The 2004 annual report features some of the people whose past and present actions have made the BANK OF AFRICA what it is today, one of the most dynamic banking groups in its sector in sub-Saharan Africa. The Group wishes to express its pride and gratitude to these employees who, inspired by common values, work tirelessly to create customer satisfaction and to further the Group's success.

Groupe BANK OF AFRICA Central Structures team.

Photograph taken in May 2005, by Erick-Christian Ahounou. © BOA.

The BANK OF AFRICA Group

- Nearly 2 000 people, at your service
- 9 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
- 120 operating sites in 8 countries
- Total turnover of over cfa francs 100,000 million in 2004
- Over 500,000 bank accounts
- Nearly 450,000 customers
- More than 50 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

BANK OF AFRICA
GROUPE BANK OF AFRICA

BANK OF AFRICA Group strong points

- Quality of customer service
- Dynamism and availability of staff
- Financial soundness and cohesion of the network
- Wide range of available financing solutions
- Expertise in financial engineering

History of the Group

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.

GROUPE BANK OF AFRICA 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);
- 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

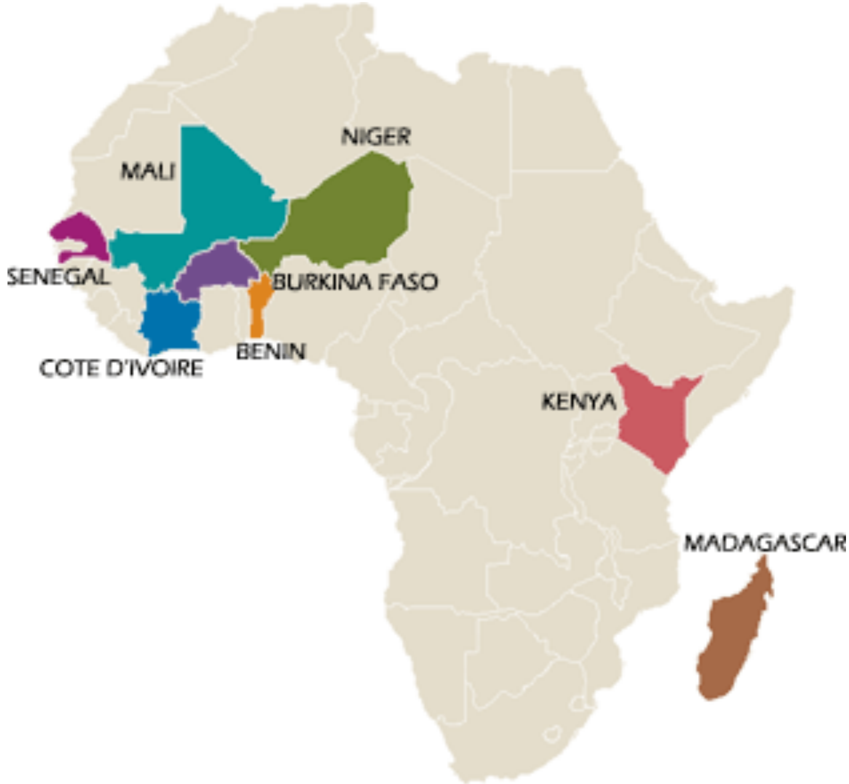
Coast company in this segment; investment in buoyant sectors, with the creation of the AGORA investment firm; real-estate financing, through development and the acquisition of a majority stake in BANQUE DE L'HABITAT DU BENIN; and lastly in 2004, the creation of BANK OF AFRICA KENYA, in line with the 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.

Group Banks and Subsidiaries in 2004

Group Banks and Subsidiaries in 2004



Members of the Board of Directors

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

- M. Paul DERREUMAUX, Managing Director and Chairman of the Board
- M. Mamadou Amadou AW
- M. Paulin COSSI
- M. Mossadeck BALLY
- PROPARCO, represented by M. Gilles GENRE-GRANDPIERRE
- NETHERLANDS DEVELOPMENT FINANCE COMPANY (FMO), represented by M. B.A.M ZWINKELS
- M. Francis SUEUR

Highlights

During year 2004

April

- BANK OF AFRICA meetings held in Dakar for senior officers of the branch network.
- Commencement of operations at BANQUE DE L'HABITAT DU BENIN (BHB)

June

- Signing of a medium term loan of euros 1.5 million advanced to AFRICAN FINANCIAL HOLDING (AFH) by Deutsche Entwicklungs Gesellschaft (DEG).

July

- Finalization of purchase of Credit Agricole Indosuez (CAI) in Kenya and commencement of operations at BANK OF AFRICA - KENYA (BOA KENYA).

August

- Signing with Belgolaise Bank of official documents transferring its subsidiaries in Ghana, Uganda and Tanzania.

September

- Acquisition by GROUPE BANK OF AFRICA of shareholding in AFRIC-INVEST Investment Fund.

December

- BANK OF AFRICA 2004 Meetings held in Niamey for Directors of the branch network.
- Signing of a medium term loan of euros 1.5 million advanced to AFH by Belgium Investment Fund (BIO).
- Increase of AFH share capital to euros 18.1 million.
- Launch of VISA card in BANK OF AFRICA - BENIN, the first step towards connecting the entire BANK OF AFRICA Group to the international VISA network.

Key Figures for 2004

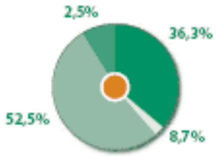
31/12/2004 — Euros Thousands

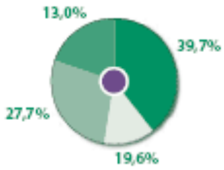
Group and Banks

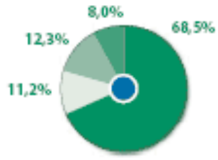
	BANK OF AFRICA Group	BOA-BENIN	BOA-BURKINA FASO	BOA-COTE D'IVOIRE
Total Assets	1 163 382	401 585	114 624	161 462
Deposits	918 910	316 067	102 131	110 929
Trade receivables	558 939	190 034	56 904	91 121
Turnover	102 251	31 186	10 935	14 842
Pre-tax Profit	15 431	5 083	1 540	1 466

Shareholders

- AFH
- Other BOA Comp.
- National and Others
- Intl. Institutions



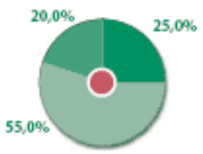


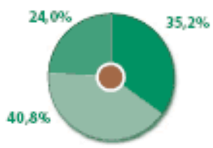


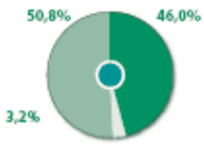
	BOA-KENYA	BOA-MADAGASCAR	BOA-MALI	BOA-NIGER
Total Assets	46 770	196 465	141 302	50 019
Deposits	30 240	163 805	112 876	42 211
Trade receivables	28 936	73 371	83 162	16 000
Turnover	1 467	22 426	13 132	4 589
Pre-tax Profit	1 406	4 759	83	1 107

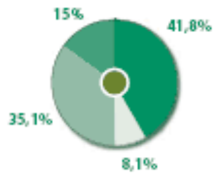
Shareholders

- AFH
- Other BOA Comp.
- National and Others
- Intl. Institutions





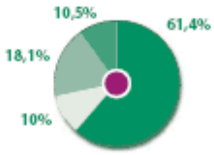


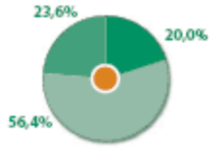


	BOA-SENEGAL	BHB
Total Assets	45 974	5 181
Deposits	38 983	1 669
Trade receivables	19 050	361
Turnover	3 340	332
Pre-tax Profit	405	-418

Shareholders

- AFH
- Other BOA Comp.
- National and Others
- Intl. Institutions



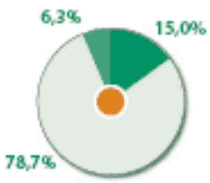


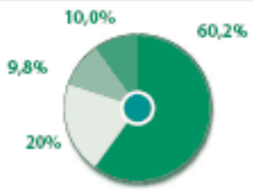
Leasing Companies and Other Subsidiaries

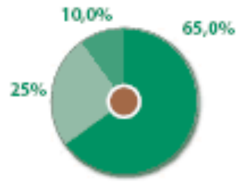
	EQUIPBAIL-BENIN	EQUIPBAIL-MALI	EQUIPBAIL-MADAGASCAR
Assets	6 164	3 721	1 662
Volume of Operations	5 516	2 491	1 505
Turnover	2 901	1 212	481
Pre-tax Profit	197	63	32

Shareholders

AFH
Other BOA Comp.
National and Others
Intl. Institutions



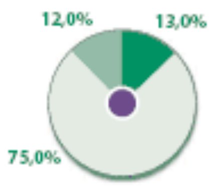




	ACTIBOURSE	AGORA
Assets	1 534	5 901
Volume of Operations	103 629	50 299
Turnover	497	34
Pre-tax Profit	195	-284

