

2003

Annual Report



ECOBANK
TRANSNATIONAL INCORPORATED



BENIN

ECOBANK



... a leading banking group ...

- active through its subsidiaries in 12 West and Central African countries,
- present at over 80 locations,
- owned by over 2,500 individual and institutional shareholders from over 15 countries and 4 continents,
- focuses on providing financial solutions to customers.



ECOBANK NETWORK

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ECOBANK

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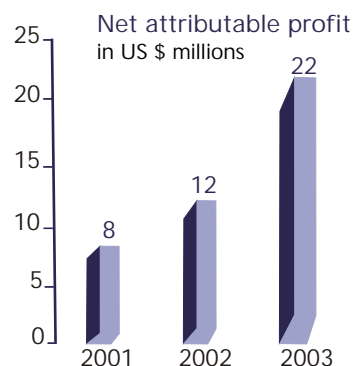
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Group Highlights

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

	2003	2002
AT YEAR END		
Assets	1,523,091	1,142,911
Loans and advances	785,983	524,763
Deposits	1,153,235	861,867
Shareholders' equity	105,502	76,991
Book value per share (\$)	1.62	1.40
Non-performing loans to total loans (%)	7.7	7.5
Headcount (number)	1,726	1,670
Branches and locations (number)	88	78
FOR THE YEAR		
Operating income	156,690	117,213
Loan loss provision	5,672	5,722
Profit before tax	48,462	30,275
Profit after tax	30,214	16,567
Profit attributable	22,197	11,636
Basic earnings per share (cents)	39	22
Basic earnings per share - Restated (cents)	39	20
Dividend per share (cents)	10.0	-
Return on average equity (%)	24.3	16.1
Return on average assets (%)	2.3	1.6
OTHER DATA		
Risk-based capital ratios (%):		
Total	13.7	13.7
Tier 1	12.9	12.7
Average number of shares outstanding (Number in thousands):		
Ordinary shares	56,583	52,165
Preference shares	3,750	3,750



Chairman's Message

Creating Value for Shareholders

Fellow Shareholders,

I am honoured to address you for the first time as Chairman of the Board. I am also pleased to report that Ecobank performed well in 2003, its fifteenth year of operations. Its net attributable profit was up 91 per cent to a record US\$ 22 million. I heartily congratulate management and staff on this achievement.

2003: A Year of Solid Performance, Despite Challenges

The year 2003 was difficult for banks and markets globally. It was characterized by uncertainty as the prospect of conflict in Iraq affected investor and consumer confidence alike.

In Côte d'Ivoire and Liberia, we were faced with the upsurge of civil conflict which affected our operations as we were obliged to give priority to the safety of life and property. Situations like these underscore the value of the Ecobank franchise which offers protection against dependence on any one country. We thus were able to serve our customers, including those whose countries were in a state of conflict, from our numerous service points across the region.

Throughout the year, the euro strengthened progressively against the United States dollar, generating fears of an imminent change in the euro/CFA franc parity even though the economic fundamentals did not favour such a development. On the positive side, the weakening of the dollar contributed to the strengthening of producer prices of commodities such as cocoa, coffee, cotton, crude oil and gold. Many countries in the region benefited in no small measure from this development as real GDP growth in West Africa increased to 3.1 per cent in 2003 from the 2 per cent recorded for 2002.

Developments Within the Region

ECOWAS is promoting with renewed vigour the creation of a second currency zone in the sub-region to include the Gambia, Ghana, Guinea, Nigeria and Sierra Leone by July 2005.



"I am confident that the Boards of ETI and the subsidiaries, and management will continue to seek ways to maintain the momentum for the delivery of increased shareholder value."

It is the expectation of all that this monetary union will reduce the cost of doing business by eliminating the fees and commissions charged for currency conversions in intra-regional transactions and increase trade between the partner countries, and also that there will be a general stability of the exchange rate of the new currency. This is a development from which Ecobank is uniquely positioned to benefit in the coming years.

Ecobank's Results

- Total revenues were up 34 per cent to \$157 million;
- Profit before tax reached a record \$48 million, an increase of 60 per cent over 2002;
- Profit after tax was \$30 million, an 82 per cent improvement;
- Basic earnings per share rose to 39 cents, from 22 cents last year;
- Total shareholders' funds went up by 37 per cent to \$106 million;
- Total deposits grew 34 per cent to \$1.2 billion, and total assets increased by 33 per cent to \$1.5 billion.

These results were achieved through teamwork. I am confident that the Boards of ETI and the subsidiaries, and management will continue to seek ways to maintain the momentum for the delivery of increased shareholder value.

Governance

We believe that good corporate governance is founded on ethics and the collective determination of directors, management and staff to express these values in their professional conduct. Regulatory compliance is a crucial starting point. Despite the satisfaction of continuing to receive the seal of approval from the authorities, your Board continues to take steps to review our governance standards with a view to strengthening them.

The new initiatives adopted during the year and which are now being rolled out across the Group include:

- the majority of Board members will be non-executive;
- representatives of shareholders will be invited to participate at meetings of the Board Audit and Compliance Committee;
- the promotion of the free flow of information to ensure full financial, legal and operational transparency to all stakeholders.

A Tribute

I would like to pay richly deserved tribute to our directors, especially those who retired during the year for their invaluable service.

In line with the wishes expressed by shareholders at the 2003 annual general meeting, Mr. Gervais K. Djondo delayed his voluntary retirement from the Board until the end of 2003 after seven years as Chairman. He has now assumed the title of Honorary Chairman conferred on him in recognition of his pre-eminent role in the establishment and development of your institution.

Our Vice Chairman, Chief John Akin-George, who served on the Board from the beginning, and two other directors, Messrs. Abdoulaye Kone and Samuel Jonah, all retired from the Board in 2003. We will miss their wise counsel and valuable contributions at Board meetings.

It is with pleasure that I welcome new members to the Board. Mr. Christian Adovelande succeeded Mr. Barthelemy Drabo as the representative of EBID (formerly ECOWAS Fund) at the beginning of 2003. Mr. Mande Sidibe who left in 2000 to answer to the call of service from his country, Mali, is back on the Board. Another new member of the Board is Mr. J. Kofi Bucknor, an investment banker.

My election as Chairman and that of Mr. Michel Abrogoua as Vice Chairman both took effect from 1 January 2004.

Management and Staff

The continued improvement in the performance of our Group is the direct result of the determination and hard work of our 1,726 employees.

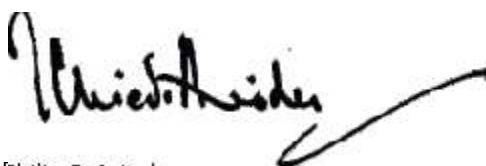
On behalf of the Board, I would again like to thank management and staff for their commitment which has brought about the outstanding results of 2003. I urge them not to rest on their oars but to ensure that the momentum that began in 2002 is carried into the years ahead. In Liberia, as in Côte d'Ivoire, special credit goes to our personnel for their dedication to Ecobank in the face of real personal danger.

The Future

While the crisis appears to be over in Liberia, the situation in Côte d'Ivoire remains fluid. On the global front, the declaration of end of war in Iraq has not yet brought the desired peace. Nevertheless, it is our hope that the signs of returning consumer confidence in North America will be capable of stimulating the global economy and engender increased economic activity in our region. However, we cannot over-emphasize the need for peace and political stability in our sub-region as the necessary precondition for accelerated and sustained economic growth and development.

The profitability of the financial services sector has fostered renewed interest in Sub-Saharan Africa. For Ecobank, better performance will serve to attract more investors which can only result in the appreciation of the value of our shares. We understand that there is a great deal of work ahead of us in the drive towards the goal of evolving into a world class institution such as was the dream of our founders and shareholders, a dream we all share and must achieve confronted as we are by the challenge of globalisation.

Thank you for your support.



Philip C. Asiudu
Chairman of the Board of Directors

Business and Financial Review

Consumer Banking

Overall this sector has seen significant growth push as delivery channels have expanded. During the year a total of ten new branches and cash points were opened bringing the number of Ecobank outlets from 78 to 88.

We launched our ATM initiative in 2002 but this really took off in 2003. Pilot schemes are underway in a number of countries and by the end of 2004 we expect that ATM's will be fully commercialized in at least nine countries.

Internet banking was introduced in four countries. It is expected that by the end of 2004 Internet access will be available throughout the franchise.

In 2003 Ecobank acquired a universal banking status in Ghana where we previously operated as a merchant bank. This has also gone a long way to enhancing our distribution capacity.

Commercial Banking

The commercial banking business of Ecobank services a wide range of companies including sole proprietors, partnerships as well as small and medium-sized enterprises (SME's).

This market segment carries specific risks but can offer a good rate of return if managed well. In recognition of its considerable potential, the Group initiated a concerted effort across the region to strengthen its in-house capacity to service this segment. In line with this initiative, special products have been developed and staff training programmes designed to assist the Group to better manage the peculiar needs and risks of the segment. Ecobank also successfully negotiated, with the African Development Bank, a twenty million U.S. dollar line of credit specifically for on-lending to our SME customers.

Institutional Banking

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

Our business with this sector focuses on tailoring products to the specific requirements of our customers and thereby developing and maintaining a mutually profitable long-term relationship. In spite of keen competition with some of the biggest names in international banking, Ecobank continues to leverage its regional presence and local experience which have led to considerable growth in business volumes. Institutional banking remains the backbone of our banking franchise.

Technology and Telecommunications

Effective and cost-efficient technology and communications systems are crucial to the success of any bank with a wide geographic scope of operations. In 2003 we completed the process of concentrating the technology and telecommunications functions of the Group into our new subsidiary, eProcess International S.A., a company registered and operational in Togo. This move is aimed at improving the efficiency of the support we are currently able to provide our various locations. Through increased levels of standardization and centralization of transaction processes we expect that eProcess will be better positioned to help support the Group's drive to control costs, improve the quality of service to our customers and provide a fast and reliable management reporting system.

