



The 2005 Annual Reports of the Banks in the BANK OF AFRICA Group are illustrated with satellite images of the different countries where they are present.

DAKAR: capital of Senegal. ± 2.5 million inhabitants.

Africa's westernmost city, Dakar stands on an old volcanic site on the Atlantic coast.

Thousands of years of erosion have left only the Cap Verde peninsula and three islands.

This image shows Gorée Island perfectly clearly to the right, opposite Dakar harbour and Madeleine Island to the left of Cap Manuel, the tip of the peninsula. The island of Ngor is not shown. North of the city are Dakar-Yoff Airport to the west and the Hann forest and zoological park to the east.

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## *Message from the Managing Director*



The activities of BANK OF AFRICA - SÉNÉGAL continued to progress during fiscal year 2005 and resulted in a balance sheet increase of 33.2% as of 31 December 2005.

In a general environment characterised by falling trading margins and fierce competition, client investments grew by 34.2%, thus exceeding the budget target of 1.80%, and the proportion of term deposits rose by 95.5%, compared to 52.6% in 2004.

During fiscal year 2005, the bank strove to offset the moderate growth of short-term loans to businesses with the development of medium-term loans and by the growth of loans to private clients.

Off-balance sheet activity, in particular market guarantees, has continued to develop. This activity has risen by 27.4%, and has particularly contributed to the growth in banking operating income and enabled net banking income to rise to 1,665 million CFA francs, a jump of 14.3% compared to the position of the end of December 2004.

One of the bank's priorities for 2005 was to improve service quality and strengthen our position.

This was evidenced by the opening of an additional branch in one of the popular areas of Dakar, the Parcelles Assainies, the creation of an Elite Branch for private clients, the commissioning of two Automatic Teller Machines (ATM), the rolling out of B WEB, an online banking service, and the offer to our clientele of a rapid transfer service known as "MONEY EXPRESS".

Bank profitability is stable for the third year running, as confirmed by gross operating income of F CFA 436 million, a rise of 54% compared to the previous year.

However, net profit is down by 74% at F CFA 69 million, following deduction of F CFA 102 million of depreciation and amortization and F CFA 344 million of provisions.

Fiscal year 2006 should confirm these satisfactory trends, which ensure that our bank has genuine future prospects for sustained development and which support its ambition to reinforce its position in the Senegalese banking world.

**Faustin Amoussou**  
Managing Director

## Highlights

During year 2005

### April

- Signing of a partnership contract with the money transfer company, Money Express.
- BANK OF AFRICA 2005 Meeting held in Niamey for senior officers of the branch network.

### July

- An "Elite" branch opened at the Bank's head office.

### October

- A new branch opened in Dakar in the "Parcelles Assainies" district.

### November

- Launch of two ATMs.

### December

- Launch of B-Web, an online banking service.
- BANK OF AFRICA 2005 Meeting held in Ouagadougou for directors of the branch network.
- The new Managing Director took up his post.
- Customer investments reached the F CFA 35 billion mark.

**Key Figures 2005**

On 31/12/2005

<b>Activity</b>	
Deposits *	34 315
Loans *	18 723

<b>Income</b>	
Operating income *	1 665
Operating expenses *	1 173
Profit before income tax *	436
Net income *	69
Operating ratio (%)	79,3

<b>Structure</b>	
Total Assets *	40 170
Shareholders' equity after distribution *	2 015
Shareholders' equity/Total assets (%)	5
Average number of employees	42

(\*) In F CFA millions

## **Board of Directors**

The Board of Directors is at present made up of the following 6 members:

- Mamadou Amadou AW, Chairman
- Paul DERREUMAUX, Chief executive
- Mossadeck BALLY (AFRICAN FINANCIAL HOLDING - AFH)
- René FORMEY de SAINT LOUVENT
- BANK OF AFRICA - COTE D'IVOIRE, represented by Léon NAKA
- AXA Assurances Sénégal, represented by Alioune Ndour DIOUF

## **Capital**

AFRICAN FINANCIAL HOLDING (AFH)	61.4 %
BANK OF AFRICA - BENIN	10.0 %
BANK OF AFRICA - COTE D'IVOIRE	0.5 %
Private shareholders	8.1 %
Netherlands Development Finance Company (FMO)	10.0 %
Axa Assurances Senegal	5.0 %
Compagnie Sénégalaise d'Assurance et de Réassurances " CSAR-VIE "	5.0 %

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

To the Annual General Meeting held on June 9th, 2006 for fiscal year 2005.

