I N T E R N A T I O N A L   M O N E T A R Y   F U N D

# Pan-African Banks

## Opportunities and Challenges for Cross-Border Oversight

IMF staff team led by
Charles Enoch, Paul Mathieu,
and Mauro Mecagni

INTERNATIONAL MONETARY FUND

African Department and
Monetary and Capital Markets Department

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# Contents

Glossary ... vi
Executive Summary ... 1
Introduction: Financial Stability Aspects and Rationale for Study ... 5
Systemic Importance of Cross-Border Banking Groups in Sub-Saharan Africa ... 20
  Cross-Border Banking Groups in Sub-Saharan Africa ... 20
  Systemic Importance of Cross-Border Banking Groups ... 22
  Structure, Balance Sheet Expansion, and Financial Soundness of Cross-Border Banking Groups ... 28
Challenges for Banking Oversight ... 35
  Cross-Border Regulatory and Supervisory Issues ... 35
  Cross-Border Crisis Management and Resolution Issues ... 44
  Roles of Regional Institutions ... 48
Authorities' Views ... 53
Conclusions and Recommendations ... 55
  Recommendations ... 56
  Surveillance and Technical Assistance ... 59
References ... 93

**Boxes**

1. Increasing Intraregional Trade Linkages in Sub-Saharan Africa ... 8
2. Benefits of Cross-Border Banking ... 12
3. Financial Sector Supervisory Standards in Sub-Saharan Africa and Morocco ... 14
4. IMF Technical Assistance on Banking Supervision and Regulation to Sub-Saharan Africa ... 16
5. Pan-African Banks' Complex Ownership and Corporate Structure—Example of Bank of Africa ... 30
6. Intragroup Integration and Centralized Group Services ... 31
7. Subsidiaries Versus Branches—One Size Does not Fit All ... 39
8. Overview of Governance Best Practices in Commercial Banks ... 40
9. Crisis Management Groups and Resolution Plans ... 47
10. Lessons From the Global Financial Crisis for Cross-Border Supervision and Resolution of Pan-African Banks ... 48
11. Development of the Southern African Development Community Integrated Regional Electronic Settlement System ... 51

**Figures**

1. Major Pan-African Banks: Cross-Border Expansion, 2002–14 .......... 7
2. Selected Pan-African Banks and Foreign Banks: Systemic Importance by Country, 2013 .......... 10
3. Sub-Saharan Africa: New Syndicated and Large Bilateral Loans for Infrastructure by Lender Nationality, 2006–13 .......... 13
4. Sub-Saharan Africa and Morocco: Basel II Implementation by Country .......... 15
5. Major Pan-African Banks: Size and Share of Cross-Border Subsidiaries, 2013 .......... 24
6. Selected Foreign Banks: Size and Share of Sub-Saharan African Subsidiaries, 2013 .......... 24
7a. Selected Pan-African Banks and Foreign Banks: Size and Systemically Important Operations, 2013 .......... 26
7b. Contrasting Pan-African Bank Structures: Dominant Home versus Dominant Network .......... 27
8. Sub-Saharan Africa: Compliance with Basel Core Principles .......... 36
9. Sub-Saharan Africa and Morocco: Accounting Standards by Country .......... 38

**Table**

1. Summary of Key Recommendations .......... 3

**Appendices**

I. Supplemental Tables and Figures .......... 61
II. Pan-African Banks' Home Countries .......... 79
III. Selected Pan-African Banks .......... 85
IV. Banking Integration in the Association for Southeast Asian Nations .......... 91

# Glossary

| | |
|---|---|
| ABIF | ASEAN Banking Integration Framework |
| ASEAN | Association of Southeast Asian Nations |
| BAGL | Barclays Africa Group Limited |
| BAM | Bank Al-Maghrib |
| BC | Commission Bancaire (Banking Commission) of the West African Monetary Union |
| BCP | Basel Core Principles |
| BMCE | Banque Marocaine du Commerce Extérieur |
| BOA | Bank of Africa |
| CBN | Central Bank of Nigeria |
| CMG | crisis management group |
| EAC | East Africa Community |
| ECP | Emerging Capital Partners |
| ETI | Ecobank Transnational Incorporated |
| FSAP | Financial Sector Assessment Program |
| GBCP | Groupe Banque Centrale Populaire |
| GTBank | Guaranty Trust Bank |
| KCB | Kenya Commercial Bank |
| MOU | memorandum of understanding |
| NPL | nonperforming loan |
| PAB | pan-African bank |
| SABG | South African Banking Groups |
| SADC | Southern African Development Community |
| SARB | South African Reserve Bank |
| SIRESS | SADC Integrated Regional Electronic Settlement System |
| SSA | Sub-Saharan Africa |
| TA | Technical Assistance |
| UBA | United Bank for Africa |
| WAEMU | West African Economic and Monetary Union |

# Executive Summary

There has been a rapid expansion of pan-African banks (PABs) in recent years, with seven major PABs having a presence in at least ten African countries: three of these are headquartered in Morocco, two in Togo, and one each in Nigeria and South Africa. Additional banks, primarily from Kenya, Nigeria, and South Africa, have a regional presence with operations in at least five countries. PABs have a systemic presence in around 36 countries. Overall, the PABs are now much more important in Africa than the long-established European and American banks.

PABs have expanded mainly through subsidiaries, via the acquisition of existing banks. Only a few PABs have used greenfield investments to expand across countries. Subsidiarization reflects regulators' wish to minimize contagion, particularly given the relatively high risks associated with banking activity in the continent.

The growth of PABs offers a number of opportunities and benefits. The expansion of these banks reflects the increase in economic integration within Africa more generally and is contributing to improve competition, support financial inclusion, and give rise to greater economies of scale. In addition, PABs have been filling the recent gap left by European banks and are becoming the lead arrangers of syndicated loans (IMF 2014b).

At the same time, the rapid expansion of PABs poses oversight challenges that if unaddressed, may increase systemic risks. Supervisory capacity is already constrained and under-resourced in most of Africa. PABs raise the importance of transparency and disclosure, good governance, strong prudential oversight, and a legal and regulatory framework that supports effective and comprehensive supervision and crisis management, particularly in the countries that are homes to major PABs. Progress is being made in most areas but efforts to strengthen oversight in some cases need to be intensified.

Governance challenges too should be addressed if the PABs are to emerge as strong institutions supporting the pan-African economy. Fitness and propriety of owners and shareholders, in particular of bank holding companies, is not always fully assessed and ownership structures in some cases are opaque. Disclosure in Africa is also less extensive than elsewhere. The lack of a single accounting standard across the continent makes assessment of

the banks' overall situation difficult. And in many countries conduct-of-business oversight is only now emerging.

The lack of regulatory oversight of bank holding companies and their supervision on a consolidated basis in some home jurisdictions needs to be addressed urgently. At least two large PABs operate as subsidiaries of unregulated bank holding companies. While requiring separately capitalized subsidiaries reduces the extent of possible contagion, it does not eliminate it. Bank subsidiaries may well have exposures to their parents or to other bank or nonbank subsidiaries within the same group. Difficulties in a bank's operations in one country may well lead to problems for the group as a whole, particularly if governance is a concern. Greater integration has benefits, but interconnectedness means that countries are more exposed to spillovers from cross-border shocks.

Cooperation on cross-border supervision has started, but enhanced collaboration is critical. The Central Bank of Nigeria requires a memorandum of understanding with home regulators before allowing a bank to be established in its jurisdiction. Quarterly meetings of the West African Monetary Institute include discussions of PAB issues. Several joint inspections have taken place and supervisory colleges established for a few PABs, and others are planned. Supervisory colleges need to be established for all PABs and meet at least once a year at the senior supervisory level. Memorandums of understanding that ensure full exchange of information are needed between all homes and hosts.

Sustained efforts are needed on cross-border resolution. The recent global financial crisis demonstrated the costs of not having a workable cross-border operational framework in place, as well as the difficulty of constructing one. Without a resolution mechanism, supervision alone may have limited effectiveness. Most African countries also need to enhance resolution at the national level. While some countries have sought to reduce spillover risks through ring-fencing approaches, this cannot avoid the need for cross-border collaboration. Ex ante understandings are needed across jurisdictions as to respective responsibilities in the event of difficulties.

Regional currency unions, such as the West African Monetary Union (WAMU), face particular challenges on the interface of responsibilities between regional and national authorities. WAMU operates as a single regional monetary and supervisory authority, but with a licensing and resolution role for national authorities. Bank licenses are issued by the national Minister of Finance (MOF) after a binding opinion by the Banking Commission and are revoked by the national MOF upon decision of the Banking Commission. However, the national MOF has the right to appeal at the West African Economic and Monetary Union Council of Ministers. National responsibility for bank resolution, while supervision is conducted at the regional level,

can seriously complicate the handling of bank problems. Given that WAMU is home to two major PABs and host to many others, developing appropriate arrangements to reconcile regional and national interests is paramount. As seen in the euro area, the problems that emerge in crisis situations indicate a need to clarify regional responsibilities, powers, and institutions. Regional groupings that are homes or hosts of major PABs should examine the scope for establishing a single resolution mechanism.

The agenda is formidable (Table 1); strategic oversight could assist implementation. Existing arrangements are either not specifically focused on pan-African banking issues or may include too wide a participation for effective decision making. It is proposed that a new group be set

| Table 1. Summary of Key Recommendations | Priority |
| --- | --- |
| **Regulatory and Supervisory Harmonization** | |
| • Ensure full regulation and supervision of bank holding companies. | H |
| • Implement consolidated and risk-based supervision. | H |
| • Accelerate adoption of International Financial Reporting Standards in all countries that are home or hosts to major pan-African banks (PABs). | H |
| • Enhance data availability, for example, on banks' cross-border exposures. | H |
| • Harmonize and align key prudential norms with international standards (for example, concentration limits), in all countries that are home or major hosts to major PABs. | H |
| • Consider subjecting PABs with regional systemic importance to Basel III domestic systemically important bank requirements. | H |
| **Governance** | |
| • Ensure fit-and-proper criteria are applied to boards and management of banks and bank holdings both at time of licensing and periodically thereafter. | H |
| **Cross-border Collaboration** | |
| • Ensure memorandums of understanding feature full exchange of information between home and host authorities for all major PABs. | H |
| • Broaden range of joint inspections to include all major PABs. | H |
| • Introduce supervisory colleges for all PABs. Ensure that each college meets at least once a year. | M |
| • Enhance the function of supervisory colleges by introducing a two-tier structure of core and universal membership. | H |
| • Clarify countries' respective responsibilities in the event of liquidity or solvency difficulties in a PAB. Run joint simulation exercises. | |
| **Financial Stability** | |
| • Ensure through macro and micro stress tests and other techniques that national financial systems are sound even in the event of cross-border contagion from PABs. Share national financial stability findings. | M |
| **Resolution and Safety Net** | |
| • Ensure adequate legal framework, featuring special resolution regimes, are in place to resolve failing banks and bank holdings, in conformity with the Financial Stability Board Key Attributes. | H |
| • Extend cooperation to cover resolution of PABs, establish crisis management groups for systemically important ones and require them to develop recovery and resolution plans. | H |

| | |
|---|---|
| **Strategic Oversight** | |
| • Intensify coordination and collaboration between the Central Bank of Nigeria and the Banking Commission, as these two agencies are at the forefront of oversight responsibility for several major PABs. | **H** |
| • Establish a PAB Supervisory Oversight Committee of the home regulators and central banks of the major PABs (i.e., Banque Centrale des Etats de l'Afrique de l'Ouest, Kenya, Morocco, Nigeria, and South Africa), with the chair of the Association of African Bank Supervisors, in order to:<br>• drive the reform agenda,<br>• coordinate on emerging problems,<br>• integrate into the African financial systems the best practices in financial sector management that are emerging in the global fora, and<br>• provide assistance to lagging regulators/supervisors and other authorities, either from within the group, or from outside sources such as the multilateral agencies. | **M** |
| **Regional Integration** | |
| • Regional bodies such as the Banque Centrale des Etats de l'Afrique de l'Ouest and the East Africa Community to review their regional structure to improve their ability to provide effective regional financial sector oversight and management capacity in the face of PAB development, for instance as regards safety nets and resolution mechanisms. | **M** |

up, a PAB Supervisory Oversight Committee comprising the home regulators/supervisors and central banks of the major PABs (Banque Centrale des Etats de l'Afrique de l'Ouest, the central bank for the West African Economic and Monetary Union, Kenya, Morocco, Nigeria, South Africa), with representation of the Association of African Central Banks, to drive the cooperative and harmonization agenda.

Pursuing the reform agenda expeditiously will require extensive technical assistance. The IMF is prepared to continue to provide assistance in its areas of responsibility and, if helpful, to liaise with other providers to help ensure a comprehensive program to safeguard financial stability.

# 1 Introduction: Financial Stability Aspects and Rationale for Study

This study reflects the IMF's priority of sharpening the focus of surveillance by strengthening understanding of financial sector interconnectedness. The study takes stock of the development of pan-African banking groups; identifies regulatory, supervisory, and resolution gaps; and suggests how the IMF can help the authorities address the related challenges. The project focuses on the countries and regions with a high presence of pan-African banks (PABs), with the objective of better understanding PABs' activities and vulnerabilities. It is based on the work of missions that discussed with the main home and host regulatory and supervisory authorities the challenges they face in overseeing these banking groups. In particular, this dialogue has involved assessing: (1) how supervisors monitor the business plans and governance of the PABs; (2) the coverage of consolidated supervision and the extent of cross-border collaboration; and (3) the level of crisis preparedness (modalities of liquidity backstopping and bank resolution) among supervisors. The missions also met with each of the main cross-border banking groups to discuss their business plans and their risk mitigation strategies.

Pan-African banking groups have expanded rapidly across sub-Saharan Africa (SSA) (Figure 1).[1] Seven banking groups dominate in terms of their geographic footprint (Attijariwafa Bank, Groupe Banque Centrale Populaire, and Banque Marocaine du Commerce Extérieur

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[1]In this report, pan-African banking groups include all banks with cross-border operations headquartered in SSA or North Africa (Appendix Table 1 provides an overview). Major PABs are defined as the seven largest groups that have subsidiaries in 10 or more countries. While the analysis in the report will mostly focus on the seven major PABs and their home countries (Morocco, Nigeria, South Africa, West African Economic and Monetary Union), the recommendations on banking oversight apply to all PABs. The analysis also includes Kenya as a home to a significant number of PABs and due to Kenya's role in the East Africa community.

[BMCE]/Bank of Africa [BOA][2] from Morocco; Ecobank[3] and Oragroup from Togo; Standard Bank from South Africa; and United Bank for Africa from Nigeria).[4] About 35 percent of their subsidiaries are systemically important in the host countries, in particular subsidiaries of Ecobank, Standard Bank, and BMCE/BOA. In addition, Kenyan banks have expanded rapidly primarily in the East Africa Community (EAC). Notwithstanding the rapid expansion, only partial information is available for all these groups.

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[2]BOA is majority owned by Morocco's BMCE Group since 2010. The presence in SSA is under the "Bank of Africa" brand and thus the analysis will mostly focus on BOA, as the other two BMCE operations in SSA are minority stakes.

[3] Ecobank is a full service bank, with operations in about 36 African countries. Ecobank Transnational Incorporated is the parent holding company of the Ecobank group.

[4]A Libyan bank (Banque Sahelo-Saharienne pour L'Investissement et le Commerce) operates in 12 SSA countries; however, due to the lack of recent data, they are not included in the detailed analysis.

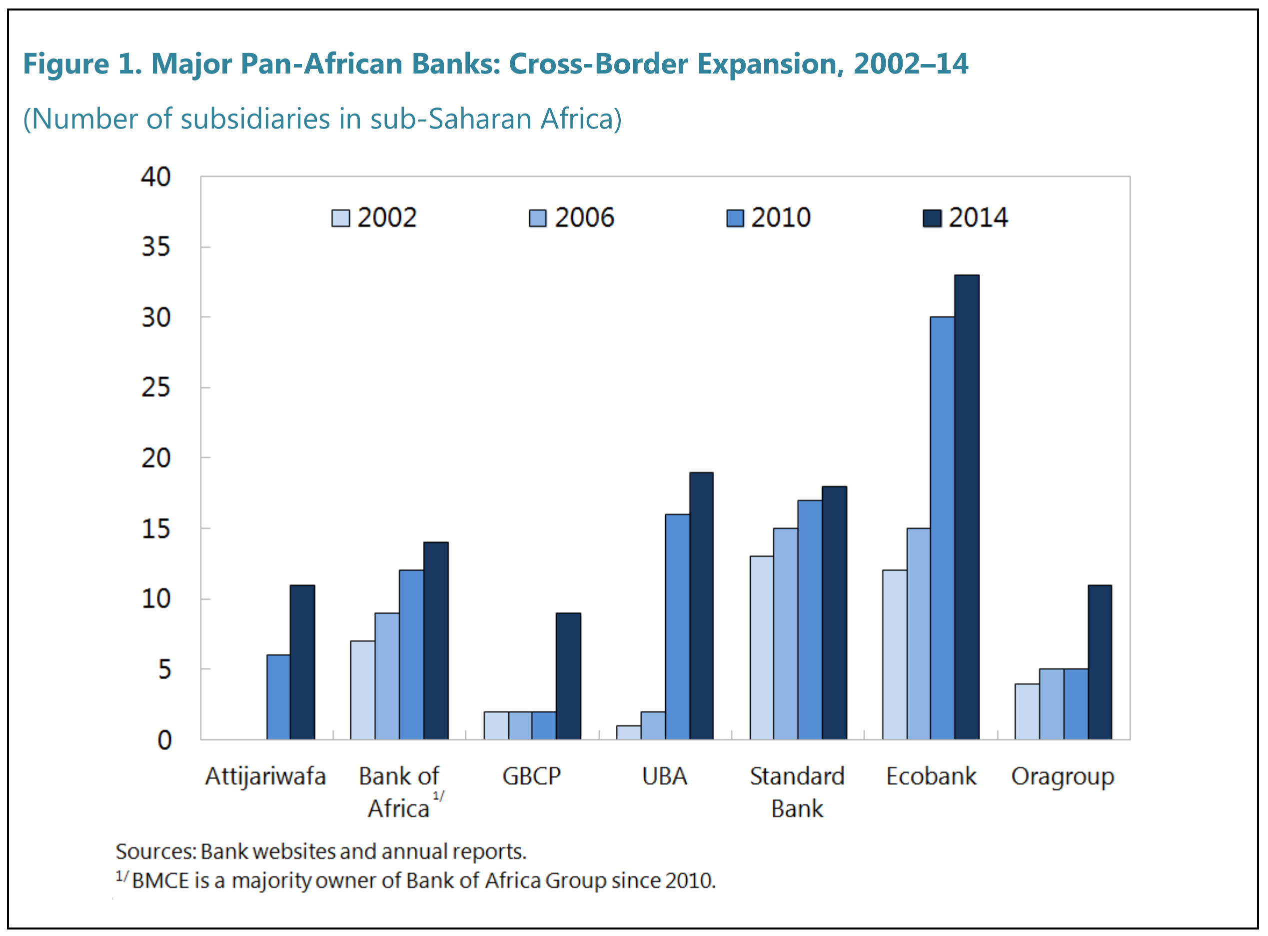



**Figure 1. Major Pan-African Banks: Cross-Border Expansion, 2002–14**

(Number of subsidiaries in sub-Saharan Africa)

Sources: Bank websites and annual reports.

1/ BMCE is a majority owner of Bank of Africa Group since 2010.

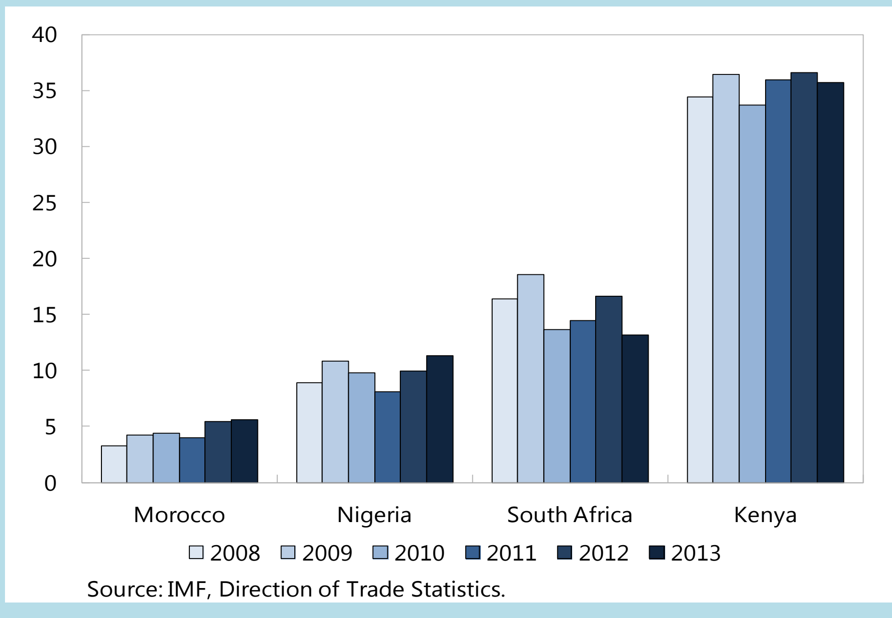
The timing of the rise of the PABs reflects a convergence of a number of idiosyncratic factors (Appendix II). The end of apartheid in the mid-1990s opened the door for South African banks to extend their expertise abroad. The ending of several civil conflicts in Africa, recovering growth and macrostability, and the opportunities from large unbanked populations across Africa was fertile ground for the expansion. In Nigeria, the large increase in minimum capital requirements, following a banking crisis in the mid-2000s, pushed banks to consider expanding abroad to make use of their new capital bases. Moroccan banks also saw opportunity to extend their networks south in the face of a more saturated banking market at home. A renewed impetus for regional integration in the EAC, coupled with the success of mobile payments in Kenya, was propitious to the expansion of Kenyan banks in east Africa. Increasing trade linkages between African countries induced banks to follow their clients abroad (Box 1). The global financial crisis and associated regulatory stiffening, especially regarding risk-based capital, along with high costs of small-scale operations, accelerated the retrenchment of European banks from the continent (Figure 2).

## Box 1. Increasing Intraregional Trade Linkages in Sub-Saharan Africa

**Historically, intraregional trade in sub-Saharan Africa (SSA) has been low and trade links with Europe, the United States, and Asia still outweigh intraregional trade.** However, the intra-African trade and financial linkages that have been expanding rapidly in recent years are bound to grow further in the coming years (IMF 2012b). The recent cross-border expansion of PABs has been partly influenced by increasing trade flows and expansion of companies into new markets in SSA. In particular, cross-border banks from different countries such as Kenya, South Africa, or Nigeria cited it as one of the reasons for expansion following corporate clients abroad (for example, see IMF (2012b) for a list of South African companies operating in SSA).

**The share of SSA trade in total trade has increased in four PAB home countries since 2008.** The share of trade with SSA is highest in Kenya with around 35 percent, of which the largest part is trade within the East Africa Community. In Morocco, the share of trade with SSA is the smallest of the four countries, but exports to the West Africa Monetary Zone and West African Economic and Monetary Union countries have increased strongly in the last few years. Nigeria's exports to SSA are recovering from a low of 8 percent in 2011, which might be mostly driven by oil prices.

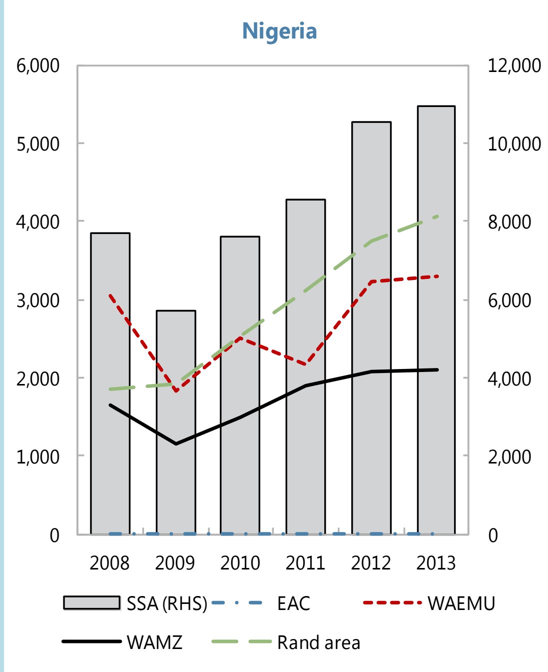
**Selected Pan-African Bank Home Countries:**
**Share of Exports to Sub-Saharan Africa, 2008–13**
(In percent of total exports)

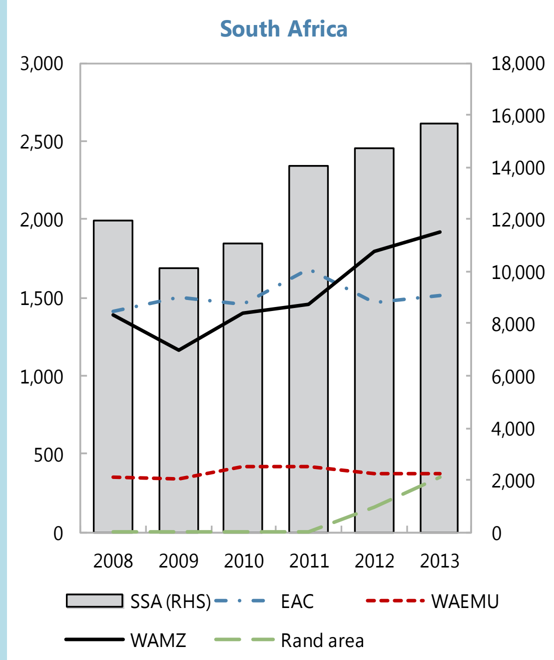


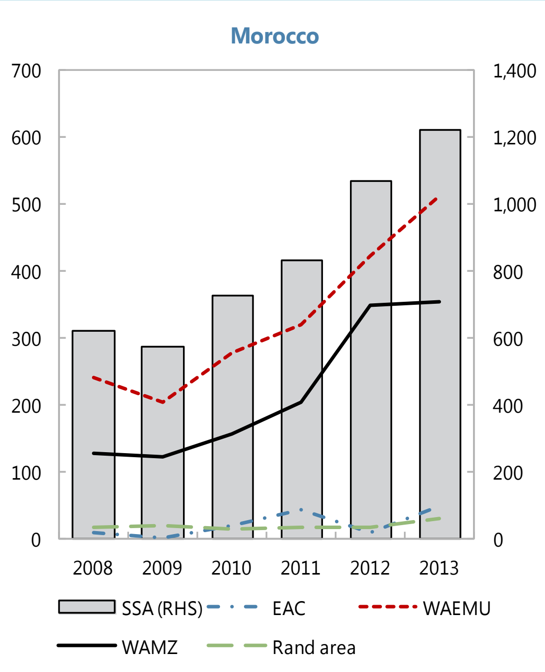
Source: IMF, Direction of Trade Statistics.

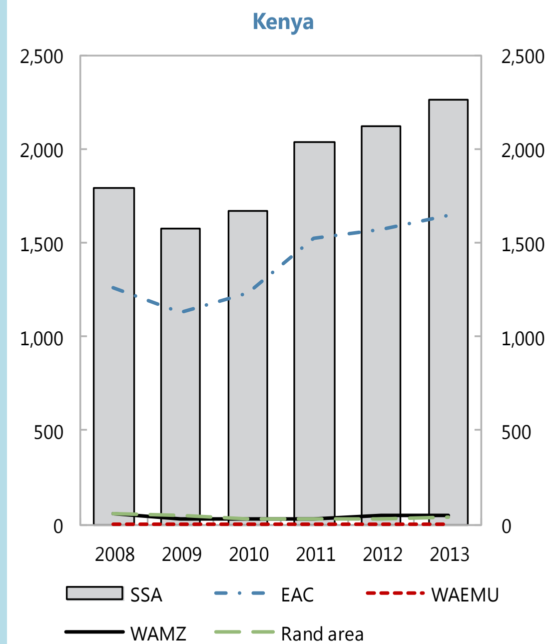
**Selected Pan-African Bank Home Countries: Exports to Selected Economic Regions, 2008–13**

(Millions of U.S. dollars)



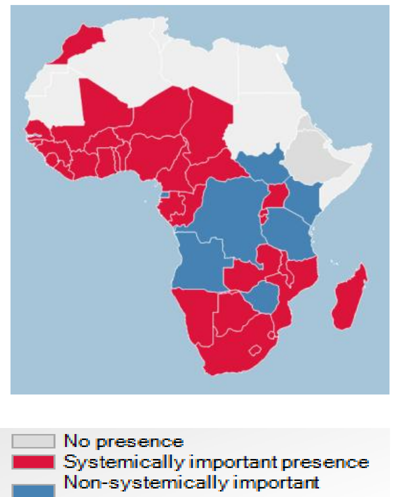




Source: IMF, Direction of Trade Statistics.

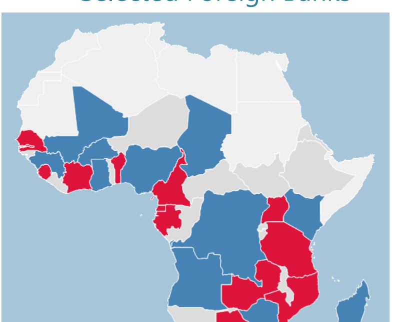
Note: EAC = East African community; SSA = sub-Saharan Africa; RHS = right-hand scale; WAEMU, West African Economic and Monetary Union; WAMZ = West African Monetary Zone.

**Figure 2. Selected Pan-African Banks and Foreign Banks: Systemic Importance by Country, 2013**

Major Pan-African Banks

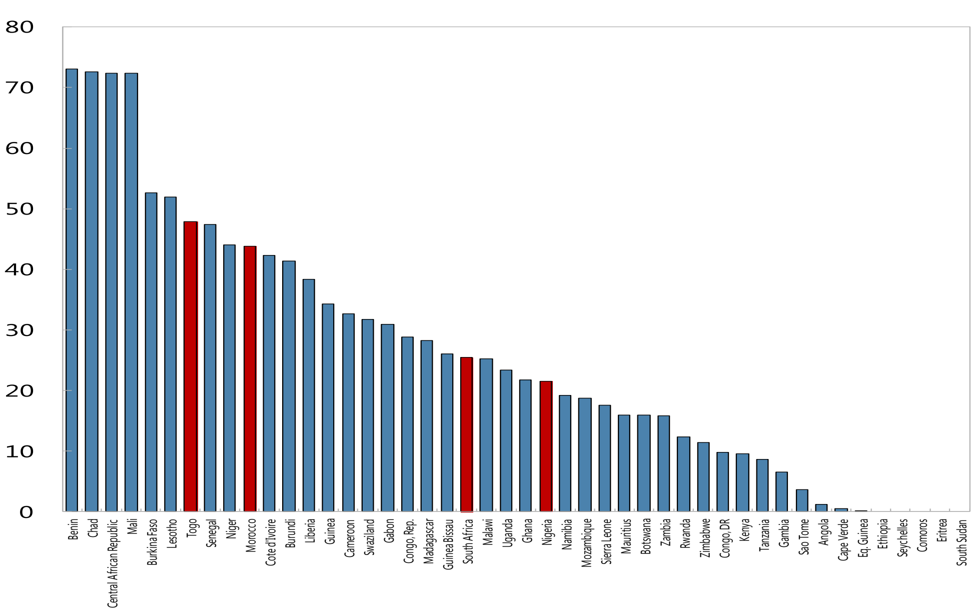



Selected Foreign Banks



Sources: Annual reports; Bankscope; and IMF staff calculations.
Note: Systemically important presence includes parents in their home countries and subsidiaries with a deposit share of more than ten percent of banking system deposits.

Sub-Saharan Africa and Morocco: Major Pan-African Banks' Share of Total Bank Deposits by Country, 2013




Sources: Annual reports; Bankscope; and IMF staff calculations.
Note: Columns highlighted in red indicate the home countries of the seven major PABs.

Growing pan-African banking groups offer opportunities, but pose supervisory challenges (Box 2). Anecdotal evidence suggests that the expansion of these banks has improved competition and given rise to economies of scale especially in host countries with small local markets. The PABs are driving innovation, offer opportunities to enhance financial inclusion, and in some cases have contributed to lowering costs (for example in the EAC). African banks have also become lead arrangers for syndicated loans filling the recent gap left by European banks (IMF 2014b and Figure 3). The expansion of PABs increased diversification effects for home countries and provided further growth opportunities. However, as these groups developed in reach and complexity, significant supervision gaps, governance issues, and questions about cross-border resolution have emerged. In addition, countries are on different levels of implementing international standards, for example, some countries have implemented Basel II standards, whereas for others it is still work in progress (Box 3 and Figure 4). These issues could pose risks to national and regional financial stability. Against these developments, IMF technical assistance efforts on banking supervision and regulation including strengthening of legal frameworks to SSA have increased in recent years, including through the regional technical assistance centers (Box 4).

Well-functioning financial infrastructure both on a national level as well as cross-border is important for reaping the benefits of the cross-border expansion of PABs. This includes efficient payment and settlement systems, credit rating agencies and credit information systems, including comparability of credit information across countries, as well as dispute resolution and consumer protection mechanisms. With further cross-border integration and expansion of PABs, payment and settlement systems need to be consistent across countries to avoid payment difficulties with adverse effects for financial stability. Examples of cross-border integration of payment and settlement systems include the West African Economic and Monetary Union region (as a currency union) and the East African Payments System launched in 2013 as well as the recent introduction of a settlement system for regional transactions in the Southern African Development Community (see Box 11).

## Box 2. Benefits of Cross-Border Banking[1]

The expansion of cross-border banking groups across the African continent offers opportunities and benefits for the economies involved. Cross-border banks have also expanded in other regions of the world such as Latin America or Central and Eastern Europe leading to a rich literature analyzing the benefits and risks of cross-border activities. While specific evidence for the African case and in particular for the benefits of the expansion of pan-African banking groups (as opposed to other foreign banks) is still rudimentary, benefits can be categorized into three main areas: competition and efficiency, financial deepening and inclusion, and stability.

**Competition and Efficiency**

Cross-border banks benefit the host countries' banking sector by increasing competition, increasing access to higher skills and expertise, better access to capital, and economies of scale. More broadly, they can also have a positive effect through improving governance structures. However, whether the effects are positive depend on country circumstances and existing market structures. For example, in a crowded market, the effects of higher competition might not materialize. In the African context of underdeveloped banking systems, the arrival of more skilled, better managed, and better funded competitors can have a significant positive impact on host economies.

Empirical studies using cross-country comparisons generally found a positive association between foreign bank entry and efficiency and competition as measured by net interest margins, profitability, and cost efficiency. In the EAC, EAC-headquartered banks or their subsidiaries have lower spreads and are more efficient than other private domestic banks or subsidiaries of foreign banks headquartered outside of the region (World Bank 2013).

**Financial Deepening and Financial Inclusion**

By bringing in special expertise from their home markets, cross-border banks foster financial inclusion, if they reach out to previously underserved market segments. On the other hand, if foreign banks focus on the high-end customers only ("cherry picking") or rely too much on formal information, thereby precluding the lower end of the market, this could result in a limited impact on financial inclusion.

Empirical studies on the effects of cross-border banking for financial inclusion do not give a consistent picture; instead, results depend on countries and regions as well as data sources used. For example, a higher foreign bank share can be associated with a lower number of loan and deposit accounts per capita (Beck, Demirgüç-Kunt, and Martinez Peria 2007), but also with lower barriers to deposit service access (Beck, Demirgüç-Kunt, and Martinez Peria 2008). In the African context, there is anecdotal evidence that PABs are serving underbanked parts of the population, have led to an increase in branches across the host countries (one example are Nigerian banks in the West African monetary zone), and are exporting innovative business models from their home markets (e.g., Moroccan or Kenyan banks).

