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.

Cover pages

The emblem of the BANK OF AFRICA represents a stylized Ashanti "fertility doll". Since fertility is a universal symbol of prosperity, home pages of the reports are illustrated with a variety of different and varied objects linked to this theme.

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.

Ody, fertility doll

Madagascar.

Rope, glass beads, fabric, metal, etc. 16 x 7 x 3 cm. 102g.

The term "ody" refers to all kinds of amulets destined to drive away diseases, bring prosperity, ensure good harvests or, like these, guarantee female fertility.

Each bead in this magic necklace has a name, a specific power, and is chosen specially for the person who will wear the necklace. These types of necklace are made of different materials, including beads, coins, shells, basketwork, teeth, etc.

This fertility doll is an "ody" that, depending on its size, is kept either in the house or is worn as a necklace.

Inventory No.: 71.1990.57.233 1-2

Message from the Managing Director

The Bank successfully completed its 2004-2006 Three-Year Development Plan on December 31 2006, surpassing the majority of targets that, although ambitious, were usually exceeded by a comfortable margin.

These achievements also took place during a tougher economic context than expected, weakened by monetary difficulties experienced in 2004, with unfavourable economic repercussions on the following two years.

The employees of BANK OF AFRICA - MADAGASCAR (BOA-MADAGASCAR) are therefore fully justified in taking pride in these collective results which are positive.

Key indicators demonstrate that in three years their joint efforts have succeeded in:

- raising the number of customer accounts by 51.1%,
- developing deposits collected by 77.7%,
- increasing direct loans and advances by 110.9%,
- boosting total assets by 83.5%,
- improving operating income by 109.8%, by reducing operating expenses to 80.6%,
- increasing net banking income by 104.8%,
- raising gross operating profit by 169.5%,
- improving the operating ratio from 61.3% to 48.7%,
- raising net income by 175.6%.

Admittedly, this data is exaggerated by accumulated inflation of 55.9% over the three-year period, however the progress made is such that, even when considered as relative values, the figures speak for themselves.

Moreover, having analysed these consistent improvements, "THE BANKER" magazine, belonging to the British FINANCIAL TIMES Group, has recognised the bank's success. For the fourth year running - in 2003, 2004, 2005 and 2006 - it named BOA-MADAGASCAR as "Bank of the Year" for Madagascar.

To follow-up this period of uninterrupted expansion, the Bank must now consolidate its achievements.

The strategic options and areas of action outlined in the new 2007-2009 Three-Year Development Plan have been selected to fulfil this requirement.

The keyword for this new stage in the life of BOA-MADAGASCAR is "QUALITY", a concept which was unanimously selected by its teams, to ensure that, above and beyond the quantifiable results, it continues to progress with determination towards excellence in all areas of activity.

Indeed, the Bank is required to respond to evolving demands from customers, who, in Madagascar like everywhere else in the world, are gradually and legitimately stepping up requirements for ever more professional and impeccable service quality.

In meeting this new challenge, BOA-MADAGASCAR will not only rise to greater heights in 2009, but above all, it will be in an optimal position for future successes, thus safeguarding its results for the long term.

I would like to thank the employees for their crucial contribution to the performances achieved, encourage them to keep up the good work and congratulate them for their remarkable dedication to the company.

Alain LEPÂTRE LAMONTAGNE
Managing Director

Key facts 2006

February

Opening of the Mahazo branch in the capital, the 53rd branch in the network.

March

Signing of a Partnership Agreement with the Madagascar École Nationale d'Administration (ENAM) with a view to strengthen resources and develop the exchange of best practices.

May

BANK OF AFRICA 2006 Meeting held in Nairobi for senior officers of the branch network.

Signing of MOU (memorandum of understanding) with the Millennium Challenge Account (MCA) to facilitate the rural population's access to banking services.

June

Commercialisation of VISA, PROXIMA and LIBRA cards.

July

Three more ATMs opened, bringing the total to 22.

August

Deposits rose above the MGA 500 billion mark.

October

For the fourth year running, The Banker in London chose BOA-MADAGASCAR as the winner of Madagascar's "Bank of the Year 2006" award.

Signing of a partnership agreement with the Madagascar national veterinary organization (ONVM) to finance veterinary surgery investments and operations.

November

First counters opened for international fund transfers via Western Union.

December

Total balance sheet rose above the MGA 700 billion mark.