### **Economic & financial trends during fiscal year 2005**

During 2005, there was a slowdown in global economic growth, which, according to the latest forecasts issued by the International Monetary Fund (IMF), fell from 5.1% last year, to 4.3%.

In this respect, the international environment was characterised by a deceleration in economic growth in major industrialised countries and a rise in oil prices to levels not seen since 1984.

On the other hand, economic activity remained strong in Asia, with the appearance of two giants, China and India, whose economies are driven by strong domestic demand and consistent export growth.

As regards sub-Saharan Africa, growth reached 5.1% compared to 5% for the previous year. This renewed dynamism is essentially due to stable world prices for non-agricultural raw materials and continued investments.

The countries of the West African Economic and Monetary Union (UEMOA) were not immune to the effects of rising oil prices and low export prices for the main Union products, in particular cotton.

These factors were exacerbated by political uncertainties in some States, which hindered the consolidation of economic growth and slow down investments.

However, the growth rate of Union countries rose by 3.3% in 2005 compared to 3% in 2004, following the intensification, in some countries, of efforts to implement priority programs chosen as part of the strategy to reduce poverty, and the positive forecasts for the 2005 - 2006 agricultural yield.

In Senegal, the growth rate of the Gross Domestic Product (GDP) stood at 5.1%, in particular due to good performance in the primary sector and the dynamism of the Construction and Public Works sector (CPW). Rising food prices and the dramatic increase in world oil prices had a negative effect on inflation, which was 0.5% in 2004, before rising to 1.7% at the end of 2005. This is significantly below the UEMOA standard of 3%.

The primary sector contributed around 0.7% to the growth of the 2005 GDP, due to the upturn of cereal production, in particular the sorghum harvest.

The secondary sector contributed 2.1 points to this progression, due to CPW and the implementation of a major program to improve urban mobility in Dakar. On the other hand, for the second year running, mining activities fell by 3.7%.

The tertiary sector rose by 2.3 points, due to the strong performance of the

telecommunications sector and the progress of the telecommunications services industry.

In terms of foreign trade, the sharp rise in oil prices had a negative impact on the balance of current transactions, while the deficit of the trade balance and net services worsened. On the other hand, net revenues and transfers showed an improvement.

As part of structural reforms, the process for privatising the Société Nationale de Commercialisation des Oléagineux du Sénégal (SONACOS) was finalised in March 2005, and this entity was taken over by the ADVENS Group. Moreover, the postal services were restructured and, as part of the deregulation of the telecommunications sector, the State of Senegal granted a third mobile telephone licence to a private operator.

The reduction in the corporate tax burden, by decreasing corporate income tax from 35% to 25% was implemented.

The government's aims were to continue these reforms via:

- the restructuring of the Société Sénégalaise d'Électricité (SENELEC) by both the progressive separation of the energy production activities from the supply and distribution activities, and withdrawal by the State and increased involvement of the private sector in the company's investments and management;
- the privatisation of the Senegal National Lottery (LONASE).

Control of public finances resulted in a net improvement in income, which rose to F CFA 880.2 billion in 2005 compared to F CFA 776.8 billion in 2004, i.e. an increase of F CFA 103.4 billion, which is exclusively due to revenues from taxation, which rose by F CFA 112.3 billion.

The 2005 monetary situation is characterised by the foreign position rising by F CFA 42 billion, an increase of 12.2% in domestic loans linked to financing the economy, which rose by F CFA 162.6 billion and reached F CFA 1,019.5 billion in 2005, an improvement of Net Government Position and an expansion of 9.7% of the monetary mass. Within this, currency circulation and bank and postal checking account deposits respectively increased by 22.2% and 5.8%.