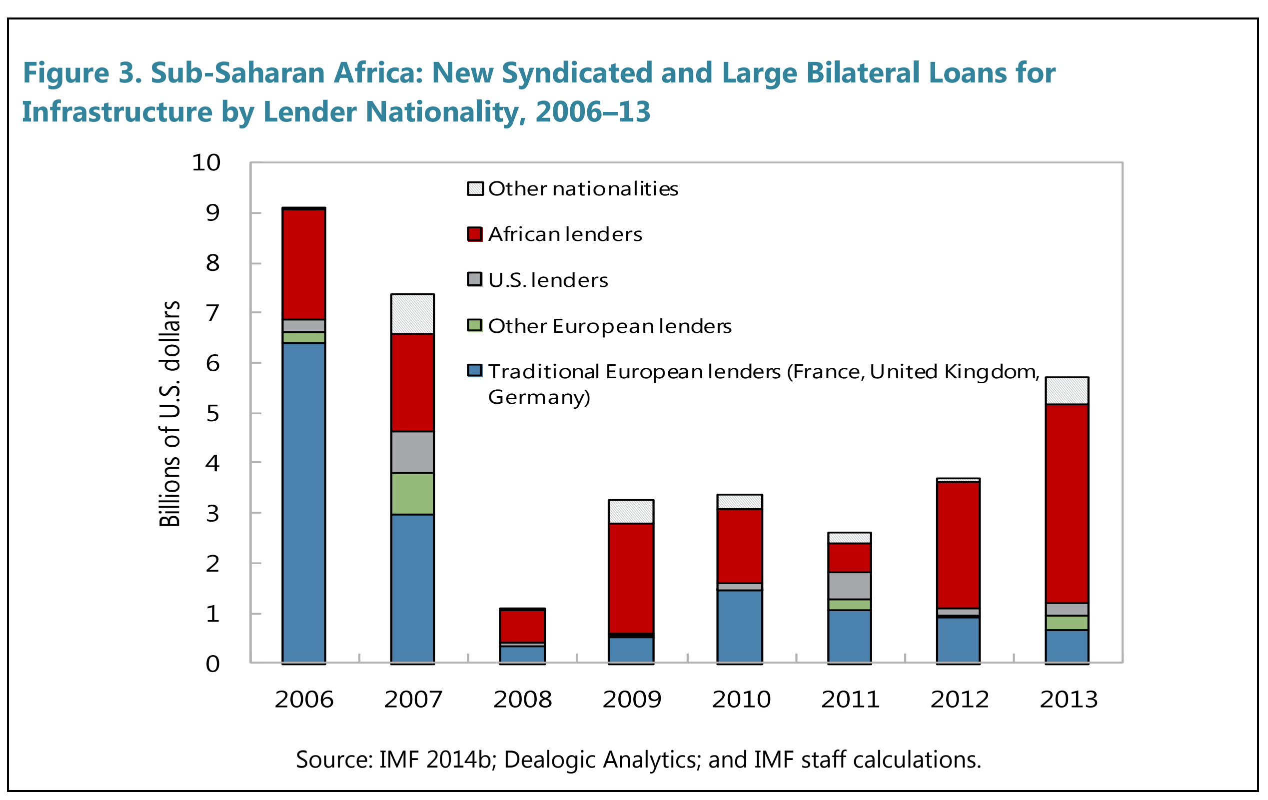
**Financial Stability**

Cross-border banks can contribute positively to financial stability through diversification benefits both for the banks themselves and their customers, in particular if business cycles are not synchronized. Indirect effects on stability can stem from upgrades in quality of supervision and regulation in host countries induced by the foreign banks and their home supervisors, who often introduce higher standards (e.g., International Financial Reporting Standards accounting and Basel II/III standards). However, potential contagion effects can offset stability benefits as cross-border banks can also more easily propagate shocks from their home countries across the host economies.

Empirical evidence based on data prior to the global financial crisis supports the positive impact of cross-border banking on financial institutions and economies through risk diversification (e.g., Arena, Reinhart, and Vazquez 2007). More recent studies find that while cross-border banking can help mitigate effects of local financial shocks, global financial shocks are propagated (e.g., Popov and Udell 2012, and de Haas and van Lelyveld, 2014 for bank-level analysis, and Kalemli-Ozcan, Papaioannou, and Perri 2013 for macro analysis). However, the effects of contagion also depend on the structure of the local subsidiaries as the differences in contagion impact of the global financial crisis on Eastern Europe and Latin America show (Cull and Martinez Peria, 2013).

This box is adapted from Chapter 2 of Beck and others (2014).

**Figure 3. Sub-Saharan Africa: New Syndicated and Large Bilateral Loans for Infrastructure by Lender Nationality, 2006–13**




Source: IMF 2014b; Dealogic Analytics; and IMF staff calculations.

## Box 3. Financial Sector Supervisory Standards in Sub-Saharan Africa and Morocco

Countries in SSA are at different development levels with regards to their financial sector regulation and supervision standards and operate at varying stages of implementation of international standards. Whereas a number of countries have moved to International Financial Reporting Standards accounting standards, implementation of Basel II standards has only been completed in a handful of countries. An important part of depositor protection, namely depositor insurance, is missing in the majority of countries.

**Summary of Supervisory Standards by Country**

| | Accounting Standard | Capital Adequacy Standard [1/] | Basel Core Principles [2/] | Deposit Insurance | Asset Classification [3/] |
|---|---|---|---|---|---|
| Angola | National | No Basel II yet | <50% | No Dep. Ins. | < 90 days |
| Botswana | IFRS | Basel II in progress | >80% | No Dep. Ins. | 90 days |
| Burundi | IFRS Plan | Basel II in progress | <50% | No Dep. Ins. | > 90 days |
| Cape Verde | IFRS | Basel II in progress | 50–80% | No Dep. Ins. | < 90 days |
| CEMAC | IFRS Plan | No Basel II yet | N/A | Implemented | > 90 days |
| Comoros | National | Basel II in progress | N/A | No Dep. Ins. | N/A |
| Dem. Rep. of Congo | National | No Basel II yet | N/A | No Dep. Ins. | 90 days |
| Eritrea | N/A | N/A | N/A | No Dep. Ins. | N/A |
| Ethiopia | IFRS Plan | No Basel II yet | N/A | No Dep. Ins. | 90 days |
| Gambia | IFRS Plan | No Basel II yet | N/A | No Dep. Ins. | 90 days |
| Ghana | IFRS | No Basel II yet | <50% | No Dep. Ins. | 90 days |
| Guinea | National | No Basel II yet | N/A | No Dep. Ins. | N/A |
| Kenya | IFRS | Parts of Basel II/III | 50–80% | Implemented | 90 days |
| Lesotho | IFRS | No Basel II yet | N/A | No Dep. Ins. | 90 days |
| Liberia | IFRS | Basel II in progress | N/A | No Dep. Ins. | 90 days |
| Madagascar | National | No Basel II yet | N/A | No Dep. Ins. | 90 days |
| Malawi | IFRS | Basel II | 50–80% | No Dep. Ins. | 90 days |
| Mauritius | IFRS | Basel II | 50–80% | No Dep. Ins. | 90 days |
| Morocco | IFRS | Parts of Basel III | >80% | Implemented | 90 days |
| Mozambique | IFRS | Basel II | 50–80% | No Dep. Ins. | > 90 days |
| Namibia | IFRS | Parts of Basel II | N/A | No Dep. Ins. | 90 days |
| Nigeria | IFRS | Basel II in progress | 50–80% | Implemented | 90 days |
| Rwanda | IFRS | Basel II in progress | >80% | No Dep. Ins. | 90 days |
| Sao Tome and Principe | IFRS Plan | Basel II in progress | N/A | No Dep. Ins. | N/A |
| Seychelles | IFRS Plan | No Basel II yet | N/A | No Dep. Ins. | 90 days |
| Sierra Leone | IFRS | No Basel II yet | N/A | No Dep. Ins. | 90 days |
| South Africa | IFRS | Basel III | >80% | No Dep. Ins. | 90 days |
| South Sudan | National | No Basel II yet | N/A | No Dep. Ins. | N/A |
| Swaziland | IFRS | No Basel II yet | N/A | No Dep. Ins. | 90 days |
| Uganda | IFRS | No Basel II yet | 50–80% | Implemented | 90 days |
| Tanzania | IFRS | No Basel II yet | >80% | Implemented | 90 days |
| WAEMU | IFRS Plan | No Basel II yet | 50–80% | No Dep. Ins. | > 90 days |
| Zambia | IFRS | No Basel II yet | >80% | No Dep. Ins. | 90 days |
| Zimbabwe | IFRS | Basel II in progress | N/A | Implemented | 91 days |

Sources: IFRS.org (Jurisdiction Profiles, April 2014) and PwC report "IFRS adoption by country" (April 2013); FSI Survey on Basel II, 2.5 and III implementation (Financial Stability Institute, July 2014); Standards and Codes Database; Demirgüç-Kunt, Kane, and Laeven (2014); World Bank Survey on Bank Regulation 2012; IMF FSAP and TA reports; information from IMF country teams.

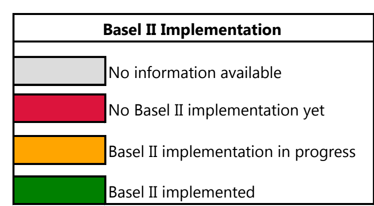
Note: IFRS = International Financial Reporting Standards; CEMAC = Central African Economic and Monetary Community; WAEMU = West African Economic and Monetary Union.

[1/] The Financial Stability Institute conductes a survey on the current status report on implementation of Basel II, 2.5, III for non-BCBS/non-European Union jurisdictions and publishes unedited responses. The column is based for Basel II on answers to Pillar 1 (standardized approach for credit risk, basic indicator approach, and standardized approach for operational risk), Pillar 2, and Pillar 3.

[2/] This category shows percentage of compliant or largely compliant BCPs and is based on assessments against the 2006 Basel Core Principles methodology undertaken as part of FSAPs during 2007–12.

[3/] This category indicates the threshold of 'number of days in arrears" after which loans are classified as nonperforming loans.

**Figure 4. Sub-Saharan Africa and Morocco: Basel II Implementation by Country**



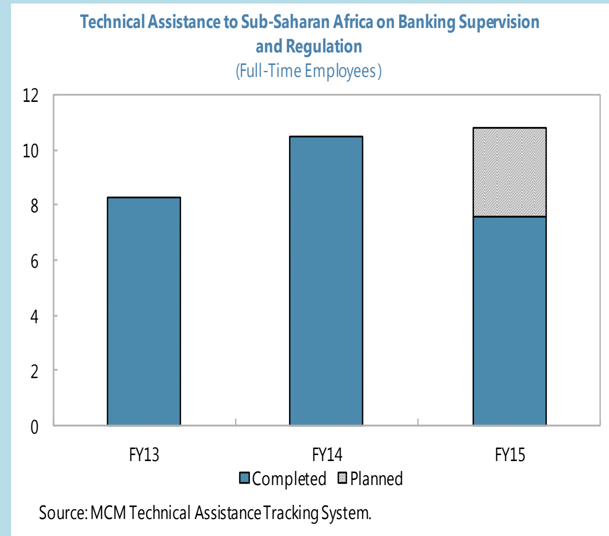

Sources: Financial Stability Institute Survey on Basel II, 2.5, and III implementation (Financial Stability Institute, July 2014); and IMF country team information.

Note: The Financial Stability Institute conducts a survey on the current status report on implementation of Basel II, 2.5, III for non-Basel Committee on Banking Supervision/non–European Union jurisdictions and publishes unedited responses. The figure is based on answers to Pillar 1 (standardized approach for credit risk, basic indicator approach, and standardized approach for operational risk), Pillar 2, and Pillar 3.

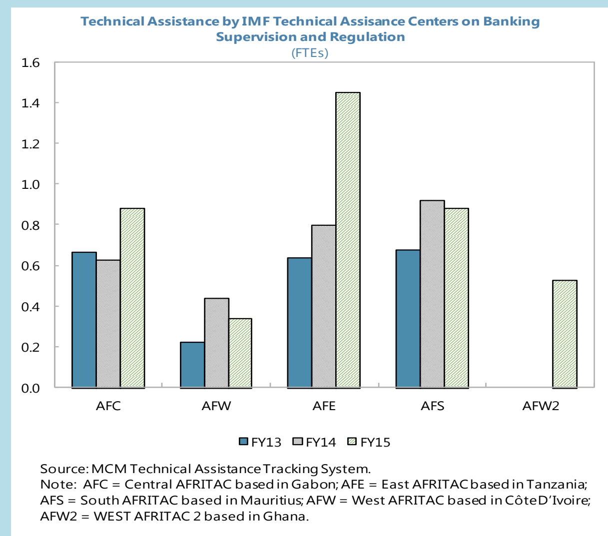
Past experiences of cross-border banking in Africa have resulted in costly failures. The International Bank of West Africa and Meridien, both of which had pan-African aspirations, failed in the 1990s, as did Bank of Credit and Commerce International, which also had extensive branch operations on the continent. In all cases, SSA countries suffered significant losses, setting back financial integration. More recently, although the global financial crisis had relatively limited effects on Africa, it demonstrated the difficulties in managing and resolving cross-border institutions, even in advanced economies where the supervisory infrastructure is most developed.

## Box 4. IMF Technical Assistance on Banking Supervision and Regulation to Sub-Saharan Africa

**The IMF has been progressively increasing its technical assistance (TA) activities in banking supervision and regulation (including cross-border and consolidated supervision as well as strengthening of legal frameworks) throughout sub-Saharan Africa (SSA).** The contribution of the IMF Regional Technical Assistance Centers has been instrumental in this regard. Out of the nine Regional Technical Assistance Centers that the IMF operates around the world, five are based in various parts of SSA. These are the Central AFRITAC based in Gabon, West AFRITAC based in Côte D'Ivoire, East AFRITAC based in Tanzania, South AFRITAC based in Mauritius, and the recently opened WEST AFRITAC 2 based in Ghana. The IMF has also recently opened an African Training Institute in Mauritius that will contribute to building capacity of African authorities including on banking regulation and supervision issues. The following charts show the increase in TA delivered to Africa on banking supervision and regulation by the IMF in general and by the AFRITACs in particular.



Source: MCM Technical Assistance Tracking System.



Source: MCM Technical Assistance Tracking System.
Note: AFC = Central AFRITAC based in Gabon; AFE = East AFRITAC based in Tanzania; AFS = South AFRITAC based in Mauritius; AFW = West AFRITAC based in Côte D'Ivoire; AFW2 = WEST AFRITAC 2 based in Ghana.

**The AFRITACs have been and are increasingly involved in building capacity of African supervisors including on issues related to cross-border supervision of PABs.** Most of these centers have organized seminars and workshops on consolidated and cross-border supervision to better familiarize supervisors with the importance of this supervisory aspect and the implications for financial stability in the region. In addition, many hands-on TA activities targeted the practical application of consolidated supervision.

**With the growing importance of cross-border banking activities, some AFRITACs are assisting in enhancing the cross-border supervisory framework and establishing supervisory colleges.** One particular success story in this respect is the TA provided by AFE in assisting the Central Bank of Kenya in organizing a first East African supervisory college for a cross-border bank and continuing the establishment of such colleges for other Kenyan banking groups. Another TA helped the Central Bank of Kenya to develop a structured approach to assess the regulatory and supervisory framework of the host authorities of Kenyan banks' subsidiaries. This provides a good example on how IMF TA and the regional approach to TA (as represented by AFRITACs) can be usefully mobilized to deal with the challenges related to PABs' oversight and to enhance collaboration among various supervisory authorities in the region.

## Macro-financial risks

Unprecedented growth in SSA provided the backdrop for the expansion of PABs. The region's average growth rate has risen from 2½ percent in 1980–94 to about 5 percent during 2008–13. SSA has become the second fastest growing region after emerging Asia, and two-thirds of the countries in SSA have enjoyed 10 or more years of uninterrupted growth; indeed, a quarter have grown without interruption for 20 years. Real GDP per capita doubled in the median SSA country and slightly more in the average country.

The global financial crisis had a lower impact on SSA, but the region is not immune to spillovers from the rest of the world. A 1 percentage point growth slowdown in the rest of the world has been found to lead to an estimated half percentage point slowdown in SSA (Drummond and Ramirez 2009). In addition, a 100 basis point increase in the spread of three-month London interbank offered rate versus U.S. Treasury bills reduces growth in SSA countries by an estimated ½ percentage point. This implies that while SSA economies suffered the negative impact of the global financial crisis, this was partially offset by lower global interest rates.

There are several key macroeconomic risks that could give rise to financial stress in SSA. The main risk factors are a slowing of global trade, sustained lower commodity prices, and the financial impact of the tightening of monetary policy in advanced countries. The materialization of these risks would adversely impact economic activity and external and fiscal balances in SSA with attendant impact on bank profitability and rising nonperforming loans. In addition, banks in some countries have significant direct and indirect exposures to the sovereign.

Interactions between the real and the financial sector could take place through other mechanisms as well. The financial sector is inherently procyclical, in the sense that it generally amplifies the business cycle via changes in the value of assets and leverage (Canuto and Ghosh 2013). During booms, bank capital is usually reinforced by increased bank profitability or by capital gains implied by increasing asset prices. Thus, increased demand for assets raises their prices, further fueling the cycle and leading to a generalized expansion of credit. During an upturn, the financial system as a whole may build up vulnerabilities, for example, due to increasing liquidity, maturity, and foreign exchange mismatches or by concentrating exposures to particular types of assets (e.g., real estate). In the downturn, this may trigger systemwide problems, even in the case of a small shock, through declining collateral values as financial institutions' balance sheets become weak, capital is insufficient to absorb losses, credit is reduced, and depositors' confidence may impact banking liquidity.

The expansion of PABs may increase the risk of contagion and raises concerns about financial stability in the region. This expansion has created a network of systemically important banks,

whose financial health might not be known due to—in some cases—nascent consolidated supervision.[5] In addition, PABs can lead to contagion across borders, in particular for countries without adequate financial safety nets. The channels of contagion could run both ways from the parent bank to the subsidiary and from the subsidiary to the parent bank, as well as across subsidiaries of the same group.[6] For example, deficiencies in governance or perceptions of mismanagement at the group level as well as reputational risks coming from large macroeconomic disequilibria in the home country could lead to bank runs on subsidiaries. Subsidiaries could be affected if they are interconnected with the parent bank through the placement of deposits. Economic or financial problems in the host countries could, on the other hand, impact parent banks in case the subsidiaries' operations are large relative to the whole group, particularly as some subsidiaries of the major PABs seems to be weak (see Section on Structure, Balance Sheet Expansion, and Financial Soundness of Cross-Border Banking Groups). Lastly, for some PABs, subsidiaries are connected through syndicated loans across borders leading to potential spillovers between subsidiaries. As information on the amounts of these loans and further interconnections within the groups are not available, these risks could build up undetected. Subsidiarization and ring-fencing provides some level of protection.[7] Subsidiaries are in principle separate entities and separately capitalized. Thus, in the event of problems elsewhere in the group, they may withstand contagion and could continue operations.

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[5]In addition, the banking groups have become more complex encompassing nonbank activities like insurance or securities dealing. This has increased linkages between banks and nonbanks of the same group, for example through interbank, securities, or derivatives exposure, and has given rise to additional contagion channels between home and host countries.

[6]Similar contagion and financial stability aspects apply for branches as well. In particular, from a financial stability perspective neither the branch nor the subsidiary model is better in terms of reducing the probability and cost of failure of cross-border banks (Box 7).

[7]In this report, ring-fencing is understood as the separation of parts of a cross-border banking group from the rest of the group (the parent bank or other affiliates) to protect domestic assets from contagion (D'Hulster and Ötker-Robe forthcoming) and can take the form of restricting cross-border intragroup transfers (profits or capital) imposed by either home or host regulators (Cerutti and others 2010). Ring-fencing includes both ex ante (e.g., capitalization requirements for subsidiaries and branches) and ex post (e.g., ad hoc restrictions in case of problems) measures.

The analysis of cross-border contagion has—for the most part—not played a role in Financial Sector Assessment Program (FSAP)[8] stress tests conducted so far. One reason is that the major expansion of pan-African banking groups is still relatively recent and thus has not been an important issue at the time of these FSAPs. For many of the PABs, the size of their cross-border subsidiaries is still quite low compared to their overall assets, such that problems in subsidiaries might only have a limited impact on home countries. Lastly, even if cross-border contagion was analyzed in a stress test, the lack of data on cross-border transactions or intragroup exposures made it impossible to quantify the impact of cross-border contagion.

[8] The IMF/World Bank FSAP, established in 1999, is a comprehensive and in-depth assessment of a country's financial sector. FSAPs analyze the resilience of the financial sector, the quality of the regulatory and supervisory framework, and the capacity to manage and resolve financial crises. Based on its findings, FSAPs produce recommendations of a micro- and macroprudential nature, tailored to country-specific circumstances.

# 2 Systemic Importance of Cross-Border Banking Groups in Sub-Saharan Africa

## Cross-Border Banking Groups in Sub-Saharan Africa

This section identifies and describes the increasing number of banking institutions headquartered in sub-Saharan Africa (SSA) with cross-border subsidiaries and branches. This exercise also includes banks from North Africa with a significant presence in SSA and describes the presence of subsidiaries from banking groups headquartered outside Africa for comparison purposes.[1] In mapping the cross-border banking groups, this paper builds on previous work (IMF 2012a).

While the number of PABs is increasing, the phenomenon is dominated by seven banking groups in terms of geographical dispersion. Of these aforementioned banks, Ecobank has the most widespread presence, operating in 33 SSA countries, while Standard Bank is the largest group based on the size of its balance sheet (see Appendix Table 1). In addition, around 40 to 60 percent of the subsidiaries of Attijariwafa, Bank of Africa (BOA), Ecobank, and Standard Bank are systemically important in their host countries based on deposit shares (Appendix Table 2 and Appendix Figure 1). While the United Bank for Africa has a widespread presence, its subsidiaries mostly only play a small role in their host countries' banking systems, due to its relatively recent expansion.

The presence of smaller African banking groups is concentrated in subregions. These smaller groups operate in three to nine countries and concentrate their operations in their subregions, with some groups starting to expand beyond. Examples include Nigerian banks focusing on Anglophone West African countries (e.g., Guaranty Trust Bank, Skye Bank, or Zenith Bank),

[1] In this chapter, we will denote banking groups headquartered outside SSA or North Africa as foreign banking groups.

which are starting to expand to francophone West Africa or the East Africa Community,[2] and Kenyan banks operating in the East Africa Community (Burundi, Rwanda, Tanzania, Uganda), which have recently expanded into South Sudan.

In addition to African banking groups, several foreign groups have a large presence in SSA with the European banking groups clustered in regions reflecting the colonial legacy. Foreign banks with a strong presence in SSA include Standard Chartered (United Kingdom), Barclays (United Kingdom),[3] and Société Génerale (France). These banks have operations in at least nine countries, and more than one-third of them have systemic importance in the respective host countries (Appendix Table 4). However, the number of operations of foreign banking groups is considerably smaller than those of the large PABs and they are less widespread. In particular, their presence is mainly concentrated on Anglophone countries for U.K. banks, francophone countries for French banks, or lusophone countries for Portuguese banks. Other foreign banking groups mainly have smaller operations; however, they are spread over a number of countries. This includes Citigroup (United States) and Bank of Baroda (India), with a presence in 11 and 8 countries, respectively.

The PABs have expanded their operations across SSA mainly in the last decade. While some groups had subsidiaries since the 1990s or even earlier, the massive expansion of pan-African banking groups happened since the mid-2000s. Between 2006 and 2010, the number of subsidiaries of the seven largest PABs almost doubled from less than 50 to almost 90 operations. Ecobank, for example, added 15 subsidiaries between 2006 and 2010. Similarly, United Bank for Africa added 17 operations since 2006. Some groups expanded via a mixture of greenfield investments and acquisitions if the opportunities arose, whereas others focused almost exclusively on acquisitions to expand rapidly. For example, the Moroccan banks build up their presence in francophone Africa mainly through acquiring existing banking groups: Groupe

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[2] In 2013, Guaranty Trust Bank purchased a 70 percent stake in Fina Bank (Kenya) completing the acquisition in December 2013, such that Guaranty Trust Bank now has three subsidiaries in the East African community (Kenya, Rwanda, Uganda).

[3] On July 31, 2013, Barclays Africa Group Limited (BAGL) was formed through combining Absa Group Limited and Barclays' African operations, changing the name to reflect the enlarged groups' pan-African focus. As BAGL is majority owned by Barclays Bank Plc (62.3 percent) and an integral part of the Barclays group, it is classified as a foreign bank in this paper. However, arguments could also be made for classifying it as an African based institution as BAGL is incorporated in South Africa and supervised on a subconsolidated basis by the South African Reserve Bank (Beck and others 2014).

Banque Centrale Populaire bought Banque Atlantique in 2012 and Banque Marocaine du Commerce Extérieur (BMCE) became the major shareholder in Bank of Africa (BOA) in 2010. The retrenchment of some European banks also contributed to this process as Attijariwafa bought Credit Agricole's African operations in 2008, increasing its operations to six.

## Systemic Importance of Cross-Border Banking Groups

African and foreign banking groups often have systemic importance in their host countries. Absent more elaborate measures in light of data limitations systemic importance is measured in two ways:[4] (1) operations are deemed systemically important if the share of their deposits in total banking system deposits exceeds 10 percent; or (2) if their asset share exceeds 7 percent of GDP.[5] The results are shown by banking group and country in Appendix Tables 2 through 4 and Appendix Figures 1 and 2. However, in some cases, the results need to be interpreted cautiously as some data is outdated or not available for some operations.

Almost 30 percent of the operations of PABs are systemically important (Appendix Tables 2 and 3). Excluding domestic operations, this measure falls slightly below one-quarter. In addition, around 30 percent of systemically important operations have a deposit share exceeding one-quarter of total banking deposits in the respective countries. Most of the systemically important subsidiaries are concentrated in Attijariwafa, BMCE/BOA, Ecobank, and Standard Bank. In a few countries, subsidiary deposit shares account for more than half of total deposits (Appendix Table 2). For example, Standard Lesotho Bank manages 52 percent of customer deposits in Lesotho, and Ecobank Centrafrique 72 percent of the deposits in the Central African Republic.

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[4] The Basel Committee on Banking Supervision has published a framework for dealing with domestic systematically important banks (Basel Committee on Banking Supervision 2012), complementary to the G-SIB regime (Basel Committee on Banking Supervision, 2013), including principles on the assessment methodology. The potential impact of a domestic systemically important bank's failure should be assessed, in principle, including bank-specific factors such as size, interconnectedness, substitutability, and complexity (including from cross-border activity). The Banque Centrale des Etats de l'Afrique de l'Ouest is working on a framework to identify systemically important banks using these criteria. The Central Bank of Nigeria has designated banks as systemically important that have a 5 percent share of either total assets, liabilities, or deposits of the banking system.

[5] It would be also desirable to analyze the systemic importance based on interconnectedness between banking groups and their subsidiaries, but such data was not available.

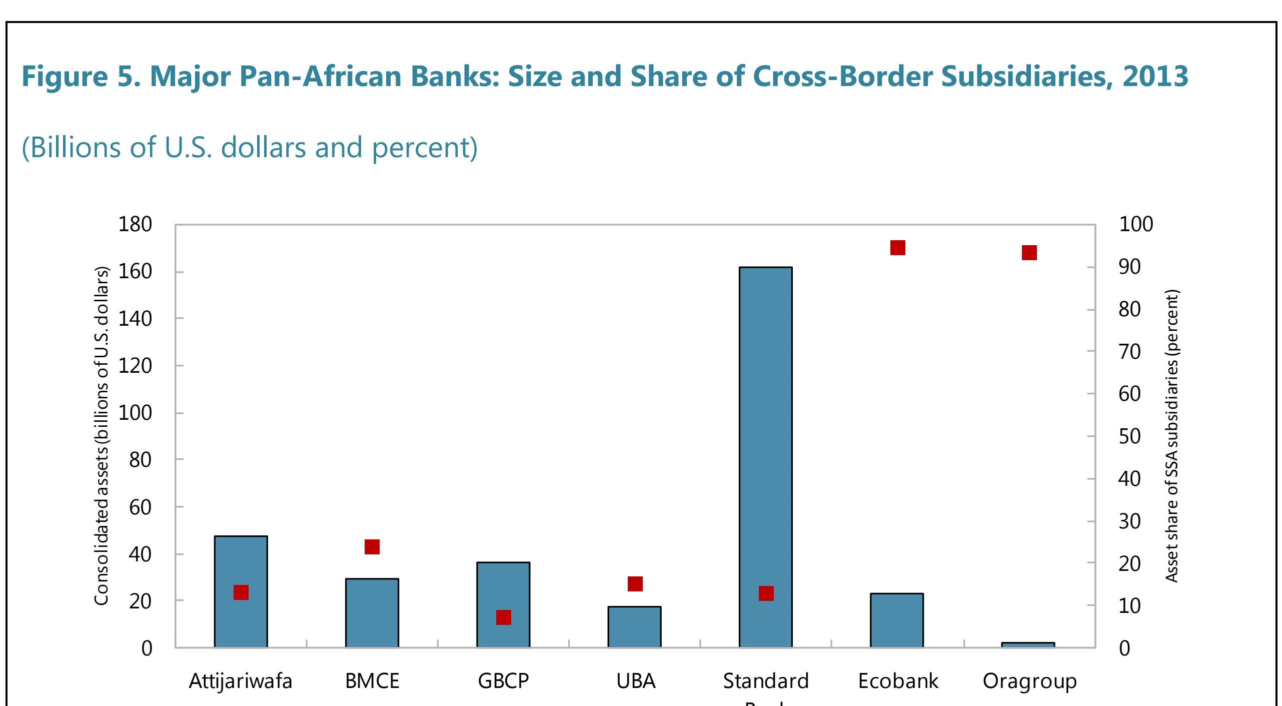
Similarly, around 30 percent of the operations of foreign banking groups are systemically important (Appendix Tables 4 and 5). Of these subsidiaries, around 25 percent manage more than a quarter of customer deposits in their respective host countries. Similarly to African banking groups, there are examples of subsidiaries that have a deposit share exceeding 50 percent of host countries' customer deposits, including the subsidiaries of Barclays in Seychelles and of Caixa Geral de Deposits in Cape Verde. Standard Chartered, Barclays, and Société Génerale have the largest number of systemic subsidiaries among foreign banking groups with four or more systemically important operations. The other British and French banks and most Portuguese banks also have at least one systemically important subsidiary.

Some PABs also account for a large deposit share in their home markets. For example, the market in South Africa is very concentrated with the four largest banks (including BAGL) having almost 90 percent of total deposits. In addition, the unconsolidated assets of the four largest South African banks (including BAGL) together account for about 90 percent of South African GDP, while the consolidated assets are 114 percent of GDP. Similarly, consolidated assets of the three large Moroccan banks account for 108 percent of GDP in their home market and a large share of deposits. In contrast, the large cross-border Nigerian and Kenyan banks are smaller and together account for around 21 percent of Nigerian GDP and 28 percent of Kenyan GDP, with only one Nigerian and one Kenyan bank being systemically important in the home market based on asset size. The deposit share is also less concentrated among the large number of cross-border banks in these two countries.

While assets of cross-border subsidiaries account for a small part of the consolidated balance sheet of many PABs, these shares are higher in some cases implying considerable spillover risks (Figure 5 and Appendix Table 1). For the South African banks, the asset share of cross-border subsidiaries in SSA is equivalent to less than 15 percent. This share is somewhat higher for Moroccan banks, in particularly for BMCE, for which it reaches 24 percent. Similarly, for most Nigerian banks cross-border subsidiaries contribute less than 10 percent to total assets, with the United Bank for Africa being the exception with 15 percent. For Kenyan banks, the share is somewhat larger with an average of 22 percent. However, for a number of banks incorporated in relatively small home markets, like Togo, cross-border subsidiaries represent the dominant part of these banks' balance sheets. For both Ecobank Transnational Incorporated (ETI) and Oragroup, the asset share of cross-border subsidiaries in SSA exceeds 90 percent. Thus, for some banking groups spillover risks from cross-border subsidiaries could have a material effect on the parent banks. For comparison, subsidiaries in SSA only play a minor role for foreign banks representing less than 5 percent of total assets (Figure 6).

## Figure 5. Major Pan-African Banks: Size and Share of Cross-Border Subsidiaries, 2013

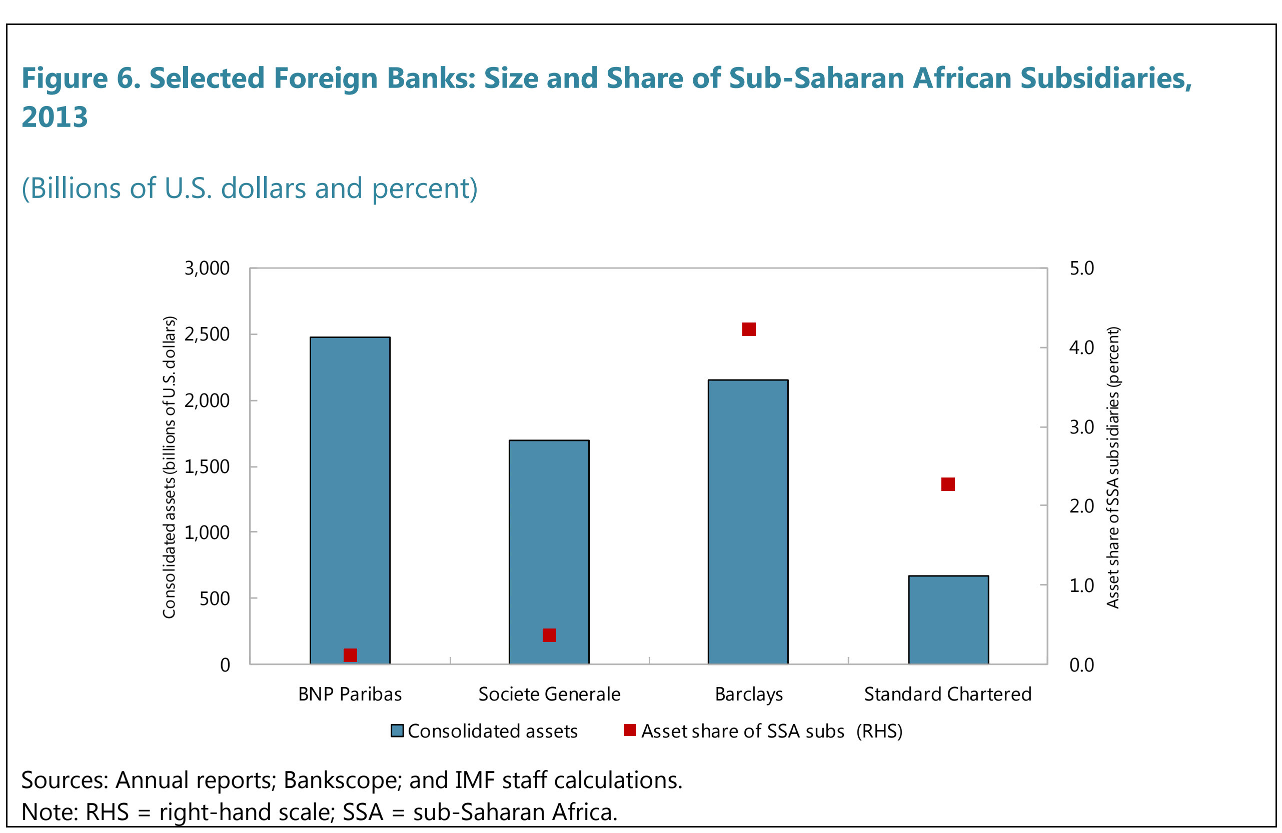
(Billions of U.S. dollars and percent)




Sources: Annual reports; Bankscope; and IMF staff calculations.
Note: BMCE = Banque Marocaine du Commerce Extérieur; RHS = right-hand scale; SSA = sub-Saharan Africa; UBA = United Bank for Africa.

