



The BANK OF AFRICA Group's 2003 activity report is illustrated by photos depicting Africa in the past and Africa today... or tomorrow. Many of the old photographs come from the collection of postcards belonging to Philippe David and Georges Meurillon, which have been compiled by the Image et Mémoire (I&M) Association, whose purpose is to preserve these images as a valuable heritage for generations to come.

Western Africa - The market

Postcard n°67 - AOF general collection, Fortier, Dakar

Photo © C et B Des Jeux

## *History of the Group*

The BANK OF AFRICA-MALI (BOA-MALI) was set up at the end of 1982 in Bamako, as a matter of historical necessity and virtually without external backing.

As the initial home base, as well as an invaluable area for experiment, it was to allow confirmation and refinement of the general concept and principles that were to be the foundation for a strong regional network twentytwo years later, with eight commercial banks, a mortgage bank, three leasing subsidiaries, a firm of stockbrokers, an investment company and a wide reputation in African financial and banking circles.

The BANK OF AFRICA GROUPE emerged in three major stages between 1982 and 1998:

- The start of the experiment, with the creation of BOA-MALI;
- a change in scale, with the setting up of African Financial Holding (AFH) and the creation of BANK OF AFRICA - BENIN (BOA-BENIN);
- a steady expansion of the network, in particular with the creation of several BANK OF AFRICA companies and a number of specialist financial establishments within the West African Economic and Monetary Union.

A fourth phase began in 1999, with emphasis being put on consolidating and integrating the Group, while pursuing external growth:

- the creation of BANK OF AFRICA - MADAGASCAR in 1999,
- the setting up of EQUIPBAIL-MADAGASCAR in 2000, the founding and opening of BANK OF AFRICA - SENEGAL in 2001,
- the creation of BANQUE DE L'HABITAT DU BENIN (BHB) in 2003 and BANK OF AFRICA - KENYA in 2004, diversification into new business areas, in particular life assurance, and investment in buoyant sectors, such as telecommunications.

### *The start: BANK OF AFRICA - MALI*

At the beginning of the 1980s, the banking system in French-speaking Africa was, with rare exceptions, on the one hand made up of subsidiaries of French banks, which were mainly oriented towards financing the import-export trade and meeting the financial needs of major companies, and on the other of state banks with major management problems, strongly influenced by political ambitions, and which often followed dangerous credit policies. The first BANK OF AFRICA, BOA-MALI, was set up in December 1982, as a result of the determination of private investors in Mali, and in response to the weaknesses of existing financial institutions. The bank soon proved itself a fully fledged player in the local banking system and grew steadily between 1982 and 2004, as the main indicators showed at the end of 2004:

- Total assets CFA Francs 92.7 billion,
- Deposits received CFA Francs 74.0 billion,
- Loans made CFA Francs 54.6 billion,
- Plus nearly CFA Francs 4,600 million in share capital, representing over 12.4% of the banking system in Mali.

The factors driving this continuous expansion then proved to be key factors in the growth of other banks in the Group:

- Commercial flair and a desire to provide a quality service;
- Efforts to modernise and adapt working practices and tools to the local environment;
- Support and, occasionally, financial backing from international institutions interested in this novel experiment;
- Widest-possible participation in vital sectors of the Mali economy, especially seasonal credits for cotton and rice, and the Bank's close involvement in financing small and medium-sized companies;
- Adoption of a policy of establishing itself progressively throughout the area, by setting up offices in the main regional capitals.

## *Change of scale*

### **with the setting up of AFRICAN FINANCIAL HOLDING and creation of BANK OF AFRICA - BENIN**

The growth of BOA-MALI made it possible to envisage creating a similar set-up elsewhere. However, to provide the necessary impetus for the development and enlargement of this initial experiment and to ensure the cohesion of future components while preserving the independence of each unit, the existence of a central body appeared essential.

To this end, the company AFRICAN FINANCIAL HOLDING (AFH) was set up in February 1988. Its priorities, laid down at the outset, have always been maintained:

- to promote the setting up of private banks, in which national capital is strongly represented;
- to be a principal shareholder, providing technical support in setting up each BANK OF AFRICA and ensuring its management;

- more generally, to be associated with productive investment in all business sectors, acting both as riskcapital company and, where necessary, as a manager.

The creation of AFH quickly settled the major issue of the shareholder structure of BANK OF AFRICA companies, which fell into three sections:

- **1. Private shareholders**, preferably nationals, providing a national dimension for each bank.
- **2. The AFH holding company**, acting as a promoter, principal shareholder and technical partner for each project.
- **3. International institutions** supporting private-sector development, to help generate interest, and to increase the discipline and credibility of BOA companies. These institutions were four strategic partners - PROPARCO, the West African Development Bank (BOAD), the International Finance Corporation (IFC), and the Netherlands Development Finance Company (FMO).

BANK OF AFRICA - BENIN (BOA-BENIN) was set up on this basis, opening its doors on 15 January 1990. Its growth was remarkably strong and consistent, and by its second year of operation, it had become the country's leading commercial bank, with total assets rising successively from CFA Francs 16 billion in 1990 to CFA Francs 49.2 billion in 1992, CFA Francs 96.8 billion in 1995, and CFA Francs 263.4 billion in 2004, i.e. a 16-fold increase in 15 years.

## *Regional progressive expansion of the network*

This performance could only be sustained if AFH found the necessary financial resources and attracted institutional investors. Increasing the capital of the holding company became an ongoing priority, leading to the acquisition of significant stakes in AFH by three investors: PROPARCO, the Dutch company FMO, and the NATEXIS Bank, now NATEXIS-BANQUES POPULAIRES.

