RESEARCH PAPER

THE CROSS BORDER EXPANSION OF AFRICAN LCFIs

Implications for Regional Financial Stability and Regulatory Reform

Inutu Lukonga with Kay Chung

September 2010

1 This paper should not be reported as representing the views of the IMF. The views expressed in this paper are those of the authors and do not represent the IMF or IMF policy.
Abstract
The global financial crisis has reignited interest in Large and Conglomerate Financial Institutions (LCFIs). However, attention has focused on industrial countries while the cross border expansion of African LCFIs is taking place unnoticed, nor are the stability implications well understood. This paper tries to fill the gap by documenting the trends and characteristics of the African LCFIs, analyzes the stability risks that the groups pose, and identifies regulatory reforms to mitigate the risks with a view to ensure that the expansion contributes to improved financial intermediation and sustainable economic growth.
I. INTRODUCTION

1. The global financial crisis has re-ignited policy discussion of the age-old issue of financial institutions that are “too big to fail”. The combined effect of the collapse of Lehman brothers, the disruptive failures that ensued, the shotgun marriages that followed, and the use of public funds to bailout some household names in the financial industry has resurrected attention to the risks posed by Large or Conglomerate Financial Institutions (LCFIs). Policy attention has also turned to financial institutions that may not necessarily be big by themselves, but are too interconnected and too important for the functioning of the global financial system, to be allowed to fail.

2. However, so far, the attention has focused on LCFIs in industrial countries while the emergence of large and interconnected financial groups in Africa has escaped scrutiny. There is currently very little information on the cross border activities of African LCFIs or the potential systemic risks that these groups present for regional financial stability. Yet, stress in these financial groups can have an equally destabilizing effect for the region’s financial system, given the scope of their geographical coverage and the systemic importance of some in home or the host countries.

3. Against this backdrop, this paper has three broad objectives. These are to: (i) draw attention to the presence and growth of African LCFIs and their characteristics; (ii) assess the stability implications of these financial institutions; and (iii) propose appropriate modifications to the regulatory framework that would ensure that the potential contribution of these financial groups is not punctuated by booms and bust cycles, but rather that there is a sustained contribution to the region’s economic growth.

4. To achieve the stated objectives, the following methodology was adopted. The paper identifies banks with cross border operations in 4 or more countries and provides in-depth analysis of those banks that either have a pan African presence or have operations in other continents. The risks and vulnerabilities that these financial groups present for the region is thereafter analyzed and an evaluation is made of the extent to which existing oversight arrangements mitigate the identified risks. Based on this analysis, regulatory gaps are identified and an agenda for reforms is proposed.

---

2 This paper adopts the Joint Forum definition of a financial conglomerate, that is as any group of companies under common control whose exclusive or predominant activities consist of providing significant services in at least two different financial sectors, that is banking securities and insurance.

3 The paper does not cover banks such as Barclays, Citigroup, Standard Chartered, Bank of Baroda and Habib Bank where the parent banks are registered outside SSA. Similarly banks from North African region that are expanding rapidly across the region such as Morrocan bank (Attijariwafa Bank) or the Libyan bank will be covered in the follow up issue. An exception has been made for Bank of Africa (B0A) for specific reasons.
5. The conclusion emerging from the review is that though there appears to be no imminent threat to the region’s financial stability, the pace of cross border expansion in the absence of group oversight is a recipe for a crisis. The performance of African LCFIs has been mixed, but a key concern is that current regulatory practices in both home and host countries do not adequately mitigate the risks that these financial groups present. The key weaknesses relate to inadequacies in consolidated and cross border supervision, absence of harmonized standards; and inadequacies in liquidity and crisis management arrangements for cross sector and cross border operations. Thus, unless efforts are expedited to address these identified deficiencies, the expansion of African LCFIs could be punctuated by booms and bust that will not augur well for confidence in the banking system and intermediation that is necessary to support economic growth.

6. The remainder of the paper is structured as follows: Section II discusses trends and characteristics of the cross border expansion of African LCFIs and the factors underpinning their expansion. Section III discusses their structures and the environment in which they operate in, focusing on those aspects that can lead to regional instability. Section IV assesses the stability implications particularly the potential for systemic risks, should the risks materialize. Section V summarizes the findings and the policy options.

II. CHARACTERISTICS OF LFCs FROM AFRICA

A. Pace and Scope of Cross Border Expansion

7. Financial systems of SSA countries are undergoing structural changes towards greater internationalization. By end of 2009, there were at least 18 banks of SSA origin that had cross border operations in 4 or more countries (Table 1). The cross border operations have been mostly concentrated in the Africa region, but a selected group of financial groups have expanded to other regions, including Europe, Asia and the Americas. In particular, three banks now have a global presence; another three have a Pan African presence and the remainder has a presence in the respective sub-regions, such as the Economic and Monetary Community of Central Africa (CEMAC), Southern African Development Community (SADC) and West Africa Monetary Zone (WAMZ).

8. Most of the financial groups began their cross border expansion or accelerated the pace of expansion in the last three years (Fig 1). The Standard Bank Group of South Africa (hereafter referred to as the Standard Bank Group (SBG)) and Ecobank Transnational International (hereafter referred to simply as Ecobank) are among the few for which the expansion started much earlier, though the pace of expansion accelerated in the last three years too. In the case of the SBG, the expansion in Africa has been in two phases with the first rapid expansion occurring in the early 1990s, through the acquisition of Grindlays’ banking operations in the region. Then, more recently, when the group accelerated its
expansion into East and West Africa as well as Latin America, Europe and Asia. Similarly, Ecobank initially expanded rapidly in the West African region during the 1990s but after 2005 it aggressively expanded to Southern African countries, as part of its effort to position itself as a pan African bank. The other banks (UBA, Access, GTB, Oceanic and Zenith) began their cross border expansion in the last few years.

Table 1. Snapshot of the Geographical Coverage of African LCFIs, end December 2009

<table>
<thead>
<tr>
<th>Country of Incorporation</th>
<th>Regions and number of Countries in which Bank has subsidiary or branch operations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
</tr>
<tr>
<td><strong>Global Banks</strong></td>
<td></td>
</tr>
<tr>
<td>Standard Bank of South Africa</td>
<td>South Africa</td>
</tr>
<tr>
<td>First Rand Bank</td>
<td>South Africa</td>
</tr>
<tr>
<td>United Bank of Africa (UBA)</td>
<td>Nigeria</td>
</tr>
<tr>
<td><strong>Pan African Banks</strong></td>
<td></td>
</tr>
<tr>
<td>Ecobank Transnational International (ETI)</td>
<td>Togo</td>
</tr>
<tr>
<td>Bank of Africa (BoA)</td>
<td>Mali</td>
</tr>
<tr>
<td>Access Bank</td>
<td>Nigeria</td>
</tr>
<tr>
<td><strong>Sub-Region Banks</strong></td>
<td></td>
</tr>
<tr>
<td>Bank PHB</td>
<td>Nigeria</td>
</tr>
<tr>
<td>ABC</td>
<td>Botswana</td>
</tr>
<tr>
<td>Guaranty Trust Bank</td>
<td>Nigeria</td>
</tr>
<tr>
<td>Nedbank</td>
<td>South Africa</td>
</tr>
<tr>
<td>Oceanic Bank International PLC</td>
<td>Nigeria</td>
</tr>
<tr>
<td>Zenith Bank</td>
<td>Nigeria</td>
</tr>
<tr>
<td>Kenya Commercial Bank</td>
<td>Kenya</td>
</tr>
<tr>
<td>Afriland Bank</td>
<td>Cameroon</td>
</tr>
<tr>
<td>Mauritius Commercial Bank</td>
<td>Mauritius</td>
</tr>
<tr>
<td>Financial Bank Togo Plc</td>
<td>Togo</td>
</tr>
<tr>
<td>ABSA</td>
<td>South Africa</td>
</tr>
<tr>
<td>FOTSO group</td>
<td>Cameroon</td>
</tr>
<tr>
<td><strong>Memorandum Item</strong></td>
<td></td>
</tr>
<tr>
<td>Blue Financial 1/</td>
<td>South Africa</td>
</tr>
</tbody>
</table>

Note: The information does not include affiliate companies
* Indicates denote Representative Offices
1/ Blue Financial is an investment brokerage

---

4 The Standard Bank Group expanded in Africa using the Franchise name of Stanbic and also in other countries through the subsidiary holding companies. More recently, the expansion into Asia is being boosted by the partnership with China’s largest bank the Industrial and Commercial Bank of China (ICBC).
9. The expansion is slated to continue, though the challenging external environment has slowed the pace. Having established a presence in most of the Southern and Eastern African countries, Stanbic has began to focus on West African countries, particularly Nigeria and it is also accelerating the expansion into emerging market countries outside the region including Latin America, Asia and Europe. FRBH has also been seeking opportunities in East and West African regions. UBA announced plans to expand to 30 countries by 2011 but these were scaled down to 23 countries following the crisis. Access bank also had ambitious expansion plans that have been scaled down by the global crisis. Ecobank’s strategic objectives were, on the other hand, amended at the end of 2008 to reflect a focus on consolidation rather than growth.