Shareholders

AFH
Other BOA Comp.
National and Others
Intl. Institutions



Development of Group Banks from 2000 to 2004

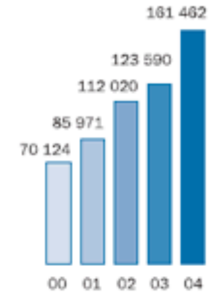
BANK OF AFRICA Group

BOA-BENIN

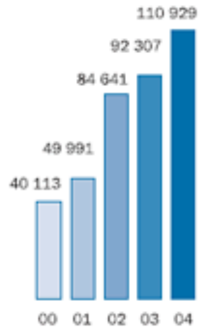
BOA-BURKINA FASO

BANK OF AFRICA
GROUPE BANK OF AFRICA

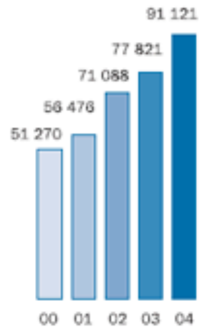
BOA-COTE D'IVOIRE



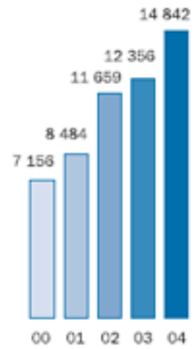
Total Assets



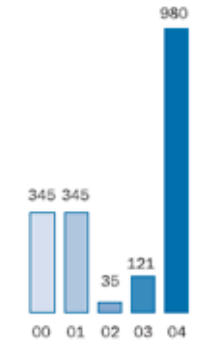
Deposits



Trade Receivables



Turnover



Net Final Earnings

BOA-KENYA

Total Assets

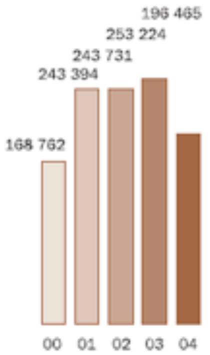
Deposits

Trade Receivables

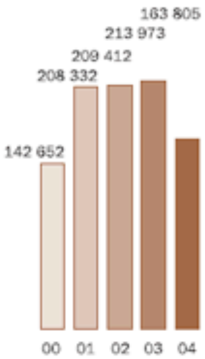
Turnover

Net Final Earnings

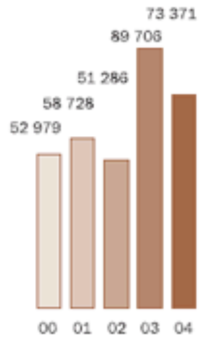
BOA-MADAGASCAR



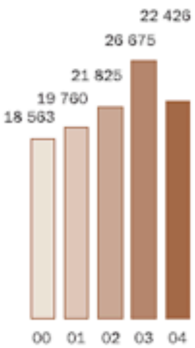
Total Assets



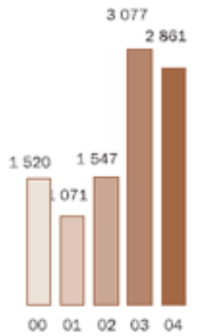
Deposits



Trade Receivables



Turnover

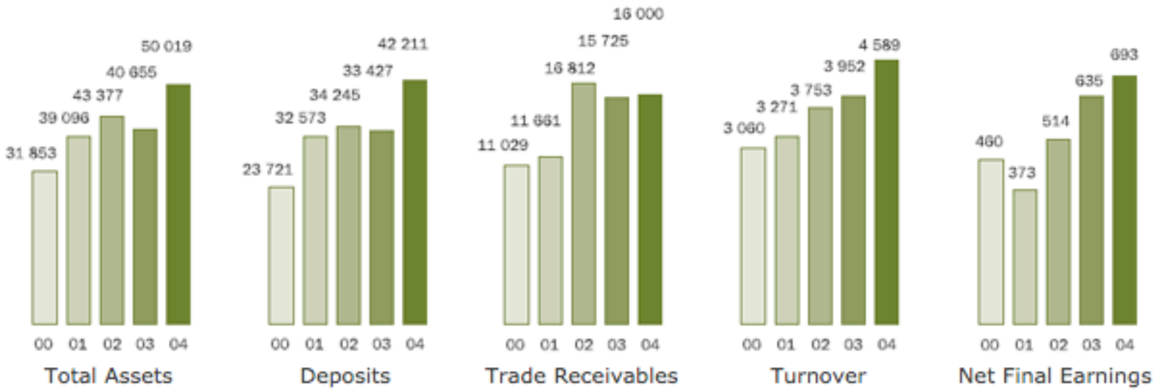


Net Final Earnings

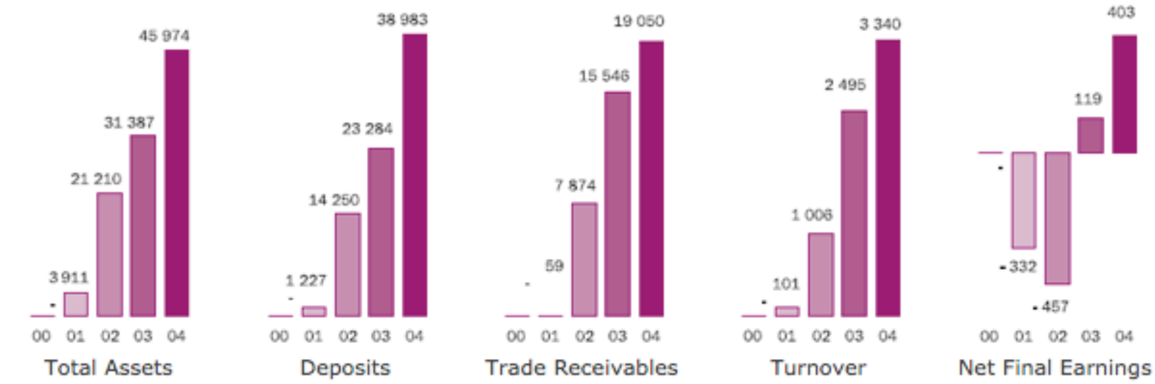
BANK OF AFRICA
GROUPE BANK OF AFRICA

BOA-MALI

BOA-NIGER



BOA-SENEGAL



Strategic Trends 2005-2006

The 2004 financial year demonstrated the Group's capacity to work under difficult conditions while pursuing major activities geared towards strengthening its position.

Most major global indicators of business and results, expressed in euros (EUR), displayed a slight downward trend for the first time since the network was created. This drop can be explained by two major external events, which have completely offset the positive trends obtained by each individual institution.

- The serious depreciation of the currency of Madagascar, which lost 50% of its value against the euro from end of June 2003 before stabilizing at its current rate, reached in June 2004.

- The weak growth of the Monetary and Economic Union of West Africa (MEUWA), whose present economic climate has been affected by several events: the serious political crisis in Ivory Coast, which was further aggravated in November last year and impacted negatively on all neighbouring countries, lower global cotton prices, rising oil costs, and a fall in agricultural production resulting from the locust invasion.

The total consolidated balance sheet therefore stands at euros 1.11 billion, 3.6% below the 2003 figure of euros 1.15 billion. Total deposits amount to euros 918.1 million, slightly down (3.2%) from euros 949.2 million the previous year. Certified financial commitments fell by 18.5%. Only the volume of direct credit to customers grew in 2004, by 3.9%, to euros 555.3 million.

In terms of results, the decline is more pronounced: net banking income (NBI) is down by 8.9%, but remains above euros 70 million, while net profit, hit by provisions for this uncertain climate, has fallen 16.5% to euros 11.3 million, compared to euros 13.5 million in 2003.

The financial year under review did, however, allow each BANK OF AFRICA (BOA) to strengthen its position. All subsidiaries either improved or maintained their ranking, especially in terms of deposits. While the strict policy of provisions for bad and doubtful debts undermined the final results, it also boosted the institutions' financial situations. All subsidiaries created before 2001 paid dividends to their shareholders for the first time in 2004.

Last year was dominated by three major events designed to strengthen the structures of the Group.

The first is the increase in funding of several entities.

Four BOA subsidiaries—Benin, Burkina Faso, Ivory Coast, and Senegal—increased their share capital in 2004 by between 12% and 25%, including share premiums, in order to provide these entities with the financial means to ensure good conditions for their future development while complying with the prudential ratios stipulated by national banking regulations. This equity increase also demonstrated the strong links between the BOA companies and their private national shareholders, with many of the latter applying for shares in each case, and especially BANK OF AFRICA - BENIN, where the issue of new shares on the Regional Stock Exchange (BRVM) in October 2004 was oversubscribed, leading to the entry of many new shareholders into the capital structure of those banks, including some regional institutional players.

In December, AFRICAN FINANCIAL HOLDING (AFH) finalised a share capital increase from euros 15.5 to euros 18.1 million, fully paid up and allowing it to maintain and, in some cases, strengthen its stake in the share capital of its entities, demonstrating its determination to drive the integration of the BOA network forward and fully to play a directive role of catalyst and leading shareholder.

The second is the entry of the Group into two new domains.

The opening to the public of BANQUE DE L'HABITAT DU BENIN (BHB) in April 2004 is the first illustration of this expansion. Created in 2003 after a long time in the pipeline, BHB is our first investment in the housing finance sector. It is also an innovative experience, since in addition to obtaining support from the government of Benin, including fiscal and financial advantages— standard for this class of institution, the share capital comprises a majority of private shareholders, for the first time in MEUWA, as the AFH/BOA Group will preserve a stake of at least 50% in this bank. The project also provided a new partnership opportunity with Proparco and Netherlands Financial Society for Development (FMO). These two institutions have long been strategic allies of BOA and each holds a 10% stake in BHB.

The second extension of our business to take place in 2004 was the creation of BANK OF AFRICA - KENYA (BOA KENYA), through the acquisition of Crédit Agricole Indosuez Kenya (CAIK). BOA KENYA began operations on 1 July 2004 and represents a significant challenge for our network, marking its first extension into Englishspeaking Africa, which not only represents a new geographical space hitherto relatively unexploited by African commercial banks, but which also requires synergy and cohesion in order to reap maximum benefits from this approach. In addition, it will allow the introduction of a second operations site alongside BANK OF AFRICA - MADAGASCAR (BOA-MADAGASCAR), constituting a strong basis for our objective of setting up a regional division for the Group, in addition to MEUWA, targeting East Africa and the Indian Ocean. Kenya's economic and financial potential should promote this entity's viability, despite stiff competition in the local banking sector.

The third is the implementation of new actions for integration and technological upgrades.

This policy has been rigorously applied for several years, with tangible results, and is essential in allowing us to exploit the full potential of the commercial banks and other institutions of the AFH/BOA Group, and to give the Group the best possible advantages to face up to the increasingly fierce competition in its sector, including challenges from stronger networks.