Net income rose above the MGA 20 billion mark.

Interest in share capital of Micro Finance MICROCRED-MADAGASCAR

Key Figures 2006

Activity	
Deposits *	578,599
Loans *	287,884

Income	
Operating income *	68,788
Operating expenses *	29,531
Gross operating profit *	35,371
Net income *	21,487
Operating ratio (%)	48.7

Structure	
Total Assets *	707,170
Shareholders' equity after distribution *	48,911
Shareholders' equity/Total assets (%)	6.9
Average number of employees	776

On 31/12/2006 (*) In MGA millions
1 Euro = 2 650, 13 MGA

Board of Directors

The Board of Directors is at present made up of the following 7 members:

- Paul DERREUMAUX, Chairman<
- NETHERLANDS DEVELOPMENT FINANCE COMPANY (FMO), represented by B.A.M ZWINKELS
- MALGACHE STATE represented by Alexandre RANDRIANASOLO
- BANK OF AFRICA - BENIN (BOA-BENIN), represented by Georges ABALLO
- Francis SUEUR
- Paulin Laurent COSSI
- Mohamed BENNANI

Advisory Committee

Set up following the General Meeting of 9 June 2000, in line with the statutes, this Committee works alongside the Board of Directors, advising on issues relating to the general policy. Its current 3 members are:

- Anil BARDAY
- Marcel RAMANANDRAIBE
- Alain RASOLOFONDRAIBE

Capital

The authorised and issued capital of BANK OF AFRICA – MADAGASCAR is MGA 18 billion divided in 900.000 ordinary shares with a par value of MGA 20.000 each.

At 31 December 2006, the bank’s capital was held as follows:

AFRICAN FINANCIAL HOLDING - Océan Indien	38.4%
NATIONAL PRIVATE SHAREHOLDERS	27.1%
INTERNATIONAL FINANCE CORPORATION (IFC)	12.8%
NETHERLANDS DEVELOPMENT FINANCE COMPAGNY (FMO)	10.1%
MALGACHE STATE	10.0%
OTHER SHAREHOLDERS	1.6%

Report by the Board of Directors

To the Annual General Meeting held on 21 April 2007 for fiscal year 2006.

Economic & financial trends during fiscal year 2006

All in all, 2006 proved to be a positive year for the global economy, which succeeded in continuing the performance achieved in the previous twelve months. Indeed, despite the oil crisis, the latest figures place growth at around 5.1%, generated by powerful driving forces in America and Asia, particularly China and India.

The US economy maintained a significant rhythm of expansion, supported by an upturn in consumption, despite the fact that its Gross Domestic Product (GDP) sagged to around 3.4% at the end of the year.

In the Euro zone, the growth rate rose to 2.4%, mainly driven by investment. However, relatively modest consumption has limited this dynamic in a number of countries.

Asia continues to achieve impressive economic results. China and India lead the way, improving their GDP by 10.7% and 8.3% respectively. Export levels are high in these countries, particularly to the American market, the world's number one importer.

In Latin America, the emerging economies of Europe and in the Middle East, growth also seems to have taken a solid hold.

In sub-Saharan Africa, despite a slight decrease, from 5.6 to 4.8%, the outlook should remain favour-able, especially if oil prices settle down.

In Madagascar, economic indicators for 2006 were adjusted downwards, following a failure to meet customs revenue objectives and the delay in disbursement of budgetary support promised by international backers.

The rate of Gross Domestic Product (GDP) growth is nevertheless estimated at 4.7%, thanks to investment in infrastructure (roads, provincial airports) and private-sector production facilities.

The inflation rate, which it was hoped would come in at 8.2%, is expected to reach about 10.8% year-on-year after final adjustments. Prices were strongly influenced during the previous year by the increase in fuel prices and the cost of electricity.

The balance of trade continues to register a deficit, despite a 3.8% increase in exports in terms of Special Drawing Right (DTS) and a 6.1% decrease in imports.

The tax burden is estimated at 10.7%, following an initial forecast of 11.4%, with customs revenue weakened by a slump in imports.

Despite this modest performance, the 2006 budget deficit decreased slightly, falling to 4.9% of GDP in comparison to 5.0% in 2005, following cuts in planned expenditure.

On the Interbank Currency Market (MID), the exchange rate was relatively stable in 2006. The Ariary (MGA) limited its losses against the Euro to 3.5%, and even rose by 6.8% against the US Dollar, according to a price comparison on the last days of 2005 and 2006.

