

Equity Analysis

ECOBANK TRANSNATIONAL INCORPORATED HYBRID OFFER OF 8,880,259,309 ORDINARY SHARES



MEGA EQUITIES LTD

(MEMBER OF THE NIGERIAN STOCK EXCHANGE)

RC: 437893

4aa Force Road
By Race Course
Onikan-Lagos

Phone 234 1 266 9746

Fax 234 1 266 8705

Email info@megaequities.com

Nigeria

Website www.megaequities.com

Offer Information

Authorized Shares: 50,000,000,000 Ord. Shares

Issued & Fully Paid (Current): 15,655,027,274 Ord. Shares

Issued & Fully Paid (Post Offer): 24,535,286,583 Ord. Shares

Offer for Subscription: 8,880,259,309 Ord. Shares of \$0.025 each

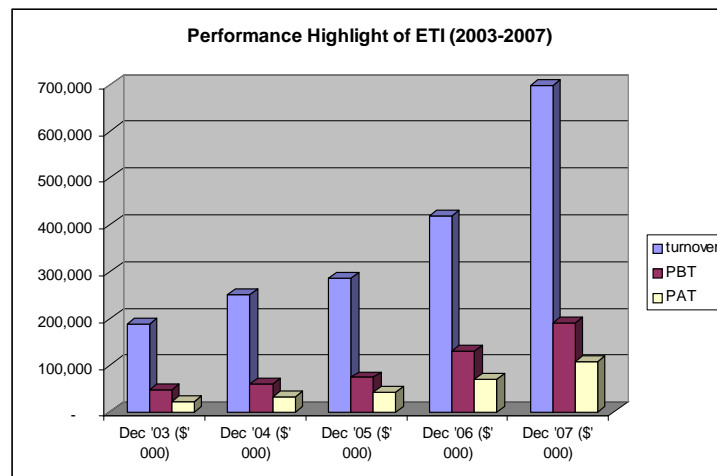
Offer Price: \$0.29 per share for Offer for Subscription and
\$0.27 per share for Rights.

Offer Period: 25th Aug. 2008 – 3rd Oct. 2008

Issuing House: Ecobank Nigeria Plc.

Joint Issuing House: Stanbic IBTC Bank Plc & ICMG Securities Ltd

Stockbrokers: Mega Equities Ltd and 30 Others



Source Data: Offer Prospectus

Table 1: Symbol		ETI		
Industry		Foreign Listing		
Listed Status		Listed		
FY End		Dec 31st		
	FY 2007	FY 2006	FY 2005	Change %
PBT (\$'000)	190,570	129,299	73,729	75.37
PAT (\$'000)	107,373	69,350	41,502	67.10
EPS (\$)	0.08	0.06	0.14	

Introduction

ETI is a public limited liability company, established as a bank holding company in 1985 under a private sector initiative spearheaded by the Federation of West African Chambers of Commerce and Industry with the support of ECOWAS. Ecobank Transnational Incorporated (ETI) is the holding company of the Ecobank Group – the leading independent regional banking group in sub-Saharan Africa with a presence in more African countries than any other bank. Established from inception as a regional bank holding company in 1985, ETI has grown to a group comprising 32 subsidiaries, over 500 branches, and over 8,000 employees across 25 west, central, southern and east African countries.

Business Activities

ETI is a conglomerate that is involved in the acquisition, management and control of activities of firms with primary business in banking, financial and development services in ECOWAS. Its principal business is the provision of banking and financial services through its subsidiaries. The Ecobank Group operates under the Ecobank brand name in all of its banking operations. ETI's objective is to develop Ecobank as a pan-African brand respected for its superior banking products and services.

From the head office located in Lomé, Togo, ETI operates a decentralized management structure that supports its subsidiaries in monitoring and overseeing each country's operations and provides extensive support in the areas of strategy and business development, management information systems, banking operations, risk management, correspondent banking, marketing, financial management, corporate governance, compliance and business ethics, and human resource management.

ETI Vs NSEASI (2007-Sept.2008)

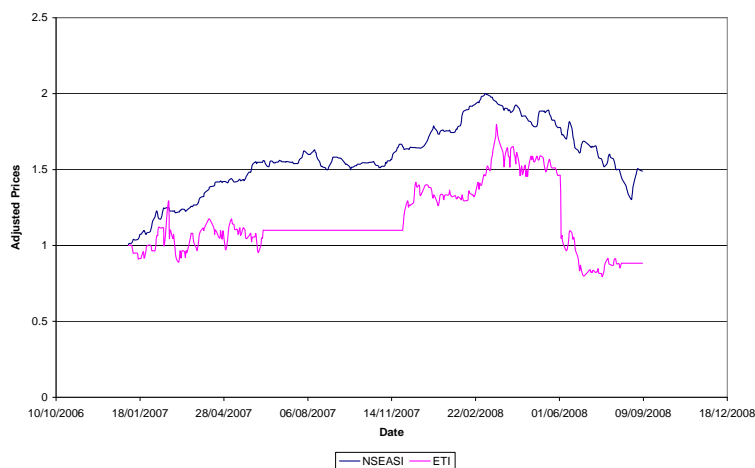


Table 2: Usage of the Offer Proceeds	\$'000	%
Capitalization of Existing Affiliates	1,400,000	56.0
Expansion into New Markets	350,000	14.0
Acquisitions	550,000	22.0
Technology and Process Upgrade	76,000	3.0
Total Net Proceeds	2,376,000	95.0
Offer Expenses	124,000	5.0
Total Offer Proceeds	2,500,000	100.0

Valuation

Using a combination of historical PE and PBV over the last 9 trailing quarters, an estimated intrinsic value of \$0.70 was arrived at for the stock. A combined net asset basis with weighted and unweighted maintainable earning basis valuation models resulted in an intrinsic value of \$0.47. At an exchange rate of =N=119/1US\$, we arrived at a weighted average value of =N=66.65.

In other words, the Offer is currently opened at 48.2% discount from the intrinsic value.

Strength

Diversified entity: ETI is currently well diversified in localization with operation in 25 countries and hence exposed to a reduced risk of one country factor. In other words economic downturn in one or few countries where subsidiaries are located would not impact significantly on the bottom-line and shareholders value

Strong Fundamental: 5 year average ROE of 21%, Total Assets in excess of US\$6.6 billion; Operating income in excess of US\$500 Million with a 5 year average growth of 37%; Loan Portfolio in excess of US\$3 billion with a CAGR of 41%; Increase efficiency in Loan management; High efficiency Ratio (61%)

Multiple Exchange Listing: currently listed on three exchanges in Africa- Nigeria, Ghana and Ivory Coast).

Strong Corporate Governance and Experience Board

The company has been managed over the years under the most stringent international corporate governance regimes in international banking laws.

Conclusion

Considering the above analysis, we recommend a **BUY**

CAVEAT

This report is produced with the best of information available to the analysts. It is purely for advisory purposes and indemnifies Mega Equities from any loss sustained by any person or group from following the information contained in the report.

For Further Enquiries, contact:

Sam Onukwue: 08035202005

B.O Ogbonna: 08034032905

Bayo Durodola: 08028914249; 07025144567

Remi Akinwale: 08033192626

Email: Info@megaequities.com

Visit our website: www.megaequities.com