## Figure 6. Selected Foreign Banks: Size and Share of Sub-Saharan African Subsidiaries, 2013

(Billions of U.S. dollars and percent)

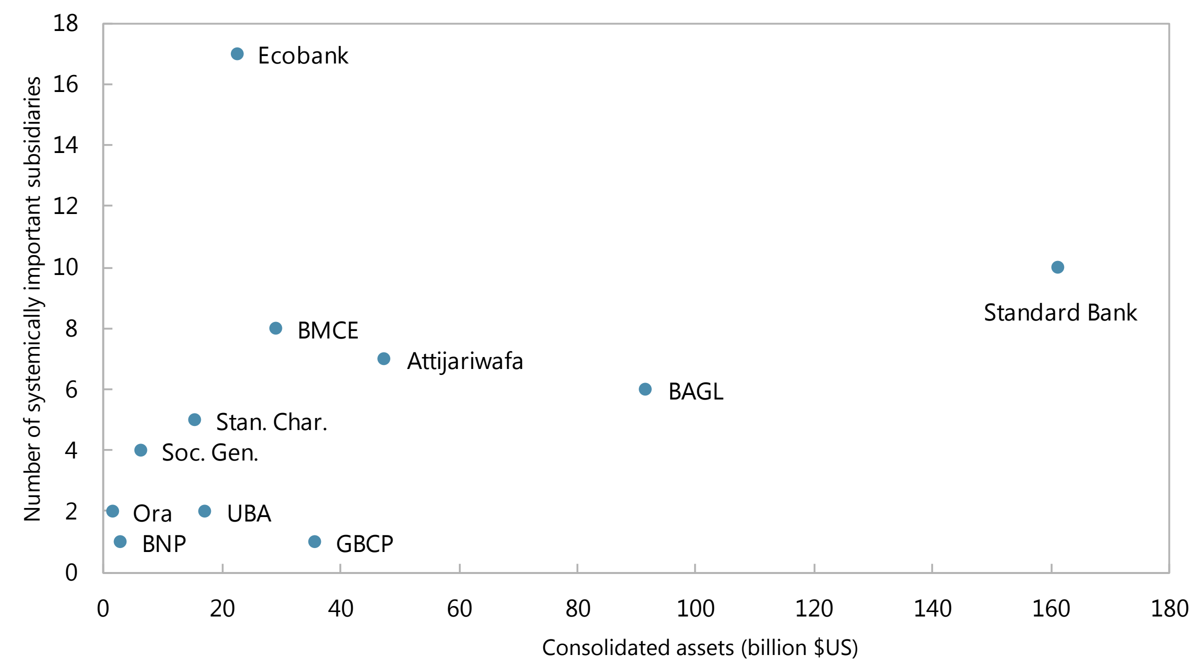



Sources: Annual reports; Bankscope; and IMF staff calculations.
Note: RHS = right-hand scale; SSA = sub-Saharan Africa.

Standard Bank and Ecobank dominate the large cross-border banking groups in terms of size and number of systemically important subsidiaries, although with very different structures (Figure 7a). Standard Bank is the largest group in size, measured by consolidated assets, with a traditionally dominant home base.[6] By contrast, Ecobank is characterized by its network of cross-border operations—it has the most diverse footprint and largest number of systemically important subsidiaries (Figure 7b). Its balance sheet is small compared to South African or Moroccan banks. The figures also show that the banking groups from Nigeria and Togo are much smaller in asset size compared to the South African and Moroccan banks. Similarly, the foreign banks' African business is relatively smaller as well.

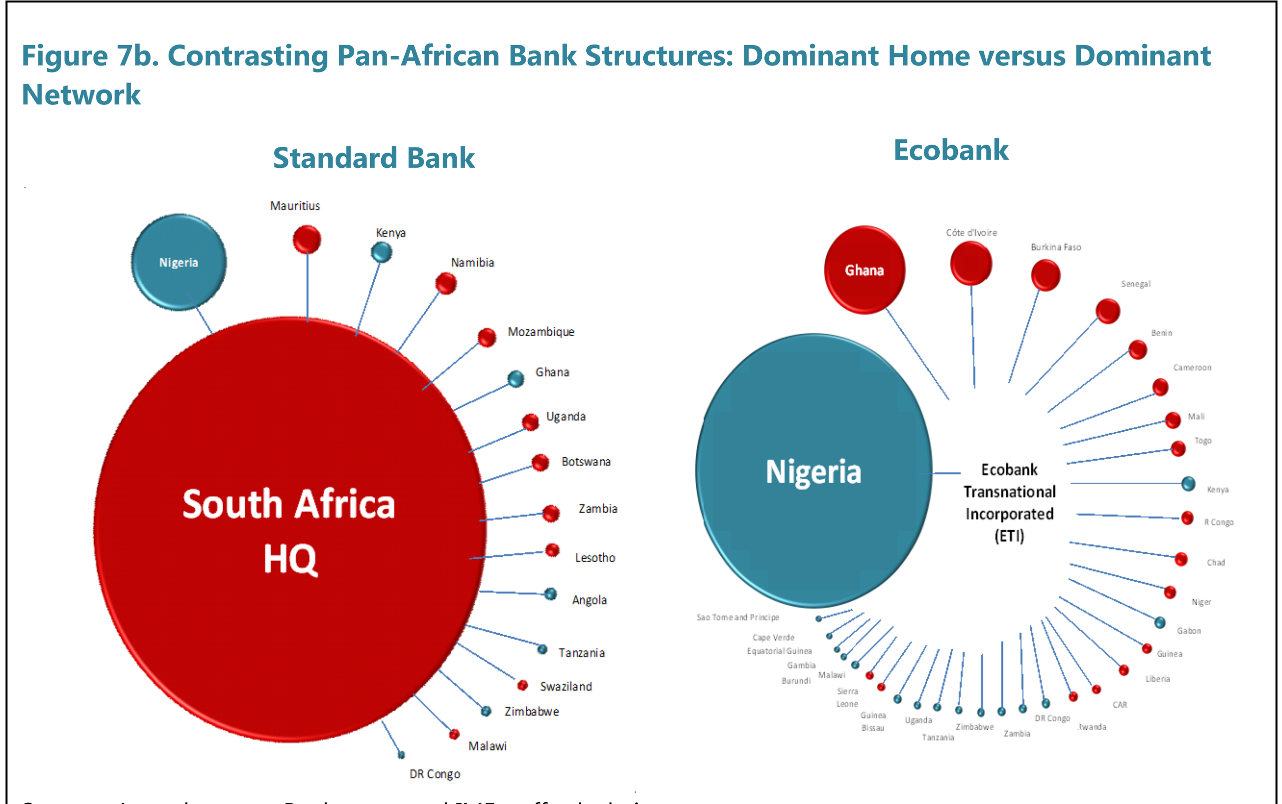
[6] For the foreign banking groups included in Figure 7a, only the sum of assets of the African subsidiaries are used with the exception of Barclays, for which consolidated assets for BAGL are used.

**Figure 7a. Selected Pan-African Banks and Foreign Banks: Size and Number of Systemically Important Operations, 2013**




Sources: Annual reports; Bankscope; and IMF staff calculations.
Note: This chart shows the seven major pan-African groups plus four selected foreign banking groups (sum of assets of sub-Saharan Africa subsidiaries) for comparison. A systemically important subsidiary is defined as having a deposit share exceeding 10 percent. BAGL = Barclays Africa Group Limited; BMCE = Banque Marocaine du Commerce Extérieur; BNP = Banque Nationale de Paris; GBCP = Groupe Banque Centrale Populaire; Ora= Oragroup; UBA = United Bank for Africa.

## Figure 7b. Contrasting Pan-African Bank Structures: Dominant Home versus Dominant Network




Sources: Annual reports; Bankscope; and IMF staff calculations.
Note: The size of the ball indicates the asset share in consolidated assets of that subsidiary. A red ball represents a systemically important presence with a deposit share exceeding 10 percent of banking system deposits.

The major PABs seem to have become more important in a number of countries compared to the foreign groups (see Figure 2). The combined deposit share of foreign groups is higher than that of African groups in only a handful of countries. With few exceptions, one of the pan-African groups' subsidiaries has the highest deposit share when comparing their and foreign groups' subsidiaries' shares. For example, in the West African Economic and Monetary Union (WAEMU) region, Société Générale has an important subsidiary only in Côte d'Ivoire, whereas in all other WAEMU countries, the subsidiaries of either BOA, Ecobank, or Attijariwafa are more important than Société Générale's or other French banks' subsidiaries. Overall, the share of systemically important subsidiaries in the total number of subsidiaries is somewhat higher for the foreign groups (28 percent versus 24 percent, excluding home markets); however, the share of systemically important subsidiaries with more than 25 percent deposit share is a lot higher for the African groups (33 percent versus 25 percent).

# Structure, Balance Sheet Expansion, and Financial Soundness of Cross-Border Banking Groups

## Structure and operations

The major PABs generally have complex and in some cases opaque holding structures and cover a broad range of financial activities (Box 5).[7] While the exact holding structures differ across groups, several operate with an ultimate holding at the top and several subholdings below, including complex cross-holdings across the different subsidiaries. The financial holdings in some cases are not regulated and only sparsely supervised. Banking is the dominant financial activity of the groups. Other financial activities include insurance (e.g., BMCE/BOA or Standard Bank),[8] microfinance through own operations or joint ventures (e.g., Ecobank or GBCP), investment activities and securities dealing, leasing and in some cases even nonfinancial activities (e.g., information technology or real estate companies). In addition, there have been increasing linkages—including cross-border linkages—between banks and nonbanks of the same groups.

The shareholding structure of some groups is diversified. In particular, for ETI and Standard Bank the major shareholders have at most a quarter of shares each and include shareholders from across SSA as well as international shareholders (e.g., the International Finance Corporation [ETI] and the Industrial and Commercial Bank of China [Standard Bank]).[9] The Nigerian cross-border banks also have a diversified shareholding structure. However, in other cases, the shareholding structure is more concentrated. The major shareholder in Attijariwafa is SNI Group, which is controlled by the royal family of Morocco, whereas for BMCE the major shareholders are a multi-business Moroccan group (FinanceCom Group) and a French banking group (BFCM-Holding). Oragroup and Nedbank are both majority owned by investment companies, ECP and Old Mutual, respectively.

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[7] See Lukonga and Chung (2010) and Appendix III for further details.

[8] Activities in the insurance sector were developed in Africa by the group FinanceCom, shareholder of BMCE, but not by the bank itself.

[9] South Africa's Nedbank has acquired a 20 percent shareholding in ETI, strengthening an alliance existing since 2008. Qatar National Bank is also a major shareholder in ETI since September 2014.

Major PABs conduct their cross-border operations mostly as subsidiaries, but with centralized business lines (Lukonga and Chung 2010). The subsidiaries are separate legal entities in their host countries with their own banking license. However, in the WAEMU region, two banks operate branches within other WAEMU countries out of a subsidiary in one of the WAEMU countries and requirements for these branches are based on a different formula than for subsidiaries.[10] The parent bank or group holding provides a common framework and guidance on certain functions such as risk sharing or internal audit controlling that the subsidiaries follow the common policies of the group. In addition, the group provides certain centralized services such as a common information technology platform and information technology infrastructure or a centralized treasury (Box 6). One example is Ecobank's treasury function, which is centralized in Paris. To disseminate group knowledge, personnel from headquarters are often sent to the subsidiaries or personnel from subsidiaries are trained at headquarters.

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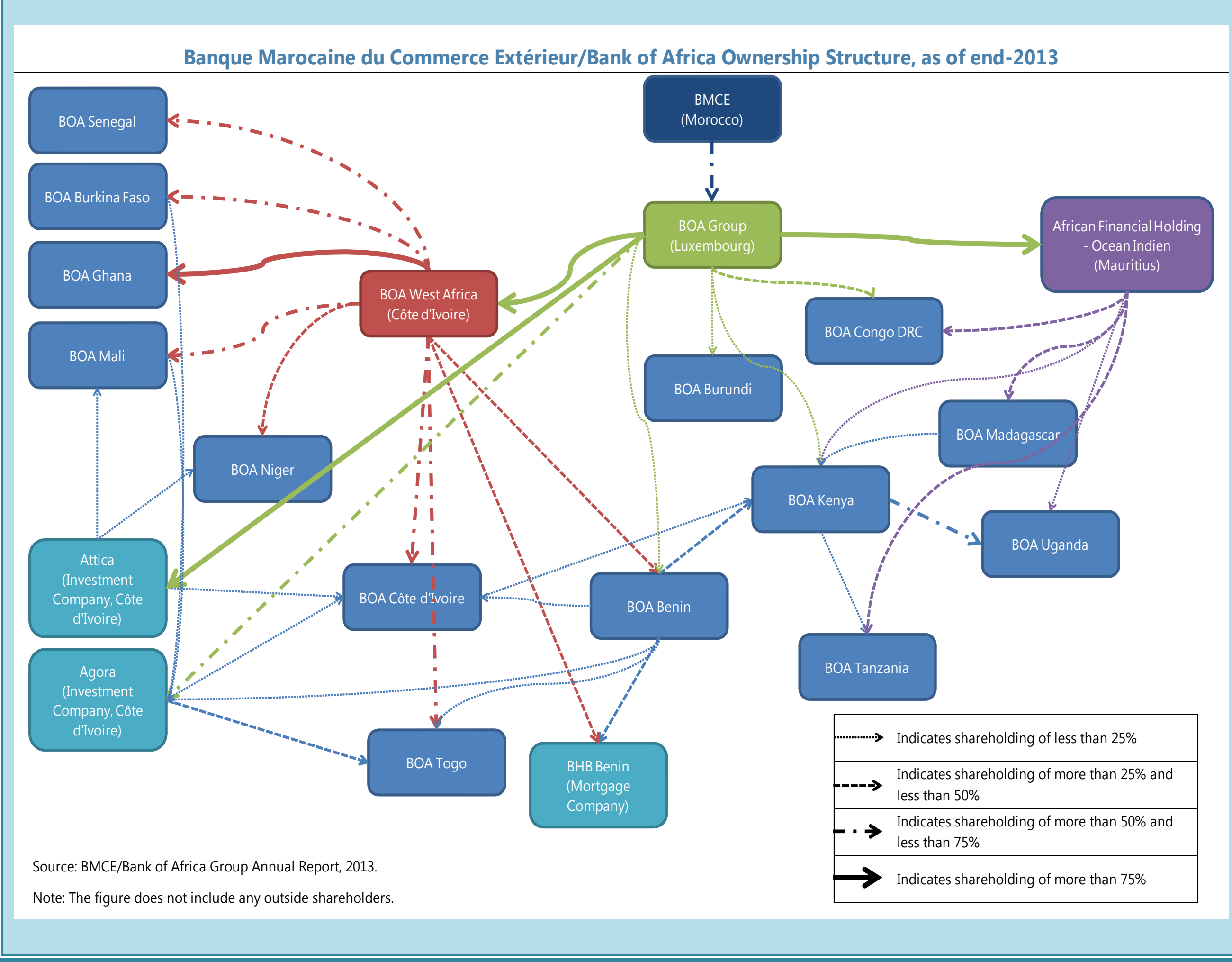
[10] Oragroup operates the former Banque Régionale de Solidarité banks it took over as branches through its subsidiary in Côte d'Ivoire and Attijariwafa's subsidiary CBAO in Senegal has several branches in other WAEMU countries, including Burkina Faso, Benin, and Niger.

## Box 5. Pan-African Banks' Complex Ownership and Corporate Structure—Example of Bank of Africa

**Like many other pan-African financial groups, the Bank of Africa (BOA) group has a complex corporate structure.** BOA group's subsidiaries in each country have very complex shareholding structures and the subsidiaries and group subholdings are interlinked through cross-holdings. Complex structures tend to make it more difficult for supervisors to have a clear consolidated view of financial groups.




Source: BMCE/Bank of Africa Group Annual Report, 2013.

Note: The figure does not include any outside shareholders.

**Box 6. Intragroup Integration and Centralized Group Services**

*A number of cross-border banks centralize certain activities and systems at the group level to reap economies of scale. These functions include information technology (IT) services or treasury functions. While this brings down costs, there are also risks associated with these centralized services, and supervisors fear that fees for these services might be used to circumvent restrictions on dividend or capital transfers between subsidiaries and parent banks.*

**Functions that are typically centralized include IT infrastructure and IT services or treasury operations.** For example, in some cases all operations of a bank run on a standardized IT platform, for which the back office is located in one country, which does not necessarily have to coincide with the headquarter of the bank. This location services the entire group sometimes with backups in other locations. Other functions (e.g., internal control or risk management) are centrally overseen at the group level and have common and standardized manuals.

**Centralized services can help achieving economies of scale of cross-border banking, but add operational risks and might cause problems when it comes to resolution.** Operational risks relate to sensitive information being kept offshore, which could possibly be accessed by unauthorized parties, and to information that might not be accessible when necessary. Supervisors audit and check these systems carefully including their backup locations. Some supervisors are requesting banks to keep these information and IT infrastructure within the country. Centralized systems and functions might also pose a problem in case of resolution (e.g., if the functionality of the subsidiary depends too much on the parent bank or groupwide services).

**An additional issue in terms of centralized services arises from fees charged for these services.** The parent bank or a specialized service subsidiary charges the subsidiaries for the centralized services. This could be used to circumvent restrictions on capital transfers or restrictions on dividend pay outs. Supervisors have started to scrutinize transfer prices more closely including with the help of consultants, putting bans on fees that cannot be explained with the value added by the services rendered.

## Balance sheet expansion

Analyzing asset growth at the consolidated level shows that three major PABs (Ecobank, BMCE, and Attijariwafa) expanded their assets strongly since 2007.[11] In contrast, only one of the foreign banking groups (Standard Chartered) had strong asset growth (Appendix Table 6). For the remaining banks, assets grew less than 10 percent during 2007–13, or even declined. That said, for the big foreign banking groups, the African operations only play a small role in the global group (with a share of less than 5 percent of total assets) and, thus, the development of the consolidated group might be somewhat misleading. Therefore, Appendix Table 6 also

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[11] The analysis includes four major PABs (Attijariwafa, BMCE, Ecobank and Standard Bank) and four foreign banking groups operating in SSA (Barclays, BNP Paribas, Standard Chartered, and Société Générale). Due to the lack of time series or outdated data the analysis does not include the United Bank for Africa, GBCP, or Oragroup.

includes asset and loan growth rates for the sum of all SSA operations.[12] With the exception of Société Génerale and Barclays, the aggregated African operations' data follows the same pattern as the consolidated data.

The pan-African banking groups show a strong asset expansion across most of their subsidiaries. In particular, almost all subsidiaries of Ecobank show very high asset growth. Standard Bank and BMCE also have a large number of subsidiaries with strong growth, although asset growth seems to have been smaller in economies where the subsidiaries have a higher deposit share. A potential reason for the low growth of the consolidated assets of Standard Bank could be the relatively low asset growth in its South African home market, which is by far its largest operation, while the sum of assets of other SSA operations has increased more strongly.

For subsidiaries of foreign banking groups, asset growth has been somewhat smaller and more heterogeneous across and within different groups. For example, Standard Chartered had strong asset growth in some subsidiaries, but declines in others. Almost half of Barclays' subsidiaries have seen decreasing assets, whereas asset growth has been diverse, though mainly subdued in the subsidiaries of French banks. Overall, in countries with operations of pan-African and foreign banking groups, pan-African banking groups had stronger asset growth compared to subsidiaries of foreign banking groups. Thus, it seems there has been less interest by foreign banks in certain markets; nevertheless, the share of SSA banking operations in total assets of the foreign banks has not declined strongly since 2007.

The pattern of loan growth has been similar to that of asset growth. Accordingly, subsidiaries of pan-African banking groups have expanded their loan book more strongly than foreign banking groups. All of pan-African banking groups had a strong expansion of their loan book from 2007 to 2013 across most of their subsidiaries. For foreign banks, on the other hand, the expansion had been much more subdued and for quite a number of subsidiaries the loan book had declined.

## Financial soundness

The position of four pan-African banking groups, for which sufficient data is publicly available, and four foreign banking groups, is analyzed using information on loan-to-deposit ratios, return on average assets, the total capital ratio, and nonperforming loans (NPLs) for the

[12] For Barclays and BMCE, the consolidated assets of BAGL and BOA group are used.

consolidated groups as well as for subsidiaries over the time period 2007–13 (Appendix Tables 7 and 8).

On a consolidated basis, the four PABs analyzed have higher profitability (as measured by return on average assets) and lower loan-to-deposit ratios than the four foreign banking groups. Whereas the foreign banking groups generally have loan-to-deposit ratios exceeding 100 percent (except Standard Chartered), the pan-African banking groups analyzed exhibit loan-to-deposit ratios that are well below 100 percent. However, the loan-to-deposit ratio of Attijariwafa has been increasing in the last couple of years to above 100 percent. The differences between pan-African and foreign banking groups might be due to the fact that for the foreign banks consolidated data on the group level is used, which includes the foreign banks' global business and is quite different from the business of the PABs. Capital ratios and asset quality have not deteriorated markedly. Nevertheless, some issues might still exist. In particular, the capital ratio of Ecobank has been on a downward trend, and its NPL ratio has exhibited large swings since 2008.

Important data gaps limit the analysis of bank soundness at the subsidiary level. While return on average assets and loan-to-deposit ratios are generally available for almost all subsidiaries, the picture is significantly different in the case of capital ratios and NPLs (Appendix Table 8).[13] In particular, data on capital ratios for subsidiaries shows large gaps and is available for a large number of subsidiaries only for Standard Bank and Barclays. Additionally, the full set of indicators is available over the entire period only for a small number of systemically important subsidiaries. Moreover, erratic data movements in capital and NPL ratios might hint at problems with the underlying data.

Available data indicate that credit expansion had a negative impact on the soundness of some subsidiaries. For instance, some have low profitability (and even losses), coupled with high and rising NPLs and falling or very variable capital ratios (Appendix Table 8). In addition, some also had high credit growth over the last five years, suggesting strong credit expansion at the expense of asset quality. In the case of Ecobank, this pattern is largely observed in smaller and relatively newly established subsidiaries, while in the case of Barclays several subsidiaries have low profitability and high NPLs (though credit growth has been subdued over the last years). On the other side, loan-to-deposit ratios are generally below 100 percent with few exceptions and

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[13] For capital ratios, the analysis only looks at ratios, but not at the absolute values for capital or risk-weighted assets.

subsidiaries are financed through local deposits. This is in contrast to the situation in Eastern and Central Europe prior to the financial crisis, where foreign banks used a centralized bank funding model supplying their subsidiaries with ample parent bank financing, which exposed these economies to strong reversals during the financial crisis (IMF 2013b).

# 3 Challenges for Banking Oversight

## Cross-Border Regulatory and Supervisory Issues

The rapid expansion of pan-African banks (PABs) creates supervisory challenges given key weaknesses in the supervisory framework. Supervisory challenges include (1) licensing and ownership structure, (2) differences in accounting and data standards, (3) consolidated bank supervision, and (4) home-host issues including cross-border coordination and information sharing.

While compliance with the Basel Core Principles varies among African countries, it is generally lower than in the rest of the world (Figure 8). Compliance is particularly weak regarding the home-host relationships principle. In particular, only 50 percent of African countries are compliant or largely compliant with this principle compared to almost 75 percent in the rest of the world (out of the 16 African countries where an assessment has been undertaken only Mozambique, South Africa, West African Economic and Monetary Union (WAEMU), and Zambia were compliant). With large and expanding banking groups, deficiencies in consolidated and cross-border supervision are particularly worrisome.

The supervisory weaknesses in sub-Saharan Africa go beyond consolidated and cross-border supervision. While some countries have made some progress, challenges in many countries remain to be forcefully addressed, including in:[1]

- Supervisory capacity. Supervision is undermined by understaffing, lack of expertise, and a growing gap between resources and mandate (including the expansion in the scope of supervision to cover microfinance).

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[1] It is important to stress that attention should be given to upgrading the regulatory framework as well as implementing the essential elements of good supervision. For an overview of the elements constituting good supervision, see Viñals and Fiechter (2010).

- Prudential regulation and enforcement. While standard prudential regulations are sometimes less demanding than international standards (e.g., WAEMU and Central African Economic and Monetary Community), enforcement is weak, and progress has been slow in harmonizing regulatory standards and practices.

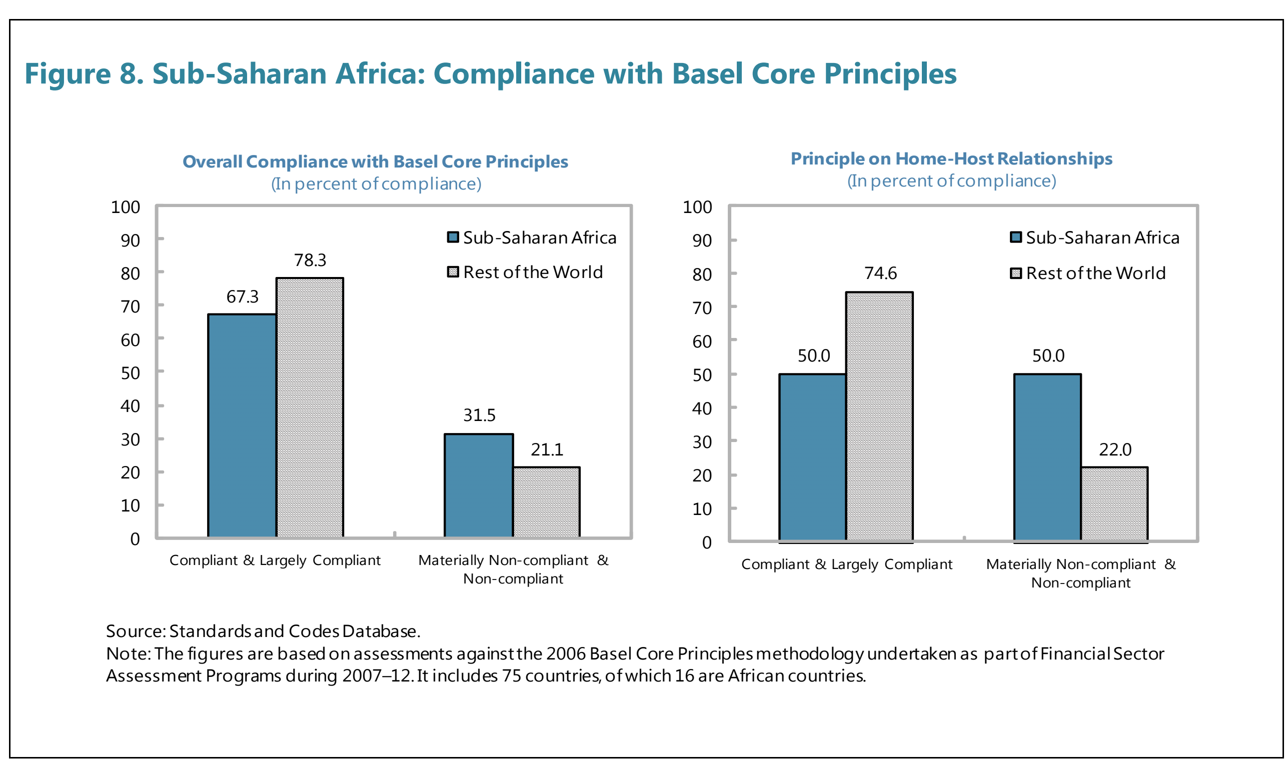


**Figure 8. Sub-Saharan Africa: Compliance with Basel Core Principles**

Source: Standards and Codes Database.
Note: The figures are based on assessments against the 2006 Basel Core Principles methodology undertaken as part of Financial Sector Assessment Programs during 2007–12. It includes 75 countries, of which 16 are African countries.

## Licensing and ownership structure

Licensing of new banks and cross-border operations does not always follow a structured approach that is transparent enough to allow effective supervision and oversight. Some authorities in the region have adopted a clear policy regarding the structure of cross-border operations, allowing foreign banks to open only subsidiaries and limiting cross-border expansion through branches, whereas other authorities have no clear stance on this. In addition, many banking groups in the region have a complicated cross-border structure making effective supervision and resolution challenging for both home and host supervisors, particularly as bank holding companies are not properly regulated or supervised in some countries.

Supervisors should weigh costs and benefits associated with PABs' cross-border structures (Box 7). Expansion via subsidiaries or branches implies different needs for competencies at the home and host supervisor level and different issues when it comes to resolution. For instance, in the event of a crisis at the group level, standalone subsidiaries might be protected against contagion or might be easier to resolve. From a bank perspective, while expanding through branches allows for cost efficiencies and flexibility, it may also complicate resolution and raises the stakes for cross-border cooperation. PABs have mostly expanded through subsidiaries. However, a few groups expanded their operations in the WAEMU via branches from preexisting subsidiaries in the WAEMU region.

The presence of PAB holding structures that are not subject to regulation and supervision in some countries poses financial stability risks. Some PABs are established under the umbrella of bank holding companies, which in some jurisdictions are not subject to regulation and regular supervision. This impedes the supervisor from overseeing groupwide activities and monitoring the consolidated situation of the bank.

Supervisors should understand PAB corporate structures and if necessary hold them to a higher standard if the structure is not conducive for effective supervision. Complex structures impede effective supervision of the banking group, undermine detection of risks, and impact the way a group could be resolved, for example if responsibilities cannot be clarified. Deficiencies in supervision can be exacerbated by complicated ownership structures, in particular if the suitability of major shareholders cannot be properly assessed or risk exposures are hidden within parts of the group (Box 8).

## Accounting and data standards

Financial reports and disclosures of PABs are based on different sets of accounting standards, which complicate comparative analysis across banks and may not contribute to transparent disclosures. While many African jurisdictions apply International Financial Reporting Standards for financial statement reporting, other countries are still lagging behind (Box 3 and Figure 9). Even if plans for moving to International Financial Reporting Standards exist, progress has been slow. Plans to implement International Financial Reporting Standards should be accelerated where local accounting standards do not form a basis for fair and accurate measurement and transparent reporting.

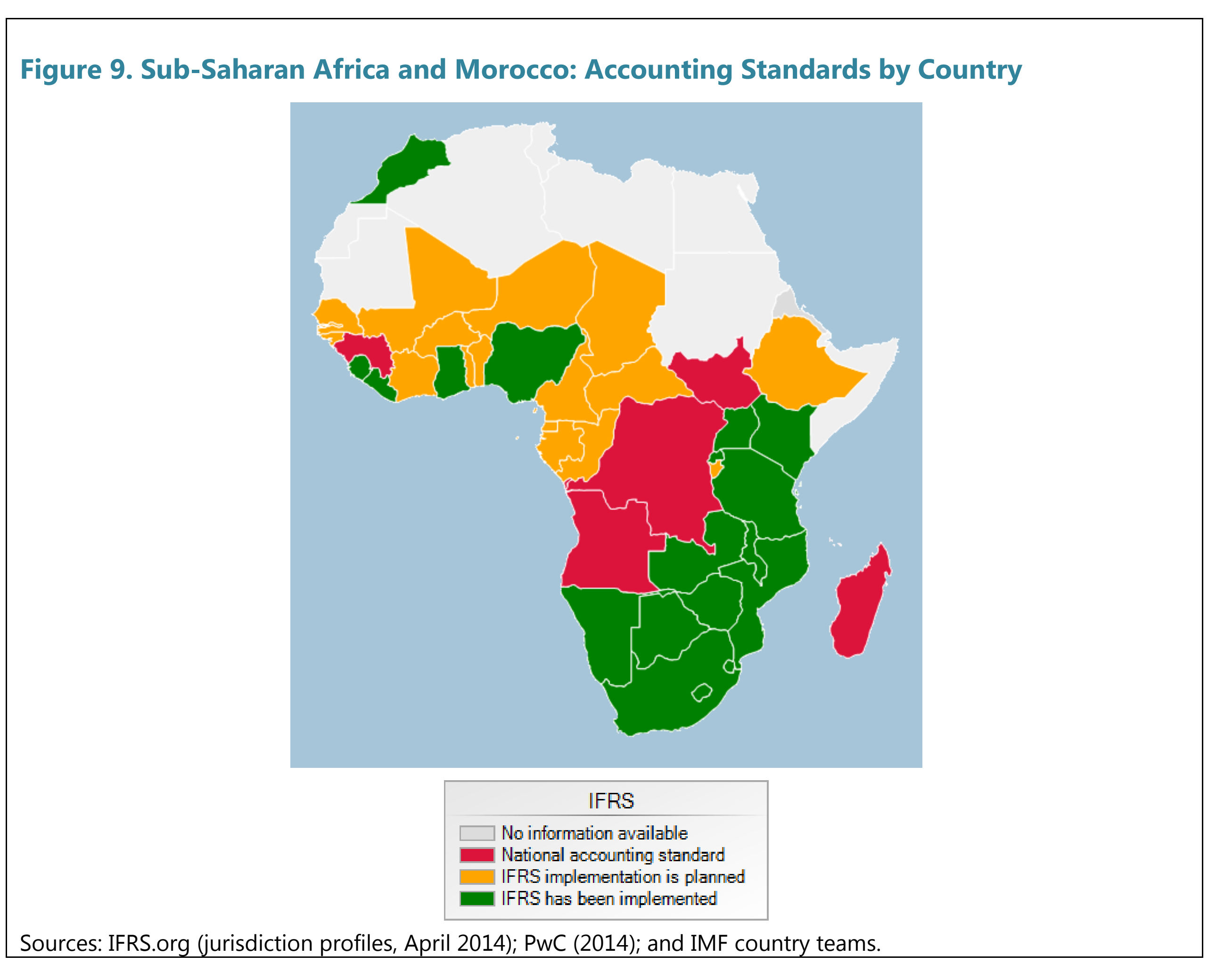


**Figure 9. Sub-Saharan Africa and Morocco: Accounting Standards by Country**

Sources: IFRS.org (jurisdiction profiles, April 2014); PwC (2014); and IMF country teams.

## Box 7. Subsidiaries Versus Branches—One Size Does not Fit All[1]

Cross-border banking groups generate a trade-off between efficiency arising from the scale and diversification of their operations and financial stability concerns due to cross-border contagion of shocks. Policymakers need to consider this trade-off as well as the advantages and disadvantages for the different organizational structures for cross-border banking groups. Given the diversity of business lines and the varying objectives and stages of financial development in different countries, there is no single organizational model that is unambiguously preferable.

**Decentralized Model—Subsidiaries**

From the banking group perspective, the preference depends on the business model. A global retail bank may prefer a more decentralized subsidiary model as it focuses on serving local clients and relies on local deposits. Well-developed local financial markets facilitating local funding or a wider set of criteria required for branch operations could favor the subsidiary model.

From a policymaker's perspective, the view depends on whether a country is the home or host authority. Home authorities may prefer a cross-border banking structure with stricter firewalls across parts of the group when their banks expand into countries with weak economies and a risky business environment.

Host authorities may prefer the subsidiary model if conditions in their country are conducive to a healthy banking sector, allowing them to shield the affiliate from problems of its parent. Other factors such as systemic importance of the local affiliate, uncertainties about the group's support for affiliates, the quality of home supervision, and difficulties reaching an adequate level of cross-border cooperation would induce the host supervisor to choose a subsidiary structure as it facilitates local oversight and protection of domestic financial stability.

For financial stability, both models have advantages and disadvantages. Neither parent nor affiliates have a legal obligation to support troubled affiliates, which may limit contagion for healthy parts of the group and make it easier to spin them off. However, reputational factors may still induce a parent to support a troubled affiliate.

**Centralized Model—Branches**

Banks with significant wholesale operations tend to prefer a more centralized branch model. This provides flexibility for managing liquidity and credit risks globally and reduces funding costs compared to a subsidiary model. Less developed local financial markets or favorable tax and regulatory treatments compared to subsidiaries could also lead to a preference for branches.

Home authorities may prefer a branch structure that allows them to keep control over group capital and liquidity, particularly if in a host country prudential oversight and resolution frameworks are weak, funding markets less developed, and operations systemic at the group level.

Host supervisors from countries with underdeveloped financial systems and weak economies may prefer global banks to enter via full service branches that can provide credit services based on the strength of the parent. The group may have greater ability to withstand idiosyncratic shocks as surplus resources can be redeployed to affiliates hit by the shock, thus possibly limiting the impact on financial stability.