Two projects announced in 2003 are worth mentioning in this context. One involves the connection of the BOA to VISA, the international payment card. This plan, which was launched two years ago, came to fruition in December 2004 with the issue of the first VISA cards by BOA-BENIN. The technical, financial, administrative, and commercial demands of the project could not have been overcome in isolation, and this result is a genuine team success, demonstrating the skilful coordination of our Central Structures. It is also a measure of the Group's technical maturity and of the advantage of working together on this kind of project. The profitability and attractiveness expected from this investment for each BOA should repay the efforts deployed.

The second is the completion by the Division of Subsidiaries (DS) of African Financial Holding (AFH) of a complete report of customer commitments for each BOA subsidiary, compiled monthly from the data issued by the banks themselves. As a major step in the constant improvement of information available to the DS, with a view to mastering credit risks, this report will draw on a rich source of data to act as a significant boost to the monitoring, control and therefore efficiency of the DS, gradually becoming a basic financial management tool for every Chief Executive.

This difficult period has finally proved positive for the Group, and 2005 and 2006 will focus on the completion of the next stages of the two strategy policies presented at the beginning of 2004, and which remain key.

- To pursue by all means possible the strengthening of all the network's existing structures, in such a way as to be able to continue to consolidate the reliability, competitiveness, and profitability of the Group.
- To prolong the short- and medium-term development of the AFH/BOA Group, according to geographical and sector-based plans, which have been patiently followed for almost ten years, in order to prepare the Group for 2010.

The global strengthening of the existing entities and their integration into a homogenous whole remains our top priority. This increased cohesion has without doubt played a significant role in producing the good results recorded since the rapid expansion of the network at the end of the 1990s. During 2005 and 2006, this work will take the following form:

- Optimally achieving all the goals of the Triennial Development Plans of 2004/2006.
- Pursuing the consolidation of each Group entity.
- Improving mastery of all risks encountered.
- Generating the first results of the Human Resources Development Plan.

The 2004/2006 Triennial Development Plan (TDP) continues to present the precise framework, for all sectors, in which each BOA will have to progress during this three-year period.

Since the general success of the first TDPs in 2001/2003, these plans have been painstakingly prepared, with each Board of Directors paying close attention to their content, in order to make every plan a "determined obligation" for each Chief Executive.

Two new instruments have been created to facilitate the close monitoring of and corrective measures for each TDP.

- Refinement of monthly data provided by Group management control: by the end of 2003, in close cooperation with the Group's Division of Subsidiaries, the BOA had perfected the new TDPs in such a way as to improve the consistency of results produced by each institution, to improve the uniformity of presentations, and also to facilitate regular control of operations during the financial year. The continuous enrichment and perfectly consistent production of these reports provide a better understanding of the results recorded, compared to budget forecasts.

- Half-yearly examination of all aspects of the progress of the TDP by the Board of Directors highlights its importance, and enables a more pertinent appreciation by the Directors of the actions carried out by management within the framework of this mediumterm plan defined by the Board itself.

As we approach the middle of the current plan, a large number of the planned programmes are well underway, and most major objectives fixed for the end of 2006 remain viable.

- **Maintenance of market rank**, which was achieved by all banks in 2004, remains a target, even for mature subsidiaries and despite stiffening competition with the arrival of new banks on the market. Improving this position will be a priority for newer banks, especially in Senegal and Kenya.

- Preservation of a good profit margin: the levels attained in 2004, expressed in local currency, are close to data provided by the TDPs, and a similar trend is anticipated in the two years remaining. All entities are expected to generate a profit in both 2005 and 2006 (except BHB in 2005), allowing payment of dividends at least equivalent to 2004 for all subsidiaries that have been in operation for more than five years, and payment of a first dividend in 2006 for BANK OF AFRICA - SENEGAL (BOA-SENEGAL) and perhaps BANK OF AFRICA KENYA (BOA KENYA). Profits at BOA-BENIN may be lower than TDP forecasts, however, due to the severe degradation of several environmental factors, which will be provided for heavily over the entire period. BANK OF AFRICA - MALI (BOA-MALI), moreover, has fallen behind schedule in improving results following a reorganisation which took longer than expected.

- Confirmation of the status of local bank, with each Bank consistently pursuing a policy of branch creation in the two coming years.

- Emphasis on network integration, which is becoming more of a reality in all parts of the organisation, spreading to credit consortiums for large-scale projects by MEUWA institutions, uniform procedures, shared investments, common training programmes, etc.

- Uniform, thorough implementation of reforms, designed to adapt the Group's institutions to the new technical and commercial profile of the industry. IT and bank data processing were highlighted in 2004 by the summary of the Group’s IT Plan covering the period 2003/2005. This has already brought about concrete progress, and during its last year of implementation emphasis will be placed on the expansion program within the VISA card connection network, and on the addition of new modules to Igor, the main software package. This work will be carried out in compliance with the guidelines of the IT Plan, and should lead to the VISA card being offered by at least five BOA banks by late 2006, before it is extended to the entire network in 2007. Looking ahead, these structural changes will also require the adoption of a more systematic and more aggressive commercial attitude, in order to enlarge, standardise, and modernise the range of goods and services offered by BOA, and to transform all their counters into genuine sales outlets.

Clearly, achieving these goals very much depends on the prevailing economic climate faced by the institutions. If the difficult conditions faced by most of our subsidiaries in 2004 were to continue, therefore, our often ambitious objectives may be compromised.

Consolidation of all the Group's components is the second strategic target for 2005–2006: this will boost the AFH/BOA network's external credibility and help to ensure its future and its coming developments, almost 23 years after the creation of the first BOA.

The first part of this consolidation will be financial in nature and will affect both BOA and AFH.

For the banks, the rights issues carried out by four establishments in 2004 will be followed by operations in BOA-MADAGASCAR and BOA-MALI in 2005. Within two years, six BOA banks will have substantially augmented their equity capital, with the cash contribution generated by the increase in share capital and the systematic maintenance of a reserve of 40% of the annual result, in line with the management guideline set by AFH. This policy responds to three needs:

- To give all Group subsidiaries the means to realise their ambitions of growing their business, to finance the TDP investment programs, and to participate in the projects geared towards expanding the network;
- To ensure that each BOA, whatever its growth rate, always respects the regulatory ratios laid down by the Central Banks, especially those pertaining to solvency and liquidity;
- To enable the banks to attain the constitutive ratios of the BOA charter, which are often more stringent than those of the Central Banks, and which cover profitability, productivity, and quality of resources and jobs.

On this last point, management will be required to make a particular effort in 2005 to ensure that the best possible results are obtained before the end of the year.

For AFH, the registered share capital should reach about euros 25 million by the end of 2006, both in order to recapitalise the existing BOA subsidiaries, as mentioned above, and to be able to fund the development projects detailed below. This strengthening of shareholders' equity will be achieved with new cash contributions from existing shareholders and possibly by admitting a new stakeholder to AFH or by turning some of the medium-term loans granted by our three partners FMO, Deutsche Entwicklungs Gesellschaft (DEG), Belgium Investment Fund (BIO) in 2003 and 2004 into shares.

In this last case, new medium-term borrowings could also be used to fund investments that prove to be heavier or faster than expected, or to cater for unforeseen opportunities, i.e. as stand-by credit in anticipation of future capital increases, as during the last two years.

The second part will be operational, mainly involving AFH.

The priority given to the continued integration of the AFH/BOA Group over the last few years forces Central Structures to intervene more frequently, in a wider field of action, and with greater authority, while the fast, steady expansion of the network of subsidiaries makes this intervention at once more indispensable and more difficult.

Since the beginning of 2000, therefore, the strengthening and specialisation of Central Structures have been the two essential characteristics of the development of the AFH/BOA network. This transformation is set to accelerate in 2005 and 2006, with various action plans already in place at this level.

These will lead to:

- The extension of Audit Division control to new fields.
- An increase in the number of Group-wide projects, especially for technically difficult investments requiring lengthy preparation.
- A more formalised and permanent relationship between Central Structures and the management of all entities in order to consolidate their adhesion to Group objectives and to make sure that individual developments are consistent with this global vision.
- An expansion of the workforce of the three Divisions which constitute these Structures and, if necessary, an adjustment of their organisation in order to improve their efficiency.

Control of ever more numerous and diverse risks is the responsibility of the entities, and is the third major action involved in strengthening our existing banks in the two coming years.

This trend is perfectly compliant with the latest recommendations of international banking supervisors, as laid out in the Basel rules. First and foremost, however, it responds to an analysis of the new environment and the current conditions under which the financial systems function in countries where our institutions are located and which regularly increase the number and the extent of risks met by our entities and the need for greater vigilance by our staff.

Two examples of the programs recorded over the period under review illustrate this approach.

The first involves control of customer commitments.

The commitment report mentioned above has led to the current and imminent finalisation of new initiatives at the Subsidiaries Department, to improve the monthly tracking of several indicators which are decisive in terms of employment:

- Group risks, following the continuous growth in business relations between AFH/BOA and major European and African companies present in many countries, which makes this analysis vital.

- The degree to which credit volumes are concentrated on a small number of signatories and/or sectors, enabling the assessment of each entity's exposure in terms of the level of this concentration, but also in terms of the quality of customers and the type of activity supported by these funds, which are now recorded in a standard classification across the whole network.

- The nature and level of credit awarded by a given bank in different countries of the region to MEUWA institutions, because of the increasing financial flows within the region and greater sensitivity to "country risk".

These data will allow new indicators to be implemented by the Subsidiaries Department as of 2005. The SD will be responsible for monitoring the situation of the banks on various levels, and gradually bringing them into line with standards restricting the counterparty risks incurred.

Similarly, the optimal suitability of the duration of asset and liabilities, ALM, will form the basis of a more detailed study and more precise time frameworks as of 2005. This is of vital importance, for example, in the case of our newest subsidiary, BOA KENYA, because of the workings of the local banking system.

