

# HISTORY OF THE 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.**

1982

As the initial entity, it provided an invaluable opportunity to experiment the general concept and principles that were to become the foundation, nearly 30 years later, of a strong network with 14 commercial banks, a mortgage bank, three leasing subsidiaries or departments, a firm of stockbrokers, two investment companies, an asset management company, a financial company in France dedicated to the African diaspora and a wide reputation in African financial and banking circles.

*The BANK OF AFRICA Group developed in two major stages between 1982 and 2003.*

## 1/ THE 3-PHASE CONSTRUCTION OF AN AFRICAN BANKING GROUP:

- 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-BÉNIN),
- 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.

## 2/ CONSOLIDATION AND INTEGRATION OF THE GROUP:

- strengthening of AFH's Central Structures;
- standardisation and reinforcement of procedures;
- creation of BANK OF AFRICA – MADAGASCAR in 1999;
- setting up of EQUIPBAIL-MADAGASCAR in 2000;
- foundation and opening of BANK OF AFRICA - SENEGAL in 2001;
- creation of BANQUE DE L'HABITAT DU BENIN (BHB) in 2004;
- diversification into new forms of business, in particular life insurance and investment in buoyant sectors, such as telecommunications.

A third phase was entered in 2004, with the foundation of its presence and progressive expansion in English-speaking East Africa, and the strengthening of its capital and financial structure.

## 1 / CONSTRUCTION OF AN AFRICAN BANKING GROUP

1982  
1990

### *The initial phase with 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 (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 2010:

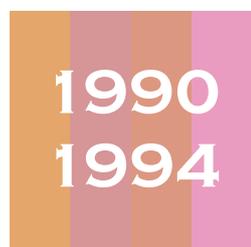
- total assets: CFAF 188.7 billion;
- deposits received: CFAF 152.8 billion;
- loans made: CFAF 102.3 billion;
- more than CFAF 12,749 billion in shareholders' equity;

which means it represents more than 11.1% 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.

## *Change in scale: the setting up of AFRICAN FINANCIAL HOLDING*



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, in the capacity of 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 INTERNATIONAL FINANCE CORPORATION (IFC) and the NETHERLANDS DEVELOPMENT FINANCE COMPANY (FMO)– fulfilled this role.

## **Creation of BANK OF AFRICA – BENIN**

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 CFAF 16 billion in 1990 to CFAF 49.2 billion in 1992, CFAF 96.8 billion in 1995 and CFAF 487 billion in 2010, growing more than 30-fold in 21 years.

## **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 (FMO) and NATEXIS, now NATEXIS-BANQUES POPULAIRES.

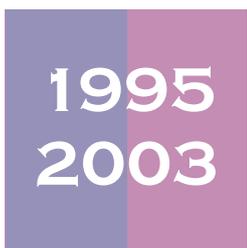
From this stronger base, which nevertheless strictly maintained the strategic independence of the Group, BOA went on to further expansion. From 1994 onwards, whilst the Mali and Benin entities were being consolidated, three new BANK OF AFRICA companies were set up in Niger, Ivory Coast and Burkina Faso,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

In addition, two leasing finance subsidiaries (EQUIPBAIL-BENIN and EQUIPBAIL-MALI) and a stock broking 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.

## **2 / CONSOLIDATION & INTENSIFICATION OF GROUP INTEGRATION**



In an increasingly competitive environment, 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:

- following acquisition of the Malagasy state-owned bank BTM, 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 EQUIPBAIL-MADAGASCAR in 2000 and the setting up of BANK OF AFRICA – SENEGAL.

During this period 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 Ivorian 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 BENIN (BHB).