From this stronger base, which strictly preserved the Group's strategic independence, the BOA "experiment" went on to further expansion. Beginning in 1994, during the consolidation of the banks in Mali and Benin, three new BANK OF AFRICA companies were set up, in Niger, Ivory Coast, and Burkina Faso, turning the Group into a genuine network. These were followed by the creation of two leasing subsidiaries (EQUIPBAIL-BENIN and EQUIPBAIL-MALI) and a firm of stockbrokers (ACTIBOURSE).

The existence of AFH also enabled a technical support structure to be set up for the BOA companies, based on three fundamental principles:

- competent personnel for streamlined operation;
- dual role of management support and training programmes;
- uniform procedures and homogenous policies.

## ***Closer integration and pursuit of expansion by the Group***

In an environment of heightened competition, external and internal expansion has become an ever-greater priority. It is essential, however, that current consolidation and integration efforts are increased, in order to implement the changes required at this watershed in our development strategy. This applies particularly to procedures, monitoring, the development of computerisation, and bank data processing, where current and predicted progress has been driven by a collective effort and a drive for integration that is shared by all staff.

Major external growth began in 1999, with the creation of BANK OF AFRICA-MADAGASCAR, opening up a new business region for the Group and providing invaluable experience in managing a bank with a widely distributed network; the launch of EQUIPBAIL-MADAGASCAR in 2000; and the setting up of BANK OF AFRICA-SENEGAL in 2001. The Group also stepped up its strategy of diversification into new businesses: life assurance, with the creation of COLINA AFRICA VIE, in partnership with the leading Ivory Coast company in this segment; investment in buoyant sectors, with the creation of the AGORA investment firm; real-estate financing, through development and the acquisition of a majority stake in BANQUE DE L'HABITAT DU BENIN; and lastly in 2004, the creation of BANK OF AFRICA KENYA, in line with the Group's development in East Africa and the Indian Ocean. Despite this expansion, growth was largely organic during the 2004 financial year and remains strong despite the ongoing political crisis in Ivory Coast.

- the development of the BANK OF AFRICA Group, outlined above, can be summarised as follows:
- growth in total assets, which have broken through the Euros 1 billion barrier; a consolidated balance sheet total of CFA Francs 729 billion or around Euros 1,112 million at end 2004;
- consolidation of the Group's importance within the banking system of the West African Economic and Monetary Union, maintaining its position of fourth among the Union's banking groups, despite increased competition;
- consolidation of the Group's role in Africa, with a presence in eight countries and two geographical regions; Diversification of customers and activities of the various BANK OF AFRICA companies, demonstrating their ability to respond equally well to the needs of major companies and the general public;

The development of the BANK OF AFRICA Group over the last five fiscal years is shown in the diagram on the next page, followed by a presentation of our strategy for 2005 and 2006, which will close the current three-year plan.

## ***BANK OF AFRICA Group at end of 2003***

- Nearly 2,000 people, at your service
- 7 commercial banks
- 3 leasing finance companies
- 2 life assurance companies

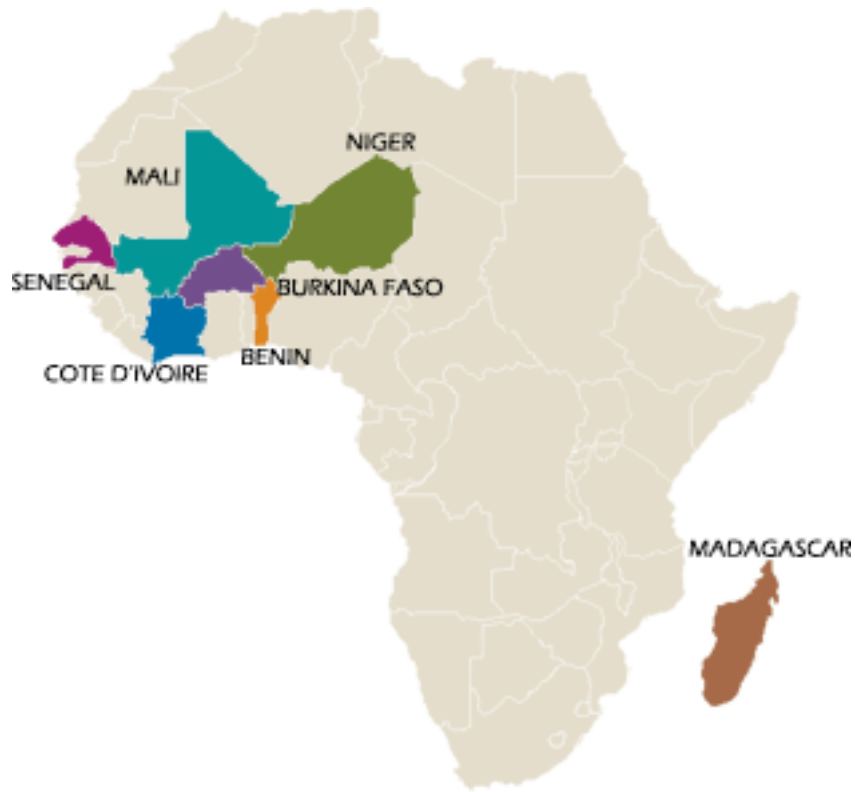
- 1 investment company
- 1 firm of stockbrokers
- 1 representative office in paris
- 1 information technology subsidiary
- 105 operating sites in 8 countries
- Total turnover of over cfa francs 80,000 million in 2003
- Over 350,000 bank accounts
- More than 300,000 customers
- More than 40 automated teller machines
- Full range of banking and financial services
- Attractive range of life assurance policies
- Solutions for all your financing problems
- Powerful financial engineering
- Strong regional network
- Strategic partners such as :
  - Natexis banques populaires, proparco, international finance corporation (ifc - world bank group),
  - West african development bank (boad), netherlands development finance company (fmo).
- Continuous growth for 20 years
- Unique experience in africa