Overall, one size does not fit all and the differences between the models are increasingly smaller than they may first appear, in particular as there are varying degrees of centralization between the two ends of the spectrum and regulation for branches has increased, for example requiring separate capitalization.

[1]This box is based on Fiechter and others (2011).

### Box 8. Overview of Governance Best Practices in Commercial Banks

**A key ingredient for financial soundness and stability is good governance frameworks and practices in banks and banking groups.** Ensuring good governance is an important element in the work of regulators and supervisors, in accordance with the 2012 Basel Core Principles (BCPs), the 2013 Code of the International Organization of Securities Commissions, and other standards and codes.

**Ownership (BCP 5)**

- A transparent ownership structure with limited complex cross-ownership of subsidiaries enhances transparency.
- Supervisors need to have a clear view of ultimate ownership.
- Parent holding companies need to be regulated as banks.

**Boards (BCP 5, 14, 26)**

- There should be a majority of independent, nonexecutive members.
- There should be a core of members with sound background in banking and financial services.
- All board members should be subject to and pass fit-and-proper tests, including that they do not have unresolved defaults on past debts.
- The internal audit function should report to a board committee of independent members.
- Board members should have individual responsibility for oversight of the bank.
- Boards of subsidiaries should be clearly mandated and held responsible for oversight of subsidiary operations and soundness.

**Management (BCP 15)**

- Top management should be qualified and experienced in banking operations.
- Management should be subject to and pass fit-and-proper tests. Key managers should not have unresolved defaults on past debts.
- Appropriate internal risk management and assessment frameworks should be in place.

**Accounting and Information Technology Systems (BCP 5, 22, 25 to 28)**

- High-quality, secure, and reliable accounting and information technology systems should be in place.
- The accounting framework should comply with International Financial Reporting Standards.
- Accounts should be audited by reputable audit firms in conformity with international or national accounting standards and published. Auditors should be periodically changed to ensure objectivity.

## Consolidated supervision

Consolidated supervision is a major deficiency in some of the home countries of pan-African banking groups. While some countries like South Africa and Morocco conduct supervision on a consolidated basis, others are only slowly implementing it. Nigeria has recently commenced conducting consolidated supervision. However, in the WAEMU region, one of the obstacles for effective consolidated supervision is that while bank holdings, in principle, are subject to supervision according to the existing law, prudential regulations to make it effective are not in place. Consolidated supervision encompasses reporting, regulation (prudential norms and limits applied at the consolidated and solo basis), and supervisory techniques. This is essential regardless of the legal form through which expansion is taking place (i.e., through subsidiaries or branches). For example, Morocco has a formally articulated supervision policy for home banks with operations abroad. The Moroccan central bank quarterly monitors key prudential indicators, including solvency, provisioning, and profitability among others factors.

Implementation of consolidated supervision is key for sound risk assessment of cross-border banks. First, it allows supervisors to develop a thorough understanding and analysis of the operations and capitalization of the group and the interactions between parent banks and subsidiaries. Second, the consolidated assessment is important given that many PABs expand into jurisdictions where supervision frameworks may be considered as weak. In this case, an effective consolidated supervision by the home supervisory authority would be essential to ensure that all entities of the group are subject to strict oversight and that the consolidated position of the overall group is well monitored and analyzed. This should include supervision of the provision of centralized group services ensuring they are not used for circumvention of restrictions. Third, the importance of consolidated supervision is heightened in light of deficiencies in the cooperation and information sharing arrangements among some of the region’s supervisors. As such, performing consolidated assessment and monitoring would hedge to some extent the supervisory gaps that may be caused by the lack of proper information sharing and coordination mechanisms with host supervisors.

## Home-host issues

The rapid growth of PABs highlights the importance of enhancing supervisory coordination and information sharing. Supervisory authorities have started to strengthen their working relations and joint activities, and have established formal cooperation agreements and first supervisory colleges. While these first steps are welcome, more effort is needed to strengthen cooperation and make the process more structured and effective.

The arrangements put in place so far have not been optimally exploited. While many African supervisors have established informal contacts or signed formal information sharing and cooperation agreements, in practice the flow of information seems not systematic and regular. In addition, it does not fully take into account the respective roles and responsibilities of concerned supervisors. These arrangements may call for joint inspections or activities; however, the number and frequency of these have been limited so far.[2] There are four likely reasons for the limited interaction of supervisors so far. Firstly, some supervisors are still struggling to achieve effective oversight over domestic banking operations, so cross-border issues may be beyond their capacity or institutional mandates. Second, the expansion process has started recently and needs additional time to become a more structured exercise. Third, the size of cross-border subsidiaries is still generally limited compared to the total group. Therefore, from a materiality point of view, home supervisors may not consider the process as a priority part of their framework. Fourth, effective cross-border supervision is a complicated skill; the limitations to which, if not constructed effectively, were demonstrated clearly during the global financial crisis. Therefore, African supervisors may still be wary of committing to arrangements that they may see as untested. This may be particularly the case with regards to crisis management and resolution, areas in which cooperation has essentially not yet begun.

Home supervisory authorities rely to a major extent on offsite supervision and monitoring of cross-border subsidiaries and branches with limited onsite inspection and monitoring. While this allows the supervisor to have a regular analysis and assessment of the soundness of cross-border operations, it may not give a view of the true position of subsidiaries, especially given possible data quality problems. Accordingly, home supervisors should enhance the onsite framework when it comes to inspection of cross-border subsidiaries of pan-African banking groups, for example by using joint inspections to a stronger degree than currently.

African home supervisors have established or are planning to establish supervisory colleges for the largest cross-border banking groups. Of the seven major PABs, three groups had a supervisory college recently and for three groups colleges are planned to be held by the end of the year. In addition, the Central Bank of Kenya has organized supervisory colleges for most of its PABs. The supervisory colleges were organized as general colleges involving all host supervisors of the concerned banks. The first meetings proved very productive to foster better

[2] Recently, some supervisors have started doing joint inspections, for example, Nigeria mainly for subsidiaries in the West African Monetary Zone, Kenya with supervisors in the East African community, as well as Bank Al-Maghrib and the Banking Commission.

relationships among supervisors, better understanding of the group strategy and its risk assessment, and sharing of subsidiary assessments by host supervisors. Challenges in the process included, among others, the time needed to organize the college meeting, the issues to be discussed at the meeting, and the decision-making capacity of the supervisory staff attending the meeting.

The establishment of these supervisory colleges is a step in the right direction, but the practice needs further nurturing to better contribute to the enhancement of cross-border supervision. Colleges can play an important role in sharing information and coordinating supervisory activities, but they should not be looked at as simply triggering action at the time of regular meetings. The ultimate objective of such colleges is to establish relationships that remain active in between college meetings through different means (e.g., teleconferences, videoconference, or emails). Also, colleges are just one tool for collaboration among supervisors, and they should supplement and not replace bilateral forms of information sharing and cooperation.

Going forward, the structure of the supervisory colleges for the largest PABs might need to be reconsidered once the organization of colleges enters a more mature stage.[3] While it is beneficial at a first stage to have a single structure and include all host supervisors of a group, this might not be effective for widespread PABs with a large number of subsidiaries and host supervisors. Thus, home supervisors should aim for a balance between college effectiveness and involvement of host supervisors. One possible structure would be a core college including a few supervisors of key host countries, for example the primary risk-taking entities, and a universal college with a wider representation, particularly host supervisors where PABs are domestically systemic. This would be the responsibility of the home supervisor taking into consideration the nature, scale, and complexity of the banking group and the needs of relevant supervisors associated with the group. The college structure should be periodically reviewed and membership criteria transparently communicated with host supervisors. In particular, home supervisors should involve host supervisors not included in colleges via other methods of engagement, for example bilateral arrangements.

Based on initial meetings, some functional aspects of the supervisory colleges could also be enhanced going forward. This includes (1) circulating meeting agendas and materials well in advance of meetings to allow sufficient time for preparation and to determine the necessary level of representation; (2) recording meeting summaries, recommendations, and action points,

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[3] See Basel Committee on Banking Supervision (2014) for guidance on effective supervisory colleges.

and following up on them; and (3) better preparation and coordination ahead of the college meetings to ensure that seniority of representatives, their knowledge of the groups, and their decision-making powers are commensurate with the importance of topics for discussion.

## Cross-Border Crisis Management and Resolution Issues

While cross-border supervision of PABs has progressed over the last years, very limited work has been done on establishing crisis management and resolution frameworks for these banks.[4] In fact, even in the countries with relatively better developed supervisory and regulatory frameworks, the issue of crisis preparedness and resolution planning of cross-border banks has not been tackled yet. In some African countries, particularly those that are part of a regional monetary union, bank resolution would pose many challenges on the national and regional levels since relevant resolution powers are not always clear and are spread across regional and national bodies with possibly conflicting objectives and varying interests. In many/most countries, bank resolution is conducted via regular company insolvency law, which typically fails to deliver prompt and effective resolution in systemic cases. The inability to act promptly can have an adverse impact on public confidence, as depositors lacking ready access to their funds can trigger contagion and runs on other banks.

African supervisors should ensure that their national resolution frameworks provide them with adequate powers along with sufficient legal and operational capacity. Authorities should enact legislation in line with the Financial Stability Board's Key Attributes of Effective Resolution Regimes, providing them with a range of resolution tools (including transfer and bridge bank powers) applicable at an early juncture. Some authorities have already started this process. In countries or monetary zones where powers may be allocated between different national authorities or between regional and national authorities, cooperation and clear lines of responsibility and accountability would be essential to ensure an orderly and timely resolution of problem or failed banks.

African supervisors should establish crisis management groups (CMGs) for regionally and domestically systemic cross-border banks. While supervisors form the backbone of CMGs, these may also include other stakeholders like central banks, ministries of finance, or deposit insurance corporations. CMGs could play a pivotal role in developing and implementing institution-specific cooperation agreements between home and relevant host authorities (i.e.,

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[4] For an overview of recent developments in cross-border bank resolution, see IMF (2014a).

where cross-border subsidiaries are systemic to the banking group) on the main issues and steps that should be involved in planning and crisis resolution stages (Box 9).[5]

In addition, African supervisors should require regionally and domestically systemic cross-border banks to develop recovery and resolution plans. The global financial crisis demonstrated the high costs of not having a workable cross-border operational framework in place, as well as the difficulty of constructing one (Box 10). Recovery plans are essentially contingency plans that banks should prepare to demonstrate their ability to maintain and continue profitable operations during stressful times. Therefore, all banks should be required to prepare comprehensive financial contingency plans, updated annually, respecting proportionality criteria (small banks will have less complex contingency plans). While the home supervisor should lead the development of the resolution plan, relevant host supervisors should be actively engaged in the process. National and regional supervisors should require resolution plans from systemic banks, which in some cases may necessitate legal reforms including giving supervisors the power to require changes to group structures for making them more resolvable. Such plans not only provide valuable information to the supervisory authority regarding the bank's operations and how they might be wound down in an orderly fashion, but also provide a tool for bank management to obtain a better grasp on their own operations and the inherent risks involved. Resolution plans should be revised and updated annually. This should not preclude the host resolution authorities from preparing their own resolution plans for subsidiaries of the banking groups in their jurisdictions.

While cooperation and information sharing on cross-border banks' resolution plans and crisis management are fundamental, this should not preclude supervisory authorities from taking discretionary actions in certain circumstances and subject to specific conditions. Supervisory or national resolution authorities should have resolution powers with respect to the local structures of cross-border banks and should use these powers in coordination with home authorities. In cases where the home supervisory authority is not acting in the interest of the host jurisdiction and its financial stability, the host authority may take discretionary action, like ex post ring-fencing measures restricting intragroup transfers, but subject to prior notification

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[5] For example, the South African authorities participate in two global CMGs, Barclays Africa Group Limited and Old Mutual Group (Nedbank) and could use their experience for establishing effective CMGs in sub-Saharan Africa.

and consultation with the home authorities.[6] Ring-fencing may be a rational response to a problem bank where the cross-border parent will not support the host entity, and host authorities wish to ensure that local assets are not upstreamed to the parent to the detriment of local depositors and creditors.

However, taken to excess, such measures could present an unhelpful restriction on capital mobility. In particular, trapping capital and liquidity in group entities on a geographic basis could destabilize a PAB facing stress. In 2012, in the face of large increase in capital requirements mostly directed at nonlocal banks in some other countries, the Central Bank of Nigeria issued directives forbidding Nigerian banks from recapitalizing subsidiaries abroad. Subsequent consultations led to modification of the directives to allow for capitalization based on commercial needs on a nondiscriminatory basis. Consultations and transparency should lead to a more cooperative solution that can remove uncertainty and enhance the safety of the PAB both in the home and host country.

Only some African countries have deposit insurance schemes, which is a further challenge for resolving PABs. Effective bank resolution requires effective financing arrangements, for example an ex ante deposit insurance fund that can be used to back a transfer of retail depositors to another bank in a resolution. One challenge in designing such schemes is the coverage range of the deposit insurance scheme, and whether it only includes banks and their activity within the jurisdiction or also includes their branches and/or subsidiaries overseas. Another challenge relates to the hierarchy of creditors and how to treat different types of claims that may exist across borders. Depositor preference which does not discriminate by location or nationality of depositor, and deposit insurance schemes with coverage provided by the jurisdiction—home or host—that collects the premiums for an ex ante fund, would go a long way toward alleviating these challenges. Finally, the use of deposit insurance funds, in accordance with the revised International Association of Deposit Insurers/Basel Committee on Banking Supervision Core Principles for Effective Deposit Insurance Systems, should not be diverted to support ailing banks to keep them open, or for any other government support. These issues are especially relevant in African countries that are planning to establish deposit insurance schemes.

[6] The active information sharing between home and host authorities as part of memorandums of understanding is very important. However, during a crisis, the effectiveness of such agreements might be limited, which should not preclude from using them.

### Box 9. Crisis Management Groups and Resolution Plans

**Crisis management groups (CMGs)** could play a pivotal role for developing cooperation on main issues and steps involved in planning and crisis resolution stages and may include the following points:

- the roles and responsibilities of the authorities in the precrisis stage as well as during the crisis;
- information sharing process and details before and during the crisis;
- information sharing and consultation procedures among home and host supervisory authorities in case of adverse developments at the level of the parent bank and/or its affiliates;
- joint work and regular consultations to assess the robustness of a cross-border bank resolution plan and strategy; and
- procedures for protection of confidential or sensitive information.

**Resolution plans** are intended to provide a roadmap of an orderly wind-down of troubled systemic banks. Given the nature of such plans, including the conditions under which they would be executed, resolution plans should be prepared with considerable supervisory input. Resolution plans should include, inter alia:

- detailed information regarding the bank's various business lines to substantive legal entities along with a breakdown of its corporate organization;
- a complete explanation of the ownership structure, along with a full accounting of the assets, liabilities, and contractual obligations of the company;
- an explanation of where critical functions—such as information technology or treasury functions—are conducted: how will the subsidiaries operate in resolution if these functions are housed in entities in other jurisdictions; and
- data on credit and other exposures, major sources of funding, capital situation, and cash flows, along with identification of foreign countries in which it operates, are particularly important.

**Box 10. Lessons From the Global Financial Crisis for Cross-Border Supervision and Resolution of Pan-African Banks**

**Supervisory authorities in Africa can build on the lessons learned through the global financial crisis to foster cooperation on supervision and resolution of pan-African banks.** The global financial crisis has demonstrated that, absent effective cooperation and planning of cross-border bank resolution, tools utilized to resolve cross-border institutions tend to be last-minute ad hoc interventions involving public support. Two main cases from 2008 may illustrate this fact: Fortis Group, a Belgian/Dutch financial conglomerate with substantial subsidiaries in Belgium, the Netherlands, and Luxembourg, and the Lehman Brothers group, which consisted of 2,985 legal entities operating in more than 50 countries with an ultimate holding company monitored by the U.S. Securities and Exchange Commission. The Fortis resolution required government interventions by both home and host authorities, while Lehman's holding company and several major subsidiaries filed for bankruptcy protection.

**Even longstanding relationships can break down in a crisis situation.** The Fortis case showed that longstanding relationships among closely integrated neighbors with a history of collaboration in the context of a monetary and economic union, namely Dutch and Belgian supervisory authorities, may not work well under crisis times. This could be due to differences in the assessment of available information and the perceived sense of urgency in addressing the problem. This led to a domestically focused resolution based on national frameworks and responsibilities. Moreover, some limited legal resolution powers have delayed the resolution process.

**Lehman Brothers' case demonstrated that short-term liquidity needs of large complex groups in crisis times may result in different reactions by home/host supervisors that could lead to disorderly bankruptcy and disruptions to key systems and services.** The Lehman collapse led to difficult discussions between the U.S. and U.K. regulators on the institution's resolution (Basel Committee on Banking Supervision 2010). This experience highlights that effective cross-border bank resolution requires, inter alia: (1) orderly resolution plans; (2) an understanding by regulators of the cross-border banking group structure, the interdependencies thereof and the implications for going as well as gone concern purposes; and (3) an understanding of insolvency regimes in different home/host jurisdictions since these would usually govern the resolution of various components of a cross-border banking group.

**Lessons from these and other cases were reflected in the recommendations made by the Vienna Initiative to enhance bank resolution and supervisory practices.** The Vienna Initiative was launched in 2009 following the first wave of the global financial crisis and was reinvigorated as Vienna 2.0 toward the end of 2011 amid the euro zone crisis. The aim of Vienna 2.0 was to safeguard the financial stability of emerging Europe and to ensure that home countries of European banks coordinate more closely with host countries to take better account of potential systemic risks concerns in host countries.

# Roles of Regional Institutions

## West African Economic and Monetary Union

In the WAEMU, responsibility for the supervision of the financial system is shared between regional and national authorities with the Banking Commission (BC) at the center. Banks and microfinance institutions with more than CFAF2 billion in deposits or loans are supervised by the BC. Smaller microfinance institutions are supervised by national authorities. A Financial

Stability Committee is responsible for macroprudential supervision and to guarantee the stability of the financial system at the regional level. Bank licenses are issued by the national minister of finance after a binding opinion by the BC and are revoked by the national minister of finance upon decision of the BC. However, the domestic minister of finance has the right to appeal at the WAEMU Council of Ministers. The role of the national authorities reflects the understanding that banks and subsidiaries that are in trouble may have to be financially supported by the governments of the countries in which they are located. A prefunded deposit insurance scheme is being set up. Bank holding companies are not formally regulated, but Ecobank Transnational Incorporated is partially supervised by the BC on a voluntary basis as confirmed by a WAEMU council minister's decision of 1991.

In light of the shared responsibilities for supervision and licensing, resolution and the allocation of responsibilities is a problematic topic. Questions regarding the lender of last resort role and the responsibility of fiscal authorities need to be answered. This is particularly important as some PABs are very large compared to their home country GDP (e.g., Ecobank Transnational Incorporated domiciled in Togo). A case where financial support to banks, whether through liquidity support by the central bank or through the government budget, turns into a sovereign default problem should be avoided. Another important issue is the role of lender of last resort in foreign currency, for which the central bank may need to seek swap arrangements to facilitate central bank support operations in dollars, euros, or other foreign currency.

## East Africa Community

Cross-border cooperation is part of the broader agenda of the East Africa Community (EAC) central banks on bank regulation and supervision. Article 85 of the EAC Treaty (on banking and capital market development) envisages the development and integration of financial markets and the associated legal and regulatory frameworks as prelude to the long-term goal of establishing the East African Monetary Union.[7] The cooperation agenda on financial market integration goes well beyond banking and also covers capital markets, insurance, and pension sectors. Nevertheless, the banking sector naturally features high on the agenda, given the importance of the banking sector within EAC countries' financial systems and the role of central banks as the driving force behind the integration process.

The EAC has taken several steps to institutionalize supervisory cooperation among the five member countries. This includes the Monetary Affairs Committee, formed in 1997, which aims

[7] The monetary union protocol was signed on November 30, 2013.

to speed up regional supervisory cooperation. To that end, Monetary Affairs Committee meetings are attended by the central bank governors, as well as representatives of various departments of the central banks, including supervisory departments, and cover a wide range of areas and topics including monetary policy, bank regulation, and financial inclusion.

EAC central banks signed a multilateral memorandum of understanding (MOU) in 2008 to accelerate the move toward cooperation in banks' consolidated supervision. This MOU facilitates collaboration in supervision and information sharing with a view to increasing regional financial integration. Thus far, the MOU has facilitated closer cooperation among the EAC authorities including joint onsite examinations of banks and training opportunities. However, the MOU does not address crisis management issues.

## Southern African Development Community

Southern African Development Community (SADC) countries have started to collaborate in core elements of the financial infrastructure and efforts are underway to enhance cooperation and coordination of regulatory and supervisory policies. In particular, the Protocol on Finance and Investment encourages SADC countries to develop harmonized standards of practice and regulations. Two regional institutions serve as coordinating fora for cross-border regulatory cooperation, the Committee on Central Bank Governors, and the SADC Subcommittee on Banking Supervisors, with the latter established to deal with coordination of activities relating to banking supervision. While there has been some progress in harmonizing regulatory standards, different stages of development and adherence with international good practices as well as differences in legislative and institutional models have hampered the process. An important recent development was the creation of a common settlement system (SADC Integrated Regional Electronic Settlement System) that allows banks within the SADC countries to settle regional transactions among themselves on a gross basis and in real-time. Since its launch in July 2013, 10 SADC countries have joined the system and the number of participants on SADC Integrated Regional Electronic Settlement System increased to 62 (Box 11).

**Box 11. Development of the Southern African Development Community Integrated Regional Electronic Settlement System**[1]

**Background**

The Southern African Development Community (SADC) Integrated Regional Electronic Settlement System (SIRESS) is an electronic payment settlement system to settle regional transactions among banks within SADC countries on a gross basis and in real-time. It is meant to replace current correspondent banking arrangements for settlement of cross-border transactions within the region. SIRESS was introduced in July 2013 and is led by the South African Reserve Bank (SARB) in collaboration with the SADC Bankers Association. The legal framework for the operation of the system is based on contractual agreements signed among the range of stakeholders in the system. SIRESS is overseen by the SARB in cooperation with all central banks whose domestic banks participate in the system.

The initial SIRESS participants included the four rand common monetary area (CMA) countries within SADC (Lesotho, Namibia, South Africa, Swaziland). This approach was adopted to first address any issues that may arise on a smaller scale before allowing other countries to participate. SIRESS is hosted and operated by the SARB, and all participants, including all central banks, may have accounts in SIRESS as direct participants. The SIRESS currently uses South African rand as the settlement currency. Participant settlement accounts in SIRESS must be prefunded as the system currently does not provide for loans or overdrafts.

**Membership**

SIRESS membership is open to any financial institution within SADC participating in its own countries' settlement system as well as meeting the SIRESS access criteria and subject to the approval of its home central bank. As of end-March 2014, 22 financial institutions from within the common monetary area participated, including four central banks. In September 2013, the Committee of Central Bank Managers meeting approved that additional non–common monetary area SADC countries may join the system. Malawi, Tanzania, and Zimbabwe opted to join SIRESS during the first half of 2014, while participants from Democratic Republic of Congo, Mauritius, and Zambia joined during the second half of 2014, bringing the number of SADC countries in the system up to 10. Including participants from these additional countries, the number of participants on SIRESS increased to 62.

[1] This box is based on information provided by the SARB.

## West African Monetary Zone

In the West African Monetary Zone, plans for a monetary union have been complemented by efforts for enhancing supervisory cooperation and harmonizing supervisory processes in the member countries. The progress toward the single currency union is slow and continuously delayed, but financial integration in the member countries has nevertheless advanced, in particular as Nigerian banks actively expand across other West African Monetary Zone countries. Against this backdrop, the College of Supervisors of the West African Monetary Zone was formed in 2010 to enhance supervisory cooperation, harmonize processes, help build capacity, deepen information sharing, and strengthen financial stability. The activities of the College of Supervisors of the West African Monetary Zone focus on joint examinations of banks with cross-border subsidiaries, publication of an annual financial stability report, harmonization

of supervision through regular peer reviews, and building cooperation with other central banks through MOUs. Plans for bank resolution are now being developed, with the Central Bank of Nigeria acting as chair.

# 4 Authorities' Views

The authorities saw the initiative as timely, important, and contributing significantly to addressing the issues. The report came at a critical time when the African economy is opening up and becoming more integrated. The authorities noted that the pan-African banks play a useful role in improving competition and are fostering financial innovation, thus supporting market development. They also noted the challenges these new institutions posed and underscored the need for strong banks and strong regulators.

In their feedback, the authorities strongly supported the findings of the study and backed its recommendations, although they stressed that significant progress was already being made in a number of areas, in part as a result of recent Financial Sector Assessment Programs.[1] They outlined the steps they are taking to upgrade their regulatory frameworks at a national level, for instance to close gaps on bank holding companies' regulation, and raise accounting standards, as well as on cross-border issues, for instance to create cross-border supervisory colleges, sign memorandums of understanding, and exchange information.[2] The authorities underscored the need to complete the financial infrastructure and to promote financial inclusion. In particular, deposit insurance, credit rating agencies and credit information systems, dispute resolution mechanisms, efficient payments and settlements systems, and consumer protection mechanisms are not in place in all sub-Saharan Africa countries. Several drew attention to the risks represented by very uneven supervisory capacity, especially by weak oversight capacity in

[1] The authorities gave feedback at a high-level seminar during the 2014 IMF Annual Meetings (the participating countries included Kenya, Morocco, Nigeria, South Africa, and the West African Economic and Monetary Union, and Ghana and Guinea as host countries for a number of cross-border banks) as well as through written comments.

[2] For example, Bank Al-Maghrib requested Banque Marocaine du Commerce Extérieur to develop a strategy for simplifying the structure of the Bank of Africa. This strategy is being implemented over the medium term and includes a roadmap for gradually removing indirect holdings, for which the first unwinding of indirect holdings has already occurred.

some jurisdictions, and underscored the importance of the recommendation on the harmonization of standards.

On supervisory colleges, the authorities drew attention to the progress being made and lessons being learned peer-to-peer via the new cross-border supervisory colleges and in joint supervision missions. For supervisory colleges, it was critical that the most senior decision-making officials participate. Pan-African banks are not large globally, and none are classified as global systemically important banks, so they are not captured by the specific Basel III requirements for higher loss absorbency requirements or the Financial Stability Board's Key Attributes. Nonetheless, several financial institutions are regionally systemic, and some authorities suggested that consideration could be given to applying the systematically important financial institution framework to them, for instance as regards the leverage ratio. Some also suggested that there is a need for more emphasis on stress testing, in particular on top-down macro models (with a cross-border component) and to look further into the ring-fencing practices introduced by national authorities.

The authorities agreed that one of the biggest needs is for further progress on resolution. Memorandums of understanding on cross-border banks to date discuss only supervisory issues but are silent on crisis management and resolution. It is not advisable to wait until a crisis occurs to get a resolution framework in place. Agreements are needed that clearly delineate home-host responsibilities in crises.

Looking forward, the authorities underscored the important role IMF technical assistance will continue to play in securing progress, both in enhancing domestic capacity in supervision and ensuring financial stability, as well as to develop a framework for handling cross-border issues. Capacity development in supervision and financial sector oversight generally was considered as critical, including a framework to facilitate peer review of stress tests. A useful next step could be work on macroprudential and financial stability aspects of pan-African banking and how this could be coordinated including through better data sharing. There was considerable support for the idea of a pan-African bank supervisory oversight committee, a coordinating committee of home supervisors, to drive the reform agenda in Africa.

# 5 Conclusions and Recommendations

The pan-African banks (PABs) are playing a key role in driving financial innovation and development in Africa. Reflecting a number of converging push and pull factors, aided by improved political and macroeconomic stability and robust economic growth, the face of African finance is changing rapidly. The PABs are driving financial integration and inclusion, and spurring innovation and competition. These homegrown institutions are filling a void left by the withdrawal and declining role of more traditional players, and moving to serve large unmet needs for financial services on the continent. Reflecting more advanced practices in Morocco, South Africa, and to a degree Kenya and Nigeria, the PABs based there and their home authorities are also inducing host authorities to upgrade supervisory and accounting norms.

PABs are systemically important in a number of countries and pose new regulatory and supervisory challenges that if left unaddressed could raise systemic risks. Among the most urgent gaps to fill is the lack of formal regulatory oversight of bank holding companies in the West African Economic and Monetary Union (WAEMU) and their supervision on a consolidated basis. Consolidated supervision and cross-border cooperation are key to getting a full picture of the bank. The integration process in the East Africa Community and elsewhere will likely need to create strong and well-coordinated regulatory, supervisory, and resolution frameworks and common frameworks of regions introducing currency unions. An effort will be needed to harmonize regulatory norms in effect across Africa, including across the major PABs' home jurisdictions.

The spread of PABs likely increases the strength of spillovers across African countries. PABs may be more vulnerable because they operate in countries with which they are less acquainted, and under supervisors that may be weak and/or have limited interaction with home supervisors. For the host authorities, where PABs are systemic, risks also arise when home authorities or parent institutions take unilateral or uncoordinated actions, leading to implications for financial stability of the host jurisdiction. The experience during the global financial crisis of several Central and East European countries with large foreign banks is instructive. The greater the asymmetry in economic size between home and host, other things equal, the greater the likelihood an overall strategy for the institution will not take specific account of the host

country, and the more likely that financial stability will be jeopardized in the host country if problems emerge in the home.

Cross-border resolution needs to be addressed. So far, little attention has been paid to preparing for the eventuality of needing to resolve a PAB, with the recent exception of work in the West African Monetary Zone. The global financial crisis demonstrated the high costs of not having a workable cross-border operational framework in place, as well as the difficulty of constructing one. But without a resolution mechanism, supervision alone may have limited effectiveness. Resolving a holding company with operations in many countries would likely be challenging, and would benefit from early agreement on fiscal burden sharing and backstopping as well as agreements on creditor hierarchies. National fiscal authorities will likely have domestic interests in mind, unless there is a robust precommitment to a cost-sharing formula for any public support for a cross-border bank. While some countries have been seeking to address problems of spillover costs through ring-fencing, this does not obviate the need for collaboration. For PABs, the issues may well be particularly difficult, because the buffers beyond core capital that can be bailed in, that elsewhere are expected to substantially reduce the need for public sector finance, are for these banks at the moment much lower.

## Recommendations

- **Licensing:** Country or regional authorities (where there are single licenses across a region), must ensure that banks permitted to operate are sound, have good governance, and have business models that will aid the financial development of the country. A precondition should be a bilateral memorandum of understanding that should encompass, among other matters, the establishment of intensive collaboration and comprehensive information sharing with home country supervisors, and assurance from those supervisors as to the soundness and strength of the bank.
- **Governance and ownership structure:** In Africa and worldwide, bank problems have often been associated with governance issues concerning the bank's leadership. This requires a thorough supervisory oversight in particular for PABs with complicated structures ensuring that the ultimate beneficiaries are known. Supervisors should review their fit-and-proper oversight of bank management and take urgent action if deficiencies in fitness and propriety are uncovered. They should also look closely at cross-border intra-bank transactions. Close collaboration amongst the supervisors is likely to be critical. If the home supervisor sees that a complicated structure hampers effective supervision of the banking group, the supervisor should request a more transparent structure and follow up on its implementation. Similarly, host supervisors have a responsibility in reviewing the structures

affecting subsidiaries in their jurisdictions and using their corrective/enforcement powers during licensing and thereafter.

- **Data and transparency:** Data availability in many countries at present are limited, and exchange of data may be constrained by national secrecy laws. In particular, information on cross-border exposures within a PAB is limited, making it hard for the supervisors, and indeed the bank itself, to get a firm understanding of cross-country exposures. National authorities need to identify data requirements and ensure adequate and timely exchange, both upstream and downstream. If adequate provision of appropriate data cannot be ensured at the licensing stage or reporting is obstructed, subsequently home supervisors should take appropriate corrective actions. Also, appropriate sharing of information between supervisors and authorities responsible for macroprudential and financial stability aspects and the central bank at the national level is vital.
- **Consolidated supervision:** Implementation of consolidated supervision for all PABs, in particular for the major PABs, needs to be a high priority, and plans for implementing it need to be accelerated. Consolidated supervision by the home authorities should also cover the provision of centralized group services and ensure that these are not used for circumvention of restrictions, for example on capital transfer or dividends.
- **Harmonization:** Cross-border activities bring into focus differences across countries in regulatory and supervisory practices. Lagging countries should intensify their efforts to harmonize their prudential regimes with international standards and prioritize legal reforms enabling effective supervision and crisis management. A phased introduction of Basel II/III standards in lagging countries would be welcome, and should be part of a more comprehensive reform to strengthen their regulatory and supervisory frameworks. Adoption of International Financial Reporting Standards accounting standards should be accelerated.
- **Joint inspections:** Information about a PAB can be maximized through joint inspections, with the home country participating in inspections in host locations. In some cases, bespoke supervision may be established (i.e., a single supervisory team in multiple supervisory agencies).
- **Supervisory colleges:** Supervisory colleges have become regarded as the optimal way for supervisors to exchange information, notwithstanding a number of notable failures during the global financial crisis. Home authorities should establish supervisory colleges for all systemic PABs, which should meet at a senior level at least once a year. The functioning of supervisory colleges should be organized to ensure a focused discussion of core risks and issues facing PABs, and supervisors' representation should be enhanced to warrant a better

implementation of college decisions and recommendations. A two-tiered structure with core and universal branches should be considered for large and geographically widespread groups.

- **Resolution preparation:** There need to be clear understandings across jurisdictions of respective responsibilities in the event of difficulties, in keeping with the Financial Stability Board's Key Attributes, including convergence on creditor hierarchies and mechanisms for recognizing and enforcing resolution measures across jurisdictions. Authorities should review their legal frameworks to ensure that they have the powers to intervene in a bank and to force its resolution when problems emerge and the bank is no longer viable (i.e., special resolution regimes). They should consider the strategy they would adopt to minimize public sector costs. This may well involve also establishing prefunded depositor protection. Recovery and resolution plans should be established, at least for systemically important PABs. Each PAB should have a crisis management group which should meet periodically to exchange information about the bank and how it could be resolved including clarifying financial responsibilities. Each PAB should be required to provide a "living will." Given the likely fiscal implications of a bank failure, finance ministries should be included in discussions.
- **Regional integration:** As shown from the experience of Europe, a common currency together with free movement of capital may be hard to square without a common supervisor and resolution mechanism.[1] Both the East Africa Community and the WAEMU may consider moving in this direction over the coming years (WAEMU has a common supervisor but no special resolution mechanism). Insofar as having a single agency in currency unions may be only feasible in the very long term, there should be enhancement of intraregional cooperation across the whole range of regulatory and supervisory issues. Finance ministries need to be brought on board to ensure consistency of official action in the event of a PAB failure.
- **Pan-African financial stability:** Consideration should be given to setting up a PAB supervisory oversight committee, comprising the regulators/supervisors and central banks from Kenya, Morocco, Nigeria, South Africa, and the WAEMU as initial members, to drive

[1] Integration in different regions like the East Africa Community, the West African Monetary Zone, or the Southern African Development Community could also benefit from lessons learned on financial integration in other regions of the world (e.g., Europe or Asia; Appendix IV).

the cooperative and harmonization agenda, with others joining as and when they too acquire a presence of a major PAB or a significant presence of PABs as a home country. Existing supervisory arrangements either are not specifically focused on PAB issues or seem too large for effective consensus-driven decision making. The emergence of PABs has increased potential spillovers across countries and regions. Vulnerabilities from such spillovers should be assessed periodically, including through stress tests. Regional groupings should periodically review such national exercises, to ensure consistency and so that findings in one country can inform exercises in other countries, as well as conduct multiregional exercises for the PABs. This work could also include macroprudential policies in appropriately advanced jurisdictions to safeguard financial stability. Home supervisors and the PAB supervisory oversight committee could also consider subjecting PABs with domestic or regional systemic importance to domestic systemically important bank requirements and consider the regional dimension in applying these requirements.[2]

- **Competition/financial inclusion/consumer protection:** Code-of-conduct issues should be on the authorities' agenda. As with prudential issues, it would also be useful to collaborate across borders. These issues can have important implications for financial stability and consultation at the national level between supervisors and authorities responsible for financial stability and the central bank is important. Bank Al-Maghrib has established a committee in which the three Moroccan PABs discuss best practices for the African expansion.

