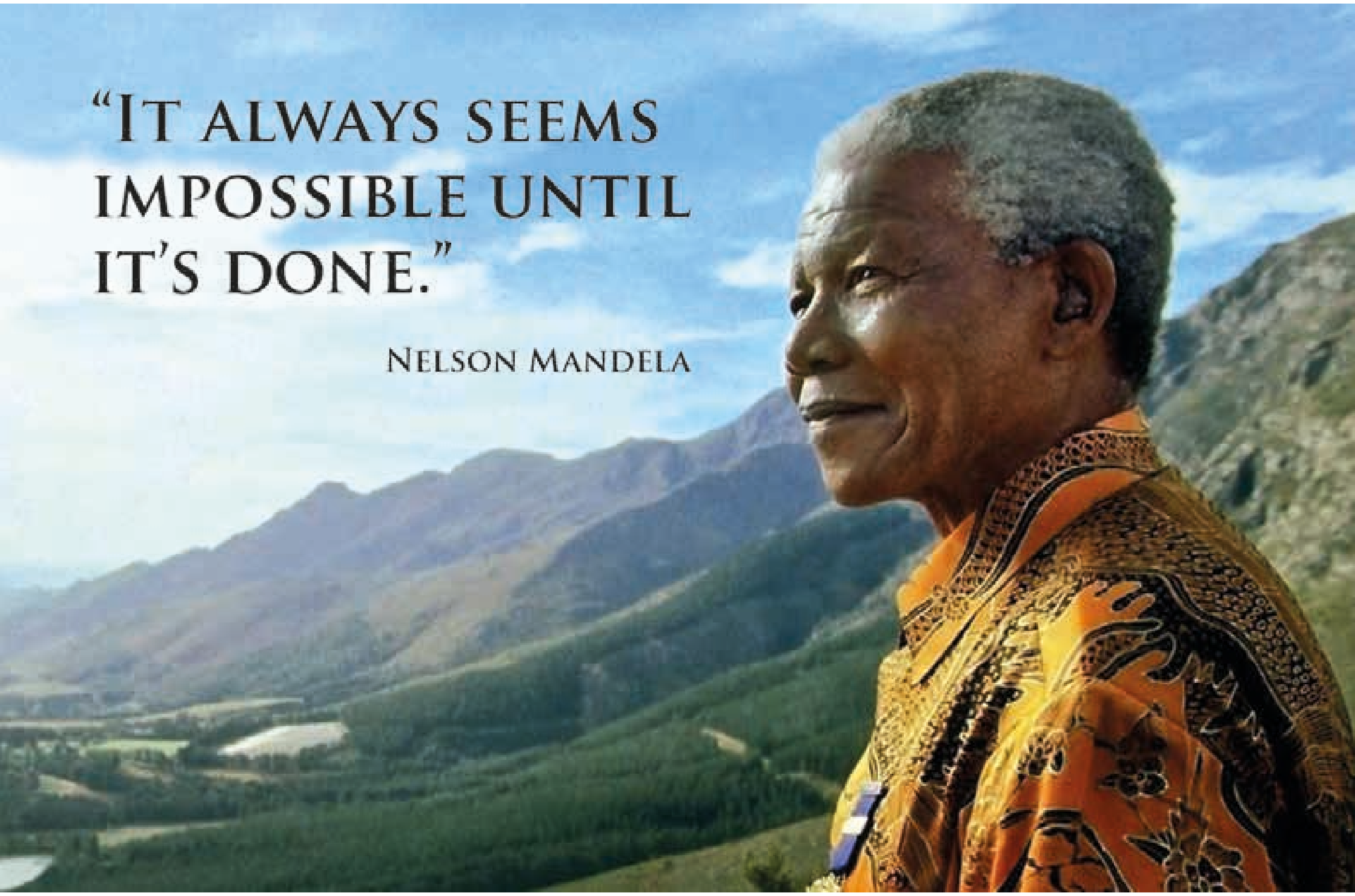

"It always seems
impossible until
it's done."
Nelson Mandela

Contents

"Struggles are the fuel of life"

Dr Paul K. FOKAM - Chairman

Message from the Chairman

Dear Partners,

Last year I started my message with a quotation from Martin Luther King: “If a man hasn’t found something that he will die for, he is not fit to live.”

This year, considering the vicissitudes of the modern world, the speed of technological progress, and climatic change, I must add that, “STRUGGLES ARE THE FUEL OF LIFE”.

Dear Partners, in my capacity as Chairman and on behalf of my colleagues of the Board of Directors, it is with joy and optimism that I present to you the annual report of Afriland First Group for the financial year that ended on 31 December 2016.

70% of our Group’s activities concentrated on the financial sector that witnessed major upsets, which may likely persist in the years ahead. These upsets were mainly the digitalisation of financial services; the entry of non-financial institutions, which are gradually grabbing significant shares of the financial services market; the sharp drop of oil prices, which has dealt a major blow to the global banking sector, especially in our markets; and the regulatory ecosystem, which is witnessing major changes and is increasingly constrictive due to the Basel III recommendations and the spike in operational risks (tax evasion, FATCA, US laws, diverse frauds, etc.).

Operational risks in the banking sector are growing to unprecedented levels in terms of their complexity and the size of attending losses. That is why the banking sector now has to reckon with a major operational risk at the systemic level, which already led to a USD 400 billion loss in 2015. This category of risks may likely become more critical than credit risk. Accordingly, our Board is paying special attention to this type of risks.

Inspite of this challenging landscape, our group pursued its restructuring and development activities in 2016. In our strategic plan that runs up to 2021, our commitment was to expand over a major part of the ECOWAS and to explore the SADC markets. We launched major research activities in order to keep in step with the digitalisation of the banking sector so as to increase our customer base and to adapt to the fast-paced progress in the sector. We are determined to pursue our drive to promote financial inclusion in remote areas for the benefit of the underprivileged, despite a difficult economic environment.

In 2016, we carried out a general review of our credit policy, loan provisioning policy, and market development policy. The review enabled us to strengthen the financial capacity of our units so as to protect them from global economic shocks. This prudent approach translated into the increase of provisions for credit risks as well as provisions and reserves for general risks. The group completed its exit from the Zambian market for strategic reasons and due to the unpredictability of major economic decisions. Finally, in order to better adapt to socio-economic conditions, together with the Islamic Development Bank Group, we opened Islamic windows in Cameroon and are furthering the experience in Côte d’Ivoire and the Republic of Guinea. We intend to become and remain one of the leaders of Islamic finance in Africa.

Our performance in 2016 was below expectations; however, it offers great hope for a better future. Our total balance increased by 8%, loans to customers witnessed a 6% rise, and deposits increased by 7%. The group recorded a USD 18 million profit, that is, a 5% increase as compared to 2015. Our banking profit margin improved by 2 points and the intermediation margin moved up by 8 points.