## ***Features of bank of africa group :***

- Quality of customer service
- Dynamism and availability of staff
- Financial solidity and cohesion of the network
- Range of finance available
- Expertise in financial engineering

## *BANK OF AFRICA Group Companies in 2003*

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## ***Members of the Board of Directors of AFRICAN FINANCIAL HOLDING (AFH)***

The Board of Directors is currently composed of the following seven members:

- M. Paul DERREUMAUX, Chairman
- M. Mamadou Amadou AW
- M. Mossadeck BALLY
- PROPARCO, represented by M. Laurent DEMEY
- NETHERLANDS DEVELOPMENT FINANCE COMPANY (FMO), represented by M. B.A.M ZWINKELS
- M. Francis SUEUR
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## Highlights

During year 2003

### March

- Increase in the share capital of AFRICAN FINANCIAL HOLDING (AFH) to Euros 15.5 million, fully paid-up.

### April

- BANK OF AFRICA holds its 2003 meeting for network managers, in Madagascar.
- Deployment of SESAME, the personal payment card, at BANK OF AFRICA - BURKINA FASO.

### June

- Deployment of SESAME, the personal payment card, at BANK OF AFRICA - COTE D'IVOIRE.

### September

- BANK OF AFRICA holds its 2003 meeting for network directors in Brussels.

### October

- Draft agreement signed with Belgolaise bank for a strategic alliance.
- Deployment of SESAME, the personal payment card, at BANK OF AFRICA - MADAGASCAR.

### November

- Deployment of the personal payment card, SESAME, at BANK OF AFRICA - MALI.

### December

- Series of events held at Bamako to mark the 20th anniversary of BANK OF AFRICA - MALI.
- The BANK OF AFRICA - NIGER share is listed on the BRVM (the regional stock exchange).

## Key figures

31/12/2003 — In Euros Thousands

### Group and Banks

	BANK OF AFRICA Group	BOA-BENIN	BOA-BURKINA FASO	BOA-COTE D'IVOIRE
Total assets	<u>1 691 005</u>	<u>248 088</u>	<u>59 281</u>	<u>81 070</u>
Deposits	<u>559 113</u>	<u>197 931</u>	<u>49 913</u>	<u>60 594</u>
Trade receivables	<u>323 112</u>	<u>111 883</u>	<u>37 641</u>	<u>51 047</u>
Turnover	<u>60 757</u>	<u>17 833</u>	<u>5 911</u>	<u>8 105</u>
Pre-tax profit	<u>8 397</u>	<u>3 032</u>	<u>799</u>	<u>95</u>

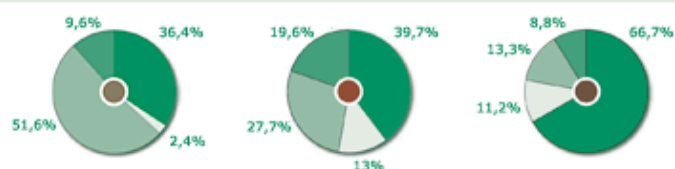
Shareholders

AFH

Other BOA companies

National and others

Intl. Institutions



	BOA-MADAGASCAR	BOA-MALI	BOA-NIGER	BOA-SENEGAL
Total assets	<u>166 104</u>	<u>89 206</u>	<u>26 668</u>	<u>20 588</u>
Deposits	<u>140 357</u>	<u>73 162</u>	<u>21 927</u>	<u>15 274</u>
Trade receivables	<u>58 843</u>	<u>43 185</u>	<u>10 315</u>	<u>10 198</u>
Turnover	<u>17 498</u>	<u>7 181</u>	<u>2 592</u>	<u>1 637</u>
Pre-tax profit	<u>3 369</u>	<u>513</u>	<u>510</u>	<u>79</u>

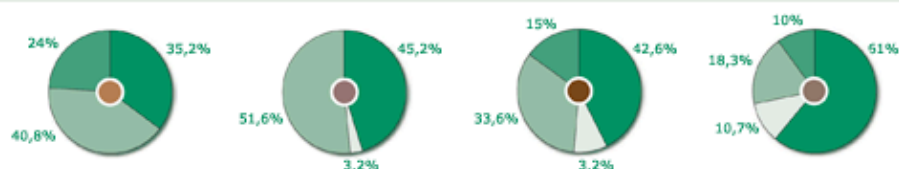
Shareholders

AFH

Other BOA companies

National and others

Intl. Institutions

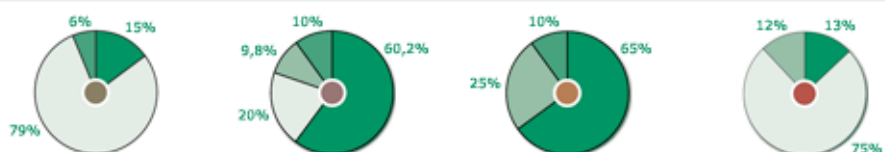


## Leasing companies & other subsidiaries

	EQUIPBAIL-BENIN	EQUIPBAIL-MALI	EQUIPBAIL-MADAGASCAR	ACTIBOURSE
Assets	3 448	2 512	19 524	1 251
Volume of Operations	1 979	852	9 687	66 775
Turnover	1 761	827	5 531	497
Pre-tax profit	113	15	213	195

### Shareholders

AFH
Other BOA companies
National and others
Intl. Institutions



## Chairman's Message



Strong internal growth, new steps towards integration and continuing diversification were the main features marking 2002 for the AFRICAN FINANCIAL HOLDING/BANK OF AFRICA (AFH/BOA) Group.

2003 was notable for a further rise in our indicators, as well as progress on a number of projects concerning both the network and our geographic expansion.