## Surveillance and Technical Assistance

The emergence of PABs has implications for the financial stability of individual African nations, for regional groups, and for Africa as a whole. Country authorities and national supervisors will need to assess vulnerabilities at the national level, and also those arising through financial sector linkages and the spillovers through those linkages. Policy responses will need to take the regional dimension into account, and any steps to mitigate financial sector vulnerabilities should avoid purely nationally oriented policies. With PABs operating beyond existing monetary unions and other formal regional integration areas, the first best solution of common supervision and a common backstopping mechanism is unlikely to emerge in the short term.

[2] See Basel Committee on Banking Supervision (2013) for the global systemically important bank framework and assessment methodology and Basel Committee on Banking Supervision (2012) for the domestic systemically important bank framework.

Hence, existing regional bodies will need to adapt to better oversee the activities of the PABs in their areas, and improve coordination among other regional and national supervisors. These structures should also be used to assess the need for better coordination of financial backstopping and resolution of PABs, an area where more clarity will be critical for their long-term sustainability.

The emergence of the PABs has implications for IMF surveillance. National Article IV consultations will discuss PAB developments in individual home and host countries. In addition, the integrated surveillance decision provides a basis for bilateral surveillance to focus on spillover issues which could cover regional implications of PAB-related activities. Similarly, national Financial Sector Assessment Programs would include focus on specific issues related to PABs. In regional surveillance exercises, such as for the WAEMU, there is likely to be special emphasis on these banks. Finally, consideration should be given to deepen the macro-financial stability analysis through a regional/thematic Financial Sector Assessment Program focusing on the PABs.

Many of the recommendations put forward here are likely to require efforts to strengthen capacity. It is of mutual interest for PAB homes and hosts for oversight capacity to be raised as quickly as possible. In this regard, the home authorities of the PABs are likely to take the lead, for instance through including host country supervisors in the training they conduct for their own supervisors (e.g., Kenya, Nigeria), and taking the opportunity of joint inspections and meetings of colleges to share their knowledge with their host country colleagues. In view of the emerging "best practice" in home-host cooperation, staff exchanges and other peer learning initiatives with supervisors from jurisdictions that have been facing similar challenges could also be initiated. Finally, some PABs have shareholders from countries with relatively advanced financial regulation and supervision; they are likely to want their banks to operate in a well-regulated and supervised environment, and can provide implicit or explicit support for national supervisors' efforts at upgrading capacity.

Beyond this, the IMF, as well as other multilaterals and national providers of technical assistance, can prioritize their activities to provide a comprehensive program to enhance supervisory capacity to handle the PABs. Such a program is urgent, in view of the financial stability and developmental challenges posed by the PABs, and could have substantial payoff. In particular, this would include formulating and prioritizing country-specific recommendations for enhancing and upgrading supervisory capacity based on each country's or region's individual circumstances. Advice can be given also on developing financial stability monitoring and on governance and institutional implications if regional integration is to be deepened, and if new bodies such as the PAB supervisory oversight committee are established.

# Appendix I. Supplemental Tables and Figures

## Appendix Table 1. Selected Pan-African Banks: Main Information, 2013
(Millions of U.S. dollars)

| | Country of Headquarters | Number of Operations in SSA | Number of Subs/Branches | Number of Systemically Important Operations in SSA | Latest Accounts Data | Consolidation Code | Total Assets | Total Deposits | Loans | Cons. Assets in Percent of Home Country GDP | Share of Assets in SSA Excluding Headquarters Country | Share of Deposits in SSA Excluding Headquarters Country | Share of Loans in SSA Excluding Headquarters Country | Data Availability |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Standard Bank | South Africa | 20 | 18 | 10 | 12/2013 | C2 | 161,197 | 81,284 | 70,527 | 46 | 12.8 | 17.3 | 11.9 | 1 |
| FirstRand Bank | South Africa | 11 | 8 | 4 | 12/2013 | C2 | 74,601 | 46,086 | 53,589 | 21 | 6.6 | 8.6 | 6.2 | 1 |
| Nedbank[1] | South Africa | 9 | 7 | 4 | 12/2013 | C2 | 71,459 | 51,992 | 49,635 | 20 | 2.8 | 2.4 | 2.5 | 1 |
| Investec | South Africa | 2 | 2 | 2 | 03/2014 | C2 | 41,001 | 19,533 | 15,007 | 12 | 4.1 | 4.3 | 5.9 | 1 |
| Attijariwafa Bank | Morocco | 12 | 12 | 7 | 12/2013 | C1 | 47,307 | 29,152 | 30,765 | 46 | 13.0 | 16.0 | 11.5 | 2 |
| BMCE | Morocco | 18 | 17 | 8 | 12/2013 | C2 | 29,040 | 18,112 | 16,400 | 28 | 23.8 | 30.6 | 24.3 | 2 |
| Bank of Africa | | 15 | 0 | 0 | 12/2013 | C | 6,629 | 4,827 | 3,448 | | | | | |
| Group Banque Centrale Populaire | Morocco | 10 | 10 | 1 | 12/2013 | C1 | 35,617 | 25,764 | 24,094 | 34 | 7.1 | 8.5 | 8.4 | 3 |
| First Bank of Nigeria | Nigeria | 8 | 7 | 1 | 03/2014 | C2 | 24,942 | 18,873 | 11,399 | 5 | 1.7 | 1.6 | 1.4 | 2 |
| Zenith Bank | Nigeria | 5 | 4 | 1 | 03/2014 | C2 | 20,252 | 14,255 | 8,063 | 4 | 4.6 | 3.7 | 3.9 | 2 |
| United Bank for Africa | Nigeria | 19 | 19 | 2 | 03/2014 | C2 | 17,025 | 13,925 | 6,041 | 3 | 15.0 | 13.4 | 13.5 | 3 |
| Guaranty Trust Bank | Nigeria | 9 | 9 | 2 | 03/2014 | C2 | 13,549 | 9,198 | 6,459 | 3 | 8.7 | 9.4 | 6.6 | 2 |
| Access Bank | Nigeria | 7 | 7 | 0 | 03/2014 | C2 | 11,826 | 8,579 | 5,066 | 2 | 6.0 | 6.3 | 5.8 | 2 |
| Diamond Bank | Nigeria | 5 | 5 | 1 | 03/2014 | C2 | 9,786 | 7,771 | 4,441 | 2 | 6.6 | 4.5 | 6.4 | 3 |
| Skye Bank | Nigeria | 4 | 4 | 0 | 03/2014 | C2 | 7,195 | 5,305 | 3,543 | 1 | 0.1 | 0.0 | 0.0 | 3 |
| Union Bank of Nigeria | Nigeria | 2 | 2 | 0 | 03/2014 | C2 | 6,461 | 3,110 | 1,479 | 1 | 1.9 | 3.1 | 5.9 | 3 |
| Keystone Bank[2] | Nigeria | 5 | 5 | 0 | 12/2012 | C2 | 2,501 | 1,917 | 564 | 0 | 0.0 | 0.0 | 0.0 | 3 |
| Kenya Commercial Bank | Kenya | 6 | 6 | 2 | 03/2014 | C2 | 4,528 | 3,541 | 2,638 | 8 | 19.9 | 22.4 | 12.9 | 2 |
| Equity Bank | Kenya | 5 | 5 | 0 | 03/2014 | C2 | 3,218 | 2,261 | 1,985 | 6 | 9.3 | 9.3 | 5.3 | 3 |
| Diamond Trust Bank | Kenya | 4 | 4 | 0 | 03/2014 | C2 | 1,929 | 1,492 | 1,285 | 4 | 30.4 | 29.8 | 27.6 | 2 |
| Commercial Bank of Africa | Kenya | 3 | 3 | 0 | 03/2014 | C2 | 1,692 | 1,213 | 795 | 3 | 14.7 | 13.2 | 16.8 | 1 |
| Investments and Mortgages Bank | Kenya | 4 | 4 | 1 | 12/2013 | C2 | 1,638 | 1,126 | 1,065 | 3 | 58.9 | 68.1 | 56.4 | 1 |
| NIC Bank | Kenya | 3 | 3 | 0 | 03/2014 | C2 | 1,403 | 1,061 | 967 | 3 | 8.1 | 7.3 | 5.6 | 2 |
| Imperial Bank | Kenya | 2 | 2 | 0 | 03/2014 | C2 | 571 | 459 | 346 | 1 | 14.9 | 14.0 | 12.3 | 1 |
| Libyan Foreign Bank[3] | Libya | 6 | 6 | 0 | 12/2013 | U1 | 26,042 | 14,363 | 1,896 | | 1.3 | 1.6 | 10.1 | 4 |
| BSIC[4] | Libya | 12 | 12 | 0 | 12/2012 | C2 | 2,574 | 1,657 | 731 | | 17.9 | 18.9 | 37.5 | 3 |
| Ecobank | Togo | 35 | 33 | 17 | 03/2014 | C2 | 22,533 | 16,490 | 11,422 | 519 | 94.5 | 93.4 | 90.9 | 2 |
| Banco Angolano de Investimentos | Angola | 4 | 3 | 1 | 12/2013 | U1 | 10,657 | 9,255 | 2,518 | 9 | 1.0 | 0.3 | 1.7 | 4 |
| Mauritius Commercial Bank | Mauritius | 4 | 4 | 1 | 03/2014 | C2 | 7,200 | 5,465 | 4,921 | 60 | 2.7 | 2.4 | 2.0 | 1 |
| Banco Bic | Angola | 2 | 2 | 1 | 12/2012 | U1 | 6,808 | 5,389 | 2,315 | 5 | 0.0 | 0.0 | 0.0 | 3 |
| BGFI Holding | Gabon | 9 | 9 | 3 | 12/2013 | C | 6,356 | 5,127 | 4,437 | 33 | 49.1 | 58.4 | 27.4 | 2 |
| State Bank of Mauritius | Mauritius | 2 | 2 | 1 | 03/2014 | C2 | 3,701 | 2,760 | 2,330 | 31 | 1.8 | 2.2 | 1.0 | 2 |
| Capricorn Investment Holdings | Namibia | 2 | 2 | 1 | 06/2013 | C2 | 2,396 | 1,561 | 1,919 | 20 | 15.9 | 21.2 | 13.0 | 1 |
| BancABC | Botswana | 5 | 5 | 0 | 12/2013 | C1 | 1,810 | 1,400 | 1,210 | 12 | 69.1 | 52.2 | 63.7 | 2 |
| Afriland First Bank | Cameroon | 10 | 9 | 2 | 12/2013 | U1 | 1,480 | 1,010 | 776 | 5 | 63.3 | 92.8 | 92.6 | 4 |
| Oragroup SA[5] | Togo | 11 | 11 | 2 | 12/2012 | C2 | 1,475 | 1,027 | 914 | 34 | 93.4 | 99.9 | 93.6 | 2 |
| Commercial Bank | Cameroon | 5 | 5 | 1 | 12/2013 | U1 | 399 | 298 | 260 | 1 | 34 | 44 | 36 | 4 |

Sources: Annual reports; Bankscope; and bank websites.

Notes: Subsidiaries/branches are defined as systemically important if deposits are larger than 10 percent of banking system deposits or if assets are larger than 7 percent of GDP. Data availability is based on data that is available for 2012 or 2013 and is categorized in the following groups: Group 1: Consolidated data and data for all subsidiaries available in Bankscope; Group 2: Consolidated data and data for the majority of subsidiaries available in Bankscope or annual report; Group 3: Consolidated data and data for some subsidiaries available in Bankscope or annual report; and Group 4: No consolidated data and data for some subsidiaries available in Bankscope or annual report. BMCE = Banque Marocaine du Commerce Extérieur; C = From the Annual Report: consolidated statements integrating its controlled subsidiaries and/or branches; C1 = From Bankscope: statement of a mother bank integrating the statements of its controlled subsidiaries or branches with no unconsolidated companion; C2 = From Bankscope: statement of a mother bank integrating the statements of its controlled subsidiaries or branches with an unconsolidated companion; SSA = sub-Saharan Africa; U = From the Annual Report: unconsolidated statements excluding any subsidiaries or branches; U1 = From Bankscope: statement not integrating the statements of the possible controlled subsidiaries or branches of the concerned bank with no consolidated companion.

[1]Nedbank has a cooperation agreement with Ecobank Transnational Incorporated and acquired a 20 percent shareholder stake in Ecobank Transnational Incorporated. It is a subsidiary of a British financial entity, Old Mutual.

[2]Keystone Bank belongs to the Asset Management Corporation of Nigeria.

[3]Lybian Foreign Bank belongs to the Central Bank of Lybia.

[4]Banque Sahelo-Saharienne pour l'investissement et Commerce (BSIC) is owned by Lybia and SSA governments.

[5]Oragroup SA belongs to emerging capital partners (ECP), a private equity firm specialized in investing in Africa.

# Appendix Table 2. Selected Pan-African Banks: Share of Deposits by Country, 2013

(Percent)

| | South Africa | | | | Morocco | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | BMCE | | GBCP | |
| | Standard Bank | FirstRand Bank | Nedbank | Investec | Attijariwafa Bank | BMCE | Bank of Africa | Banque Centrale Populaire | Atlantic Business International |
| **Rand Area** | | | | | | | | | |
| South Africa | 25 | 22 | 20 | 8 | | | | | |
| Lesotho | 52 | 8 | 20 | | | | | | |
| Namibia | 19 | 23 | 6 | | | | | | |
| Swaziland | 32 | 16 | 15 | | | | | | |
| **Flexible Exchange Rates** | | | | | | | | | |
| Angola | 1 | RO | RO | | | | | | |
| Botswana | 16 | 24 | | | | | | | |
| Burundi | | | | | | | 35 | | |
| Democratic Republic of Congo | 4 | | | | | | 1 | | |
| Ethiopia | RO | | | | | | RO | | |
| Gambia | | | | | | | | | |
| Ghana | 6 | | | | | | 2 | | |
| Guinea | | | | | | | | x | |
| Kenya | 5 | RO | RO | | | | 3 | | |
| Liberia | | | | | | | | | |
| Madagascar | | | | | | | 28 | | |
| Malawi | 22 | | 2 | | | | | | |
| Mauritius | 16 | | | 7 | | | | | |
| Mozambique | 18 | 3 | 4 | | | | | | |
| Nigeria | 3 | IB | | | | | | | |
| Rwanda | | | | | | | | | |
| Seychelles | | | | | | | | | |
| Sierra Leone | | | | | | | | | |
| United Republic of Tanzania | 5 | 0 | | | | | 2 | | |
| Uganda | 17 | | | | | | 3 | | |
| Zambia | 13 | 4 | | | | | | | |
| **CEMAC** | | | | | | | | | |
| Cameroon | | | | | 15 | | | | |
| Central African Republic | | | | | | | | x | |
| Chad | | | | | | | | | |
| Congo | | | | | 18 | x | | | |
| Equatorial Guinea | | | | | | | | | |
| Gabon | | | | | 16 | | | | |
| **WAEMU** | | | | | | | | | |
| Benin | | | | | x | | 31 | | 7 |
| Burkina Faso | | | | | x | | 16 | | *3* |
| Côte d'Ivoire | RO | | | | 10 | | 6 | | 11 |
| Guinea Bissau | | | | | x | | | | |
| Mali | | | | | *17* | 24 | 14 | | *3* |
| Niger | | | | | x | | 22 | | *4* |
| Senegal | | | | | 24 | | 4 | | 3 |
| Togo | | | | | 6 | | x | | *4* |
| **Other Fixed Exchange Rate Regimes** | | | | | | | | | |
| Cape Verde | | | | | | | | | |
| Comoros | | | | | | | | | |
| Eritrea | | | | | | | | | |
| Sao Tome and Principe | | | | | | | | | |
| South Sudan | x | | | | | | | | |
| Zimbabwe | 10 | | 3 | | | | | | |
| **North Africa** | | | | | | | | | |
| Morocco | | | | | 23 | 14 | | 7 | |
| Total Number of Operations | 20 | 11 | 9 | 2 | 12 | 18 | | 10 | |
| Total Number of Subsidiaries/Branches | 18 | 8 | 7 | 2 | 12 | 17 | | 10 | |
| Number of Systemically Important Operations | 10 | 4 | 4 | 2 | 7 | 8 | | 1 | |

| | Nigeria | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | United Bank for Africa | Guaranty Trust Bank | First Bank of Nigeria | Access Bank | Diamond Bank | Zenith Bank | Keystone Bank | Skye Bank | Union Bank of Nigeria |
| **Rand Area** | | | | | | | | | |
| South Africa | | | RO | | | RO | | | |
| Lesotho | | | | | | | | | |
| Namibia | | | | | | | | | |
| Swaziland | | | | | | | | | |
| **Flexible Exchange Rates** | | | | | | | | | |
| Angola | | | | | | | | | |
| Botswana | | | | | | | | | |
| Burundi | | | | | | | | | |
| Democratic Republic of Congo | 0 | | 8 | 2 | | | | | |
| Ethiopia | | | | | | | | | |
| Gambia | | 14 | *0* | 4 | | 4 | x | *0* | |
| Ghana | 2 | 3 | *1* | 3 | | 4 | | | |
| Guinea | 5 | | *0* | | | | | x | |
| Kenya | 0 | 1 | | | | | | | |
| Liberia | 9 | 8 | | | | | x | | |
| Madagascar | | | | | | | | | |
| Malawi | | | | | | | | | |
| Mauritius | | | | | | | | | |
| Mozambique | 0 | | | | | | | | |
| Nigeria | 12 | 8 | 17 | 8 | 7 | 13 | 2 | 5 | 3 |
| Rwanda | | 2 | | 5 | | | | | |
| Seychelles | | | | | | | | | |
| Sierra Leone | 7 | 14 | *1* | 4 | | 4 | x | x | |
| United Republic of Tanzania | 0 | | | | | | | | |
| Uganda | 2 | 3 | | | | | x | | |
| Zambia | 0 | | | 1 | | | | | |
| **CEMAC** | | | | | | | | | |
| Cameroon | 5 | | | | | | | | |
| Central African Republic | | | | | | | | | |
| Chad | 8 | | | | | | | | |
| Congo | 1 | | | | | | | | |
| Equatorial Guinea | | | | | | | | | |
| Gabon | 2 | | | | | | | | |
| **WAEMU** | | | | | | | | | |
| Benin | 8 | | | | *11* | | | | 3 |
| Burkina Faso | 12 | | | | | | | | |
| Côte d'Ivoire | 1 | 0 | | | x | | | | |
| Guinea Bissau | | | | | | | | | |
| Mali | | | | | | | | | |
| Niger | | | | | | | | | |
| Senegal | 3 | | x | | x | | | | |
| Togo | | | | | x | | | | |
| **Other Fixed Exchange Rate Regimes** | | | | | | | | | |
| Cape Verde | | | | | | | | | |
| Comoros | | | | | | | | | |
| Eritrea | | | | | | | | | |
| Sao Tome and Principe | | | | | | | | | |
| South Sudan | | | | | | | | | |
| Zimbabwe | | | | | | | | | |
| **North Africa** | | | | | | | | | |
| Morocco | | | | | | | | | |
| Total Number of Operations | 19 | 9 | 8 | 7 | 5 | 5 | 5 | 4 | 2 |
| Total Number of Subsidiaries/Branches | 19 | 9 | 7 | 7 | 5 | 4 | 5 | 4 | 2 |
| Number of Systemically Important Operations | 2 | 2 | 1 | 0 | 1 | 1 | 0 | 0 | 0 |

| | Kenya | | | | | | | Libya | |
|---|---|---|---|---|---|---|---|---|---|
| | Kenya Commercial Bank | Equity Bank | Diamond Trust Bank | Investments and Mortgages Bank | NIC Bank | Commercial Bank of Africa | Imperial Bank | BSIC | Libyan Foreign Bank |
| **Rand Area** | | | | | | | | | |
| South Africa | | | | | | | | | |
| Lesotho | | | | | | | | | |
| Namibia | | | | | | | | | |
| Swaziland | | | | | | | | | |
| **Flexible Exchange Rates** | | | | | | | | | |
| Angola | | | | | | | | | |
| Botswana | | | | | | | | | |
| Burundi | 3 | | x | | | | | | |
| Democratic Republic of Congo | | | | | | | | | |
| Ethiopia | | | | | | | | | |
| Gambia | | | | | | | | x | |
| Ghana | | | | | | | | 0 | |
| Guinea | | | | | | | | x | |
| Kenya | 13 | 9 | 5 | 4 | 5 | 5 | 2 | | |
| Liberia | | | | | | | | | |
| Madagascar | | | | | | | | | |
| Malawi | | | | | | | | | |
| Mauritius | | | | 5 | | | | | |
| Mozambique | | | | | | | | | |
| Nigeria | | | | | | | | | |
| Rwanda | 8 | x | | 12 | | | | | |
| Seychelles | | | | | | | | | |
| Sierra Leone | | | | | | | | | |
| United Republic of Tanzania | 1 | x | 2 | 1 | 1 | 2 | | | |
| Uganda | 3 | 3 | 6 | | 0 | x | 2 | | *1* |
| Zambia | | | | | | | | | |
| **CEMAC** | | | | | | | | | |
| Cameroon | | | | | | | | | |
| Central African Republic | | | | | | | | *7* | |
| Chad | | | | | | | | *0* | x |
| Congo | | | | | | | | | |
| Equatorial Guinea | | | | | | | | | |
| Gabon | | | | | | | | | |
| **WAEMU** | | | | | | | | | |
| Benin | | | | | | | | *0* | |
| Burkina Faso | | | | | | | | 3 | *4* |
| Côte d'Ivoire | | | | | | | | 1 | |
| Guinea Bissau | | | | | | | | | |
| Mali | | | | | | | | *0* | *1* |
| Niger | | | | | | | | *0* | *1* |
| Senegal | | | | | | | | 0 | |
| Togo | | | | | | | | x | x |
| **Other Fixed Exchange Rate Regimes** | | | | | | | | | |
| Cape Verde | | | | | | | | | |
| Comoros | | | | | | | | | |
| Eritrea | | | | | | | | | |
| Sao Tome and Principe | | | | | | | | | |
| South Sudan | 31 | 8 | | | | | | | |
| Zimbabwe | | | | | | | | | |
| **North Africa** | | | | | | | | | |
| Morocco | | | | | | | | | |
| Total Number of Operations | 6 | 5 | 4 | 4 | 3 | 3 | 2 | 12 | 6 |
| Total Number of Subsidiaries/Branches | 6 | 5 | 4 | 4 | 3 | 3 | 2 | 12 | 6 |
| Number of Systemically Important Operations | 2 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 |

| | Other Sub-Saharan Africa | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Ecobank | Oragroup SA | BGFI Holding | Afriland First Bank | Commercial Bank | BancABC | Mauritius Commercial Bank | Banco Angolano de Investimentos | Capricorn Investment Holdings | State Bank of Mauritius | Banco Bic |
| **Rand Area** | | | | | | | | | | | |
| South Africa | RO | | | | | | | RO | | | |
| Lesotho | | | | | | | | | | | |
| Namibia | | | | | | | | | 16 | | |
| Swaziland | | | | | | | | | | | |
| **Flexible Exchange Rates** | | | | | | | | | | | |
| Angola | x | | | | | | | 22 | | | 13 |
| Botswana | | | | | | 9 | | | 5 | | |
| Burundi | 7 | | | | | | | | | | |
| Democratic Republic of Congo | 4 | | 4 | *1* | | | | | | | |
| Ethiopia | RO | | | | | | | | | | |
| Gambia | 7 | | | | | | | | | | |
| Ghana | 12 | | | | | | | | | | |
| Guinea | 21 | 8 | | x | | | | | | | |
| Kenya | 1 | | | | | | | | | | |
| Liberia | 29 | | | x | | | | | | | |
| Madagascar | | | 0 | | | | 4 | | | *3* | |
| Malawi | 3 | | | | | | | | | | |
| Mauritius | | | | | | | 45 | | | 24 | |
| Mozambique | | | | | | 3 | 1 | | | | |
| Nigeria | 7 | | | | | | | | | | |
| Rwanda | 12 | | | | | | | | | | |
| Seychelles | | | | | | | x | | | | |
| Sierra Leone | 11 | | | | | | | | | | |
| United Republic of Tanzania | 1 | | | | | 1 | | | | | |
| Uganda | 2 | | | | | | | | | | |
| Zambia | 2 | | | x | | 2 | | | | | |
| **CEMAC** | | | | | | | | | | | |
| Cameroon | 13 | | 2 | 20 | *6* | | | | | | |
| Central African Republic | 72 | | | | *29* | | | | | | |
| Chad | 37 | 28 | | | *9* | | | | | | |
| Congo | 10 | | 56 | RO | | | | | | | |
| Equatorial Guinea | 0 | | 27 | *30* | x | | | | | | |
| Gabon | 7 | 6 | 60 | | | | | | | | |
| **WAEMU** | | | | | | | | | | | |
| Benin | 19 | 8 | 3 | | | | | | | | |
| Burkina Faso | 22 | x | | | | | | | | | |
| Côte d'Ivoire | 11 | 3 | 1 | x | | | | | | | |
| Guinea Bissau | 26 | x | | | | | | | | | |
| Mali | 13 | x | | | | | | | | | |
| Niger | 19 | x | | | | | | | | | |
| Senegal | 13 | x | | | | | | | | | |
| Togo | 24 | 14 | | | | | | | | | |
| **Other Fixed Exchange Rate Regimes** | | | | | | | | | | | |
| Cape Verde | 0 | | | | | | | 2 | | | x |
| Comoros | | | | | | | | | | | |
| Eritrea | | | | | | | | | | | |
| Sao Tome and Principe | 4 | | 3 | *5* | *5* | | | *3* | | | |
| South Sudan | x | | | x | | | | | | | |
| Zimbabwe | 2 | | | | | 8 | | | | | |
| **North Africa** | | | | | | | | | | | |
| Morocco | | | | | | | | | | | |
| Total Number of Operations | 35 | 11 | 9 | 10 | 5 | 5 | 4 | 4 | 2 | 2 | 2 |
| Total Number of Subsidiaries/Branches | 33 | 11 | 9 | 9 | 5 | 5 | 4 | 3 | 2 | 2 | 2 |
| Number of Systemically Important Operations | 17 | 2 | 3 | 2 | 1 | 0 | 1 | 1 | 1 | 1 | 1 |

Sources: Annual reports; Bankscope; and bank websites.

Notes: Deposits data is as of 2013 if available or of 2012. Italicized numbers indicate data is from Spring 2012 *Regional Economic Outlook* or from Bankscope for 2011 or older. Subsidiaries/branches are defined as systemically important if deposits are larger than 10% of banking system deposits or if assets are larger than 7% of GDP. BMCE = Banque Marocaine du Commerce Extérieur; BSIC = Banque Sahelo-Saharienne pour l'Investissement et Commerce; CEMAC = Central African Economic and Monetary Community; GBCP = Groupe Banque Centrale Populaire; IB = investment bank branch; RO = representative office; WAEMU = West African Economic and Monetary Union.

Legend:
- x Deposits share of total is greater than or equal to 10%.
- x Deposits share of total is greater than or equal to 5% and less than 10%.
- x Deposits share of total is less than 5%.
- x Deposits data is not available.
- x Representative office or investment bank branch.

## Appendix Table 3. Selected Pan-African Banks: Assets in Percent of GDP by Country, 2013

(Percent)

| | South Africa | | | | Morocco | | | | | Nigeria | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | BMCE | | GBCP | | | | | | | | | | |
| | Standard Bank | FirstRand Bank | Nedbank | Investec | Attijariwafa Bank | BMCE | Bank of Africa | Banque Centrale Populaire | Atlantic Business International | United Bank for Africa | Guaranty Trust Bank | First Bank of Nigeria | Access Bank | Diamond Bank | Zenith Bank | Keystone Bank | Skye Bank | Union Bank of Nigeria |
| **Rand Area** | | | | | | | | | | | | | | | | | | |
| South Africa | 28 | 24 | 19 | 8 | | | | | | | | RO | | | RO | | | |
| Lesotho | 29 | 5 | 13 | | | | | | | | | | | | | | | |
| Namibia | 16 | 18 | 8 | | | | | | | | | | | | | | | |
| Swaziland | 13 | 7 | 7 | | | | | | | | | | | | | | | |
| **Flexible Exchange Rates** | | | | | | | | | | | | | | | | | | |
| Angola | 1 | RO | RO | | | | | | | | | | | | | | | |
| Botswana | 8 | 12 | | | | | | | | | | | | | | | | |
| Burundi | | | | | | | 7 | | | | | | | | | | | |
| Democratic Republic of Congo | 1 | | | | | | 0 | | | 0 | | 1 | 0 | | | | | |
| Ethiopia | RO | | | | | | RO | | | | | | | | | | | |
| Gambia | | | | | | | | | | | 9 | 1 | 3 | | 3 | x | 1 | |
| Ghana | 3 | | | | | | 1 | | | 1 | 1 | 0 | 1 | | 2 | | | |
| Guinea | | | | | | | | x | | 2 | | 0 | | | | | x | |
| Kenya | 4 | RO | RO | | | | 1 | | | 0 | 1 | | | | | | | |
| Liberia | | | | | | | | | | 4 | 4 | | | | | x | | |
| Madagascar | | | | | | | 6 | | | | | | | | | | | |
| Malawi | 10 | | 1 | | | | | | | | | | | | | | | |
| Mauritius | 20 | | | 14 | | | | | | | | | | | | | | |
| Mozambique | 10 | 2 | 2 | | | | | | | 0 | | | | | | | | |
| Nigeria | 1 | IB | | | | | | | | 3 | 2 | 4 | 2 | 2 | 4 | 0 | 1 | 1 |
| Rwanda | | | | | | | | | | | 1 | | 1 | | | | | |
| Seychelles | | | | | | | | | | | | | | | | | | |
| Sierra Leone | | | | | | | | | | 1 | 2 | 0 | 1 | | 1 | x | x | |
| United Republic of Tanzania | 2 | 0 | | | | | 1 | | | 0 | | | | | | | | |
| Uganda | 6 | | | | | | 1 | | | 0 | 1 | | | | | x | | |
| Zambia | 3 | 1 | | | | | | | | 0 | | | 0 | | | | | |
| **CEMAC** | | | | | | | | | | | | | | | | | | |
| Cameroon | | | | | 3 | | | | | 1 | | | | | | | | |
| Central African Republic | | | | | | | | x | | | | | | | | | | |
| Chad | | | | | | | | | | 1 | | | | | | | | |
| Congo | | | | | 4 | x | | | | 0 | | | | | | | | |
| Equatorial Guinea | | | | | | | | | | | | | | | | | | |
| Gabon | | | | | 4 | | | | | 0 | | | | | | | | |
| **WAEMU** | | | | | | | | | | | | | | | | | | |
| Benin | | | | | x | | 17 | | 5 | 5 | | | | 8 | | | | 1 |
| Burkina Faso | | | | | x | | 7 | | 1 | 4 | | | | | | | | |
| Côte d'Ivoire | RO | | | | 2 | | 2 | | 4 | 0 | 0 | | | x | | | | |
| Guinea Bissau | | | | | x | | | | | | | | | | | | | |
| Mali | | | | | 4 | 9 | 6 | | 1 | | | | | | | | | |
| Niger | | | | | x | | 5 | | 1 | | | | | | | | | |
| Senegal | | | | | 11 | | 3 | | 2 | 1 | | | | x | | | | |
| Togo | | | | | x | | x | | 2 | | | | | x | | | | |
| **Other Fixed Exchange Rate Regimes** | | | | | | | | | | | | | | | | | | |
| Cape Verde | | | | | | | | | | | | | | | | | | |
| Comoros | | | | | | | | | | | | | | | | | | |
| Eritrea | | | | | | | | | | | | | | | | | | |
| Sao Tome and Principe | | | | | | | | | | | | | | | | | | |
| South Sudan | x | | | | | | | | | | | | | | | | | |
| Zimbabwe | 4 | | 1 | | | | | | | | | | | | | | | |
| **North Africa** | | | | | | | | | | | | | | | | | | |
| Morocco | | | | | 30 | 19 | | 21 | | | | | | | | | | |
| Total Number of Operations | 20 | 11 | 9 | 2 | 12 | 18 | | 10 | | 19 | 9 | 8 | 7 | 5 | 5 | 5 | 4 | 2 |
| Total Number of Subsidiaries/Branches | 18 | 8 | 7 | 2 | 12 | 17 | | 10 | | 19 | 9 | 7 | 7 | 5 | 4 | 5 | 4 | 2 |
| Number of Systemically Important Operations | 10 | 4 | 4 | 2 | 7 | 8 | | 1 | | 2 | 2 | 1 | 0 | 1 | 1 | 0 | 0 | 0 |

| | Kenya | | | | | | | Libya | | Other Sub-Saharan Africa | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Kenya Commercial Bank | Equity Bank | Diamond Trust Bank | Investments and Mortgages Bank | NIC Bank | Commercial Bank of Africa | Imperial Bank | BSIC | Libyan Foreign Bank | Ecobank | Oragroup SA | BGFI Holding | Afriland First Bank | Commercial Bank | BancABC | Mauritius Commercial Bank | Banco Angolano de Investimentos | Capricorn Investment Holdings | State Bank of Mauritius | Banco Bic |
| **Rand Area** | | | | | | | | | | | | | | | | | | | | |
| South Africa | | | | | | | | | | RO | | | | | | | RO | | | |
| Lesotho | | | | | | | | | | | | | | | | | | | | |
| Namibia | | | | | | | | | | | | | | | | | | 16 | | |
| Swaziland | | | | | | | | | | | | | | | | | | | | |
| **Flexible Exchange Rates** | | | | | | | | | | | | | | | | | | | | |
| Angola | | | | | | | | | | RO | | | | | | | 9 | | | 5 |
| Botswana | | | | | | | | | | | | | | | 4 | | | 3 | | |
| Burundi | 1 | | 1 | | | | | | | 2 | | | | | | | | | | |
| Democratic Republic of Congo | | | | | | | | | | 1 | | 1 | x | | | | | | | |
| Ethiopia | | | | | | | | | | RO | | | | | | | | | | |
| Gambia | | | | | | | | x | | 5 | | | | | | | | | | |
| Ghana | | | | | | | | 0 | | 4 | | | | | | | | | | |
| Guinea | | | | | | | | x | | 5 | 2 | | x | | | | | | | |
| Kenya | 7 | 5 | 2 | 2 | 2 | 3 | 1 | | | 1 | | | | | | | | | | |
| Liberia | | | | | | | | | | 13 | | | x | | | | | | | |
| Madagascar | | | | | | | | | | | | 0 | | | | 1 | | | 1 | |
| Malawi | | | | | | | | | | 1 | | | | | | | | | | |
| Mauritius | | | | 5 | | | | | | | | | | | | 55 | | | 29 | |
| Mozambique | | | | | | | | | | | | | | | 2 | 0 | | | | |
| Nigeria | | | | | | | | | | 2 | | | | | | | | | | |
| Rwanda | 2 | x | | 2 | | | | | | 2 | | | | | | | | | | |
| Seychelles | | | | | | | | | | | | | | | | x | | | | |
| Sierra Leone | | | | | | | | | | 2 | | | | | | | | | | |
| United Republic of Tanzania | 0 | 0 | 1 | 1 | 0 | 1 | | | | 0 | | | | | 1 | | | | | |
| Uganda | 1 | 1 | 1 | | x | x | 0 | | 0 | 0 | | | | | | | | | | |
| Zambia | | | | | | | | | | 1 | | | x | | 1 | | | | | |
| **CEMAC** | | | | | | | | | | | | | | | | | | | | |
| Cameroon | | | | | | | | | | 3 | | 0 | 3 | 1 | | | | | | |
| Central African Republic | | | | | | | | x | | 14 | | | | 3 | | | | | | |
| Chad | | | | | | | | 0 | 0 | 3 | 2 | | | 1 | | | | | | |
| Congo | | | | | | | | | | 3 | | 13 | RO | | | | | | | |
| Equatorial Guinea | | | | | | | | | | 0 | | 5 | 6 | x | | | | | | |
| Gabon | | | | | | | | | | 2 | 2 | 11 | | | | | | | | |
| **WAEMU** | | | | | | | | | | | | | | | | | | | | |
| Benin | | | | | | | | 0 | | 10 | 5 | 1 | | | | | | | | |
| Burkina Faso | | | | | | | | 1 | 1 | 9 | x | | | | | | | | | |
| Côte d'Ivoire | | | | | | | | 1 | | 4 | 1 | 0 | x | | | | | | | |
| Guinea Bissau | | | | | | | | | | 9 | x | | | | | | | | | |
| Mali | | | | | | | | 0 | 1 | 7 | x | | | | | | | | | |
| Niger | | | | | | | | 0 | 0 | 5 | x | | | | | | | | | |
| Senegal | | | | | | | | 0 | | 7 | x | | | | | | | | | |
| Togo | | | | | | | | x | 0 | 14 | 12 | | | | | | | | | |
| **Other Fixed Exchange Rate Regimes** | | | | | | | | | | | | | | | | | | | | |
| Cape Verde | | | | | | | | | | 1 | | | | | | | 5 | | | x |
| Comoros | | | | | | | | | | | | | | | | | | | | |
| Eritrea | | | | | | | | | | | | | | | | | | | | |
| Sao Tome and Principe | | | | | | | | | | 5 | | 5 | x | 3 | | | 1 | | | |
| South Sudan | 3 | 1 | | | | | | | | | | | x | | | | | | | |
| Zimbabwe | | | | | | | | | | 1 | | | | | 4 | | | | | |
| **North Africa** | | | | | | | | | | | | | | | | | | | | |
| Morocco | | | | | | | | | | | | | | | | | | | | |
| Total Number of Operations | 6 | 5 | 4 | 4 | 3 | 3 | 2 | 12 | 6 | 35 | 11 | 9 | 10 | 5 | 5 | 4 | 4 | 2 | 2 | 2 |
| Total Number of Subsidiaries/Branches | 6 | 5 | 4 | 4 | 3 | 3 | 2 | 12 | 6 | 33 | 11 | 9 | 9 | 5 | 5 | 4 | 3 | 2 | 2 | 2 |
| Number of Systemically Important Operations | 2 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 17 | 2 | 3 | 2 | 1 | 0 | 1 | 1 | 1 | 1 | 1 |

Sources: Annual reports; Bankscope; and bank websites.

