Press Release

Ecobank Transnational Inc. (NSE: ETI, GSE: ETI; BRVM: ETIT)

29 October, 2010

ECOBANK GROUP REPORTS UNAUDITED RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010

PRE-TAX EARNINGS OF US$118 MILLION AND NET INCOME OF US$81.4 MILLION, 0.74 US$ CENTS BASIC EARNINGS PER SHARE

REVENUES OF US$619.3 MILLION AND EXPENSES OF US$437.8 MILLION

OPERATING EXPENSES GROWTH FURTHER DECLINE TO LOWER SINGLE-DIGITS

NET PROVISION FOR CREDIT LOSSES OF US$63.5 MILLION; DOWN 35% FROM PRIOR YEAR

TIER 1 CAPITAL OF US$1.4 BILLION AND TIER 1 CAPITAL RATIO OF 21.2% WELL ABOVE THE REGULATORY MINIMUM

ECOBANK IS UNIQUE IN THE REGION; REPORTS IN US$ AND IN ACCORDANCE WITH IFRS

ADDITIONAL US$500 MILLION FUNDRAISING PLANNED IN 2010 ON COURSE

RESILIENT PERFORMANCE VALIDATES OUR STRATEGY OF DIVERSIFICATION

LOME, 29 October, 2010 – Ecobank Transnational Inc. (ETI) the parent company of the pan-African banking group with operations in 31 African countries and strategic alliances with Nedbank of South Africa and Bank of China, and a strategic partnership with Old Mutual of South Africa, today reported for the nine months ended 30 September 2010 net income of US$81.4 million or 0.74 US$ cents per basic share and revenues of US$619.3 million.

Laurence do REGO, Group Executive Director, Finance and Risk, commenting on the results noted that “our nine-month results reflect the encouraging performance of our underlying businesses. Our commitment to expense discipline continues to pay dividends and provision for credit losses were significantly reduced.”

KEY ITEMS

- **Ecobank revenue** was US$619.3 million, compared with US$616 million in the prior year. The moderate growth in revenue benefited from our diversification strategy as a reduction in revenues in Nigeria was offset by revenue increases in our other regions.

- **Ecobank operating expenses** were US$437.8 million, up 3% from the prior year. This fell in line with our continued effort to keep expense growth in the lower single-digits.

- **Ecobank provision for credit losses** was US$63.5 million, a decrease of US$34 million, or 35% from the prior year. The decrease from the prior year reflected lower loan balances arising from our selective lending strategy and our continued efforts to improve on the quality of the loan portfolio.

- **Ecobank net income** was US$81.4 million, an increase of $20 million, or 33%, from the prior year. The increase from the prior year was largely driven by a reduction in provision for credit
losses and lower growth in operating expenses, partially offset by lower non-interest revenues. The current period’s net income outpaced the full-year 2009 net income of US$64.6 million.

- **Tier 1 Capital and Tier 1 Capital ratio** of US$1.4 billion and 21.2%, respectively, remain strong. Ecobank’s plan to raise additional capital of up to US$500 million in Tier 1 and Tier II capital by year end 2010 is on course.

- **While economic conditions continue to be challenging in some of our markets**, we still managed to increase customer deposits by US$1.1 billion, or 17%, to US$7.3 billion from the prior year.

**REVENUES**

Ecobank revenue was US$619.3 million, up 1% compared with the prior year. Net interest income was US$343.4 million, up 9% from the prior year. The increase in net interest income reflected largely increased mobilization of low cost deposits. Non-interest income was US$275.9 million, down 8% from the prior year. The decrease in non-interest income reflected a significant reduction in FX business activity levels and lower FX trade volumes. Overall, the marginal growth in revenues was primarily due to a revenue decline in Nigeria, partially offset by solid revenue growth in other regions.

**LOANS & DEPOSITS**

Customer loans were US$4.9 billion, an increase of 2% from the prior year. The moderate increase in advances reflected our cautious approach to lending as credit markets still pose challenges.

Customer deposits were US$7.3 billion, an increase of $1.1 billion, or 17%, from the prior year. The increase from the prior year was largely driven by the increase in our branch network in 2009 and our deposit mobilization efforts.

The loans-to-deposit ratio was 71% compared with 82% in the year ago period.

**REGIONAL PERFORMANCE**

Ecobank regions are grouped according to size and shared attributes such as common currency.

- **Central Africa** revenues were US$66.4 million, up 12% from the prior year. The increase in revenues from the prior year was driven by solid revenue performances in our relatively young subsidiaries – Congo Brazzaville, Gabon, and Sao Tome, partially offset by lower growth in revenues in Cameroon and Chad.