Message from the Chairman

Our profit was significantly affected by the additional provisions of 44%, whose purpose was to take into account the economic crisis rocking the world and the countries where we operate.

We maintained our profit distribution policy at 50/50 (50% of profit for distribution and 50% held as reserves). However, this year I am suggesting that all of our profit be held as reserves so as to enable us to cope with the downturn hitting the world, especially the countries where we operate.

The Board seizes this opportunity to express its gratitude to our staff, customers, and suppliers for their confidence in us and their commitment to make of Afriland First Group, the African Group of the Millennium.

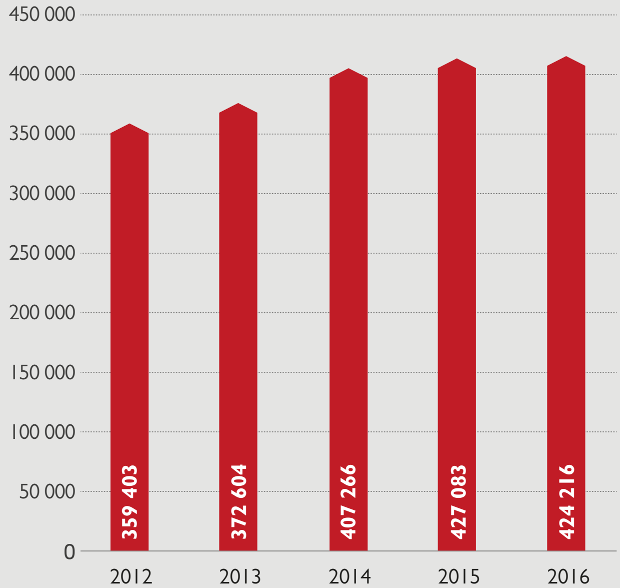
Lastly, let us together give thanks to the Lord who lights our path to constant growth.

Dr. Paul K.FOKAM

Chairman

Total Equity

In thousands of euros



- Constant financial solidity ensures our growth
- Total equity as at 31 December 2016 : 245 million + 178 million
- Total equity increased by 7 % (245 million against 229 million in 2015)
- Reserves and provisions for general risks recorded a slight drop of 9,6 % (178 million against 197 million in 2015)

Total Equity

424 Million €

Shareholders' Equity

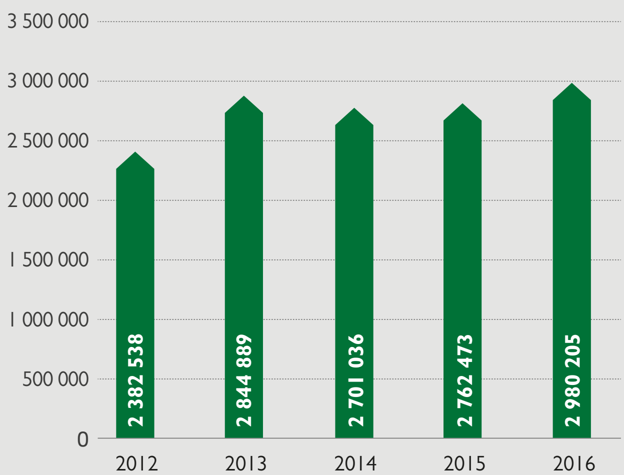
246 Million €

Reserves For General Banking Risks

178 Million €

Total Assets

In thousands of euros



Total Assets

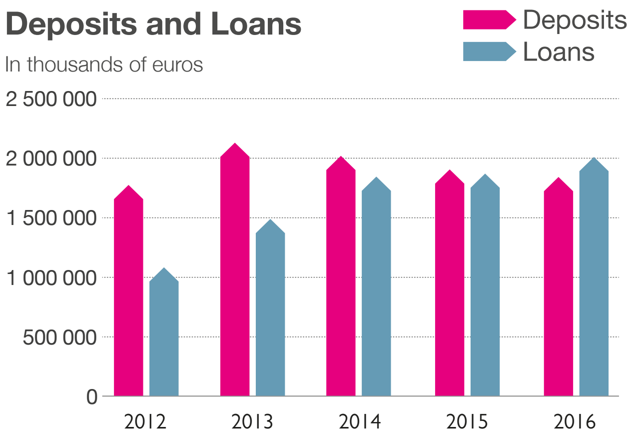
2 980 Million €

- **Total Assets** witnessed growth inspite of the adverse effects of the persistent commodity, especially oil, crisis in our major markets.
- This growth is kept in check by concentrating on our core business and leveraging the principle of prudence.

Performance Highlights

Deposits and Loans

In thousands of euros



Customer Deposits

1,840 Million €

Loans to Customers

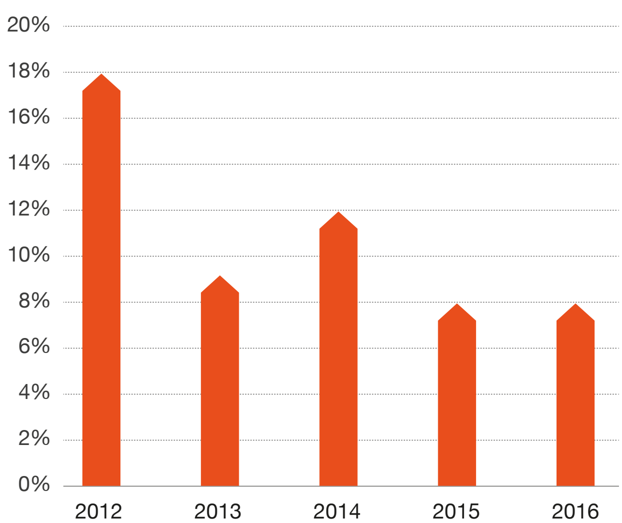
2,006 Million €

- The volume of deposits witnessed a 3 % decrease between 2015 and 2016. The decrease was due to the unfavourable economic situation in Equatorial Guinea.
- The volume of loans recorded a 7 % increase between 2015 and 2016, due to loans to the economy in Cameroon.

Tier one Ratio

- Tier one ratio, a security for creditors, was stable at 12 % inspite of our growing contribution to the economies of the countries where we operate, an indicator of a resolve to apply the principle of prudence.

Equity Profitability



Return on Equity

8 %

- Inspite of the persistent economic and financial crunch in countries where we operate our return on equity remained relatively stable at 8 %.

For a Dignified and Prosperous Africa

Our Vision

The African Bank
of the Millennium

Our Mission

Become and remain a performing bank dedicated to the harmonious development of Africa.

Our Values

- Work is the only source of wealth, personal and corporate growth.
- Customer satisfaction is our highest priority.
- Courtesy, humility, personal development and information are sources of progress.
- Savings are the key to social and economic progress.
- Liberty, Fairness, Responsibility.

Board of Directors

“Your time is limited, so don’t waste it living someone else’s life.”