10. The drivers of the cross border expansion are many and often inter-related, but the common ones are the declining opportunities in domestic markets and regulatory factors. The expansion of South African banks has been propelled by the liberalization that followed the end of apartheid, the need to provide finance to its expanding corporate clientele, and the declining domestic opportunities. For the other banks (Ecobank, UBA, and Access Bank), the significant increase in minimum capital, the limited opportunities in the domestic markets, and the emerging ideology to become global players all interacted to propel the banks to seek investment opportunities beyond local borders. Access bank, like other Nigerian banks expanded after the huge increase in minimum capital, though it

---

5 By June 2010, UBA had opened rep office in Paris, Dubai and China.

6 Nigeria’s oil sector is largely financed through offshore funding and participation by local banks is limited both because of the size of the ticket items and the cost of the funding. Thus banks did not fully benefit from the soaring oil prices and industry.
attributed its expansion to a desire to follow large clients abroad, to strengthen its domestic franchise and to improve the competitive position.

B. Corporate and Ownership Structure

11. Most of the financial groups span the gamut of financial operations with banking as the dominant activity (Table 2). The Standard Bank Group, Ecobank, FirstRand and BoA combine commercial or industrial activities with financial services. The latter covers a broad range of areas such as banking, securities dealing and insurance companies and the non financial companies range from IT companies to real estate corporations. UBA, Access and ABC on the other hand are mixed financials with activities ranging from money services, pensions, leasing to mortgage lending institutions and increasingly into microfinance. In selected cases, insurance companies and some microfinance companies that are linked to the same banks have also been expanding their cross border operations, thereby creating a complex web of affiliate companies.

Table 2. SSA Financial Groups: A Snapshot of the Sectoral Coverage, end September 2009

<table>
<thead>
<tr>
<th>Country of Incorporation</th>
<th>Type of Group</th>
<th>Operations in other financial sectors</th>
<th>Non-Financial Sectors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Banking</td>
<td>Capital markets</td>
<td>Securities</td>
</tr>
<tr>
<td>Global Banks</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Standard Bank of South Africa</td>
<td>South Africa</td>
<td>Mixed activity</td>
<td>X</td>
</tr>
<tr>
<td>First Rand Bank</td>
<td>South Africa</td>
<td>Mixed activity</td>
<td>X</td>
</tr>
<tr>
<td>United Bank of Africa (UBA)</td>
<td>Nigeria</td>
<td>Mixed financial</td>
<td>X</td>
</tr>
<tr>
<td>Pan African Banks</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ecobank Transnational International (ETI)</td>
<td>Togo</td>
<td>Mixed financial</td>
<td>X</td>
</tr>
<tr>
<td>Bank of Africa (Bac)</td>
<td>Mbk</td>
<td>Mixed activity</td>
<td>X</td>
</tr>
<tr>
<td>Access Bank</td>
<td>Nigeria</td>
<td>Mixed financial</td>
<td>X</td>
</tr>
<tr>
<td>Sub-Region Banks</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank PHB</td>
<td>Nigeria</td>
<td>Mixed activity</td>
<td>X</td>
</tr>
<tr>
<td>ABC</td>
<td>Benin</td>
<td>Mixed financial</td>
<td>X</td>
</tr>
<tr>
<td>Guaranty Trust Bank</td>
<td>Nigeria</td>
<td>Mixed financial</td>
<td>X</td>
</tr>
<tr>
<td>Nedbank</td>
<td>South Africa</td>
<td>Mixed activity</td>
<td>X</td>
</tr>
<tr>
<td>Oceanic Bank International PLC</td>
<td>Nigeria</td>
<td>Mixed financial</td>
<td>X</td>
</tr>
<tr>
<td>Zephyr Bank</td>
<td>Nigeria</td>
<td>Mixed financial</td>
<td>X</td>
</tr>
<tr>
<td>Kenya Commercial Bank</td>
<td>Kenya</td>
<td>Mixed activity</td>
<td>X</td>
</tr>
<tr>
<td>Arkad Bank</td>
<td>Cameroon</td>
<td>Mixed financial</td>
<td>X</td>
</tr>
<tr>
<td>Mauritius Commercial Bank</td>
<td>Mauritius</td>
<td>Mixed activity</td>
<td>X</td>
</tr>
<tr>
<td>Financial Bank Togo Plc</td>
<td>Togo</td>
<td>Mixed financial</td>
<td>X</td>
</tr>
<tr>
<td>ASIA</td>
<td>South Africa</td>
<td>Mixed activity</td>
<td>X</td>
</tr>
</tbody>
</table>

Note: The information does not include affiliate companies
1/ UBA plans to open in 7 other African countries before the end of 2009 bringing the total to 20.
2/ * indicates denote Representative Offices
3/ Mixed activity combines financial and non financial subsidiaries.

12. The majority of the operations abroad are in the form of subsidiaries and very few are branches. Stakes by parent banks in these subsidiaries are high ranging between 75-100 percent. Some of the banking subsidiaries have adopted conglomerate structures in the host countries as well. The acquired banks have usually adopted their parent’s brand name to benefit from the group’s strong reputation and have aligned their internal processes to access
the group’s infrastructure support, such as back office and credit control systems. Operations in regions outside Africa are a mixture of subsidiaries and representative offices. There is also an increasing trend to establish partnerships with Chinese banks.

13. **The financial groups use variants of holding companies with structures that are generally complex and opaque** (See Appendix 1). The *Standard Bank Group Limited*, based in Johannesburg, is the ultimate holding company for the global activities of the group and under it there are several holding companies, one of which is registered in Luxembourg. *Firstrand* also has a federal structure with several holding companies and multi-branding strategy where groups are differentiated by its portfolio branding strategy and there is a number of leading financial services franchises within the group. *ABCH* and *Ecobank*, each have a financial holding company and operate as one bank with a common brand and common standards. The parent bank of *Bank of Africa*, on the other hand, is a non financial holding company listed in Luxembourg and the operations in Africa tend to operate as a loose confederation of parallel banks. *UBA* and Access bank both have a parent subsidiary model.

14. **The shareholding structure is very diverse and in most cases no single investor has a controlling interest in the banks.** The shares of several banks (*Access, UBA*) are largely held by Nigerians, including executive directors. BOA group, the Luxembourg based holding company of the BOA group is 42.5 percent owned by BMCE Bank, Morocco’s third largest bank by total assets and the balance is widely held by private investors. ETI, the parent bank of the Ecobank groups has no controlling interest and the largest shareholder (Rennaissance Direct Investment, Russia) holds 14.2 percent, followed by Ghana Social security and National Insurance Trust (10.3), a Nigerian stock broker (3.8 percent), and the groups directors own around 6.6 percent.

15. **Though subsidiaries are legal separate entities, most of the business lines are centralized.** Stanbic, First Rand, BOA and Ecobank all have a high degree of integration in the production and delivery of financial products, including operations and central functions at group level. Many have centralized their group functions for treasury and liquidity management, group audit, large credit authorization and portions of Electronic Data Processing (EDP). The groups also operate as one bank with a unified strategy, risk management and back office functions, rather than as a group of separate banks linked at holding company level.

C. **Performance and Soundness**

**Balance Sheet Performance**

16. **African LCFIs registered fast balance sheet growth until the global financial crisis put a sudden brake to the growth.** Total assets in several of the newer financial

---

7 FirstRand Group is the exception to this practice as it has multibranding
groups reached phenomenal rates of close to 200 percent over the last 3-5 years, while SA groups registered lower, but still high, annual growth rates in the range of 30-50 percent. The credit growth was largely boosted by the stable operating environment, but this has since been curtailed by the global crisis. In particular, the slowdown of the Nigerian economy played a major role in slowing down both the asset and deposit growth for Access Bank, UBA and Ecobank. Similarly, the economic slowdown of the SA economy against a backdrop of record levels of consumer indebtedness contributed to the declines in the loan books and the contraction of the overall balance sheets of the SA financial groups.

**Figure 2. Capital Raising Activities of African LCFIs**

17. The asset growth has been underpinned by deposit growth across a spectrum of retail and corporate sectors and capital raising activities by the banks. The strong deposit growth in the newer financial groups was facilitated by an increase in retail deposits, helped by the rapid branch expansion. This group also raised substantial capital in domestic capital markets, initially to meet the increased regulatory minimum capital requirements, to meet the criteria for managing Nigeria’s international reserves and to fund expansion plans. For the SA groups, the credit growth was increasingly funded by professional money,

---

8 The Central Bank of Nigeria raised the minimum capital to Naira 25 billion effective December 2005. The CBN also decreed that Banks with [Naira 100 billion] would be permitted to manage the country’s international reserves.
domestic corporations, securitization of assets and issuance of corporate bonds, reflecting a combination of low savings rate in the SA economy, more developed domestic capital markets and the higher ratings that enabled the banks to tap international markets.

18. **As a consequence, leverage ratios for African LCFIs are generally low, particularly in the newer groups.** Data on actual borrowing was not readily available in the accounts reflecting poor disclosure practices, but the low leverage levels are evident from the high share of deposits and shareholder funds. Over 80 percent of assets for Ecobank, UBA and Access are matched by deposits and shareholder funds. SA banks by contrast are comparatively more leveraged than the newer groups (though still lower compared to traditional international active banks). This reflects the relative ability of the SAbanks to access capital markets but also the low savings rates in the country that has reduced availability of low cost retail deposits.