In terms of activities and results, the AFH/BOA Group's consolidated accounts reveal an increase in most of its key indicators for 2003: +21.2% for the total balance sheet which, for the first time, at 1.15 billion euros, has risen above the symbolic threshold of one billion euros; +19.5% in customer deposits; +33.1% in the volume of

direct loans; +24.5% in the final net income, which stands at around 13.5 million euros. This upward trend reflects two major factors:

- it is entirely the result of the internal growth of our existing entities. The expansion of the networks was limited in 2003 to the opening to the public in Cotonou, last June, of Crédit Africain, a consumer loans company in which the BANK OF AFRICA - BENIN is the major shareholder;
- the contribution of the various Group companies to this overall result was more evenly distributed: all institutions were profit-making in 2003, and the decline in profits of the BANK OF AFRICA - BENIN was partly offset by the significant increase in the earnings of a number of banks, despite an environment which remained problematic.

The past financial year also saw progress on a number of projects that have a decisive role to play in strengthening the Group's integration and implementing its new product offering. Notable achievements were:

- the acceleration of the implementation of the electronic banking programme, with the deployment of SESAME, a personal payment card, right across the network, and the conclusion of negotiations with Visa to enable the AFH/BOA Group to join its international credit card scheme;
- the ongoing application of other elements in the Group's IT plan for 2003-2005, which was adopted at the end of 2002;

- the launch, effective end 2003, of the Human Resources Development Plan for all Group companies;
- the adoption by all BANK OF AFRICA branches at the end of 2003 of a new three-year development plan for 2004-2006.

Finally, the most important achievements of 2003 undoubtedly concerned the progress achieved on three projects for the creation of new entities, which are either being finalized or still negotiated, and which should give the Group a new dimension if they go ahead:

- Banque de l'Habitat du Bénin (BHB), which would give us a new area of expertise,
- BANK OF AFRICA - KENYA, which would represent the Group's first move into English-speaking Africa,
- a new partnership with Belgolaise, which should accelerate our development in English-speaking Africa, strengthen our presence in two areas
- of the continent - West Africa and East Africa/Indian Ocean - and widen our strategic partnership with a second European banking group.

**2003 can therefore be viewed as having been rich in potential, both for the further consolidation of our financial position and for new areas of major expansion. At the same time, it set out the path that must be followed in 2004, which is to turn our major commitment to open new entities in the network into reality, while strengthening the Group's integration and solidity right across this network, in order to ensure that these important developments will have long-lasting results.**

**We know what the ambitions of this programme are, but we also know that they reflect the ambitions of everyone who works for the Group, as well as all the shareholders of AFH and the other companies. We therefore hope that we may once again count on the dedication of everyone to the implementation of our action plans, as was the case in 2003, and I would like to take this opportunity to offer my sincere thanks to everyone involved in the BANK OF AFRICA Group.**

Paul DERREUMAUX

**Directeur Général**

## **Report by the Board of Directors**

to the Postponed Annual General Meeting to be held on July 29th, 2004

Management report of the Board of Directors to the Annual General Meeting held on July 29th, 2004

In accordance with the law and the articles of association we hereby submit to you for approval the annual accounts of your company as of December 31st, 2003.

On March 28th, 2003 the share capital of your company was increased of an amount of

Euro 3 875 000,- (three million eight hundred seventy five thousand) so that the share capital was increased from Euro 11 625 000 (eleven million six hundred twenty five thousand) to Euro 15 500 000 (fifteen million five hundred thousand).

## **During the year 2003 we acquired;**

- 13 005 new shares of AFRICAN FINANCIAL HOLDING - OCEAN INDIEN S.A. Therefore our participation in this company amounted to EUR 1 530 000,- as of December 31st, 2003, which represents 15 300 shares of this company.
- 3 500 new shares of AFH-SERVICES LTD. Therefore our participation in this company amounted to EUR 12 549.32 as of December 31st, 2003, which represents 8 500 shares of this company.
- 1 210 new shares of BOA-MALI. Therefore our participation amounted to EUR 1 966 742.67 as of December 31st, 2003, which represents 255 868 shares of this company.
- 10 000 new shares of BOA-BENIN. Therefore our participation in this company amounted to EUR 5 371 714.53 as of December 31st, 2003, which represents 215 671 shares of this company.

## **Furthermore we sold:**

- 100 shares of BOA NIGER. Therefore our participation was reduced to EUR 806 131.41 as of December 31st, 2003, which represents 63 851 shares of this company.
- 3 600 shares of AGORA HOLDING. Therefore our participation was reduced to EUR 57 930.63 as of December 31st, 2003, which represents 3 800 shares of this company.

## **We also acquired:**

- 30 000 shares of BANQUE DE L'HABITAT BENIN. This new participation is estimated at EUR 457 347.05 as of December 31st, 2003.

The following participations did not change during the year 2003:

	Shares
ACTIBOURSE	3 900
BOA-BURKINA FASO	59 600
BOA-COTE D'IVOIRE	133 396
BOA-SENEGAL	88 985
COLINA AFRICA VIE	5 600
COLINA AFRICA VIE-BENIN	15 494
EQUIPBAIL-BENIN	6 000
EQUIPBAIL-MADAGASCAR	170
EQUIPBAIL-MALI	18 046
HOLDEFI	20 000
SCI OLYMPE	3 000

As of December 31st, 2003, our financial fixed assets amounted to EUR 16 424079.44 and our intangible assets amounted to EUR 3 359.36.

Our debts amounted to EUR 2 616 744 and our current assets amounted to EUR 3 282 778.95. Our cash in bank amounted to EUR 1 359 090.97.

On the income side we registered income from fixed assets for an amount of EUR 1 755 952.38. We also registered income from current assets for an amount of EUR 80 294.05 and extraordinary income for an amount of EUR 378 923.50.

