**A visit to musée du quai Branly**

This year, the 2006 annual reports of the BANK OF AFRICA Group pay tribute to an event that took place in Paris on June 23, 2006: the opening of the musée du quai Branly.

Dedicated to the arts and civilisations of Africa, Asia, Oceania and the Americas, this museum aims to showcase and preserve the collections for which it was designed by the architect Jean Nouvel.

Viewed by visitors from all over the world, the collections include pure masterpieces as well as simple objects from everyday life, each item reflecting an extraordinary cultural diversity.

**Illustration**
The BANK OF AFRICA emblem represents a stylized Ashanti "fertility doll". A universal symbol of prosperity, fertility has been chosen as the theme for the illustrations in this report.

**Thanks**
The BANK OF AFRICA would like to thank Mr Stéphane Martin, Chairman of the musée du quai Branly, the Department of Cultural Development and in particular Hélène Cerutti, Céline Martin-Raget and Agathe Moroval, for the loan of the photos shown in these reports and the exceptional transfer of usage rights.

**The legend of Akua' ba, the birth of a symbol**

Ashanti. Ghana.

Wood, beads. 36.2 x 10.5 x 4.9 cm, 231g

Akua' ba or Akoua ba means "child of Akoua". According to the legend, a young Ashanti woman, named Akua, who was unable to have a child, consulted the village soothsayer. He told her to make a little wooden doll which she should cherish as if it were her own child. Akua obeyed and cared for the doll, carrying it on her back, bathing it, feeding it milk and decorating it with beads. The villagers became accustomed to the doll, which they called the child of Akua: "Akua ba". The young woman soon fell pregnant and gave birth to a little girl, who grew up with her mother's doll.

This legend is said to be the source of the fertility symbol represented by this type of statuette. One of the best known African statues, its simple and graphic shape can be found well beyond the borders of Ghana and the Ivory Coast (Akan territories), due, in particular, to the developing tourist market.

Inventory No: 73.1964.14.14

## The BANK OF AFRICA Group

- Nearly 2,000 people, at your service
- 9 Commercial banks
- 3 Leasing finance companies
- 2 Investment companies
- 1 Housing Bank
- 1 Firm of stockbrokers
- 1 Representative office in Paris
- 1 Information Technology subsidiary
- Major holding in several life insurance companies
- More than 130 dedicated operating and production sites in 10 countries, excluding affiliated partners
- Total turnover of about 200 million euros in 2007
- Over 500,000 bank accounts
- Regularly increasing fleet of Automated Teller Machines and Electronic Payment Terminals
- Full range of banking and financial services
- Attractive range of life insurance policies
- Solutions for all your financing problems
- Powerful Financial Engineering
- Strong regional network
- Strategic partners including PROPARCO, International Finance Corporation (IFC - World Bank Group),
- West African Development Bank (BOAD), Netherlands Development Finance Company (FMO)
- Continuous growth for 25 years
- Unique experience in Africa

## *Group strong points*

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

# *History of the BANK OF AFRICA Group*
# *Development of Group Banks from 2002 to 2006*
# *Current situation and outlook for the AFH/BOA Group*

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

As the initial entity, it provided an invaluable opportunity to experiment the general concept and principles that were to become the foundation, 24 years later, of a strong regional network with nine commercial banks, a mortgage bank, three leasing subsidiaries, a firm of stockbrokers, an investment company and a wide reputation in African financial and banking circles.

The BANK OF AFRICA Group developed in three major stages between 1982 and 1998:

- the initial phase, 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),
- the steady expansion of the network, with the creation of several BANK OF AFRICA companies and a number of specialised financial institutions within the West African Economic and Monetary Union.

A fourth phase was entered in 1999, with emphasis being put on the Group's consolidation and integration, whilst pursuing external growth:

- creation of BANK OF AFRICA - MADAGASCAR in 1999;
- setting up of ÉQUIPBAIL-MADAGASCAR in 2000;
- foundation and opening of BANK OF AFRICA - SENEGAL in 2001;
- creation of Banque de l'Habitat du Bénin in 2003 and BANK OF AFRICA - KENYA in 2004,
- diversification into new forms of business, in particular life insurance and investment in buoyant sectors, such as telecommunications.
- development of the Group in the East Africa and Indian Ocean zone.

## *1 INITIAL PHASE: BANK OF AFRICA - MALI*

At the beginning of the 1980s, the banking system in French-speaking African countries comprised, with a few rare exceptions, subsidiaries of French banks, which were mainly oriented towards financing the import-export trade and meeting the financial needs of major companies, and state banks, which were subject to major management problems, were highly dependent on political ambitions and often practised dangerous credit policies. The first BANK OF AFRICA, BOA - MALI was set up in December 1982, through the determination of private investors in Mali in reaction to the weaknesses of existing financial institutions. The bank soon became an integral part of the local banking system and has grown regularly since 1982, as the main indicators showed at the end of 2006:

- total assets: F CFA 100.5 billion;
- deposits received: F CFA 82.4 billion;
- loans made: F CFA 52.2 billion;
- nearly F CFA 5 billion in shareholders' equity;
- which means it represents more than 13% of the overall banking sector in Mali.

The success factors that lay behind this continuous expansion proved decisive for the growth of other banks in the Group:

- commercial flair and a desire to provide a quality service;
- effort to modernise and adapt working practices and tools to the local environment;
- moral and sometimes financial support from financial institutions interested in this original approach;
- widest possible participation in vital sectors of the Mali economy, in particular through 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.

## *2 CHANGE IN SCALE: the setting up of AFRICAN FINANCIAL HOLDING and creation of BANK OF AFRICA - BENIN*

The success of BOA-MALI meant it was possible to envisage creating a similar set-up elsewhere. However, in order to provide the necessary impetus for the development and enlargement of the initial entity and ensure the cohesion of future components whilst preserving their independence, it appeared necessary to create a central body. To this end, the company AFRICAN FINANCIAL HOLDING (AFH) was set up in February 1988, with the following clearly defined priorities:

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

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

The setting up of AFH rapidly resolved the crucial issue regarding the capital structure of BANK OF AFRICA companies, which was thereafter divided into three parts:

1. Private shareholders, preferably nationals, providing a national dimension for each bank.

2. The AFH holding company, acting successively as promoter, principal shareholder and technical partner for each project.

3. International institutions supporting development in the private sector, which were to help raise the profile and credibility of BOA companies whilst fostering rigorous business practices. Four strategic partners - PROPARCO, the West African Development Bank (BOAD), the Inter-national Finance Corporation (IFC) and the Netherlands Development Finance Company - fulfilled this role.

On these foundations, BANK OF AFRICA - BENIN (BOA-BENIN) was set up. It opened its doors to the public on 15 January 1990 and grew steadily in strength. By the second year of its operation, it became the country's leading commercial bank, with total assets rising successively from F CFA 16 billion in 1990 to F CFA 49.2 billion in 1992, 0 F CFA 96.8 billion in 2006 and F CFA 255.3 billion in 2006, growing 16-fold in 17 years.

## 3 STEADY EXPANSION towards a regional dimension

The performance so far achieved could only be sustained if AFH had the necessary financial resources and could attract institutional investors. Increasing the capital of the holding company became an ongoing priority and led to three substantial investors successively acquiring stakes in AFH's capital: PROPARCO, the Netherlands Development Finance Company and NATEXIS, now NATEXIS-BANQUES POPULAIRES.

From this stronger base, which nevertheless strictly maintained the strategic independence of the Group, BOA went on to further expansion. From 1994 onwards, whilst the Mali and Benin entities were being consolidated, three new BANK OF AFRICA companies were set up in Niger, Ivory Coast and Burkina Faso, providing the Group with the strength of a true network.

In addition, two leasing finance subsidiaries (ÉQUIPBAIL-BÉNIN and ÉQUIPBAIL-MALI) and a stockbroking firm (ACTIBOURSE) were set up.

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,
- two-fold role of management support and training programmes,

- uniform procedures and homogenous policies.

## 4 CONSOLIDATION AND INTEGRATION and pursuit of the Group's expansion

In the face of fierce competition, external and internal expansion became an even greater priority. However, it was essential that Group consolidation and integration efforts should be pursued, in order to carry out smoothly the changes required at this crucial time in our development strategy. This was particularly true with regard to procedures, control, computerisation and electronic banking, where the progress achieved or projected is the result of a collective effort and a desire for integration that is shared by all.

Nevertheless, considerable external growth was achieved from 1999,

- with the creation of BANK OF AFRICA - MADAGASCAR, opening up a whole new geographical field of activity for the Group and providing invaluable experience in managing a bank with an extensive network;
- the start-up of ÉQUIPBAIL-MADAGASCAR in 2000 and the setting up of BANK OF AFRICA - SENEGAL.

The Group also intensified its strategy of diversification into new business:

- life insurance, with the creation of COLINA AFRICA VIE, in partnership with the leading Ivory Coast company in the sector;
- investment in buoyant sectors, with the creation of the AGORA investment firm;
- venture capital, with the creation of ATTICA;
- real estate financing, through the promotion and acquisition of a majority stake in BANQUE DE L'HABITAT DU BÉNIN (BHB).

The growth of the Group recently continued in the East Africa and Indian Ocean zone, with:

- the creation of BANK OF AFRICA - KENYA in 2004,
- the creation of BANK OF AFRICA - UGANDA in 2007.

Following these successive changes, the BANK OF AFRICA Group's current situation can be summarised as follows:

- strengthening of its total assets, which exceeded the symbolic threshold of one billion euros at the end of 2004 and stood at 1,361 million euros at the end of 2006;

- consolidation of the Group's position within the banking system of the WAEMU, with the Group rising to third position among banking groups in the Union, despite increased competition;

- consolidation of the Group's role in Africa, through its presence in nine countries, spread over two geographical zones;

- diversification in the customer base and activities of the various BANK OF AFRICA companies, proving them capable of meeting equally well the needs of major companies and the general public;

- the key role of AFRICAN FINANCIAL HOLDING as promoter, principal shareholder, technical adviser and the driving force behind the various entities.

The development of the BANK OF AFRICA Group over the last five fiscal years is shown overleaf.

## *Group Banks and Subsidiaries in 2006*

## Members of the Board of Directors

The Board of Directors currently comprises the following eight members:

- Paul DERREUMAUX, Managing Director and Chairman of the Board
- Mamadou Amadou AW
- Mossadeck BALLY
- Paulin COSSI
- Ian GREENSTREET
- Francis SUEUR
- PROPARCO, represented by Gilles GENRE-GRANDPIERRE
- Netherlands Development Finance Company (FMO) represented by B.A.M ZWINKELS

# Highlights

Fiscal year 2006

## March

- AFRICAN FINANCIAL HOLDING (AFH) share capital increased to 26.2 million euros, fully paid-up.
- BANK OF AFRICA - KENYA capital increase of KES 250 million.

## April

- BANK OF AFRICA meeting in Niamey for senior officers of the Network.

## June

- Launch of search process for a strategic banking partner.
- Buy-back of FMO's shares in the capital of BANK OF AFRICA - BURKINA FASO.