For 2006, it is forecast that Gross Domestic Product will increase by 5.1%, i.e. the same rate as in 2005.

The main driving forces behind this growth in 2006 will be services, which will contribute around 2.7 percentage points to the GDP, and the construction and public works sector, which will contribute around 1.6 point.

The rate of private investment is expected to rise above its level of 14% in 2005, following corporate income tax being reduced by 8% in 2005 and the scope of investments being extended, as they have been made more advantageous for telecommunications services activities, industrial parks and trade centres.

In terms of public finances, financial transactions by the State will result in an overall deficit in 2006, on the basis of commitments excluding aid, of 5.8% of GDP, as in 2005.

## ***Financial statements and balance sheet analysis for fiscal year 2005***

The activity of BANK OF AFRICA - SÉNÉGAL (BOA-SENEGAL) in 2005 was conducted against a backdrop of falling trading margins and strong competition, which was occasionally excessive in terms of conditions.

In spite of this situation, the bank's operating income reflected the positive effects of its dynamism in the collection of deposits and increased investments.

Four major facts characterise BOA-SENEGAL's business activity in 2005:

- a rise in total balance sheet value;
- a jump in the volume of client deposits and reinvestments;
- an increase in Net Banking Income;
- development of the network, as well as the creation of new products.

The volume of client deposits rose in 2005, which enabled the Bank to exceed the threshold of F CFA 34 billion of managed capital.

As of 31 December 2005, client deposits totalled F CFA 34,315 million compared to F CFA 25,571 million as of end December 2004, i.e. an increase of 25%, which is due to term deposits, which rose by 95.5% between the two closing dates for fiscal years 2004 and 2005. Therefore, the bank's market shares for deposits have gone up and are around 3% as of the end of the 2005 fiscal period.

The amount of direct loans also increased in terms of quality, and grew from F CFA 12,964 million in 2004 to F CFA 22,789 million at the end of 2005, an increase of 75.8%, which was mainly due to the increase of medium-term loans and discounting trade notes, which respectively rose by 95.0% and 95.3%.

As a result, the balance sheet total stands at F CFA 40,170 million, compared to F CFA 30,157 million for the previous year.

Direct investments have also stabilised and shown growth of 27.4%, to reach F CFA 18,424 million at the end of the fiscal year under consideration.

The market share of BOA-SENEGAL has also strengthened its hold in this field and stands slightly above the figures for the previous year, i.e. 4.7% compared to 4.5% in 2004.

During the fiscal year under consideration, the bank strove to meet client requirements by diversifying the products on offer and opening a third branch in Parcelles Assainies.

We can thus be pleased with the increase across the board in the number of accounts, which shows the Dakar population's loyalty to the bank. Indeed, the number of accounts grew by 45% and, as of 31 December 2005, the number of clients stood at 5,033, of

which two-thirds are private clients.

During the previous fiscal year, reinvestment for clients and the commissions generated by the various transactions handled by the bank, in particular international transactions and commitments via signature, enabled operating income to increase to F CFA 2,684 million, compared to F CFA 2,198 million in 2004, i.e. an increase of 22%.

Client income rose by F CFA 238 million, i.e. an increase of 20.3% on 2004, to reach F CFA 1,412 billion. This income accounted for 52.6% of total operating income.

Cash income progressed by more than 61% and grew from F CFA 100 million in 2004 to F CFA 161 million in 2005.

Commissions reached F CFA 901 million in fiscal year 2005, an increase of 13%, and contributed 33.5% to total operating income. Among the most significant commissions, account management fees generated 25% of operating income and reached F CFA 203 million. Commissions on commitments by signature and exchange rate transactions, as well as on transfers received and issued, grew by more than 21% on average.

Operating expenses totalled F CFA 2,100 million as of 31 December 2005 compared to F CFA 1,770 million at the end of December 2004, an increase of 18.6%.