![Figure 3. Indicators of Leverage](image)

19. **The scale of operations of African LCFIs is small relative to global assets of the traditional international banks that operate in Africa.** The global assets of African LCFIs are miniscule related to banks like Barclays Bank, Citigroup and Standard Chartered Bank or the LCFIs in Asia such as Mitsubishi UFJ Financial Group Inc (MUFG) and ICBC. However, they compare well to some of the LCFIs in Europe such as Nordea group and others in Latin America. Within the sub-category of African LCFIs, the South African banks led by the Standard Bank Group have significantly larger assets than the newer groups, even though most of the SA banks have fewer cross border operations. The assets of the Togo registered Ecobank, rank behind Nigerian banks despite having a pan African presence and the largest coverage in the region.

20. **However, the African LCFIs operations in Africa are larger than those of the traditional international banks.** The total assets of the South African banks (Standard Bank of South Africa; First Rand, ABSA, Nedbank) are comparatively larger than for international banking groups like Barclays, Citibank and Standard Chartered. The Nigerian banks assets have about the same size of assets.
Further, the international expansion program has not yet provided the African LCFIs with meaningful diversification. Domestic operations for almost all the groups still account for the bulk of assets and profits, thus developments in domestic economies have a disproportionate impact on group performance. In particular, both the SA banks and the Nigerian banks respectively generate more than 75 percent and 90 percent of their earnings from the domestic markets. Ecobank and Bank of Africa, which are relatively more diversified in terms of individual countries, also exhibit a considerable degree of geographical concentration to West African countries. It would therefore seem that, the regional banking groups international expansion program has so far been a drag on operational costs and the benefits are yet to be realized.
Overall, the expansion of African LCFIs has intensified competition in the region that is contributing to greater access to financial services and credit intermediation. The groups are tapping previously neglected segments and have expanded into countries that most traditional international active banks have avoided, thus helping deepen financial intermediation in these countries. The quest to capture market share has also facilitated technological while their recourse to domestic capital markets for funding has also helped develop and deepen the markets.

Financial Soundness

African LCFIs generally weathered the first round of the global financial crisis. None of the financial groups required sovereign financial support, though a few of the
smaller Nigerian banks recently experienced stress. The high capital levels, the excess liquidity conditions that prevailed at the onset of the crisis, and the access to low cost retail deposits helped the financial groups to weather the turbulence in global financial markets. However, the high capital ratios in many cases were not indicative of improved risk management capabilities but rather reflected the fact that the crisis coincided with reforms of countries’ regulatory and supervisory frameworks, a major plank of which was an increase in minimum capital in several countries across the region.

24. **However, the second round effects of the crisis have had a notable adverse impact.** While the capital raising efforts ensured high Capital Adequacy ratios (CAR), bank profitability of several financial groups (Standard Bank Group, Firstrand and Ecobank) has significantly declined in large part due to an increase in nonperforming loans (Fig 2). UBA and Access bank registered a net loss largely due to sharp increase in loan impairment charges, and the latter’s losses were further compounded by the poor performance in almost all its international operations. The FirstRand group’s performance was also impacted by losses in its offshore trading portfolios, given the massive volatility in those markets following the credit crisis while the Standard Bank Group also incurred substantial losses from its insurance banks. Ecobank’s profits have also been affected by the slowing Nigerian economy.

25. **Though the crisis triggered the deterioration, weaknesses in risk management played a part as well as other factors internal to the banks.** The high levels of bad debts in consumer lending in the South African banks (Firstrand’s and Stanbic) in part reflected the expansion of mortgage lending to highly indebted consumers. In the case of Nigerian banks, UBA and Access Bank were involved in providing loans for the purpose of acquiring shares and, when the Nigerian Stock Exchange declined sharply, the banks became exposed to losses on some of these facilities as the collateral declined in value. Ecobank made substantial losses on exposures in the capital markets that in large part reflected increased risk taking.

---

9 Among the banks that have operations in Nigeria the larger banks such as Access, Ecobank, GT bank, Stanbic were all found to be sound. However, some of the relatively smaller ones like Oceanic bank, inter-continental bank, Bank PHB were found to be in grave condition.

10 Ecobank has continued to register profits, though the margins narrowed due to difficulties in Nigeria and depreciation in the currencies in the countries that it operates. Stanbic has continued to perform well though its insurance subsidiary registered losses.
26. **Overall, the older established South African banks performed relatively better than the newer groups.** Stock indices for the SA banks initially remained positively strong. The indices for Nigerian banks and for Ecobank, by contrast, are facing pressures as disclosure concerns, especially regarding the exposure of individual banks to share lending and the lack of transparency around this issue is negatively impacting investor confidence. Going forward, market sentiments for African LCFIs could remain unfavorable as the banks still face margin pressure from increasing funding costs and profitable lending opportunities shrink while loss provisions spike.
### III. Risks and Vulnerabilities Posed by the AFCs

27. **The rapid expansion African LCFIs pose a number of risks for regional stability that are not adequately mitigated by the regulatory oversight.** These risks mainly arise from: (i) the non transparency of the corporate structures that create potential for build-up of group risks unnoticed and financial contagion to banks stemming from problems in other parts of the group; (ii) inadequacies in the risk management of vulnerabilities inherent in the banking and other operations; and (iii) potential exogenous shocks from the economic and political environment in which they operate. The effectiveness of overall supervision is undermined by inconsistencies in prudential regulation and lack of supervisory coordination that create opportunities for regulatory arbitrage; weaknesses in accounting infrastructure; and the absence of crisis management frameworks that could raise costs of failure in the resolution process.

#### A. Corporate and Ownership Structures

28. **The opaque corporate structures of a number of the financial conglomerates are a major source of risk.** Some of the financial groups, like Ecobank, have extra territorial status which means there is no regulator who assesses the overall exposure and effective capital position of the group. The Standard Bank of South Africa and First Rand have complex holding company structures, besides having multitude of subsidiaries in the groups that present challenges for risk assessment. The structures of other groups (like BOA, FOTSO group) are particularly difficult to discern.
29. **Such complexity in the corporate structures undermines capacity for supervisors to detect risks.** Operations of institutions are affected by risks arising from all subsidiaries in the group and by the interaction of those risks, thus management as well as the supervisors require a consolidated view of the regional financial group to ensure appropriate oversight. However, complex structures render it difficult for supervisors to have full understanding of the nature and extent of any relationship and transactions between the banks and with affiliates that may have an impact on the safety and soundness of the banks. The lack of transparency also enables controllers to use the banks to provide undisclosed support mechanism or to mask true risks within the group.

**B. Factors Internal to Banks Operations**

30. **The single largest risk facing the African LCFIs continues to be credit risk.** Loans continue to account for a large share of the balance sheets. Over the last several years, the groups have expanded credit at a fast pace, thus stretching loan underwriting capacity while credit monitoring tools have remained limited in several of the groups. Further, concentrations in loan portfolios continue to be a major problem, both in terms of exposures to single borrowers and to sectoral concentrations. Even though concentration risk is aggravated by corresponding concentrations in the production structure of the economies they operate in, limited low risk bankable projects and the degree of some of the concentrations is also indicative of excessive risk taking and to uneven regulations of large exposure across the region.

31. **Contagion risk is also high and is heightened by large intragroup exposures.** The intricate nature of cross border operations makes the African region susceptible to contagion. Several of the big groups (including the Standard Bank Group and Ecobank) are reported to have high intragroup exposures. While the availability of intra-group financing may help overcome temporary liquidity problems, eventual solvency problems of the troubled institution may lead to intra-group contagion in the liquidity providers. This risk is aggravated by the fact that data on intra group exposures is not readily available to facilitate regular monitoring. Given the expansive coverage of countries and the cross sector operations, contagion may take place both within and across borders.

32. **The pace at which the banks have been expanding their local and international operations also increase the potential for strategy and operational risks.** In addition to expanding into several foreign countries, the groups have also been expanding the branch networks at a phenomenal pace. In many of the countries, demand for qualified personnel has begun to outstrip the supply, thereby creating an environment conducive to human errors and high cost of operational costs. Operational risk has also increased due to the banks’ migration to more sophisticated systems, new delivery channels and outsourcing arrangements that have increased the banks reliance and exposure to third parties. While the groups have increased reliance on IT for product delivery, operational risk management is still in its
infancy stage and supervisors have also not yet well integrated operational risk in their assessments.

33. **The poor public disclosure of group corporate, ownership, management and business structures add to the risks.** Besides South Africa where disclosure standards are high, there are significant deficiencies in disclosure practices the rest of the countries, even in cases where the banks are listed on stock exchanges. The inadequacies of information on the shareholding structures make affiliate companies difficult to identify and transactions within connected financial institutions can go unnoticed. Some of the countries have not yet adopted IFRS, but even the countries that have adopted IFRS, compliance with IFRS falls short.

34. **These risks are further worsened by deficiencies in risk management capacities and practices of the banks.** Though most of the financial groups have established departments for risk management, several of the groups do not have comprehensive risk management frameworks and the silo based structures do not permit a comprehensive grasp of the risks and how they interact with each other. In most cases, the areas covered by the risk management framework also do not include emerging risks, such as operational risk. Further, though many of the groups have established Asset and Liability Committees (ALCO) to manage liquidity risk, there is widespread evidence of the committees not convening as stipulated in the banks’ policies. There is also evidence of widespread weaknesses in the oversight function of the board and practices that taint the integrity of published financial accounts. Internal controls are also lagging the pace of expansion.