The second is the establishment of a Global Security Plan by each entity.

For the reasons mentioned above, all the members of the AFH/BOA network, especially commercial banks, are confronted with greater risks every day, involved in various assets and a wider field of operation. They include deteriorating real estate, risks to individuals, theft, fraud, money laundering and other various operational risks. This situation requires a global vision of the different risks and their possible interactions, enabling the adoption of measures designed to reduce their occurrence and impact.

Since 2004, therefore, actions have been carried out to improve, intensify, and coordinate the existing riskprevention systems. Preventing and combating money laundering constitute the first such project to be initiated, as a result of the inexistence of an appropriate legal framework and pressure from our international partners. Since the beginning of 2005 our priority has been to:

- Accelerate the update and the tracking of a wide circulation and proper understanding of existing procedures on all issues covered.

- Further measures related to compliance, owing to new and fast changes as well as frequent gaps in the law in this field. This will also necessitate the frequent review of practices followed in order to encourage each agent to consider new compliance requirements as a major part of their job.

- The issue of safety of people and property: access to and movement within the premises, insurance terms and coverage, systems of fire containment and extinction, alarm systems, security staff and transport of funds, etc.

- IT security: control of potential users and their access rights, optimal management of equipment, protection from computer viruses, and improvement of operations traceability in order to facilitate auditing.

- Check, with more frequent audits of the various departments of each institution, that they are taking account of security constraints in all areas of activity.

The ESPs will be implemented over the medium term because of their extensive range. Consequently, and owing to the requirement for a regular update of the measures in place, this implementation will be led by the Chief Executives of each entity under the coordination of the Group Audit Department. Although it involves the entire network, this program should first concern BOABENIN and BOA-MADAGASCAR, which are currently facing the biggest challenges. Half-yearly milestones will be used to assess the progress made in each site and to amend actions if necessary.

The security improvement expected in the banks will undoubtedly have a positive impact on our commercial plan, because of the attractiveness it will generate for customers.

Motivation of the workforce will form the fourth part of this strategy of consolidation of our institution, with the Human Resources Development Plan, a long-term plan that will begin to be rolled out in 2005 and 2006.

Formulated from the first measures to be taken in this sector for quite a number of years, the Group's HRDP has the following main objectives:

- The consistent improvement of the financial and working conditions of the network's staff, to as great a degree as possible.
- The gradual standardisation of these conditions, in order to promote the feeling of belonging to a single entity.
- Enhanced productivity and quality of work, which will increasingly represent a key differentiating factor in financial institutions.
- The promotion of our human resources in all possible ways, in order to turn them into the greatest asset for the Group's future success and development.

Priority has been given to improvement and harmonisation of the existing social cover within the BOA network and its subsidiaries.

The various measures adopted by each institution for the settlement of medical and hospitalisation fees, at least in part, have not only brought significant progress but also offer a variety of advantages, depending on the size and the financial capacity of the entity and also on the packages offered by the local insurance companies. The next stage will consist of two essential developments, as a result of the global negotiations between the Central Structures and several regional companies, begun early in the year and expected to conclude by the end of 2005:

- medical insurance covering costs at least equivalent to the most advantageous current individual offers, applied to all Group staff.
- a supplementary pension, also applicable Groupwide, which will be financed by each entity in such a way as to limit the share of contributions met by staff.

These products should provide an appropriate response to the very strong requirement expressed by all agents, and constitute a strong factor of social cohesion, motivation, and attachment to the Group in the future.

Optimisation of working methods, ensuring both greater productivity and greater job satisfaction for all agents, will also form part of the HRDP over the current period.

This goal should be achieved by the successful completion of several major projects:

- Updating all job descriptions in a standardised form, to provide a better understanding of the qualifications and professional experience required for agents and a better analysis of their roles and responsibilities.
- Improvement and standardisation of regular staff evaluations, to facilitate promotions, intra-entity job mobility, and transfers between entities when possible and desirable.
- Clarification of optional and compulsory conditions for staff mobility within the institution, in order to avoid staff becoming demoralised after spending too long in the same position, and to facilitate the eventual adoption of career plans for officers.

In conjunction with the harmonisation of all recruitment procedures already in place, these actions should help the network to function with greater flexibility and effectiveness, using human resources that are better exploited and better employed, and therefore more committed to the future of their company.

The intensification of training programmes, already a core preoccupation in the past years, will be a third HRDP objective.

HR will continue to focus on in-house training, especially intra-Group seminars on topical issues or technical subjects, which, since 2000, have been a melting pot of knowledge acquisition and networking opportunities, and have demonstrated their efficiency. Organised by the managers of Central Structures and entities, and by other high-ranking professionals, these short but intensive training programmes concentrate directly on practical applications, and are undoubtedly the most positive way of adapting to the new requirements and developments of the industry. Bank data processing, IT, audits, compliance, and risk management will all be top issues in these programmes in the two current financial years and should be useful to a good number of employees mainly concerned with these issues.

This part of HRDP will also place specific emphasis on giving greater importance to the commercial approach at all levels in the institutions. The need to sell goods and services on the best possible terms, the increasing need to determine a cost/benefit analysis for every action undertaken, the decisive role of the competitive approach of all kinds of clientele and of daily behaviours towards the customer require the intensive installation of new attitudes by means of appropriate training. The commercial results generated will be crucial in the realisation of the 2004/2006 TDPs and even more so for the following period. It should also lead to the gradual creation in the Group's entities of an organisation based largely on specialist sectors, similar to that increasingly seen in European banks.

After consolidating its current network, AFH/BOA should be better prepared to embark on the development projects planned by top management for the current period, which will take the form of four major actions:

- The finalisation of the acquisition of three commercial banks from the Belgolaise Group, which will be the top project in 2005.
- The implementation of an active financial investment policy.
- An increased presence in the insurance sector.
- The more precise definition of our medium-term strategic alliances.

The final agreement with Belgolaise in August 2004 involves the purchase of all the shares of its subsidiaries in Ghana, Uganda, and Tanzania, and the completion of these transactions is the central focus of our expansion in 2005.

The approval procedure for the transfer of securities, launched in early 2005 by the competent regulatory authorities, should be completed by the end of the current financial year, resulting in the transformation of these entities into BANK OF AFRICA, bringing the total number of countries of operation to eleven. Although these companies are small and medium-sized businesses compared to the entities in the current network, these are strategic acquisitions.

The Ghana-based Trust Bank (TTB) is a rapidly expanding bank that already has excellent profitability in a country enjoying dynamic growth. With a network of ten branches and almost 60,000 accounts, it has a particularly developed commercial approach, and its operations are strictly focussed on three businesses: companies, institutional customers, and high-income consumers. Bordering on several MEUWA countries, Ghana has gradually built strong commercial links with its neighbours, supported by its highly developed industrial infrastructure, largely geared towards exports. The transformation of TTB into TTB–BANK OF AFRICA - GHANA (BOA-GHANA) should not only provide our Group with a significant commercial advantage for the BOA, because of the possibilities of financial support for the increased commercial flows mentioned above, but also a new opportunity for the future development of BOA-GHANA for the same reason.

In Uganda, Allied Bank International (AIB) has also posted good performances for several years, despite having experienced more difficult periods in the past. AIB still represents less than 2% of an increasingly competitive banking system, and therefore remains small compared to the major British and South African banks on the market. It is growing fast and steadily, however, boosted by an economy which is itself seeing strong growth. Present in Kampala (three branches) and in Jinja, AIB has about 10,000 clients and therefore already has a diversified clientele. The healthy economic environment, the quality of the bank's current management, the diversity of services offered -plastic money and local representation of a company offering fast transfersexplain this positive development, which has led to a return to profit for the last two years and justifies hopes of future growth and increasing profit margins.

In Tanzania, the Eurafrican Bank (EAB) is in a less favourable situation. Until 2004, this bank had failed to acquire a satisfactory level of business and posted heavy losses, mainly due to a significant proportion of bad debts requiring heavy provisions. The arrival of a new management team in 2003 produced a tangible improvement. The introduction of a more dynamic and disciplined management style and the implementation of a genuine growth policy have led to a rapid increase in deposits collected and an initial expansion of the hitherto minimal customer base. At the same time, operations have improved with the impact of the measures taken, and EAB should at least break even in 2005. The opening in August 2005 of a second branch in Dar es Salam will constitute a visible sign of growth objectives set in the 2005/2007 Development Plan and a new beginning for this bank. The transformations of these two institutions into BANK OF AFRICA - UGANDA (BOA-UGANDA) and into BANK OF AFRICA - TANZANIA (BOA-TANZANIA) by the end of 2005 will represent the achievement of our ambition for regional presence within the East African Community (EAC). The rapid improvement of business relations and institutional links within the East African region should favour the banking networks within the three countries, including the AFH/BOA Group, by increasing the activities of each entity and stimulating genuine synergy between them, as seen in MEUWA over the last 15 years.

The completion of these three operations will therefore constitute a new change in the scope of the AFH/BOA network in several respects.

First, it will confirm the progress made by the strategy adopted in 2004 to move into the English-speaking market in Africa. With a subsidiary in Ghana and all EAC countries by the end of 2005, this part of our operation will represent a considerable contribution to the network's overall sales figure. With the more favourable market conditions currently prevailing in Englishspeaking Africa, it will also be a significant focus for future growth. This additional potential must be balanced, however, against the particularly burdensome constraints which will require us rapidly:

- To finalise the English-language versions and the prepared implementation by Central Structures of all coordination instruments used by the other members of the Group, including working procedures within the entities, audit reports, management-control documents, credit files, and customer commitment records, in order to maintain maximum cohesion of the new entity in spite of its increasingly disparate nature.
- To begin constructing a bilingual culture among as many of the staff as possible, to help integrate the new entities and to maintain among the teams the feeling of belonging to a single group, which will inevitably lead to the adaptation of preferred training methods.