Bank expenses rose by 21% and increased from F CFA 734 million in 2004 to F CFA 888 million, but remain in line with forecasts. This increase is essentially due to term deposits which, at the end of the 2005 fiscal period, generated F CFA 721 million of interest, i.e. 81% of total bank expenses.

Cash expenses has also been controlled and stands at F CFA 9 million for a forecast figure of F CFA 18 million.

With operating income of F CFA 2,684 million as of end December 2005, from which bank expenses of F CFA 888 million were deducted, Net Banking Income (NBI) rose 21% compared to 2004, to reach F CFA 1,763 million as of 31 December 2005.

Operational costs were in line with the growth of business activity, reaching F CFA 1,207 million compared to F CFA 1,036 million in 2004, i.e. an increase of 17%, exceeding budget forecasts by 2.6%. The main changes concerned expenses linked to the improvement of the quality of products and services offered to clients.

The investment program was fully implemented. The BOA-SENEGAL network added a new branch in Dakar. Projects to modernise operational infrastructures were also implemented 2005. These include, in particular, the commissioning of two automatic teller machines and the setting up of B-WEB, an online banking service.

After the offsetting of depreciation and amortization allowances of F CFA 102 million, gross operating income rose by F CFA 135 million, to reach F CFA 417 million at the end of 2005, compared to F CFA 282 million at the end of 2004.

Taking into account various provision allowances for a total of F CFA 344 million, as well as the net result of non-recurring income and expenses, gave pre-tax profit of F CFA 99 million. After the payment of F CFA 30 million of corporate income tax, net income stood at F CFA 69 million, a fall of 74% compared to 2004 performances.

To sum up, BANK OF AFRICA - SÉNÉGAL's position has been strengthened on two counts as of the end of the fiscal year, despite the major provisions set aside for disputes.

This fiscal year made it possible to confirm the bank's profitability and its ability to develop its market shares. Moreover, its commercial dynamism and the widening of its product and service ranges have convinced the public and reinforced consumer confidence in the bank.

For 2006, BOA-SENEGAL is focusing on continuing to improve its productivity and market share by opening new branches in Dakar, in order to return to strong profitability.

## Balance Sheet

For the last two financial periods (in F CFA)

### Assets

Assets	Fiscal Year 2004	Fiscal Year 2005
Cash	420 944 715	495 123 256
Interbank placements	14 807 925 844	17 047 976 008
• Demand deposits	14 199 900 278	13 208 517 118
· Central banks	5 804 620 954	9 552 657 083
· Treasury, post office bank	0	0
· Other credit institutions	8 395 279 324	3 655 860 035
• Term deposits	608 025 566	3 839 458 890
Customer loans	12 496 080 799	18 723 407 257
• Portfolio of discounted bills	1 253 919 483	1 756 832 102
· Seasonal credit	0	0
· Ordinary credit	1 253 919 483	1 756 832 102
• Other customer credit facilities	6 886 393 878	12 747 442 441
· Seasonal credit	0	0
· Ordinary credit	6 886 393 878	12 747 442 441
• Ordinary debtor accounts	4 355 767 438	4 219 132 714
• Factoring	0	0
Current securities	470 000 000	1 767 000 000
Investment in associates	7 000 000	7 000 000
Leasing and related operations	0	0

# BANK OF AFRICA - SENEGAL

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Intangible assets	46 243 510	30 650 014
Fixed assets	373 028 090	580 322 296
Shareholders associates	0	0
Other assets	1 331 182 208	1 200 411 920
Sundry accounts	204 434 775	318 445 473
<b>Total assets</b>	<b>30 156 839 941</b>	<b>40 170 336 224</b>

Off-Balance-Sheet	Fiscal Year 2004	Fiscal Year 2005
Commitments given	14 458 487 428	18 769 637 147
• Financing commitments	371 712 624	1 228 244 456
· In favour of credit institutions		
· In favour of customers	371 712 624	1 228 244 456
• Guarantees given	14 086 774 804	17 541 392 691
· On behalf of credit institutions	128 750 000	508 488 320
· On behalf of customers	13 958 024 804	17 032 904 371
• Commitments on security		