C. Economic Structures and Political Environment

35. **The deterioration in the macroeconomic environment and the concentrations in production structures present important challenges for groups whose business is concentrated in the SSA region.** After several years of relatively benign operating conditions, the macroeconomic environment in several countries (South Africa, Nigeria) in which the groups operate deteriorated. In South Africa, both retail and corporate lending is have remained under pressure due to high consumer indebtedness, increased unemployment, lower economic growth and lower commodity prices. Other countries like Benin (which is home to the largest subsidiary of BOA) exhibit a heavy dependence on primary commodity production which has been seriously affected by the decline in international cotton prices. These unfavorable developments are reflected in poor efficiency indicators.  

36. **Political uncertainties in many host countries also pose a lingering risk for the groups.** Several SSA countries continue to experience some degree of military conflict and political instability that could have adverse consequences on operations of several of the groups.

---

11 Cost to income ratio for Ecobank in Benin is as high as 60 percent.
D. Regulation and Supervision

37. The regulation and supervision of African LCFIs continues to exhibit important gaps that limit the regulatory authorities’ ability to mitigate the risks. The most notable are the gaps in cross border and in conglomerate supervision which are characterized by deficiencies in host countries regulatory and supervisory framework and lack of institutional arrangements for conglomerate supervision, data deficiencies for surveillance and limitations in supervisory capacity. Efforts to harmonize regulatory standards and supervisory practices also continue to be work in progress. Further, there is little to no oversight of centralized functions and outsourcing which are germane to group operations.

38. The deficiencies are not limited to the absence of consolidated supervision, but extend to standard prudential regulations in several countries that are host to these financial groups. In CEMAC and WAEMU sub regions, both of which are host to some of the rapidly expanding banks, several prudential regulations are much less demanding than international standards and most ratios are unevenly observed, including the large exposure and solvency ratio. Further, while many countries have aligned their regulations with international standards, enforcement of those regulations is weak, including in Nigeria.

Deficiencies in cross border supervision and conglomerate regulation

39. Supervision on a consolidated basis has proved to be elusive, despite the progress made in establishing the necessary legal powers by many countries. Generally, the SARB/BSD has legislative powers to undertake consolidated supervision and it exercises those powers over local banks with operations in other jurisdictions. However, in the other countries (like Nigeria which is home to many of the groups), the legislative framework necessary to discharge consolidated supervision is inadequate and supervision on a consolidated basis is not yet undertaken. In WAEMU, which is home and also host to some of the groups, the regulatory text provides that banking groups must prepare consolidated accounts, but the groups are not subject to specific supervision or compliance with the ratios. In the absence of consolidated supervision, the effectiveness of sectoral regulation is limited and the regulator’s ability to identify and respond timely to existing group risks is undermined.

40. Risks stemming from the non banking sectors of the conglomerates are also not adequately monitored or protected under current supervisory arrangements. South Africa is one of the few exceptions where regulation and supervision of banks, capital markets and insurance is reported to be strong and advanced. In Nigeria and Kenya, capital markets are characterized by weaknesses in internal controls and regulatory failures; the insurance companies are poorly supervised due to gaps in regulations and inadequate supervisory capacity to enforce the regulations; and micro finance is beleaguered by weaknesses in financial management, governance and inadequate regulation and supervision. In WAEMU, the weaknesses in regulations and supervision cover banks, capital markets, the insurance sector and micro finance. These deficiencies in the supervision of NBFIs can result
in contagion from the less regulated sectors to the banking sector, even when oversight of the banks has been strengthened.

### Table 3. Selected Aspects of Regulatory Frameworks of Home Countries

<table>
<thead>
<tr>
<th>Home Supervisory body</th>
<th>Banking Group</th>
<th>Regulatory Structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa Reserve Bank (SARB)</td>
<td>Standard Bank Group; First Rand Group</td>
<td>Semi Integrated</td>
</tr>
<tr>
<td>Nigeria</td>
<td>UBA; Access Bank;</td>
<td>Fragmented along functional lines</td>
</tr>
<tr>
<td>WAEMU 1/</td>
<td>Ecobank Group; Bank of Africa</td>
<td>Fragmented along functional lines</td>
</tr>
<tr>
<td>Luxembourg 2/</td>
<td>Bank of Africa</td>
<td>Fragmented along functional lines</td>
</tr>
<tr>
<td>Central Bank of Kenya</td>
<td>Bank of Africa (Uganda)</td>
<td>Fragmented along functional lines</td>
</tr>
</tbody>
</table>

1/ Enforcement of prudential rules and compliance by banks is very weak  
2/ The parent bank of BOA is an industrial company registered in Luxembourg and it is unlikely that Luxembourg therefore has group supervisory responsibilities  
3/ BoA Uganda is a subsidiary of BOA Kenya thus the CBK has supervisory responsibilities for consolidated supervision of that portion of the group.

41. **A number of activities also remain outside the perimeter of regulation.** An area of concern is the emergence of outsourcing contracts with related institutions, whose pricing is difficult to test against the market. Besides the transfers, the integration of processes can amplify the vulnerability of foreign subsidiaries to developments that affect the group level profits, regardless of their local performance. Outsourcing is still unregulated in most of the countries and can be an important channel of contagion in case that the ultimate parent experiences problems. Lack of control on the outsourced function (say significant IT/EDP and back-office operations, treasury and liquidity management) can make impossible to ring fence the local or regional operations from the problems of a international group, even if the group is not organized as such regionally. Outsourcing arrangements increase the banks reliance and exposure to third parties.

42. **Asymmetries in parent subsidiary importance in home and host countries present another challenge.** Though the subsidiaries of the regional banking groups are systemically important in the host countries, their contribution to headline earnings is still miniscule. This asymmetry in importance can lead the parent bank to pay less attention to the risk management and operations of the subsidiary. Given weaknesses in the supervisory capacity in a number of host countries, this increases the potential for risk build up going undetected.
43. **The slow progress in harmonizing regulatory standards and supervisory practices also poses some risks.** Proper monitoring is complicated by differences in definitions and calculation of both actual and required capital across borders, differences in accounting standards and deficiencies in the financial and auditing consolidation. Capital adequacy requirements are not exactly comparable because of differences in the measurement of both the numerator (capital) and the denominator (risk weighted assets) in individual countries. Differences in loan concentrations and related lending as well as regulations on loan classifications also increase opportunities for regulatory arbitrage.

*Deficiencies in institutional arrangements*

44. **In most cases, the institutional framework for cooperation and coordination between regulators is either not in place or it is not functioning.** South Africa has restructured the regulatory and supervisory systems to deal with financial conglomerates in an integrated fashion, and has established MOUs between the regulations as well as established committees needed to enhance data collection. In Kenya too, the regulators (KCB, CMA, IRA, RBA) recently agreed to strengthen their collaboration by undertaking various joint activities in respect of the licensing and supervision of regulated entities. However, the other countries continue to rely on functional regulation with separate rules and separate regulators for the banking, insurance and securities businesses. This therefore calls for close coordination of the various regulatory bodies, which often is not institutionalized.

45. **Home host cooperation has also not gone beyond signing MOUs, as in most cases actual information sharing remains weak and the availability and quality of the data needed remains a problem.** Many countries have signed MoU, however, less progress has been made with actual information sharing. The reasons for the slow implementation pace vary, but they generally include lack of appropriate legislation that allows exchange of information among regulators, lack of cooperation between home and host supervisors, lack of expertise in identified areas of conglomerate and consolidated supervision to non committal at the policy levels. Weaknesses in home-host supervision as it relates to information sharing renders it difficult for host supervisors to ring fence their domestic operations and result in contagion.

*Inadequate Supervisory Capacity*

46. **Supervision is undermined by inadequate staff and in some cases expertise and a growing gap between resources and the mandate.** COBACs severe understaffing has resulted in delays in drafting appropriate regulations, in less frequent onsite inspections than desirables, and flaws in off-site supervision. The expansion in the scope of supervision to cover micro finance is further stretching available resources. Inadequate supervisory capacity (skills, equipment etc) to cope with the large number of supervised institutions presents an important challenge in almost all the countries.
Data Deficiencies for Surveillance

47. **Surveillance of African LCFIs is exceptionally weak, thus build up of risks could go undetected.** The essential consolidated supervision activities regarding group mapping, reporting and its review and analysis, training and the actual performance of group assessments are yet to be effected. Most of the countries do not include macro prudential analysis in the broader regulatory framework. Monitoring of country risks has so far not received attention in any of the countries. An inventory of significant business activities and group membership across sectors is also not readily available in most of the country, including both in the home and the host countries.

48. **Data deficiencies present another important source of risk, particularly with respect to intra group exposures.** In the absence of a framework to regulate and report intra-group transactions, regulations can be circumvented, particularly given the absence of consolidated supervision. Intra-group exposures, both on and off-balance sheet have liquidity and solvency implications on a conglomerate. These exposures may lead to undesirable contagion risks, impact negatively on the profitability of the group and encourage supervisory arbitrage or evasion of capital requirements. Also, poor quality of data makes it difficult to apply standardized credit models similar to those used in more mature markets, where reliable debt and income data is widely available.

