109 503)	(32 085)	(63 251)	(340 261)
At 31 December 2011	**1 796 527**	**966 569**	**2 929 942**	**1 002 606**	**1 228 941**	**7 924 585**

34 Other deposits

	2011	2010
Other money-market deposits	169 765	50 918
Certificates of deposits	334	-
	170 099	50 918

All certificate of deposits are current and have variable interest rates.

	Year ended 31 December	
	2011	**2010**
35 Borrowed funds		
Nedbank	271 050	-
4% Convertible preference shares	104 300	-
Opec Fund for International Development	30 184	-
Merrill Lynch	176 381	-
Bank of Industry of Nigeria	201 516	-
Central Bank of Nigeria	12 506	-
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V (FMO)	37 888	47 993
European Investment Bank	125 547	73 010
International Finance Corporation	178 067	40 562
Deutsche Bank	2 940	4 500
Social Security and National Insurance Trust	2 751	3 000
Banque Centrale des Etats de l'Afrique de L'Ouest (BCEAO)	86 811	-
Export Development Investment Fund	-	431
Banque Ouest-Africaine de Dévelopment (BOAD)	16 881	7 841
Credit Foncier du Cameroon	-	4 277
Societe Mamadou Dalaba	2 446	2 357
Ecobank Senegal bonds issued	5 837	3 395
Le Mans and Union Des Assurances Vie	1 381	2 240
Agence Française de Developpement	-	1 287
International Cooperation Development Fund, China	6 400	2 333
Caisse Nationale de Securite Sociale	-	4 073
Legba Hounsou	1 188	1 629
Akanni A. Ibouraima	-	815
Balogoun EP Akanni Naimatou	-	815
Atlantic Coast Regional Fund (ACRF)	11 479	13 311
National Social Security and Insurance Trust of Sierra Leone	1 166	1 072
Societe de Promotion et Participation pour la Coopération Economique (PROPARCO)	10 276	-
Diamond Trust Bank	12 040	-
First Community Bank	17 204	-
Gulf Bank	14 089	-
Other loans	72 693	11 034
	1 403 021	225 975
Current	560 189	81 387
Non current	842 832	144 588
	1 403 021	225 975

a) NEDBANK loan is a convertible loan to ETI. It is repayable at once, at the end of 2014 if the share subscription option is not exercised.

b) During the year, ETI issued 1.07 billion units of convertible, redeemable and cumulative preference shares to the shareholders of Oceanic Bank International Limited at US$0.1032 per share. Dividend is payable on the preference shares at the higher of 4% per annum and proposed ordinary dividend per share.

c) Opec Fund for International Development (OFID) Loan is a convertible and subordinated loan repayable in seven (7) equal semi-annual installments starting from 2016. The subsidiaries that benefitted from this loan are: Ecobank Senegal, Cameroon, Kenya and Cote D'Ivoire.

d) Merrill Lynch loan is a 5 year facility to Oceanic Bank expiring in 2012. This loan which is guaranteed by the Central Bank of Nigeria up to December 2011, attracts an interest rate of 13.4% per annum.

e) The Bank of Industry (BOI) loan to Oceanic Bank is for on-lending to customers in the manufacturing sector with a maximum tenure of 15 years. the facility is 15 years.

f) Central Bank of Nigeria loan represents 7-year intervention funds for on-lending to a customer of the Bank in the agricultural sector. The funds are administered at a maximum interest rate of 9% per annum.

g) International Finance Corporation (IFC) Loan is a convertible and subordinated loan repayble in thirteen (13) equal semi-annual installments starting from 2015. The subsidiaries that benefitted from this loan are: Ecobank Benin, Burkina, Guinea Bissau, Mali, Niger, Senegal, Togo, Gambia, Ghana, Sierra Leone, Cameroun, Central African Republic, Chad, Rwanda, and Nigeria

h) Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V (FMO) loan to ETI is repayable over five (5) years in twenty (20) equal quarterly instalments from 2010-2015. Interest rate is based on 3 month LIBOR rate plus margin of 4.0% payable quarterly.