A number of significant economic and monetary measures were implemented by the authorities during the year, including:

rendering interest on treasury bonds received by businesses or individuals subject to tax on revenues from capital transfers (IRCM), at a rate of 20% and 15% respectively, this capital transfers tax is nevertheless in full discharge of corporate profit tax (IBS),

exemption from Value Added Tax (VAT) for interest on loans and related commissions,

the reduction of the key rate from the Central Bank from 16.0% to 12.0% on 14 August 2006.

Madagascar's economic outlook for the next few years falls within the framework of the "Madagascar Action Plan" (MAP), a five-year plan, covering the period between 2007 and 2012, based on the achievements of the "Poverty Reduction Document" (DSRP) and carrying on where this document left off. The objective of the MAP is to step up the quality element of the development process through an innovative 5-year plan, mobilizing the people of Madagascar and international partners.

The principle economic indicators targeted in the Finance Law forecast the following for 2007:

a rate of economic growth of at least 5.6%,

inflation reduced to less than 9.6%,

a tax burden of 11.2%,

a budget deficit of 4.4% of GDP,

public spending amounting to 20.7% of GDP.

Thus, in Madagascar, the outlook for 2007, which opened with implementation of the MAP, is high in comparison to 2006, which as a pre-electoral year was less than favourable for business development.

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Financial statements and balance sheet analysis for fiscal year 2006

The characteristics of this past year did not prevent BANK OF AFRICA - MADAGASCAR (BOA-MADAGASCAR) from achieving far better results than originally estimated and rounding off its 2004-2006 Three-Year Development Plan (PTD) on a positive note on 31 December 2006.

The following analysis of the key items will confirm these initial indications, clarifying and evaluating the precise level of the Bank's commercial and financial achievements in 2006.

After favourable growth of 37.2%, total assets came in at more than MGA 700 billion, reaching MGA 707.170 billion at 31 December 2006, in comparison to MGA 515.432 billion the previous year.

Customer deposits made a significant contribution to this ample growth.

Customer deposits were up by MGA 167.081 billion in 2006, coming in at MGA 578.599 billion at 31 December 2006, compared with MGA 411.518 billion at the end of 2005. With an increase of 40.6%, this was much higher than the forecasts, which nevertheless allowed for important market growth.

BOA-MADAGASCAR benefited in particular from the buoyant trend observed in bank deposits, both in terms of demand and savings bank resources.

The Bank's average market share in terms of deposits, at 25.5%, improved by approximately one point in 2006, with an even more promising second half-year.

The volume of current accounts registered extremely substantial growth of +43.6% at 31 December 2006, compared to the same date the previous year, from MGA 277.476 billion to MGA 398.452 billion. To confirm the previous indications, there was a clear acceleration in demand deposits collected in the second half of the year.

This observation demonstrates that the increase in short term deposits, confirmed over a period of several months, is indeed a structural phenomenon.

The comparative volume of "TAHIRY" savings accounts for 2005 and 2006 shows an increase of 19.3%.

The MGA 61.392 billion of deposits remunerated in this form represent 10.6% of deposits at the end of 2006, in comparison to 12.5% one year earlier. They have increased at a slower than average pace since major depositors have favoured term deposit accounts.

Total term deposit accounts increased significantly (up 48.3%) from MGA 62.220 billion to MGA 92.267 billion, over the twelve month period, benefiting from capital transferred from "TAHIRY" accounts in order to obtain a better return on investment.

Funds from other deposits, made up of various intermediary accounts and funds deposited as provisions to partially or totally securitise commitments by signature, mostly involving operations abroad, increased by 30.1%.

Mainly consisting of currency-euros or dollars-these deposits increased by MGA 6.136 billion in 2006, however this result was not achieved until the very end of the year, when imports picked up after a cautious period of watching and waiting.

Various analyses have failed to confirm a dramatic upswing in the economy of the provincial regions in 2006.

Current figures demonstrate that Antananarivo alone is continuing to gain ground and now represents 66.9% of customer liabilities. This observation demonstrates the persisting weakness of the economy in the rest of the country.

Direct commitments increased by 29.8%, from MGA 221.708 billion to MGA 287.884 billion. This increase of MGA 66.176 billion was however less significant than the rise in deposits, which, as outlined previously, increased by MGA 167.081 billion during the same period.