Absence of Crisis Management Arrangements and Resolution Process

49. **Contingency crisis arrangements are evolving, but they remain significantly deficient, particularly with respect to cross border arrangements.** The deficiencies exist in a range of areas, including legislation, policies, processes, instruments and data for surveillance and systemic risk analysis. Generally, there are legal provisions in all the countries to provide liquidity support to solvent institutions, but in many cases the range of permitted collateral is restrictive and the framework for liquidity support has not been operationalized. Also, while some progress has been made with respect to liquidity support for domestic institutions and resolution of banks, major gaps exist with respect to the cross border aspects of liquidity support, crisis resolution or failure of systemically important financial institutions. At the individual country level, South Africa has made relatively more progress even though much more is still needed; Nigeria exhibits significant gaps; and WAEMU and CEMAC are yet to begin.

---

12 The SARB does not impose quantitative limits on intra-group exposures but all intra group exposures exceeding 1 percent of group capital are reported and the registrar has the power to require capital deduction and the lodgement of collateral.
Table 5. Contingency Crisis Management Arrangements

<table>
<thead>
<tr>
<th>Home Supervisory Body</th>
<th>Banking Group</th>
<th>Liquidity</th>
<th>Institutions, Processes and Instruments</th>
<th>Bank Distress Resolution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Africa Reserve Bank (SARB)</td>
<td>1. Standard Bank Group 2. First Rand Group</td>
<td>Yes; SARB can provide exceptional liquidity assistance against pledged collateral or an government guarantee</td>
<td>Financial Sector contingency framework created in 2003 and there are regular meetings between Governor and Minister and other subcommittees</td>
<td>1. Framework still evolving through regular exchanges with host supervisors; 2. MoU for information sharing agreed with some but not all host supervisions; 3. There is no framework for resolving insolvent but systemically important banks, this decision are made on ad hoc basis;</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nigeria</td>
<td>1. UBA 2. Access Bank</td>
<td>LDI authorized in CBN Act but no clear policies, guidelines or procedures</td>
<td>Contingency framework propositions not operationalised</td>
<td>1. No framework in place; 2. MoUs signed with some but not all host country supervisors; 3. There is no framework for resolving insolvent but systemically important banks</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WAEMU</td>
<td>Ecobank Group</td>
<td>Lending facilities available</td>
<td>No framework in place, but reforms in train</td>
<td>1. There is no framework for resolving insolvent but systemically important banks</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Luxembourg (context)</td>
<td>Bank of Africa</td>
<td>No information</td>
<td>No information</td>
<td>No information</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Central Bank of Kenya</td>
<td>Bank of Africa (agenda)</td>
<td>MOUs signed with domestic regulators but information sharing arrangements yet to be operationalised</td>
<td>Framework in nascent stage</td>
<td>1. There is no framework for resolving insolvent but systemically important banks</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

E. Financial Infrastructure

50. **Financial infrastructures in both the home and host countries exhibit deficiencies that accentuate risks.** The region generally lacks an environment that fosters the honoring and enforcement of financial contracts. There are also deficiencies in other areas including accounting and auditing; credit registries; deposit insurance and Lender of Last Resort facilities.

51. **There are large disparities in the state of play with regard to accounting and disclosure practices, but for the most part are weak.** South Africa’s accounting and auditing standards are reported to be among the best in the world. However, in most of the other countries (WAEMU, Nigeria) accounting and disclosure practices do not ensure that accounting information fairly reflect the true financial condition of the banks. The most common infractions reported by supervisors are misclassifications in asset quality and related underprovisioning, poor valuation of fixed assets, both in terms of assets and liabilities and the results of the operations. These deficiencies have important stability implications as the success of handling any crisis is contingent on the existence of an adequate mechanism for determining the actual financial condition of the banks.

52. **Structural constraints exacerbate the credit risk facing African LCFIs.** Balancing risk and opportunity is very difficult in Africa, in part due to poor credit monitoring tools;

---

13 Though accounting standards in Nigeria are considered to be consistent with international accounting standards, weak corporate governance was at the center of the recent crisis and has weakened data integrity, and led to insider abuse, improper related lending, varying degrees of liquidity problems.
opaque ownership structures and deficiencies in property registries, credit registries;
accounting, poor financial disclosure and in the framework for enforcing creditor rights. The
lack of reliable information on credit quality of borrowers can contribute to underestimation
of a build-up in credit risk. In many parts of the Africa continent, group risk managers must
rely on a combination of local know how and group wide credit control processes,
introducing a larger degree of uncertainty regarding the quality of their loan portfolios. This
limited central monitoring capacity, coupled with strong pressure to achieve high returns
creates greater incentives to under provision potential risks.

53. **Less progress has been made in establishing deposit insurance schemes and even
where they exist, they are reported to be functioning sub-optimally.** South Africa and the
WAEMU region does not yet have a deposit insurance. Kenya and Nigeria both have deposit
insurance schemes but recent crisis revealed major weaknesses in their operations. The
countries have instead resorted to blanket guarantees.

IV. **REGIONAL STABILITY IMPLICATIONS**

54. **The identified risks, if not appropriately mitigated, can have adverse
implications for regional financial stability, given African LCFIs broad geographical
coverage and their systemic importance in home and host countries.** The Standard Bank
Group, Firstrand and Ecobank have sizeable shares of banking system assets and deposits in
both the home and the host countries (Table 6). This implies that their insolvency could have
significant social consequences for depositors and a large segment of economic activity could
be dislocated. The banks are also major players in the treasury bill markets, the foreign
exchange markets and in the payment system, thus the functioning of the payment system
would be greatly impaired as would the functioning of the interbank markets both for
domestic currency and the foreign exchange markets. The stability risks for the region that
these RFCs present are aggravated by the absence of contingent crisis management
arrangements as this could make the resolution disorderly.

---

14 For instance, though the market share of UBA is small in the host countries, at end 2009, UBA Nigeria was
the fourth largest bank in Nigeria measured by total assets, the bank had partnered with UBS to participate in
the management of Nigeria’s international reserves and it was an important player in the payments and
settlement system.
Table 6. LFC’s share of assets and deposits in Host, end September 2009

<table>
<thead>
<tr>
<th>Bank</th>
<th>Traditional LFCs</th>
<th>LFCs of African Origin</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Barclays</td>
<td>Stanbic</td>
</tr>
<tr>
<td>Benin</td>
<td>24.0</td>
<td>36.4</td>
</tr>
<tr>
<td>Botswana</td>
<td>…</td>
<td>…</td>
</tr>
<tr>
<td>Burundi</td>
<td>6.0</td>
<td>…</td>
</tr>
<tr>
<td>Cape Verde</td>
<td>1.7</td>
<td>10.1</td>
</tr>
<tr>
<td>Ghana</td>
<td>4.8</td>
<td>1.9</td>
</tr>
<tr>
<td>Guinea-Bissau</td>
<td>…</td>
<td>…</td>
</tr>
<tr>
<td>Kenya</td>
<td>13.4</td>
<td>6.4</td>
</tr>
<tr>
<td>Liberia</td>
<td>…</td>
<td>…</td>
</tr>
<tr>
<td>Mali</td>
<td>…</td>
<td>…</td>
</tr>
<tr>
<td>Niger</td>
<td>…</td>
<td>…</td>
</tr>
<tr>
<td>Nigeria</td>
<td>2.8</td>
<td>12.0</td>
</tr>
<tr>
<td>Rwanda</td>
<td>…</td>
<td>…</td>
</tr>
<tr>
<td>Senegal</td>
<td>…</td>
<td>…</td>
</tr>
<tr>
<td>South Africa</td>
<td>26.0</td>
<td>18.0</td>
</tr>
<tr>
<td>Tanzania</td>
<td>5.6</td>
<td>5.5</td>
</tr>
<tr>
<td>Togo</td>
<td>…</td>
<td>…</td>
</tr>
<tr>
<td>Uganda</td>
<td>21.0</td>
<td>2.6</td>
</tr>
<tr>
<td>Zambia</td>
<td>13.8</td>
<td>12.1</td>
</tr>
</tbody>
</table>

Source: Various central banks

V. Conclusions

55. The cross border expansion of African LCFIs presents great opportunities for the region with respect to improving intermediation and enhancing the financial sectors’ contribution to growth. The quest, by these groups, to capture market share has facilitated technological development that is contributing to increased access to financial services and has put pressure on traditional international active banks to also improve their services. The reliance of RFCs on deposits and the associated low levels of leverage and higher contribution of interest income also bode well for stability.

56. However, their sustained contribution to economic growth will require significant efforts to strengthen the regulatory oversight in both the home and host countries. The pace of their expansion and the scope of their cross border coverage against a background of weaknesses in consolidated and cross border supervision is a recipe for a crisis. Their opaque corporate structures and the poor disclosure practices make financial analysis and effective supervision difficult. Current data and supervisory practices do not facilitate a comprehensive view of the safety and soundness of the financial groups, thereby increasing the potential for contagion from the poorly regulated sectors while the multijurisdictional presence increase cross border contagion risks. The potential for these risks to materialize is heightened by deficiencies in risk management by the groups and gaps in their regulation including the slow progress in harmonizing standards.