People

Banking is essentially a people business. The success of Ecobank is made possible by the efforts and achievements of its people. It is clear to us that our ability to satisfy customers depends on employing and maintaining competent, highly skilled and motivated staff. In 2003, we focused on improving access to training at all levels within the Group.

We also concluded a special arrangement with the Dakar-based Centre d'Etudes Supérieures en Gestion (CESAG) in order to boost and accelerate the development of our middle level management capacity and to recruit people of high potential. In an effort to improve staff motivation, human resources audits were completed in four of our twelve countries of operations and corrective actions and improvements have been successfully implemented.

Brand Development

Ecobank is committed to developing a strong brand name that is synonymous with strong ethics, high quality, customer friendliness and values.

In addition to customer service initiatives and people development, product models and premises designs, which conform to Ecobank standards are being implemented across the Group.

The aim remains to make Ecobank an institution that provides world-class service.

Inflation and Exchange Rate Movements

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

Monetary gains and/or losses are addressed in the financial statements on the basis of International Accounting Standards.

2003 Results

The Group's profit before tax increased by 60 per cent to US \$48 million, from \$30 million in 2002. Net interest income, fee, commission and exchange income all increased. Expenses increased but at lower rate than income did, thus resulting in a net increase in profit.

Asset Quality

Average loans and advances rose by 41 per cent to \$655 million from \$466 million. At 31 December 2003, non-performing loans stood at \$64 million or 7.7 per cent of the total loan portfolio, up from \$42 or 7.5 per cent last year. The Group's net loan loss expense was equal to 0.9 per cent of the average loans and an improvement on the 1.2 per cent charge in 2002.

Liquidity and Funding

Customer deposits represented 83 per cent of total liabilities at 31 December 2003. This was also the percentage at the end of 2002. The Group had a net liquidity gap at 1 month equal to 21 per cent of total assets (9 per cent in 2002). Average deposits grew by 33 per cent to \$1,008 million from \$758 million.

Net Interest Income

At \$81 million, net interest income in 2003 was \$20 million or 34 per cent higher than in 2002. This level of increase reflects growth in volumes and improved asset and liability management despite an overall reduction in interest rate levels, which occurred mainly in Ghana and Nigeria.

The Group's average earning assets rose by 32 per cent to \$1,066 million. Net interest margin (net interest income divided by average earning assets) was up slightly to 7.6 per cent from 7.5 per cent.

Other Operating Income

Other operating income was \$76 million, or 34 per cent higher than in 2002. This reflects the Group's increased focus on fee-based income. Net fees and commissions increased by 40 per cent to \$51 million compared to \$37 million in 2002. They represented 33 per cent of total operating income against 31 per cent in 2002.

Foreign exchange earnings were up 42 per cent to \$24 million bolstered by increased volumes. Other income which reflects the availability of opportunities for advisory services declined to \$0.3 million from \$3 million.

Operating Expenses

Operating expenses were \$103 million compared to \$81 million in 2002. The increase in the number of service delivery points and the pursuance of our strategy of enhanced customer service led to increased cost. The 20 per cent appreciation of the CFA franc, the currency in which the bulk of staff expense is incurred, relative to our reporting currency is largely responsible for the 23 per cent increase in staff expense. Goodwill amortization was up 43 per cent also due to exchange rate movements.

Bad Debt Expense

Net loan loss expense was \$6 million which was the same as in 2002. This was achieved through improved loan recovery. The Group made gross provisions of \$14 million against loan losses in 2003, up 22 per cent from 2002. This was mainly because of unanticipated credit costs in Côte d'Ivoire, Nigeria, Burkina and Mali and a new Bank of Ghana directive on provisioning.

The Group recovered loans previously written off or "reserved against" in the amount of \$8 million. This amount exceeded the 2002 recoveries by 43 per cent. The largest recoveries were in Côte d'Ivoire (\$2 million), Nigeria (\$2 million), Benin (\$1 million), and Burkina (\$1 million). Recoveries in Commercial and Consumer Banking represented 81 per cent of total Group recoveries.

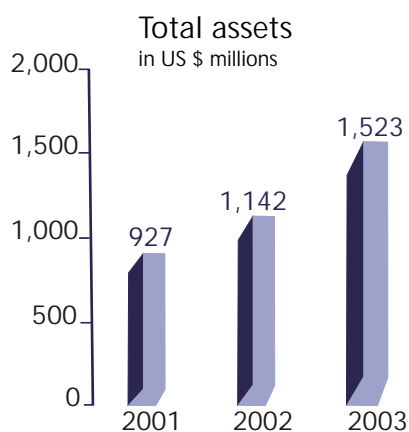
Earnings

Net attributable profit was \$22 million which was a 91 per cent increase over the \$12 million recorded in 2002. Return on average equity was 24.3 per cent, as against 16.1 per cent in 2002. Return on average assets was 2.3 per cent, up from 1.6 per cent last year.

Basic earnings per share increased, by 81 per cent, to 39.0 cents from 21.6 cents. Diluted earnings per share increased to 37.6 cents, or by 74 per cent, from 21.7 cents.

Capital Adequacy

Shareholders equity grew from \$77 million to \$106 million after absorbing the effects of currency translation adjustments. Tier one capital ratio was 12.9 per cent. Total capital ratio was 13.7 per cent.



Board of Directors



John Akin-George
Outgoing Vice Chairman



Gervais K. Djondo
Outgoing Chairman



Philip C. Asiodu
Chairman effective 1 January 2004



Michel Abrogoua
Vice Chairman effective 1 January 2004



M. Olufemi Adefope
Group Finance Director



Christian Adovelande
(Joined on 10 January 2003)



Jean N. Aka
Group Chief Executive Officer



J. Kofi Bucknor
(Elected on 21 July 2003)



Cheick Modibo Diarra



Rizwan Haider
Group Chief Operating Officer



Samuel Jonah
(Retired on 3 October 2003)



Abdoulaye Kone
(Retired on 21 July 2003)



Kolapo Lawson



Oba A. Otudeko



Mande Sidibe
(Elected on 21 July 2003)



Fogan Sossah

Report of the Directors

For the year ended 31 December 2003

Principal Activity

Ecobank Transnational Incorporated is a bank holding company. Its principal activity is the provision of banking and financial services through its subsidiaries and affiliates. It enjoys special fiscal, exchange control and legal rights under a headquarters agreement with the Government of Togo.

A review of the business of the Group during the year 2003 and of likely future developments are contained in the Business and Financial Review on pages 5 to 7.

Results

The Group's net profit after tax was US \$30.2 million. Net profit attributable was US \$22.2 million. The details of the results for the year are set out on in the consolidated profit and loss statement on page 14.

The directors approved the financial statements of the company and the Group for the year ended 31 December 2003 at the meeting of the Board held on 2 April 2004. Messrs Philip C. Asiodu and Jean N. Aka were authorised to sign the accounts on behalf of the Board.

Dividend

An interim dividend of 5 cents per ordinary share was paid on 21 June 2003. The directors recommend the payment of a final dividend of 5 cents per ordinary share in existence at 31 December 2003 making a total cash dividend of 10 cents for the year.

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

Directors and Company Secretary

The names of the directors of the company and the name of the Company Secretary appear on pages 8 and 10 respectively of this report.

At the Annual General Meeting held in Cotonou, Republic of Benin, on 21 July 2003, Messrs J. Kofi Bucknor, Mande Sidibe and M. Olufemi Adefope

were elected as directors for a period of three years. Mr. Barthelemy Drabo, the representative of the ECOWAS Bank for Investment and Development (EBID), resigned as a director on 1 January 2003. He was replaced by Mr. Christian Adovelande. Messrs John Akin-George and Abdoulaye Kone retired from the Board on 21 July 2003. Mr. Samuel Jonah retired from the Board on 3 October 2003.

The Board of Directors met ten times during the year. Also, the committees of the Board namely the Executive Committee, Audit and Compliance Committee, the Human Resources Committee, the Risk Management Policy Committee, as well as some ad hoc committees met at various times during the year to deliberate on issues under their respective mandates and to make recommendations to the Board.

Directors' Interests

The directors' beneficial interests in the ordinary shares of the company as at 31 December 2003 are reported on page 35.

Corporate Governance and Compliance

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

Subsidiaries

Ecobank's operations grew in the countries in which it is present, namely Benin, Burkina Faso, Cameroon, Côte d'Ivoire, Ghana, Guinea, Liberia, Mali, Niger, Nigeria, Senegal and Togo.

Ecobank Development Corp., the investment and capital markets unit, and the stock broking units continued to develop their business during the year.

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

Post Balance Sheet Events

There were no post balance sheet events which could materially affect either the reported state of affairs of the company as at 31 December 2003 or the profit for the year ended on the same date which have not been adequately provided for or disclosed.

Responsibilities of Directors

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

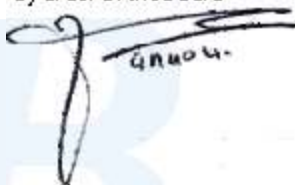
- (i) adequate internal control procedures are instituted to safeguard assets, prevent and detect fraud and other irregularities;
- (ii) proper accounting records are maintained;
- (iii) applicable accounting standards are followed;
- (iv) suitable accounting policies are used and consistently applied;

- (v) the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Independent External Auditors

The joint auditors, PricewaterhouseCoopers, Lagos, Nigeria and PricewaterhouseCoopers, Abidjan, Côte d'Ivoire have indicated their willingness to continue in office. A resolution will be presented to authorise the directors to determine their remuneration.