Steve Jobs

Photo: Board of Directors Meeting - Afriland First Group SA

From left to right: Ben Zwinkels (Director) - Thomas Vogel (Director) - Valéry Fokam (Director), Malaïka Ben Ali (Executive assistant) - Dr Paul K.Fokam (Chairman) - A. Ben Hammouda (Director) - Elson NG Keng Kwang (Director) - Jean Paul Kamdem (CFRM) - Joseph Toubi (Executive Vice-President)

"Stones have no hope of being anything but stones. However, through collaboration they get themselves together and become a temple."

Antoine de Saint-Exupéry

A collective commitment at all times.

Dr. Paul K.FOKAM
Chairman

Dr. Paul K. FOKAM is President of Afriland First Group, a researcher, founder and President of PKFokam Institute of Excellence, a pan African University which seeks to be an incubator of world class African leaders through the promotion of African knowledge.

His vision is to restore Africa's dignity. His research focusses mainly on championing the cause of the poor, promoting their interest and engaging them in the process of wealth creation.
He sits on the Boards of several international organisations including the Mandela Endowment, Partnership to Cut Hunger and Poverty in Africa, the Consultative Group to Assist the Poorest, and the Gatsby Charitable Foundation, amongst others.

Dr Paul K. FOKAM, amongst others, winner of the German Prize for African Excellence, Knight of the Order of Valour of the CEMAC. He is initiating and promoting several initiatives for the emergence of a new Africa.

Mr Elson Ng KENG KWANG

Director

Mr. Ng Keng Kwang Elson is a graduate of the Pacific Rim Bankers Program, Stanford US, Executive Program, University of Hawaii-Advanced Management Program and the University of Michigan-Southeast Asia Business Program.

He has been President of Strategic Projects and Chief Advisor to the Chief Executive Officer at GMG Global Ltd. since July 29, 2010. He served as the President of GMG Global Ltd. He serves as an Executive Director of GMG Holdings Ltd. ; Director of GMG International SA, Cameroon ; Director of Hevecam SA, Cameroon and Tropical Rubber Cote d'Ivoire, each of which is a subsidiary of GMG Global Ltd.

He worked for over 30 years with various international banks, and attended executive management training in both Australia and USA. He spent 17 years with Wells Fargo Bank, NA, San Francisco and Bank of Hawaii, Honolulu in general management positions in the region.

Mr Thomas VOGEL

Director

Thomas Vogel studied Economic Science and Politics at the University of Basel and has a Federal Licence in Organisation and Project Management in Switzerland. He started his career at Swiss Bank Corporation (today UBS) in Basel and Geneva and then moved then to Bank Edouard Constant in Geneva in charge of Projects and Business Development. He has been an Executive Director at Bank Julius Baer in Geneva and Singapore from 2000 to 2011 where he was in charge of the External Asset Manager Department and the International Private Banking team.

He opened and lead the Wealth Management Representation Office in Nigeria for UBS from 2013 to 2016 where he was also member of the UBS Africa Management Committee.

He is on the AFG Board since June 2016 and is today an independent Advisor and Business Developer. Thomas Vogel is a Swiss citizen living in Geneva.

Mr A. Ben HAMMOUDA
Director

Abdelhakim Ben Hammouda holds a PhD in International Economics and regularly teaches Economic Development in several universities.

Abdelhakim Ben Hammouda was the Minister of the Economy and Finance of Tunisia.

Prior to his appointment as minister in January 2014, he occupied senior managerial positions in various international organisations. He was special adviser of the President of the African Development Bank from 2011 to 2014, Director of the Institute of Training and Technical Cooperation of the World Trade Organization from 2008 to 2011. He held various director positions in the United Nations Economic Commission for Africa (ECA) : Director of the ECA Central Africa Sub-Regional Office, Director of the ECA Trade and Regional Integration Division and also Chief Economist.

Mr Valery FOKAM
Director

Valéry Kammogne Fokam studied Business Administration after graduating in Electrical Engineering from the University of Applied Sciences, Cologne, Germany. He joined the management committee of Afriland First Group in 2009, the same year he became a Board member of the Group.

He is equally a member of the audit committee of CCEI Bank Equatorial Guinea, a subsidiary of Afriland First Group. Valéry Kammogne Fokam is presently the Deputy General Manager of Sitracel, where he began his career in 2004 as head of the Research and Development Department and then moved to the position of Head of Sales and Markets Development Department.

He seats on the Boards of several other industrial, investment and insurance companies. He is fluent in English, French and German.

Mr BEN ZWINKELS

Director

Ben Zwinkels is a Senior Investment Officer of the Equity Department of the Netherlands Development Finance Company (FMO) and is mainly responsible for around 15 Private Equity Funds with a focus on investing in " Small and Medium Sized Companies " in Africa.

Ben Zwinkels has worked with FMO for over 25 years and has initiated a substantial number of projects for FMO, mainly in the financial sector and private equity business in Africa. He holds positions as a Board Member in a number of commercial banks and in investment committees. Two of the leading African banking groups in the region of Central Africa are serviced by him as Advisor and Board Member. He is also a board member of the AfricInvest-FMO Financial Sector Development Fund.

"The individual's performance doesn't matter much. We win and we lose as a team."

Zinedine Zidane

Executive Board

Mr Abdelhakim Ben HAMMOUDA

Executive Vice-President

Abdelhakim Ben Hammouda holds a PhD in International Economics and regularly teaches Economic Development in several universities.

Abdelhakim Ben Hammouda was the Minister of the Economy and Finance of Tunisia.

Prior to his appointment as minister in January 2014, he occupied senior managerial positions in various international organisations. He was special adviser of the President of the African Development Bank from 2011 to 2014, Director of the Institute of Training and Technical Cooperation of the World Trade Organization from 2008 to 2011. He held various director positions in the United Nations Economic Commission for Africa (ECA) : Director of the ECA Central Africa Sub-Regional Office, Director of the ECA Trade and Regional Integration Division and also Chief Economist.

Mr Joseph TOUBI

Executive Vice-President

Joseph TOUBI became Executive Vice President of Afriland First Group in 2008 and is in charge of business development and international relationships after serving as Advisor to the Afriland first Bank Chairman for 9 years.

He is equally Board Chairman of Afriland First Bank, Democratic Republic of Congo, member of the Board of Directors of Afriland First Bank Côte d'Ivoire, and member of the Board of Directors of Afriland First Bank Guinea. He sits on the supervisory committee of Micro Trust Fund, a risk venture fund for micro-enterprises.

Mr TOUBI graduated as an engineer from the prestigious Ecole Centrale de Paris and has 27 years of experience in banking. He joined Afriland First Bank Cameroun as Internal auditor in 1997 after serving for two years as Assistant Financial Controller at BIAO Bank Cameroon and for five years as Head of Administration & Budget Control at the Société Générale Bank Cameroon.

Mr Jean-Paulin FONKOUA KAKE

Executive Vice-President

Jean Paulin Fonkoua was appointed Afriland First Group's Executive Vice-President in charge of organisation, methods and information systems in 2007. Prior to his appointment, he was the Chief Information Officer of Afriland First Bank, Cameroon for 12 years, and later of Afriland First Group.