On the other side we registered general expenses for an amount of EUR 332 371.65. We booked value adjustments on current assets for EUR 108 177.45. We also registered interests and similar charges for an amount of EUR 168 321.99.

From these figures results a profit of EUR 1 606 298.84 as of December 31st, 2003. Considering the profit brought forward, i.e.

EUR 693 797.88, the total profit amounts to EUR 2 300 096.72 as of December 31st, 2003.

We propose the following distribution:

Legal reserve 5%	EUR 80 500.00
Dividends (10% of the share capital)	EUR 1 550 000.00
Profit brought forward	EUR 669 596.72

Regarding the financial year 2004 your company's activities induce us to foresee an evolution similar to the preceding year.

By special vote we ask you to grant discharge to the Directors of the company with respect to the period ended December 31st, 2003 and to the statutory auditor of the Company for the execution of its mandate regarding the fiscal year 2003.

June 17th, 2004

The Board of Directors

Paul DERREUMAUX

Managing Director

Mossadeck BALLY

Director

NETHERLANDS DEVELOPMENT FINANCE COMPANY

Director

PROPARCO

Director

Mamadou AMADOU AW

Director

Francis SUEUR

Director

Please note that the French version prevails.



## *Report by the Company's Auditors*

on the financial results to 31 December 2003

Following our appointment by the General Meeting of the Shareholders, we have audited the accompanying annual accounts of the S.A. AFRICAN FINANCIAL HOLDING the year ending December 31, 2003, and have read the related management report.

These annual accounts and the management report are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these annual accounts based on our audit and to check the consistency of the management report with them.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the annual accounts. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall annual accounts presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the attached annual accounts give, in conformity with the Luxembourg legal and regulatory requirements, a true and fair view of the financial position of the S.A. AFRICAN FINANCIAL HOLDING as of December 31st, 2003 and of the results of its operations for the same period.

The management report is in accordance with the annual accounts.

Carlo REDING

Partner  
for the year ending December 31, 2003

Tom PFEIFFER

Manager

PKF LUXEMBOURG S.A.

Companies Auditor

Luxembourg, June 18, 2004.

In case of discrepancies with the French version of the present report, the French version prevails.

Balance Sheet & Profit and Loss Accounts

## Balance Sheet (In Euros)

Assets	Fiscal Year 2002	Fiscal Year 2003
Investments	14 126 244.32	16 427 438.80
• Intangible assets	21 881.31	3 359.36
• Investments in subsidiaries	14 104 363.01	16 424 079.44
Current assets	7 214 289.98	7 258 613.92
• Trade receivables	4 028 681.03	2 616 744.00
• Marketable securities	2 806 060.36	3 282 778.95
• Bank accounts, post office cheque accounts, cheques and cash in hand	379 548.59	1 359 090.97
<b>Total assets</b>	<b>21 340 534.30</b>	<b>23 686 052.72</b>

Liabilities	Fiscal Year 2002	Fiscal Year 2003
Shareholders' equity	12 400 092.96	16 777 137.51
• Registered capital	11 625 000.00	15 500 000.00
• Share premiums	157 540.81	157 540.81
• Reserves	335 798.82	425 798.82
• Of which legal reserves	335 798.82	425 798.82
• Earned surplus account	281 753.33	693 797.88
Reserves for contingencies and losses	192 175.71	192 175.71
Liabilities	6 967 471.08	5 110 440.66
• Other liabilities	6 967 471.08	5 110 440.66
Annual profit	1 780 794.55	1 606 298.84
<b>Total liabilities</b>	<b>21 340 534.30</b>	<b>23 686 052.72</b>

## *Profit and Loss Accounts (In Euros)*

<b>Expenditure</b>	<b>Fiscal Year 2002</b>	<b>Fiscal Year 2003</b>
Corrections to securities under assets	19 299.14	108 177.45
Interest and related expenses	1 662.44	168 321.99
Other expenses	442 997.51	332 371.65
Profit for the period	1 780 794.55	1 606 298.84
<b>Total expenses</b>	<b>2 244 753.64</b>	<b>2 215 169.93</b>

<b>Income</b>	<b>Fiscal Year 2002</b>	<b>Fiscal Year 2003</b>
Income from investment assets	1 620 833.58	1 755 952.38
Income from current assets	606 451.58	80 294.05
Exceptional income	17 468.48	378 923.50
<b>Total income</b>	<b>2 244 753.64</b>	<b>2 215 169.93</b>

## ***Letter of opinion***

We have audited the accompanying consolidated financial statements of the Group AFRICAN FINANCIAL HOLDING/BANK OF AFRICA (AFH/BOA) for the year ended December 31, 2003.

We conducted our audit in accordance with the professional standards applied. Those standards require that we plan and perform the audit to obtain a reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements.

An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statements presentation. We believe that our audit provides a reasonable basis for our opinion expressed below.

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position, and the assets and liabilities as of December 31, 2003 and of the results of operations of the companies included in the consolidation for the year then ended in accordance with accounting principles generally accepted.

Cotonou, June 15th, 2003

MAZARS ET GUÉRARD

ARMAND FANDOHAN

Partner

## ***Comments***

### ***Accounting principles and evaluation methods year***

### ***Significant events of the 2003 financial***

### ***Increases in company capital***

Operations for increasing company capital carried out in the course of the 2003 financial year concerned the parent company AFH S.A. and the AFH-OCEAN INDIEN subsidiary:

- AFH S.A. increased its capital by Euros 3,875,000 (CFA Francs 2,541,833,375) from Euros 11,625,500 (CFA Francs 7,625,500,125) to Euros 15,000,000 (CFA Francs 10,167,333,500). 25,000 shares of Euros 155 (CFA Francs 101,673) each were issued and fully paid up in cash;

- AFH-OCEAN INDIEN's initial capital of Euros 300,000 (CFA Francs 196,787,100) was increased to Euros 2,000,000 (CFA Francs 1,311,914,000) by the issue of 97,000 shares of Euros 100 (CFA Francs 65,596) each, paid up by offsetting against accounts held by the former shareholders.