Unlike in previous years, the development of personal loans is only partly responsible for this sizeable increase in the amount of loans. Above all, it can be attributed to the Bank's strategy for winning back professional customers, which has begun to produce results. This new commercial orientation has brought the Bank back to a position in this segment that closer reflects its weight on the market.

For an objective appreciation of BOA-MADAGASCAR's performance in the field of loans, observing the evolution of its average annual market share remains the best yardstick. This rose by one point in 2006, as was the case for deposits, reaching 24.3%.

Short-term loans grew by 21.2%, from MGA 119.969 billion to MGA 145.344 billion and are developing at a faster rate than in recent years. Indeed, in 2005 they rose by only 14.1%. Growth was particularly strong in the following areas: commercial discounts, advances on goods and products, overdrafts, agricultural loans and pre-financing of seasonal loans. On the other hand, mobilisation of foreign credit and borrowing on earmarked funds did not hold their position at end 2005.

Medium-term loans registered extremely substantial growth of 35.2% in 2006, amounting to MGA 111.054 billion, an increase of MGA 28.898 billion.

Influenced by a more significant variation in professional loans, the structure of medium-term investments developed in their favour.

Indeed, there was a significant increase in loans for professional equipment and commercial property, although this growth was strongly influenced by a few major projects.

As for long-term financing a number of substantial new property and business investments also involved financing in excess of seven years, allowing for a 60.8% rise in this category, which amounted to MGA 31.486 billion at 31 December 2006. The level of long-term loans nevertheless remains minimal in terms of liquidity risk. They represent only 5.4% of resources.

Off-balance sheet commitments reached MGA 117.664 billion, increasing by 25.8%, which was slightly lower than the level of change seen in direct commitments. Contrary to appearances, these figures do not indicate any substantial development in international trade in 2006. In fact, they are heavily influenced by the granting of guarantees for road infrastructure markets.

Accumulated operating income, which is representative of activity, increased by 28.4% over the year to MGA 83.349 billion.

Cash income and income from interbank loans increased by 54.1%, i.e. MGA 8.755 billion, from MGA 16.169 billion to MGA 24.924 billion in 2006. As usual, the vast majority of income recorded under this heading consists of interest on bonds issued by adjudication (BTAs).

The average rate of the Bank's treasury bond portfolio continued to rise. However, increased return on investment is not the main reason behind the impressive performance of this product family.

Above all, it is the increased volume of treasury bonds invested - accentuated by the growth in funds not used for loans - which had a major influence on this budgetary item once again.

Income from customers increased by MGA 9.657 billion in 2006, demonstrating growth of 19.8%, with income rising from MGA 48.768 billion to MGA 58.425 billion.

Interest on loans increased by 26.4%. Income from short-term loans rose by 25.9%, while medium and long-term loans enhanced their contribution thanks to a 27.0% rise in interest in 2006.

Net exchange rate income, down 42.7%, has hampered the development of commissions which rose to 9.1% in 2006.

Figures for international trading, particularly imports, were down on the previous year, accentuating the decline in exchange rate income generated by this type of activity.

If exchange rate income is excluded from the calculation, actual commissions have increased by 24.2% and customer income by 25.7%, which demonstrates that perceptions relating to services have continued to advance at a swift pace.

Operating expenses rose by 21.01%, which represents an increase of MGA 8.379 billion, from MGA 39.627 billion to MGA 48.006 billion.

Banking expenses rose by 30.2% in 2006, starting at MGA 11.154 billion and climbing to MGA 14.523 billion.

Interest expenses were weighed down in 2006 by upwards pressure on savings remuneration rates, influenced by the rising average return from BTAs. This led to an increase in the average cost of resources.

Personnel costs were limited to MGA 11.545 billion in 2006, despite salary increases to maintain purchasing power and motivate well-performing staff.

The total of other direct operating costs increased by 21.0%. This figure can be explained by a growth in activity, at 10.9%, and inflation of around 10.8% in 2006.

Banking expenses in general and BOA-MADAGASCAR's expenses in particular, were weighed down by an unexpected phenomenon.

The 2006 Finance Law abolished VAT on loan interest and commissions relating to credits. However, banks are entitled to recover VAT paid on expenses using a pro rata system, corresponding to the ratio between their taxable revenue and total turnover. With the majority of products now exempt from VAT, the share of income subject to VAT has dropped, causing the Bank's recovery pro rata to collapse. It has therefore been able to recover only a very small percentage of VAT paid.