57. Therefore, the reform agenda will need to focus on all the pillars of financial system stability, to ensure that the expansion of African LCFIs are not punctuated by booms and bust cycles or that failures, if and when they occur, do not result in major
economic dislocations. The central elements of the reforms should include: (i) sound regulations and effective supervision of individual institutions and of groups; (ii) good governance and risk management in financial groups; (iii) strengthening contingency planning and crisis resolution frameworks; and (iv) adopting a broader macroeconomic orientation for financial surveillance and systemic risk mitigation.

Sound regulations and supervision

58. **Reforms of the regulatory framework need to address weaknesses in general supervision, the supporting financial infrastructure and the gaps specific to the regulation of cross sector and cross border activities.** A number of countries (for instance in WAEMU and CEMAC) continue to have weak provisions in such areas like Large Exposure limits, loan classification and provisioning. There are also widespread weaknesses in enforcement of the regulations, in governance structures and disclosure practices, as was evident in the recent experience of Nigeria. In addition, there is still an outstanding agenda to operationalize the credit registries, collateral registries and commercial courts that have been established in many of the countries and to complete the inroads made to address deficiencies in accounting and auditing and those pertaining to enforcement of creditor rights (insolvency regime, commercial courts and judiciary reforms).

59. **Regarding the supervision of the cross sector and cross border operations of African LCFIs, consolidated supervision needs to go beyond mere stipulations in the law.** A number of countries have introduced the concept of consolidated supervision in their legal framework but most do not yet supervise the banks on a consolidated basis. There is also an additional need to provide the legal concept of financial conglomerates and the regulation of intra-group transactions (ITG) so as to set the scope for reporting and compilation and to more generally strengthen the legal framework for data collection in a number of countries. The poor operating environment, the concentration risk on the asset side all suggest that regional financial groups should be required to maintain far stronger levels of Tier 1 capital. Licensing requirements need strengthening to ensure that only healthy banks with supervisable structures and strong home supervisors are licensed in host countries.

60. **Surveillance of the groups is also critical and this requires an understanding of legal and business structures for which a mapping of the ownership and financial inter-linkages should be developed.** The map of corporate groups should include a bank or other types of financial intermediaries, including related parties and affiliates. It should extend to

---

15 For ITG, the amendments should define both concepts and mandate the regulators to: (i) regulate the precise forms of inter-group transactions, whether financial or not, including outsourcing of essential activities; (ii) mandate internal policy limits and appropriate systems for detection and reporting ITGs; (iii) declare the scope of reporting entities within a group; (iv) list the transactions subject to reporting; and (v) select appropriate risk mitigation responses, whether with hard limits to concentration, prohibitions on transactions, as well as capital deduction or augmentation.
relevant local and regional non financial groups that are or might be related to banks through control or that exert significant influence on banks. Such a mapping is critical in identifying cross ownership links; identify, tag and monitoring intra-group exposures; ascertaining the adequacy and effectiveness of capital and the location of risks and earnings across a group, including its financial and non financial members; and facilitate formulation of appropriate legislation for these types of groups. Collection of information on the group structures can be done through annual relicensing powers.

61. **A program is needed to minimize regulatory gaps and harmonize methodologies as well as prudential standards.** Accounting consolidation and group capital are crucial techniques for group consolidation. Homogenization of accounting valuation is the first step of accounting consolidation and crucial for loan classification and provisioning. Domestic and regional supervisors need to map their respective differences in capital and accounting valuation regimes that influence the assessment of capital and how financial entities allocate transactions where less supervised or lower capital and risk limits are required. For conglomerates, the sectors that need harmonizing include insurance, securities, pensions, leasing, micro finance and money transfer companies. This is critical as supervisory agencies cannot effectively deal with systemic banking crises without an in-depth knowledge of the condition of the banks they supervise.

62. **There is need to strengthen information exchange among home and host supervisors.** Since the financial institutions are now regional and some even global in scope, weaknesses in cooperation and information exchange can undermine the efforts of regulatory and supervisory authorities to ensure that laws and regulations are followed and that the regional institutions for which they have responsibility for are supervised. The exchanges should aim not only at transferring relevant data or factual information but also at communicating general developments on an on-going basis, such as changes in general risk management practices in the respective countries or any supervisory modifications to meet special domestic conditions. Putting in place such a framework would need to address confidentiality issues and legal restrictions on the sharing of information faced by some national supervisors. The implementation of the MoUs requires concrete arrangements for regional and domestic collaboration.

63. **The perimeter of regulation will need to be extended to avoid risks from unregulated sectors taint the performance of otherwise regulated banking sectors.** Regulators should require information to unregulated parties within a group to assess their financial condition. This is needed to test periodically the ultimate strength of the controlling group that is not being evaluated today by the regulators. Monitoring this information is essential to track and monitor leverage above the accounting consolidation point. This includes ascertaining the composition of investments, inter-company accounts and accounts receivable and payable that might disguise ITG exposures.
64. **Supervisory capacity needs strengthening.** This should include efforts to augment the corps of supervisors with a variety of other expertise such as macro economists, and staff with background experience in commercial banks or external auditors of banks. There is also need to provide training to existing staff to ensure that they are able to identify the risks in the financial institutions. There is also a need in many countries to increase the number of supervisory staff given the increase in the number of licensed banks, the branch expansion and the complexity of the products that the banks are beginning to market to customers.

**Good Governance and Risk Management by Financial Conglomerates**

65. **Effective programs need to be put in place to strengthen governance structures and risk management of the RFCs.** Board oversight is not yet performing the intended functions. Data integrity continues to underlie many of the problems in the banks, at subsidiary level and collectively as groups. Risk management practices though improving are not internalized, particularly beyond credit risk.

**Strengthening Contigency Crisis Management**

66. **Contingency Crisis Management Arrangements are needed to minimize economic and fiscal costs of bank resolution.** This should cover arrangement for emergency liquidity assistance (ELA) and resolution of insolvent institutions that might be considered systemically important. Supervisors should monitor whether the parent banks can fund their subsidiaries, and provide these banks with ELA only in exceptional circumstances. Member countries should also distinguish between liquidity and solvency crises, establish criteria for identifying systemic crises and appropriate responses, identify the operations for large scale supervisory intervention, and prepare for its implementation through simulation. This should cover the institutions, the policies and the processes which must be documented so as to be transparent and facilitate ex post explanations of actions (accountability).

**Adopting a broader macroeconomic orientation for financial surveillance**

67. **Consideration should be given to make central the role of minimizing the risk of systemic crisis-through setting up appropriate institutional frameworks.** Regulatory agencies currently have several objectives, including depositors and investors’ protection, financial stability, and market integrity, but minimizing the risk of systemic crisis and the use of tax-payers money is not made explicit. Establishing Financial Stability Departments that concentrate on identifying sources of potential systemic risk crisis would set the minds of regulators to ensure full coordination with functional or cross-border regulators in search of market signals leading to the accumulation of excessive risk. Although this would sometimes lead to cases of overreaction, still, in the long run, it could be beneficial for both markets and institutions.
Standard Bank Group of South Africa


The group’s major subsidiaries include (i) Standard bank of South Africa Limited (SBSA); (ii) Stanbic Africa Holdings which owns the groups African subsidiaries; (iii) Libety holdings which owns the groups insurance and asset management operations; and (iv) Standard International Holdings S.A. (‘SIH’) a Luxembourg based holding company which together with its subsidiaries comprises the international segment of the Corporate & Investment Banking business of the Standard Bank Group.

Headquartered in South Africa, it was established in 1862 and listed on the JSE since 1970. It has wide representation in 17 African countries and 16 countries outside Africa. It is a full service financial organisation offering transactional banking, saving, borrowing, lending, investment, insurance, risk management, wealth management and advising. It has expanded through both organic expansion and integrating acquisitions.

- 1988 established a branch in Swaziland;
- Standard Bank London was established in 1992 and in the same year, operations in Jersey and the Isle of Man were acquired. Two years later, the Isle of Man presence was broadened considerably with the acquisition of Standard Chartered's banking activities on the island. Standard Bank also has a full branch in Taipei and full bank status in Russia, Hong Kong, Singapore and Brazil.
- In 2002, Standard Bank acquired 90% of Uganda Commercial Bank the largest commercial bank in Uganda at that time.
- Standard Bank entered into an agreement in 2005 to buy BankBoston Argentina from Bank of America.
- In August 2007 Standard Bank Group acquired controlling interest in IBTC Chartered Bank, giving StanbicIBTC Bank Nigeria Limited a significant presence in the Nigerian market. In the same period, it acquired a 67% share of the Turkish bank Dundas Ünlü Securities.
- On 6 March 2009, Standard Bank announced plans to acquire 33% of Russia's second biggest investment bank, Troika
Appendix 1. Standard Bank of South Africa Group Structure

<table>
<thead>
<tr>
<th>Shareholding of the Top Ten</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent</td>
</tr>
<tr>
<td>-----------------------------</td>
</tr>
<tr>
<td>STANBIC BANK</td>
</tr>
<tr>
<td>Industrial and Commercial Bank of China</td>
</tr>
<tr>
<td>Public Investment Corporation</td>
</tr>
<tr>
<td>Tutuwa Participants</td>
</tr>
<tr>
<td>Staff</td>
</tr>
<tr>
<td>Strategic partners</td>
</tr>
<tr>
<td>Communities and regional businesses</td>
</tr>
<tr>
<td>Dodge and Cox</td>
</tr>
<tr>
<td>Old Mutual Groups</td>
</tr>
<tr>
<td>Sanlam Group</td>
</tr>
<tr>
<td>Liberty Group</td>
</tr>
<tr>
<td>Investments Solutions</td>
</tr>
<tr>
<td>iShares MSCI Emerging Markets Index Fund</td>
</tr>
<tr>
<td>Lazard Emerging Market Fund</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

This diagram depicts principal subsidiaries only.