- To identify new global synergies arising from the integration of the new entities, to offset the "centrifugal" forces caused by this cultural expansion. We need, therefore, to build a mindset and optimal environment within the Group in order to control the new situation in the best way possible, to maintain the culture of solidarity among the various entities, and to profit fully from the expansion into English-speaking Africa, while creating the conditions for employees to find new opportunities for personal fulfilment within their newly enlarged Group.

The acquisition of these three banks will also balance the Group's presence in these two regions. Operations in East Africa and the Indian Ocean will be represented by four entities, increasing their relative contribution and, given the close ties within the EAC, becoming more homogenous. With seven entities, operations in West Africa will be consolidated with the entry of Ghana, currently a driving force in the region, developing new commercial links with MEUWA. The entities of the network will work in six different currencies, reducing dependency on the CFA franc.

Exceptional events notwithstanding, the different forms of diversification resulting from these transformations should initially reduce monetary and economic risks on the entire Group.

They will also open up new opportunities for cooperation and synergy in this enlarged collection of establishments based in two African regions, which should increase profitable business for each bank and, ultimately the profitability of the Group. Further ahead, relations between these two major regions should also intensify, in the light of the inevitable development of commercial and financial flows generally.

The challenge is as significant as the project undertaken by the Group on signing the agreement with Belgolaise. This deal does not represent a break with the past, however, which has always been characterised by fast, diverse expansion. It is simply a particularly onerous project, which springs from the need to seize an exceptional opportunity and from the unusual constraints posed by the nature of the problems to solve. The difficulties involved will probably lead to a transition phase during which the costs required for the success of the project will undermine the profitability of the Group. Eventually, however, margins should be considerably boosted by the size of the new network.

Since the beginning of the decade, AFH/BOA has acquired shares in several investment funds for Africa:

- Cauris Investments in MEUWA, particularly aimed at small and medium-sized enterprises in this part of the world.

- AIG Infrastructure Fund, for major investments in infrastructure, especially on a regional level.

- Africinvest, targeting large and medium-sized enterprises in four parts of the continent, on a regionallevel where possible.

In addition, AFH set up an investment company called AGORA in 2002 and retains control of this firm's share capital, having also attracted investment from several private African shareholders, and two institutions supporting the African private sector. Mainly geared towards infrastructure investments, AGORA mainly invested in telecommunications until the end of 2004, including the new Malian company Ikatel, in which it has a large shareholding.

The generally satisfactory financial trends recorded by the various funds supported, and, more particularly, the good results seen after two busy years at AGORA, as well as the current emergence of new opportunities in this sector have prompted us to expand this part of our business, which has so far been marginal.

This expansion will take two forms.

First, the Group is likely to confirm its involvement in new funds replacing those which are now reaching expiry, and which will be managed by the same teams —Cauris-Croissance and AIG Infrastructure II. It is also considering strengthening its position in Africinvest, whose investment launch is promising.

Major developments are planned for AGORA until 2010. At the end of 2004, the company doubled its equity, enabling it to finance some additional shareholdings quite comfortably, particularly in the share capital of the new Compagnie Aérienne du Mali (CAM), while providing an opportunity for new regional institutional investors to acquire stakes in AGORA. The following developments have been planned for 2005/2006:

- The strengthening of the company's administrative structures to handle the increased portfolio.
- A search for new investments, in infrastructure if possible, or in other high-priority sectors, giving precedence to region-wide projects and those that can generate business for the Group's banks.
- A new increase in share capital if necessary.

This confirmed presence in risk capital and, more particularly, the enlargement of AGORA are expected to deliver many benefits, after the experience of 2003 and 2004.

- The expansion for the Group and its partners of a type of business with good profitability, at least in the medium term;
- The improved positioning of the AFH/BOA network for winning projects involving major funding or financial restructuring, launched by the companies which ultimately benefit from these investments.
- The creation of commercial opportunities provided by business for the BOA in countries in which these funds are invested, because of the Group's closeness to the beneficiary companies.

- The external consolidation of our Group image, closely involved in the development of the countries where our institutions are found, which should encourage our strategic partners to support all our actions.

The closeness of the links between AGORA and several other structures in the AFH/BOA network within MEUWA must draw fully on this synergy across the entire region. If the next two years meet our expectations, therefore, we plan to increase AGORA's resources quickly and substantially between 2007 and 2010, in order to increase its capacity to a competitive level in an environment in which increasing private investments can be expected in our company's key sectors.

The third Group expansion objective involves the insurance sector.

The experiments carried out in this field since the end of the 1990s have led us to invest more heavily and in more diverse segments from 2002, mainly with the takeover of two life-assurance companies in partnership with the Colina Group in Benin and in Ivory Coast.

The growth of this direct intervention was designed to:

- Further the Group's diversification by establishing a significant foothold in a business closely related to banking, with a good return, and currently entering a phase of restructuring, with the departure of major French players in the industry.

- Enlarge the range of services available to our consumer customers by developing bancassurance products in life assurance, which should adequately respond to the high level of demand in all categories of the population, as seen in the most economically advanced countries.

The first results of this policy of close cooperation have been positive, both in terms of direct profitability and of the finalisation of the first joint products with partner insurance companies.

In the light of these conclusions, the developments mentioned at the beginning of 2004 have been put into operation and are expected to continue in the foreseeable future. The company has responded positively to an offer of a stakeholding in the holding company Colina Participations that Colina has decided to create to regroup all its African branches, including the two life-assurance companies held equally with AFH. Effectively implemented in 2005, this company should be fully operational by the end of the current year. As planned, it will offer two main kinds of advantage:

- The common implementation and/or creation of the tools and structures needed for the optimal operation, modernisation, and maximum profitability of each of Colina's network entities. This harmonisation will reduce costs, as it has done within the Group.

- The facilitation of external growth operations via the simplified mobilisation of funds by the holding company for the acquisition or creation of new companies. Colina has various projects in Central Africa and East Africa which are likely to increase the scope of the network considerably. BOA could involve itself directly in these projects if it sees an economic interest in doing so.

This project, and especially its global approach, therefore represents significant progress in terms of investment in the insurance sector. It is perfectly in line with the objective of creating a real financial Group, based on strictly complementary components, on an increasingly tightly knit network, and on the gradual creation of products that meet the needs of the public as closely as possible, in the interests of maximum growth of each of the constituent parts of the whole.

This company's first results should take effect by 2005 during the implementation of the first Colina Participations investment projects and the financial operations in which the Group is involved. These results are then expected to increase steadily, encouraging us to launch other initiatives in this field.

With these ambitious projects, it is more important than ever that the AFH/BOA Group does not develop in splendid isolation, but with the objective of creating strong, lasting partnerships with institutions that can and want to offer it the support it needs for the multiform development that it has chosen.

In this respect, the Group's progress in early 2004 was exemplary:

- Consolidation of long-standing relations with Proparco and FMO, veteran shareholders of the BOA network, and gradual diversification of this kind of relationship with other private-sector support institutions for emerging countries, such as DEG and BIO;
- Marked increase in capital-intensive links with major European banks, made possible by the expected presence among the shareholders of Natexis Banques Populaires and Belgolaise, accounting for a total of around 25% of AFH's capital.

The first part of the scenario is taking place as planned. Proparco has recently increased its stake in AFH. FMO remains the leading shareholder in AFH and one of the company's top allies, working with AFH on several projects. Relations with DEG and BIO should continue to intensify, after these two companies' first loans to AFH. The maintenance of this kind of institution at a total of about 30% of the capital of AFH, possibly with greater diversification than before, should continue to be an important feature of our network in the medium term. As well as providing financial support for the extension of the network, this web of close relations also helps to install the specific mindset of the BOA, which stresses the importance of actions that genuinely support the development of African countries: the financing of small and medium-sized enterprises (SMEs), the modernisation of banking practices, the proliferation of the network of agencies, the gradual strengthening of our organisation, etc.

In terms of relations with European banks, on the other hand, the uncertainties recently noted about the future of Belgolaise have cast doubt on its investment in AFH, and more particularly on the operational alliance proposed during the current acquisition of the institutions owned by this bank in Ghana, Uganda, and in Tanzania. It might therefore be difficult to reach the level of partnership with European banks initially planned.

At the same time, there is a pressing need for a stronger banking group that can support the AFH/BOA network. The stiffening, diversifying local competition, the heavy investments made necessary by the rapid development of working tools in banking, the products required to remain competitive, the ongoing modifications of international prudential regulations, pressure from our institutional partners, the general trend of consolidating companies within a sector in order to harness the resources for mobilisation all plead in favour of this option and its rapid concretisation. The originality of the policy followed by the development of our company, the significant size it has already attained without compromising this policy, the support of all main participants for the autonomy of our development strategy, and the current solidity of the BOA, thanks to the full commitment of all our teams and to the consistency of our strategy, lead us inevitably to look for support that is appropriate for the character of our Group. Centred particularly on the quality of the current balance between our shareholders and between all the constituent parts of the AFH/BOA Group, this character is at least partly responsible for the successes of the last twenty years, and it is therefore desirable to preserve it for the BOA network to continue to be considered as a real African group.

This is why the period 2005/2006 has recently been described by AFH as decisive for this change. It will involve, on the part of Central Structures, a series of actions, including:

- The continued, intensive improvement of management and control tools in all entities in such a way as to give them the best possible competitiveness and profitability;

- The identification and implementation of all possible synergies—human, operational, financial, etc—in order to consolidate the rapid integration of all parts of the company, especially the new English-speaking parts;

- The strengthening of the organisation and resources of Central Structures, in order to enhance their efficiency in a field that remains wide and in the face of their increased responsibilities;

- The boosting of all the Group's resources and the precise definition of its medium-term strategy for optimal negotiation of the terms of the support required.