Notes: GDP data is as of 2013. Bankscope data may be outdated in some cases. Subsidiaries/branches are defined as systemically important if deposits are larger than 10% of banking system deposits or if assets are larger than 7% of GDP. BMCE = Banque Marocaine du Commerce Extérieur; BSIC = Banque Sahelo-Saharienne pour l'investissement et Commerce; CEMAC = Central African Economic and Monetary Community; GBCP = Groupe Banque Centrale Populaire; IB = investment bank branch; RO = representative office; WAEMU = West African Economic and Monetary Union.

Legend:
- x (pink) Assets in percent of GDP is greater than or equal to 7%.
- x (yellow) Assets in percent of GDP is greater than or equal to 3% and less than 7%.
- x (green) Assets in percent of GDP is less than 3%.
- x (blue) Assets data is not available.
- x (gray) Representative office or investment bank branch.

## Appendix Table 4. Selected Foreign Banks with Sub-Saharan Africa Presence: Share of Deposits by Country, 2013

(Percent)

| | United Kingdom | | | France | | | | Portugal | | | | | | Germany | | United Sta | India |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Standard Chartered | Barclays | HSBC | Societe Generale | BNP Paribas | BPCE | Credit Agricole | Caixa Geral de Deposits | Banco Comercial Portugues | Banco BPI | Banco Espirito Santo | Banif Financial Group | Finibanco Portugal | Procredit Holdings | Deutsche Bank | Citigroup | Bank of Baroda |
| **Rand Area** | | | | | | | | | | | | | | | | | |
| South Africa | x | 23 | x | x | | | | x | | | | | | | x | x | |
| Lesotho | | | | | | | | | | | | | | | | | |
| Namibia | | RO | | | | | | | | | | | | | | | |
| Swaziland | | | | | | | | | | | | | | | | | |
| **Flexible Exchange Rates** | | | | | | | | | | | | | | | | | |
| Angola | x | | | | | | | 3 | 3 | 19 | 8 | | 0 | | | | |
| Botswana | 16 | 19 | | | | | | | | | | | | | | | *2* |
| Burundi | | | | | | | | | | | | | | | | | |
| Democratic Republic of Congo | | | | | | | | | | | | | | 5 | | 3 | |
| Ethiopia | | | | | | | | | | | | | | | | | |
| Gambia | *23* | | | | | | | | | | | | | | | | |
| Ghana | 8 | 7 | | 5 | | | | | | | | | | 1 | | | x |
| Guinea | | | | *5* | *9* | | | | | | | | | | | | |
| Kenya | 9 | 9 | | | | | | | | | | | | | | *2* | 2 |
| Liberia | | | | | | | | | | | | | | | | | |
| Madagascar | | | | *10* | | 19 | 22 | | | | | | | | | | |
| Malawi | | | | | | | | | | | | | | | | | |
| Mauritius | 10 | 28 | 28 | | | 3 | | | | | | | | | *4* | | *3* |
| Mozambique | | 6 | | | | | | 31 | 34 | | | | | 1 | | | |
| Nigeria | 2 | RO | | | | | | | | | x | | | | x | 2 | |
| Rwanda | | | | | | | | | | | | | | | | | |
| Seychelles | | 57 | | | | | | | | | | | | | | | *9* |
| Sierra Leone | 10 | | | | | | | | | | | | | | | | |
| United Republic of Tanzania | 7 | 13 | | | | | | | | | | | | | | 4 | 1 |
| Uganda | 16 | 9 | | | | | | | | | | | | | | 4 | 6 |
| Zambia | 15 | 14 | | | | | | | | | | | | | | 4 | 5 |
| **CEMAC** | | | | | | | | | | | | | | | | | |
| Cameroon | 7 | | | 17 | | 21 | | | | | | | | | | *3* | |
| Central African Republic | | | | | | | | | | | | | | | | | |
| Chad | | | | *9* | | | | | | | | | | | | | |
| Congo | | | | | | *3* | | | | | | | | | | | |
| Equatorial Guinea | | | | *16* | | | | | | | | | | | | | |
| Gabon | | | | | 19 | | | | | | | | | | | *2* | |
| **WAEMU** | | | | | | | | | | | | | | | | | |
| Benin | | | | 10 | | | | | | | | | | | | | |
| Burkina Faso | | | | *7* | 7 | | | | | | | | | | | | |
| Côte d'Ivoire | *2* | | | 19 | 9 | | | | | | | | | | | *2* | |
| Guinea Bissau | | | | | | | | | | | | | | | | | |
| Mali | | | | | *3* | | | | | | | | | | | | |
| Niger | | | | | | | | | | | | | | | | | |
| Senegal | | | | 16 | 9 | | | | | | | | | | | x | |
| Togo | | | | | | | | | | | | | | | | | |
| **Other Fixed Exchange Rate Regimes** | | | | | | | | | | | | | | | | | |
| Cape Verde | | | | | | | | 58 | | | x | 8 | | | | | |
| Comoros | | | | | x | | | | | | | | | | | | |
| Eritrea | | | | | | | | | | | | | | | | | |
| Sao Tome and Principe | | | | | | | | *6* | | | | | | | | | |
| South Sudan | | | | | | | | | | | | | | | | | |
| Zimbabwe | 8 | 6 | | | | | | | | | | | | | | | |
| Total Number of Operations | 15 | 11 | 2 | 11 | 7 | 4 | 1 | 5 | 2 | 1 | 3 | 1 | 1 | 3 | 3 | 11 | 8 |
| Total Number of Subsidiaries/Branches | 15 | 9 | 2 | 11 | 7 | 4 | 1 | 5 | 2 | 1 | 3 | 1 | 1 | 3 | 3 | 11 | 8 |
| Number of Systemically Important Operations | 6 | 6 | 1 | 5 | 1 | 2 | 1 | 2 | 1 | 1 | 1 | 1 | 0 | 0 | 0 | 0 | 0 |

Sources: Annual reports; Bankscope; and bank websites.

Legend:
- x Deposits share of total is greater than or equal to 10%.
- x Deposits share of total is greater than or equal to 5% and less than 10%.
- x Deposits share of total is less than 5%.
- x Deposits data is not available.
- x Representative office or investment bank branch.

Notes: Deposits data is as of 2013 if available or of 2012. Italicized numbers indicate data is from Spring 2012 REO or from Bankscope for 2011 or older. Subsidiaries/branches are defined as systemically important if deposits are larger than 10% of banking system deposits or if assets are larger than 7% of GDP. CEMAC = Central African Economic and Monetary Community; IB = investment bank branch; RO = representative office; WAEMU = West African Economic and Monetary Union.

## Appendix Table 5. Selected Foreign Banks with Sub-Saharan Africa Presence: Assets in Percent of GDP by Country, 2013

(Percent)

| | United Kingdom | | | France | | | | Portugal | | | | | | Germany | | United St | India |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Standard Chartered | Barclays | HSBC | Societe Generale | BNP Paribas | BPCE | Credit Agricole | Caixa Geral de Deposits | Banco Comercial Portugues | Banco BPI | Banco Espirito Santo | Banif Financial Group | Finibanco Portugal | Procredit Holdings | Deutsche Bank | Citigroup | Bank of Baroda |
| **Rand Area** | | | | | | | | | | | | | | | | | |
| South Africa | x | 21 | 0 | x | | | | x | | | | | | | x | 0 | |
| Lesotho | | | | | | | | | | | | | | | | | |
| Namibia | | RO | | | | | | | | | | | | | | | |
| Swaziland | | | | | | | | | | | | | | | | | |
| **Flexible Exchange Rates** | | | | | | | | | | | | | | | | | |
| Angola | x | | | | | | | 1 | 1 | 7 | 9 | | 0 | | | | |
| Botswana | 8 | 9 | | | | | | | | | | | | | | | 1 |
| Burundi | | | | | | | | | | | | | | | | | |
| Democratic Republic of Congo | | | | | | | | | | | | | | 1 | | 0 | |
| Ethiopia | | | | | | | | | | | | | | | | | |
| Gambia | 13 | | | | | | | | | | | | | | | | |
| Ghana | 3 | 2 | | 1 | | | | | | | | | | 0 | | | x |
| Guinea | | | | 1 | 3 | | | | | | | | | | | | |
| Kenya | 5 | 4 | | | | | | | | | | | | | | 1 | 1 |
| Liberia | | | | | | | | | | | | | | | | | |
| Madagascar | | | | 2 | | 4 | 5 | | | | | | | | | | |
| Malawi | | | | | | | | | | | | | | | | | |
| Mauritius | 28 | 32 | 37 | | | 5 | | | | | | | | | x | | x |
| Mozambique | | 4 | | | | | | 18 | 19 | | | | | 0 | | | |
| Nigeria | 1 | RO | | | | | | | | | x | | | | x | 0 | |
| Rwanda | | | | | | | | | | | | | | | | | |
| Seychelles | | 35 | | | | | | | | | | | | | | | x |
| Sierra Leone | 2 | | | | | | | | | | | | | | | | |
| United Republic of Tanzania | 3 | 4 | | | | | | | | | | | | | | 1 | 0 |
| Uganda | 4 | 2 | | | | | | | | | | | | | | 1 | 2 |
| Zambia | 4 | 4 | | | | | | | | | | | | | | 1 | 1 |
| **CEMAC** | | | | | | | | | | | | | | | | | |
| Cameroon | 1 | | | 4 | | 5 | | | | | | | | | | 1 | |
| Central African Republic | | | | | | | | | | | | | | | | | |
| Chad | | | | 1 | | | | | | | | | | | | | |
| Congo | | | | | | 1 | | | | | | | | | | | |
| Equatorial Guinea | | | | 4 | | | | | | | | | | | | | |
| Gabon | | | | | 4 | | | | | | | | | | | 1 | |
| **WAEMU** | | | | | | | | | | | | | | | | | |
| Benin | | | | x | | | | | | | | | | | | | |
| Burkina Faso | | | | 3 | 3 | | | | | | | | | | | | |
| Côte d'Ivoire | 1 | | | 6 | 3 | | | | | | | | | | | 1 | |
| Guinea Bissau | | | | | | | | | | | | | | | | | |
| Mali | | | | | x | | | | | | | | | | | | |
| Niger | | | | | | | | | | | | | | | | | |
| Senegal | | | | 9 | 4 | | | | | | | | | | | x | |
| Togo | | | | | | | | | | | | | | | | | |
| **Other Fixed Exchange Rate Regimes** | | | | | | | | | | | | | | | | | |
| Cape Verde | | | | | | | | 61 | | | x | 9 | | | | | |
| Comoros | | | | | x | | | | | | | | | | | | |
| Eritrea | | | | | | | | | | | | | | | | | |
| Sao Tome and Principe | | | | | | | | 3 | | | | | | | | | |
| South Sudan | | | | | | | | | | | | | | | | | |
| Zimbabwe | 3 | 2 | | | | | | | | | | | | | | | |
| Total Number of Operations | 15 | 11 | 2 | 11 | 7 | 4 | 1 | 5 | 2 | 1 | 3 | 1 | 1 | 3 | 3 | 11 | 8 |
| Total Number of Subsidiaries/Branches | 15 | 9 | 2 | 11 | 7 | 4 | 1 | 5 | 2 | 1 | 3 | 1 | 1 | 3 | 3 | 11 | 8 |
| Number of Systemically Important Operations | 6 | 6 | 1 | 5 | 1 | 2 | 1 | 2 | 1 | 1 | 1 | 1 | 0 | 0 | 0 | 0 | 0 |

Sources: Annual reports; Bankscope; and IMF staff calculations.

Legend:
- x Assets in percent of GDP is greater than or equal to 7%.
- x Assets in percent of GDP is greater than or equal to 3% and less than 7%.
- x Assets in percent of GDP is less than 3%.
- x Assets data is not available.
- x Representative office or investment bank branch.

Notes: GDP data is as of 2013. Bankscope data may be outdated in some cases. Subsidiaries/branches are defined as systemically important if deposits are larger than 10% of banking system deposits or if assets are larger than 7% of GDP. CEMAC = Central African Economic and Monetary Community; IB = investment bank branch; RO = representative office; WAEMU = West African Economic and Monetary Union.

## Appendix Table 6. Selected Pan-African Banks and Foreign Banks: Asset and Loan Growth, 2007–2012/13

**Appendix Table 6. Selected Major Pan-African Banks and Foreign Banks: Asset and Loan Growth, 2007–12/13**

| | Asset Growth (in percent) | | | | | | | | Loan Growth (in percent) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Pan-African Banks | | | | Foreign Banks | | | | Pan-African Banks | | | | Foreign Banks | | | | | |
| | Ecobank | Standard Bank | BMCE | Attijariwafa Bank | Standard Chartered | Barclays/ABSA | Societe Generale | BNP Paribas | Ecobank | Standard Bank | BMCE | Attijariwafa Bank | Standard Chartered | Barclays/ABSA | Societe Generale | BNP Paribas | Average Credit Growth | |
| **Consolidated Group** | 244 | -7 | 111 | 72 | 104 | -12 | 8 | 0 | 203 | 2 | 95 | 90 | 81 | -3 | 0 | 27 | | **Consolidated Group** |
| **Aggregated Assets for SSA Subsidiaries** | | | 108 | 30 | 77 | 29 | 89 | 2 | | | 72 | 38 | 49 | -14 | 98 | -6 | | **Aggregated Loans for SSA Subsidiaries** |
| **Rand Area** | | | | | | | | | | | | | | | | | | **Rand Area** |
| South Africa | RO | -6 | | | x | -14 | x | | RO | 13 | | | x | -10 | x | | 9 | South Africa |
| Lesotho | | x | | | | | | | | x | | | | | | | 25 | Lesotho |
| Namibia | | 18 | | | | RO | | | | 35 | | | | | | | 12 | Namibia |
| Swaziland | | 27 | | | | | | | | 0 | | | | | | | 12 | Swaziland |
| **Flexible Exchange Rates** | | | | | | | | | | | | | | | | | | **Flexible Exchange Rates** |
| Angola | x | x | | | x | | | | x | x | | | | | | | 42 | Angola |
| Botswana | | 21 | | | -12 | -25 | | | | 123 | | | 25 | 25 | | | 19 | Botswana |
| Burundi | x | | 73 | | | | | | 260 | | 212 | | | | | | 20 | Burundi |
| Democratic Republic of Congo | x | 178 | x | | | | | | x | 35 | x | | | | | | | Democratic Republic of Congo |
| Ethiopia | RO | | RO | | | | | | RO | | RO | | | | | | 25 | Ethiopia |
| Gambia | x | | | | x | | | | x | | | | -52 | | | | | Gambia |
| Ghana | 210 | 267 | 85 | | 63 | -14 | x | | 150 | 75 | 125 | | 72 | -43 | x | | 34 | Ghana |
| Guinea | 237 | | | | | | x | x | 92 | | | | | | x | x | 27 | Guinea |
| Kenya | 184 | 260 | 531 | | 76 | -5 | | | 105 | 145 | 498 | | 75 | -30 | | | 21 | Kenya |
| Liberia | 205 | | | | | | | | 179 | | | | | | | | 32 | Liberia |
| Madagascar | | | 27 | | | | x | | | | 32 | | | | x | | 13 | Madagascar |
| Malawi | x | 81 | | | | | | | x | 80 | | | | | | | 32 | Malawi |
| Mauritius | | 236 | | | 47 | 2 | | | | 224 | | | -8 | -31 | | | 15 | Mauritius |
| Mozambique | | 106 | | | | 80 | | | | 223 | | | | 242 | | | 27 | Mozambique |
| Nigeria | x | x | | | x | RO | | | x | x | | | x | | | | 27 | Nigeria |
| Rwanda | 132 | | | | | | | | 532 | | | | | | | | 26 | Rwanda |
| Seychelles | | | | | | x | | | | | | | | x | | | 17 | Seychelles |
| Sierra Leone | x | | | | 48 | | | | x | | | | 138 | | | | 29 | Sierra Leone |
| United Republic of Tanzania | x | 31 | 241 | | 63 | 18 | | | x | 175 | 491 | | -6 | 2 | | | | United Republic of Tanzania |
| Uganda | x | 65 | 182 | | 51 | 23 | | | x | 71 | 178 | | 15 | -27 | | | 27 | Uganda |
| Zambia | x | 140 | | | 100 | 31 | | | x | 185 | | | 124 | 35 | | | 26 | Zambia |
| **CEMAC** | | | | | | | | | | | | | | | | | | **CEMAC** |
| Cameroon | 188 | | | 8 | x | | 23 | | 178 | | | 53 | x | | 44 | | 13 | Cameroon |
| Central African Republic | x | | | | | | | | 165 | | | | | | | | 14 | Central African Republic |
| Chad | 243 | | | | | | x | | 292 | | | | | | x | | 25 | Chad |
| Congo | x | | | 105 | | | | | x | | | 114 | | | | | | Congo |
| Equatorial Guinea | x | | | | | | x | | x | | | | | | 123 | | 35 | Equatorial Guinea |
| Gabon | x | | | 47 | | | | 3 | x | | | 37 | | | | 23 | 15 | Gabon |
| **WAEMU** | | | | | | | | | | | | | | | | | | **WAEMU** |
| Benin | 94 | | 59 | x | | | x | | 71 | | 15 | x | | | x | | 14 | Benin |
| Burkina Faso | 273 | | 234 | x | | | x | 7 | 272 | | 161 | x | | | 36 | 4 | 16 | Burkina Faso |
| Côte d'Ivoire | 137 | RO | 36 | 106 | x | | 54 | 21 | 110 | | 26 | 104 | x | | 13 | 11 | | Cote d'Ivoire |
| Guinea Bissau | x | | | x | | | | | x | | | x | | | | | | Guinea Bissau |
| Mali | 166 | | 53 | x | | | | x | 93 | | 67 | x | | | | | 12 | Mali |
| Niger | 213 | | 156 | x | | | | | 178 | | 177 | x | | | | | 19 | Niger |
| Senegal | 182 | | 198 | -8 | | | x | -3 | 130 | | 127 | 14 | | | x | 5 | 12 | Senegal |
| Togo | 133 | | x | x | | | | | 101 | | x | x | | | | | 20 | Togo |
| **Other Fixed Exchange Rate Regimes** | | | | | | | | | | | | | | | | | | **Other Fixed Exchange Rate Regimes** |
| Cape Verde | x | | | | | | | | x | | | | | | | | | Cape Verde |
| Comoros | | | | | | | | x | | | | | | | | x | 22 | Comoros |
| Eritrea | | | | | | | | | | | | | | | | | 3 | Eritrea |
| Sao Tome and Principe | x | | | | | | | | x | | | | | | | | | Sao Tome and Principe |
| Zimbabwe | x | x | | | x | x | | | x | x | | | x | x | | | 86 | Zimbabwe |
| South Sudan | x | x | | | | | | | x | x | | | | | | | 44 | South Sudan |
| **North Africa** | | | | | | | | | | | | | | | | | | **North Africa** |
| Morocco | | | x | x | | | | | | | x | x | | | | | | Morocco |
| Total Number of Operations | 33 | 18 | 15 | 12 | 15 | 11 | 11 | 7 | 33 | 18 | 15 | 12 | 14 | 11 | 11 | 6 | | Total Number of Operations |
| Number of Systemically Important Subs. | 17 | 10 | 6 | 6 | 5 | 6 | 4 | 1 | 17 | 10 | 6 | 6 | 5 | 6 | 4 | 1 | | Number of Systemically Important Subs. |

Sources: Annual reports; Bankscope; and IMF staff calculations.

Notes: Table shows asset and loan growth between 2007 and 2013. If 2013 data is not yet available, 2012 data is used. Aggregated assets/loans for SSA subsidiaries shows the growth of the sum of assets/loans for SSA operations, where data is available, except for BMCE and Barclays. For BMCE sonsolidated assets of Bank of Africa are used and for Barclays consolidated assets of Barclays Africa Group Limited. Colored cells denote systemically important subsidiaries, using both the deposit and asset share criteria. BMCE = Banque Marocaine du Commerce Extérieur; CEMAC = Central African Economic and Monetary Community; SSA = sub-Saharan Africa; WAEMU = West African Economic and Monetary Union; X = an existing operation where data is not available for the period 2007 to 2013.

## Appendix Table 7. Selected Pan-African Banks and Foreign Banks: Consolidated Financial Soundness Indicators, 2007–13

(Percent)

**Loan-Deposit Ratio**

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|---|---|
| **Pan-African Banking Groups** | | | | | | | |
| Ecobank | 66.1 | 64.8 | 73.6 | 66.4 | 60.9 | 64.6 | 69.3 |
| Standard Bank | 93.8 | 92.1 | 92.1 | 85.6 | 88.4 | 88.1 | 86.8 |
| BMCE | 72.0 | 75.5 | 79.8 | 85.4 | 89.5 | 88.0 | 90.5 |
| Attijariwafa | 78.5 | 90.6 | 97.0 | 102.9 | 106.5 | 109.1 | 105.5 |
| **Foreign Banking Groups** | | | | | | | |
| Standard Chartered | 85.8 | 73.0 | 77.2 | 75.9 | 75.2 | 72.6 | 74.4 |
| Barclays | 117.1 | 137.6 | 130.3 | 123.8 | 118.0 | 110.0 | 100.6 |
| Societe Generale | 131.4 | 143.6 | 131.3 | 124.9 | 132.3 | 116.8 | 106.9 |
| BNP Paribas | 128.4 | 119.4 | 120.5 | 120.7 | 127.0 | 118.1 | 111.5 |

**Return on Assets**

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|---|---|
| **Pan-African Banking Groups** | | | | | | | |
| Ecobank | 2.8 | 1.5 | 0.7 | 1.4 | 1.5 | 1.5 | 0.7 |
| Standard Bank | 1.5 | 1.2 | 0.9 | 1.0 | 1.1 | 1.3 | 1.2 |
| BMCE | 0.8 | 0.9 | 0.5 | 0.8 | 0.8 | 0.7 | 0.8 |
| Attijariwafa | 1.4 | 1.5 | 1.7 | 1.6 | 1.6 | 1.5 | 1.3 |
| **Foreign Banking Groups** | | | | | | | |
| Standard Chartered | 1.0 | 0.9 | 0.8 | 0.9 | 0.9 | 0.8 | 0.6 |
| Barclays | 0.5 | 0.3 | 0.6 | 0.3 | 0.3 | 0.0 | 0.1 |
| Societe Generale | 0.2 | 0.3 | 0.1 | 0.4 | 0.2 | 0.1 | 0.2 |
| BNP Paribas | 0.5 | 0.2 | 0.3 | 0.5 | 0.3 | 0.4 | 0.3 |

**Total Capital Ratio**

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|---|---|
| **Pan-African Banking Groups** | | | | | | | |
| Ecobank | 15.7 | 24.5 | 21.4 | 20.8 | 18.6 | 19.3 | 16.3 |
| Standard Bank | 11.6 | 13.3 | 15.1 | 15.3 | 14.3 | 12.8 | 15.1 |
| BMCE | 8.7 | 12.1 | 10.1 | 12.6 | 12.3 | 13.1 | 12.7 |
| Attijariwafa | 9.1 | 11.0 | 11.1 | 11.7 | 11.3 | 11.9 | 12.7 |
| **Foreign Banking Groups** | | | | | | | |
| Standard Chartered | 15.2 | 15.6 | 16.5 | 18.4 | 17.6 | 17.4 | 18.0 |
| Barclays | 12.1 | 13.6 | 16.6 | 16.9 | 16.4 | 17.1 | 19.9 |
| Societe Generale | 8.9 | 11.2 | 13.0 | 12.1 | 11.9 | 12.7 | 14.7 |
| BNP Paribas | 10.0 | 11.1 | 14.2 | 14.7 | 14.0 | 15.5 | 14.3 |

**Nonperforming Loan Ratio**

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|---|---|
| **Pan-African Banking Groups** | | | | | | | |
| Ecobank | 5.7 | 17.0 | 16.0 | 15.2 | 5.5 | 5.6 | 6.2 |
| Standard Bank | 1.8 | 4.1 | 7.9 | 7.1 | 5.0 | 4.6 | 4.0 |
| BMCE | 5.0 | 4.9 | 5.9 | 5.7 | 6.1 | 6.5 | 7.2 |
| Attijariwafa | 6.5 | 5.5 | 5.3 | 5.3 | 4.9 | 5.1 | 6.3 |
| **Foreign Banking Groups** | | | | | | | |
| Standard Chartered | 1.4 | 1.7 | 1.7 | 1.7 | 1.6 | 2.0 | 2.3 |
| Barclays | 2.8 | 3.4 | 5.2 | 9.1 | 6.7 | 5.7 | 5.8 |
| Societe Generale | 3.5 | 3.8 | 6.3 | 6.6 | 6.9 | 7.2 | 7.7 |
| BNP Paribas | 4.0 | 3.7 | 5.7 | 6.1 | 6.3 | 6.5 | 7.1 |

Sources: Annual reports; Bankscope; and IMF staff calculations.

Note: BMCE = Banque Marocaine du Commerce Extérieur.

## Appendix Table 8. Selected Pan-African Banks and Foreign Banks: Subsidiaries' Financial Indicators, 2007–13

(Percent)

| | Loan-to-Deposit Ratio | | | | | | | Return on Assets | | | | | | | Total Capital Ratio | | | | | | | Nonperforming Loans | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| **Attijariwafa** | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Consolidated | 78.5 | 90.6 | 97.0 | 102.9 | 106.5 | 109.1 | 105.5 | 1.4 | 1.5 | 1.7 | 1.6 | 1.6 | 1.5 | 1.3 | 9.1 | 11.0 | 11.1 | 11.7 | 11.3 | 11.9 | 12.7 | 6.5 | 5.5 | 5.3 | 5.3 | 4.9 | 5.1 | 6.3 |
| Senegal (CBAO Groupe) | 66.1 | 77.8 | 71.2 | 69.2 | 69.4 | 77.6 | 82.9 | 2.3 | 1.4 | 1.8 | 1.2 | 0.7 | 1.4 | 1.6 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 7.4 | 6.2 | 9.9 | 9.5 | 24.0 | 19.8 | n.a. |
| Cameroon | 44.9 | 43.5 | 50.2 | 54.8 | 56.3 | 66.2 | n.a. | 1.4 | 0.8 | 1.4 | 1.1 | 1.1 | 1.6 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 10.0 | 9.0 | 9.6 | n.a. |
| Gabon | 67.5 | 55.6 | 62.5 | n.a. | 71.5 | 77.4 | n.a. | 2.7 | 3.1 | 1.7 | n.a. | 1.6 | 1.7 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 2.5 | n.a. | n.a. | n.a. | n.a. |
| Côte D'Ivoire | 80.6 | 88.7 | 93.0 | 100.1 | 73.0 | 76.3 | n.a. | 2.6 | 3.5 | 2.3 | 2.4 | 2.0 | 2.4 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Congo | 30.0 | 29.8 | 33.3 | 27.3 | 34.3 | 30.8 | n.a. | 3.6 | 4.0 | 1.8 | 2.3 | 2.1 | 2.2 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Mali | n.a. | 75.1 | 71.9 | 63.0 | n.a. | n.a. | n.a. | n.a. | 0.5 | 0.7 | 0.6 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 6.9 | 6.7 | n.a. | n.a. | n.a. | n.a. |
| Senegal (Credit du Senegal) | 92.5 | 114.0 | 86.6 | 88.2 | 100.5 | 86.8 | n.a. | 0.2 | n.a. | n.a. | 1.6 | 2.2 | 2.3 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 11.3 | 10.3 | n.a. |
| Togo | n.a. | n.a. | 45.1 | 56.3 | 68.3 | 84.4 | 77.9 | n.a. | n.a. | 0.0 | 2.9 | 2.6 | 2.4 | 0.7 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| **Subsidiaries Without Data:** | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Benin, Burkina Faso, Guinea Bissau, Niger | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | Loan-to-Deposit Ratio | | | | | | | Return on Assets | | | | | | | Total Capital Ratio | | | | | | | Nonperforming Loans | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| **BMCE** | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Consolidated | 72.0 | 75.5 | 79.8 | 85.4 | 89.5 | 88.0 | 90.5 | 0.8 | 0.9 | 0.5 | 0.8 | 0.8 | 0.7 | 0.8 | 8.7 | 12.1 | 10.1 | 12.6 | 12.3 | 13.1 | 12.7 | n.a. | n.a. | n.a. | n.a. | 9.4 | 9.3 | 9.5 |
| **Bank of Africa Group** | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Consolidated | n.a. | 72.2 | 70.3 | 62.2 | 64.5 | 69.4 | 73.5 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | n.a. | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Benin | 59.8 | 62.4 | 68.5 | 59.1 | 58.0 | 55.9 | n.a. | 1.1 | 1.5 | 1.4 | 1.3 | 1.5 | 1.3 | n.a. | 10.6 | 11.7 | 10.5 | 16.0 | 16.7 | 16.2 | n.a. | 9.7 | 9.3 | 10.8 | 12.2 | 15.0 | 17.9 | n.a. |
| Kenya | 82.9 | 74.1 | 73.0 | 71.1 | 89.4 | 84.1 | 81.0 | 1.5 | 1.7 | 1.3 | 1.5 | 1.3 | 1.2 | 0.7 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 2.3 | 1.8 | 1.4 | 1.6 | 1.4 | 2.0 | 5.0 |
| Madagascar | 43.6 | 45.5 | 47.4 | 48.1 | 46.6 | 47.0 | 58.7 | 3.6 | 2.4 | 0.5 | 0.7 | 1.9 | 1.6 | 1.6 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 4.0 | 5.3 | 12.4 | 12.1 | 12.0 | 11.9 | 10.3 |
| Burkina Faso | 67.0 | 66.7 | 62.9 | 60.3 | 62.4 | 73.2 | 95.2 | 1.4 | 1.4 | 1.4 | 1.5 | 1.9 | 2.5 | 2.7 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 4.6 | 3.4 |
| Côte D'Ivoire | 105.5 | 118.3 | 97.5 | 90.7 | 72.2 | 74.0 | n.a. | 1.4 | 1.2 | 0.9 | 0.9 | -0.2 | 1.3 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Mali | 74.9 | 93.4 | 84.2 | 66.9 | 76.5 | 86.7 | n.a. | 0.8 | 1.0 | 0.9 | 0.6 | 1.0 | 0.7 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 11.7 | 12.2 | 7.7 | 9.9 | 7.4 | 7.2 | n.a. |
| Niger | 78.1 | 101.5 | 103.1 | 104.5 | 107.5 | 105.1 | 100.4 | 1.8 | 1.6 | 1.6 | 1.8 | 1.9 | 1.8 | 2.0 | 10.9 | 9.6 | 12.9 | 12.0 | 15.1 | 12.9 | n.a. | 3.4 | 2.1 | 3.0 | 2.5 | 4.3 | 3.0 | 2.3 |
| Senegal | 76.9 | 61.7 | 66.0 | 62.1 | 66.1 | 77.9 | 112.8 | 1.9 | 2.1 | 1.3 | 1.5 | 1.6 | 1.6 | 1.5 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 6.4 | 7.4 | n.a. |
| Ghana | 55.6 | 45.8 | 54.1 | 50.7 | 66.4 | 83.8 | 83.3 | 1.1 | 3.0 | 2.0 | -4.4 | -3.4 | 0.4 | -0.5 | n.a. | n.a. | n.a. | n.a. | 10.5 | 10.7 | 15.8 | n.a. | n.a. | 1.7 | n.a. | 14.8 | 29.8 | n.a. |
| Tanzania | 33.3 | 39.0 | 47.7 | 52.7 | 66.8 | 74.7 | 78.4 | 1.2 | 1.0 | 0.7 | 0.9 | 0.4 | 0.8 | 1.0 | 25.0 | 19.0 | 16.0 | 14.0 | 18.0 | 15.0 | 14.3 | n.a. | 6.4 | 2.7 | 2.9 | 2.6 | 3.0 | 2.6 |
| Burundi | 42.9 | 46.0 | 42.2 | 48.3 | 64.7 | 65.8 | n.a. | 3.2 | 2.6 | 3.3 | 2.5 | 3.7 | 1.4 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 7.0 | 11.0 | n.a. |
| Uganda | 69.7 | 66.2 | 72.1 | 70.4 | 87.3 | 80.2 | 67.8 | 2.2 | 2.7 | 1.7 | 1.4 | 1.7 | 2.2 | -1.6 | 16.0 | 21.0 | 19.0 | 18.1 | 14.7 | 17.1 | 18.0 | 0.9 | 1.3 | 1.0 | 1.1 | 0.5 | 0.7 | n.a. |
| **Subsidiaries Without Data:** | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Democratic Republic of Congo, Togo | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

## Appendix Table 8. Selected Pan-African Banks and Foreign Banks: Subsidiaries' Financial Indicators, 2007–13 (*continued*)