## August

- BANK OF AFRICA - COTE D'IVOIRE capital increase of F CFA 500 million.

## October

- Acquisition of Allied Bank International shares and creation of BANK OF AFRICA - UGANDA.

## December

- BANK OF AFRICA - BENIN capital increase of F CFA 500 million.
- Merger between EQUIPBAIL - BENIN and CREDIT AFRICAIN.
- Approval obtained for creation of BANK OF AFRICA - MAURITIUS.

## *Key figures Fiscal year 2006*

Excluding restatement of intra-group operations carried out within the consolidated accounts
Banks AT 31/12/2006 - IN THOUSANDS OF EUROS

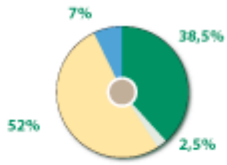
# BANK OF AFRICA Group

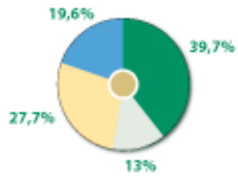


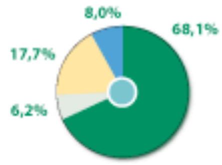
| | Groupe BANK OF AFRICA | BOA-BENIN | BOA-BURKINA FASO | BOA-COTE D'IVOIRE |
|---|---|---|---|---|
| TOTAL ASSETS | 1 403 725 | 389 138 | 139 434 | 185 448 |
| DEPOSITS | 1 120 753 | 309 288 | 118 120 | 139 639 |
| LOANS & ADVANCES | 711 752 | 184 045 | 93 214 | 105 386 |
| TURNOVER | 138 865 | 34 041 | 13 809 | 17 503 |
| PRE-TAX PROFIT | 23 637 | 1 092 | 2 558 | 2 324 |

SHAREHOLDERS

AFH
OTHER BOA
National and Others
International Institutions



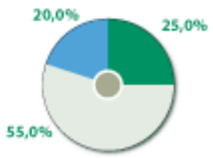



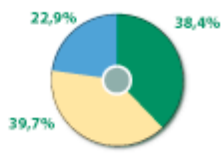



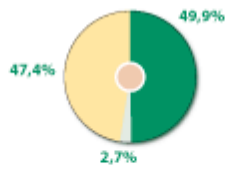

| | BOA-KENYA | BOA-MADAGASCAR | BOA-MALI | BOA-NIGER |
|---|---|---|---|---|
| TOTAL ASSETS | 70 730 | 270 933 | 153 229 | 69 685 |
| DEPOSITS | 53 805 | 221 675 | 125 620 | 55 373 |
| LOANS & ADVANCES | 41 140 | 110 295 | 79 598 | 35 322 |
| TURNOVER | 6 250 | 32 090 | 16 421 | 7 026 |
| PRE-TAX PROFIT | 669 | 11 851 | 1 098 | 1 994 |

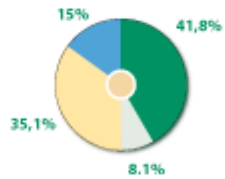
SHAREHOLDERS

AFH
OTHER BOA
National and Others
International Institutions



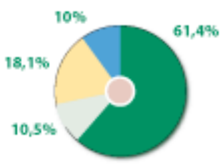



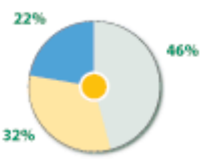



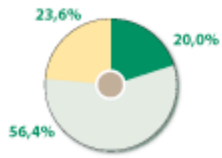

| | BOA-SENEGAL | BOA-UGANDA | BHB |
|---|---|---|---|
| TOTAL ASSETS | 77 341 | 37 487 | 10 299 |
| DEPOSITS | 62 990 | 26 913 | 7 330 |
| LOANS & ADVANCES | 41 965 | 13 767 | 7 019 |
| TURNOVER | 5 513 | 5 382 | 829 |
| PRE-TAX PROFIT | 1 144 | 987 | -81 |

SHAREHOLDERS

AFH
OTHER BOA
National and Others
International Institutions



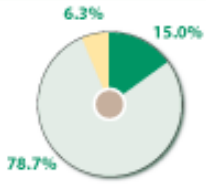



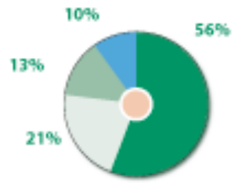

## *Leasing companies AT 31/12/2006 - IN THOUSANDS OF EUROS*

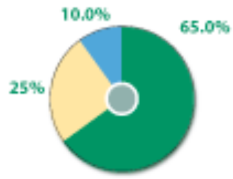
| | EQUIPBAIL-BENIN | EQUIPBAIL-MALI | EQUIPBAIL-MADAGASCAR |
|---|---|---|---|
| ASSETS | 10 299 | 4 570 | 2 192 |
| VOLUME OF OPERATIONS | 7 674 | 4 226 | 2 054 |
| TURNOVER | 3 067 | 1 445 | 316 |
| PRE-TAX PROFIT | 70 | 109 | -105 |

SHAREHOLDERS

- AFH
- OTHER BOA
- National and Others
- International Institutions

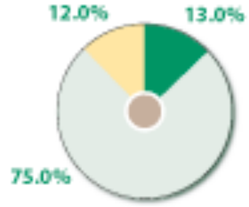


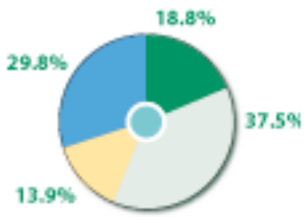



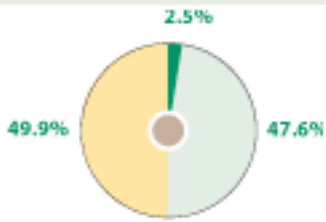
## *Other subsidiaries AT 31/12/2006 - IN THOUSANDS OF EUROS*

| | ACTIBOURSE |
|---|---|
| ASSETS | 6 228 |
| ASSETS IN PORTFOLIO MANAGED | 131 321 |
| TURNOVER | 822 |
| PRE-TAX PROFIT | 434 |
| SHAREHOLDERS | |
| AFH | |
| OTHER BOA | |
| National and Others | |
| International Institutions | |



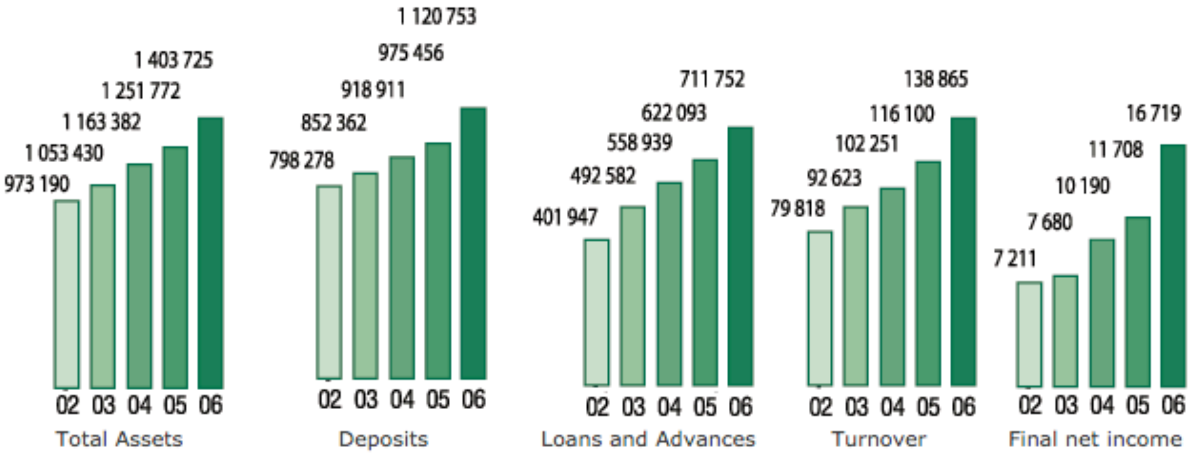

| | AGORA | ATTICA |
|---|---|---|
| ASSETS | 11 949 | 2 757 |
| VOLUME OF SHAREHOLDINGS | 7 772 | 1 530 |
| INCOME FROM SHAREHOLDINGS | 2 986 | 146 |
| PRE-TAX PROFIT | 1 645 | 141 |
| SHAREHOLDERS | | |
| AFH | | |
| OTHER BOA | | |
| National and Others | | |
| International Institutions | | |