  Central Africa comprises the six countries of the Commission de la Communauté Économique et Monétaire de l’Afrique Centrale (CEMAC) and Sao Tome & Principe. Ecobank is present in all the countries except Equatorial Guinea. The six CEMAC countries have a common currency, the CFA franc, and the same regional central bank – the Banque des États de L’Afrique Centrale (BEAC). These countries have a common business law (OHADA) and two stock exchanges the Doula Stock Exchange (DSX) and the Gabon Stock Exchange.

- **Francophone West Africa** reported revenues of US$203.7 million, up 6% compared to the prior year. Overall, revenue performance was solid across all subsidiaries, especially in Cote d’Ivoire.

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

- **Nigeria** revenues were US$158.8 million, a decrease of 24% from the prior year, driven primarily by a deleveraging and de-risking of our business given the uncertainty in the banking environment.

  Nigeria is categorized as a region on its own due to its size.
- **Rest of West Africa (excluding Nigeria)** revenues were US$131.4 million, up 13% from the prior year, driven by a 19% and 24% revenue growth in Ghana and Guinea, respectively.

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

- **East Africa** revenues were US$36.8 million, an increase of US$15.7 million, or 74%, from the year ago period. The increase in revenue was driven by solid performances in all subsidiaries. Going forward, the EAC’s Common Market Protocol offers good growth opportunities for the Ecobank group.

  The East African region comprises the member countries of the East African Community (EAC), namely Burundi, Kenya, Rwanda, Uganda, and Tanzania. Ecobank is present in all the countries of the EAC.

- **Southern African** revenues were US$12.8 million, up $5 million, or 65%, from the prior year. DR Congo and Zambia registered solid growth in revenues. Revenues in these two subsidiaries grew by 123% and 485% respectively.

  The Southern African region comprises Angola, Democratic Republic of the Congo, Malawi, Zambia and Zimbabwe. Ecobank is present in all these countries except Zimbabwe.

**BUSINESS SEGMENT PERFORMANCE**

Ecobank business segments are grouped along three business lines: Domestic Banking, Corporate Banking, and Ecobank Capital.

- **Domestic Banking** reported profit before tax of US$29 million.
  Revenues were US$343 million and benefited from a gradual growth in card business and Rapid Transfer, a product that allows fast, convenient, and a reliable way to transfer money across Africa. Net provision for credit losses was US$44 million. Total assets were US$2.6 billion, while funding was US$4.9 billion, driven by growing customer accounts and branch numbers.

  Domestic Banking provides banking services to governments, small and medium scale enterprises and local companies including retail solutions to consumers.

- **Corporate Banking** reported profit before tax of US$79 million.
  Revenues were US$187 million benefiting from a steady improvement in the business climate. Net provision for credit losses was US$19 million. Total assets were US$2.2 billion, while funding was US$2.4 billion.

  Corporate Banking provides a broad range of financial solutions to multinationals, regional companies, state-owned companies, non-governmental organizations, international and multilateral organizations and financial institutions.

- **Ecobank Capital** reported profit before tax of US$10 million.
  Revenues were US$91 million. Total assets were US$2.2 billion, while funding was US$635 million.

  Ecobank Capital comprises our treasury, investment banking, and asset management businesses which focus on financial markets and investors.

**OPERATING EXPENSES**

Ecobank operating expenses were US$437.8 million, an increase of 3% from the prior year. This was broadly in line with efforts to keep expense growth in the lower single-digits. Staff expenses, which comprise a relatively large size of operating expenses, grew by only 1% and other operating expenses by 5%. Overall, our cost management strategy is paying dividends and is supportive of earnings growth as revenues faced headwinds.
CREDIT

Ecobank net provision for credit losses was US$63.5 million, a decrease of US$34 million, or 35%, from the prior year. The decrease from the prior year largely reflected lower loan balances arising from our selective lending strategy and our continued efforts to improve on the quality of the loan portfolio. While provisions have declined largely across the board, we remain cautious and will continue to closely monitor the portfolio.

TAXES

The effective tax rate was 31% compared with 35% a year ago. Tax expense for the period was US$36.6 million.

NET INCOME

Ecobank net income was US$81.4 million, an increase of US$20 million, or 33%, from the prior year. The increase in net income from the prior period was driven by a 35% reduction in the provision for credit losses and a reduction in the pace of growth in operating expense to lower single-digits. Noteworthy is the nine month period net income out-paced the net income of US$64.6 million achieved in full year 2009.

The following discussion of the results is on a pre-tax basis.

- **Central Africa** reported profit before tax of US$18.7 million, relatively flat compared with prior year. The nine month performance was driven by modest growth in revenues, largely offset by higher provisions and operating expenses.

- **Francophone West Africa** reported profit before tax of US$64.3 million, an increase of 5% from the prior year. The increase was driven by lower provision for credit losses.