By order of the Board



Benoit Zannou
Company Secretary
2 April 2004

Management

At 31 December 2003

Group Management Council

Jean N. Aka
Group Chief Executive Officer

Olayemi A. Akapo
MD, Ecobank Guinée

Funke Osibodu
MD, Ecobank Nigeria

Rizwan Haider
Group Chief Operating Officer

Oladisun Holloway
MD, Ecobank Development Corp.

Fogan Sossah
MD, Ecobank Côte d'Ivoire

M. Olufemi Adefope
Group Finance Director

Antoine K. Nzongola
Group Chief Risk Officer

Benoît Zannou
Company Secretary &
Chief Compliance Officer

Group Consultative Committee

Jean N. Aka
Group Chief Executive Officer

Yaya Diong
MD, Ecobank Liberia

Richard Kyereboah
Group Head, Human Resources

Rizwan Haider
Group Chief Operating Officer

Laurence do Rego
Group Financial Controller

Antoine K. Nzongola
Group Chief Risk Officer

M. Olufemi Adefope
Group Finance Director

Assiongbon Ekue
MD, Ecobank Burkina

Funke Osibodu
MD, Ecobank Nigeria

Joseph K. Agbemehin
Group Head, Training

Albert Essien
MD, Ecobank Ghana

Fogan Sossah
MD, Ecobank Côte d'Ivoire

Olayemi A. Akapo
MD, Ecobank Guinée

Oladisun Holloway
MD, Ecobank Development Corp.

Evelyne Tall
MD, Ecobank Senegal

Karen Akiwumi-Tanoh
Group Head, Strategy &
Business Development

Christophe Jocktane-Lawson
MD, Ecobank Benin

Louis Vieilledent
MD, Ecobank Cameroun

Félix Bikpo
MD, Ecobank Niger

Abou Kabassi
MD, Ecobank Mali

Sylvain Yangni-Angate
MD, Ecobank Togo

Yves Coffi Quam-Dessou
Group Treasurer

Robert Kwami
Group Internal Auditor

Benoît Zannou
Company Secretary &
Chief Compliance Officer

External Auditors

PricewaterhouseCoopers, Nigeria
PricewaterhouseCoopers, Côte d'Ivoire

Report of the Auditors to the Shareholders of Ecobank Transnational Incorporated

We have audited the accompanying consolidated balance sheet of Ecobank Transnational Incorporated as of 31 December 2003 and the related profit and loss and cash flow statements for the year then ended set out on pages 13 to 43 which have been prepared in accordance with the accounting policies set out on pages 17 to 20.

Respective Responsibilities of Directors and Auditors

The company's directors are responsible for the preparation of the financial statements. It is our responsibility to express an independent opinion, based on our audit, on those financial statements prepared by the directors.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of

material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates and judgements made by the directors, and an evaluation of the overall adequacy of the presentation of the financial statements.

We planned and performed such audit procedures and obtained all the information and explanations, which we considered necessary for the purpose of our audit. We believe that our audit provides us with a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements present fairly in all material respects the financial position of the Group as of 31 December 2003 and of the results of its operations and its cash flows for the year then ended in accordance with International Accounting Standards.

PricewaterhouseCoopers
Chartered Accountants
Lagos, Nigeria
02 April 2004

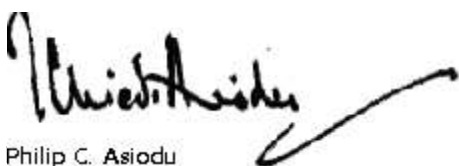
PricewaterhouseCoopers
Chartered Accountants
Abidjan, Côte d'Ivoire
02 April 2004

Consolidated Balance Sheet

As at 31 December 2003

	Note	2003 US \$'000	2002 US \$'000
Assets			
Cash and short-term funds	2	384,563	361,064
Treasury and other eligible bills	3	184,483	131,192
Investment securities	4	53,035	31,208
Loans and advances	5	785,983	524,763
Other assets	6	65,315	51,819
Intangible assets	7	-	2,138
Equipment on operating lease	8	3,900	653
Fixed assets	9	<u>45,812</u>	<u>40,074</u>
Total assets		<u>1,523,091</u>	<u>1,142,911</u>
Liabilities			
Due to banks	10	89,719	47,028
Deposits	11	1,153,235	861,867
Taxation	12	17,608	10,733
Other liabilities	13	111,392	112,413
Other borrowed funds	14	<u>15,284</u>	<u>10,565</u>
Total liabilities		<u>1,387,238</u>	<u>1,042,606</u>
Minority interest	15	30,351	23,314
Shareholders' equity			
Share capital	16	66,511	55,920
Reserves	17	<u>38,991</u>	<u>21,071</u>
Total shareholders' equity		<u>105,502</u>	<u>76,991</u>
Total liabilities and shareholders' equity		<u>1,523,091</u>	<u>1,142,911</u>
Acceptances and guarantees		275,558	312,383

The financial statements on pages 13 to 43 were approved by the Board of Directors on 2 April 2004 and signed on its behalf by:



Philip C. Asiodu
Chairman

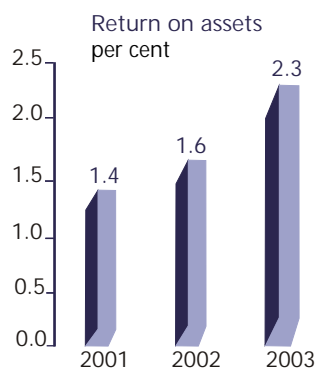
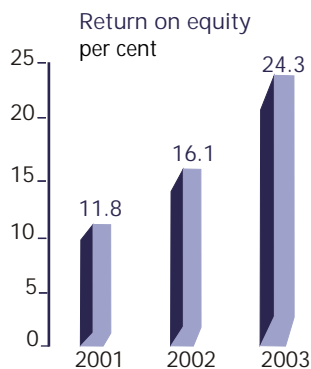


Jean N. Aka
Chief Executive Officer

Consolidated Profit and Loss Statement

For the year ended 31 December 2003

	Note	2003 US \$'000	2002 US \$'000
Interest and discount income	18	112,622	92,807
Interest and discount expense	19	<u>(31,999)</u>	<u>(32,452)</u>
Net interest income		80,623	60,355
Fee, commission and foreign exchange income	20	75,752	53,856
Other income	21	<u>315</u>	<u>3,002</u>
Operating income		156,690	117,213
Bad and doubtful debt expense		(5,672)	(5,722)
Operating expenses			
Staff costs expense	22	(38,216)	(31,025)
Goodwill amortisation		(3,064)	(2,139)
Depreciation and amortisation	23	(8,953)	(10,677)
Other operating expenses	24	<u>(52,323)</u>	<u>(37,375)</u>
Profit before tax		48,462	30,275
Tax expense	12	<u>(18,248)</u>	<u>(13,708)</u>
Profit after tax		30,214	16,567
Minority interest	15	<u>(8,017)</u>	<u>(4,931)</u>
Transfer to retained earnings	17	<u><u>22,197</u></u>	<u><u>11,636</u></u>
Earnings per share (US\$)			
- basic	26	0.39	0.22
- diluted	26	0.38	0.22



Consolidated Statement of Changes in Equity

As at 31 December 2003

	Share Capital US \$'000	Share Premium US \$'000	Reserves US \$'000	Total Equity US \$'000
Balance at 1 January 2002	55,890	16,909	(5,308)	67,491
Currency translation differences	-	-	647	647
Profit for the year	-	-	11,636	11,636
Final dividend for 2001	-	-	(2,507)	(2,507)
Preference dividend for 2002	-	-	(356)	(356)
Issue of ordinary shares	<u>30</u>	<u>50</u>	<u>-</u>	<u>80</u>
Balance at 31 December 2002	<u>55,920</u>	<u>16,959</u>	<u>4,112</u>	<u>76,991</u>
Balance at 1 January 2003	55,920	16,959	4,112	76,991
Currency translation differences	-	-	8,869	8,869
Net profit for the year	-	-	22,197	22,197
Interim dividend for 2003	-	-	(2,609)	(2,609)
Preference dividend for 2003	-	-	(356)	(356)
Issue of share capital	<u>10,591</u>	<u>(10,181)</u>	<u>-</u>	<u>410</u>
Balance at 31 December 2003	<u>66,511</u>	<u>6,778</u>	<u>32,213</u>	<u>105,502</u>

Consolidated Cash Flow Statement

For the year ended 31 December 2003

	2003 US \$'000	2002 US \$'000
Cash flows from operating activities		
Interest and commission receipts	112,622	92,807
Interest payments	(31,999)	(32,452)
Fee and commission receipts	75,752	53,856
Other income received	259	2,952
Cash payment to employees and suppliers	(96,211)	(73,849)
Income tax paid	(12,112)	(9,669)
	<u>48,311</u>	<u>33,645</u>
Cash flows from operating profit before changes in operating assets and liabilities		
Changes in operating assets and liabilities		
Net increase in Treasury bills and other securities	(53,291)	(13,902)
Net increase in investment securities	(21,827)	(23,201)
Net increase in loans and advances	(261,220)	(117,177)
Net (increase)/decrease in other assets	(13,496)	67
Net increase in deposits	291,368	206,797
Net increase/(decrease) in other liabilities	(1,021)	10,942
	<u>(11,176)</u>	<u>97,171</u>
Net cash flow from operating activities		
Cash flows from investing activities		
Purchase of assets on lease	(3,944)	(674)
Purchase of fixed assets	(14,675)	(12,925)
Purchase of intangible assets	(926)	-
Proceeds from sale of fixed assets	1,179	556
	<u>(18,366)</u>	<u>(13,043)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Proceeds from issue of shares	410	80
Dividend paid	(2,965)	(2,760)
Proceeds from other borrowed funds	4,720	3,045
	<u>2,165</u>	<u>365</u>
Net cash from financing activities		
Effect of exchange rate changes on cash and cash equivalents	8,185	(1,561)
	<u>8,185</u>	<u>(1,561)</u>
Net increase /(decrease) in cash and cash equivalents	(19,192)	82,932
Cash and cash equivalents at 1 January	314,036	231,104
	<u>294,844</u>	<u>314,036</u>
Cash and cash equivalents at 31 December (Note 2)	<u>294,844</u>	<u>314,036</u>

Accounting Policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below:

A - Basis of Presentation

These financial statements are the consolidated financial statements of Ecobank Transnational Incorporated, a company registered in Togo on 7 October 1985, and its subsidiaries (hereinafter collectively referred to as "the Group"). The consolidated financial statements are prepared in accordance with International Accounting Standards. The consolidated financial statements are prepared under the historical cost convention as modified by the revaluation of certain assets to fair value and conform to generally accepted accounting principles and regulatory requirements.