The holding in subsidiaries is 100% unless otherwise indicated.
First Rand Limited

FirstRand Limited ["Firstrand"] is the holding company of the FirstRand Group of companies. These companies are engaged in diverse financial services activities in the areas of retail, corporate, investment and merchant banking, life and health insurance, employee benefits, short term insurance and asset and property management. The group is predominantly South African based, but it has operations in the neighbouring countries, the UK, middle East, Australia and India.

First Rand was created in 1998. Listed on the JSE and the Namibian Stock Exchange, FirstRand Ltd is an integrated financial services group providing a comprehensive range of products and services to the South African market and niche products in certain international markets.

FirstRand on the other hand is differentiated by its portfolio branding strategy and there are a number of leading financial services franchises within the group such as the Rand Merchant Bank(RMB), First National Bank (FNB), WestBank, Momentum and OUTsurance. Going forward, Africa will be the primary focus and FirstRand will use its position in other markets to provide support to its strategy in Africa. Greenfields remains FirstRand’s primary entry approach but the group will consider corporate action and the acquisition of appropriate operating platforms in order to accelerate the international expansion strategy.

The Group is currently awaiting regulatory approval for a representative office in Angola, has received conditional approval for a representative office in Nigeria and plans to commence full banking services in Tanzania in the near future. It is also actively looking at opportunities in other selected East and West African markets. It announced a strategic cooperation agreement with China construction Bank Cooperation. It said it was also considering expanding into Tanzania, Angola, Uganda and Ghana. FirstRand, has expressed interest in buying one of the eight troubled Nigerian banks rescued by the Central Bank last year, First National Bank of South Africa took over Meridian Bank when it failed in 1995. FNB began operating in Swaziland in 1995 by taking over the failed operations of Meridian Bank.
Appendix 2. First Rand Shareholder and Group Structure
United Bank of Africa

UBA plc, the pan Africa financial services institution headquartered in Lagos, Nigeria. It was incorporated in 1961 and following the sector wide banking reforms introduced and driven by the CBN, the bank merged with Standard Trust bank on August 1, 2005 and also acquired Continental Trust bank.

It is a universal bank and through its subsidiaries it offers trust services, insurance, asset management services, stock broking, issuing house, underwriting, security registration and custodial services. In 2008, it launched the UBA microfinance Bank Ltd and a bureau de change, UBA FX Mart Limited. UBA is a settlement bank and is in partnership with UBS Global Asset Management with respect to managing a portion of Nigeria’s foreign reserves. In 2008, UBA entered into a MoU with one of China’s largest banks, China Development Bank to finance long term infrastructure projects across Africa. UBA Metropolitan Life Insurance company is a joint venture between Metropolitan Holdings of South Africa and UBA Plc.

Global operations in 3 continents. UBA currently operates from Nigeria, Ghana, Cameroon, Cote d’Ivoire, Uganda, Sierra Leone, Liberia, Burkina Faso, Benin Republic, Senegal, Chad, Kenya, Tanzania, Gabon, The Gambia, USA, Rep office in Paris, Cayman Islands and the UK. In addition to these, we have obtained licenses to operate in Mali, Guinea Conakry, Zambia, Democratic Republic of Congo and Congo Brazzaville. Operations should fullycommence in some of these countries before the end of March 2010. UBA, which emerged following the disappearance of the French British Bank, opened a unit in London, precisely to raise money to fund its expansion. UBA Capital opened its doors in London in early February 2008 after it purchased Afrinvest, an independent investment bank. UBA is not just in London but it also maintains alliances in the United States, Russia and China. And it is from its London offices that it is working to finance North African companies based and operating in the Maghreb region proper.
Appendix 3. United Bank Shareholder and Group Structure

United Bank for Africa (UBA) Shareholder Structure

<table>
<thead>
<tr>
<th>Shareholder name</th>
<th>Direct (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CONSOLIDATED TRUST FUNDS LIMITED</td>
<td>6.5</td>
</tr>
<tr>
<td>FIRST DOMINION INVESTMENTS LIMITED</td>
<td>5.7</td>
</tr>
<tr>
<td>BGL SECURITIES LIMITED/MM</td>
<td>4.9</td>
</tr>
<tr>
<td>BANK OF NEW YORK MELLON CORPORATION</td>
<td>3.7</td>
</tr>
<tr>
<td>STH LIMITED</td>
<td>3.4</td>
</tr>
<tr>
<td>AFFILIATED MANAGERS GROUP INC via its funds</td>
<td>3.02</td>
</tr>
<tr>
<td>POSHIVILLE INVESTMENTS LIMITED</td>
<td>3</td>
</tr>
<tr>
<td>STANBIC NOMINEES NIGERIA LIMITED</td>
<td>2.5</td>
</tr>
<tr>
<td>BGL INVESTMENT LIMITED</td>
<td>2.3</td>
</tr>
<tr>
<td>INTERNATIONAL FINANCE CORPORATION - IFC</td>
<td>1.8</td>
</tr>
<tr>
<td>AFRICAN DEVELOPMENT BANK</td>
<td>1.57</td>
</tr>
</tbody>
</table>

United Bank for Africa (UBA) Group Structure (As of September 2009)

- **Banking Subsidiaries**
  - UBA Ghana (51%)
  - UBA Cameroon SA (100%)
  - UBA Cote d’Ivoire (100%)
  - UBA Liberia (100%)
  - UBA Sierra Leone (100%)
  - UBA Uganda (100%)
  - Banque International Du Burkina Faso SA (51%)
    - USA
    - Mali
    - Gabon
    - Guinea Conakry
    - Zambia
    - Congo DRC
    - Gambia
    - UK
  - **Rep Offices**
    - Paris
    - Cayman Island
    - UK

- **Nonbank Subsidiaries**
  - UBA Asset Management Ltd (100%)
  - UBA Capital (Africa) Ltd (100%)
  - UBA Capital (Europe) (49%)
  - UBA Stock brokers Ltd
  - UBA Registrars Ltd
  - **Pension Firms**
    - UBA Pension Custodian (100%)
    - MicorFinance
  - UBA Microfinance Bank Ltd (100%)
  - **Other**
    - UBA Trustees Ltd
    - UBA Capital Infrastructure and Principal investments
    - UBA EXM (Bureau de Change)

- **Nonfinancial Subsidiaries**
  - **Associate**
    - STB Capital Market Limited Investment Banking (30.7%)
  - **Joint Venture**
    - UBA Metro politan Life Insurance (50%)
Ecobank

Ecobank Transnational Incorporated is a bank holding company that was established in 1985 as a regional holding company of the Ecobank group with its head office in Lome, Togo under a private sector initiative with the support of the Federation of West African Chambers of Commerce and Industry and the Economic Community of West African States (ECOWAS). 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. The group was granted international organization status, with the necessary rights and privileges for it to operate as a regional institution, including the status of a non resident financial institution.

ETI stock is listed on three exchanges across its home markets Nigeria, Ghana and Cote d’Ivoire (BVRM). The largest shareholder is Renaissance Partners (24.99%). ETI has a long history of capital raising which has provided the bank with capital on an ongoing basis. Renaissance Partners, the private equity arm of Renaissance Group entered the story in 2006. Other major shareholding companies include the ECOWAS Bank for Investment and Development (EBID) previously known as ECOWAS Fund, the Social Security and National Insurance Trust (SSNIT) the national pension fund of Ghana.

Ecobank signed a co-operation agreement with the Bank of China, Ecobank already has an alliance relationship with South Africa-based Nedbank, enabling both banks to extend their coverage cooperatively across most of Africa. Ecobank has data centers based in Accra, Lagos and Lome which provide a common technology platform including a regional switch connecting all affiliates and which supports the one bank brand.

Ecobank joined alliance with ACCION to build a pan African microfinance business. In 2007, Ecobank launched one of the biggest microfinance banks in Nigeria and obtained a license to operate in Ghana. Ecobank and its partner ACCION, a global leader in microfinance have an aggressive plan to launch microfinance operations in 20 countries in the 5 years since 2008. The group launched an aggressive retail strategy in the second half of the year 2006 and special attention was paid to developing the network including branches, cash points, Western Union sales points and alliance sales points.