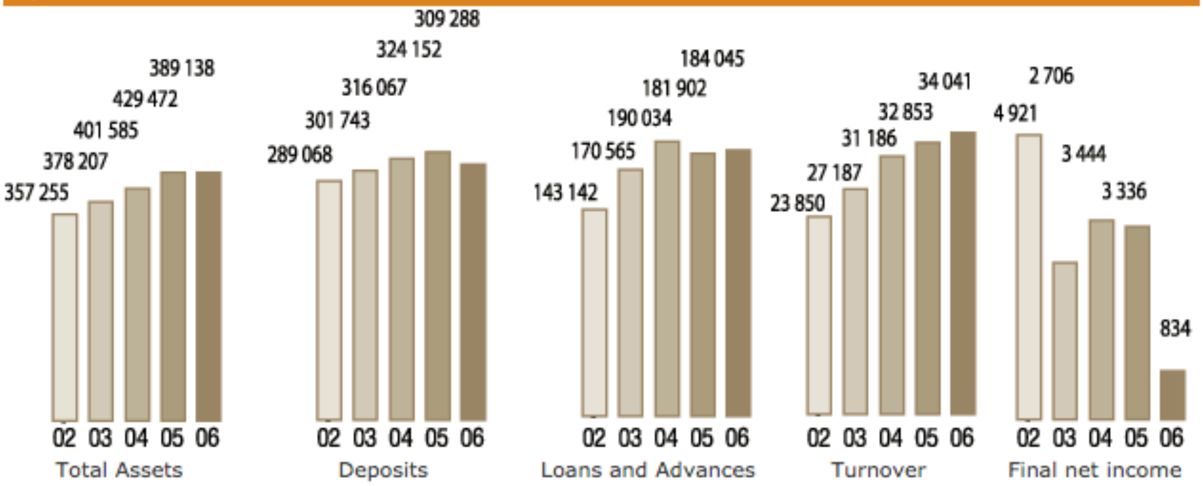



# *Development of Group Banks from 2002 to 2006*

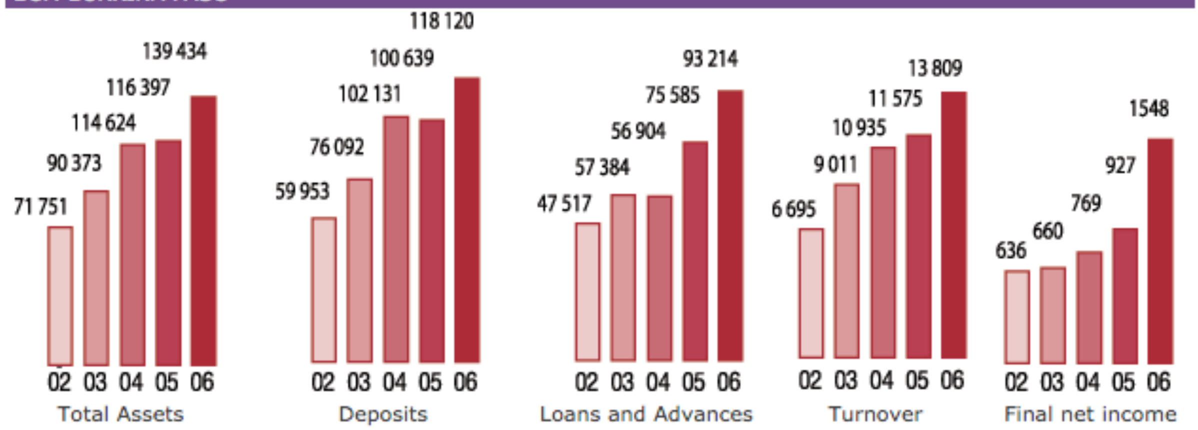
## BANK OF AFRICA Group




## BOA-BENIN



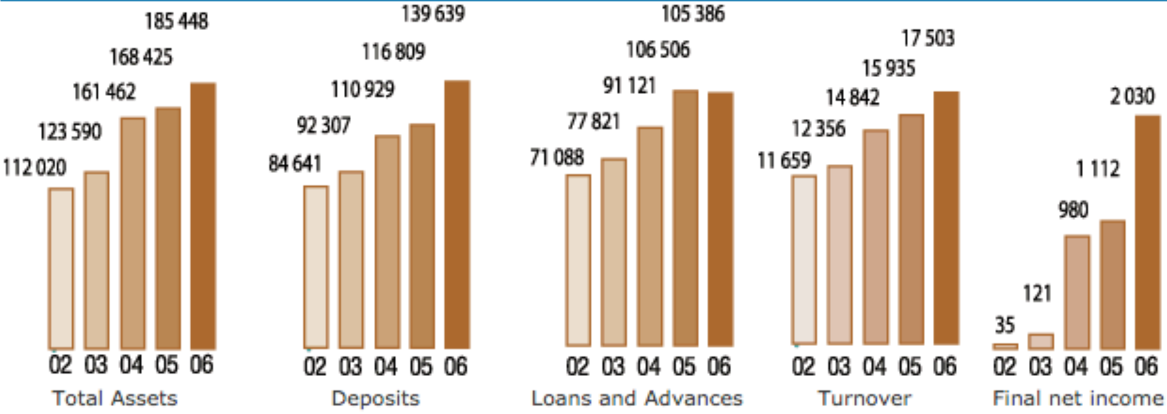

## BOA-BURKINA FASO



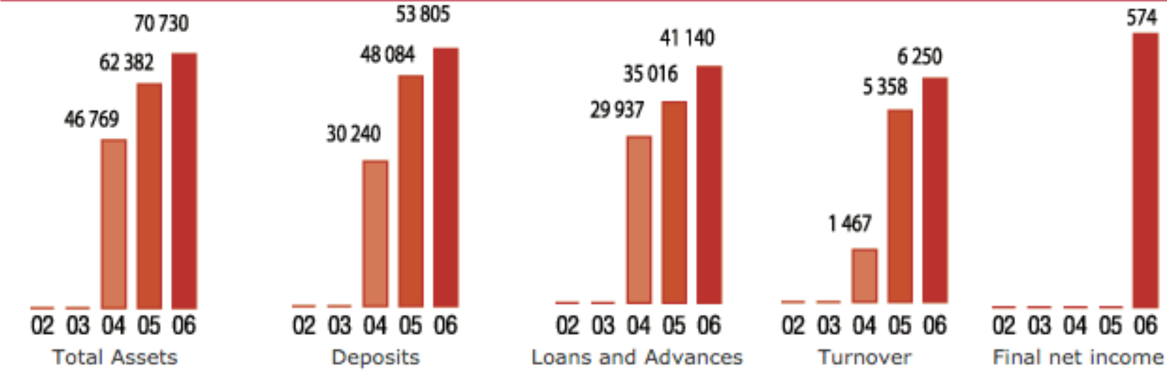



BANK OF AFRICA
GROUPE BANK OF AFRICA

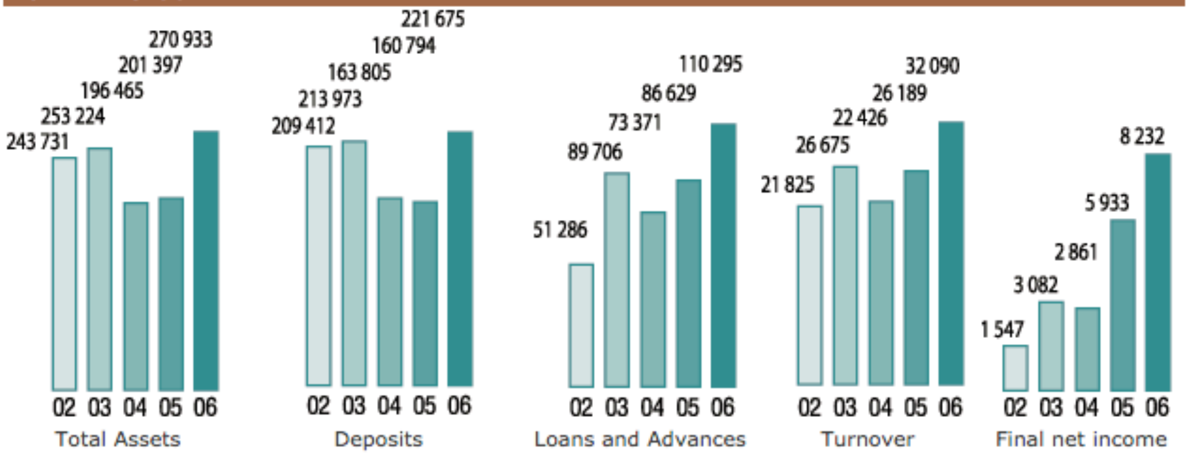
## BOA-COTE D'IVOIRE



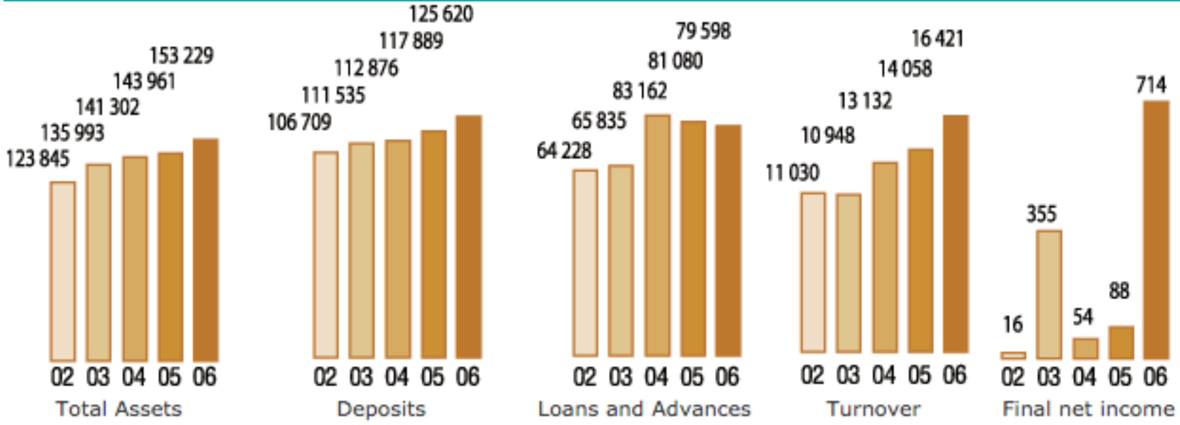

## BOA-KENYA



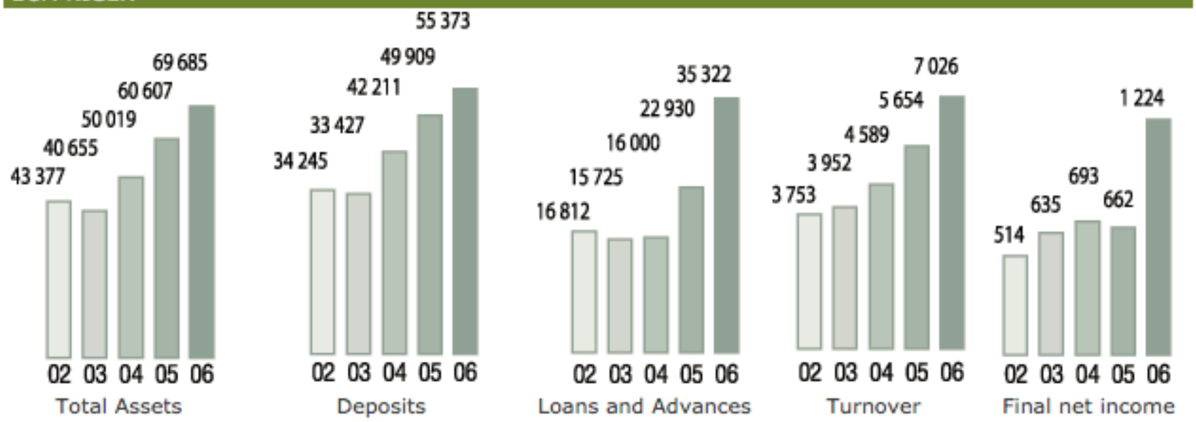

## BOA-MADAGASCAR



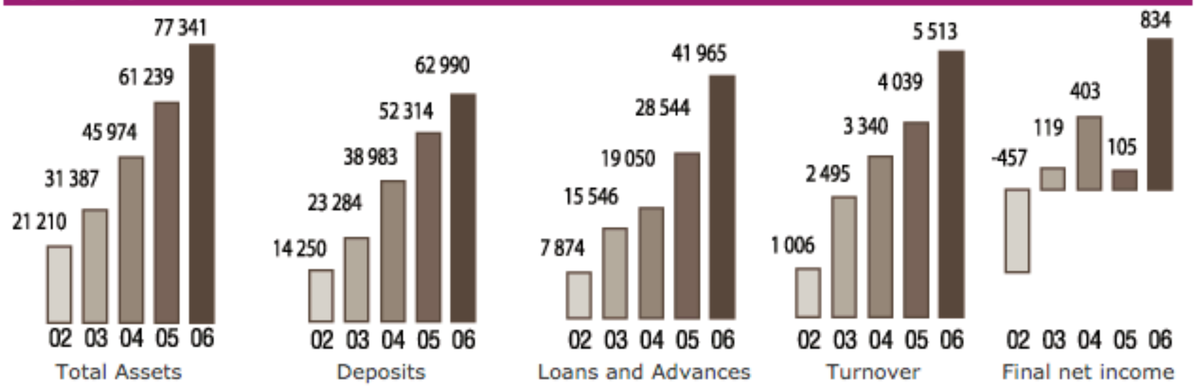
## BOA-MALI



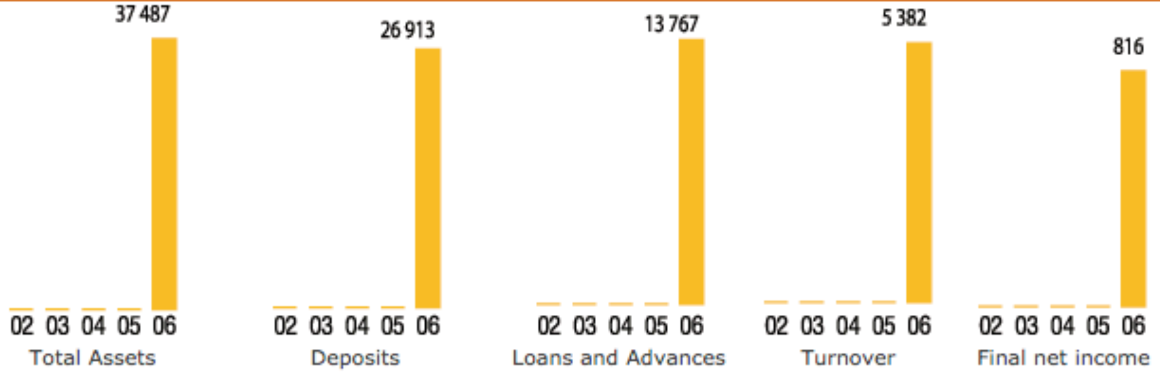

## BOA-NIGER



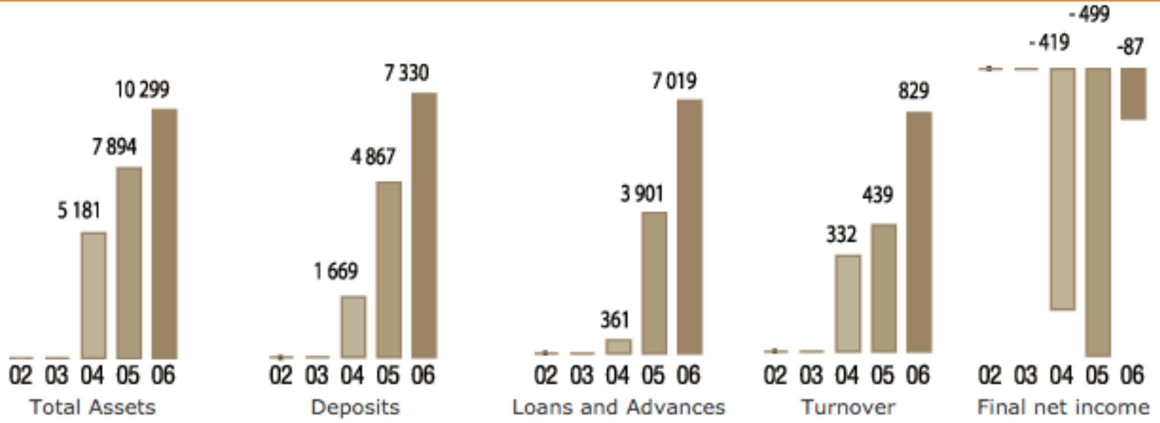

## BOA-SENEGAL



## BOA-UGANDA




## BANQUE DE L'HABITAT DE BENIN



## Current situation and outlook for the AFH/BOA Group

2006 was a record year for the AFRICAN FINANCIAL HOLDING/BANK OF AFRICA Group (AFH/BOA Group), both for the banking subsidiaries and for the companies in the consolidated accounts, taking into account all the companies in our network.

The Banks, overall, achieved balanced growth in deposits and credit activity, which increased by 6.6% and 7.4% respectively. The growth in staff was kept in check: personnel numbers increased by 5.6%, thereby facilitating an improvement in the banking operating ratio, which decreased by 2.8%.

Changes in conditions were satisfactory, since a stabilisation in the cost of capital and an increase in the average lending rate were observed.

The number of transactions increased steadily and commissions improved by 9.6%.

As a consequence, net banking income (NBI) rose sharply, by 16.7%, to a total F CFA 66.6 billion, or 102 million euros, at end 2006.

All of these indicators combined led to a significant rise in final net income, which increased by 45.3% over the year, amounting to F CFA 10.9 billion, or 18.6 million euros, at the close of fiscal year 2006.

These excellent results were confirmed by the consolidated accounts of all the companies in the Group.

Consolidated assets totalled 1.4 billion euros, at 31 December 2006, an increase of 14%. Deposits collected amounted to 1.1 billion euros, an improvement of 15%, loans amounted to 0.7 billion euros, a rise of 15%, and off-balance sheet credit came to 0.3 billion euros, a rise of 36%.

Operating income stood at 146 million euros, an increase of 20%, while shareholders' equity amounted to a total 115 million euros, an increase of 28%.

Net banking income amounted to 106 million euros, representing an increase of 25%, leading to fiscal net income of 21.2 million euros, a considerable improvement, since this figure represents an increase of 75%.

In these consolidated accounts, increase in the "Group share" was even more significant, with a rise of 40% in shareholders' equity and 110% in annual net income in 2006, respectively.

These figures for the 2006 fiscal year illustrate the BOA network's excellent financial position, particularly with respect to the increased financial capacity achieved through a clear improvement in shareholders' equity, enhanced productivity and a decisive demonstration of profitability.

For a better appreciation of these results and how they were achieved, they should be considered both against the backdrop of the AFH/BOA Group's history, and in light of the year just ended. Highlights from four different angles will provide a coherent, comprehensive analysis of the Group's healthy position.

From a historical perspective, the Group, which originated in Mali in 1982, developed in three main phases. Each phase corresponds to a specific change in structure, the decisions for which were anchored in a strategy that has guided the BANK OF AFRICA since its creation.

### *The first was the launch phase, from 1982 - 1990.*

First of all there was a project to set up an African bank, independent of the major international banking corporations, and founded on diversified sources of private sub-Saharan capital. At the time, the project seemed unrealistic to many observers.

Once BANK OF AFRICA - MALI (BOA-MALI) had been set up in 1982, the first components of a management structure were implemented and the holding company of the future AFH/BOA Group, AFRICAN FINANCIAL HOLDING, was founded in 1988, followed by BANK OF AFRICA - BENIN (BOA-BENIN) in 1989.

After this initial period, BOA-MALI had carved itself a place as a long-term player in Mali's banking sector, and BOA-BENIN ranked as leader in Benin, despite a particularly difficult environment, since it was only the second bank to open in a country which, at the time, had been completely deserted by commercial banking establishments.

### *The second phase was one of expansion, from 1991 to 1998.*

The "BANK OF AFRICA" concept was devised, based on a balance between coherent share ownership and a common strategy. While this concept was being developed and consolidated, the decision was made to expand throughout the West African Economic and Monetary Union, based on the underlying principles of the single brand and a homogeneous organisation.

All opportunities for the take-over and creation of banks in the countries concerned were examined and the Group's Central Structures continued to gain strength and implement their missions of control, regulation and organisation.