The Group's operations and the records of the parent company are reported and maintained respectively in United States dollars in accordance with the company's Articles of Association. The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

B - Subsidiary Undertakings

Subsidiary undertakings, which are those companies in which the Group, directly or indirectly, has an interest of more than half of the voting rights or otherwise has power to exercise control over the operations, have been consolidated. Subsidiaries are consolidated from the date on which effective control is transferred to the Group, and subsidiaries to be divested are included up to the date of divestment. All intercompany transactions, balances and unrealised surpluses and deficits on transactions between group companies have been eliminated. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group. Separate disclosure is made for minority interest.

A list of the Group's principal subsidiaries is set out in Note 35.

C - Foreign Currency

Items included in the financial statements of each entity of the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity. Profit and loss statements and cash flows of foreign entities are translated into the Group's reporting currency at average exchange rates for the year and their balance sheets are translated at the year end exchange rates ruling on 31 December. Exchange differences arising from the re-translation of the net investment in foreign subsidiaries are taken to translation reserve in shareholders' equity. When a foreign entity is sold, such exchange differences are recognised in the profit and loss statement as part of the gain or loss on sale.

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the profit and loss statement. Such balances are translated at year end exchange rates or where appropriate, at the rate of the related forward contract.

Translation differences on debt securities and other monetary financial assets at fair value are included in foreign exchange gains and losses, whereas translation differences on non-monetary items such as equities held for trading are reported as part of the fair value gain or loss. Translation differences on available-for-sale equities are included in the revaluation reserve in equity.

D - Interest Income and Interest Expense

Interest income and expense on all interest earning assets and interest bearing liabilities are recognised in the profit and loss statement on an accrual basis. Interest income includes coupons earned on fixed income securities and trading securities. It also includes accrued discount and premium on discounted instruments. When a loan becomes doubtful of collection, it is written down to the recoverable amount and the accrual of interest income is suspended. Income is thereafter recognised on a cash basis.

E - Fee and Commission Income

Fees, commissions and other income are generally recognised on an accrual basis. Fees and commissions arising from negotiating or participating in the negotiation of a transaction on behalf of a third party are recognised as earned upon the completion of the underlying transaction. Loan origination fees for loans with the probability of being drawn down are deferred, together with the related direct costs, and booked as an adjustment to the effective yield on the loan. Advisory fees and other service fees are booked on the basis of the applicable service contracts.

F - Non-Interest Expenses

Non-interest expenses are recognised at the time the products are received or the services are provided.

G - Investment Securities

Investment securities are classified into the following two categories: held-to-maturity and available-for-sale assets. Investment securities with fixed maturity where management has both the intent and the ability to hold to maturity are classified as held-to-maturity. Investment securities which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices are classified as available-for-sale. Management determines the appropriate classification of its investments at the time of the purchase.

Investment securities are initially recognised at cost (which includes transactions costs). Available-for-sale financial assets are subsequently re-measured at fair value based on quoted bid prices or amounts derived from cash flow models. Fair values for unquoted equity instruments are estimated using applicable price/earnings or price/cash flow ratios refined to reflect the specific circumstances of the issuer. Unrealised gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognised in equity. When securities are disposed of or impaired, the related accumulated fair value adjustments are included in the profit and loss statement as gains and losses from investment securities.

A financial asset is impaired if its carrying amount is greater than its estimated recoverable

amount. By comparison, the recoverable amount of an instrument measured at fair value is the present value of expected future cash flows discounted at the current market rate of interest for a similar financial asset.

Interest earned whilst holding investment securities is reported as interest income. Dividends receivable are included separately in dividend income when a dividend is declared.

H - Loans and Provisions for Loan Impairment

All loans and advances are recognised when cash is advanced to borrowers. Initially, loans and advances are recorded at cost, which is the fair value of the consideration given. An allowance for loan impairment is established if there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms of loans. The amount of the provision is the difference between the carrying amount and the recoverable amount, including amounts recoverable from guarantees and collateral.

These provisions reflect the current economic climate, the banking regulations in the markets in which the Group operates and the Group's credit policy requirements. When a loan is uncollectable, it is written off against the related provision for impairments; subsequent recoveries are credited to the provision for loan losses in the profit and loss statement. If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited as a reduction of the provision for loan losses.

I - Fixed Assets

Fixed assets are stated at historical cost, or re-valued amount for assets that have been re-valued, less accumulated depreciation and provision for impairment, where required.

Land and buildings are subject to revaluation from time to time. The frequency of revaluation depends on the movements in the fair values of the assets being re-valued. The revaluation reserve included in shareholders' equity is transferred directly to retained earnings when the surplus is realised, i.e. on the retirement or disposal of an asset.

The last revaluation of significant assets was performed as of 31 December 2000. The revaluation was performed on the basis of an appraisal carried out by a professional real estate appraisal company. The basis used for the appraisal was market value.

Construction in progress is carried at cost, less any provision for impairment in value. Upon completion, assets are transferred to land and buildings, furniture and equipment or installations at their carrying value. Construction in progress is not depreciated until the asset is available for use.

Freehold and leasehold land and building are depreciated over the estimated useful life of the building and the unexpired term of the lease, respectively. Installations, office furniture, equipment and motor vehicles are depreciated on a straight-line basis over 2 to 5 years based on the estimated life of the asset.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to the profit and loss statement. The estimated recoverable amount of an asset is the higher of its net selling price or its value in use. Gains and losses on disposal of fixed assets are determined by reference to their carrying amount and are taken into account in determining operating profit. Repairs and renewals are charged to the profit and loss statement when the expenditure is incurred.

J - Leases

To date, the leases entered into by the Group are operating leases. The total payments made/received under operating leases are charged to the profit and loss statement on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, payments required to be made to /received from the lessor/lessee by way of penalty are recognised as an expense/income in the period in which the termination takes place.

K - Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less

than 90 days maturity from date of acquisition including cash and balances with central banks, Treasury bills and other eligible bills and amounts due to/from other banks

L - Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

M - Deferred Tax

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax basis of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

The principal temporary differences arise from depreciation on fixed assets and equipment on operating leases.

Deferred tax related to fair value re-measurement of available-for-sale investments which are charged or credited directly to equity, is also credited or charged directly to equity and is subsequently recognised in the profit and loss statement together with the deferred gain or loss.

N - Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is reported in the balance sheet as an intangible asset and is amortised using the straight-line method over a five year period.

The carrying amount of goodwill is reviewed when circumstances or events indicate that there may be uncertainty over the carrying amount and written down for impairment where the net present value of the forecast future cash flows are insufficient to support the carrying value.

O - Pension Obligations

The Group has various retirement benefit schemes in accordance with the local conditions and regulations in the countries in which it operates. Most schemes are of the defined benefit type and are managed under State social security plans. For defined pension contribution plans, the assets are held in separate trustee-administered funds. Both types of scheme are funded by contributions from employees and the relevant Group companies, based on specific percentages.

The Group's contributions are charged to the profit and loss statement in the year to which they relate.

P - Borrowings

Borrowings are recognised initially at "cost" (i.e. issue proceeds net of transaction costs incurred). Borrowings are subsequently stated at amortised cost and any difference between net proceeds and redemption value is recognised in the profit and loss statement over the period of the borrowings using the effective yield method.

Q - Dividends on Ordinary Shares

Dividends on ordinary shares are recognised in equity in the period in which they are declared.

Dividends for the year which are declared after the balance sheet date are dealt with in the subsequent events note.

R - Acceptances

Acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from the customers. Acceptances are accounted for as off-balance sheet transactions and are disclosed as contingent liabilities and commitments.

S - Fiduciary Activities

Assets and income arising thereon together with related undertakings to return such assets to customers are excluded from these financial statements where the Group acts in a fiduciary capacity such as nominee, trustee or agent.

T - Comparatives

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

Financial Risk Management

The risk management function in the Group is carried out in respect of financial risks (credit, market, interest rate, exchange rate and liquidity), operational risk and legal risk. The primary objectives of the financial risk management function are to establish risk limits and thereafter to ensure that exposure to risk stays within these limits. The operational and legal risk management functions are intended to ensure the adequacy as well as proper functioning of internal policies and procedures to minimize operational and legal risks.

A - Strategy in Using Financial Instruments

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

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

The Group also trades in financial instruments where it takes positions in traded and over the counter instruments to take advantage of short-term market movements in the equity and bond

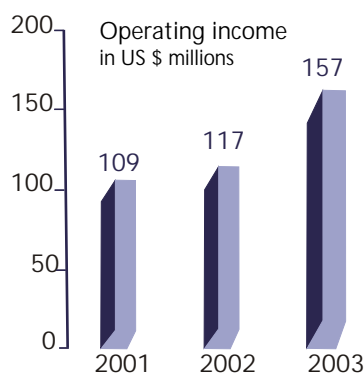
markets and in currency, interest rate and commodity prices. The Board places trading limits on the level of exposure that can be taken in relation to both overnight and intra-day market positions. Foreign exchange and interest rate exposures associated with these instruments are normally offset by entering into counterbalancing positions, thereby controlling the variability in the net cash amounts required to liquidate market positions.