2005 and 2006 therefore seem to be a consolidation and concretisation phase following the first achievements of 2004, and the numerous development projects of 2002 and 2003.

With the extent of the AFH/BOA Group's network and the increasingly restrictive environment, the challenges described above are varied and difficult. On the other hand, they testify to the constant progress of our experience in which the strategic vision designed and implemented, the firm commitment of our staff, and our constant policy of discipline and caution, implemented on all levels, have doubtless played an essential role.

Reaching our various objectives will require the mobilisation of all the Group's resources in order to face up to the challenges involved. The shareholders, managers, and staff of the whole network, who have always shown their enthusiasm as well as their competence, will certainly rise to the occasion in the new activities that they will be asked to undertake in this vast project—building an operation with which many identify personally.

After these changes resulting from the many consolidation projects, the make-up of the Group is likely to change, continuing the adaptations that have been seen since the creation of the first BANK OF AFRICA in 1982. Such a change will be good evidence for the secure future of the AFH/BOA network, as a further demonstration of its capacity to adapt. It could also be an example, in the banking sector, of the economic change needed in Africa: the achievement in the best possible conditions of fair integration in the global economy, which is increasingly interconnected and constantly evolving, without abdicating its role in the construction of its own future.

Chairman's Message

The 2004 financial year will go down in the Group's history as a particularly difficult year, due to a less favourable, indeed sometimes highly disadvantageous, environment in most of the countries where we are present. This environment caused the entities involved, and in particular the main ones, to record a level of activity which fell short of their expectations, and/or a result adversely affected by various constraints which were beyond their control but which made them suffer considerably. Examples included the significant devaluation of the Madagascan currency and the impact of the political crisis in Ivory Coast over the whole of West Africa. This many-sided decline in their working environment obliged the teams in BANK OF AFRICA's network to apply even more effort, professionalism and solidarity in order to achieve the goals set for the 2004 financial year.

Due to the abovementioned issues, most overall indicators have for the first time remained stable or declined slightly: -3.6% for the Group's consolidated balance sheet; -3.3% for deposits collected; -9% for the net banking income; and -17.5% for the final net result. Only direct credits advanced to our customers enjoyed an increase of 24.9% over the period. Our most recently created entities only played a marginal role in our development and they even slightly reduced the overall profit due to losses realized by some of them.

At the same time, we should emphasize that, for the first time, all those institutions which were already in existence before 2001 achieved results which allowed them to pay dividends, thereby confirming the quality of the financial fundamentals of each of the Group's entities.

Besides the financial data, the year under review was notable mainly for some important events and new developments in three main sectors:

- The first is the financial consolidation of several BANK OF AFRICA entities: notably those of Benin, Burkina Faso, Ivory Coast and Senegal, whose share capital was increased by significant amounts. These increases, made in each case to give the institutions the necessary means to develop in line with the regulatory ratios in place, also enabled us to verify the attachment of the minority shareholders to our Group. The success of each of these operations, and in particular the issue of new BANK OF AFRICA - BENIN (BOA-BENIN) shares on the regional stock exchange, can be taken as an illustration of our network's credibility in the eyes of both private shareholders on a national basis and our institutional partners. At the same time, and in order to fully play its role as the Group's reference shareholder, AFRICAN FINANCIAL HOLDING (AFH) itself increased its share capital, as it did in 2003.

- The second is the broadening of our scope of operations. The BANQUE DE L'HABITAT DU BENIN (BHB), which became operational in April 2004, opened a new sector which, given the considerable need to finance housing in Africa, is likely to be developed in the future if this first venture proves to be successful. The BANK OF AFRICA KENYA (BOA KENYA) started operations on 1 July 2004, thereby marking a first step in the Group's effective presence in English-speaking Africa, in line with our strategic ambitions announced in 2003, and at the same time enabling us to consolidate a second geographical zone around East Africa and Indian Ocean.
- The third is the intensive pursuit of structural reforms launched a number of years ago and designed to reinforce the Group's integration and ensure that it meets the international standards of our profession. In most cases these reforms involve long-term projects, some of which were completed in 2004: the effective connection of BOABENIN to the VISA network, for example, which marked a first step in linking the entire Group to the international payment card, and the introduction of an overall statement of all the Group's commitments, opening the way to new methods for monitoring credit, are two good examples of our progress. They demonstrate the spirit of modernity and stringency in which these gradual changes are being implemented.

These results are due to the full involvement of all the teams in BANK OF AFRICA and in the Group's Central Structures – who quite rightly feature prominently on the pages of this annual report – in the implementation of these developments and of the reforms undertaken. It is also the result of constant support from the shareholders of all the entities, as mentioned above. I do thank you all for your commitment, confidence and solidarity.

This intense cooperation among all the players in the BANK OF AFRICA network will, more than ever before, be indispensable in overcoming the challenges of 2005, which include enlarging our network of branches and completing new steps in our integration. These steps should enhance the status of our Group even further, and make it more solid in an African financial sector faced with increasingly harsh competition.

Paul DERREUMAUX
Chairman

Report by the Board of Directors

To the Postponed Annual General Meeting to be held on 30 June, 2005

In compliance with legal and statutory provisions, we have the pleasure of presenting you with your company's activity report for the last financial year and of submitting the audited accounts as at 31 December 2004 for your approval.

As at 30 December 2004, the share capital of our company had been increased by euros 3,875,000 (three million eight hundred and seventy five thousand euros) in order to raise it from euros 15,500,000 (fifteen million five hundred thousand euros) to euros 18,135,000 (eighteen million one hundred and thirty five thousand euros).

During the 2004 financial year we acquired:

- 4,000 new shares in BOA-MALI, raising our shareholding to euros 2,040,791.80 as at 31 December 2004, which represents 229,868 shares of this company.
- 34,850 new shares in BOA-SENEGAL, raising our shareholding to euros 121,872,607.50 as at 31 December 2004, which represents 123,835 shares of this company.
- 19,866 new shares in BOA-BURKINA FASO, raising our shareholding to euros 1,211,451.35 as at 31 December 2004, which represents 79,466 shares of this company.
- 19,866 new shares in BOA-COTE D'IVOIRE, raising our shareholding to euros 2,574,089.17 as at 31 December 2004, which represents 175,793 shares of this company.
- 25,393 new shares in BOA-BENIN, raising our shareholding to euros 6,799,208.75 as at 31 December 2004, which represents 241,064 shares of this company.

We also acquired new shareholdings in the following companies:

- 50,000 shares in BOA-KENYA. This shareholding was valued at euros 1,783,721.28 as at 31 December 2004.
- 28 shares in AFRIC-INVEST SA. This shareholding was valued at euros 28,028 as at 31 December 2004.

Our shareholdings in the following companies remained unchanged during 2004:

Company	Shares
ACTIBOURSE	3 900
BOA-NIGER	63 851
AGORA	3 800
Banque de l'Habitat du Bénin	30 000
Colina Africa Vie	5 600
Colina Africa Vie-Bénin	15 494
EQUIPBAIL-BENIN	6 000
EQUIPBAIL-MADAGASCAR	170
EQUIPBAIL-MALI	18 046
Holdefi	20 000
SCI OLYMPE	3 000
AFH-Océan Indien S.A.	15 300
AFH Services Ltd	8 500

We also subscribed to the creation of ATTICA SA in an amount of euros 64,028.59.

As at 31 December 2004, the total value of long-term investments was euros 21,133,637.48 and that of intangible assets was euros 5,481.

Total debts were valued at euros 4,213,233.34; transferable securities were valued at euros 1,536,562.51. Our bank assets came to euros 2,554,683.86.

We have recorded a sum of euros 1,695,877.35 as income from fixed assets. We have also recorded euros 301,429.81 as income from current assets, a draw-down of value adjustments of euros 90,432.09, and a euros 192,175.71 reversal of provisions for contingencies.

Our general expenses were valued at euros 269,611.40. We have carried out value adjustments on assets, coming to euros 3,968.36. We have recorded interest payable and similar charges at euros 197,829.34 and a foreign exchange loss of euros 11,131.23.

At 31 December 2004, profit came to euros 1,808,505.86. Taking account of the positive balance brought forward—euros 669,596.72—total profit as at 31 December 2004 comes to euros 2,478,102.58.

We suggest the following distribution:

	In Euros
Legal Reserve 5%	90 500.00
Dividends (10% of share capital)	1 813 500.00
Retained Profit	574 102.58

In terms of the results of the current financial year, we expect a similar trend to 2004.

We wish to request a special vote to give the Directors full discharge for their functions up to 31 December 2004.

We also request that you give a full discharge to the Auditor of Corporate Accounts for his responsibility with regard to the closing balance sheet as at 31 December 2004.

The meeting of the Board of Directors of 13 December 2004 coopted Mr Paulin Cossi, Bank Director residing in Cotonou, Benin, as an additional Director, and we suggest the ratification of this cooptation. His term will expire at the Statutory Annual General Meeting in 2011.

The terms of the Directors and Auditors will expire during the current Annual General Meeting, and we also suggest their renewal for another statutory period of six years, expiring during the Annual General Meeting of 2011.

Delivered on 7 June 2005

The Board of Directors

Paul DERREUMAUX
Managing Director
Chairman

PROPARCO
Director

Mossadeck BALLY
Director

Mamadou AMADOU AW
Director

Netherlands Development Finance Company
Director

Francis SUEUR

Director

Paulin L. COSSI
Director

Please note that the French version prevails.

Report by the Company's Auditor

On the financial results to 31 December 2004

In accordance with our appointment by the General Meeting of shareholders, we have audited the annual accounts of AFRICAN FINANCIAL HOLDING S.A. for the financial year ending on 31 December 2004, taking account of the management report relating to them. The annual accounts and management report are the responsibility of the Board of Directors. Our responsibility, based on our auditing work, is to express an opinion on these annual accounts and to ensure that they concord with the management report.