i) European Investment Bank (I) Loan is repayable in ten equal semi-annual instalments starting from 2010. Interest is payable semi-annually at an annual rate of 2.4% plus 6 month LIBOR. European Investment Bank (II) Loan is a convertible and subordinated loan repayable in ten equal semi-annual instalments starting from 2010. The subsidiaries that benefitted from this loan are: Ecobank Burkina, Cote D'Ivoire, Dr Congo, Ghana, Guinea Bissau, Mali, Rwanda, Chad, Senegal, Togo, Uganda, and Zambia.

j) International Finance Corporation (IFC) Loan is a convertible and subordinated loan repayble in thirteen (13) equal semi-annual installments starting from 2015. The subsidiaries that benefitted from this loan are: Ecobank Benin, Burkina, Guinea Bissau, Mali, Niger, Senegal, Togo, Gambia, Ghana, Sierra Leone, Cameroun, Central African Republic, Chad, Rwanda, and Nigeria. There were other IFC loans to Ecobank Nigeria and Ecobank Ghana expiring on 2013 and 2015 respectively and attracting interest rates of LIBOR+2.75% and LIBOR+3% respectivley.

k) Banque Centrale des Etats de l'Afrique de L'Ouest (BCEAO) loans were to Ecobank Burkina and Ecobank Senegal attracting 7% interest rates

l) International Cooperation Development Fund, China is a term to Ecobank Burkina Faso expiring in 2023 with an interest rate of 4.5%

m) Atlantic Cost Regional Fund (ACRF) to Ecobank Chad, Ecobank Liberia and Ecobank Rwanda are convertible loans expiring in 2015

n) PROPARCO loan to Ecobank Kenya was a 5-year term loan maturing in 2015 with a rate of LIBOR + 7%

o) Diamond Trust Bank, First Community Bank and Gulf Bank loans to Ecobank Kenya were short term loans all maturing in 2013

p) The group also received other loans in several of our subsidiaries with interets ranging between 3% and 5% with maximum maturity of 10 years.

(All amounts in US dollar thousands unless otherwise stated)

35 Borrowed funds (continued)

Analysis of the convertible loans

The convertible loans are presented in the consolidated statement of financial position as follows:

As at 31 December 2011, ETI has covertible bonds from the followings intitutions:

Name of Institution	Contract interest rate	Effective interest rate	Tenor (Years)	Face value	Amount
European Investment Bank (II)	4.267% + 6 months Libor	5,43%	8	68 205	66 956
Opec Fund for International Development	5.75% + 6 months Libor	6,53%	8	30 000	30 184
International Finance Corporation	8% +6 months Libor	8,78%	8	138 940	140 379
NEDBANK	2.95% + 3 months Libor	5,43%	3	285 000	271 050
Preference share	4%	5,43%	5	110 071	104 300
				632 216	**612 869**

Initial recognition:		
– Face value of convertible bond issued	632 216	-
– Equity conversion component net of deferred tax liability(Note 42)	(25 501)	-
Liability component	**606 715**	**-**

The convertible bond is presented in the statement of financial position as follows:

Liability component	606 715	-
Interest expense	11 573	-
Interest paid	(5 419)	-
Liability component at 31 December 2011	**612 869**	**-**

The carrying amount of the liability component of the convertible bond reflects its current fair value.

Interest on the loan is calculated on the effective yield basis by applying the effective interest rate for an equivalent non-convertible loan to the liability component of the convertible loan and for the year ended 31 December 2011 amounted to US$11.5 million (2010: Nil). The actual interest paid in 2011 was US$5.4 million (2010: Nil).

Summary of subordinated loans

European Investment Bank (II)	66 956	-
Opec Fund for International Development	30 184	-
International Finance Corporation	140 379	-
	237 519	**-**

36 Other liabilities

Accrued income	193 629	42 315
Unclaimed dividend	2 228	8 596
Accruals	341 952	379 646
Other provisions (Note 37)	11 210	6 183
Obligations under customers' letters of credit	98 338	25 446
Bankers draft	337 177	34 512
Others	55 760	22 266
	1 040 294	518 964

Other liabilities are expected to be settled within no more than 12 months after the date of the consolidated statement of financial position.