B - Credit Risk

The Group takes on exposure to credit risk which is the risk that a counterparty will be unable to pay amounts in full when due. 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 industrial segments. Such risk is monitored on an ongoing basis and subject to frequent review. Limits on the level of credit risk by product, industry sector and by country are approved annually by the Group Risk Manager.

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

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees, but a significant portion of lending to multinational corporations and government is unsecured.



Financial Risk Management (continued)

B - Credit Risk (continued)

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, which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Group on behalf of customers 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 borrowing.

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 since most of the commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter term commitments.

Geographical concentration of assets and liabilities

	Total assets US \$'000	Total liabilities US \$'000	Capital expenditure US \$'000	Operating income US \$'000	Credit commitments US \$'000
As at 31 December 2003					
UEMOA region	907,001	877,662	12,392	85,158	123,470
Nigeria	206,149	169,603	1,649	25,621	75,086
Ghana	167,541	179,251	6,493	27,544	32,824
Central Africa	82,991	83,896	-	6,076	8,522
Other African countries	16,852	19,710	2,982	12,129	16,515
Americas	60,482	16,523	-	39	274
Asia	4,270	244	-	-	-
Europe	77,805	40,349	-	123	18,867
	<u>1,523,091</u>	<u>1,387,238</u>	<u>23,516</u>	<u>156,690</u>	<u>275,558</u>
As at 31 December 2002					
UEMOA region	619,920	638,277	6,490	39,412	206,072
Nigeria	200,273	168,481	4,012	44,473	48,612
Ghana	154,094	148,878	2,499	20,834	42,138
Central Africa	53,649	45,151	476	2,749	5,499
Other African countries	13,060	16,382	3,095	2,287	10,062
Americas	47,851	7,618	-	342	-
Asia	536	255	-	-	-
Europe	53,528	17,564	-	7,116	-
	<u>1,142,911</u>	<u>1,042,606</u>	<u>16,572</u>	<u>117,213</u>	<u>312,383</u>

Financial Risk Management (continued)

B - Credit Risk (continued)

Economic sector risk concentrations within the loan portfolio were as follows:

	2003 US \$'000	2003 %	2002 US \$'000	2002 %
Agriculture	4,686	1	12,289	2
Coffee and cocoa trading	51,931	6	24,954	4
Construction	32,465	4	24,608	4
Cotton ginning	42,593	5	29,463	5
Government	19,571	2	7,956	1
Manufacturing	170,699	21	109,880	19
Mining	20,515	2	15,542	3
Petroleum production and distribution	49,055	6	45,658	9
Services	236,985	28	169,910	30
Retail trade	59,203	7	20,386	5
Wholesale trade	140,869	17	74,923	13
Others	11,211	1	29,229	5
	<u>839,783</u>	<u>100</u>	<u>564,798</u>	<u>100</u>

C - Currency Risk

The Group is exposed to the effects of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board of Directors sets limits on the level of exposure by currency and in total for both overnight and intra-

day positions which are monitored daily. The table below summarises the Group's exposure to foreign currency exchange rate risks at 31 December. Included in the table are the Group's assets and liabilities at carrying amounts, categorised by currency.

Concentration of assets and liabilities

	USD US \$'000	Euro US \$'000	Local currencies US \$'000	Others US \$'000	Total US \$'000
As at 31 December 2003					
Assets					
Cash and short-term funds	104,851	61,322	209,489	8,901	384,563
Treasury and other eligible bills	45,039	-	139,444	-	184,483
Investment securities					
-Available-for-sale	3,418	72	34,979	-	38,469
-Held-to-maturity	1,406	1	13,158	2	14,567
Loans and advances	37,785	667	747,531	-	785,983
Other assets	5,611	3,260	56,431	12	65,314
Equipment on operating lease	-	-	3,900	-	3,900
Fixed assets	1,396	-	44,416	-	45,812
Total assets	<u>199,506</u>	<u>65,322</u>	<u>1,249,348</u>	<u>8,915</u>	<u>1,523,091</u>
Liabilities					
Due to banks	22,485	25,304	41,848	83	89,720
Deposits	115,957	10,235	1,023,237	3,806	1,153,235
Other liabilities, including tax	16,301	771	108,805	3,122	128,999
Other borrowed funds	5,982	5,895	3,407	-	15,284
Total liabilities	<u>160,725</u>	<u>42,205</u>	<u>1,177,297</u>	<u>7,011</u>	<u>1,387,238</u>
Net balance sheet position	<u>38,781</u>	<u>23,117</u>	<u>72,051</u>	<u>1,904</u>	<u>135,853</u>
As at 31 December 2002					
Total assets	91,372	63,098	982,043	6,398	1,142,911
Total liabilities	107,460	19,243	910,529	5,374	1,042,606
Net balance sheet position	<u>(16,088)</u>	<u>43,855</u>	<u>71,514</u>	<u>1,024</u>	<u>100,305</u>

Financial Risk Management (continued)

D - Liquidity Risk

The Group is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan draw downs, guarantees and from margin and other calls on cash settled instruments. The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The Board of Directors sets limits on the minimum proportion of

maturing funds available to meet such calls and on the minimum level of interbank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

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

Maturities of assets and liabilities

As at 31 December 2003	Up to 1 month US \$'000	1 - 6 months US \$'000	6 - 12 months US \$'000	Over 1 year US \$'000	Total US \$'000
Assets					
Cash and short-term funds	278,904	96,285	8,035	1,339	384,563
Treasury and other eligible bills	43,959	30,712	42,266	67,546	184,483
Loans and advances	425,468	168,529	61,770	130,216	785,983
Investment securities	2,531	26,529	1,948	22,027	53,035
Other assets	48,718	7,921	7,997	679	65,315
Operating leases	-	-	-	3,900	3,900
Fixed assets	4,607	15	5,794	35,396	45,812
Total assets	804,187	329,991	127,810	261,103	1,523,091
Liabilities					
Due to banks	88,457	1,262	-	-	89,719
Deposits	942,467	143,474	24,952	42,342	1,153,235
Other borrowed funds	-	5,982	-	9,302	15,284
Other liabilities	91,396	20,150	9,711	7,743	129,000
Total liabilities	1,122,320	170,868	34,663	59,387	1,387,238
Net liquidity gap	(318,133)	159,123	93,147	201,716	135,853
As at 31 December 2002					
Total assets	648,323	235,395	65,877	193,316	1,142,911
Total liabilities	749,061	194,769	47,792	50,984	1,042,606
Net liquidity gap	(100,738)	40,626	18,085	142,332	100,305

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

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

Notes to the Consolidated Financial Statements

1 - Business Segments

The Group is organised into two main business segments:

Retail and corporate banking: incorporating private banking services, current accounts, savings deposits, time deposits, foreign exchange, trade finance, funds transfer, investment savings products, custodial services, loans and advances.

Investment banking and other financial services: incorporating structured financing, corporate leasing, mergers and acquisitions, advisory

services, stockbroking, asset management, registrar services.

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

	2003 US \$'000	2002 US \$'000
2 - Cash and Short-Term Funds		
Cash in hand	57,330	36,772
Due from central banks other than mandatory reserve deposits	45,898	71,765
Due from other banks	<u>217,646</u>	<u>204,689</u>
	320,874	313,226
Mandatory reserve deposits with central banks	<u>63,689</u>	<u>47,838</u>
	<u>384,563</u>	<u>361,064</u>
Analysis of cash and cash equivalents		
Cash and short-term funds	384,563	361,064
Due to other banks (Note 10)	<u>(89,719)</u>	<u>(47,028)</u>
	<u>294,844</u>	<u>314,036</u>

3 - Treasury and Other Eligible Bills

Treasury bills	125,993	101,763
Government securities	37,502	19,448
Other bills	<u>20,988</u>	<u>9,981</u>
	<u>184,483</u>	<u>131,192</u>

Treasury and other eligible bills are debt securities issued by the Treasury departments of the various countries where the subsidiaries operate. The bills

are held for trading and are carried at their fair value.

Notes to the Consolidated Financial Statements (continued)

4 - Investment Securities	2003 US \$'000	2002 US \$'000
Available-for-sale		
Debt securities - at fair value		
- Listed	2,239	984
- Unlisted	7,187	-
Equity securities - at fair value		
Unlisted	<u>7,795</u>	<u>7,644</u>
	17,221	8,628
Less: Provision for impairment	<u>(200)</u>	<u>(135)</u>
Total securities available-for-sale	<u>17,021</u>	<u>8,493</u>
Held-to-maturity		
Debt securities - at cost		
- Listed	1,154	-
- Unlisted	34,946	22,772
Less: Provision for impairment	<u>(86)</u>	<u>(57)</u>
Total securities held-to-maturity	<u>36,014</u>	<u>22,715</u>
Total investment securities	<u>53,035</u>	<u>31,208</u>
5 - Loans and Advances		
Overdrafts	278,664	201,495
Term loans	382,617	263,755
Mortgage loans	469	1,403
Commercial loans	70,259	62,870
Others	<u>107,774</u>	<u>35,275</u>
	839,783	564,798
Provision for credit losses	(45,427)	(34,742)
Interest in suspense	<u>(8,373)</u>	<u>(5,293)</u>
	<u>785,983</u>	<u>524,763</u>
Analysis by security:		
Secured against real estate	16,363	18,078
Otherwise secured	308,090	166,538
Unsecured	<u>515,330</u>	<u>380,182</u>
	<u>839,783</u>	<u>564,798</u>

Notes to the Consolidated Financial Statements (continued)