## ***Changes in the scope of consolidation***

The main changes in the scope of consolidation were as follows:

- the Group's holding in AFH-SERVICES increased from 50% at 31 December 2002 to 85% at 31 December 2003, as a result of AFH S.A.'s repurchase of 3,500 additional shares;
- in the course of the financial year the parent company AFH S.A. acquired 12,503 shares in the BOA-BENIN subsidiary;
- as a result, the Group strengthened its position in this bank, with its holding increasing from 35.70% to 37.80% from one year to the next;
- BOA-NIGER'S shares were floated on the regional stock exchange (Bourse Régionale de Valeurs Mobilières – BRVM) in December 2003; apart from this significant event, a number of transactions were carried out involving shares in this subsidiary in the course of the 2003 financial year, resulting in the Group's holding falling from 49.60% at 31 December 2002 to 45.91% at 31 December 2003:
  - BOA-BENIN acquired 4,500 shares previously held by PROPARCO;
  - 17,970 shares were disposed of under the public offer made when the shares were floated on the BRVM;
  - 1,530 shares were disposed of to private individuals;
- BOA-BENIN acquired 4,513 shares in BOA-CÔTE D'IVOIRE previously held by Cauris Investissement, increasing the Group's holding in the Ivory Coast subsidiary from 69.87% to 70.91%;
- the AGORA shares which AFH S.A. held as a nominee were disposed of, resulting in a drop of 46.46 points in the Group's stake in this holding company.

## ***Principles of consolidation***

The consolidated accounts have been drawn up in accordance with norms currently in force internationally, and are presented in the form required for banks and financial institutions.

They include, by global consolidation, the accounts of all the subsidiaries over which the Group has exclusive control, either by directly or indirectly holding the majority of the corresponding voting rights, or by the designation of the majority of the members of the administrative or management organs (effective control). Global consolidation makes it possible, after eliminating internal operations and results, to quantify all the assets, liabilities and items included in the profit and loss accounts of the companies concerned, the proportion of the results and of equity capital related to companies in the Group

("Group share") being distinguished from those related to the holdings of other shareholders ("minority holdings").

The equity method is applied to associated companies in which the Group exercises substantial influence either directly or indirectly. This method is also applied to those subsidiaries where the nature of their activities and the rules for drawing up the company accounts are different from those of banks and financial institutions, excepting holding companies. The equity method consists of substituting for the book value of the securities held the amount of the proportion of the associated company's equity capital they represent, including the results of the financial year.

At 31 December 2003, no company in the Group was consolidated by proportional integration.

The list of consolidated companies at 31 December 2003 is given in Note 2. The consolidation method applied to each subsidiary is indicated.

The results of the companies acquired (or disposed of) in the course of the financial year are included in the consolidated profit and loss account for the period after the date of acquisition (or prior to the date of disposal).

All significant transactions among the companies included in the consolidation, and the internal results of the consolidation (including dividends), are eliminated.

The consolidation entry variance noted when a holding is first taken up is the difference between the purchase cost and the proportion of the company's reprocessed equity capital on the date of acquisition. In compliance with recommendations made by international bodies, this difference is generally posted to the appropriate sections of the consolidated balance sheet and the remainder not allocated is included under "Consolidated goodwill" in the assets of the consolidated balance sheet if the variance is positive.

Positive acquisition variances are amortized over 10 years according to a schedule that reflects as reasonably as possible the hypothesis adopted, the objectives determined and the prospects envisaged at the time of acquisition.

If these various factors do not fall into line with initial forecasts, the consolidated goodwill concerned is reduced, beyond the amortization schedule provided for.

Negative acquisition variances are reclassified as provisions for liabilities and expenses in the consolidated balance sheet, and shown in the profit and loss account as described above.

## ***Principle of closing the accounts***

The companies are consolidated on the basis of accounts closed at 31 December 2003. If necessary, these accounts are restated to bring them into line with the Group's accounting principles.

## ***Conversion of foreign currencies***

The AFH S.A., AFH-SERVICES and AFH-INDIAN OCEAN companies keep their accounts in Euros.

The accounts of companies within the scope of consolidation are kept in CFA Francs or in Madagascar Francs.

The consolidated balance sheet, the consolidated profit and loss account and items given in figures in the comments to the accounts are expressed in Euros.

The conversion method used is that of the historic rate.

## ***Fund for general banking risks***

In accordance with the evaluation method defined by the Group's Holdings Management, the provision for general banking risks is calculated at each bank by applying a rate to all the net commitments in terms of liquidity and client signatures apart from surety. Commitments in respect of public-sector and assimilated undertakings and commitments covered by a fixed-term deposit pledge or an on-demand bank guarantee are not included in the basis of the calculation.

An evolutive rate is applied in the banks which calculate this provision with an objective of 7%.

The provisions constituted in the company accounts of BOABENIN, BOA-BURKINA FASO, BOA-CÔTE D'IVOIRE, BOA-NIGER, BOA-MALI and BOA-MADAGASCAR take the form of a reserve. They have been included in the consolidated reserves.

## ***Leasing operations***

Operations involving leasing, rental with a purchase option and hire-purchase are included in the balance sheet in respect of the financial amounts outstanding in place of the amounts outstanding determined according to company accounting. The latent reserve is included in the consolidated reserves for a net amount of deferred taxes.

The provision for a negative latent reserve noted in the company accounts is eliminated in the consolidation, taking any fiscal impact into account.