## Liabilities

Liabilities	Fiscal Year 2004	Fiscal Year 2005
Interbank liabilities	1 512 796 636	2 015 713 743
• At sight	12 796 636	15 713 743
· Treasury, post office bank	0	0
· Other credit institutions	12 796 636	15 713 743

# BANK OF AFRICA - SENEGAL

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• Long-term	1 500 000 000	1 500 000 000
Customers' deposits	25 571 288 405	34 315 458 435
• Savings deposit accounts	419 955 506	637 012 982
• Time deposit accounts	0	3 721 811
• Short-term borrowings	0	0
• Other demand deposits	14 014 051 404	14 354 199 852
• Other time deposit accounts	11 137 281 495	19 320 523 790
Debts evidenced by securities	0	0
Other liabilities	605 996 985	883 206 051
Sundry accounts	83 664 588	498 145 459
Consolidated goodwill	0	0
Reserves for contingencies & losses	7 313 909	13 332 836
Earmarked funds	0	0
Subordinated loans	0	0
Investment subsidies	0	0
Reserves for general banking risks	0	0
Capital	2 000 000 000	2 000 000 000
Share premiums	550 000 000	550 000 000
Reserves	0	0
Revaluation differences	0	0
Retained earnings (+/-)	-438 776 087	-174 220 579
Net income	264 555 508	68 700 279
<b>Total liabilities</b>	<b>30 156 839 941</b>	<b>40 170 336 224</b>

Off-Balance-Sheet	Fiscal Year 2004	Fiscal Year 2005
Commitments received	11 335 847 662	16 636 906 251
• Financial commitments	0	0
· Received from credit institutions	0	0
• Guarantees received	11 335 847 662	16 636 906 251
· Received from credit institutions	136 635 417	1 007 821 736
· Received from customers	11 199 212 245	15 629 084 515
• Commitments on security		

## Income Statement

For the last two financial periods (in F CFA)

### Expenses

Expenses	Fiscal Year 2004	Fiscal Year 2005
Interest and related expenses	606 111 679	861 099 372
• On interbank debts	10 396 804	11 310 545
• On customers' debts	567 624 597	821 906 882
• On securities	0	0
• Other interest and related expenses	28 090 278	27 881 945
Expenses on leasing and related operations	60 746 448	46 323 634
Commission	6 694 345	6 381 130
Expenses on financial operations	121 000 137	25 593 033
• Investment expenses	1 010 625	4 803 007
• Foreign exchange expenses	119 989 512	20 790 026
• Off-balance-sheet transaction expenses	0	0
Other bank operating expenses	0	0
General operating expenses	975 126 400	1 172 677 665
• Personnel costs	283 196 702	385 520 142
• Other general expenses	691 929 698	787 157 523
Depreciation and provisions charged against assets	139 260 684	102 049 812
Deficit on corrections to securities, loans and off-balance-sheet	13 230 061	354 912 691
Excess of provisions over funds recovered	0	0

# BANK OF AFRICA - SENEGAL

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for general banking risks		
Exceptional expenses	2 349 801	2 464 854
Losses from previous years	7 834 878	4 817 532
Corporate income tax	1 000 000	30 000 000
Result	264 555 508	68 700 279
<b>Total expenses</b>	<b>2 197 909 941</b>	<b>2 675 020 002</b>

## Income

Income	Fiscal Year 2004	Fiscal Year 2005
Interest and related income	1 273 323 251	1 572 401 113
• On interbank loans	99 741 249	160 404 723
• On customers' loans	1 173 582 002	1 411 996 390
• On securities	0	0
• Other interest and related income	0	0
Income from leasing and related operations	0	0
Commission	204 671 498	235 093 693
Income from financial transactions	427 973 511	459 371 038
• Income from current securities	56 347 421	59 749 286
• Dividends and related income	0	0
• Income from foreign exchange transactions	187 232 273	169 092 360
• Income from of-balance-sheet transactions	18 393 817	230 529 392