(Percent)

| | Loan-to-Deposit Ratio | | | | | | | Return on Assets | | | | | | | Total Capital Ratio | | | | | | | Nonperforming Loans | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| **Ecobank** | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Consolidated | 66.1 | 64.8 | 73.6 | 66.4 | 60.9 | 64.6 | 69.3 | 2.8 | 1.5 | 0.7 | 1.4 | 1.5 | 1.5 | 0.7 | 15.7 | 24.5 | 21.4 | 20.8 | 18.6 | 19.3 | 16.3 | 5.7 | 17.0 | 16.0 | 15.2 | 5.5 | 5.6 | 6.2 |
| Nigeria | n.a. | n.a. | n.a. | n.a. | 46.1 | 52.4 | 56.0 | n.a. | n.a. | n.a. | n.a. | 1.8 | 0.6 | 0.8 | n.a. | n.a. | n.a. | n.a. | 12.0 | 18.0 | 17.0 | n.a. | n.a. | n.a. | n.a. | 5.8 | 4.6 | 5.9 |
| Ghana | 65.9 | 58.8 | 49.5 | 44.4 | 52.8 | 59.3 | 69.9 | 3.3 | 4.2 | 4.7 | 4.1 | 4.0 | 4.8 | 4.7 | 18.6 | 16.5 | 22.3 | 22.7 | 13.6 | 14.8 | 13.7 | 3.1 | 3.1 | 3.2 | 4.5 | 4.9 | 5.1 | 5.9 |
| Côte D'Ivoire | 88.3 | 95.5 | 96.5 | 90.1 | 93.1 | 92.5 | 98.0 | 2.3 | 2.5 | 2.6 | 2.1 | 1.8 | 1.8 | 1.5 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 8.1 | 5.3 | 3.1 | 2.9 | 0.9 | 1.1 | 2.2 |
| Burkina Faso | 71.1 | 88.0 | 80.1 | 80.7 | 84.6 | 88.8 | 85.7 | 2.2 | 1.7 | 1.7 | 1.6 | 1.9 | 2.3 | 2.1 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 6.6 | 15.5 | 11.7 | 5.8 | 2.3 | 3.1 |
| Benin | 77.6 | 70.3 | 89.8 | 82.0 | 85.5 | 80.3 | 85.8 | 1.3 | 2.1 | 1.9 | 1.8 | 1.8 | 1.5 | 1.8 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 9.0 | 5.9 | 5.9 | 6.8 | 3.5 | 2.5 | 2.6 |
| Senegal | 84.5 | 87.3 | 90.5 | 68.3 | 72.8 | 77.9 | 80.4 | 2.9 | 1.9 | 2.2 | 1.7 | 1.6 | 0.6 | 1.3 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 7.9 | 5.8 | 5.0 | 9.3 | 10.6 | 9.9 | 8.0 |
| Mali | 80.9 | 79.1 | 73.8 | 59.9 | 75.3 | 89.9 | 97.7 | 3.4 | 2.8 | 2.1 | 2.2 | 2.8 | 1.6 | 1.9 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 24.7 | 13.3 | 11.2 | 10.2 | 3.9 | 3.8 | 3.4 |
| Cameroon | 67.3 | 67.1 | 53.0 | 53.0 | 76.9 | 84.2 | 83.4 | 1.0 | 1.3 | 0.4 | 0.4 | 0.3 | 0.5 | 1.2 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 7.1 | 4.9 |
| Togo | 78.9 | 83.6 | 67.1 | 65.2 | 65.0 | 68.1 | n.a. | 3.7 | 3.7 | 2.1 | 1.9 | 2.2 | 2.0 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 6.3 | 1.9 | 1.9 | 3.0 | 3.2 | 3.1 | n.a. |
| GUINEA BISSAU | 58.4 | 33.1 | 27.7 | 13.6 | 49.7 | 37.4 | 63.9 | 3.6 | 2.3 | 1.7 | 2.0 | 2.6 | 1.3 | 2.6 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 12.1 | 10.9 | 10.0 | 11.7 | 1.8 | 7.0 | 4.1 |
| Kenya | 65.7 | 61.5 | 59.6 | 58.8 | 68.7 | 65.0 | 72.8 | 1.3 | 0.7 | -6.5 | 0.6 | 0.7 | -3.6 | -2.6 | 18.2 | 15.5 | 15.7 | 33.5 | 19.5 | 32.5 | 22.5 | 48.1 | 49.5 | 25.0 | 19.4 | 8.4 | 4.8 | 8.4 |
| Chad | 54.3 | 77.2 | 72.4 | n.a. | 73.6 | 80.1 | 77.4 | 2.3 | 3.9 | 3.6 | n.a. | 3.1 | 1.4 | 2.0 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 4.5 | 2.7 | 2.4 |
| Liberia | 48.0 | 47.8 | n.a. | n.a. | 44.9 | 44.2 | n.a. | 3.4 | 3.2 | n.a. | n.a. | 0.8 | 0.7 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 4.9 | 2.3 | n.a. | n.a. | 27.3 | 26.2 | n.a. |
| Niger | 73.1 | 78.1 | 91.8 | 79.1 | 69.5 | 94.2 | 82.4 | 1.3 | 1.9 | 2.0 | 1.7 | 2.2 | 1.9 | 2.0 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 7.8 | 4.8 | 4.4 | 8.9 | 4.9 | 4.0 | 5.1 |
| Central African Republic | 62.2 | 84.9 | 74.4 | 87.5 | 93.0 | n.a. | n.a. | 3.5 | 5.6 | 4.5 | 3.2 | 3.9 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 6.4 | 5.1 | 6.8 | n.a. | n.a. |
| Rwanda | 24.5 | 52.3 | 64.1 | 48.1 | 59.4 | 66.9 | n.a. | -6.7 | 1.5 | 0.6 | 0.3 | -0.9 | 0.3 | n.a. | n.a. | n.a. | n.a. | 21.1 | n.a. | n.a. | n.a. | 46.6 | 14.6 | 8.8 | 6.7 | 10.7 | 4.2 | n.a. |
| Gabon | n.a. | n.a. | n.a. | 44.1 | 54.5 | 58.2 | 89.1 | n.a. | n.a. | n.a. | -0.8 | 1.1 | 1.6 | 0.9 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 1.1 | 3.8 | 3.7 |
| Congo, Democratic Republic of | n.a. | 30.5 | 47.7 | 68.8 | 86.9 | 76.8 | 68.7 | n.a. | -17.8 | -22.5 | 2.0 | 2.0 | 1.7 | 3.3 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 3.5 | 0.7 | 0.2 | 0.4 | 0.8 |
| Guinea Bissau | n.a. | 42.6 | 135.3 | 94.6 | 111.6 | 94.9 | n.a. | n.a. | 0.8 | -4.6 | 0.4 | 2.8 | -1.5 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 3.8 | 0.5 | 4.9 | n.a. |
| Zambia | n.a. | n.a. | 39.0 | 86.9 | 83.8 | 44.7 | 40.8 | n.a. | n.a. | -27.8 | -4.2 | -7.7 | -16.4 | -0.8 | n.a. | n.a. | 83.0 | 16.0 | 10.0 | 37.0 | 25.0 | n.a. | n.a. | n.a. | 2.7 | 17.4 | 19.9 | 15.9 |
| Malawi | n.a. | 45.4 | 52.2 | 68.5 | 53.4 | 83.0 | 46.8 | n.a. | 0.6 | 1.6 | 2.0 | 1.4 | 0.1 | 3.4 | n.a. | n.a. | n.a. | n.a. | 18.3 | 8.7 | 28.0 | n.a. | n.a. | n.a. | 12.6 | 66.4 | 19.9 | 15.8 |
| Sierra Leona | n.a. | n.a. | n.a. | n.a. | 37.6 | 32.2 | n.a. | n.a. | n.a. | n.a. | n.a. | 1.5 | 3.4 | n.a. | n.a. | n.a. | n.a. | n.a. | 15.0 | 24.0 | n.a. | n.a. | n.a. | n.a. | n.a. | 11.8 | 29.8 | n.a. |
| Zimbabwe | n.a. | n.a. | n.a. | 61.2 | 101.5 | 146.3 | 138.9 | n.a. | n.a. | n.a. | -12.5 | -10.4 | 0.4 | 1.2 | n.a. | n.a. | n.a. | 28.3 | 15.3 | 28.3 | 34.6 | n.a. | n.a. | n.a. | 26.2 | 25.8 | 13.8 | 6.0 |
| Burundi | 72.9 | 66.9 | 66.5 | 73.0 | 92.4 | n.a. | n.a. | -8.2 | -0.4 | -2.3 | 1.0 | 2.7 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Ugana | n.a. | n.a. | 51.6 | 68.0 | 63.4 | 73.5 | 51.1 | n.a. | n.a. | -13.3 | -8.3 | -0.6 | -8.3 | -8.6 | n.a. | n.a. | 14.5 | 17.7 | 18.2 | 13.3 | 35.8 | n.a. | n.a. | 0.2 | 3.9 | 2.5 | 19.2 | n.a. |
| Tanzania | n.a. | n.a. | n.a. | 42.4 | 75.0 | 106.7 | 98.8 | n.a. | n.a. | -34.8 | -25.2 | -19.4 | -7.7 | -2.0 | n.a. | n.a. | 180.2 | 34.2 | 13.7 | 20.6 | 25.0 | n.a. | n.a. | n.a. | n.a. | 1.1 | 6.2 | 7.8 |
| Gambia | n.a. | n.a. | n.a. | 27.4 | 65.2 | 61.0 | n.a. | n.a. | n.a. | n.a. | -3.7 | -0.4 | 0.7 | n.a. | n.a. | n.a. | n.a. | 12.9 | 12.3 | 13.4 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Cape Verde | n.a. | n.a. | n.a. | n.a. | n.a. | 52.8 | 59.0 | n.a. | n.a. | n.a. | n.a. | -9.9 | -7.9 | -3.3 | n.a. | n.a. | n.a. | n.a. | n.a. | 109.2 | 59.3 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 4.0 |

**Subsidiaries Without Data:**

Angola, Congo, Equatorial Guinea, Sao Tome & Principe, South Sudan

## Appendix Table 8. Selected Pan-African Banks and Foreign Banks: Subsidiaries’ Financial Indicators, 2007–13 (*continued*)

(Percent)

| | Loan-to-Deposit Ratio | | | | | | | Return on Assets | | | | | | | Total Capital Ratio | | | | | | | Nonperforming Loans | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | |
| **Standard Bank** | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Consolidated | 93.8 | 92.1 | 92.1 | 85.6 | 88.4 | 88.1 | 86.8 | 1.5 | 1.2 | 0.9 | 1.0 | 1.1 | 1.3 | 1.2 | 11.6 | 13.3 | 15.1 | 15.3 | 14.3 | 12.8 | 15.1 | 1.8 | 4.1 | 7.9 | 7.1 | 5.0 | 4.6 | 4.0 |
| South Africa | 91.8 | 87.8 | 89.7 | 85.1 | 88.2 | 93.0 | 95.5 | 1.5 | 1.1 | 1.0 | 1.0 | 1.1 | 1.3 | 1.1 | 11.7 | 12.2 | 14.1 | 14.9 | 13.5 | 14.8 | 15.5 | 1.9 | 4.4 | 7.5 | 7.2 | 4.5 | 3.7 | 3.8 |
| Nigeria | n.a. | 133.2 | 100.9 | 96.2 | 88.3 | 74.1 | 69.1 | n.a. | 4.3 | 3.1 | 4.2 | 0.7 | 0.9 | 1.5 | n.a. | 41.5 | 36.8 | 32.6 | 17.7 | 17.3 | 18.3 | n.a. | n.a. | n.a. | n.a. | 6.2 | 5.1 | 4.4 |
| Namibia | 84.4 | 88.3 | 75.4 | 71.7 | 73.8 | 87.1 | 83.2 | 2.3 | 2.7 | 2.0 | 1.7 | 2.0 | 1.6 | 1.4 | 13.4 | 14.6 | n.a. | 13.9 | 12.1 | 11.8 | 11.9 | 3.2 | 3.6 | 3.1 | 2.0 | 1.7 | 1.7 | 2.0 |
| Kenya | 86.7 | 71.3 | 72.9 | 81.0 | 86.4 | 87.5 | 72.2 | 2.7 | 1.5 | 0.9 | 1.4 | 1.6 | 2.3 | 3.3 | 14.0 | 14.7 | 16.0 | 16.2 | 19.0 | 25.5 | 20.5 | 1.4 | 6.5 | 3.4 | 2.9 | 1.3 | 1.6 | 2.6 |
| Mauritius | 20.6 | 26.9 | 11.7 | 11.8 | 52.6 | 26.5 | 19.1 | 0.4 | 1.0 | 0.3 | 0.2 | 0.6 | -0.7 | -0.2 | 15.7 | 27.0 | 18.0 | 17.9 | 15.9 | 10.8 | 16.5 | n.a. | 0.8 | 12.3 | n.a. | n.a. | n.a. | n.a. |
| Mozambique | 25.7 | 30.0 | 32.3 | 42.0 | 46.4 | 42.5 | 53.0 | 4.1 | 3.7 | 3.1 | 2.7 | 3.6 | 3.2 | 2.9 | 12.8 | 11.0 | 14.7 | 10.8 | 19.0 | 17.7 | 13.3 | 1.6 | 1.4 | 1.9 | 0.8 | 0.9 | 2.8 | 2.6 |
| Botswana | 60.3 | 50.9 | 42.5 | 39.8 | 55.7 | 68.6 | 73.2 | 2.2 | 1.7 | 0.7 | 1.3 | 1.9 | 2.6 | 2.2 | 15.1 | 16.9 | 16.0 | 17.2 | 18.6 | 17.6 | 16.2 | 1.6 | 0.6 | 1.4 | 2.0 | 1.0 | 1.9 | n.a. |
| Uganda | n.a. | 56.7 | 63.5 | 65.4 | 80.5 | 69.6 | 79.2 | 4.1 | 5.4 | 5.5 | 3.4 | 4.8 | 4.5 | 3.2 | 13.0 | 14.2 | 16.3 | 14.2 | 15.0 | 20.3 | 20.7 | 0.5 | 0.7 | 1.6 | 1.8 | 2.9 | 6.0 | 5.0 |
| Zambia | 57.8 | 65.1 | 47.8 | 52.6 | 56.2 | 68.6 | n.a. | 0.0 | 1.2 | n.a. | -2.6 | 2.4 | 2.4 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 20.7 | 21.8 | n.a. | n.a. | n.a. | 7.2 | 4.5 | 6.1 | n.a. |
| Ghana | 80.8 | 81.5 | 52.3 | 55.0 | 59.0 | 51.5 | 62.6 | 3.1 | 3.6 | 0.2 | 2.4 | 2.9 | 4.0 | 4.6 | 11.0 | 19.0 | 27.0 | 19.0 | 21.1 | 18.6 | 19.2 | n.a. | 13.2 | 29.2 | 18.5 | 9.0 | 8.5 | 9.1 |
| Lesotho | n.a. | 32.4 | 36.9 | 40.8 | 48.9 | 64.2 | 62.7 | n.a. | 5.6 | 3.9 | 3.7 | 3.9 | 4.1 | 4.8 | n.a. | n.a. | n.a. | n.a. | n.a. | 10.3 | 9.0 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Tanzania | 40.9 | 67.5 | 47.1 | 71.9 | 78.4 | 71.3 | 58.8 | 1.9 | 2.1 | 2.4 | 1.6 | 2.2 | 2.4 | -2.1 | 12.6 | 14.9 | 19.0 | 15.7 | 16.1 | 17.0 | 16.8 | 18.7 | 21.9 | 12.5 | 0.1 | 0.0 | 3.1 | 10.9 |
| Swaziland | 74.0 | 75.7 | 43.0 | 51.0 | 66.7 | 63.2 | 67.5 | 2.2 | 3.9 | 1.9 | 1.9 | 1.8 | 2.2 | 1.8 | 12.5 | 17.5 | 17.8 | 19.4 | 13.4 | 14.4 | 14.2 | 2.9 | 2.9 | 3.1 | 5.5 | 1.8 | 2.3 | 3.2 |
| Malawi | 50.0 | 55.0 | 57.7 | 59.2 | 68.3 | 60.1 | 40.9 | 5.0 | 5.9 | 6.3 | 4.6 | 5.4 | 8.2 | 8.5 | n.a. | 25.5 | 28.2 | n.a. | n.a. | 21.9 | 16.0 | n.a. | 1.5 | 1.3 | n.a. | n.a. | 2.2 | 3.2 |
| Zimbabwe | n.a. | n.a. | 32.0 | 32.5 | 49.3 | 65.1 | 62.0 | n.a. | n.a. | 3.3 | 2.9 | 3.2 | 4.5 | 4.2 | n.a. | n.a. | 20.2 | 17.8 | 17.2 | 17.6 | 21.0 | n.a. | n.a. | n.a. | n.a. | 4.4 | 5.1 | 6.9 |
| Angola | n.a. | n.a. | n.a. | n.a. | 2.1 | 20.8 | 25.4 | n.a. | n.a. | n.a. | -54.7 | -4.0 | -2.1 | -1.0 | n.a. | n.a. | n.a. | 146.0 | 47.4 | 21.0 | 14.9 | n.a. | n.a. | n.a. | n.a. | 0.0 | 0.1 | 0.1 |
| Congo, Democratic Republic of | 38.9 | 49.5 | 33.8 | 20.8 | 19.9 | 15.4 | 22.3 | 2.0 | -0.7 | 0.7 | -0.7 | 1.2 | 1.3 | -0.4 | n.a. | n.a. | n.a. | n.a. | n.a. | 30.7 | 37.7 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| **Subsidiaries Without Data:** | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| South Sudan | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | Loan-to-Deposit Ratio | | | | | | | Return on Assets | | | | | | | Total Capital Ratio | | | | | | | Nonperforming Loans | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| **Standard Chartered** | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Consolidated | 85.8 | 73.0 | 77.2 | 75.9 | 75.2 | 72.6 | 74.4 | 1.0 | 0.9 | 0.8 | 0.9 | 0.9 | 0.8 | 0.6 | 15.2 | 15.6 | 16.5 | 18.4 | 17.6 | 17.4 | 18.0 | 1.4 | 1.7 | 1.7 | 1.7 | 1.6 | 2.0 | 2.3 |
| Mauritius | 302.0 | 245.0 | 114.7 | 122.2 | 129.7 | 172.0 | 105.6 | 0.9 | 1.0 | 0.8 | 1.0 | 1.4 | 0.8 | 0.8 | n.a. | 17.1 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Nigeria | n.a. | n.a. | n.a. | n.a. | 82.3 | 72.4 | n.a. | n.a. | n.a. | n.a. | n.a. | 3.9 | 4.3 | n.a. | n.a. | n.a. | n.a. | n.a. | 24.0 | 24.0 | n.a. | n.a. | n.a. | n.a. | n.a. | 8.9 | 4.8 | n.a. |
| Kenya | 63.7 | 56.3 | 65.3 | 60.0 | 78.6 | 80.2 | 83.8 | 4.0 | 3.4 | 4.2 | 4.0 | 3.8 | 4.5 | 4.5 | 17.0 | 16.2 | 14.5 | n.a. | n.a. | n.a. | n.a. | 4.4 | 3.9 | 2.5 | 2.0 | 1.1 | 1.9 | 2.9 |
| Botswana | 45.7 | 39.1 | 48.0 | 37.9 | 50.7 | 68.6 | 79.7 | 3.1 | 3.5 | 2.7 | 2.4 | 2.8 | 2.9 | 3.3 | 19.8 | 18.1 | 16.8 | n.a. | n.a. | 22.4 | 19.8 | 3.5 | 4.9 | 8.2 | 1.5 | 3.5 | 10.2 | 6.9 |
| Ghana | 53.7 | 62.0 | 49.0 | 42.8 | 40.3 | 56.3 | 63.5 | 4.3 | 3.7 | 4.8 | 4.7 | 4.3 | 6.3 | 7.7 | 16.0 | 12.0 | 22.0 | 16.0 | 17.0 | 17.5 | 23.5 | 1.0 | 4.9 | 11.2 | 15.0 | 12.4 | 12.2 | 12.6 |
| Zambia | 46.7 | 47.6 | 40.4 | 36.4 | 50.3 | 60.7 | 65.1 | 3.9 | 1.2 | 2.5 | 3.5 | 2.9 | 4.5 | 4.5 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 15.3 | 6.4 | 10.0 | 4.7 | 1.9 | 1.3 | 1.6 |
| Tanzania | 68.7 | 73.2 | 53.6 | n.a. | 63.1 | 48.9 | 59.1 | 5.4 | 2.4 | 2.5 | n.a. | 3.4 | 2.7 | 2.8 | 15.0 | 12.9 | 16.0 | n.a. | 16.8 | 22.2 | 21.0 | 7.2 | 1.4 | 2.1 | n.a. | n.a. | 2.5 | 1.5 |
| Uganda | n.a. | 91.0 | 87.6 | 94.9 | 101.3 | 74.8 | 70.2 | 4.6 | 5.5 | 6.4 | 4.8 | 5.2 | 6.0 | 4.0 | 13.9 | 15.9 | 17.8 | 15.2 | 17.0 | 14.1 | 18.1 | 0.6 | 0.8 | 0.3 | 0.3 | 0.3 | 0.8 | 7.1 |
| Cameroon | n.a. | 34.6 | 35.7 | 34.3 | 29.3 | 47.7 | n.a. | n.a. | 1.0 | 0.1 | 0.3 | 1.3 | 0.9 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 16.0 | 13.6 | n.a. | n.a. | n.a. | n.a. |
| Zimbabwe | n.a. | n.a. | 20.8 | 49.0 | 46.2 | 66.1 | 57.6 | n.a. | n.a. | -1.4 | 3.0 | 7.3 | 4.9 | 2.4 | n.a. | n.a. | 20.6 | 22.2 | 23.5 | 20.0 | 22.1 | n.a. | n.a. | n.a. | n.a. | n.a. | 2.2 | 6.4 |
| Côte D'Ivoire | n.a. | n.a. | n.a. | n.a. | 59.1 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 0.3 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Gambia | 29.0 | 17.0 | 19.6 | 17.2 | 14.8 | n.a. | n.a. | 3.9 | 3.1 | 1.5 | 3.5 | 2.9 | n.a. | n.a. | 24.7 | 25.9 | 22.0 | 19.3 | 23.0 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Sierra Leone | 11.4 | 22.8 | n.a. | n.a. | n.a. | 21.0 | 19.9 | 4.2 | 3.2 | n.a. | n.a. | n.a. | 4.4 | 2.0 | 44.9 | 40.0 | n.a. | n.a. | n.a. | 46.9 | 46.9 | n.a. | 12.2 | n.a. | n.a. | n.a. | 9.3 | 11.4 |
| **Subsidiaries Without Data:** | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Angola, South Africa | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

## Appendix Table 8. Selected Pan-African Banks and Foreign Banks: Subsidiaries' Financial Indicators, 2007–13 (*continued*)

(Percent)

| | Loan-to-Deposit Ratio | | | | | | | Return on Assets | | | | | | | Total Capital Ratio | | | | | | | Nonperforming Loans | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| **Barclays** | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Consolidated | 117.1 | 137.6 | 130.3 | 123.8 | 118.0 | 110.0 | 100.6 | 0.5 | 0.3 | 0.6 | 0.3 | 0.3 | 0.0 | 0.1 | 12.1 | 13.6 | 16.6 | 16.9 | 16.4 | 17.1 | 19.9 | 2.8 | 3.4 | 5.2 | 9.1 | 6.7 | 5.7 | 5.8 |
| **BAGL** | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Consolidated | 146.8 | 139.2 | 142.0 | 131.3 | 116.4 | 103.7 | 102.5 | 1.8 | 1.6 | 1.0 | 1.2 | 1.3 | 1.3 | 1.4 | 13.1 | 14.1 | 15.6 | 15.5 | 16.7 | 17.4 | 15.6 | 1.7 | 4.1 | 7.0 | 7.6 | 6.9 | 5.3 | 4.4 |
| South Africa | 150.4 | 142.5 | 145.0 | 132.5 | 114.4 | 110.8 | 112.8 | 1.5 | 1.3 | 0.8 | 1.0 | 1.2 | 1.0 | 1.1 | 12.5 | 14.0 | 14.7 | 14.8 | 16.2 | 17.5 | 15.6 | 1.5 | 3.3 | 6.8 | 7.5 | 6.8 | 5.5 | 4.3 |
| Mauritius | 56.1 | 77.1 | 67.4 | 55.0 | 66.8 | 48.6 | 35.5 | 1.7 | 1.4 | 1.1 | 2.7 | 1.3 | 1.1 | 0.4 | 17.4 | 19.6 | n.a. | n.a. | 26.0 | 42.2 | n.a. | n.a. | 3.6 | n.a. | n.a. | 6.0 | 5.8 | n.a. |
| Kenya | 99.7 | 85.5 | 74.3 | 70.4 | 79.8 | 75.6 | 78.3 | 3.6 | 3.4 | 3.7 | 6.3 | 4.8 | 5.0 | 3.9 | 14.0 | 16.6 | 23.8 | 31.2 | 24.7 | 25.0 | 17.3 | 4.9 | 5.0 | 6.0 | 6.4 | 4.5 | 3.3 | 2.8 |
| Botswana | 44.6 | 44.5 | 60.8 | 59.6 | 67.0 | 68.7 | 79.0 | 2.2 | 3.4 | 3.5 | 4.9 | 4.7 | 3.9 | 2.5 | 15.6 | 15.8 | 20.6 | 24.3 | 19.8 | 21.2 | 19.2 | n.a. | 3.7 | 6.9 | 9.1 | 6.4 | 6.4 | 4.8 |
| Ghana | 89.0 | 77.8 | 55.0 | 39.9 | 44.2 | 48.7 | 55.7 | 3.9 | -0.6 | -1.3 | 3.8 | 4.7 | 5.4 | 6.7 | n.a. | 13.8 | 24.2 | n.a. | 22.9 | 23.6 | 22.5 | n.a. | 13.2 | 23.9 | n.a. | 22.7 | 15.1 | 14.9 |
| Tanzania (National Bank of Commerce) | 58.8 | 73.7 | 64.6 | 56.4 | 52.9 | 50.7 | 52.5 | 3.7 | 3.8 | 3.4 | -1.0 | 0.0 | 0.1 | 0.6 | 18.3 | 16.8 | 16.2 | 12.0 | 10.1 | 7.7 | 15.0 | 4.2 | 4.3 | 7.1 | 17.5 | 7.9 | 11.8 | 13.1 |
| Zambia | 96.3 | 121.8 | 87.7 | 54.2 | 51.2 | 79.6 | 72.1 | 5.2 | 1.4 | -1.1 | 1.9 | 1.4 | 1.9 | 1.4 | 14.3 | 14.0 | 14.3 | 19.7 | 21.8 | 16.3 | 16.7 | 9.9 | 8.1 | 22.7 | 26.2 | 10.1 | 11.5 | 6.1 |
| Mozambique | 39.1 | 45.0 | 66.9 | 69.2 | 69.4 | 59.4 | n.a. | 1.9 | 1.7 | 1.9 | 0.5 | -2.5 | -4.9 | n.a. | 17.8 | 16.8 | 15.8 | n.a. | 16.8 | 30.5 | n.a. | 0.9 | 3.0 | 3.7 | 5.0 | 6.6 | 8.4 | n.a. |
| Uganda | 77.8 | 75.0 | 66.9 | 57.2 | 53.9 | 57.4 | 46.0 | 1.1 | -2.1 | -0.5 | 0.9 | 1.8 | 3.0 | 3.1 | 12.9 | 15.7 | 17.5 | 18.7 | 19.4 | 26.9 | 24.5 | 8.3 | 5.5 | 8.4 | 22.0 | 14.9 | 20.1 | 19.4 |
| Seychelles | n.a. | n.a. | n.a. | n.a. | 20.4 | 22.4 | n.a. | n.a. | n.a. | n.a. | n.a. | 2.4 | 3.1 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Tanzania (Barclays) | 88.5 | 73.0 | 70.7 | 55.5 | 59.4 | 67.2 | 75.2 | 2.6 | 0.0 | -0.9 | -0.7 | 0.0 | -0.7 | 0.2 | 18.0 | 14.0 | 14.9 | 17.7 | 17.1 | 15.9 | 14.4 | 14.5 | 10.0 | 7.2 | 20.3 | 11.9 | 9.7 | 7.7 |
| Zimbabwe | n.a. | n.a. | 16.7 | 23.8 | 27.4 | 40.8 | n.a. | n.a. | n.a. | 0.9 | -0.7 | 0.6 | 0.8 | n.a. | n.a. | n.a. | 39.0 | 24.0 | 18.0 | 17.0 | n.a. | n.a. | n.a. | 1.0 | 0.5 | 0.3 | 1.2 | n.a. |

| | Loan-to-Deposit Ratio | | | | | | | Return on Assets | | | | | | | Total Capital Ratio | | | | | | | Nonperforming Loans | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| **Societe Generale** | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Consolidated | 131.4 | 143.6 | 131.3 | 124.9 | 132.3 | 116.8 | 106.9 | 0.2 | 0.3 | 0.1 | 0.4 | 0.2 | 0.1 | 0.2 | 8.9 | 11.2 | 13.0 | 12.1 | 11.9 | 12.7 | 14.7 | 3.5 | 3.8 | 6.3 | 6.6 | 6.9 | 7.2 | 7.7 |
| Côte D'Ivoire | 91.8 | 82.7 | 81.6 | 85.3 | 70.2 | 65.5 | 59.1 | 2.7 | 3.0 | 3.3 | 2.4 | 2.2 | 3.0 | 1.6 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Cameroon | 71.2 | 77.5 | 79.9 | 79.2 | 80.8 | 89.1 | n.a. | 1.8 | 2.5 | 2.2 | 2.2 | 2.2 | 2.0 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 6.6 | 4.7 | 5.2 | 5.6 | 8.0 | 7.2 | n.a. |
| Senergal | n.a. | n.a. | 83.2 | 88.9 | 96.7 | 104.8 | n.a. | n.a. | n.a. | 3.1 | 2.9 | 2.3 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 8.1 | 7.0 | 6.4 | 5.4 | n.a. |
| Equatorial Guinea | 15.0 | 17.4 | 13.1 | 12.4 | 26.0 | n.a. | n.a. | 0.8 | 1.5 | 1.5 | 0.7 | 1.0 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 23.2 | 20.5 | 15.7 | 10.3 | n.a. | n.a. |
| Ghana | n.a. | 96.1 | 76.2 | 60.8 | 55.0 | 60.5 | n.a. | n.a. | 3.5 | 3.8 | 3.1 | 3.0 | 3.1 | n.a. | n.a. | n.a. | 24.0 | 24.5 | 26.9 | 19.8 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Burkina Faso | 85.4 | 100.6 | 94.5 | 85.6 | 90.1 | n.a. | n.a. | 1.0 | 2.0 | 2.4 | 2.3 | 1.2 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Madagascar | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Chad | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Guinea | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| **Subsidiaries Without Data:** | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Benin | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

## Appendix Table 8. Selected Pan-African Banks and Foreign Banks: Subsidiaries' Financial Indicators, 2007–13 (*continued*)

(Percent)

| | Loan-to-Deposit Ratio | | | | | | | Return on Assets | | | | | | | Total Capital Ratio | | | | | | | Nonperforming Loans | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| **BNP Paribas** | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Consolidated | 128.4 | 119.4 | 120.5 | 121 | 127 | 118.06 | 112 | 0.5 | 0.2 | 0.3 | 0.5 | 0.3 | 0.4 | 0.3 | 10.0 | 11.1 | 14.2 | 14.7 | 14.0 | 15.5 | 14.3 | 4.0 | 3.7 | 5.7 | 6.1 | 6.3 | 6.5 | 7.1 |
| Gabon | 44.6 | 42.1 | 37.6 | 45.4 | 30.1 | 52.3 | n.a. | 1.6 | 1.8 | 1.3 | 0.3 | 0.7 | 0.7 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Côte D'Ivoire | 76.7 | 81.8 | 78.6 | 75.7 | 68.7 | 65.7 | n.a. | 1.6 | 2.6 | 3.0 | 0.2 | 0.6 | 1.3 | n.a. | 13 | 12 | 12 | 23.5 | 14.1 | 15 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Senegal | 72.7 | 88.2 | 80.8 | 67.6 | 74.8 | 75.9 | n.a. | 2.0 | 2.4 | 1.3 | 0.9 | 1.1 | 1.2 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Burkina Faso | 69.2 | n.a. | n.a. | n.a. | 68.7 | 66.2 | n.a. | 1.4 | n.a. | n.a. | n.a. | 1.3 | 1.8 | n.a. | n.a. | n.a. | n.a. | n.a. | 12 | 13 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Guinea | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Comoros | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |

Sources: Annual reports; Bankscope; and IMF staff calculations.

Note: Highlighted subsidiaries are systemically important subsidiaries, using both the deposit and the asset share criteria. BAGL = Barclays Africa Group Limited; BMCE = Banque Marocaine du Commerce Extérieur; n.a. = not applicable.

## Appendix Figure 1. Selected Pan-African Banks: Maps of Share of Deposits by Country, 2013

(Share of deposits, 2013, where data available)

Standard Bank (South Africa)

Nedbank (South Africa)

United Bank for Africa (Nigeria)

Guaranty Trust Bank (Nigeria)

No presence

Deposits share above 10% of total

Deposits share between 5–10% of total

Deposits share less than 5% of total

Presence known but no data is available

Rep. Office or Inv. Bank Branch

**Appendix Figure 1. Selected Pan-African Banks: Maps of Share of Deposits by Country, 2013 (*continued*)**

(Share of deposits, 2013, where data available)

Attijariwafa Bank (Morocco)

BMCE/Bank of Africa (Morocco)

GBCP/Atlantic Financial Group (Morocco)

Ecobank (Togo)

No presence

Deposits share above 10% of total

Deposits share between 5–10% of total

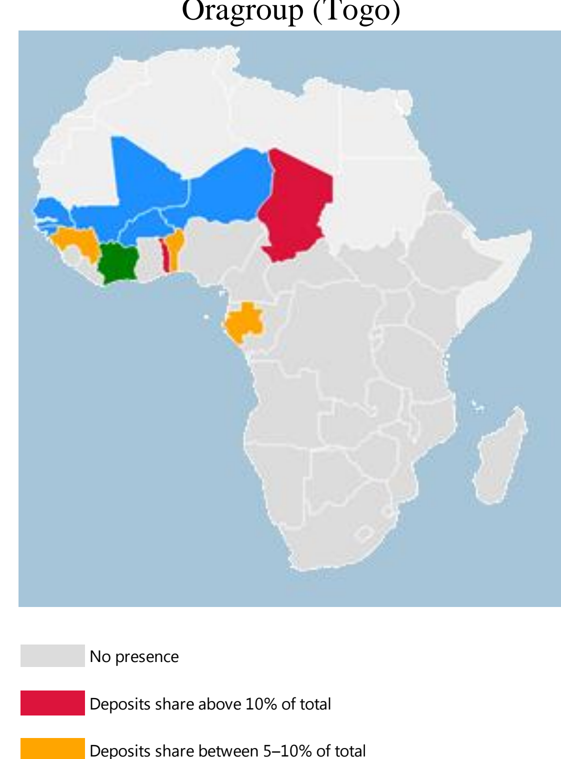
Deposits share less than 5% of total

Presence known but no data is available

Rep. Office or Inv. Bank Branch

**Appendix Figure 1. Selected Pan-African Banks: Maps of Share of Deposits by Country, 2013 (*continued*)**

(Share of deposits, 2013, where data available)



Sources: Annual reports; Bankscope; Bankers Almanac; and IMF staff calculations.
Note: Deposits data is as of 2013 if available or of 2012. Bankscope data may be outdated in some cases. BMCE = Banque Marocaine du Commerce Extérieur; GBCP = Groupe Banque Centrale Populaire.