	Year ended 31 December	
	2011	**2010**
37 Other provisions		
At 1 January	6 183	10 870
Additional provisions charged to income statement	10 544	3 938
Provision no longer required	(6 505)	(56)
Utilised during year	2 585	(4 844)
Exchange differences	(1 597)	(3 725)
At 31 December	11 210	6 183

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

38 Deferred income taxes

Deferred income taxes are calculated using the enacted tax rate of each subsidiary.

The movement on the deferred income tax account is as follows:

	2011	2010
At 1 January	(8 292)	7 465
Income statement charge	3 369	(23 881)
Available-for-sale securities:		
- fair value remeasurement	(25 719)	8 340
- transfer to net profit	(2 462)	(40)
Revaluation of property and equipment	4 945	-
Others	-	-
Exchange differences	(7 265)	(176)
At 31 December	(35 424)	(8 292)

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

	2011	2010
Deferred income tax liabilities		
Accelerated tax depreciation	11 568	13 142
Available-for-sale securities	(31 357)	12 807
Revaluation of property and equipment	28 725	13 823
Other temporary differences	(5 608)	(12 330)
	3 328	27 442
Deferred income tax assets		
Pensions and other post retirement benefits	64	37
Provisions for loan impairment	2 848	3 949
Other provisions	10 660	10 545
Tax loss carried forward	25 180	21 203
	38 752	35 734
Deferred tax liabilities		
- To be recovered within 12 months	6 739	19 556
- To be recovered after more than 12 months	(3 412)	7 886
	3 327	27 442
Deferred tax assets		
- To be recovered within 12 months	16 673	11 675
- To be recovered after more than 12 months	22 079	24 059
	38 752	35 734

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

	2011	2010
Accelerated tax depreciation	(1 574)	2 846
Pensions and other post retirement benefits	(27)	25
Allowances for loan losses	1 101	(2 166)
Other provisions	(115)	(3 169)
Tax losses carry forward	(3 977)	(5 145)
Other temporary differences	6 722	(14 644)
Exchange differences	1 240	(1 628)
	3 370	(23 881)

Deferred income tax assets are recognised for tax losses carried forward only to the extent that realisation of the related tax benefit is probable.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes related to the same fiscal authority.

Income tax effects relating to components of other comprehensive income

	2011			**2009**		
	Gross	**Tax**	**Net**	**Gross**	**Tax**	**Net**
Fair value gains/loss on available for sale	(87 983)	28 181	(59 802)	28 979	(8 300)	20 679
Revaluation gains/loss on property and equipment	21 874	(4 945)	16 929	-	-	-
	(66 109)	23 236	(42 873)	28 979	(8 300)	20 679

	Year ended 31 December	
	2011	**2010**
39 Retirement benefit obligations		
Amounts recognised in the statement of financial position:		
Other post retirement benefits	16 183	8 147

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 Note 2.23.

The Group operates a post employment gratuity payment scheme. The amounts recognised in the statement of financial position are as follows:

	2011	2010
Present value of funded obligations	9 288	9 484
Fair value of plan assets	(5 783)	(6 139)
	3 505	3 345
Present value of unfunded obligations	12 678	4 802
Liability in the statement of financial position	16 183	8 147

Income tax effects relating to components of other comprehensive income

39 Retirement benefit obligations (continued)

	Year ended 31 December 2011	2010
The amounts recognised in the income statement are as follows:		
Current service cost	816	3 116
Interest cost	-	1 059
Expected return on plan assets	-	(664)
Net actuarial losses recognised in year	(649)	(1 565)
Total included in staff costs	167	1 946

The movement in the liability recognised in the statement of financial position is reconciled as follows:

	2011	2010
At 1 January	8 147	8 973
Acquisition of subsidiaries	8 082	-
Total expense as above (Note 15)	167	1 946
Benefits paid	(26)	(2 482)
Exchange differences	(187)	(290)
At 31 December	16 183	8 147

The plan assets relate to funded post employment gratuity obligations for Ecobank Nigeria Plc. The movement in the fair value of the plan assets for the year is as follows;