These appointments are the logical outcome of his Mathematics and Computer Sciences studies at the Universities of Yaounde, Cameroon and the United Nations University in Tokyo, Japan. He has also taken courses in a variety of areas like Finance, Risk Management, Monetics, etc.

Mr. Fonkoua is equally Chairman of Afriland First Bank Cameroon and of the PKFokam Institute of Excellence Scholarship Board.

Mr Jean-Paul KAMDEM

Chief Financial and Risk Manager

Mr. Jean-Paul Kamdem graduated from the University of Limoges where he obtained a Masters degree in Economic Sciences in 1991 and a Postgraduate Certificate (DEA) in Monetary-Economics in 1992. The following year he obtained a Msc in Banking, Money and Finance from the University of Birmingham (UK).

He joined Afriland First Bank Cameroon in 1994 where he started his career in the Research and Development Department, then moved to the Inspectorate, and later to the Marketing Department, and to the Loans Department before being appointed as Head of the Paris Business Office of Afriland First Bank from 2001 to 2014.

Mr. KAMDEM holds the Certificate of Advanced Banking Studies (CESB Banking Management) from the CFPB / HEC Paris Group, and a Certificate of Higher Education in Business (CESA) from HEC-Paris (France).

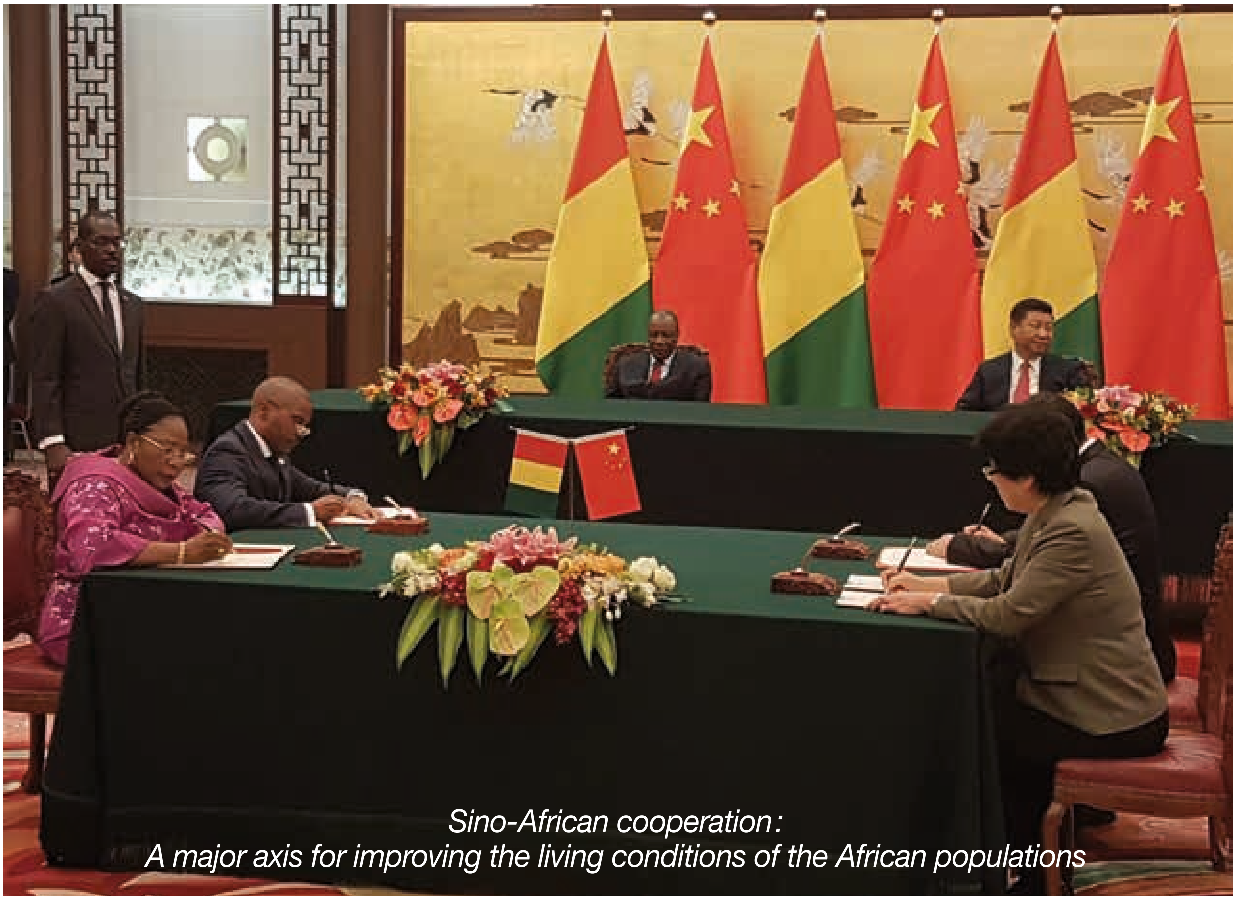
He was appointed Risk and Finance Manager of Afriland First Group since June 2014.

Social Responsibility & Corporate Culture

Social Responsibility

"The highest use of capital is not to make more money, but to make money do more for the betterment of life."

Henry Ford



Sino-African cooperation :
A major axis for improving the living conditions of the African populations

Signing of the Special Fund Convention for the promotion of women and the youths in the Republic of Guinea by the CEO of Afriland First Bank-Guinea and the President of China Development Bank (CDB) in the presence of the Presidents of the People's Republic of China and the Republic of Guinea.

Social Responsibility

Inauguration of MC² Gbehlay Geh - Karnplay (Liberia)

First and second from left: Elected Board Members
Third from left: Dr. Mills Joseph Jones, Governor, Central Bank Liberia
Fourth and last: Elected Board Members
The only Female: Anne Kruah / Elected Board Chairlady MC² Gbehlay Geh, Karnplay City, Nimba County

Inauguration of MC² Nimba Liberia

Atty Pape Suah, Legal Representative of MC² Nimba-Community Bank Sanniquellie, Nimba County

Social Responsibility

We are aware that for the sake of corporate social responsibility and for a company ensure sustainable growth, it must be totally committed to the reduction of poverty to the minimum, to the fight against the main ills that plague the community where it operates, and, especially, to promote the creation of wealth and the fair distribution of it among all social classes.

That is why in all the countries in where we operate, we commit ourselves to the local authorities and cooperate with NGOs and some international institutions to promote the creation of wealth among the underprivileged through the MC² Model, which was developed by Dr Paul K. FOKAM, its sponsor.

The MC² Model is based on a formula and four basic principles.

1. The Formula

Victory over poverty (VP) is possible only if the means (M) and competencies (C) of the community (C) are combined: $VP = M \times C \times C = MC^2$.