This purely technical increase in expenses has cost the Bank MGA 0.590 billion, and is shared out between the expense items subject to VAT, with an overall impact of 4% on other direct operating costs. Without this phenomenon, this latter would have increased by 17.0% in 2006, rather than 21.0%.

Depreciation and amortisation, costs without cash outflows, amount to MGA 3.952 billion. This figure has risen slightly by 0.8%.

During this seventh year since privatisation, the impact of amortisation amounts to around 11% of non financial fixed assets.

The provisioning effort for 2006 of MGA 4.017 billion, calculated in accordance with the current prudential rules, is 8.3% higher than the previous year.

The coverage level for gross unpaid loans amounted to 82.3% at the end of 2006, in comparison to 76.9% at the end of 2005, with a sum of MGA 8.779 billion, to be deducted from provisions (MGA 5.787 billion) and interest arrears (MGA 1.441 billion).

Net doubtful and litigious debts therefore amounted to MGA 1.551 billion at 31 December 2006 as opposed to MGA 2.484 billion at the end of 2005.

Investment expenditure for 2006, of MGA 3.595 billion, was mainly used to open a new branch, renovate six major entities, finalize improvements to the automotive fleet, establish real-time connection between the twelve additional provincial outlets and the central IT site and finance three new ATMs.

Net banking margin, after deduction of the cost of investments at MGA 14.338 billion, stood at MGA 48.634 billion in 2006, up 38.0% on the previous year's figure.

Net banking income, improved by net revenues from commissions and investments of MGA 20.192 billion, reached MGA 68.788 billion in 2006, up 27.9% compared with fiscal 2005.

The gross operating profit, with MGA 29.531 billion in direct operating expenses and MGA 3.952 billion in amortisation expenses deducted, reached MGA 35.371 billion in 2006, up 39.5% compared with 2005.

Pre-tax income for 2006 - after deduction of the various provisions and extraordinary expenses and addition of reversal of provisions and extraordinary income - amounted to MGA 30.933 billion in 2006, as opposed to MGA 22.098 billion in 2005.

Net income for 2006 stood at MGA 21.487 billion, representing an improvement of 41.5% on the MGA 15.184 billion posted for the previous year.

The operating ratio fell below the 50% threshold for the first time since the privatisation of the Bank, decreasing from 52.9% to 48.7%. This new gain in productivity is particularly noteworthy for a bank with an extensive network such as BOA-MADAGASCAR.

These results as a whole, achieved through dedicated teamwork, place the Bank in an excellent position for facing up to future challenges that the employees of BOA-MADAGASCAR are firmly decided to meet and fulfil.

After the success of the previous plan, which deserves sincere congratulations, they will be starting the new 2007-2009 Three-Year Development Plan with determination. There is no doubt that success is sure to follow.

In view of the annual net income, we propose that the General Meeting approve the payment of a gross dividend of 40% of the new share capital, representing a total of MGA 9.600 billion for fiscal year 2006.

This dividend will give shareholders a significant return on their investment, corresponding to a substantial and equitable remuneration, and should encourage them to maintain the constant support they give their Bank.

Auditor's Report

This report is only available in french.

Balance sheet

Assets

Assets	Fiscal year 2005	Fiscal year 2006
CASH	23 199 905 064,31	26 879 238 283,06
INTERBANK PLACEMENTS	196 419 306 566,35	298 988 161 390,93
• demand deposits	115 426 048 244,99	142768817989,58
· central banks	65 606 509 885,39	60 296 302 086,73
· treasury, post office bank	58 070 837,62	173 402 889,12
· other credit institutions	49 761 467 521,98	82 299 113 013,73
• term deposits	80 993 258 321,36	156 219 343 401,35
CUSTOMERS' LOANS	221 708 158 441,21	287 884 307 955,53
• portfolio of discounted bills	11 389 718 140,86	17 359 638 255,87
· seasonal credit		
· ordinary credit	11 389 718 140,86	17 359 638 255,87
• other customer credit facilities	167 275 379 573,26	213 420 742 715,69
· seasonal credit	21 038 845 101,18	30 963 672 837,47
· ordinary credit	146 236 534 472,08	182 457 069 878,22
• ordinary debtor accounts	43 043 060 727,09	57 103 926 983,97
• factoring		
CURRENT SECURITIES		
INVESTMENTS IN ASSOCIATES	4 267 351 792,40	4 689 950 766,90
LEASING & RELATED OPERATIONS		
FINANCIAL INVESTMENTS AT EQUITY VALUE		
INTANGIBLE ASSETS	9 586 025 571,06	8 896 946 256,18
FIXED ASSETS	27 723 286 226,05	28 265 546 938,67
SHAREHOLDERS & ASSOCIATES		
OTHER ASSETS	31 723 898 265,23	50 760 115 098,49
SUNDRY ACCOUNTS	804 211 996,01	805 764 440,85
CONSOLIDATED GOODWILL		
TOTAL ASSETS	515 432 143 922,62	707 170 031 130,61