## ***Intangible assets***

Goodwill, licences, patents and acquired lease rights are recorded at their purchase cost. Goodwill is not amortized.

Other intangible assets are amortized using the straight-line method according to their estimated economic lifetimes.

## ***Fixed assets***

Land, buildings and equipment are evaluated at the original cost price. Amortizations are calculated using the straight line method, according to the estimated useful lives of the items.

## ***Shareholdings***

The heading "Financial investments" includes both securities in companies to which the equity method is applied and holdings in companies not included in the consolidation.

The heading "Non-consolidated financial investments" corresponds to the purchase cost of securities in companies not included in the consolidation, after deducting the provisions made for decrease in value. The dividends received from companies not included in the consolidation are recorded in the accounts as income in the year in which they are cashed.

## ***Deferred taxes***

Deferred taxes are noted in respect of the temporary differences between the taxable base and the accounting result. They include more specifically the elimination of entries noted in the individual accounts in application of tax options.

Deferred tax assets are not included in the balance sheet unless the company concerned is reasonably sure of recovering them in the course of subsequent financial years.

## ***Retirement commitments***

The commitments corresponding to the rights acquired by employees as regards retirement are determined according to the legislation of the country in which the company is based. The provisions thus determined are not updated.

They have been calculated by the subsidiaries BOA-MADAGASCAR, BOA-MALI, BOA-NIGER and BOA-SENEGAL.

## ***Comparability from one financial year to the next***

The consolidated accounts of the AFH/BOA Group at 31 December 2003 have been drawn up according to the method applicable to each subsidiary, not only according to the percentage of the Group's control but also according to criteria of "effective control".



## ***Scope of consolidation to 31 decembre 2003***

Companies consolidated in the accounts of the AFH/BOA Group are as follows:

### ***Parent company :***

- AFRICAN FINANCIAL HOLDING (AFH SA),

### ***Integrated holding companies :***

- AFH-SERVICES LTD
- AFH-OCÉAN INDIEN
- AGORA

### ***Integrated banks and financial institutions :***

- BOA-BENIN
- BOA-BURKINA FASO
- BOA-CÔTE D'IVOIRE
- BOA-MADAGASCAR
- BOA-MALI
- BOA-NIGER
- BOA-SENEGAL
- ÉQUIPBAIL-BÉNIN
- EQUIPBAIL-MADAGASCAR
- ÉQUIPBAIL-MALI

### ***Companies to which the equity method is applied: :***

- ACTIBOURSE
- AISSA SARL
- SCI OLYMPE
- COLINA AFRICA VIE-BÉNIN
- COLINA AFRICA VIE-CÔTE D'IVOIRE

## Percentages of control and holdings, and consolidation methods

Company	Fiscal Year 2003			Fiscal Year 2002		
	% Holding	% Control	Consolidation Method	% Holding	% Control	Consolidation Method
AFH	100,00	100,00	PARENT C.	100,00	100,00	PARENT C.
AFH-OCEAN INDIEN	87,37	100,00	IG	86,94	100,00	IG
AFH-SERVICES LTD	85,00	85,00	IG	50,00	50,00	IG
AGORA	27,03	52,60	IG	73,49	95 %	IG
BOA-BENIN	37,80	38,75	IG	35,70	35,66	IG
BOA-BURKINA FASO	45,29	52,69	IG	45,37	52,69	IG
BOA-COTE D'IVOIRE	70,91	77,85	IG	69,87	75,60	IG
BOA-MADAGASCAR	30,66	35,09	IG	30,51	35,09	IG
BOA-MALI	46,38	48,37	IG	46,07	48,13	IG
BOA-NIGER	45,91	51,40	IG	49,60	62,14	IG
BOA-SENEGAL	67,13	76,66	IG	67,01	74,32	IG
EQUIPBAIL-BENIN	44,76	93,73	IG	43,10	93,73	IG
EQUIPBAIL-MADAGASCAR	56,79	64,99	IG	56,51	64,93	IG
EQUIPBAIL-MALI	67,89	80,15	IG	67,48	80,15	IG
ACTIBOURSE	49,32	88,00	MEE	49,19	88,00	MEE
AISSA SARL	49,98	100,00	MEE	50,13	100,00	MEE
SCI OLYMPE	58,58	100,00	MEE	57,99	100,00	MEE
COLINA AFRICA VIE-BÉNIN	35,84	43,82	MEE	35,57	43,82	MEE
COLINA AFRICA VIE-CÔTE D'IVOIRE	40,44	45,00	MEE	40,28	40,00	MEE

PARENT C. : parent company

IG: global consolidation method

MEE: equity method

The BOA-BENIN, BOA-MADAGASCAR and BOA-MALI subsidiaries have been consolidated using the global consolidation method, because of the effective control exercised by the AFH/BOA Group.

## Balance Sheet

Consolidate Accounts for the AFH/BOA Group( in EURO)

### Assets

Assets	Fiscal Year 2002	Fiscal Year 2003
Cash	28 402 328	42 110 948
Interbank placements	340 462 562	374 679 686
• Demand deposits	187 660 112	182 872 290
· Central Banks	141 761 172	107 588 217
· Treasury, Post Office bank	2 902 529	1 198 498
· Other credit institutions	42 996 410	74 085 575
• Term deposits	152 802 451	191 807 396
Customer loans	401 398 934	534 398 998
• Portfolio of discounted bills	30 463 665	40 597 654
· Seasonal credit		
· Ordinary credit	30 463 665	40 597 654
• Ordinary debtor accounts	121 752 831	150 255 635
• Other customer credit facilities	248 177 951	343 545 709
· Seasonal credit	35 236 501	52 185 204
· Ordinary credit	212 941 450	291 360 505
• Factoring	1 004 487	
Leasing and related operations	5 097 591	6 600 066
Current securities	57 956 738	61 992 813
Investments in associates	12 158 493	13 206 767
Financial investments at equity value	2 060 199	2 266 653
Intangible assets	2 161 906	2 175 091
Fixed assets	29 132 327	31 821 743
Shareholders or associates		
Other assets	52 919 687	56 450 298
Sundry accounts	20 205 996	27 590 681
Consolidated goodwill	108 113	163 575
<b>Total assets</b>	<b>952 064 875</b>	<b>1 153 457 319</b>