At the end of this second phase, three new BANK OF AFRICA entities had been created, in Niger in 1994, Côte d'Ivoire in 1996 and Burkina Faso in 1998. Harmonisation operations had also been intensified.

### *The third period was one of diversification, from 1999 to 2006.*

The determination to achieve diversification was buoyed by growth objectives, and expressed through three separate, complementary ambitions: to make the transition from a loose set of banks to a veritable group structure; to evolve from pure commercial banking activities towards leasing, stock brokerage and insurance-related activities, creating a finance centre with multiple facets, and the capacity to propose a full range of financial products and services; to expand beyond the West African Economic and Monetary Union into other parts of sub-Saharan Africa, including English-speaking countries.

The AFH/BOA Group then focused on harmonising its methods, tools and teams, achieving true integration, and the Group opened entities in two new regions-the Indian Ocean and East Africa-whilst at the same time expanding the range of business sectors it was operating in.

By the end of this phase in the Group's history, four new BANK OF AFRICA entities had been opened, in Madagascar in 1999, Senegal in 2001, Kenya in 2004 and Uganda in 2006. In addition, the strategy of diversifying its business activities led to the creation of three leasing companies - in Benin, Mali and Madagascar - a firm of stockbrokers and an investment company operating in the interests of the Group as a whole, as well as a bank specialising in housing credit, in Benin, and a substantial shareholding in a major insurance company.

## *Today, the AFH/BOA Group is entering a fourth phase.*

The current phase consists in pursuing the development and ensuring the continuity of a major trans-African banking group.

To meet this twofold challenge, it will be necessary to:

- continue to consolidate achievements, and hone methods and mechanisms;
- enhance cohesion and the principles of intra-group solidarity;
- continue geographic and business sector expansion;
- lastly, build a strong, balanced alliance with another bank.

In addition to the highly satisfactory overall financial position of the AFH/BOA Group described in the introduction, the period under consideration was marked by several major events and significant transformations that the Group is currently undertaking.

## *Among the highlights of the fiscal year, the following events stand out in particular.*

October 2006 witnessed the creation of BANK OF AFRICA - UGANDA (BOA-UGANDA), the Group's second bank to be opened in an English-speaking country. A successful outcome to a particularly long and difficult project, marking the introduction into the Group of a bank that has been returned to an even keel and now has excellent growth potential at its disposal. This new component of the AFH/BOA network will work closely with BANK OF AFRICA - KENYA (BOA-KENYA), located in the same monetary zone, and the simultaneous presence of the two entities is expected to facilitate their respective development.

In Benin in December 2006, EQUIPBAIL-BENIN merged with CREDIT AFRICAIN, giving rise to a financial institution with extended business activities, comprising leasing, equipment loans and consumer loans.

At the end of 2006, Banque de l'Habitat du Bénin (BHB) practically achieved financial break-even, less than three years after it was set up. Despite the difficulties encountered in the regulatory and economic environment, the new entity has already begun to confirm its potential for growth.

In 2006, nineteen of the Group's twenty-two companies made a profit.

Whilst the AFH/BOA Group is experiencing steady, linear growth, it is inevitably accompanied by various changes and re-structuring operations, the major impact of which can be observed on two levels.

Firstly, clear progress was made in terms of diversification by different banks in the Group. Several banks are growing steadily in strength, in Madagascar, Burkina Faso, Côte d'Ivoire and Mali. The smaller BOA have also reached what is considered a secure threshold of 75 million euros in total assets. Furthermore, the relative weight of BOA-MADAGASCAR's profits has stabilised, despite the particularly high and steadily increasing level of its profitability. BOA-BENIN's resistance in a very difficult economic context, a sign of its solid presence and adaptability, should also be emphasised.

Meanwhile, the geographic expansion embodied by the Group's heightened presence in East Africa and the Indian Ocean offers promising prospects. The twofold goals of building up a second geographic pole and penetrating English-speaking African countries are in the process of being met. This is borne out by the fact that in 2006 the Group was present in three countries in this region of Africa, and plans are underway for three new locations in 2007-2008. The excellent profitability of BOA-MADAGASCAR and the steady rise of BOA-KENYA constitute further proof of the success of this strategy of opening up new territories.