2. The Basic Principles

a) Definition

The popular definition of poverty is incomplete. According to the World Bank, poverty is living on less a dollar or two a day.

This definition only takes into consideration the material aspect of poverty and completely excludes the intellectual and moral aspects of poverty; whereas poverty is first of all intellectual before being moral and material.

Poverty must be understood as the intellectual, moral and material destitution which prevents individuals from taking charge of their life and contributing to the welfare of the community. Consequently, fighting poverty involves the following phases:

b) Education

Educating the community on the need to take charge of its destiny and provide solutions to its problems.

c) Raising Awareness

Helping the poor discover the tremendous riches of their cultural heritage.

d) Mobilisation

Mobilising the underprivileged to take charge of their destiny in a sustainable manner.

Photo: Training seminar for staff and managers MC² and MUFFA of Guinea - Sponsored by: Afriland First Bank

3. The Model

The MC² Model comprises 5 phases.

Phase one consists in educating the poor and raising their awareness on the importance of savings, their culture and the need to be themselves.

Phase two consists of the mobilisation of savings, which are the vector wealth and the mainstay of investment, which is the driving force of wealth creation.

Phase three is mainly the promotion of income-generating activities for every member of the community.

Phase four is the promotion and financing of common economic projects.

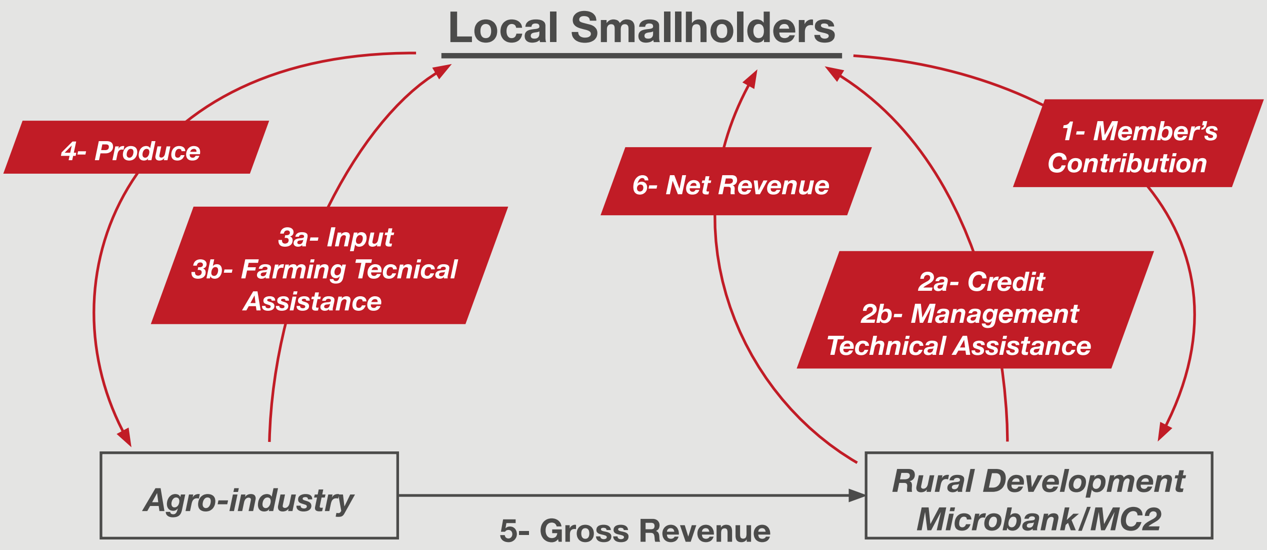
Phase five mainly consists in the implementation of community projects for social welfare.

The phases are sequential and the common welfare projects come last because it is important to first of all create wealth before considering its distribution.

Since its launching in 1992, the rural development micro-banks (MC²) recorded fast growth in a number of African countries such as Cameroon, Liberia and Guinea. It is estimated that close to five million people have been directly or indirectly impacted by the micro-banks.

SYNOPTIC CHART OF AGRO-BASED CLUSTERS MODEL

Local smallholders-Agro-industry-Rural Development Microbank/MC²



The deployment of the activities of the micro-banks was supported by several partners such as the governments of the countries where we operate, NGOs, some international agencies like DEG, FMO, CDB, MISEREOR.

Our group greatly values the activities of the microbanks and the MC² Project. It is the Group's commitment to rural communities in Africa and to underprivileged urban women to empower them to take charge of their lives so that they may use their work as a means to break out of poverty and improve their living conditions. We are convinced that alongside its contribution to the fight against poverty, the MC² Model does not stop at its micro-economic impact, but can also trigger global growth through the inclusion of significant social classes that have been always excluded.

Corporate Culture

Afriland First Group has a development culture and philosophy that make it unique across Africa. Our philosophy of action falls within the scope of the development of an African capitalism, the bedrock of our continent's development and independence.

Our philosophy is equally in line with African culture, whose foundations are solidarity and mutual assistance. Contrary to other cultures that make competition the driving force of economic growth, African cultures emphasise human values, cooperation and social work. While the individual is at the centre of Western cultures, African cultures place the community at the centre.

Our group is strongly influenced by African values and its activities are defined by the quest to empower grassroot communities within the framework of our commitment to promote wealth creation among the underprivileged and to also promote African entrepreneurship, whose foundational principles are cooperation and solidarity.

Our group is a modern group that is open to the world and international cooperation, but also committed to promoting the human values in African culture.

It is this culture that distinguishes our Group not only from foreign banking groups on the continent, but also from other African groups.

AFG seeks to develop its corporate culture, which is the basis of all its activities.

The ownership of this culture by our managers accounts for the long-term commitment of our staffs and our group's low labour turnover.

Management Report

Management Report

The global economic outlook

In 2016, the state of the global economy was the main concern of world leaders. For multilateral organisations like the IMF, the World Bank or the OECD and for leaders of the G20 and G7, the state of our world and, especially, what Larry Summers, former US Secretary of the Treasury, referred to as "secular stagnation", were a huge cause for concern. The world was marked by great uncertainty and sluggish growth.

Signs of this bearishness were visible among investors. In fact, growth has slackened since the 2008 financial crunch and stood at 3.1 % in 2016.

The global economy is witnessing a new era characterised by little growth, driven by uncertainty and vulnerability. The situation is now so serious that the last pockets of growth and rare post-2008 growth drivers almost stalled in 2016.

Three factors accounted for the fragility of the world economy in 2016. The first factor was a change in America's monetary policy. The change brought to an end the expansionist monetary policy adopted by the FED to cope with the 2008 and 2009 financial crunch. The policy was blamed, on the one hand, for causing a financial bubble. On the other hand, it was lauded for weakening the dollar's value and boosting the competitivity of America's economy against other economies, especially emerging economies that witnessed a growth in their exchange rates due foreign capital flows seeking investments.