Off-Balance-Sheet	Fiscal year 2005	Fiscal year 2006
COMMITMENTS GIVEN	216 251 482 772,95	305 178 527 184,03
• credit commitments	93 550 682 524,40	117 663 940 687,88
· to credit institutions		
· to customers	93 550 682 524,40	117 663 940 687,88
• guarantees given		
· on behalf of credit institutions		
· on behalf of customers		
• Transactions in currencies	38 297 412 609,38	47 373 486 611,22
• commitments on security	844 03 387 639,17	140 141 099 884,93

Liabilities

Liabilities	Fiscal year 2005	Fiscal year 2006
INTERBANK LIABILITIES	5 178 872 928,02	5 333 427 960,15

• at sight	1 081 987 178,33	443 814 959,05
· treasury, post office bank		
· other credit institutions	1 081 987 178,33	443 814 959,05
• long-term	4096 885 749,69	4 889 613 001,10
CUSTOMERS' DEPOSITS	411 518 015 969,63	578 599 324 039,48
• savings deposit accounts	51 468 989 583,63	61 392 159 494,51
• time deposit accounts		
• short-term borrowings	14 408 265 627,14	16 054 974 016,74
• other demand deposits	296 561 532 505,04	423 523 257 603,29
• other time deposit accounts	49 079 228 253,82	77 628 932 924,94
DEBTS EVIDENCED BY SECURITIES		
OTHER LIABILITIES	23 771 459 779,87	25 518 853 752,82
SUNDRY ACCOUNTS	21 477 170 299,15	29 714 138 436,89
CONSOLIDATED GOODWILL		
RESERVES FOR CONTINGENCIES & LOSSES	2 149 250 340	2 735 876 696
STATUtORY PROVISIONS		
Earmarked funds		
SUBORDINATED LOANS & SECURITIES	7 285 529 435,39	6 757 831 497,45
INVESTMENT SUBSIDIES		
RESERVES FOR GENERAL BANKING RISKS		
CAPITAL	18 000 000 000	18 000 000 000
SHARE PREMIUMS	500 000 000	500 000 000
RESERVES	1 463 832 957,40	16 241 425 921,08
REVALUATION DIFFERENCES		
RETAINED EARNINGS (+/-)	8 904 059 121,99	2 281 971 638,79
NET INCOME	15 183 953 091,17	21 487 181 187,95
TOTAL LIABILITIES	515 432 143 922,62	707 170 031 130,61

Off-Balance-Sheet	Fiscal year 2005	Fiscal year 2006
COMMITMENTS RECEIVED	43 186 927 335	40 985 190 799,89
• credit commitments	17 435 456 800	27 056 909 799,89
· received from credit institutions	17 435 456 800	27 056 909 799,89
· received from customers		
• guarantees received	25 751 470 535	13 928 281 000
· received from credit institutions		
· received from customer		
· received from state	25 751 470 535	13 928 281 000
• commitments on security		