	2003 US \$'000	2002 US \$'000
5 - Loans and Advances (continued)		
Analysis by performance:		
Performing	767,275	517,493
Non - performing	<u>72,508</u>	<u>47,305</u>
	<u>839,783</u>	<u>564,798</u>
6 - Other Assets		
Interest and fees receivable	9,799	5,713
Prepayments	8,847	7,691
Sundry receivables	<u>48,545</u>	<u>39,283</u>
	67,191	52,687
Provision for doubtful accounts receivable	<u>(1,876)</u>	<u>(868)</u>
	<u>65,315</u>	<u>51,819</u>
7 - Intangible Assets		
Goodwill		
Opening net book amount	2,138	5,494
Purchase	726	-
Disposal	(716)	-
Exchange rate movement	916	(1,218)
Amortisation charge	<u>(3,064)</u>	<u>(2,138)</u>
Closing net book amount	<u>-</u>	<u>2,138</u>
Net book amount		
Cost	15,007	15,007
Accumulated amortisation	<u>(15,007)</u>	<u>(12,869)</u>
	<u>-</u>	<u>2,138</u>

Notes to the Consolidated Financial Statements (continued)

	2003 US \$'000	2002 US \$'000
8 - Equipment on Operating Lease		
Cost		
At 1 January	1,102	480
Exchange rate differences	(107)	(52)
Additions	<u>3,944</u>	<u>674</u>
At 31 December	<u>4,939</u>	<u>1,102</u>
Accumulated depreciation		
At 1 January	449	171
Exchange rate differences	(43)	(18)
Charge for the year	<u>633</u>	<u>296</u>
	<u>1,039</u>	<u>449</u>
Net book value at 31 December	<u><u>3,900</u></u>	<u><u>653</u></u>

9 - Fixed Assets	Motor vehicles US \$'000	Land and Buildings US \$'000	Furniture & equipment US \$'000	Installations US \$'000	Construction in progress US \$'000	Total US \$'000
At 31 December 2002						
Cost/valuation	7,924	11,631	35,147	12,388	7,680	74,770
Accumulated depreciation	<u>4,856</u>	<u>2,235</u>	<u>23,066</u>	<u>4,539</u>	-	<u>34,696</u>
Net book value	<u><u>3,068</u></u>	<u><u>9,396</u></u>	<u><u>12,081</u></u>	<u><u>7,849</u></u>	<u><u>7,680</u></u>	<u><u>40,074</u></u>
Year ended December 2003						
Opening net book value	3,068	9,396	12,081	7,849	7,680	40,074
Additions	2,020	1,524	6,285	1,296	3,550	14,675
Disposals/reclassification	(307)	-	(1,129)	(16)	329	(1,123)
Depreciation charge	(1,524)	(519)	(4,892)	(1,369)	-	(8,304)
Exchange rate adjustments	<u>142</u>	<u>317</u>	<u>1,058</u>	<u>182</u>	<u>(1,209)</u>	<u>490</u>
Closing net book value	<u><u>3,399</u></u>	<u><u>10,718</u></u>	<u><u>13,403</u></u>	<u><u>7,942</u></u>	<u><u>10,350</u></u>	<u><u>45,812</u></u>
At 31 December 2003						
Cost/valuation	9,780	13,472	41,361	13,850	10,350	88,813
Accumulated depreciation	<u>6,381</u>	<u>2,754</u>	<u>27,958</u>	<u>5,908</u>	-	<u>43,001</u>
Net book value	<u><u>3,399</u></u>	<u><u>10,718</u></u>	<u><u>13,403</u></u>	<u><u>7,942</u></u>	<u><u>10,350</u></u>	<u><u>45,812</u></u>

	2003 US \$'000	2002 US \$'000
10 - Due to Other Banks		
Items in course of collection	22,542	10,133
Deposits from other banks	<u>67,177</u>	<u>36,895</u>
	<u><u>89,719</u></u>	<u><u>47,028</u></u>

Notes to the Consolidated Financial Statements (continued)

	2003 US \$'000	2002 US \$'000
11 - Deposits		
Institutional		
- Current/settlement accounts	264,056	165,464
- Term deposits	135,136	107,287
Commercial		
- Current/settlement accounts	249,768	170,787
- Term deposits	53,798	45,746
Consumer		
- Current/settlement accounts	239,641	197,170
- Term deposits	137,292	94,448
- Savings deposits	<u>73,544</u>	<u>80,965</u>
	<u>1,153,235</u>	<u>861,867</u>

12 - Taxation

a - Charge

Current tax	19,423	13,792
Deferred tax	(436)	(84)
Exchange difference	<u>(739)</u>	<u>-</u>
	<u>18,248</u>	<u>13,708</u>

Provision has been made against the profit of each subsidiary in accordance with the income tax legislation in force in its country of operation at the

balance sheet date. The charge for the year is the aggregate of the charge on the net profit for all the entities.

b - Current taxes payable

At 1 January 2003	9,400	5,277
Charge for the year	19,423	13,792
Payments during the year	<u>(12,112)</u>	<u>(9,669)</u>
At 31 December 2003	<u>16,711</u>	<u>9,400</u>

c - Deferred tax liability

At 1 January 2003	1,333	1,417
Abatement during the year	<u>(436)</u>	<u>(84)</u>
At 31 December 2003	<u>897</u>	<u>1,333</u>
	<u>17,608</u>	<u>10,733</u>

Notes to the Consolidated Financial Statements (continued)

	2003 US \$'000	2002 US \$'000
13 - Other Liabilities		
Accrued interest and commission	8,221	5,938
Unclaimed dividend	790	787
Provisions and accruals	14,019	15,089
Obligations under customers' letters of credit	35,075	13,585
Other liabilities	<u>53,287</u>	<u>77,014</u>
	<u>111,392</u>	<u>112,413</u>

14 - Other Borrowed Funds

European Investment Bank (EIB)	1,688	1,358
International Finance Corporation (IFC)	3,750	3,750
Ashanti Goldfields Company Employees Pension Fund	3,407	3,592
Netherlands Development Finance Company (FMO)	3,152	551
Others	<u>3,287</u>	<u>1,314</u>
	<u>15,284</u>	<u>10,565</u>

The EIB facility is repayable in 2005 and the interest rate ranges from 5.25% (fixed) to 2.625% per annum above the London Interbank Offer Rate (LIBOR). The IFC facility is repayable in June 2004. The applicable interest rates are 9.5% in 2003 and 5% in 2004 respectively

The borrowing from the Ashanti Goldfields Pension Fund is a 6-year subordinated non-redeemable note which matures in March 2008. It attracts interest at 4% above the Ghanaian one-year Treasury bond rate.

The FMO facility is repayable between 2003 and 2007. Interest is paid at 1% above the BCEAO discount rate.

15 - Minority Interest

Share capital	12,177	10,038
Share premium	327	924
Retained earnings	8,985	7,165
Revaluation reserve	661	98
Profit for the year	8,017	4,931
Exchange differences	<u>184</u>	<u>158</u>
	<u>30,351</u>	<u>23,314</u>

Minority interest represents the part of the net assets of the subsidiaries, together with the portion of the net result for the year which are

attributable to interests not owned directly, or indirectly through subsidiaries, by the Group.

Notes to the Consolidated Financial Statements (continued)

16 - Share Capital	2003 No. '000	2003 US \$'000	2002 No. '000	2002 US \$'000
Authorised				
Ordinary shares of \$1 each	100,000	100,000	100,000	100,000
Preference shares of \$1 each	3,750	3,750	3,750	3,750
	<u>103,750</u>	<u>103,750</u>	<u>103,750</u>	<u>103,750</u>
Issued and fully paid				
Ordinary shares of \$1 each				
At 1 January	52,170	52,170	52,140	52,140
Issued during the year	10,591	10,591	30	30
At 31 December	62,761	62,761	52,170	52,170
Preference shares of \$1 each	3,750	3,750	3,750	3,750
Total issued share capital	<u>66,511</u>	<u>66,511</u>	<u>55,920</u>	<u>55,920</u>

The preference shares were issued to the International Finance Corporation (IFC) in 1999. They are non-transferable and, except for the right of payment of any dividend, rank pari passu with the ordinary shares of the company. They will automatically be converted into ordinary shares on 1 January 2005 or, at the option of the IFC, at any date subsequent to 31 December 2002. The conversion price is the lower of US \$2.45 or, if the company is listed at that time, the quoted price of ordinary shares at the date of conversion.

This option was exercised on 2 February 2004 when the IFC was issued with 1,530,612 ordinary

shares in exchange for the preference shares which were cancelled. Preference dividends, which are cumulative, were payable at an annual rate of 7.5% from issuance through 31 December 2000, at 9.0% per annum for 2001 and at 9.5% thereafter.

Issues of ordinary shares during the year were from the company's pool of unsubscribed shares from the rights issue of 1998. All previously unsubscribed for shares were fully subscribed for and issued during the year.

Notes to the Consolidated Financial Statements (continued)

17 - Reserves	2003 US \$'000	2002 US \$'000
Retained earnings	65,485	44,336
Share premium	6,778	16,959
Revaluation reserve	1,806	1,806
Capital reserve on consolidation	5,009	5,009
Translation reserve	(40,087)	(47,039)
	<u>38,991</u>	<u>21,071</u>
Movements in reserves were as follows:		
Retained earnings		
Balance at 1 January	46,253	37,480
Transferred from profit and loss account	22,197	11,636
Dividend (note 25)	(2,965)	(2,863)
Balance at 31 December	<u>65,485</u>	<u>46,253</u>
Share premium		
Balance at 1 January	16,959	16,909
Bonus Issues	(10,434)	-
Premium on new issues	253	50
Balance at 31 December	<u>6,778</u>	<u>16,959</u>
Translation reserve		
Balance at 1 January	(48,956)	(49,603)
Exchange rate movements	8,869	647
Balance at 31 December	<u>(40,087)</u>	<u>(48,956)</u>

The company restated the prior year comparatives of its retained earnings and translation reserves

during the year to reflect the movements in the translation reserve and retained earnings.