### 3 / BEGINNING OF THE GROUP'S EXPANSION INTO EAST AFRICA AND STRENGTHENING OF ITS CAPITAL AND FINANCIAL STRUCTURE THROUGH ITS ALLIANCE WITH BMCE BANK



The geographical growth of the Group recently continued in East Africa, particularly in English-speaking countries, in Central Africa and in Europe, with:

- creation of BANK OF AFRICA - KENYA in 2004,
- creation of BANK OF AFRICA - UGANDA in early 2007,
- creation of BANK OF TANZANIA at the end of 2007,
- acquisition of a stake in BANQUE DE CREDIT DE BUJUMBURA (BCB) in Burundi in May 2008;
- opening of BOA-RDC (Democratic Republic of the Congo) in April 2010;
- start-up of BOA-FRANCE finance company in May 2010;
- in December 2010, acquisition of BANQUE INDOSUEZ MER ROUGE (BIMR), in Djibouti, which led to the creation of BOA-MER ROUGE;
- in February 2011, buy-out of the stake held by a group of Nigerian shareholders in the Ghanaian bank AMALGATED BANK (AMALBANK), together with a capital increase reserved for BOA-WEST AFRICA, sub-holding of BOA GROUP, which therefore holds an 80,01% stake in the Bank, now renamed BOA-GHANA.

Mirroring its strong foothold in the West African Economic and Monetary Union (WAEMU), the position of the BANK OF AFRICA Group in its second regional zone of activity in East and Central Africa and the Indian Ocean region has been considerably strengthened.

The presence of the BOA Group in this region is consistent with its overall development strategy to cover the whole African continent. The Group intends to pursue and implement this strategy in the years to come.

Implementation of this policy requires the Group to develop its resources, including its financial resources. In 2005 the Group therefore starting looking for a banking partner capable both of strengthening its financial means of intervention and also of complementing its technical means of intervention.

The projected strategic alliance came to fruition on 25 February 2008, with a 35% capital increase of BOA GROUP, which is the new name of the holding company of the BANK OF AFRICA Group. This stake is fully held by BANQUE MAROCAINE DU COMMERCE EXTERIEUR (BMCE) which has thus joined the shareholders of the BANK OF AFRICA Group.

This significant capital increase, coupled with the entry of a strategic shareholder in the banking sector, will provide greater resources both for the expansion of existing entities of the BANK OF AFRICA Group, and for facilitating development into new geographic zones and sectors.

BMCE Bank has thus acquired a majority stake in the existing BOAs, and in BOAs yet to be created.

At 31 December 2009, BOA Group's capital amounted to around 40.3 million euros, with BMCE Bank holding a stake of 42.5% and collaboration between the two Groups going ahead according to schedule, in hoped-for spirit of dialogue and complementarity.

2010 saw finalisation of the alliance between BOA and BMCE Bank, with:

- the Moroccan bank's acquisition of a majority stake in the capital of BOA GROUP, the BOA Group's holding company, up to 55.77% at end 2010,
- a 10.1 million euro increase in the capital of BOA GROUP with the issue of 65,077 new shares, raising it from 40.3 to 50.4 million euros,
- and a new CEO for BOA GROUP, from 1<sup>st</sup> January 2011.

## CONCLUSION

### FOLLOWING THESE SUCCESSIVE CHANGES, THE BANK OF AFRICA GROUP'S CURRENT SITUATION CAN BE SUMMARISED AS FOLLOWS:

- **strengthening of its total assets**, which had exceeded the symbolic threshold of one billion euros by the end of 2003 and was close to 3 billion euros at the end of 2010;
- **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 14 countries, spread over three geographical zones;
- **establishment in Europe** for expatriates from countries where the Group is present;
- **appointment of a Deputy Managing Director**, from BMCE Bank;
- **a profound on-going restructuring of the commercial organisation**, in particular with the creation of a Department within the Group's Central Structures dedicated to commercial activity, which will be charged with assisting the Banks in this domain;
- **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 Group's resolve to pursue modernisation, institutionalisation and integration**;
- **a development of synergies** and the transfer of know-how between BMCE Bank and BOA;
- **the key role of BOA GROUP** as promoter, principal shareholder, technical adviser and coordinator of the various entities.

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