	2011	2010
At 1 January -	6 139	6 139
Expected return on plan assets	-	664
Contributions	-	1 225
Exchange differences	(356)	(1 889)
At 31 December	5 783	6 139

The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy.
The principal assumptions used for the subsidiaries operating in the UEMOA region were as follows:

	2011	2010
Discount rate	3%	3%
Expected return on plan assets	1,8%	1,8%
Future salary increases	2%	2%

The principal assumptions used for the employees of Ecobank Nigeria Plc were as follows:

	2011	2010
Discount rate	12%	12%
Expected return on plan assets	12%	12%
Future salary increases	10%	10%

40 Contingent liabilities and commitments

a) Legal proceedings

There were a number of legal proceedings outstanding against the Group at 31 December 2011 with contingent liabilities of $169.7m (2009: $147.8m). 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 2011, the Group had capital commitments of $20.3m (2010: $74.3m) in respect of buildings and equipment purchases. The Group's management is confident that future net revenues and funding will be sufficient to cover this commitment.

c) Loan commitments, guarantee and other financial facilities

At 31 December 2011 the group had contractual amounts of the off-statement of financial position financial instruments that commit it to extend credit to customers guarantees and other facilities are as follows:

	2011	2010
Acceptances	32 389	82 099
Guaranteed commercial papers	426 554	488 003
Documentary and commercial letters of credit	1 654 045	699 043
Performance bond, guarantees and indemnities	871 077	791 355
Loan commitments	332 942	223 600
	3 317 007	2 284 100

41 Share capital

	No of shares ('000)	Ordinary shares	Share premium	Total
At 1 January 2010	9 913 368	247 762	618 947	866 709
At 31 December 2010/ 1 January 2011	9 913 368	247 762	618 947	866 709
Proceeds from share subscription:				
- Private placement	2 488 688	62 217	125 103	187 320
- Share option exercised	33 573	839	1 125	1 964
- Transfer from retained earnings - share option exercised	-	-	369	369
- Share issue to purchase minority interest in Ecobank Nigeria	401 524	10 038	16 324	26 362
Reclassification	-	72	(72)	-
Share issue expenses	-	-	(2 538)	(2 538)
At 31 December 2011	12 837 153	320 928	759 258	1 080 186

Private placement represents shares issued to pay for the acquisition of Oceanic Group of Nigeria.

41 Share capital (continued)

The total authorised number of ordinary shares at year end was 50 billion (2010: 50 billion) with a par value of US$0.025 per share (2010: US$0.025 per share).

Total issued shares as of 31 December 2011 were 12.8 billion. The movements in the issued shares are as follows: In 2011 a total of 2.5 billion shares were issued as a consideration to pay for the acquisition of Oceanic Group of Nigeria

a) In October 2011, a total of 2.5 billion shares were issued for part payment of the acquisition of Oceanic Group of Nigeria at a prevailing market (The Nigerian Stock Exchange) price of 0.75 cents a share.

b) In November 2011, a total of 33.6 million from the staff share option scheme were exercised at a price of 0.59 cents in accordance with terms and conditions of the option scheme.

c) In December 2011, a total of 401.5 million shares were issued to fully pay for the minority interest in Ecobank Nigeria at the prevailing market (The Nigerian Stock Exchange) price of 0.66 cents per share. As a result, Ecobank Nigeria became a wholly owed subsidiary of ETI at 31 December 2011.

Share options
The Group offers share option to certain employees with more than three years' service. Options are conditional on the employee completing three year's service (the vesting period). The options are exercisable starting three years from the grant date. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

	Year ended 31 December	
Movement in the number of share options outstanding are as follows:	**2011**	**2010**
At 1 January	346 120	346 120
Exercised	(33 573)	-
Lapsed	(66 550)	-
At 31 December	245 997	346 120

Share options were granted on 1 January 2007 at a price of US$ 0.08 (restated for share splits) per share and expire on 31 December 2011. No option was exercisable at 31 December 2010.