- **Rest of West Africa (excluding Nigeria)** reported profit before tax of US$54.4 million, an increase of 17% from the prior year. The increase in pre-tax profits reflected strong revenue performance in Ghana and a reduction in provision for credit losses, offset by relatively lower revenues in the other constituent subsidiaries.

- **Nigeria** reported profit before tax of US$7.9 million in the first nine months of the year compared with a net loss of $11 million in the prior year. The improved performance in the period was driven by a substantial reduction in provision for credit losses and tighter expense discipline.

- **East Africa** reported profit before tax of US$1.1 million compared with a net loss of US$3 million in the year ago period. The significant improvement in the nine month period reflected strong revenue growth from all subsidiaries in the region, offset by higher operating expenses and provision for credit losses.

- **Southern Africa** reported a pre-tax loss of US$1.6 million, an improvement compared with a pre-tax loss of US$5.2 million, in the prior period. The current period’s loss reflects solid revenue growth of 123% and 485% in DR Congo and Zambia, respectively.

BALANCE SHEET

Ecobank assets were US$9.5 billion, up 6% from the prior year. The growth in assets was largely driven by solid growth in customer deposits. Despite recent gains in the CFA-US dollar exchange rate, the current period’s assets were impacted by foreign currency translation losses of negative 5%. Nevertheless, our balance sheet remains fundamentally strong. And is well positioned for growth when credit markets ease and opportunities abound to better serve our clients and provide healthy returns to our shareholders.

Cash balances were US$1.3 billion, up 49% from the prior year, largely driven by solid growth in customer deposits.
Customer loans were US$4.9 billion, up 2% from a year ago. The marginal growth reflects our strategy to be cautious lenders, while pursuing selective credit opportunities.

Customer deposits were US$7.3 billion, up 17% from the prior year. Deposit growth benefited from the branch expansion in 2009.

Shareholder’s equity was US$1.3 billion. Ecobank’s ongoing capital raising programme to raise US$500 million in a combination of Tier 1 and Tier II capital is ongoing.

**OUTLOOK**

We are encouraged by the satisfactory progress the reorganization of the group along customer-centric business lines continue to deliver. The underlying performance of our businesses is strong except for Nigeria, where recovery has been slow.

For the rest of the year, we will continue to work to drive revenues and operational efficiency across the group in line with our ongoing consolidation and optimization strategy. Our focus remains to serve our clients better utilizing our strong balance sheet and pan-African network.

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**About Ecobank:** Incorporated in Lome, Togo, Ecobank Transnational Incorporated (ETI) is the parent company of the leading independent pan-African banking group. It currently has a presence in 31 African countries, namely: Angola, Benin, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Congo (Brazzaville), Congo (Democratic Republic), Côte d’Ivoire, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Liberia, Malawi, Mali, Niger, Nigeria, Rwanda, Sao Tome and Principe, Senegal, Sierra Leone, South Africa, Tanzania, Togo, Uganda, Zambia. The group is also represented in France through its affiliate EBI S.A. in Paris. ETI also has a presence in Dubai, United Arab Emirates, where it holds a license for a representative office but is not yet operational. ETI is listed on the stock exchanges in Lagos, Accra and the West African Economic and Monetary Union (UEMOA) – the BRVM. The Group is owned by more than 180,000 local and international institutional and individual shareholders. It has over 11,000 employees from 31 different countries in over 750 branches and offices. Ecobank is a full-service bank providing wholesale, retail, investment and transaction banking services and products to governments, financial institutions, multinationals, international organizations, medium, small and micro businesses and individuals. Additional information may be found at [www.ecobank.com](http://www.ecobank.com).

**Cautionary Note Regarding Forward-Looking Statements**

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

**Conference Call:**

Ecobank Transnational Inc. (Bloomberg: ETI NL) will be hosting a teleconference call for analysts and investors on **Monday, 8th of November 2010 at 3.00pm GMT/ 10.00am New York time/ 5.00pm SA time** with its senior management to present Ecobank Transnational Inc. unaudited financial results for the nine months period ended 30th September 2010. There will also be an opportunity at the end of the call for management to take questions from investors and analysts.

The teleconference call facility can be accessed by dialing:

- **UK Standard International**: +44 (0) 145 255 5566
- **UK Free call**: 0800 694 0257
- **USA Free call**: 1866 966 9439
- **South Africa Free Call**: 0800 980 759

Participants would be asked for their Full Name, Company name and Conference ID

**Conference ID**: 218 167 17

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

For those who are unable to listen to the live call, an Encore replay facility will be available with details made available after the call.
The presentation will be posted on the Ecobank website 24 hours ahead of the teleconference call www.ecobank.com

Please note that there would be a replay facility available until 14th of November.

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