Lastly, extending the geographic scope of the Group's activity has also made it possible to identify and work with new partners, such as Aureos, a regional investment fund, Ciel, an industrial and commercial group based in Mauritius and Bio, a Belgian financial cooperation institution.

The AFH/BOA Group is pioneering a fundamental movement that other African competitors are also involved in, and which will ultimately surpass geographic barriers. Consequently we shall strive towards achieving the scale of a trans-African group in the mid term, in keeping with the vision and strategy that have guided us for the past 25 years.

Underlying the results achieved in the course of the year under review, and the major changes observed over the same period, the single line of action enforced in 2006 has been the consolidation and integration of the group's structures.

This is effectively the keystone of a robust, cohesive and united Group and a vital condition to ensure the healthy growth of each entity, enable the Group to continuously adapt to changes in international banking, meet the stricter demands of the supervisory authorities, improve control over risks incurred, and make optimum use of synergies and economies of scale.

## *In order to meet these objectives, the following three main themes are being given priority:*

### *Modernity and security*

A new three-year IT plan has been drawn up for 2007-2009, aimed at making optimum use of central software packages, enhancing computer security, developing electronic banking and consolidating the numerous existing projects. This plan also allows for setting up an infocentre, reviewing the telecommunication systems used and introducing new communication tools.

### *Governance and efficiency*

Changes have been made in the banks' organisation, following the principle of applying stricter rules designed, implemented and monitored by the Central Structures. These changes include the implementation of policies to limit risks by customer, sector and country during the first half of 2007; the creation of Treasury Committees (ALM) by the third quarter 2007, the instigation of peer review for the self-checking of Services by 2008 and the nomination of regional champions in certain domains. The stock market listing of at least two new BANK OF AFRICA entities is also planned to take place by 2009.

Other changes, this time in the organisation of the Central Structures, were also implemented. These mainly concerned improving communication between subsidiaries and Central Structures; redefining the respective responsibilities of the various Management Divisions with a view to integrating new fields of action; reinforcing the teams in liaison with this new wider scope of tasks; introducing and deploying new instruments for analysis and control and the on-going implementation of the Human Resource Development Plan (PDRH) and the Global Security Plan (PSG).

### *Growth and productivity*

Within this framework, a global communication plan was implemented in March 2007 in order to provide the Group with a systematic presence in the countries we operate in, reinforce a cohesive image of the Group and improve the way the Group's specific features are promoted.

Staff training operations were also intensified, to enhance the commercial approach of all of the teams, develop a global marketing strategy and generalise its implementation, improve the technical mastery of new products and enable regular performance assessment for all staff.

The teams were also galvanised by ambitious objectives, in terms of the minimum number of branches to be opened each year by the Group, the policy of opening accounts and the achieving of the target number of Automatic Teller Machines (ATMs) and electronic banking cards in circulation by 2010.

The AFH/BOA Group's ambitions to improve internal mechanisms are therefore wide-ranging, and in fiscal year 2006 a number of results already began to materialise. The ultimate aim of all these operations is, of course, to provide a better service to the customers of the BOA entities, but they also enable the whole Group to pursue its development, and at the same time ensure that the success of its endeavours is even more firmly guaranteed.

## *Our strategy for 2007 and 2008 will remain focused on several critical components.*

One of the major orientations of the Group's strategy is to continue to expand both geographically and in terms of business scope. This will reinforce the two geographic areas the Group operates in, and build a veritable financial pole in each country. It will also allow the Group to take advantage of the most favourable economic environments and seize the most attractive opportunities in the sector. This will give the Group the requisite strength to hold sway against the major groups on the continent, as part of the strategic alliance programme currently being implemented.

## *In 2006, geographic expansion focused on several key projects.*

First of all, the founding of the tenth BOA, in Tanzania, BANK OF AFRICA - TANZANIA (BOA-TANZANIA), scheduled for June 2007. The arrival of this new BOA within the Group will provide solid support for a regional policy already initiated with the BOA in Kenya and Uganda, enhancing their commercial synergies and giving a firm footing to the growing credibility of the AFH/BOA Group in the entire East Africa region.

Another BOA will be set up on the island of Mauritius in the Indian Ocean. At least initially, it will be aimed at private asset management and investment activities. BANK OF AFRICA - MAURITIUS (BOA-MAURITIUS) is scheduled to open at the end of 2007 - beginning of 2008.

Other developments are also under examination and steps have already been taken towards finding potential new countries for the AFH/BOA Group to establish a presence in the Group's existing two geographic areas, either through acquisitions or by setting up new entities.

## *Meanwhile, sector expansion has continued and has been conducted along four main lines.*

Extending the business activities of the EQUIPBAIL subsid-iaries, dedicated to leasing finance, by preparing for the introduction of new activities, such as consumer loans in Mali in the second half of 2007 and in Madagascar in the course of 2008, as well as factoring in Madagascar in the second half of 2007.

Strengthening links with the insurance companies on a commercial level, by developing banking insurance products distributed through the BOA branch network, and by increasing the AFH/BOA Group's share in the capital of the COLINA Group.

Amplifying the mortgage experience implemented by specialist departments within the BOA, particularly in Mali in 2007, and/or creating or acquiring dedicated establishments, as in Niger and Madagascar.

Intensifying operations in the field of micro finance, by acquiring shares in national companies and possibly signing a global agreement with an operator specialising in this domain.

## *The third major strategic development for the years to come,*

in keeping with the Group's expansion policy, is geared towards forming a strategic partnership with a banking establishment.

As already announced last year, we consider this partnership essential for reinforcing the AFH/BOA Group's financial means, providing it with adequate resources to hold sway against our main competitors and other strategic partnerships in the making, and to provide new areas for development.

This search was subject to a number of conditions,

the first being to identify a partner seeking an alliance and not seeking to absorb the Group, through the investor acquiring a minority shareholding and the integration of the investor into the Group's management teams.

The second is the existence of a convergence of interests, taking into account AFH/BOA's current strategy for the future of the Group and a common vision for the future.

The third is the capacity of the partner sought to provide essential support for financial, technical and human resource plans, and in terms of credibility.

On completion of the identification process, which began at the end of 2006 and which aroused the interest of a large number of institutions, both African and international, on 16 March 2007, the AFH/BOA Group signed a framework agreement with the Banque Marocaine du Commerce Extérieur (BMCE), under the terms of which BMCE will acquire a 35% share in the capital of the AFH holding company through a reserved capital increase, scheduled for the end of 2007, once the transaction has received the approval of the appropriate supervisory authorities.

BMCE is currently the third largest bank in Morocco. In 2006, the BMCE Group recorded total consolidated assets of 7,636 million euros, deposits of 6,069 million euros, loans of 4,109 million euros and net profits of 81 million euros.

BMCE is a universal bank, particularly active as an investment bank, and highly open towards international business, including in sub-Saharan Africa. It has more than 330 branches, approximately 1,500,000 accounts and a staff of 3,500.

In addition to the stated objectives behind the alliance, this new strategic partnership will enable the AFH/BOA Group to step up its operations in terms of financing major projects, create investment banks as joint ventures in the countries it operates in, develop its technical capacities and achieve economies of scale.

The AFH/BOA Group performed particularly well in 2006. Business activities developed significantly, and profits increased appreciably throughout the Group.

Geographic expansion also continued, as did sector diversification.

Within the Group, adjusting to the conditions imposed by a constantly changing environment steadily continued, and organisational changes designed to anticipate the future were continuously implemented.

However, the AFH/ BOA Group also faces considerable challenges in 2007.

Some investment projects have still to be given concrete form, others require further definition, and still others are still to be sought out. The structural changes within our organisations must be pursued, perfected, and most probably, speeded up. The Group must also strengthen its presence, both in terms of branches and convenience services and in terms of communication. Profitability can be enhanced further, particularly by leveraging productivity and increasing team reactivity. Lastly, the teams themselves must be effectively prepared for the new partnership with BMCE, which will open up new perspectives, and therefore hitherto unknown challenges for the AFH/BOA Group.

The year just ended once again demonstrates that the AFH/BOA Group, following a strategy implemented steadily and perfected over the past 25 years, is successfully pursuing its course, true to the values and leitmotifs that have constantly driven and guided its actions: Africa, strength and humanity.

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## Message from the Chairman

A springboard year

Despite the generally favourable trend registered at the end of 2005, both in terms of business and results and regarding the completion of structural reforms, we had a difficult start to 2006. The continuing - or worsening - economic problems in two of our main operating countries, Benin and Ivory Coast, and the delay in setting up operations in English-speaking East Africa, placed a heavy burden on the first half of the year.

Nevertheless, 2006 turned out to be a successful year for the BANK OF AFRICA Group, with regard to financial results and also to changes made in preparation for future development.

Concerning financial data, the Group's indicators were up across the board in 2006, with a particularly marked rise in results, hitting record levels: +13.7% for consolidated assets, which stood at 1,361 million euros; +14.6% for deposits, which for the first time were well above the symbolic threshold of 1 billion euros; +24.8% for the net banking income at 106.5 million euros; +73.9% for the final net income, which totalled a record 21.2 million euros. At the same time, total share capital was up by 27.9% to 115.5 million euros, due to the profits generated by the Group's companies and to the share capital increases carried out by AFRICAN FINANCIAL HOLDING (AFH), BANK OF AFRICA - BENIN and BANK OF AFRICA - KENYA. Moreover, the regular increase in AFH's shareholdings in various companies within the network, whilst enhancing the unity of the network, also increased the Group share in the consolidated accounts, up to 49.7 million euros in terms of share capital and 10.2 million euros in terms of final net income, a rise of 39.9% and 108.3%, respectively, for the year under review. In 2006, 19 of the Group's 22 companies made a profit, and nineteen paid their shareholders a dividend.

In terms of structural changes, three major features marked the year under review.

- The first concerns additional achievements in terms of new products, including the full deployment of our electronic banking system, the linking up of BANK OF AFRICA - MADAGASCAR and BANK OF AFRICA - MALI with the VISA network, roll-out of the Western Union service across the entire BANK OF AFRICA network, the general change in our online banking system, and the demonstration of our policy to provide local services, with the opening of several new branches.

- The second is the materialisation, after a long period of negotiation and preparation, of our BANK OF AFRICA - UGANDA project in October 2006. The finalisation of this investment gives body to our strategy to consolidate the BANK OF AFRICA Group's presence in East Africa and Indian Ocean.

- The third is the effective search for a strategic partnership with a major banking group. This process, launched in June 2006, has highlighted the attractiveness of our network and in March 2007 led to the signing of an investment protocol with Banque Marocaine du Commerce Extérieur (BMCE), which should result in an effective alliance between the two networks before the end of 2007.

In 2006 we therefore entered a new phase in the Group's development and prepared for future growth, whilst remaining true to our original vision of creating a banking group on a continental scale that is majority-owned by private sub-Saharan investors.

These positive results have been achieved through the commendable work of our people and the determined support of our shareholders. I would like to take this opportunity to thank them all for their commitment, which opens the way for further successes for the BANK OF AFRICA Group.