**Appendix Figure 2. Selected Pan-African Banks: Maps of Assets in Percent of GDP by Country, 2013**

(Assets in percent of GDP, 2013, where data available)

Standard Bank (South Africa)

Nedbank (South Africa)

United Bank for Africa (Nigeria)

Guaranty Trust Bank (Nigeria)

No presence

Deposits share above 10% of total

Deposits share between 5–10% of total

Deposits share less than 5% of total

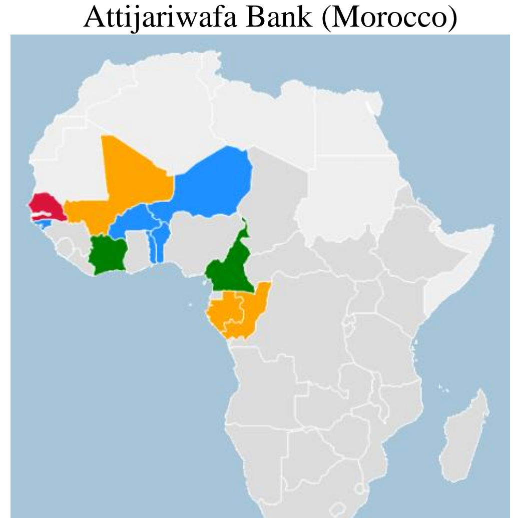
Presence known but no data is available

Rep. Office or Inv. Bank Branch

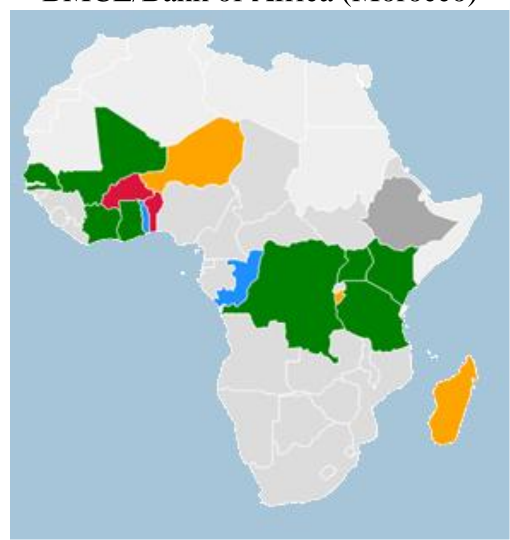
### Appendix Figure 2. Selected Pan-African Banks: Maps of Assets in Percent of GDP by Country, 2013 (*continued*)

(Assets in percent of GDP, 2013, where data available)

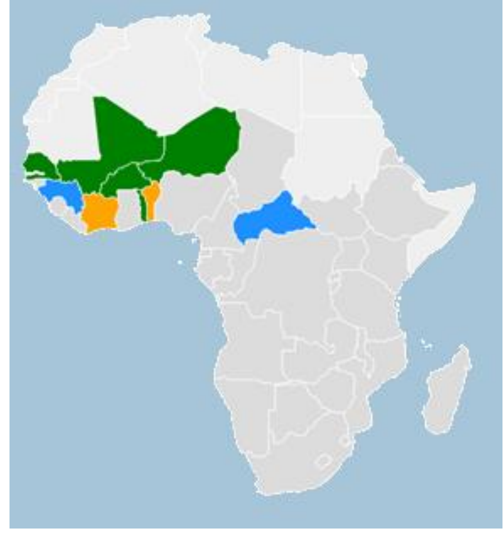
Attijariwafa Bank (Morocco)



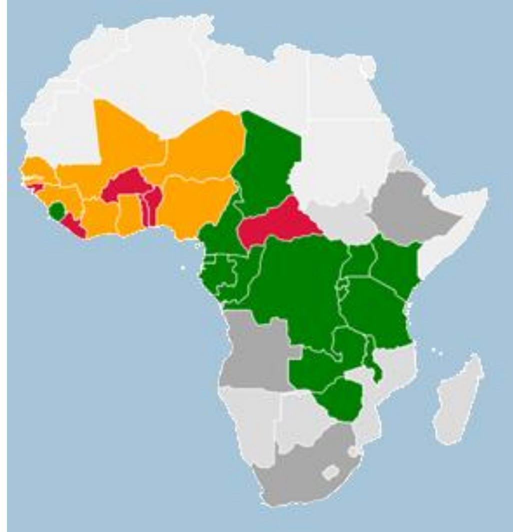
BMCE/Bank of Africa (Morocco)

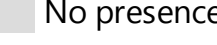


GBCP/Atlantic Financial Group (Morocco)

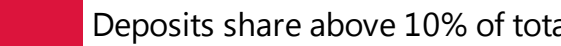


Ecobank (Togo)





No presence



Deposits share above 10% of total

Deposits share between 5–10% of total

Deposits share less than 5% of total

Presence known but no data is available

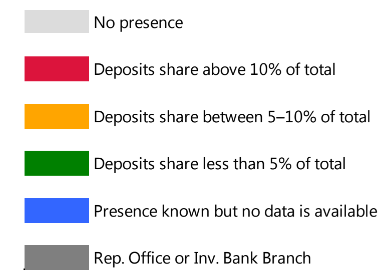
Rep. Office or Inv. Bank Branch

**Appendix Figure 2. Selected Pan-African Banks: Maps of Assets in Percent of GDP by Country, 2013 (*continued*)**

(Assets in percent of GDP, 2013, where data available)

Oragroup (Togo)

Kenya Commercial Bank (Kenya)




Sources: Annual reports; Bankscope; Bankers Almanac; and IMF staff calculations.
Note: GDP data is as of 2013. Bankscope data may be outdated in some cases. BMCE = Banque Marocaine du Commerce Extérieur; GBCP = Groupe Banque Centrale Populaire.

# Appendix II. Pan-African Banks' Home Countries

## Kenya

The Kenyan banking sector is more developed and capitalized than in other East Africa Community (EAC) countries. This has created a competitive advantage for Kenyan banks to aggressively expand regionally and to leverage their success, experience, and technology to service these markets, especially in markets where returns are higher, or at least at the same level as the Kenyan banking sector. Although most banks' expansion is driven by following clients abroad, some EAC banks (Equity Bank or Kenya Commercial Bank [KCB]) have successfully introduced innovative business models from their home market to neighboring countries, such as agency banking, which also allowed them to break even faster than their competitors.

Kenyan banks' cross-border subsidiaries have increased in recent years. There are currently eleven Kenyan banks operating in the EAC member-states and South Sudan, operating through 288 branches, with banks continuing to expand their cross-border subsidiaries. The first expansion of Kenyan banks within the EAC started in the late 1990s when KCB began operations in Tanzania.

The expansion of Kenyan banks had positive effects on efficiency and competition in the EAC. A recent Financial Sector Assessment Program in the EAC (World Bank 2013) showed that EAC banks expanding in the region have lower spreads and are more efficient than other private domestic banks. Additionally, subsidiaries of these banks have lower spreads and overheads compared to subsidiaries of foreign banks from outside the EAC. At the same time, these banks are highly profitable in their home markets, providing a comfortable buffer against losses and low profits in the first years of their subsidiaries' operations.

Currently, the Central Bank of Kenya has hosted three supervisory colleges for KCB, Equity Bank, and Diamond Trust Bank, and plans to host three additional supervisory colleges by the end of 2014. The Central Bank of Kenya has also entered into memorandums of understanding (MOUs) with other banking regulators where Kenyan banks are present to define and guide the working relationships between regulators, and ensure smooth exchange of supervisory information.

## Morocco

The Moroccan banking sector is among the most developed and stable on the continent, being home of some major African cross-border banks. The international and African expansion of its three largest banks is a relatively recent process. As part of their expansion strategy, Moroccan banks export their business model characterized among others on development of small and medium-sized enterprises as well as the high supervision standards imposed by the Moroccan central bank—Bank Al-Maghrib (BAM). BAM also provides technical assistance to some host supervisors.

Morocco benefits from its privileged geostrategic position at the cross-roads of Europe, Africa, and the Arab world, which favored international links and helped its economic and financial development. The first stages of the international expansion of the Moroccan

banking sector responded mainly to geostrategic consideration, and it was centered in Guinea, Mali, and the Central African Republic. The recent expansion was driven by the small impact from the global financial crisis, challenging situations in neighboring Arab countries leading to fewer opportunities there, and limited domestic growth opportunities. In a relatively competitive and well-developed domestic context, limited domestic opportunities for further growth and declining profit margins, combined with a positive engagement by BAM, have pushed Moroccan banks to expand internationally, mainly into francophone West and Central African countries which combine attractive business prospects and a high level of cultural proximity.

The process of expansion of the Moroccan banks had two phases: the expansion and the consolidation phase. During the expansion phase, the Moroccan banks were mainly acquiring existing banks to increase their presence in the continent. At the present consolidation phase, banks are trying to digest their expansion to consolidate their positions and align their system and procedures with the expansion while minimizing risks.

BAM played a major role in guiding and supervising the international expansion of the Moroccan banks with the aim to make of Morocco an international hub while ensuring an appropriate risk control. Banks are requested to share their three-year expansion strategies with BAM. In addition, any new international expansion requires BAM's prior authorization. BAM approves banks expansions based on the respect of two main criteria: risk control–oriented culture and good governance. Before approving a bank request for expansion, BAM takes into consideration a set of country risks and individual banking group performance risks. In addition, BAM is constructing a risk matrix, which includes, among others, indicators on the size of the parent/subsidiary, contribution to the parent bank, profitability, asset quality, and market share in the host country. This matrix helps in the risk assessment of subsidiaries as well as to identify and prioritize supervision needs. BAM favors a rather steadier than rapid expansion. BAM incentivizes acquiring a majority stake in foreign banks, which allows the parent banks to have more control of the subsidiary and nominate personnel for the key functions.

Although BAM does not require the existence of a bilateral MOU as a precondition to opening up a new subsidiary, it tries to have an MOU signed once the subsidiary has been opened. Such an MOU contains provisions on prudential supervision, sharing of information, conduct of inspections, and training and capacity building. However, the MOU does not include provisions on banking resolution, since this will require the involvement of the ministries of finance. Morocco is in the process of enacting a new central bank statute and new banking legislation that aims to strengthen the supervision powers of BAM.

Morocco has set up an African Committee, consisting of BAM and the three largest banks, to coordinate the expansion and prevent fierce international competition among domestic banks. This committee meets twice a year at the highest level, and it undertakes quarterly meetings at the technical level. A code of conduct has been signed by the three banks to prevent over competition and avoid presence in countries deemed too risky.

BAM is implementing and further strengthening high supervisory standards. BAM undertakes consolidated supervision of banking groups. It has set up a first meeting of a

supervisory college for Attijariwafa and plans to organize similar meetings for the other two large banks. BAM has regular conference calls with other supervisors and conducts joint inspection of subsidiaries.

## Nigeria

Over the last fifteen years, Nigerian banks expanded significantly across their borders. Cross-border expansion started in 2002, but increased after the 2004 banking sector consolidation in Nigeria following the increase in minimum capital requirements from N2 billion (US$17 million) to N25 billion (US$210 million). By the end of 2008, more than half of the 20 domestically owned Nigerian banks remaining had subsidiaries in at least one other African country, compared to only two in 2002. The United Bank for Africa led the way, with subsidiaries in 18 African countries. Although cross-border expansion of Nigerian banks was temporarily halted by the global financial crisis in 2008–09, it picked up after conditions stabilized following intervention in the banking sector and the strengthening of risk management and supervisory frameworks by the Central Bank of Nigeria (CBN). However, the poor risk framework at the beginning of the expansion and the effect of the financial crisis put a strain on some Nigerian banks, resulting in the failure of some, including Oceanic Bank, which had expanded to seven countries before the crisis.

The cross-border expansion of Nigerian banks was motivated by several factors. The increased availability of capital motivated the need to look for better opportunities across the border. Nigerian banks also leveraged on significant opportunities in financing trade between Nigeria and other countries and their success, experience, and technology platform. The banks' expansion concentrated first on neighboring countries and members of the West African Monetary Zone (WAMZ; e.g., Ghana, Liberia, Sierra Leone), before venturing into East Africa and francophone countries like Burkina Faso, Côte d'Ivoire, and the Democratic Republic of Congo. Successful economic and institutional reforms in the host countries and a conducive macroeconomic environment in Nigeria also played a role in the expansion.

Nigerian banks play a significant role in the development of the regional financial market. They contributed to the increase of bank branches in several of the host countries and account for a significant share of these banking sector's assets. For example, Nigerian banks contributed 20 percent to the increase of branches in Ghana (from 595 to 640 during 2007 and 2008). Similarly, Nigerian banks were responsible for 26 percent and 35 percent of branch growth in Sierra Leone and The Gambia, respectively. In addition, branches of Nigerian banks are increasingly outside of the home countries' capital cities contributing to financial access in the entire countries. With the development of their banking network in the WAMZ countries and Nigerian banks becoming systemic for most of these countries (Appendix Table 2), Nigeria and the host countries need to deepen their cooperation to ensure financial stability and sustain financial sector development. While some cooperation currently exists, such as MOUs as well as regular meetings within the WAMZ supervisory college, further collaboration on information sharing and on dealing with resolution needs to be accelerated.

To address the impact of cross-border banking on financial stability, the Nigerian authorities are implementing consolidated supervision and strengthening cooperation with host authorities. Following the banking crisis, the CBN strengthened the regulatory framework and started the implementation of consolidated supervision and a framework for cross-border supervision. The framework includes as a precondition for the expansion of Nigerian banks into a country the existence of an MOU with the host country, of which 38 MOUs have been initiated and 15 signed so far. In addition, a supervisory college for the United Bank for Africa has been recently established. The WAMZ college of supervisors is used to strengthen information sharing between supervisors within the zone, and the CBN provides capacity building for host supervisors through it. Also, joint home-host onsite bank examinations of Nigerian banks' subsidiaries have provided an avenue for practical experience sharing the CBN and host supervisors in the WAMZ.

## South Africa

The South African banking sector is well-developed, and the biggest banks are sound and well-capitalized. It is one of the most sophisticated banking sectors on the continent with a diverse array of products and instruments. Furthermore, a combination of push and pull factors motivated some South African Banking Groups (SABGs) to expand beyond their prefinancial crisis Rand-area footprint. Push factors include diminished prospects due to market saturation and sluggish growth at home. Higher growth prospects in the rest of Africa presented good opportunities for both South African corporations and banks to expand. SABGs were simultaneously pulled abroad by increased pan-African trade between South Africa and the rest of Africa with a concentration in the Southern African region and in the manufactured goods sector (Box 4). Following the global financial crisis, with advanced economies and other emerging markets facing mounting challenges, SABGs refocused their expansion strategies to the African subcontinent, particularly in the case of Standard Bank.

The banking system is dominated by four universal banks and an investment bank which have pursued a variety of expansion strategies and timing. The big four universal banks are Standard Bank, First Rand, Nedbank, and Absa (now part of Barclays Africa Group Limited) and the investment bank is Investec. The four largest banks accounted for approximately 75 percent of deposits in 2013. After operating subsidiaries in a few neighboring countries for a number of years, Standard Bank began steadily expanding its operations starting with its acquisition of ANZ Grindlays Bank in 1993, primarily through acquisitions. Alternatively, Nedbank did not turn its attention to expanding its operations until after the global financial crisis when the retrenchment of European banks opened up opportunities. Since Nedbank did not begin expanding until well after the other SABGs, it is leveraging its relationship with Ecobank to support its customers within the Ecobank footprint. While Standard Bank and Nedbank have historically had operations in Southern African Development Community countries, FirstRand is now the most active SABG expanding in the region. Presently, South African banks have operations in 17 other sub-Saharan African countries with a representative office or investment bank branch in another six countries. Although these operations only comprise about 6 percent of assets of the group total on average, this figure is expected to grow due to the banks' continued expansion.

Similar to the Moroccan banking groups and the BAM, SABGs seem to have a good working relationship with the South African Reserve Bank (SARB). In the last five years, the SARB has required banks to submit several new reports and plans, including their pan-African expansion strategies and recovery and resolution plans, and to conduct stress-tests (capital adequacy and common scenario stress-tests). The SARB asked banks to make recovery plans on a group basis but to also include specific plans for significant subsidiaries and to indicate (1) which subsidiaries are material to the group and (2) which subsidiaries are systemically important in the host country. While the SARB requested all South African banks to perform this self-assessment, there is scope for further strengthening the SARBs' crisis management and bank resolution framework. The SARB has begun cross-border cooperation and information sharing, especially in countries where South African banks have a significant presence. However, the maturity and depth of these relationships differ among counterparts (e.g., the relationship with the United Kingdom is strong versus other African countries with which relationships are relatively new and still limited).

The SARB recognizes the difficulties their banking groups face in operating in a multitude of regions and under a myriad of regulatory and legislative frameworks, as well as the limited capacity of some of the host supervisors. For example, South Africa is the only African country in the Basel Committee on Banking Supervision and requires its banks including all subsidiaries to comply with Basel III, whereas other jurisdictions use a different Basel Standard. While this means additional work for the cross-border banks, it is part of their normal cost of doing business across different countries. The SARB tries to address the issue of limited capacity of host supervisors by holding training workshops. Furthermore, the SARB has conducted or is planning to conduct joint onsite inspections with some host supervisors, on issues related to antimoney laundering supervision for the operations of Standard Bank in Nigeria and Kenya.

In 2013, the SARB formed a supervisory college for Standard Bank and plans to form colleges for the other big banking groups. The 2013 Standard Bank meeting was held over two days. On the first day, Standard Bank presented its strategy and risks. The remaining time allowed regulators to present and discuss amongst themselves. While this is a step in the right direction, the process is still not sufficiently mature and needs careful consideration and enhancements. The SARB acknowledged that it enhanced dialogue among supervisors, allows the supervisors to know each other better, and provides good background on the risk assessment of the bank from the perspective of the host supervisor. However, they also noted it was a cumbersome process to organize. The SARB's next steps include adding crisis management on the agenda of supervisory colleges in 2015 and to form a second college for Barclays Africa Group Limited.

## West African Economic and Monetary Union

In the West African Economic and Monetary Union (WAEMU), banking is still mainly conducted within national borders. Cross-border flows to households or corporations within the region are largely in the form of syndicated loans involving a sister bank located in the country of the client; in the recent period, Côte d'Ivoire and Senegal were net recipients of these flows, whereas most other countries were net exporters. The flows are still relatively

small, at about 1.6 percent of total lending in 2012 (IMF 2013a). Limited banking integration reflects a number of factors, such as the still-limited economic integration, but also the importance of local knowledge for lending activities. The main cross-border financial flows in the WAEMU involve bank purchases of government paper.

An important recent development, however, has been the emergence of rapidly expanding pan-African banking groups. The WAEMU region is both host as well as home to some of the pan-African banks. In particular, Moroccan banks have expanded into the WAEMU region in recent years, and Togo is home to two major pan-African banking groups. European banks have remained engaged in the region.

# Appendix III. Selected Pan-African Banks

*This appendix gives a short overview of the history, structure, and major shareholders of selected pan-African banks. These include the largest groups in terms of geographic footprint or regional reach. The source of this information is the banks' reports and their websites.*

## Kenya

**Equity Bank.** Equity Bank was founded in 1984 as Equity Building Society, before transforming into microfinance and finally becoming a commercial bank in the 1990s. It mostly focuses on small and medium-sized enterprises and innovative delivery channels such as mobile banking. It first started its cross-border operations in Uganda through the acquisition of Uganda Microfinance Limited, and then moved to South Sudan, Rwanda, and lastly Tanzania by establishing subsidiaries. Equity Bank expansion to these markets was due to a number of factors such as trade, East Africa Community (EAC) integration, and diversification. Assets of Equity Bank's cross-border subsidiaries account for around ten percent of group assets, while profits account for 4.4 percent of group profits.

**Kenya Commercial Bank (KCB).** KCB is considered the largest and oldest East African bank, and is the only Kenyan bank that has subsidiaries in all EAC countries and South Sudan, and is listed in the Dar es Salaam Stock Exchange (Tanzania), Uganda Securities Exchange, and Rwanda Over the Counter Market. KCB started its cross-border operations in 1997 by setting up a subsidiary in Tanzania, and currently operates through 11 branches. In 2012, KCB completed its East African regional presence by setting up a subsidiary in Burundi. KCB's cross-border expansion has been in the form of new subsidiaries and is primarily driven by a strategy of following its customers. KCB headquarters in Kenya manages functions such as risk management, information technology, human resources, etc. KCB's cross-border operations are focused in EAC countries and South Sudan, with assets reaching US$970 million (20 percent of group assets), loans US$361 million (14 percent of group loans), and deposits US$795 million (22 percent of group deposits). Cross-border subsidiaries contributed around US$27 million in profit (16 percent of group profits). Loan-to-deposit ratio for KCBs cross-border subsidiaries is 45 percent, compared to 84 percent for Kenyan operations.

## Morocco

**Attijariwafa Bank.** The bank was established in 2004 by a merger between two banks and is headquartered in Morocco. Since 2005, it has expanded in Northern and Western Africa, where it is only present in French-speaking African countries. International subsidiaries account for 24 percent of the bank's total branch network, with overseas operations representing 24 percent of revenues and 17.6 percent of loans. Subsidiaries operate in North and West Africa and in Europe, and subsidiaries in Morocco span a number of specialized finance companies (including leasing, factoring money transfer services, real estate, asset management, and securities brokerage) as well as insurance activities, which have recently

expanded abroad as well. The major shareholders are the SNI Group (47 percent), MAMDA-MCMA Group (8 percent), Wafa Assurance (7 percent), and the Santander group (5 percent).[1]

**Banque Marocaine du Commerce Extérieur (BMCE) and Bank of Africa (BOA).** BMCE is Morocco's second largest bank and the main shareholder in BOA Group with a stake of 73 percent. Major shareholders of BMCE are FinanceCom Group (38.8 percent), a multibusiness Moroccan Group; BFCM-Holding of CIC Group (26.2 percent), a banking group in France; CDG Group (8.5 percent), an institutional investor in Morocco; and MAMDA/MCMA (5.1 percent). Besides BOA, BMCE has also stakes in La Congolaise de Banque (25 percent) and in Banque de Developpement du Mali (27.4 percent). The first BOA operation was established in 1982 through private investors in Mali. Some years after its establishment, the African Financial Holding (now known as Bank of Africa Group and incorporated in Luxembourg) was created. Its aim was to promote setting up private banks and being the principal shareholder in every BOA to be created giving technical and management support, while requiring national capital to be strongly represented. International institutions also participated, including the West African Development Bank, the International Finance Corporation, and the Netherlands Development Finance Company. BOA's activities besides banking include leasing and real estate financing, brokerage and investment companies, as well as insurance activities. With few exceptions (Burundi, Madagascar, Niger, Tanzania), the BOA Group, BOA subholdings (e.g., BOA West Africa or AFH Ocean Indien), or in some cases other BOA banks together are the majority shareholders in individual BOA banks, with national shareholders or international institutions constituting the remainder.

**Groupe Banque Centrale Populaire (GBCP).** The Popular Credit of Morocco is a grouping of banks which integrates since 2010 the Popular Central Bank and 10 Regional People's banks. It is placed under the supervision of a committee called Management Committee of the Popular Credit of Morocco. GBCP is a credit institution, in the form of a limited company with a board of directors. It has been quoted on the stock exchange since 2004. GBCP has two principal missions: (1) it is a credit institution entitled to carry out all the banking operations and (2) it is the central banking institution of the Regional People's banks. The GBCP coordinates the financial policy of the group, ensures the refinancing of the Regional People's banks and the management of their cash surpluses, as well as the services of common interest for its organizations. The government holds 11 percent of the share capital. The Regional People's banks are cooperative credit institutions entitled to carry out all the operations of bank in their respective districts. The GBCP signed in 2012 an agreement of strategic partnership with the Atlantic Financial Group to develop banking activities in seven countries of the West African Economic and Monetary Union. The GBCP acquire the

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[1] The SNI Group has major stakes in firms operating in various sectors of the Moroccan economy. MAMDA is a mutual association that helps meet the needs of Moroccan farmers and has become a major player in agriculture in Morocco. MCMA (The Mutual Insurance Central of Morocco) was established to handle nonagricultural insurance risks of the farmers and promote the mutual sector. WAFA Assurance is a subsidiary of Attijariwafa bank and provides life and nonlife insurance and reinsurance products and services.

strategic, financial, and operational management of all the subsidiaries under the name Atlantic Bank. These are run by the financial holding Atlantic Business International, whose shareholders are GBCP and Atlantic Financial Group. The Atlantic Bank network was established progressively at the end of the 1980s, before the expansion gained speed in the 2000s with the creation in 2005 of the Atlantic Financial Group holding which controls the Atlantic Bank Group.

## Nigeria

**Guaranty Trust Bank (GTBank).** GTBank was incorporated in 1990 as a limited liability company licensed to provide commercial and other banking services to the Nigerian public. GTBank began expanding beyond Nigeria in 2002 through a combination of acquisitions and greenfield startups. Currently, GTBank is present in nine countries including subsidiaries in both Anglo- and Francophone West Africa and East Africa. GTBank's foreign operations are small relative to its Nigerian operations: its share of assets in sub-Saharan Africa equals 8.7 percent. GTBank primarily engages in the provision of commercial banking services to its customers including retail banking, granting of loans and advances, equipment leasing, corporate finance, money market activities and related services, as well as foreign exchange operations. In addition to its foreign subsidiaries, which are wholly or majority owned, GTBank also wholly owns Staff Investment Trust of Nigeria and Guaranty Trust Bank Finance BV of the Netherlands, a special purpose entity used to raise funds from international financial markets. The largest shareholder in GTBank is Stanbic Nominees Nigeria Limited with a 22.3 percent stake, followed by GTBank Global Depositary Receipts with an 11.5 percent stake.

**United Bank for Africa (UBA).** UBA began operating in Nigeria as British French Bank Limited in 1948 as a subsidiary of Banque Nationale de Credit, a major French bank headquartered in Paris. After Nigeria gained independence from Britain, UBA was incorporated in 1961 to take over the business of British French Bank Limited. UBA listed its shares on the Nigerian Stock Exchange in 1970, and was thus the first Nigerian bank to undertake an initial public offering. In 2005, UBA merged with Continental Trust Bank and Standard Trust Bank, which had a subsidiary in Ghana. The following year, UBA acquired Trade Bank which was being liquidated by the Central Bank of Nigeria. Starting in 2007, UBA began expanding its operations outside of Nigeria with the formation of UBA Cameroon in 2007. The following three years marked rapid expansion to 19 new countries: Burkina Faso, Benin, Côte d'Ivoire, Liberia, Sierra Leone, and Uganda in 2008; Chad, Gabon, Guinea, Kenya, Senegal, Tanzania, and Zambia in 2010; and the Democratic Republic of Congo, Mozambique, and the Republic of Congo in 2011. Currently, UBA operates in 19 African countries, which account for about 20 percent of the group's balance sheet. Following changes in the Nigerian banking law, UBA restructured itself from a universal bank model to a "Monoline Commercial Banking Model" to provide customers with corporate, commercial, consumer, and international banking, trade services, cash management, and treasury services. In addition to being the majority owner of the aforementioned subsidiaries, UBA is also whole owner of UBA Retail Financial Services Limited, a bank services subsidiary, as well as various nonbank subsidiaries including UBA Pensions Custodian Limited, UBA FX Mart Limited, UBA Capital Europe Limited, and UBA Capital Holding Mauritius. The shareholding

structure of UBA is very diverse with the largest shareholder having 7.5 percent (UBA Staff Investment Trust Scheme). Other shareholders include UBA Staff Investment Trust Scheme (7.5 percent), Consolidated Trust Funds (4.7 percent), Hiers Holdings Limited (4.1 percent), and different custodian groupings for Stanbic Nominees Nigeria Limited.

## South Africa

**Nedbank.** Nedbank was founded in 1888 in Amsterdam as the Nederlandsche Bank en Credietvereeniging voor Zuid-Afrika. In 1951, the Nederlandsche Bank voor Zuid-Afrika was established as a South African banking company and changed its name to the Netherlands Bank of South Africa. Following a series of mergers during 1992 to 2002, the holding company changed its name from Nedcor Limited to Nedbank Group Limited in 2005. The group began expanding beyond South Africa in 1997 and 1998 with acquisitions of operations in Lesotho, Malawi (Finance Corporation Malawi), and Swaziland (Standard Chartered Limited). In 2002 and 2009, Nedbank increased its stakes to majority shareholder in the Commercial Bank of Namibia (Namibia) and MBCA Bank Limited (Zimbabwe). Its latest expansion was the acquisition of 36.4 percent in Banco Unico. Since 2008, Nedbank has an alliance with Togo-based Ecobank Transnational Incorporated (ETI) and since October 2014 is the largest shareholder of ETI with a 20 percent stake and a presence on the board of directors of ETI. Relative to Nedbank's South African operations, its operations abroad are relatively small, accounting for less than 3 percent of assets, deposits, and loans. Nedbank wholly owns most of its subsidiaries under four main entities: Nedbank Limited (which owns two of Nedbank's foreign subsidiaries, Lesotho and Swaziland), BOE Investment Holdings Limited, Nedgroup Investments Holdings 101 Limited, and Foreign Nedbank Group Subsidiaries (which owns the remaining foreign subsidiaries). The largest shareholder in Nedbank is Old Mutual Life Assurance Company Ltd with a 52.1 percent stake. Other shareholders with a stake greater than 5 percent include Nedbank Group Treasury Shares (9.9 percent) and Public Investment Corporation of South Africa (7.3 percent).

**Standard Bank.** Standard Bank Group, established in 1862, is the largest African banking group by assets and earnings and the holding company is based in Johannesburg (South Africa). Major subsidiaries include (1) the Standard Bank of South Africa; (2) Stanbic Africa Holdings, U.K. (under which most of the African banking subsidiaries are concentrated, although some African subsidiaries are direct subsidiaries of the holding company); (3) Liberty Holdings, which is the insurance and investment arm of the group; and (4) the international segment of Standard Bank Group, which is comprised of Standard International Holdings based in Luxembourg, Standard Bank Group International based in Isle of Man, and Standard Bank Offshore Group based in Jersey. The major shareholders of Standard Bank Group are the Industrial and Commercial Bank of China (25 percent), the Public Investment Corporation (15 percent), and Tutuwa participants (6 percent).[2] Regarding ownership by

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[2] The Public Investment Corporation is one of the largest investment managers in Africa and is owned by the South African Government. Tutuwa is part of the bank's black-empowerment initiative. This initiative

regions, shareholders in Africa hold 54 percent of shares, and China and the United States hold 20 percent and 14 percent of shares, respectively.

## Togo

**Ecobank/ETI.** Ecobank was set up in 1985 with the financial help of the Economic Community of West African States. Technical skills were provided by Citibank, New York, which ran Ecobank for the first four years, training African staff to take over. ETI, the parent company holding of the Ecobank group, is incorporated in Togo and has the status and privileges of a nonresident supranational financial institution. The group has been expanding its presence in at least one new sub-Saharan Africa country every year since 1997, particularly since the second half of the 2000s. It has the most extensive footprint in Africa, with operations in about 36 African countries and a network of over 1,200 branches and offices. In about 17 countries where it operates, Ecobank subsidiaries are of systemic importance. Ecobank is a full-service bank providing a broad range of wholesale, retail, investment, leasing, and microfinance products. As of October 2014, major shareholders include South-African-based Nedbank (20 percent); Qatar National Bank, the Gulf's largest bank (16.9 percent); the South African Public Investment Corporation (13.9 percent); the International Finance Corporation (14.5 percent, direct [5.2 percent] and indirect [9.3 percent] ownership); and the Ghanaian Social Security and National Insurance Trust (4 percent).[3] Since 2008, Ecobank has an alliance with Nedbank, which has been strengthened by Nedbank becoming the largest shareholder of ETI in October 2014.

**Oragroup.** Oragroup is a bank holding company based in Lomé. Oragroup's predecessor was the Financial Group, Financial BC Genève, which was created in Geneva in 1985. In 1988, it opened its first operation in Benin as Financial Bank Benin. In its early days, the Financial Group participated in a variety of activities including banking, microfinance, and leasing. Simultaneously, the group began expanding to other countries, including Chad (1992), Gabon (2002), Guinea (2002), and Togo (2003). In 2008, Emerging Capital Partners (ECP) became a minority shareholder in the group. The following year, ECP became the sole owner and restructured Oragroup into its present form, which included the divesture of its microfinance business. In 2009, Oragroup expanded to Mauritania through the minority shareholding stake taken in BACIM Bank. In 2012, Oragroup became the majority shareholder in the Banque Togolaise de Developpement, which it merged with Orabank Togo in 2013. Oragroup's major subsidiaries entail its foreign operations which are either majority or wholly owned. An exception is Orabank Mauritania in which Oragroup has a 34.4 percent stake. ECP has a further 62.6 percent stake in that subsidiary. Following approval by the Banking Commission, Oragroup is majority owner of the Banque Regionale de Solidarite Group, which operates in all eight West African Economic and Monetary Union countries. All

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was put together as part of an agreement among Standard Bank, the Safika and Shanduka (black empowerment groups), and black management and staff.

[3] The Ghanaian insurance trust is a statutory public trust charged with the administration of Ghana's National Pension Scheme. The trust is currently the biggest nonbank financial institution in Ghana.

Banque Regionale de Solidarite Group operations are rebranded as Orabank and operated as branches through Orabank Côte d'Ivoire with the exceptions of operations in Benin and Togo, which are in the process of being merged with existing subsidiaries in these countries. ECP continues to be the majority shareholder with 61.4 percent. Other shareholders include Proparco with 10.2 percent, BIO with 5.6 percent, Deutsche Investitionsund Entwicklungsgesellschaft mbG with 3.3 percent, Banque Ouest Africaine de Developpement with 2.8 percent, and Fonds Gabonais d'Investissements Strategiques with 2.6 percent, with the remainder held by other corporations and private shareholders.[4]

[4] Data as of November 2013. PROPARCO is a development financial institution partly owned by Agence Française de Développement and private shareholders from the developed countries and developing nations. BIO is a development financial institution established in 2001 in the framework of the Belgian Development Cooperation to support private sector growth in developing and emerging countries.

# Appendix IV. Banking Integration in the Association for Southeast Asian Nations[1]

In order to bring financial stability and economic benefits to the region, Association for Southeast Asian Nations (ASEAN) member-states aim to create the ASEAN Banking Integration Framework (ABIF) by 2020. Like Africa's banking sectors, the ASEAN banking sector is deeply interconnected not only regionally but also globally. Given the commonalities on cross-border banking operations, the ASEAN initiative may provide useful guidance or lessons on how to create a consolidated financial regulatory and supervisory system in Africa. However, at the current junction it is too early to draw specific lessons for integration as the process is ongoing.

To ensure a successful implementation of ABIF, four preconditions have been agreed. First, harmonization of principles of prudential regulations is needed to create a level playing field; second, financial stability infrastructure, such as macroprudential surveillance mechanism and regional crisis management protocol, is required to prevent or manage the crisis; third, technical capacity building is essential to enhance transparency and strengthen accounting and audit practices; and fourth, setting up criteria for ASEAN Qualified Banks to operate in any ASEAN states with a single passport is desired to increase the efficiency of banking sector. Working groups have been set up for each of the four pillars and ABIF is co-chaired by Malaysia and Indonesia for the period 2011–13.

Given the different level of financial market developments in the region, ABIF allows flexibilities by adopting a double-track implementation. Wide gaps were identified in all areas of ABIF among ASEAN countries, including domestic banking regulation, financial stability infrastructure, size and depth of markets, systemic risks, and technical capacity. The double-track approach is considered at the moment, broadly for ASEAN5 (Indonesia, Malaysia, Philippines, Singapore, Thailand) and BCLMV (Brunei Darussalam, Cambodia, Laos, Myanmar, Vietnam), and allows the latter to implement at a slower pace, but serious gaps are found among ASEAN5 as well. This flexible approach invites many critical debates and may drag the full implementation of ABIF.

In order to achieve sustainable financial integration in the region, centralized cross-border banking regulation and supervision is critical. As the regional financial sector is more and more integrated, ASEAN member-states are aware of potential risks and discussing all the components of centralized cross-border banking regulation and supervision. Their suggestions include (1) introducing a single cross-border banking supervisory agency in the region to enforce the harmonized prudential regulations, (2) improving framework for cross-border banking resolution and recapitalization, (3) introducing cross-border deposit guarantee system, (4) standardizing accounting and auditing practices, and (5) enhancing

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[1] ASEAN member-states are Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam (10 countries).

transparency and others. This will require substantial degree of national financial regulatory reforms which will depend on economic and political interest of individual countries.

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