We carried out our audit in accordance with international auditing standards. These rules require that we plan and execute the audit in such a way as to obtain an assurance that the annual accounts do not contain significant anomalies. Auditing consists of examining, on a test basis, the evidence justifying the amounts and information contained in the annual reports.

It also consists of assessing the accounting principles and methods followed and the significant estimations made by the Board of Directors for the closure of these annual accounts, as well as carrying out a review of their overall presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying annual accounts give, in conformity with the legal provisions and regulations in force in Luxembourg, a true and a fair view of the assets and the financial position of AFRICAN FINANCIAL HOLDING as at 31 December 2004 and of the results of its operations for the same period.

The management report is in accordance with these annual reports.

Luxembourg, 11 July 2005

Carlo REDING
Partner

Tom PFEIFFER
Senior Manager

PKF Luxembourg S.A.
Companies Auditor

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 2003	Fiscal Year 2004
Investments	16 427 438.80	21 139 118.48
• Intangible assets	3 359.36	5 481.00
• Investments in subsidiaries	16 424 079.44	21 133 637.48
Current assets	7 194 797.79	8304 479.71
• Trade receivables	2 552 927.87	4 213 233.34
• Marketable securities	3 282 778.95	1 536 562.51
• Bank accounts, post office cheque accounts, cheques and cash in hand	1 359 090.97	2 554 683.86
Sundry accounts	63 816.13	60 404.21
Total assets	23 686 052.72	29 504 002.40

Liabilities	Fiscal Year 2003	Fiscal Year 2004
Shareholders' equity	16 777 137.51	19 720 041.35
• Registered capital	15 500 000.00	18 135 000.00
• Share premiums	157 540.81	409 145.81
• Reserves	425 798.82	506 298.82
· Of wich legal reserves	425 798.82	506 298.82
• Earned surplus account	693 797.88	669 596.72
Reserves for contingencies and losses	192 175.71	0.00
Liabilities	5 110 440.66	7 975 455.19
• Other liabilities	5 110 440.66	7 975 455.19
Annual profit	1 606 298.84	1 808 505.86
Total liabilities	23 686 052.72	29 504 002.40

Profit and Loss Accounts

Expenses	Fiscal Year 2003	Fiscal Year 2004
Corrections to securities under assets	108 177.45	3 968.36
Interest and related expenses	168 321.99	197 829.34
Other expenses	332 371.65	269 611.40
Profit for the period	1 606 298.84	1 808 505.86
Total expenses	2 215 169.93	2 279 914.96

Income	Fiscal Year 2003	Fiscal Year 2004
Income from investment assets	1 755 952.38	1 695 877.35
Income from current assets	80 294.05	301 429.81
Exceptional income	378 923.50	282 607.80
Total income	2 215 169.93	2 279 914.96

Letter of Opinion

We have examined the consolidated annual accounts of the Groupe AFRICAN FINANCIAL HOLDING/ BANK OF AFRICA (AFH/BOA) for the financial year ending on 31 December 2004.

Our examination was carried out according to the generally accepted rules of auditing; these rules require that we perform the audit in order to obtain a reasonable assurance that the consolidated annual accounts do not contain significant anomalies. An audit consists of the examination, on a test basis, of the evidence supporting the data contained in these accounts. It also involves evaluating the accounting principles followed and the significant estimates made, as well as the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for the opinion expressed below.

We believe that the consolidated accounts appended to this report give a true and fair view of the financial position of the AFH/BOA Group as at 31 December 2004, in accordance with generally accepted accounting principles.

Cotonou, 4 July 2005

MAZARS & GUERARD

Armand FANDOHAN
Partner

Accounting principles and methods of evaluation

Key events of the 2004 financial year

Capital increases

During the financial year ending 31 December 2004, the parent company, AFH SA, increased its share capital by euros 2,635,000, which corresponds to the issue of 17,000 new shares of euros 155, raising its share capital from euros 15,500,000 to euros 18,135,000.

The subsidiaries BOA-BENIN, BOA-BURKINA FASO, BOA-COTE D'IVOIRE, BOA-SENEGAL, AGORA, and AISSA Ltd, carried out the following rights issues during the 2004 financial year.

- The share capital of BOA-BENIN increased from euros 9,146,941 to euros 10,671,431 after a double capital increase involving both the distribution of 30,000 free shares of euros 15.245 each and the public offer of sale of 70,000 shares of euros 15.245 each.
- BOA-BURKINA FASO increased its share capital by euros 762,245 to euros 3,048,980, issuing 50,000 shares of euros 15.245 each.
- The share capital of BOA-COTE D'IVOIRE came to euros 3,048,980 at the beginning of the year, and was increased by euros 762,245 following the issue of 50,000 new shares. The share capital of this subsidiary therefore stood at 3,811,225 at the end of the 2004 financial year.
- The issue of 50,000 shares of euros 15.245 each allowed BOA-SENEGAL to raise its share capital from euros 2,286,735 to euros 3,048,980, an increase of euros 762,245.
- The AGORA holding increased its share capital by euros 701,265, from euros 762,245 to euros 1,463,511.
- The share capital of AISSA Ltd increased from euros 42,686 to euros 64,029, representing a rise of euros 21,343 following the issue of euros 1,400 of euros 15.245 each.

Change in the scope of consolidation

The main variations in the scope of consolidation are related to the following events:

- The ATTICA holding company was created during the last quarter of 2004. At the closing of the accounts, AFH held a 67.7% stake in this subsidiary. The companies of the group holding direct shares in the share capital of ATTICA are AFH SA (2.47%), BOA-BENIN (36.76%), BOA-NIGER (7.35%), ACTIBOURSE (3.47%), COLINA AFRICA VIE-BENIN and COLINA AFRICA VIE - COTE D'IVOIRE with 14.71% and 2.94% respectively.
- The BOA-KENYA subsidiary, created after the acquisition of Calyon branch (formerly Credit Agricole Indosuez) at the end of 2003 was consolidated in the accounts for the first time on 31 December 2004. The Group's entire holding in this bank comes to 80%, held by AFH SA (10%), BOA-BENIN (20%), BOA-MADAGASCAR (20%), BOACOTE D'IVOIRE (15%), and AFH-OCEAN INDIEN (15%).

- BOA-BENIN sold part of its investment portfolio to ATTICA. This deal involved 16,000 shares in BOA-MALI, 12,153 shares in BOA-NIGER, 22,310 shares in BOA-COTE D'IVOIRE, 9,920 shares in BOA-BURKINA FASO, 11,480 shares in EQUIPBAIL-BENIN, and 5,250 shares in EQUIPBAIL-MALI.

Principles of consolidation

The consolidated accounts have been drawn up according to rules currently in force internationally, and are presented in the format required by banks and other 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 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, in the total assets, liabilities, and items in the profit and loss accounts of the companies concerned, the proportion of the results and equity capital of the companies of the Group (Group share), distinct from that relating to the holdings of other shareholders (minority interests).

The equity method is applied to associated companies over which the Group has a substantial direct or indirect influence. This method is also applied to subsidiaries whose business and rules for establishing the company accounts differ from those of banks and other financial institutions. The equity method involves substituting the book value of securities held with the amount of the proportion of the associated company's equity capital they represent, including the results of the financial year.

At 31 December 2004 none of the Group's companies was consolidated by proportional integration.

The list of consolidated companies at 31 December 2004 appears in note 2, specifying the method of consolidation applied to each.

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

All significant transactions among the consolidated companies, as well as the internal results of the consolidation (including dividends) are eliminated.

The consolidation entry variance noted during acquisitions of shareholdings is the difference between the acquisition price and the proportion of the company's equity share capital restated at the acquisition date. In compliance with recommendations made by international bodies, this difference is generally allocated to the appropriate consolidated balance sheet items, and the non-allocated remainder is included in ‘consolidated goodwill” in the consolidated balance sheet assets if the variance is positive.

Positive acquisition variances are amortised over 10 years according to a schedule that reflects as reasonably as possible the hypothesis adopted, the goals set, and the expected outlook at the time of acquisition. If these factors do not fall into line with initial forecasts, the consolidated goodwill concerned is reduced beyond the amortisation schedule.

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 below.

Principles of accounts closure

Companies are consolidated on the basis of the accounts closed on 31 December 2004. If necessary, these accounts are restated in line with the Group's accounting principles.

Currency conversions

The companies AFH SA, AFH SERVICES LTD, and AFH - OCEAN INDIEN keep their accounts in euros.

The accounts of companies within the scope of consolidation are kept in CFA francs, Madagascan francs (MG F), or in Kenyan Shillings (KES).

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

The conversion method used is the historic rate.

Funds 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 in each bank, by applying a rate to all net commitments in terms of liquidity and by client signatures apart from surety. Commitments in public and assimilated companies and those covered by a fixed-term deposit pledge or an on-demand bank guarantee are not included in the calculation.

A variable rate is applied in the banks, which calculate this provision with a target of 7%.

The provisions constituted in the company accounts of BOA-BENIN, BOA-BURKINA FASO, BOA-COTE D'IVOIRE, BOA-NIGER, BOA-SENEGAL, and BOA-MADAGASCAR take the form of a reserve. They have been included in the consolidation reserves.

Leasing operations

Operations involving leasing, rental with a purchase option, and hire purchase are posted 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 recorded in the consolidated reserve for a net amount of deferred taxes.

Intangible Assets

Goodwill, licenses, patents, and acquired lease rights are recorded at cost price. Goodwill is not amortised. Other intangible assets are amortised on a straight-line basis according to their estimated economic lifespan.

Tangible assets

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

Shareholdings

"Financial investments" include both securities in companies consolidated using the equity method and holdings in non-consolidated companies.

"Non-consolidated financial investments" correspond to the purchase cost of securities in non-consolidated companies, after deducting the provisions made for decrease in value. The dividends received from nonconsolidated companies 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, which include the elimination of entries in the individual accounts in application of tax options. Deferred tax assets are only recorded in the balance sheet if the company concerned is reasonably sure of recovering them in the course of subsequent financial years.