The number of shares outstanding at the end of the year was as follows:	**2011**	**2010**
Expiry date; 1 January	000	000
2010	122 999	148 060
2011	73 799	139 166
2012	49 199	58 894
	245 997	346 120

For the employees share option plan, options may be exercised prior to the tenth anniversary of the grant, no later than 31 December 2016.

42 Retained earnings and other reserves

a) Retained earnings

Movements in retained earnings were as follows:

	2011	2010
At 1 January	282 250	221 610
Net profit for year	182 207	112 716
Dividend	(39 653)	(29 745)
Employee share option scheme	(12 538)	4 130
Reclassification of share option reserve	(13 037)	-
Transfer to Share capital - share option exercised	(369)	-
Transfer to general banking reserve	(10 722)	(11 180)
Transfer to statutory reserve	(22 617)	(15 281)
Purchase of minority interest in Ecobank Nigeria	13 863	-
Elimination of investments in Oceanic subsidiaries	(64 175)	-
At 31 December	**315 209**	**282 250**

b) Other Reserves

	2011	2010
General banking reserve	68 676	44 917
Statutory reserve	124 350	101 733
Revaluation reserve - Available-for-sale investments	(15 858)	43 944
Convertible bond - equity component	25 501	-
Revaluation reserve - property and equipment	64 801	47 872
Translation reserve	(308 660)	(232 078)
	(41 190)	**6 388**

Movements in the other reserves were as follows:

i) General banking reserve

	2011	2010
At 1 January	44 917	33 737
Reclassification of share option reserve	13 037	-
Transfer from retained earnings	10 722	11 180
At 31 December	**68 676**	**44 917**

The general banking reserve represents transfers from retained earnings for unforeseeable risks and future losses. General banking reserves can only be distributed following approval by the shareholders in general meeting.

ii) Statutory reserve

	2011	2010
At 1 January	101 733	86 452
Transfer from retained earnings	22 617	15 281
At 31 December	**124 350**	**101 733**

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

	Year ended 31 December	
	2011	**2010**
iii) Revaluation reserves - Available -for-sales		
At 1 January	43 944	23 265
Net (loss)/gains transferred to income statement (Note 12)	(14)	(171)
Less deferred tax (Note 38)	2 462	40
Net gain/loss from changes in fair value (Notes 19 and 25)	(87 969)	29 150
Deferred income taxes (Note 38)	25 719	(8 340)
At 31 December	**(15 858)**	**43 944**

The revaluation reserve shows the effects from the fair value measurement of available-for-sale investment securities after deduction of deferred taxes.

Convertible bond - equity component
Movement in equity component of convertibles were as follows:

	2011	2010
At 1 January	-	-
Conversion of convertible loan	25 501	-
At 31 December	25 501	-

The equity component of the convertible bond is computed as a residual amount after determining the loan amount using the market rate of an equivalent loan.

	2011	2010
iv) Revaluation Reserve - property and equipment		
At 1 January	47 872	47 872
Net gains/(losses) from changes in fair value	21 874	-
Deferred income taxes	(4 945)	-
Net losses transferred to net profit on disposal and impairment	-	-
Deferred income taxes	-	-
At 31 December	**64 801**	**47 872**
v) Translation reserve		
At 1 January	(232 078)	(167 516)
Currency translation difference arising during the year	(76 582)	(64 562)
At 31 December	**(308 660)**	**(232 078)**

43 Dividends per share

Final dividends are not accounted for until they have been ratified at the Annual General Meeting. At the forthcoming annual general meeting, a dividend in respect of 2011 of 0.4 cents per share (2010: 0.4 cents per share) is to be proposed. This amounts to a total of US$ 55.6 million (2010: US$39.7 million). The financial statements for the year ended 31 December 2011 do not reflect these dividends, which will be accounted for in the shareholder's equity as an appropriation of retained profits in the year ending 31 December 2012.

44 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise the following balances with less than three months maturity from the date of acquisition.