Income statement

Expenses

Expenses	Fiscal year 2005	Fiscal year 2006
INTEREST & RELATED EXPENSES	10 780 849 805,10	137 929 747 30,13
• on interbank debts	717 885 113,95	1 081 630 713,61
• on customers' debts	8 938 728 859,01	11 921 955 808,75
• on securities		
• other interest and related expenses	1 124 235 832,14	789 388 207,77
EXPENSES ON LEASING AND RELATED OPERATIONS		
COMMISSION	243 955 177,96	544 463 886,68
EXPENSES ON FINANCIAL OPERATIONS	2 007 654 313,43	399 525 789,33
• investment expenses		
• foreign exchange expenses	2 007 654 313,43	399 525 789,33
• off-balance-sheet transaction expenses		
OTHER BANK OPERATING EXPENSES	101 871 253,20	169 495 413,69
GENERAL OPERATING EXPENSES	24 553 336 121,17	29 530 823 435,90
• personnel costs	9 683 124 538,06	11 544 916 910,83
• other general expenses	14 870 211 583,11	17 985 906 525,07
DEPRECIATION AND PROVISIONS ON FIXED ASSETS	3 920 059 774,03	3 951 899 607,58
DEFICIT ON CORRECTIONS TO SECURITIES, LOANS AND OFF-BALANCE-SHEET	3 666 111 787,85	4 137 180 858,06
EXCEPTIONAL EXPENSES	271 435 868,99	934 705 657,93
LOSSES FROM PREVIOUS YEARS		
CORPORATE INCOME TAX	6 914 997 000,00	9 446 128 800,00
RESULT	15 183 953 091,17	21 487 181 187,95
TOTAL EXPENSES	67 644 224 192,90	84 394 379 367,25

Income

Income	Fiscal year 2005	Fiscal year 2006
INTEREST AND RELATED INCOME	46 210 336 470,76	62 971 547 586,31
• on interbank loans	16 110 450 830,11	24 923 590 765,99
• on customers' loans	30 099 885 640,65	38 047 956 820,32
• on securities		
• other interest & related income		
INCOME FROM LEASING & RELATED OPERATIONS		
COMMISSION	11 591 906 509,07	13 657 244 493,02
INCOME FROM FINANCIAL TRANSACTIONS	6 929 498 992,29	3 917 993 042,27
• income from current securities		
• dividends and related income	58 128 000	93 156 000
• income from foreign exchange transactions	6 183 262 806,58	2 792 742 936,43
• income from off-balance-sheet	688 108 185,71	1 032 094 105,84

transactions		
OTHER INCOME FROM BANKING OPERATIONS	2 182 900 483,13	3 148 131 497,03
GENERAL OPERATING INCOME	54 784 533	64 989 560,49
RECOVERY OF DEPRECIATION & PROVISIONS ON FIXED ASSETS		
SURPLUS ON CORRECTIONS TO VALUE OF LOANS AND OFF-BALANCE-SHEET ITEMS		
EXCEPTIONAL INCOME	674 797 204,65	634 473 188,13
RESULT FROM PREVIOUS FINANCIAL PERIODS		
LOSS		
TOTAL INCOME	67 644 224 192,90	84 394 379 367,25

Income statement for the last two financial periods (in MGA)

Income & Expenses

Income & Expenses	Exercice 2005	Exercice 2006
INTEREST AND RELATED INCOME	46 210 336 470,76	62 971 547 586,31
• on interbank loans	16 110 450 830,11	24 923 590 765,99
• on customers' loans	30 099 885 640,65	38 047 956 820,32
• on securities		
• other interest and related income		
INCOME FROM LEASING AND RELATED OPERATIONS		
INTEREST AND RELATED EXPENSES	-10 780 849 805,10	-13 792 974 730,13
• on interbank debts	-717 885 113,95	-1 081 630 713,61
• on customers' debts	-8 938 728 859,01	-11 921 955 808,75
• on securities		
• other interest and related expenses	-1 124 235 832,14	-789 388 207,77
EXPENSES ON LEASING AND RELATED OPERATIONS		
INTEREST MARGIN	35 429 486 665,66	49 178 572 856,18
COMMISSION INCOME	11 591 906 509,07	13 657 244 493,02
COMMISSION EXPENSES	-243 955 177,96	-544 463 886,68
NET RESULT FROM COMMISSION	11 347 951 331,11	13 112 780 606,34
NET RESULT FROM:		
• current securities transactions		
• dividends and related transactions	58 128 000,00	93 156 000,00
• foreign exchange transactions	4 175 608 493,15	2 393 217 147,10
• off-balance-sheet transactions	688 108 185,71	1 032 094 105,84
NET INCOME FROM FINANCIAL OPERATIONS	4 921 844 678,86	3 518 467 252,94
OTHER INCOME FROM BANKING OPERATIONS	2 182 900 483,13	3 148 131 497,03
OTHER BANK OPERATING EXPENSES	-101 871 253,20	-169 495 413,69
OTHER INCOME FROM NON-BANKING OPERATIONS	54 784 533,00	64 989 560,49
OTHER NON-BANKING OPERATING		