18 - Interest and Discount Income

Placements and short-term funds	15,946	21,855
Treasury bills and investment securities	22,314	8,583
Loans and advances	73,952	61,153
Others	410	1,216
	<u>112,622</u>	<u>92,807</u>

19 - Interest and Discount Expense

Current accounts	3,649	5,890
Savings deposits	4,084	2,687
Time deposits	17,441	16,521
Borrowed funds	6,825	7,354
	<u>31,999</u>	<u>32,452</u>

Notes to the Consolidated Financial Statements (continued)

	2003 US \$'000	2002 US \$'000
20 - Fee, Commission and Foreign Exchange Income		
Foreign exchange earnings	24,481	17,189
Other fees and commissions	<u>51,271</u>	<u>36,667</u>
	<u>75,752</u>	<u>53,856</u>
21 - Other Income		
Lease rental income	63	13
Profit on sale of fixed assets	56	50
Other income	<u>196</u>	<u>2,939</u>
	<u>315</u>	<u>3,002</u>
22 - Staff Expense		
Wages and salaries	35,149	28,931
Pension and social security costs	<u>3,067</u>	<u>2,094</u>
	<u>38,216</u>	<u>31,025</u>
The average number of persons employed by the Group during the year was 1,698 (2002:1,620).		
23 - Depreciation and Amortisation		
Fixed assets	8,111	7,646
Equipment on operating lease	842	1,276
Other intangible assets	<u>-</u>	<u>1,755</u>
	<u>8,953</u>	<u>10,677</u>
24 - Other Operating Expenses		
Advertising and promotion	2,994	1,173
Board activities	1,920	2,138
Business travels	2,051	1,628
Communications	5,007	4,211
Insurance	2,372	1,969
Operational losses and fines	6,697	2,798
Professional fees	1,246	1,463
Rent, rates and utilities	5,471	4,253
Repairs and maintenance	3,260	2,582
Supplies and other services	5,772	5,410
Training	1,019	675
Other expenses	<u>14,514</u>	<u>9,075</u>
	<u>52,323</u>	<u>37,375</u>

Notes to the Consolidated Financial Statements (continued)

	2003 US \$'000	2002 US \$'000
25 - Dividend		
Final ordinary dividend for 2001	-	2,507
Interim ordinary dividend for 2003 at \$0.05 per share	2,609	-
Preference dividend at \$0.095 per share	356	356
	<u>2,965</u>	<u>2,863</u>

Final ordinary dividends are not accounted for until they have been ratified at the Annual General Meeting. Any such dividends will eventually be

recognised in shareholders' equity as an appropriation of 2003 retained profits in the year ending 31 December 2004.

26 - Earnings per Share

Basic earnings per share is calculated by dividing the profit attributable to shareholders (less preference dividend) by the weighted average number of ordinary shares in issue during the year. For the diluted earnings per share the weighted average number of ordinary shares is adjusted to assume conversion of all dilutive potential ordinary

shares. The only category of dilutive potential ordinary shares are preference shares.

In the diluted EPS calculation, the preference shares are assumed to have been converted into ordinary shares at their minimum conversion price of \$2.45 per share and the numerator is the profit attributable to shareholders.

27 - Contingent Liabilities

As at 31 December 2003 there were legal proceedings outstanding against the Group with contingent liabilities of US \$9.9 million (2002: US \$4.2 million).

Based on professional advice, the directors are of the opinion that adequate provisions have been made in the financial statements for any liability that may arise albeit insignificant.

28 - Capital Commitments

As at 31 December 2003, the Group had capital commitments of US \$2.6 million (2002 US\$1.7 million) in respect of capital works in progress.

Management is confident that future revenues and funding will be sufficient to meet these commitments.

29 - Credit Related Commitments

In the normal course of business, Group companies are parties to financial instruments with off-balance sheet risk. These instruments are issued to meet the credit and other financial requirements

of customers. The contractual amounts of the off-balance sheet financial instruments are:

	2003 US \$'000	2002 US \$'000
Performance bond, guarantees and indemnities	59,808	56,298
Bankers acceptances rediscounted	10,842	15,496
Guaranteed commercial papers	113,063	136,347
Clean line letters of credit	91,845	104,242
	<u>275,558</u>	<u>312,383</u>

Notes to the Consolidated Financial Statements (continued)

30-Employee Share Ownership Scheme

The company's shareholders adopted an Employee Share Ownership Scheme in 1997. The Scheme provides for employees of the parent company and subsidiaries to own up to ten percent of the ordinary share capital of Ecobank Transnational Incorporated on an on-going basis.

The shares are purchased on terms and conditions determined by the Board of Directors from time to time. At the balance sheet date, a total of 1,228,841 ordinary shares (2002:1,010,362) were held by employees under this scheme.

	2003 US \$'000	2002 US \$'000
31 - Directors' Emoluments		
Fees and sitting allowances	224	234
Directors' other expenses	<u>43</u>	<u>60</u>
	<u>267</u>	<u>294</u>

32 - Directors' Shareholdings

The interest of directors in the issued share capital of Ecobank Transnational Incorporated are as follows:

	2003 No. of shares	2002 No. of shares
M. Olufemi Adefope	102,080	85,067
Jean N. Aka	110,000	100,000
John Akin-George	168,144	140,120
Philip C. Asiodu	358,441	298,701
Cheick Modibo Diarra	-	-
Gervais K. Djondo	1,244,116	1,075,225
Rizwan Haider	35,400	29,500
Samuel Jonah	119,940	99,950
Abdoulaye Kone	12,000	10,000
Kolapo Lawson	12,000	10,000
Oba Otudeko	2,708,220	2,256,850
Mande Sidibe	3,600	3,000
Fogan Sossah	39,000	32,500
EBID* (represented by Christian Adovelande)	7,200,000	6,000,000
Kingdom 5-KR-67 Ltd (represented by Kofi Bucknor)	4,198,251	3,498,543
West Africa Growth Fund (represented by Michel Abrogoua)	<u>1,200,000</u>	<u>1,000,000</u>
	<u>17,511,192</u>	<u>14,639,456</u>

* formerly ECOWAS Fund

Notes to the Consolidated Financial Statements (continued)

33 - Loans and Indebtedness of Directors

As at 31 December, the following directors were directly or indirectly indebted to the Group as follows:

	2003 Direct US \$'000	2003 Indirect * US \$'000	2003 Total US \$'000	2002 Direct US \$'000	2002 Indirect * US \$'000	2002 Total US \$'000
Jean Aka	28	-	28	56	-	56
John Akin-George	-	166	166	-	119	119
EBID	42	-	42	-	41	41
Kolapo Lawson	-	255	255	-	-	-
Oba Otudeko	-	16,512	16,512	-	10,742	10,742
	<u>70</u>	<u>16,933</u>	<u>17,003</u>	<u>56</u>	<u>10,902</u>	<u>10,958</u>

* Includes related party indebtedness as defined in IAS 24.

34 - Exchange Rates

The year end rates used in the translation of the balance sheets to US dollars were:

	2003	2002
CFA francs	520	626
Cedis	8,805	8,352
Guinean francs	2,000	1,976
Naira	140	126
Liberian dollars	50	50

The average rates for the year used in the translation of the profit and loss statements to US dollars were:

	2003	2002
CFA francs	576	693
Cedis	8,663	7,920
Guinean francs	1,986	1,976
Naira	130	121
Liberian dollars	57	50

Notes to the Consolidated Financial Statements (continued)

35 - The Group's Principal Subsidiaries

a. The banking subsidiary undertakings at 31 December 2003 were:

Name of subsidiary	Country of operation	Percentage of equity held by ETI:	
		2003 %	2002 %
Ecobank Benin	Benin	78	78
Ecobank Burkina	Burkina Faso	78	68
Ecobank Cameroun	Cameroon	80	80
Ecobank Côte d'Ivoire	Côte d'Ivoire	94	94
Ecobank Ghana	Ghana	92	94
Ecobank Guinée	Guinea	83	83
Ecobank Liberia	Liberia	100	100
Ecobank Mali	Mali	82	82
Ecobank Niger	Niger	91	91
Ecobank Nigeria	Nigeria	55	55
Ecobank Senegal	Senegal	75	74
Ecobank Togo	Togo	81	81

b - The non banking subsidiary undertakings at 31 December 2003 were:

- i - Ecobank Development Corp., which has an investment banking mandate and operates across the region. It is a wholly owned subsidiary.
- ii - EIC-Bourse, a stockbroking and advisory services company which covers the zone of the West African Economic and Monetary Union. ETI holds 84% of its equity.

36 - Country Summary Financial Information

	Total assets US \$'000	Total deposits US \$'000	Risk assets US \$'000	Profit /(loss) after tax US \$'000	Equity US \$'000
Benin	258,440	176,142	159,406	5,287	23,880
Burkina Faso	136,152	111,024	60,603	3,525	10,998
Cameroon	89,157	55,266	54,464	889	2,916
Côte d'Ivoire	229,002	159,177	160,465	4,121	14,468
Ghana	203,537	142,358	70,766	7,862	23,300
Guinea	63,817	51,018	23,194	3,787	7,245
Liberia	18,708	14,188	4,867	20	2,311
Mali	107,844	80,927	62,013	3,078	9,186
Niger	52,086	30,012	34,083	(387)	3,488
Nigeria	194,895	135,713	58,908	6,301	26,878
Senegal	93,484	73,871	48,428	1,092	5,899
Togo	144,554	115,685	47,456	3,281	13,691

Notes to the Consolidated Financial Statements (continued)

37 - Post Balance Sheet Events


There were no events in the post balance sheet period which could have had any material impact on the Group's results or state of affairs as at 31 December 2003.