**Paul DERREUMAUX**

Chairman

## *Report by the Board of Directors*

To the Annual General Meeting held on June 12th 2007

In conformity with the legal and statutory provisions, we have the honour and pleasure to present to you the report of activity of your company over the last financial year and at the same time submit for your approval audited accounts as at 31 December 2006.

The share capital was increased on 30 March 2006 by way of set-off against debts due for a sum of EUR 7,254,000, by capitalisation of available share premiums for EUR 409,145.81 and partial capitalisation of retained earnings for EUR 427,854.19. To date the share capital stands at EUR 26,226,000, i.e. 169,200 shares each with a par value of EUR 155.

During the financial year 2006 we acquired:

- 200 new shares in ATTICA, so that our stake, at 31 December 2006, was EUR 460,318.59, which represents 242 shares in this company.
- 176 new shares in AFRICINVEST S.A., so that our stake, at 31 December 2006, was EUR 329,068.11, which represents 344 shares in this company.
- 85,049 new shares in AGORA Holding, so that our stake, at 31 December 2006, was EUR 2,659,982.91, which represents 122,655 shares in this company.
- 38,798 new shares of BOA-BENIN so that our stake, at 31 December 2006, was EUR 10,001,305.20, which represents 309,246 shares of this company.
- 19,200 new shares of BOA-BURKINA FASO so that our stake, at 31 December 2006 was EUR 1,652,546.57 which represents 96,711 shares of this company.
- 50,408 new shares of BOA-COTE D'IVOIRE so that our stake, at 31 December 2006, was EUR 3,666,709.54, which represents 220,677 shares of this company.
- 25,000 new shares of BOA-KENYA so that our stake, at 31 December 2006, was EUR 1,861,965.22, which represents 75,000 shares of this company.
- 3,000 new shares of EQUIPBAIL-MALI so that our stake, at 31 December 2006, was EUR 324,634.36, which represents 19,650 shares of this company.
- 1,500 new shares of AFH SERVICES Ltd so that our stake, at 31 December 2006, was EUR 147,549.32, which represents 10,000 shares of this company.

The stakes in the following companies remained unchanged in 2006:

| Company | Shares |
|---|---|
| ACTIBOURSE | 3,900 |
| BOA-NIGER | 62,701 |
| BOA-SENEGAL | 122,835 |
| EQUIPBAIL-BENIN | 5,088 |
| EQUIPBAIL-MADAGASCAR | 170 |
| COLINA MADAGASCAR | 20,000 |
| HOLDEFI | 20,000 |
| SCI OLYMPE | 3,000 |
| AFH OCEAN INDIEN | 17,800 |
| BANQUE DE L'HABITAT DU BENIN | 30,000 |
| COLINA PARTICIPATIONS | 78,301 |

Moreover, during 2006 the increase in par value of the BOA-MALI share resulted in a reduction in the number of shares held, so that at 31 December 2006, our stake was EUR 2,569,977.62, which represents 149,732 shares of this company.

At 31 December 2006, the accounting value of our long-term investments was EUR 30,645,618.85 and that of our intangible assets was EUR 136,557.28.

Loans and advances totalled EUR 6,314,882.29 and securities EUR 321,498.09. Our bank assets amounted to EUR 1,555,796.88.

Revenues from fixed assets were booked as income, for a total amount of EUR 2,898,147.75. We also booked revenues from current assets in an amount of EUR 570,598.70, exceptional income of EUR 165,666.29 as well as exchange rate gains of EUR 1,431.91.

Our general operating expenses amounted to EUR 313,000.57. We corrected the value of asset items in an amount of EUR 272,884.41. We also recorded bank interest expenses of EUR 24,350.87 and interest on lending institutions of EUR 455,357.59. Interest on shareholders' accounts amounted to EUR 102,646.68.

As at 31 december 2006, these figures reflect a profit of EUR 2,467,604.13. In light of the deferred income from the previous financial year, namely EUR 59,492.04, the total profit at 31 December 2006 was EUR 2,527,096.17.

We propose the following allocation:

| | In Euros |
|---|---|
| lEgal reserve (5% OF INCome | 123,380.21 |
| Dividend (9.15% of share capital) | 2,399,679.00 |
| Previous balance brought forward | 4,036.96 |

As regards the current financial year in progress, in light of corporate transactions we project development along similar lines to the previous financial year. However we wish to announce that on 16 March 2007 our company signed an investment protocol with Banque Marocaine du Commerce Extérieur (B.M.C.E.) resulting in an alliance between our Group and B.M.C.E., which will entail the latter subscribing to the share capital of our company in a capital increase that will soon be submitted to you for approval.
Through a special vote, we request that you grant discharge to the Directors for the performance of their duties up until 31 December 2006 and to the Statutory Auditor for the performance of his duties with respect to the balance sheet as at 31 December 2006.

26 May 2007

The Board of Directors

**Paul DERREUMAUX**

Managing Director

**PROPARCO**

Director

**Mossadeck BALLY**

Director
**Mamadou AMADOU AW**

Director
**Netherlands Development Finance Company**

Director

**Francis SUEUR**

Director

**Paulin L. COSSI**

Director

# Report by the Statutory Auditor

On the financial statements at 31 December 2006

In accordance with the mandate given 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 2006, comprising the balance sheet as at 31 December 2006, the profit and loss accounts for the financial period ending on this date, and the annexes containing a summary of the principle accounting methods and other explanatory notes.

## Responsibility of the Board of Directors in preparing and presenting the annual accounts

The Board of Directors is responsible for the truthful preparation and presentation of the annual accounts, in compliance with the requirements of the law and regulations in force in Luxembourg. This responsibility includes: design, implementing and monitoring internal control processes in order to ensure the truthful preparation and presentation of annual accounts free from material misstatement, whether resulting from fraud or error, and defining reasonable accounting estimates in light of circumstances.

## Responsibility of the Statutory Auditor

Our responsibility is to express an opinion on the annual accounts based on our audit. We have carried out our audit in accordance with the International Standards on Auditing as adopted by the Auditing Institute. These standards require us to comply with ethical rules and to plan and carry out our audit in order to obtain reasonable assurance that the annual accounts are free from material misstatement.

An audit involves implementing procedures designed to collect data justifying the amounts and the information contained in the annual accounts. The choice of procedures is left to the auditor's judgement, as is assessment of the risk that the annual accounts contain material misstatement, whether resulting from fraud or error. In assessing this risk, the auditor takes into consideration the internal control procedures implemented in the entity with regard to the truthful preparation and presentation of the annual accounts, in order to define appropriate auditing procedures and not with a view to expressing an opinion on the efficacy of this control.

An audit involves assessing the suitability of the accounting methods used and the soundness of the accounting estimates made by the Board of Directors, as well as assessing the overall presentation of the annual accounts. It is our belief that the data collected is sufficient and provides a reasonable basis for the opinion expressed below.

## Opinion

In our opinion, the attached annual accounts give an accurate view of the assets and financial situation of the AFRICAN FINANCIAL HOLDING S.A. as at 31 December 2006, as well as the results for the financial year ended on said date, in compliance with the requirements of the law and regulations in force in Luxembourg regarding the preparation and presentation of annual reports.

## Report on other legal requirements

The management report, which is the responsibility of the Board of Directors, is consistent with the annual accounts.

**Tom PFEIFFER**

Partner

**Ronald WEBER**

Partner

**PKF Luxembourg S.A.**

Statutory Auditor

Luxembourg, 25 May 2007

# Balance sheet

Compared balance sheet for the last two financial years (in euros).

## Assets

| Assets | Fiscal Year 2005 | Fiscal Year 2006 |
|---|---|---|
| set-up expenses | 0.00 | 91 933.04 |
| INVESTMENTS | 24 307 414.33 | 30 782 176.13 |
| • INTANGIBLE ASSETS | 227 007.30 | 136 557.28 |
| • INVESTMENTS IN ASSOCIATES | 24 080 407.03 | 30 645 618.85 |
| CURRENT ASSETS | 10 065 452.78 | 8 192 177.26 |
| • loans & advances | 5 245 005.78 | 6 314 882.29 |
| • Marketable securities | 2 172 981.01 | 321 498.09 |
| • Bank accounts, post office checking account checks and cash in hand | 2 647 465.99 | 1 555 796.88 |
| SUNDRY ACCOUNTS | 36 848.70 | 7 295.20 |
| TOTAL ASSETS | 34 409 715.81 | 39 073 581.63 |

| Liabilities | Fiscal Year 2005 | Fiscal Year 2006 |
|---|---|---|
| SHAREHOLDERS' EQUITY | 21 532 690.86 | 29 920 271.99 |
| • Registered capital | 18 135 000.00 | 26 226 000.00 |
| • Share premiums | 409 145.81 | 479 477.00 |
| • Reserves | 596 798.82 | 687 698.82 |
| - *Of which legal reserve* | 596 798.82 | 687 698.82 |
| • retained earnings | 574 102.58 | 59 492.04 |
| ANNUAL NET INCOME | 1 817 643.65 | 2 467 604.13 |
| LIABILITIES | 12 877 024.95 | 9 153 309.64 |
| • Other liabilities | 12 877 024.95 | 9 153 309.64 |
| TOTAL LIABILITIES | 34 409 715.81 | 39 073 581.63 |

## *Profit and Loss Accounts*

| Expenses | Fiscal year 2005 | Fiscal year 2006 |
|---|---|---|
| VALUE ADJUSTMENTS ON ASSETS | 48 023,7 | 105 036,98 |
| INTEREST AND RELATED EXPENSES | 337 583,05 | 582 355,14 |
| OTHER EXPENSES | 565 802,15 | 480 848,4 |
| PROFIT FOR THE PERIOD | 1 817 643,65 | 2 467 604,13 |
| TOTAL EXPENSES | 2 769 052,55 | 3 635 844,65 |

| Income | Exercice 2005 | Exercice 2006 |
|---|---|---|
| INCOME FROM INVESTMENT ASSETS | 2 161 141,74 | 2 898 147,75 |
| INCOME FROM CURRENT ASSETS | 568 487,67 | 570 598,7 |
| EXCEPTIONAL INCOME | 39 423,14 | 167 098,2 |
| TOTAL INCOME | 2 769 052,55 | 3 635 844,65 |

## AFH/BOA Group: Letter of Opinion

We have reviewed the annual consolidated accounts for the AFRICAN FINANCIAL HOLDING / BANK OF AFRICA (AFH/BOA) Group for the financial year ended 31 December 2006.

Our review was carried out in accordance with generally accepted audit standards; these standards require audit work to be carried out in order to obtain reasonable assurance that the annual consolidated accounts are free from material misstatement. An audit involves the review, on a sample basis, of the key information that justifies the data contained in these accounts. An audit also involves assessing the accounting principles and the significant estimates used to close off the accounts, as well as the overall presentation of the accounts. It is our opinion that our audit work gives a reasonable basis for the opinion expressed below.

We certify that the annual consolidated accounts appended to this report give, in accordance with generally accepted accounting principles, an accurate view of the consolidated financial situation of the AFH/BOA Group at 31 December 2006 and of its consolidated results for the financial year that ended on this date.