EXPENSES		
GENERAL OPERATING EXPENSES	-24 553 336 121,17	-29 530 823 435,90
• personnel costs	-9 683 124 538,06	-11 544 916 910,83
• other general expenses	-14 870 211 583,11	-17 985 906 525,07
DEPRECIATION & AMORTIZATION AND PROVISIONS ON FIXED ASSETS	-3 920 059 774,03	-3 951 899 607,58
RECOVERY OF DEPRECIATION & AMORTIZATION AND PROVISIONS ON FIXED ASSETS		
GROSS OPERATING PROFIT	25 361 700 543,36	35 370 723 315,81
NET RESULT FROM VALUE ADJUSTMENTS	-3 666 111 787,85	-4 137 180 858,06
NET SURPLUS FROM ALLOCATIONS AND REVERSALS ON RESERVES FOR GBR		
PRE-TAX OPERATING INCOME	21 695 588 755,51	31 233 542 457,75
EXTRAORDINARY ITEMS	403 361 335,66	-300 232 469,80
RESULT FROM PREVIOUS FINANCIAL PERIODS		
CORPORATE INCOME TAX	-6 914 997 000,00	-9 446 128 800,00
NET INCOME FROM THIS FINANCIAL PERIOD	15 183 953 091,17	21 487 181 187,95

Resolutions

First resolution

Having heard the Board of Directors' report and the external auditors' general report on fiscal year 2006, the Annual General Meeting approved all parts of the reports as well as the financial statements and results as presented, as well as the operations reflected in these statements and summarised in these reports.

Fiscal year 2006 closed with a profit of MGA 21,487,181,187.95 after amortizations of MGA 3,951,899,607.58, an allowance of MGA 4,750,687,747.73 and a provision of MGA 9,446,128,800.00 for corporate income tax.

In addition, after hearing the external auditors' special report on agreements covered by articles 464 and after of the law of 30 January 2004, the Meeting unreservedly approved this report.

Consequently, the Annual General Meeting ratified the management and the actions of all members of the Board of Directors during the year ended 31 December 2006.

The Meeting also ratified the execution of the external auditors' mission in the same period.

Second resolution

Following deliberation, the Annual General Meeting approved the Board of Directors' proposal to allocate all net profits for fiscal year 2006 and the previous balance brought forward as follows:

	MGA
Net profits for the period	21,487,181,187.95
Previous balance brought forward	2,281,971,638.79
Total for distribution	23,769,152,826.74
Legal reserve (15% of income)	3,223,077,178.19
Dividend (40% of new share capital)	9,600,000,000.00
Optional reserve	8,500,000,000.00
New balance brought forward	2,446,075,648.55
Total distribution	23,769,152,826.74

Third resolution

In application of the previous resolution, the Annual General Meeting decided on the payment of a dividend to shareholders. The gross dividend per share for year 2006 amounts to MGA 8,000. The payment of tax on income from investments is the responsibility of beneficiaries. The dividend will be paid at the Bank's headquarters as of the present Meeting, on stamping of coupon 7 of the share certificate given to each shareholder.

Fourth Resolution

Having noted that the term of office of the following directors:

- Paul DERREUMAUX,
- Netherlands Development Finance Company (FMO), represented by Ben ZWINKELS,
- Malgache State represented by Alexandre RANDRIANASOLO,
- BANK OF AFRICA - BENIN (BOA-BENIN), represented by Georges ABALLO,
- Francis SUEUR,
- Paulin Laurent COSSI,
- René Formey de SAINT-LOUVENT

ended on that day, the Annual General Meeting appointed the following new directors for a period of four years, until the Annual General Meeting held to review the accounts for the year to 31 December 2010:

- Paul DERREUMAUX,
- Netherlands Development Finance Company (FMO), represented by Ben ZWINKELS,
- Malgache State represented by Alexandre RANDRIANASOLO,
- BANK OF AFRICA - BENIN (BOA-BENIN), represented by Georges ABALLO,
- Francis SUEUR,
- Paulin Laurent COSSI,
- Mohamed BENNANI.

Fifth Resolution

The Annual General Meeting conferred on all holders of an extract or a copy of the minutes of the present Meeting, all powers to execute the formalities of legal publication.

Notes

This part is only available in french.