<b>Off-Balance-Sheet</b>	<b>Fiscal Year 2002</b>	<b>Fiscal Year 2003</b>
Commitments given		
• Financing commitments	48 466 701	62 662 891
· In favour of credit institutions	2 597 324	
· In favour of customers	45 869 377	62 662 891
• Guarantees given	182 981 948	192 996 177
· On behalf of credit institutions	35 804 205	55 729 730
· On behalf of customers	147 177 743	137 266 447
• Commitments on security		

## Liabilities

Liabilities	Fiscal Year 2002	Fiscal Year 2003
Interbank liabilities	35 589 322	47 780 630
• At sight	18 992 500	30 697 713
• Treasury, Post Office bank	296 222	315 006
• Other credit institutions	18 696 278	30 382 706
• Long-term	16 596 822	17 082 917
Customers' deposits	794 648 320	949 187 012
• Savings deposit accounts	74 558 735	101 635 098
• Time deposit accounts	791 622	2 011 927
• Short-term borrowings	15 798 752	21 600 521
• Other demand deposits	505 088 348	582 006 610
• Other time deposit accounts	198 410 864	241 932 855
Debts evidenced by securities	7 744 279	4 638 719
Other liabilities	24 152 701	30 020 309
Sundry accounts	20 401 556	26 976 987
Consolidated goodwill	3 272 110	2 954 732
Reserves for contingencies & losses	942 896	7 199 140
Tax provisions		
Subordinated debt	2 936 168	7 832 254
Reserve for general banking risks		
Capital	11 625 000	15 500 000
Share premiums		
Consolidated reserves	39 882 730	47 835 084
• Group	7 821 352	11 278 029
• Minority shareholders	32 061 378	36 557 056
Retained earnings (+/-)		
Net income	10 869 792	13 532 454
• Group	4 466 137	5 156 181
• Minority shareholders	6 403 655	8 376 273
<b>Total liabilities</b>	<b>952 064 875</b>	<b>1 153 457 319</b>

<b>Off-Balance-Sheet</b>	<b>Fiscal Year 2002</b>	<b>Fiscal Year 2003</b>
Commitments received		
• Financial commitments		
· Received from credit institutions		
• Guarantees received	275 080 735	333 017 751
· Received from credit institutions	37 410 458	21 338 878
· Received from customers	237 670 277	311 678 873
• Commitments on security	85 001 024	141 688 920

## ***AFH/BOA Group Income statement***

Compared financial statement for the last two financial years (in Euros).

### ***Expenditure***

<b>Expenditure</b>	<b>Fiscal Year 2002</b>	<b>Fiscal Year 2003</b>
Interest rate and related expenses	19 171 888	22 288 285
• On interbank debits	1 459 537	1 965 146
• On customers' debits	16 808 393	19 351 796
• On securities	614 845	332 035
• Other interest and related expenses	289 113	639 307
Expenses on leasing and related operations	3 450 580	3 002 929
Commission	302 008	418 176
Expenses on financial transactions	292 018	1 043 313
• Investment expenses	19 367	20 230
• Foreign exchange expenses	256 468	1 021 203
• Off-balance-sheet transaction expenses	16 182	1 880
Other bank operating expenses	47 839	86 051
Changes in good in stock	215 146	
General operating expenses	33 052 496	41 507 844
• Personnel costs	13 163 126	18 496 638
• Other general expenses	19 889 370	23 011 206
Depreciation and provisions charged against assets	6 059 621	6 870 675
Deficit on corrections to securities, loans and off-balance-sheet	6 669 123	13 907 156
Excess of provisions over funds recovered for general banking risks		
Exceptional expenses	3 949 344	2 511 967
Losses from previous years	1 389 106	2 133 536
Corporate Income tax	2 826 223	3 569 859
Excess of provisions over funds recovered over consolidated goodwill		
<b>Profit</b>	<b>10 869 792</b>	<b>13 532 454</b>
<b>Total Expenses</b>	<b>88 295 184</b>	<b>110 872 244</b>



## Income

Income	Fiscal Year 2002	Fiscal Year 2003
Interest and related income	53 685 063	72 159 614
• On interbank loans	11 856 268	20 036 077
• On customers' loans	40 710 199	50 727 736
• On securities	295	141 778
• Other interest and related income	1 118 302	1 254 024
Income from leasing and related operations	4 233 425	3 455 150
Commission	6 299 087	6 977 381
Income from financial transactions	11 628 082	13 542 283
• Income from current securities	3 862 121	3 609 249
• Dividends and related income	29 016	259 075
• Income from foreign exchange transactions	3 725 390	5 147 866
• Income from off-balance-sheet transactions	4 011 555	4 526 092
Other income from banking operations	5 334 818	7 831 425
Changes in goods in stock	54 000	828 449
General operating income	1 819 738	1 953 661
Recovery of depreciation and provisions on fixed assets	122 027	544 574
Surplus on corrections to value of loans and off-balance-sheet items		
Surplus recovered on provision of funds for general banking risks		
Exceptional income	3 291 889	2 675 766
Profits on previous fiscal years	1 827 053	903 941
Surplus recovered on provisions for consolidated goodwill		
Loss		
<b>Total Income</b>	<b>88 295 184</b>	<b>110 872 244</b>