Retirement commitments

Commitments corresponding to the rights acquired by the personnel in terms of retirement are determined according to the legal requirements in force in the country in which the company is located. The provisions allocated are not updated.

Comparability of one financial year to another

The consolidated accounts of the AFH/BOA Group at 31 December 2004 have been drawn up according to similar methods to those used in drawing up the consolidated accounts of 31 December 2003, which are presented for the purposes of comparison.

The method applicable in each branch was determined not only on the basis of the level of the Group's holding but also on the basis of criteria of "effective control".

Scope of Consolidation, Percentages of Control and Holdings, and Consolidation Methods

Scope of consolidation

Percentages of control and holdings, and consolidation methods

Scope of consolidation

Scope of consolidation as of December 31st, 2004. Companies consolidated in the accounts of the AFH/BOA Group are as follows:

Parent Company

- AFRICAN FINANCIAL HOLDING (AFH S.A.)

Integrated Holding Companies

- AFH Services Ltd
- AGORA
- AFH-Océan Indien
- ATTICA

Integrated banks and financial institutions

- BOA-BENIN
- BOA-BURKINA FASO
- BOA-COTE D'IVOIRE
- BOA-MADAGASCAR
- BOA-MALI
- BOA-NIGER
- BOA-SENEGAL
- BOA-KENYA
- BANQUE DE L'HABITAT DU BENIN (BHB)
- EQUIPBAIL-BENIN
- EQUIPBAIL-MADAGASCAR
- EQUIPBAIL-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

As of 31 December 2004

	Fiscal Year 2004			Fiscal Year 2003		
Company	% Holding	% Control	Consolidation method	% Holding	% Control	Consolidation method
AFH	100.00	100.00	Parent C	100.00	100.00	Parent C
AFH-Océan Indien	87.38	100.00	IG	87.37	100.00	IG
AFH-Services Ltd	85.00	85.00	IG	85.00	85.00	IG
AGORA	27.91	54.79	IG	27.03	52.60	IG
ATTICA	21.31	46.59	IG	-	-	-
BOA-BENIN	37.74	38.74	IG	37.80	38.75	IG
BOA-BURKINA FASO	44.40	52.69	IG	45.29	52.69	IG
BOA-COTE D'IVOIRE	71.25	79.66	IG	70.91	77.85	IG
BOA-MADAGASCAR	30.71	35.14	IG	30.66	35.09	IG
BOA-MALI	46.66	49.17	IG	46.38	48.37	IG
BOA-NIGER	44.29	50.67	IG	45.91	51.40	IG
BOA-SENEGAL	65.55	71.92	IG	67.13	76.66	IG
BOA-KENYA	47.48	60.00	IG	-	-	-
BHB	41.29	76.40	IG	-	-	-
EQUIPBAIL-BENIN	40.00	93.73	IG	44.76	93.73	IG
EQUIPBAIL-MADAGASCAR	56.80	64.99	IG	56.79	64.99	IG
EQUIPBAIL-MALI	64.88	80.15	IG	67.89	80.15	IG
ACTIBOURSE	49.10	88.00	MEE	49.32	88.00	MEE
AISSA Sarl	48.99	100.00	MEE	49.98	100.00	MEE
SCI OLYMPE	58.47	100.00	MEE	58.58	100.00	MEE
Colina Africa Vie-Bénin	43.82	43.82	MEE	35.84	43.82	MEE
Colina Africa Vie-Côte d'Ivoire	45.00	45.00	MEE	40.44	45.00	MEE

Parent C: Parent Company
IG: Global consolidation method
MEE: Equity method

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

AFH/BOA Group Balance Sheet

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

Assets

Assets	Fiscal Year 2003	Fiscal Year 2004
Cash	42 110 948	33 815 053
Interbank placements	374 679 686	325 427 357
• Demand deposits	182 872 290	228 424 959
· Central Banks	107 588 217	163 089 611
· Treasury, Post Office bank	1 198 498	820 441
· Other credit institutions	74 085 575	64 514 907
• Term deposits	191 807 396	97 002 398
Customer loans	534 398 998	556 075 415
• Portfolio of discounted bills	40 597 654	38 276 174
· Seasonal credit	-	-
· Ordinary credit	40 597 654	38 276 174
• Other customer credit facilities	343 545 709	364 515 844
· Seasonal credit	52 185 204	16 747 352
· Ordinary credit	291 360 505	347 768 492
• Ordinary debtor accounts	150 255 635	153 283 397
• Factoring	-	-
Leasing and related operations	6 600 066	7 264 620
Current securities	61 992 813	67 345 423
Investments in associates	13 206 767	12 032 856
Financial investments at equity value	2 266 653	2 884 160
Intangible assets	2 175 091	5 453 923
Fixed assets	31 821 743	31 065 200
Shareholders or associates	-	133 640
Other assets	56 450 298	41 260 703
Sundry accounts	27 590 681	28 157 862
Consolidated goodwill	163 575	131 650
Total assets	1 153 457 319	1 111 047 862

Off-Balance-Sheet	Fiscal Year 2003	Fiscal Year 2004
Commitments given		
• Financing commitments	62 662 891	62 603 547
· In favour of credit institutions	-	39 087
· In favour of customers	62 662 891	62 564 460
• Guarantees given	192 996 177	157 165 296
· On behalf of credit institutions	55 729 730	23 721 450
· On behalf of customers	137 266 447	133 443 846
• Commitments on security	-	-

Liabilities

Liabilities	Fiscal Year 2003	Fiscal Year 2004
Interbank liabilities	47 780 630	40 261 406
• At sight	30 697 713	23 505 061
· Treasury, Post Office bank	315 006	1 938 191
· Other credit institutions	30 382 706	21 566 870
• Long-term	17 082 917	16 756 345
Customers' deposits	949 187 012	918 133 747
• Savings deposit accounts	101 635 098	96 218 899
• Time deposit accounts	2 011 927	8 438 707
• Short-term borrowings	21 600 521	12 200 165
• Other demand deposits	582 006 610	531 290 612
• Other time deposit accounts	241 932 855	269 985 364
Debts evidenced by securities	4 638 719	3 498 705
Other liabilities	30 020 309	29 513 831
Sundry accounts	26 976 987	23 220 744
Consolidated goodwill	2 954 732	2 614 383
Reserves for contingencies & losses	7 199 140	6 481 769
Subordinated debt	7 832 254	5 767 673
Investment grants	-	1 524 490
Capital	15 500 000	18 135 000
Consolidated reserves	47 835 084	50 599 627
• Group	11 278 029	9 619 357
• Minority shareholders	36 557 056	40 980 270
Retained earnings (+/-)	-	-
Net income	13 532 454	11 296 487
• Group	5 156 181	5 277 285
• Minority shareholders	8 376 273	6 019 202
Total liabilities	1 153 457 319	1 111 047 862

Off-Balance-Sheet	Fiscal Year 2003	Fiscal Year 2004
Commitments received		
• Financial commitments	-	5 404 057
· Received from credit institutions	-	5 404 057
• Guarantees received	333 017 751	366 491 730
· Received from credit institutions	21 338 878	31 294 846
· Received from customers	311 678 873	335 196 884
• Commitments on security	141 688 920	48 006 489

AFH/BOA Group Income statement

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

Expenses

Expenses	Fiscal Year 2003	Fiscal Year 2004
Interest rate and related expenses	22 288 285	23 826 891
• On interbank debits	1 965 146	1 761 162
• On customers' debits	19 351 796	20 838 802
• On securities	332 035	378 352
• Other interest and related expenses	639 307	848 576
Expenses on leasing and related operations	3 002 929	3 078 960
Commission	418 176	370 731
Expenses on financial transactions	1 043 313	4 047 464
• Investment expenses	20 230	15 738
• Foreign exchange expenses	1 021 203	4 009 055
• Off-balance-sheet transaction expenses	1 880	22 671
Other bank operating expenses	86 051	86 876
General operating expenses	41 507 844	38 610 012
• Personnel costs	18 496 638	17 361 521
• Other general expenses	23 011 206	21 248 491
Depreciation and provisions charged against assets	6 870 675	5 351 300
Deficit on corrections to securities, loans and off-balance-sheet	13 907 156	12 203 778
Excess of provisions over funds recovered for general banking risks	-	-
Exceptional expenses	2 511 967	2 563 692
Losses from previous years	2 133 536	1 423 627
Corporate Income tax	3 569 859	4 900 707
Profit	13 532 454	11 296 487
Total Expenses	110 872 244	107 760 525

Income

Income	Fiscal Year 2003	Fiscal Year 2004
Interest and related income	72 159 614	64 760 413
• On interbank loans	20 036 077	8 623 934
• On customers' loans	50 727 736	54 916 407
• On securities	141 778	314 142
• Other interest and related income	1 254 024	905 930
Income from leasing and related operations	3 455 150	2 754 732
Commission	6 977 381	13 734 188
Income from financial transactions	13 542 283	17 731 823
• Income from current securities	3 609 249	3 734 388
• Dividends and related income	259 075	259 693
• Income from foreign exchange transactions	5 147 866	9 066 223
• Income from of-balance-sheet transactions	4 526 092	4 671 519
Other income from banking operations	7 831 425	2 709 027
Profit margins	-	-
Sale of products	-	3 314
Changes in goods in stock	828 449	133 025
Other income from banking operations	1 953 661	1 361 237
Recovery of depreciation and provisions on fixed assets	544 574	247 703
Surplus on corrections to value of loans and off-balance-sheet items	-	-
Surplus recovered on provision of funds for general banking risks	-	-
Exceptional income	2 675 766	3 719 216
Profits on previous fiscal years	903 941	605 847
Surplus recovered on provisions for consolidated goodwill	-	-
Loss	-	-
Total Income	110 872 244	107 760 525