Cotonou, 28 May 2007

**MAZARS & GUERARD**

Armand FANDOHAN

Partner

# Significant accounting policies

## A. Significant events of 2006

## Capital increases

Capital increases were made during 2006 by the parent company AFH SA and its subsidiaries BOA-BENIN, BOA-KENYA, BOA-CÔTE D'IVOIRE and Agora SA:

- The share capital of the parent company AFH SA was increased by 8.09 million euros from 18.13 million euros to 26.22 million euros via the issuance of 52,200 new shares each with a par value of 155 euros. Of this total, 46,800 shares were paid up by way of set-off against debts due in the sum of 7.25 million euros. The remaining 5,400 shares were paid up through capitalisation of available share premiums and partial capitalisation of retained earnings at 31 December 2004, in a total sum of 0.83 million euros.

- BOA-BENIN made a public offering of 50,000 shares on the WAEMU Regional Stock Exchange (BRVM), raising its share capital by 0.76 million euros plus a share premium of 2.05 million euros. The share capital therefore rose from 10.43 million euros at 31 December 2005 to 11.43 million euros at 31 December 2006.

- The share capital of holding company Agora SA was increased by 3.05 million euros to 6.09 million euros via the issuance of 200,000 new shares each with a par value of 15.24 euros. The shares were paid up by way of set-off against debts due to the former shareholders. The percentage holding owned by the Group's direct subsidiaries has risen from 56.30% to 58.16%.

- BOA-KENYA made new two share issues during the year, totalling 250,000 shares:

  - an initial issue of 100,000 new shares for cash in March 2006;

  - a second issue of 150,000 new shares for cash in April 2006.

- The shares were taken up by Group companies and then partially sold outside the Group. The Group's direct holding has therefore fallen from 80% to 60%.

- The share capital of BOA-CÔTE D'IVOIRE was increased from 3.81 million euros to 4.57 million euros during 2006 via the issuance of 50,000 new shares each with a par value of 15.24 euros.

## Change in scope of consolidation

The following changes in scope of consolidation occurred during the year:

- The subsidiary Equipbail-Benin was merged into Credit Africain with effect from 1 January 2006 after approval from their respective shareholders' meetings and authorisation from the supervisory authorities. The share capital resulting from the merger was then reduced by 1.19 million euros. The Group's percentage interest has therefore fallen from 39.93% at 31 December 2005 to 35.09% in the new company, which was renamed Equipbail-BEnin after Crédit Africain (merging company) changed its name;

  During the year, the parent company AFH S.A. acquired 20,000 shares in its subsidiary Agora S.A., including 10,000 shares from BOA-Mali and 10,000 shares from BOA-Niger.

- It also acquired 19,200 shares in its subsidiary BOA-Burkina Faso previously held by FMO and 3,000 shares in the subsidiary Equipbail-Mali from Cauris Investissement.

- The holding company, Agora-Mali, which was created at the end of financial year 2005 and is 100%-owned by the Group, was consolidated for the first time at 31 December 2006 ;

- The subsidiary BOA-Uganda, created as a result of the acquisition of Belgolaise's holdings in Allied Bank International Ltd, was consolidated for the first time at 31 December 2006. The Group has a holding of 46% in the subsidiary through BOA-Kenya.

## B. Consolidation principles

The consolidated financial statements have been prepared in accordance with generally accepted international accounting standards and presented in the format required for banks and financial institutions.

Companies over which the Group has exclusive control are fully consolidated. Exclusive control is presumed to exist when the Group directly or indirectly holds the majority of the voting rights or has effective control through the ability to appoint the majority of the members of the administrative and management bodies. Full consolidation consists of combing all the assets, liabilities and income statement items of the companies concerned after eliminating intergroup transactions and gains or losses. The equity and income of consolidated companies attributable to the Group (Group share) is shown separately from that attributable to other shareholders (minority interests).

Companies over which the Group has significant influence either directly or indirectly are accounted for using the equity method. Except for the holding companies, subsidiaries that are not banks or financial institutions or do not use the same accounting policies as banks and financial institutions are also accounted for using the equity method. The equity method consists of replacing the net book value of the shares held with the value of the Group's share in the associate's underlying net assets after taking account of its profit or loss for the period.

At 31 December 2006, no Group companies were proportionately consolidated.

A list of companies included in the scope of consolidation at 31 December 2006 is given in note 2, showing the consolidation method used for each.

Results of companies acquired (or sold) during the year are included in the consolidated income statement as of the date of acquisition (or up until the date of disposal).

All material transactions between fully consolidated companies and all intergroup gains and losses (including dividends) are eliminated.

In accordance with generally accepted international accounting standards, any difference between the purchase price of shares acquired in a company and the Group's share in the acquiree's underlying net assets on the date of acquisition is first allocated to the fair value of identifiable assets and liabilities.

Any residual positive difference is recognised as goodwill.

Goodwill is amortised over a period of 10 years according to a plan that reflects as reasonably as possible the assumptions made, targets set and the acquiree's expected prospects at the time of acquisition.

If there is a subsequent change in these various factors compared with initial forecasts, an impairment loss may be taken against the goodwill over and above the scheduled amortisation charge.

Negative goodwill is reclassified as provisions for contingencies and charges in the consolidated balance sheet and released to the income statement in line with the method described above.

## C. Year-end and basis of presentation

Companies are consolidated on the basis of their separate financial statements prepared as of 31 December 2006. The separate financial statements are restated where required in line with Group accounting policies.

## D. Foreign currency translation

AFH S.A., AFH Services Ltd and AFH-OcEan Indien use the euro as their accounting currency.

Other companies use the CFA franc (F CFA), Malagasy ariary (MGA), Kenyan shilling (KES) or Ugandan shilling (UGX).

The consolidated balance sheet, consolidated income statements and figures provided in the notes are expressed in euros.

The historic exchange rate is used for translation purposes.

## E. Fund for general banking risks

The fund for general banking risks is calculated separately by each bank, in proportion to its total on- and off-balance sheet commitments excluding any guarantees, in accordance with the method set out by the Group's Investment Department. Commitments to public and semi-public companies and exposure covered by cash collateral or first demand bank guarantees are not included in the basis of calculation.

An increasing scale is used by the banks that calculate this provision, with a target rate of 7%.

Provisions taken in the separate financial statements of BOA-BEnin, BOA-Burkina Faso, BOA-Côte d'Ivoire and BOA-Niger are similar to reserves in nature and are accordingly included in consolidated reserves.

## F. Leases

Finance leases, operating leases with purchase option and hire purchase agreements are recognised in the consolidated balance sheet on the basis of the financial amount outstanding and not the amount carried in the separate financial statements of the subsidiaries. The lease equalisation reserve is recorded under consolidated reserves net of deferred tax.

## G. Intangible assets

Purchased goodwill, licences, patents and leasehold rights are measured at cost. Purchased goodwill is not amortised. Other intangible assets are amortised on a straight-line basis over their estimated economic lives.

## H. Fixed assets

Land, buildings and equipment are measured at historical cost. They are depreciated on a straight-line basis over their estimated useful lives.

## I. Equity investments

Equity investments comprise shares in companies accounted for using the equity method and shares in non-consolidated companies.

The line item "Investments in non-consolidated companies" corresponds to the purchase cost of shares in non-consolidated companies less any provisions for impairment. Dividends received from non-consolidated companies are recognised in income in the year in which they are received.

## J. Deferred tax

Deferred taxes are recognised on all temporary differences between taxable income and accounting income.

They include the elimination of entries made in the separate financial statements in application of tax elections.

Deferred tax assets are only recognised if there is reasonable assurance that sufficient taxable profit will be available in the future to utilise them.

## K. Retirement benefit obligations

Employee retirement benefit obligations are determined by each subsidiary in accordance with local legislation. Retirement benefit provisions are not discounted. They are recognised in the consolidated financial statements on this basis.

## L. Comparability from one year to the next

The consolidated financial statements of the AFH/BOA Group at 31 December 2006 have been prepared using similar accounting methods to those used to prepare the consolidated financial statements at 31 December 2005 presented for comparison.

The consolidation method used for each subsidiary is determined not only on the basis of the Group's percentage control but also on the criteria of "effective control".

# Scope of Consolidation, Percentages of Control and Interests, and Consolidation Methods

## Scope of consolidation at 31 December 2006

The following companies are included in the consolidated financial statements of the AFH/BOA Group:

### · Parent company

- AFRICAN FINANCIAL HOLDING (AFH SA)

### · Consolidated holding companies

- AFH-SERVICES LTD
- AFH-OCÉAN INDIEN
- AGORA SA
- AGORA MALI
- ATTICA

### · Consolidated banks and financial institutions

- BOA-BÉNIN
- BOA-BURKINA FASO
- BOA-CÔTE D'IVOIRE
- KENYA
- BOA-MADAGASCAR
- BOA-MALI
- BOA-NIGER
- BOA-SÉNÉGAL
- BOA-UGANDA
- BANQUE DE L'HABITAT DU BÉNIN (BHB)
- ÉQUIPBAIL-BÉNIN
- ÉQUIPBAIL-MADAGASCAR
- ÉQUIPBAIL-MALI

### · Companies accounted for using the

## equity method

- ACTIBOURSE
- AÏSSA SARL
- SCI OLYMPE

## Consolidated companies: percentage control, percentage interest and consolidation method:

| | Fiscal year 2006 | | | Fiscal year 2005 | | |
|---|---|---|---|---|---|---|
| Company | % interest | % control | Consolidation method | % interest | % control | Consolidation method |
| AFH | 100,00 | 100,00 | PARENT | 100,00 | 100,00 | PARENT |
| AFH-OCÉAN INDIEN | 95,67 | 100,00 | FC | 95,20 | 100,00 | FC |
| AFH-SERVICES LTD | 100,00 | 100,00 | FC | 85,00 | 85,00 | FC |
| AGORA SA | 43,96 | 58,16 | FC | 35,40 | 56,30 | FC |
| AGORA-MALI | 44,63 | 100,00 | FC | - | - | NC |
| ATTICA | 28,19 | 46,59 | FC | 20,41 | 50,06 | FC |
| BOA-BÉNIN | 42,85 | 43,70 | FC | 38,13 | 41,10 | FC |
| BOA-BURKINA FASO | 53,48 | 61,31 | FC | 43,45 | 51,72 | FC |
| BOA-CÔTE D'IVOIRE | 75,49 | 79,46 | FC | 71,57 | 76,07 | FC |
| BOA-MADAGASCAR | 36,75 | 38,43 | FC | 36,58 | 38,43 | FC |
| BOA-MALI | 50,66 | 52,58 | FC | 50,45 | 52,58 | FC |
| BOA-NIGER | 44,08 | 49,90 | FC | 43,45 | 49,90 | FC |
| BOA-SÉNÉGAL | 66,08 | 71,92 | FC | 65,59 | 71,92 | FC |
| BOA-KENYA | 41,85 | 60,00 | FC | 49,96 | 80,00 | FC |
| BOA-UGANDA | 19,25 | 46,00 | FC | - | - | NC |
| BHB | 33,31 | 51,07 | FC | 31,84 | 51,07 | FC |
| ÉQUIPBAIL-BÉNIN | 37,37 | 81,44 | FC | 39,93 | 93,73 | FC |
| ÉQUIPBAIL-MADAGASCAR | 62,18 | 64,99 | FC | 61,87 | 64,99 | FC |
| ÉQUIPBAIL-MALI | 71,37 | 85,50 | FC | 60,07 | 75,50 | FC |
| ACTIBOURSE | 52,10 | 88,00 | EM | 49,61 | 88,00 | EM |
| AÏSSA SARL | 53,13 | 100,00 | EM | 49,80 | 100,00 | EM |
| SCI OLYMPE | 62,01 | 100,00 | EM | 58,61 | 100,00 | EM |

FC : Full Consolidation

EM : Equity method

NC : Not Consolidated

BOA-BENIN, BOA-MADAGASCAR, BOA-UGANDA, BHB, EQUIPBAIL-BENIN and ATTICA are fully consolidated as the AFH/BOA Group exercises effective control.