The second factor was sluggish growth in emerging economies. This was a major development in the global economic landscape insofar as world economic growth was sustained by emerging countries in the wake of the global meltdown. However, growth stalled in these countries, except in India, which maintained a relatively high growth trend at about 6.8 % in 2016. Brazil is embroiled in a deep political and economic miasma. Russia was hard hit by the commodity crash (especially oil and gas) which plunged her economy into a big recession. China recorded a 6.6 % annual growth, which, though significant, cannot ensure employment for new job seekers. Therefore, emerging economies have not been at their best over the past years; and it is estimated that a one-point drop in growth in these countries is equal to a 0.4 % drop in global growth.

The third factor is the commodity crash, especially the crash in oil prices caused by a shrinking global demand, especially in emerging countries. Although this may be a positive trend for commodity importing markets, the crash in commodity prices had a negative impact on global demand from exporting countries.

Other factors of uncertainty in 2016 like growing inequalities are equally worth mentioning. They are a major concern for international institutions like the IMF or the OECD; and economists are connecting structural weakness of growth to inequalities.

The UK's vote for Brexit was another cause of uncertainty in 2016. The major political development stoked uncertainty and doubt that influenced investor and consumer decisions and weakened the already fragile economic global growth in 2016.

In addition to all these factors, the huge public debts of many countries, including emerging countries, also contributed to the fragile global economy. Besides, another cause equally worthy of emphasis is the great instability caused by financial markets and inherent to all off balance sheet derivatives that may likely threaten the stability of the global financial system.

Africa in the Global Economy

With the advent of emerging economies as drivers of global growth that was jeopardised by an unchecked financial system after the great 2008/9 crisis, the global economy witnessed a great rupture. Throughout the decade, the average growth of the new economies stood at 5.64 % while that of developed countries was around 0.27 %. They saved the world, as it were, from recession and an impending deflation, which led to deadly adventures in 1930s. The surge of these economies translated into major institutional changes with the birth of the G20 that has been nibbling away at terrain that up till then belonged exclusively to the G8 in the world order.

Africa benefited from this shift in the balance of power in the global economy. The onset of this century brought back growth to Africa. At 5.54 %, the continent's average annual growth was clearly higher than that of developed countries (2.85 %)

and that of the pre-crisis global economy (3.30 %) from 2000 to 2007. The return of growth to the continent brought along the improvement of the macroeconomic situation with a positive budgetary position at 1.7 % of the GDP and a current account surplus of 2.1 % between 2004 and 2008. Besides, the investment rate stood at 19.9 % and the savings rate at 22.1 % (2004-08). Better still, drastic programmes led to a radical reduction of public debt down to 33 % of GDP, a moderate level as compared to that of industrialised countries, which recorded three-figure debt rates of their GDP.

The 2008 meltdown did not interrupt this trend. The continent belied renowned analysts and experts, who predicted that the crisis will be a catastrophe for Africa. Such forecasts betrayed a poor knowledge of the continent's resilience; it continued recording growth with an average annual rate of 4.24 % during the post-crisis years (2008-11).

The continent has entered a new era, which is also another rupture in the global economic order. The return to growth raised new hopes and, for many, Africa has become the new frontier of global growth and is attracting investors and major international firms.

However, since 2014 the environment has changed. The continent's economic performance has dipped recently. Sub-Saharan Africa's growth sharply dropped to 1.4 % in 2016. Moreover, major macro-economic equilibria have been clearly upset, especially with a growing public debt that reached 37.2 % GDP in 2016.

This decline reveals how vulnerable the performances of African economies are. Nevertheless, in order to resume its upward trend, Africa must overcome the challenges of growth, speed-up its diversification and reduce its dependence on commodity, especially oil, step up its productivity, reduce the energy and infrastructure gap, and strengthen the economic reforms.

The state of the global economy, and especially the decline of Africa's economy negatively impacted our group's business in 2016.

The Economic Performance of Countries where we operate

Countries where we operate recorded mixed performance in 2016. We classified them in three groups. The first group comprises countries that suffered major economic crises, which negatively impacted on growth in the year under review: Equatorial Guinea (-10 %), South Sudan (-14 %) and Liberia (-1.2 %). The second group consists of countries that were able to maintain an average growth higher than that of the continent in 2016, namely: Benin (4 %), Cameroon (4.4 %), Guinea (5.2 %), Sao Tomé & Principe (4 %) and the DRC (2.4 %). The third group is made up of Côte d'Ivoire, which maintained the same level of post-war performance with a strong growth that stood at about 7.5 % in 2016.

The mixed performance of countries in which we are present negatively affected the performance of our units and of our group in general.

The Banking Environment and changes in the Banking Industry

The banking industry was marked by two major developments in 2016: on the one hand, the poor performance of major banks and, on the other hand, the new technology race.

« Having only long ropes is not enough to build a hut, short ones are needed for a smooth finish of the corners. »

Management Report

In Europe, many actors in the banking sector have been hit by financial difficulties, which compelled them to carry out recapitalisation.

The crisis is not limited to the old continent, but has also hit American banks, which are also faced with a moment of great uncertainty.

In this context of huge fragility and great uncertainty in the international banking industry, African banks are demonstrating great resilience due to their sizes, little involvement in derivatives, prudent management, and low exposure to systemic risk.

One element that explains the banking crisis has to do with all the obligations banks must fulfil in order to comply with the new risk management and bank supervision frameworks laid down by Basel III. Although the new standards are essential to reducing risk and recklessness, they imply huge costs that negatively affect the profitability of banks. These obligations are particularly costly for African banking groups, which must not only finance investment and development on the continent; but also lay down the foundation of the industrial development the continent needs to survive.

The other major development that marked the banking industry in 2016 was the advent and the deepening of the digital revolution. Despite the fact that this revolution started several years ago, it only gained momentum recently. Major banks stepped up their investments in digital technology and made it a priority for their future. Africa was compelled to follow the trend; her banks are also investing in digital technology.

AFG: Growth and Results in 2016

The international economic environment, the trend of African economies and of the countries in which we are present impacted the business of our banking units in particular and of our group in general.

Inspite of this difficult environment, however, our group continued its development and recorded an increase in its balance sheet in 2016. Equally worth mentioning AFG stepped up its loans to the economy in 2016, translating its confidence in Africa's economy even in hard times. Increasing the financing of the economy accounts for the growth of income in the sector.

« If you want to go fast, go alone.
If you want to go far, go with others. »

Our group increased its provisions and equity in 2016 in keeping with its prudential policy. Despite the challenging economic landscape, AFG improved its performance.

Besides, we consolidated and strengthened various units in order to provide them with the means they need for their development in the future.

We increased our market shares in all countries in which we are present, maintaining our leadership in Cameroon, Equatorial Guinea and even in Sao Tomé & Principe.

This performance reflects the confidence our partners have placed in us.

In 2016, our group pursued a prudential policy of portfolio cleaning and consolidating various units for the purpose of aligning them to international standards.

We completed our exit from the Zambian market for strategic reasons and due to the unpredictability of the major economic decisions.