# BANK OF AFRICA - SENEGAL

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Other income from banking operations	0	91 224 599
General operating income	285 243 864	291 551 015
Recovery of depreciation and provisions on fixed assets	0	0
Surplus on corrections to value of loans on provision of funds	0	0
Surplus recovered on provision of funds for general banking risks	0	0
Exceptional income	4 719 200	5 798 575
Results from previous financial periods	1 978 617	19 579 969
Loss	0	0
<b>Total income</b>	<b>2 197 909 941</b>	<b>2 675 020 002</b>

<b>Income &amp; Expenses</b>	<b>Exercice 2004</b>	<b>Exercice 2005</b>
Interest and related income	1 273 323 251	1 572 401 113
• On interbank loans	99 741 249	160 404 723
• On customers' loans	1 173 582 002	1 411 996 390
• Other interest and related income		
Income from leasing and related operations		
Interest and related expenses	-606 111 679	-861 099 372
• On interbank debts	-10 396 804	-11 310 545
• On customers' debts	-567 624 597	-821 906 882
• Autres interets et charges assimilees	-28 090 278	-27 881 945
Expenses on leasing and related operations	-60 746 448	-46 323 634

# BANK OF AFRICA - SENEGAL

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Interest margin	606 465 124	664 978 107
Commission income	215 185 616	235 093 693
Commission expenses	-6 694 345	-6 381 130
Net result from commission	208 491 271	228 712 563
Net result from:		
• Current securities transactions	55 336 796	54 946 279
• Dividends and related transaction	0	0
• Foreign exchange transactions	56 728 643	148 302 334
• Off-balance-sheet transactions	184 393 817	230 529 392
Net income from financial operations	296 459 256	433 778 005
Other income from banking operations	285 243 864	291 551 015
Other bank operating expenses	0	0
Other income from non-banking operations	0	91 224 599
Other non-banking operating expenses	0	0
General operating expenses	-975 126 400	-1 172 677 665
• Personnel costs	-283 196 702	-385 520 142
• Other general expenses	-691 929 698	-787 157 523
Depreciation & amortization and provisions on fixed assets	-139 260 684	-102 049 812
Recaptures on depreciation		
Amortization and provisions on fixed assets	0	0
Gross operating profit	282 272 431	435 516 812
Net result from value adjustments	-13 230 061	-354 912 654

# BANK OF AFRICA - SENEGAL

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Net surplus from allocations and reversals on reserves for GBR	0	0
Pre-tax operating income	269 042 370	80 604 158
Extraordinary items	2 369 399	3 333 721
Result from previous financial periods	-5 856 261	14 762 437
Corporate income tax	-1 000 000	-30 000 000
<b>Net income from this financial period</b>	<b>264 555 508</b>	<b>68 700 316</b>

## **Resolutions**

Annual General Meeting held on June 5th, 2006

### **First resolution**

Having heard the Board of Directors' report and the external auditors' general report on the year to 31 December 2005, the Annual General Meeting approved all parts of the reports as well as the financial statements and results for the year as presented. The Meeting also approved the transactions reflected in these statements and summarised in these reports.

The year 2005 closed with a profit of F CFA 68,700,279 after amortizations and provisions.

In addition, after hearing the external auditors' special reports on agreements covered by law 90/06 of 26 June 1990 and by articles 438 and 448 of the Uniform Act on commercial businesses and Economic Interest Groups (OHADA), the Meeting unreservedly approved these reports.

Consequently, the Annual General Meeting ratified the management and the actions of all members of the Board of Directors during the year to 31 December 2005.

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

### **Second resolution**

Following deliberation, the Annual General Meeting proposed the allocation of the net profit of F CFA 68,700,279 to the balance brought forward.

Following this allocation, the new balance brought forward stood at a negative F CFA 105,520,300.

### **Third resolution**

The Board of Directors proposed its plan for reorganising the loans approval process and renewing membership of the Loans Committee to the Annual General Meeting for approval.

Following deliberation, the Annual General Meeting approved the new procedure for examining and approving decisions to grant loans and renewing membership of the Loans Committee.

### **Forth 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.