# Balance sheet

Compared balance sheet for the last two financial years (in euros).

## Assets

| Assets | Fiscal year 2005 | Fiscal year 2006 |
|---|---|---|
| CASH | 36 855 415 | 39 902 725 |
| INTERBANK PLACEMENTS | 303 869 649 | 363 884 392 |
| • demand deposits | 228 664 592 | 235 580 764 |
| - central banks | 150 667 517 | 108 172 092 |
| - treasury, post office bank | 316 523 | 31 263 502 |
| - other credit institutions | 77 680 552 | 96 145 170 |
| • term deposits | 75 205 057 | 128 303 628 |
| CUSTOMER LOANS | 623 297 637 | 717 597 605 |
| • portfolio of discounted bills | 32 938 317 | 44 244 344 |
| - seasonal credit | 0 | 0 |
| - ordinary credit | 32 938 317 | 44 244 344 |
| • ordinary debtor accounts | 181 699 196 | 184 428 204 |
| • other customer credit facilities | 408 660 124 | 488 925 057 |
| - seasonal credit | 27 367 978 | 33 688 031 |
| - ordinary credit | 381 292 146 | 455 237 026 |
| • factoring | 0 | 0 |
| LEASING AND RELATED OPERATIONS | 7 830 418 | 7 343 369 |
| CURRENT SECURITIES | 82 615 403 | 83 396 932 |
| INVESTMENTS IN ASSOCIATES | 13 148 696 | 17 267 025 |
| FINANCIAL INVESTMENTS AT EQUITY VALUE | 701 549 | 582 826 |
| INTANGIBLE ASSETS | 6 875 106 | 5 936 983 |
| FIXED ASSETS | 41 462 086 | 50 462 678 |
| SHAREHOLDERS OR ASSOCIATES | 348 372 | 11 434 |
| OTHER ASSETS | 58 612 873 | 66 691 498 |
| SUNDRY ACCOUNTS | 20 577 988 | 7 277 485 |
| CONSOLIDATED GOODWILL | 95 867 | 312 885 |
| TOTAL ASSETS | 1 196 291 059 | 1 360 667 837 |



BANK OF AFRICA

GROUPE BANK OF AFRICA

| Off-balance sheet | Fiscal year 2005 | Fiscal year 2006 |
|---|---|---|
| COMMITMENTS GIVEN | | |
| • credit commitments | 81 016 804 | 101 696 136 |
| - to credit institutions | 0 | 0 |
| - to customers | 81 016 804 | 101 696 136 |
| • guaranties given | 160 036 616 | 227 449 802 |
| on behalf of credit institutions | 15 925 389 | 20 122 544 |
| on behalf of customers | 144 111 227 | 207 327 258 |
| • commitments on security | 0 | 0 |

## Liabilities

| Liabilities | Fiscal year 2005 | Fiscal year 2006 |
|---|---|---|
| INTERBANK LIABILITIES | 47 708 904 | 42 068 727 |
| • at sight | 29 657 780 | 23 268 574 |
| - treasury, post office bank | 5 491 404 | 2 471 366 |
| - other credit institutions | 24 166 376 | 20 797 209 |
| • long term | 18 051 124 | 18 800 153 |
| CUSTOMER DEPOSITS | 972 963 026 | 1 114 087 839 |
| • savings deposit accounts | 105 764 882 | 124 765 286 |
| • time deposit accounts | 17 724 109 | 27 609 738 |
| • short term borrowings | 9 853 583 | 9 343 844 |
| • other demand deposit | 562 948 467 | 636 036 796 |
| • othertime deposit accounts | 276 671 985 | 316 332 175 |
| DEBTS EVIDENCED BY SECURITIES | 2 682 340 | 8 759 566 |
| OTHER LIABILITIES | 35 134 123 | 42 008 390 |
| SUNDRY ACCOUNTS | 37 145 727 | 22 929 051 |
| CONSOLIDATED GOODWILL | 2 735 871 | 3 187 423 |
| RESERVES FOR CONTINGENCIES & LOSSES | 851 734 | 3 605 067 |
| TAX PROVISIONS | 0 | 0 |
| SUBORDINATED DEBT | 6 010 355 | 6 942 782 |
| INVESTMENT SUBSIDIES | 762 245 | 1 524 490 |
| FUND FOR GENERAL BANKING RISKS | 0 | 0 |
| CAPITAL | 18 135 000 | 26 226 000 |
| SHARE PREMIUMS | 0 | 0 |
| CONSOLIDATED RESERVES | 60 031 779 | 68 105 629 |
| • Group | 12 380 313 | 13 219 291 |
| • minority shareholders | 47 651 466 | 54 886 338 |
| RETAINED EARNINGS (+/-) | 0 | 0 |
| NET INCOME | 12 129 955 | 21 222 873 |
| • Group | 4 895 815 | 10 280 293 |
| • minority shareholders | 7 234 140 | 10 942 580 |
| TOTAL LIABILITIES | 1 196 291 059 | 1 360 667 837 |



BANK OF AFRICA
GROUPE BANK OF AFRICA

| Off-balance sheet | Fiscal year 2005 | Fiscal year 2006 |
|---|---|---|
| COMMITMENTS RECEIVED | | |
| • credit commitments | 8 719 814 | 28 771 484 |
| - received from credit institutions | 8 719 814 | 28 771 484 |
| • guarantees received | 498 151 867 | 630 043 316 |
| - received from credit institutions | 32 399 589 | 25 731 150 |
| - received from costumers | 465 752 278 | 604 312 166 |
| • commitments on security | 32 986 901 | 54 675 669 |

# Income Statement

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

## Expenses

| Expenses | Fiscal year 2005 | Fiscal year 2006 |
|---|---|---|
| INTEREST AND RELATED EXPENSES | 26 574 732 | 29 890 135 |
| • On interbank debts | 1 422 716 | 2 670 482 |
| • On customers' debts | 23 737 681 | 25 706 499 |
| • On securities | 239 034 | 209 660 |
| • Other interest and related expenses | 1 175 301 | 1 303 494 |
| EXPENSES ON LEASING AND RELATED OPERATIONS | 3 539 671 | 3 146 695 |
| COMMISSION | 500 748 | 1 135 818 |
| EXPENSES ON FINANCIAL TRANSACTIONS | 2 479 365 | 3 563 156 |
| • Investment expenses | 85 287 | 105 933 |
| • Foreign exchange expenses | 2 334 053 | 3 369 381 |
| • Off-balance sheet transaction expenses | 60 025 | 87 842 |
| OTHER BANK OPERATING EXPENSES | 373 561 | 499 309 |
| GOODS PURCHASED | 0 | 0 |
| INVENTORY SOLD | 3 055 | 0 |
| CHANGES IN GOODS IN STOCK | 0 | 0 |
| GENERAL OPERATING EXPENSES | 44 560 313 | 54 027 663 |
| • Personnel costs | 17 533 479 | 21 285 030 |
| • Other general expenses | 27 026 834 | 32 742 633 |
| DEPRECIATION AND PROVISIONS ON FIXED ASSETS | 5 676 537 | 7 515 790 |
| DEFICIT ON CORRECTIONS TO SECURITIES, LOANS AND OFF-BALANCE-SHEET ITEMS | 16 895 068 | 15 177 137 |
| EXCESS OF PROVISIONS OVER FUNDS RECOVERED FOR GENERAL BANKING RISKS | 0 | 0 |
| EXCEPTIONAL EXPENSES | 2 314 211 | 1 599 931 |
| LOSSES FROM PREVIOUS YEARS | 1 243 202 | 1 596 975 |
| CORPORATE INCOME TAX | 5 457 151 | 7 157 930 |
| SURPLUS RECOVERED ON PROVISIONS FOR CONSOLIDATED GOODWILL | 0 | 0 |
| PROFIT | 12 129 955 | 21 222 873 |
| TOTAL EXPENSES | 121 747 569 | 146 533 412 |



BANK OF AFRICA

GROUPE BANK OF AFRICA

## Income

| Income | Fiscal year 2005 | Fiscal year 2006 |
|---|---|---|
| INTEREST AND RELATED INCOME | 74 141 444 | 90 777 851 |
| • On interbank loans | 8 711 046 | 14 461 948 |
| • On customers' loans | 63 872 510 | 73 764 985 |
| • On securities | 562 439 | 1 320 270 |
| • Other interest and related income | 995 449 | 1 230 648 |
| INCOME FROM LEASING AND RELATED OPERATIONS | 4 040 990 | 3 333 237 |
| COMMISSION | 14 703 755 | 17 938 618 |
| INCOME FROM FINANCIAL TRANSACTIONS | 20 874 439 | 23 611 388 |
| • Income from current securities | 3 874 837 | 4 100 539 |
| • Dividends and related income | 3 118 064 | 3 508 209 |
| • Income from foreign exchange transactions | 9 258 826 | 10 549 046 |
| • Income from off-balance sheet transactions | 4 622 712 | 5 453 595 |
| OTHER INCOME FROM BANKING OPERATIONS | 3 587 379 | 2 049 295 |
| PROFIT MARGINS | 0 | 0 |
| SALE OF PRODUCTS | 0 | 20213 |
| CHANGES IN GOODS IN STOCK | 0 | 0 |
| OTHER INCOME FROM BANKING OPERATIONS | 1 383 563 | 6 812 837 |
| RECOVERY OF DEPRECIATION AND PROVISION ON FIXED ASSETS | 464 527 | 208 311 |
| SURPLUS ON CORRECTIONS TO VALUE OF LOANS AND OFF-BALANCE SHEET ITEMS | 0 | 0 |
| SURPLUS RECOVERED ON PROVISION OF FUNDS FOR GENERAL BANKING RISKS | 0 | 0 |
| EXCEPTIONAL INCOME | 1 216 831 | 998 155 |
| PROFITS ON PREVIOUS YEARS | 1 334 641 | 783 507 |
| SURPLUS RECOVERED ON PROVISION FOR CONSOLIDATED GOODWILL | 0 | 0 |
| LOSS | 0 | 0 |
| TOTAL INCOME | 121 747 569 | 146 533 412 |