We are still committed to our strategic choice: the widest diversification and reaching out to other African regions.

In 2016, our group engaged in two major projects to ensure its development in the future. The first project is that of digitalising our activities. AFG took the strategic decision to embark on this project because it is crucial to the future of the banking industry. A significant number of activities were digitalised including the management of payments, loan agreements and Know Your Customer (KYC) due diligence process. The project will continue to the next financial year and the group has laid down new priorities in this area.

The second project is that of the development of Islamic Finance. In partnership with the Islamic Bank Group, AFG strengthened its activities in this new promising financial sector and we have become one of the key players of Islamic Finance in Africa. Our units in Cameroon, Guinea and Côte d'Ivoire opened Islamic windows. Other units will follow with the support of the Islamic Bank Group.

Management Report

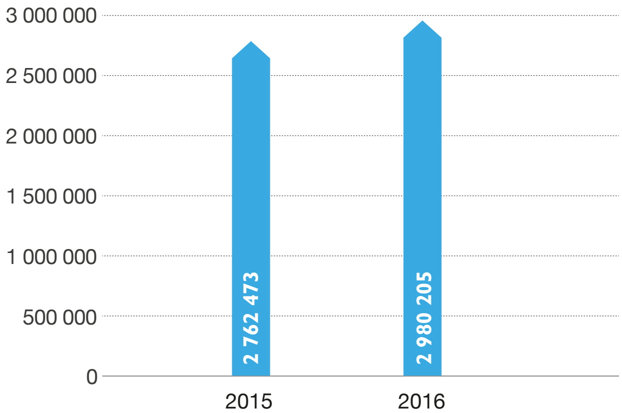
Financial and Operating Performances

Despite the tough economic landscape, our group kept up the improvement of its financial performance. Several indicators reflect the improvement.

Balance Sheet

Total Assets increased by 8 % in 2016, reaching up to 2,980 million Euros as at 31/12/2016.

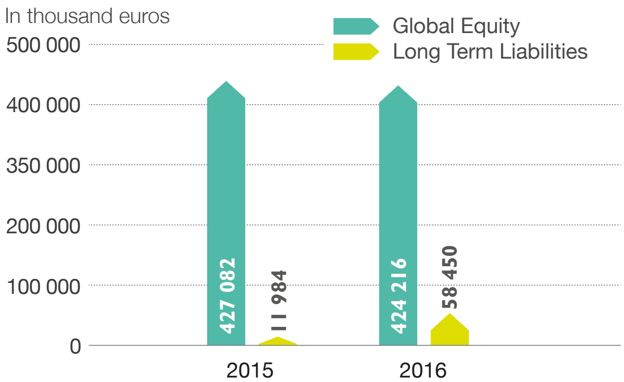
In thousand euros



Equity stood at 245 million Euros as at 31/12/2016, that is, a 6.4 % increase as compared to 2015.

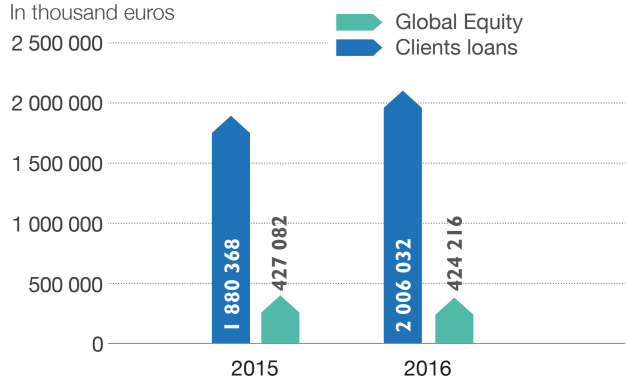
Equity

In thousand euros

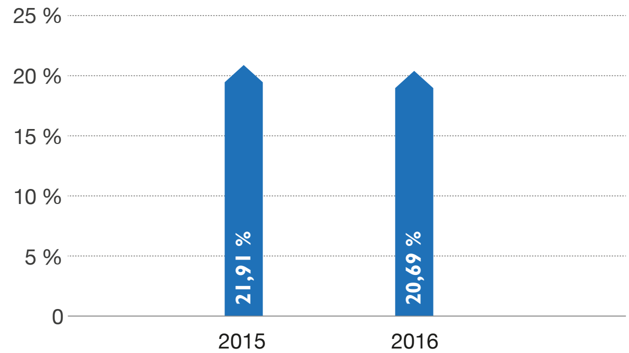


Capital adequacy

In thousand euros



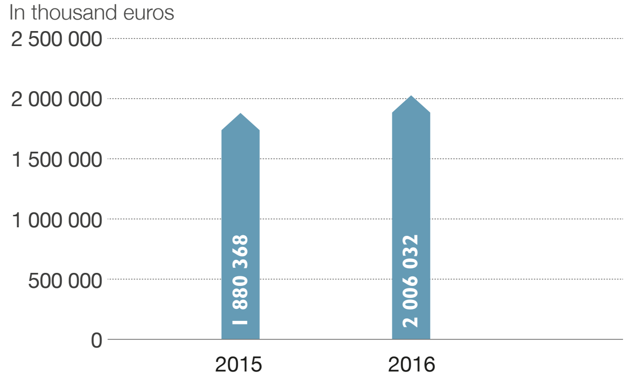
Capital adequacy ratio



Loans to customers increased by 7 %, reaching up to 2,006 million Euros as at 31/12/2016.

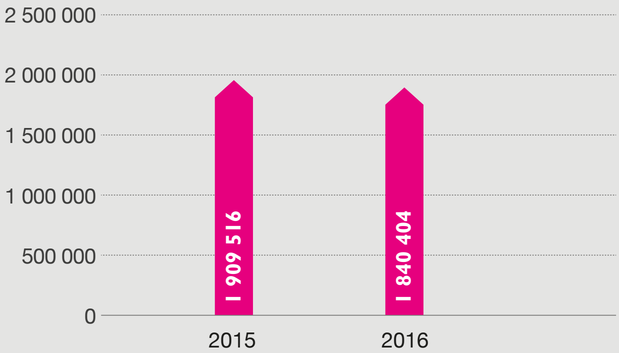
Total loans to customers

In thousand euros



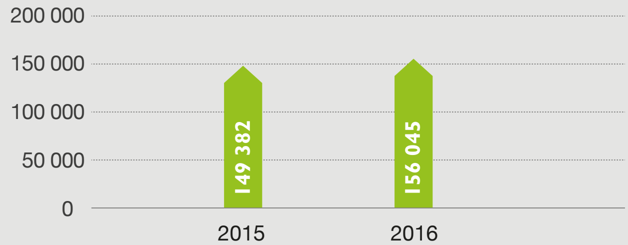
Conversely, Customer deposits as at 31/12/2016 stood at 1,840 million Euros, that is, a slight drop of 3 % compared to 2015

Total customer deposits
In thousand euros



- Operating income as at 31/12/2016 stood at 156 million Euros, a 4 % increase compared to 2015.