The group has expanded in leaps and bounds. It now operates in 30 countries including Rwanda, Kenya, Benin, Burkina-Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Congo-Brazzaville, Côte d’Ivoire, Democratic Republic of Congo, 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 and 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.
### Ecobank Transnational Incorporated Shareholder structure

<table>
<thead>
<tr>
<th>Shareholder Name</th>
<th>Direct (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>RENAISSANCE DIRECT INVESTMENTS</td>
<td>19.26</td>
</tr>
<tr>
<td>ECOWAS BANK FOR INVESTMENT AND DEVELOPMENT-BANQUE D'INVESTISSEMENT ET DE DEVELOPPEMENT DE LA CEDEAO</td>
<td>6.21</td>
</tr>
<tr>
<td>SOCIAL SECURITY AND NATIONAL INSURANCE TRUST</td>
<td>5.43</td>
</tr>
<tr>
<td>INTERLINK SECURITIES LTD</td>
<td>4.86</td>
</tr>
<tr>
<td>PAIP-PCAP SUB 1 LIMITED</td>
<td>4.41</td>
</tr>
<tr>
<td>IBLAKENEY GP III LTD-MAIN</td>
<td>2.69</td>
</tr>
<tr>
<td>CMG SECURITIES / ECOBANK</td>
<td>2.37</td>
</tr>
<tr>
<td>GLG/HSBC-TRADING</td>
<td>2.36</td>
</tr>
<tr>
<td>METROPOLITAN TRUST NIGERIA LTD</td>
<td>1.66</td>
</tr>
<tr>
<td>BLAKENEY MANAGEMENT via its funds</td>
<td>0.28</td>
</tr>
</tbody>
</table>

### EcoBank Transnational Incorporated Group Structure

**As of September 2009**

**Banking Subsidiaries**
- Ecobank Benin (78%)
- Ecobank Burkina Faso (82%)
- Ecobank Burundi (75%)
- Ecobank Cape Verde (90%)
- Ecobank Cameroon (79%)
- Ecobank CAR (75%)
- Ecobank Chad (73%)
- Ecobank Congo DRC
- Ecobank Congo Rep.
- Ecobank Cote D'Ivoire (94%)
- Ecobank Ghana
- Ecobank Gambia (100%)
- Ecobank Guinea (83%)
- Ecobank Guinea Bissau (100%)
- Ecobank Kenya (75%)
- Ecobank Liberia (100%)
- Ecobank Malawi (73%)
- Ecobank Niger (100%)
- Ecobank Nigeria (71%)
- Ecobank Rwanda (90%)
- Ecobank Sao Tome & Principe (88%)
- Ecobank Senegal (80%)
- Ecobank Sierra Leone (100%)
- Ecobank South Africa (Rep office?)
- Ecobank Tanzania
- Ecobank Togo (81%)
- Ecobank Uganda
- Ecobank Zambie

**Nonbank Subsidiaries**
- **Securities Firms**
  - Ecobank Dev Corp (86%)
  - Cote d'Ivoire
  - Ghana
  - Nigeria
  - Cameroon
  - Ecobank Asset Management (Cote d'Ivoire)
  - EDC Stockbrokers Ltd
  - EDC Securities
  - EDC Investment Corporation

- **MicroFinance**
  - Nigeria
  - Ghana
  - Senegal
  - Benin
  - Cameroon

- **Leasing**
  - Ecobank Leasing (Ghana)

**Venture Capital Subsidiary**
- EB-Accion Savings and Loans Company

**Nonfinancial Subsidiaries**
- Eprocess (100%)
Bank of Africa

BOA group, the Luxembourg based holding company of the BOA group (previously called Africa Financial Holding) is 42.5 percent owned by BMCE Bank, Morocco’s third largest bank by total assets. The holding company of Bank of Africa is in Luxenbourg and the shareholding did not have a major bank until recently when Bank Morrocco (BME) took a 42 percent stake holding of the holding company. The holding company is registered as a private commercial company.

BoA was established as a project to set up an African bank, independent of the major international banking corporations and founded on diversified sources of private sub-Saharan capital. The group has developed in four major phases.

- Following the establishment of BoA-Mali in 1982, the first phase was the expansion of scale with the establishment of the holding company AFH/BoA group in 1988 followed by BoA-Benin in 1989.

- The second phase (1991-8) was the steady expansion of the network with the creation of several BoA companies and a number of specialized financial institutions within the West African Economic and Monetary Union, including in Niger (1994), Cote d’Ivoire (1996) and Burkina Faso (1998).

- The third phase (1999-2006) involved continued geographic expansion beyond West Africa and sectoral diversification towards leasing, stock brokerage and insurance related activities, and during this period four new BoA entities were opened in Madagascar (1999), Senegal (2001), Kenya (2004) and Uganda (2006) while the strategy of diversifying business led to the creation of three leasing companies in Benin, Mali and Madagascar, a firm of stock brokers and an investment company operating in the interests of the Group as a whole as well as a bank specializing in housing credit in Benin and substantial shareholding in major insurance company.

- The fourth and current phase has largely been of further geographic and sectoral diversification, involving the bank’s further penetration into English speaking countries and building a geographic pole. This involved the expansion into Tanzania(2007) so as to cover the whole East Africa, BoA Mauritius (2008) aimed at private asset management and investment activities, continued sector expansion into consumer loans, bancassurance products and micro finance. In 2008, Banque Marocaine du Commerce Exterieur (BMCE) acquired 35% of the capital of AFH holding company through a reserved capital increase. BoA Uganda is a subsidiary of BOA Kenya.

BoAB is listed on the regional stock exchange in Ivory Coast.
Appendix 5. Bank of Africa Shareholder and Group Structure

Bank of Africa Shareholder Structure

<table>
<thead>
<tr>
<th>Shareholder name</th>
<th>Direct (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AFRICAN FINANCIAL HOLDING SA-AFRICAN FINANCIAL HOLDING/BANK OF AFRICA</td>
<td>48.5</td>
</tr>
<tr>
<td>NATIONAL SHAREHOLDERS</td>
<td>35.4</td>
</tr>
<tr>
<td>SOCIETE FINANCIERE NEERLANDAISE POUR LE DEVELOPPEMENT</td>
<td>8.3</td>
</tr>
<tr>
<td>OTHERS</td>
<td>5.4</td>
</tr>
<tr>
<td>ATTICA S.A.</td>
<td>2.4</td>
</tr>
</tbody>
</table>

Bank of Africa Group

Group Structure (As of 2009 September)

Banking Subsidiaries
- BOA-Benin (47.5%)
- BOA-Burkina Faso (60.3%)
- BOA-Côte d’Ivoire (80.7%)
- BOA-Madagascar (38.8%)
- BOA-Mali (50.9%)
- BOA-Niger (52.9%)
- BOA-Senegal (69.5%)
- BOA-Kenya (62.8%)
- BOA-Uganda (51.2%)
- BOA-Tanzania (37.6%)
- Banque de crédit de Bujumbura (20.3%)

Holding Companies
- BOA Group SA
- AFH-Ocean Indien (100%)
- afh-services (100%)

Nonbank Subsidiaries
- Securities Firms
  - Actibourse (88.11%)
  - Aissa Sarl (100%)
  - Agora (59.16%)
  - Agora Mali (100%)
- Venture Capital
  - Attica (50.06%)
- Insurance Firms
  - Colina Paticipations
  - Colina Madagasca (25%)
- Leasing
  - Equipbail - Benin (81.4%)
  - Equipbail - Madagascar (78.59%)
  - Equipbail - Mali (85.5%)
- Real Estate Financing
  - Banque de l’Habitat de Banin (BHB) (54.53%)

Nonfinancial Subsidiaries
- SCI Olympe (100%)
- Aissa (IT Co.)

Appendix 6. Access Bank Shareholder and Group Structure
Access bank Shareholder Structure

<table>
<thead>
<tr>
<th>Shareholder name</th>
<th>Country</th>
<th>Direct (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>INVESTEC PLC via its funds</td>
<td>GB</td>
<td>0.75</td>
</tr>
<tr>
<td>FRANKLIN RESOURCES, INC. via its funds</td>
<td>US</td>
<td>0.41</td>
</tr>
<tr>
<td>STANDARD BANK GROUP LIMITED via its funds</td>
<td>ZA</td>
<td>0.37</td>
</tr>
<tr>
<td>BI HOLDING A/S via its funds</td>
<td>DK</td>
<td>0.32</td>
</tr>
<tr>
<td>SYDBANK A/S via its funds</td>
<td>DK</td>
<td>0.22</td>
</tr>
<tr>
<td>BLAKENEY MANAGEMENT via its funds</td>
<td>GB</td>
<td>0.2</td>
</tr>
<tr>
<td>HQ AB via its funds</td>
<td>SE</td>
<td>0.18</td>
</tr>
<tr>
<td>DEUTSCHE BANK AG via its funds</td>
<td>DE</td>
<td>0.15</td>
</tr>
<tr>
<td>MORGAN STANLEY via its funds</td>
<td>US</td>
<td>0.15</td>
</tr>
</tbody>
</table>

Access Bank Group Structure
(As of 2009 September)

Banking Subsidiaries
- Access Bank Gambia (75%)
- Access Bank Ghana
- Access Bank Sierra Leone (85%)
- Access Bank Rwanda (75%)
- Fin bank Burundi (75%)
- Access Bank Cote d’Ivoire (88%)
- Access Bank Zambia (75%)
- Access Bank UK (100%)
- Access Bank Congo DR (100%)

Nonbank Subsidiaries
- Securities Firms
  - United Securities Ltd (100%)
  - Access Investment and Securities (100%)
- Insurance Firms
- Pension Firms
- Mortgage Services
  - Access Homes and Mortgage (100%)

Nonfinancial Subsidiaries

Associate
- Marina Securities Ltd (29%)