38 - Parent Company, Ecobank Transnational Incorporated (ETI)

The parent company is a legal entity distinct from its subsidiaries. Its relationship with its subsidiaries is governed by laws and regulations in force in the respective countries in which they operate. ETI is regulated by the Banque Centrale des Etats de l'Afrique de l'Ouest (BCEAO). ETI is under the supervision of the Commission Bancaire, the supervisory arm of the BCEAO.

Investments in subsidiaries are stated using the equity method of accounting in accordance with the provision of International Accounting Standard (IAS) 27. Abridged financial information on the parent company is presented below.

Balance Sheet As at 31 December 2003



	2003 US \$'000	2002 US \$'000
Assets		
Bank balances	302	1,030
Due from subsidiaries	3,675	2,095
Other assets	2,745	3,089
Fixed assets	1,397	1,886
Investment in subsidiaries	<u>113,397</u>	<u>81,699</u>
Total assets	<u>121,516</u>	<u>89,799</u>
Liabilities		
Due to subsidiaries	6,789	4,182
Other liabilities	5,475	4,876
Other borrowed funds	<u>3,750</u>	<u>3,750</u>
Total liabilities	<u>16,014</u>	<u>12,808</u>
Shareholders' equity		
Share capital	66,511	55,920
Reserves	<u>38,991</u>	<u>21,071</u>
Total shareholders' equity	<u>105,502</u>	<u>76,991</u>
Total liabilities and shareholders' equity	<u>121,516</u>	<u>89,799</u>

Notes to the Consolidated Financial Statements (continued)

38 - Parent Company, Ecobank Transnational Incorporated (continued)

Profit and Loss Statement For the year ended 31 December 2003	2003 US \$'000	2002 US \$'000
Interest and discount income	32	82
Interest and discount expense *	<u>(434)</u>	<u>(814)</u>
Net interest expense	(402)	(732)
Fees and commission	3,474	4,249
Foreign exchange earnings	(80)	141
Operating expenses :		
Staff expense	(3,459)	(3,561)
Amortisation of goodwill	(3,048)	(2,138)
Depreciation	(595)	(887)
Others	<u>(4,394)</u>	<u>(4,076)</u>
Loss before share of profits of subsidiaries	(8,504)	(7,004)
Share of profits of subsidiaries	<u>30,701</u>	<u>18,640</u>
Transfer to retained earnings	<u><u>22,197</u></u>	<u><u>11,636</u></u>

* Included in the \$ 434 is \$ 356 paid on the IFC loan (2002: \$ 356)

Details of other operating expenses

Advertising and promotion	53	266
Board and shareholders' activities	548	611
Business travels	203	1,141
Communications	178	516
Insurance	61	33
Professional fees	314	358
Rent, rates and utilities	148	185
Repairs and maintenance	80	103
Supplies and other services	64	37
Training	8	40
Others	<u>2,737</u>	<u>786</u>
	<u><u>4,394</u></u>	<u><u>4,076</u></u>

Notes to the Consolidated Financial Statements (continued)

38 - Parent Company, Ecobank Transnational Incorporated (continued)

Statement of Changes in Equity For the year ended 31 December 2003	Share Capital US \$'000	Share Premium US \$'000	Reserves US \$'000	Total Equity US \$'000
At 1 January 2002	55,890	16,909	(5,308)	67,491
Issue of ordinary shares	30	50	-	80
Net profit for the year	-	-	11,636	11,636
Final dividend for 2001	-	-	(2,507)	(2,507)
Preference dividend for 2002	-	-	(356)	(356)
Translation differences	-	-	647	647
At 31 December 2002	<u>55,920</u>	<u>16,959</u>	<u>4,112</u>	<u>76,991</u>
At 1 January 2003	55,920	16,959	4,112	76,991
Issue of ordinary shares	10,591	(10,181)	-	410
Net profit for the year	-	-	22,197	22,197
Interim dividend for 2003	-	-	(2,609)	(2,609)
Preference dividend for 2003	-	-	(356)	(356)
Translation differences	-	-	8,869	8,869
At 31 December 2003	<u>66,511</u>	<u>6,778</u>	<u>32,213</u>	<u>105,502</u>

Notes to the Consolidated Financial Statements (continued)

38 - Parent Company, Ecobank Transnational Incorporated

Cash Flow Statement

For the year ended 31 December 2003

	2003 US \$'000	2002 US \$'000
Cash flows from operating activities		
Loss before share of profit of subsidiaries	(8,504)	(7,004)
Depreciation and amortisation of goodwill	3,643	3,025
Translation loss on hedged funds	-	(1,675)
Book value of fixed assets disposed	12	24
	<u>(4,849)</u>	<u>(5,630)</u>
Changes in operating assets and liabilities:		
Net (increase)/decrease in other assets	235	(1,716)
Net (increase)/decrease in due from subsidiaries	(1,580)	4 810
Net increase in interest payable and accrued expenses	(34)	(196)
Net increase/(decrease) in overdraft	-	(6)
Net increase/(decrease) in due to subsidiaries	2,607	(4,257)
Net increase in other liabilities	633	821
Net cash used in operating activities	<u>(2,988)</u>	<u>(6,174)</u>
Cash flows from financing activities		
Dividend paid	(2,965)	(2,599)
Proceeds from issue of shares	410	80
Net cash used financing activities	<u>(2,555)</u>	<u>(2,519)</u>
Cash flows from investing activities		
Investment in subsidiaries	(2,124)	(658)
Proceeds from disposal of investments	958	3
Proceeds from disposal of fixed assets	94	163
Purchase of fixed assets	(104)	(839)
Dividend received	5,991	9,671
Net cash from investing activities	<u>4,815</u>	<u>8,340</u>
Net decrease in bank balances	(728)	(353)
Bank balances at 1 January	<u>1,030</u>	<u>1,383</u>
Bank balances at 31 December	<u><u>302</u></u>	<u><u>1,030</u></u>

Ecobank Transnational Incorporated and Subsidiaries Consolidated Statement of Value Added

For the year ended 31 December 2003

	2003		2002	
	US \$'000	%	US \$'000	%
Value added				
Operating income	156,690		117,213	
Administrative overheads	(49,714)		(37,375)	
	<u>106,976</u>	<u>100</u>	<u>79,838</u>	<u>100</u>
Distribution				
Employees				
Salaries and wages	38,216	36	31,025	39
Providers of equity				
Dividend	2,609	3	-	-
Government				
Taxation	18,248	17	13,708	17
Future :				
Depreciation	12,017	11	12,816	16
Loan loss provision	5,672	5	5,722	7
Retained earnings and minority interest	30,214	28	16,567	21
	<u>106,976</u>	<u>100</u>	<u>79,838</u>	<u>100</u>

Value added is the wealth created by the efforts of the Group and its employees. This statement shows the allocation of that wealth between the

employees, shareholders, government and the part re-invested for future wealth creation.

Ecobank Transnational Incorporated and Subsidiaries

Five Year Financial Summary

	2003 US \$'000	2002 US \$'000	2001 US \$'000	2000 US \$'000	1999 US \$'000
Profit and loss statement					
Revenue	<u>151,018</u>	<u>111,491</u>	<u>97,741</u>	<u>87,423</u>	<u>78,510</u>
Profit before tax	<u>48,462</u>	<u>30,275</u>	<u>25,538</u>	<u>28,787</u>	<u>24,673</u>
Profit after tax and goodwill	<u>30,214</u>	<u>16,567</u>	<u>12,829</u>	<u>18,115</u>	<u>14,616</u>
Minority interest	<u>(8,017)</u>	<u>(4,931)</u>	<u>(4,838)</u>	<u>(4,162)</u>	<u>(3,666)</u>
Preacquisition profit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(899)</u>
Retained earnings	<u><u>22,197</u></u>	<u><u>11,636</u></u>	<u><u>7,991</u></u>	<u><u>13,953</u></u>	<u><u>10,051</u></u>
Balance sheet					
Cash and short-term funds	384,563	361,064	299,683	326,195	256,701
Investment securities	237,518	162,400	125,297	96,563	185,328
Loans and advances	785,983	524,763	407,586	397,253	305,459
Other assets	<u>115,027</u>	<u>94,684</u>	<u>94,615</u>	<u>75,813</u>	<u>71,784</u>
Total assets	<u><u>1,523,091</u></u>	<u><u>1,142,911</u></u>	<u><u>927,181</u></u>	<u><u>895,824</u></u>	<u><u>819,272</u></u>
Due to banks	89,719	47,028	68,579	118,900	41,400
Deposit and other accounts	1,153,235	861,867	655,070	628,539	590,026
Other liabilities	129,000	123,146	108,509	62,400	104,416
Long term debt	15,284	10,565	7,520	5,581	5,966
Minority interest	<u>30,351</u>	<u>23,314</u>	<u>20,012</u>	<u>18,283</u>	<u>18,151</u>
Total liabilities	<u>1,417,589</u>	<u>1,065,920</u>	<u>859,690</u>	<u>833,703</u>	<u>759,959</u>
Share capital	66,511	55,920	55,890	53,781	53,472
Reserves	<u>38,991</u>	<u>21,071</u>	<u>11,601</u>	<u>8,340</u>	<u>5,841</u>
Equity	<u>105,502</u>	<u>76,991</u>	<u>67,491</u>	<u>62,121</u>	<u>59,313</u>
Total liabilities and equity	<u><u>1,523,091</u></u>	<u><u>1,429,911</u></u>	<u><u>927,181</u></u>	<u><u>895,824</u></u>	<u><u>819,272</u></u>
Statistics					
Earnings per share \$ (basic)	0.39	0.22	0.15	0.27	0.28
Net assets per share \$	1.62	1.40	1.22	1.17	1.12