	2011	2010
Cash and balances with central banks (Note 18)	1 165 816	689 516
Treasury Bills and other eligible bills (Note 19)	247 494	221 421
Deposits with other banks (Note 20)	853 898	653 271
Deposits from other banks (Note 32)	(936 612)	(372 384)
	1 330 596	1 191 824

45 Related party transactions

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

Loans and advances to related parties	**Year ended 31 December**			
	Directors and key management personnel		**Related companies**	
	2011	**2010**	**2011**	**2010**
Loans outstanding at 1 January	7 827	6 367	85 586	33 989
Loans issued during the year	1 067	2 088	79 371	53 100
Loan repayments during the year	(440)	(480)	(133 438)	(790)
Exchange difference	(194)	(148)	(3 621)	(713)
Loans outstanding at 31 December	8 260	7 827	27 898	85 586
Interest income earned	11	69	3 320	3 655

No provisions have been recognised in respect of loans given to related parties (2010: nil).

The loans issued to executive directors during the year and related companies controlled by directors were given on commercial terms and market rates.

Deposits from related parties	**Year ended 31 December**			
	Directors and key management personnel		**Related companies**	
	2011	**2010**	**2011**	**2010**
Deposits at 1 January	14 626	492	264	625
Deposits received during the year	10 615	7 412	255	4 480
Deposits repaid during the year	13 649	7 043	98 947	(4 743)
Exchange difference	(973)	(321)	(909)	(98)
Deposits at 31 December	37 917	14 626	98 557	264
Interest expense on deposits	4	105	-	-

	Year ended 31 December	
	2011	**2010**
Directors' remuneration		
Total remuneration of the directors	4 704	2 721
Key management compensation		
Salaries and other short term benefits	1 154	1 079

46 Major business acquisitions

In January 2011, ETI completed the acquisition of 70% interest in Premier Finance Group of Zimbabwe and subsequently changed the name to Ecobank Zimbabwe. The acquired entity contributed operating income of $4.4 million and operting loss of $9 millon to the group for the period ending 31 December 2011.

In October 2011, ETI completed the acquisition of 100% interest in Oceanic Bank international Plc (including its subsidiaries), an institution which was taken over by the Central Bank of Nigeria in 2009 due to solvency issues. Oceanic Bank and its subsidiaries contributed $92.8 million and $10.8 million to the revenues and net income of the group. The amounts disclosed below for the acquisition are provisional, as the group is yet to conclude the fair value exercise necessary to properly allocate the purchase price.

The details of the fair value of the assets and liabilities acquired and goodwill arising from both acquisitions are as follows:

	Premier Finance Group		**Oceanic Group**	
	Fair value on date of Acquisition	**Acquiree's previous carrying value**	**Provisional values on date of Acquisition**	**Acquiree's previous carrying value**
	1 January 2011	31 December 2010	31 October 2011	31 December 2010
Cash and cash equivalent	10 534	10 534	1 073 866	2 324 388
Loans and advances to customers	19 741	19 741	1 344 911	1 867 552
Investment securities	7 334	7 334	765 016	828 339
Property, plant and equipment	3 790	3 790	359 099	396 755
Investment property			55 267	62 143
Other assets	1 901	1 901	242 404	149 716
Deposit from banks	(4 914)	(4 914)	(12 552)	(1 535 990)
Deposit from customers	(28 713)	(28 713)	(3 186 814)	(4 368 574)
Other borrowed funds	(6 136)	(6 136)	(353 461)	(223 036)
Other liabilities	(1 751)	(1 751)	(372 748)	(963 642)
Net assets value	1 786	1 786	(85 012)	(1 462 349)
Less minority interest	(536)		-	
Net assets acquired	1 250		(85 012)	
Cost of acquisition (discharged by cash)	7 800		297 392	
Net assets acquired	1 786		(85 012)	
Goodwill	6 550		382 404	
Cost of acquisition (discharged by cash)	7 800		-	
Cash and cash equivalents in subsidiaries acquired	10 534		1 073 866	
Net cash flow	2 734		1 073 866	

47 Events after reporting date

a. On 20 January 2012, ETI concluded the acquisition of 100% interest in The Trust Bank of Ghana (TTB). ETI will subsequently merge the operations of TTB and those of Ecobank Ghana to create a single entity in Ghana.