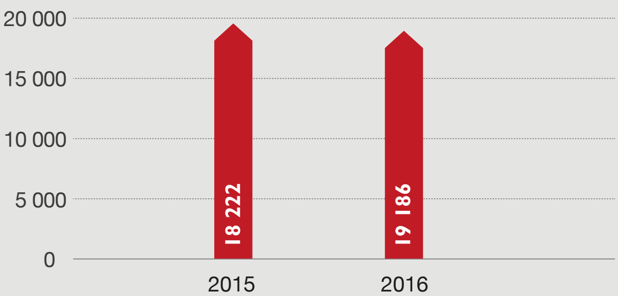
Operating income
In thousand euros



Operating account

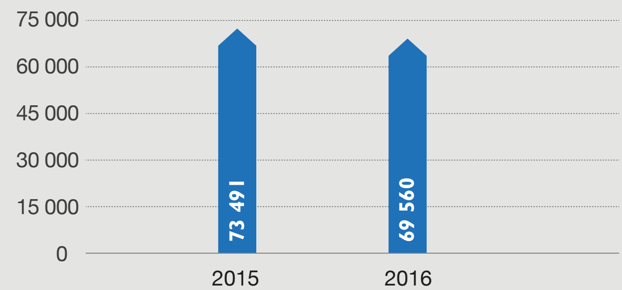
- The company recorded a net overall profit of 19 million Euros as at 31/12/2016, a 5% increase compared to 2015.

Net profit
In thousand euros



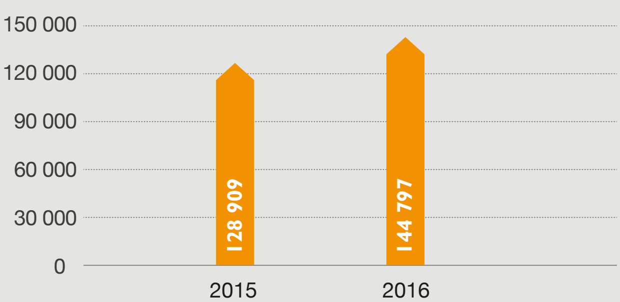
- Operating costs were kept under control and stood at 69 million Euros as at 31/12/2016, that is a 5 % drop compared to 2015.

Operating costs
In thousand euros



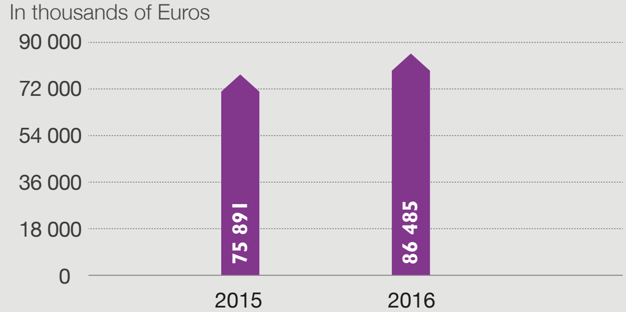
- The increase of loans to customer partly contributed to the rise in interest income (+12 %), which stood at 144 million Euros as at 31/12/2016.

Interest income
In thousand euros



- Gross profit is positive as at 31/12/2016 and stood at 86 million Euros, that is a 14 % increase.

EBIDTA
In thousands of Euros



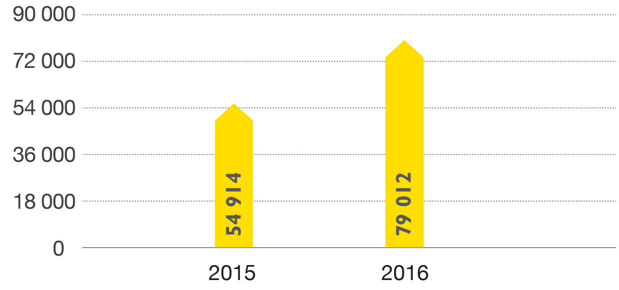
Management Report

Financial and Operating Performances

• Our prudential policy was translated by a 44% increase of overall annual provisions that stood at 79 million euros as at 31/12/2016.

Provisions for Credit Risks

In thousands of Euros



"Where there's a will, there's a way."

Winston Churchill

Risk Management

Given the evolution of the global economy, risks have become a matter of paramount importance within our group and we dedicate to them important technical and talented human resources to mitigate both their frequencies and impact, thus improving our hedging against the uncertainties of the future.

I. Risk Governance

The Risk Governance of Afriland First Group's Units is built upon the following set of principles:

- The strong implication of the Unit's top management in the risk management process and the culture of risk from the Board of Director's (BoD) to the Executives;
- Rules and Internal procedures clearly defined;
- Appointment of a Chief Risk Officer reporting directly to the CEO and the Board's Risk Committee, and independent from operational Units.
- The continuous monitoring of the risk management framework by independent Units (independence from other operational Units) in charge of managing risk faced by the Unit;
- The risk management framework covers every activities of the Unit;
- The elimination of conflicts of interest through the respect of the Group's Ethics Charter, and the systematic separation of tasks.
- Compliance to the local regulatory framework;
- Every Unit's risk policy is in alignment with the General Group Risk policy.

  - Every Unit's Board of Director (BoD) has a Risk Committee which is in charge of following up the implementation of the risk policy;
  - Every Unit's risk policy is adopted by its BoD, upon proposition of the Risk Committee.
  - In order to assess the quality of the risk management framework in each of its Units, the Group implements periodically qualitative and quantitative CAMEL evaluation.

II. Credit Risk Management policy

II.1 Governance and Objectives of Credit Risk Management

The BoD of each Group's Units adopt each year Exposure Limits (in alignment with the overall Group Credit Policy) which defines:

- The ceiling for exposure to credit risk by business sector, country and region (the determination of the ceiling takes into account all commitments - balance sheet and off-balance sheet).
- The ceiling for exposure to credit risk by single counterparty or a Group of related companies;
- The pricing methodology;

The general objectives of credit risk management in Afriland First Group's Units are the following:

1. Allow portfolio growth in a sustainable way, increasing shareholders value in the long term.
2. Achieve portfolio diversification in terms of single counterparty exposure, industry and geographic region.
3. Corporate and retail Non Performing Loans (NPLs) portfolio shall not exceed the limits set in the credit policy;
4. Maintain strict compliance with internal norms and regulatory norms.
5. Ensuring that there are adequate controls throughout the credit life cycle from origination and disbursement to repayment and recovery from defaulted loans.
6. Assessing the quality of the credit portfolio on a regular basis on normal and abnormal / stress conditions.

Risk Management

II.2 The Credit Risk Management Framework

The Credit Risk Management Framework of each Group's Unit is built upon the following set of principles:

- The implementation of KYC (Know Your Customer);
- Assigning each customer to a portfolio manager;
- Analysis of each loan application by the credit risk department;
- The strict respect of prudential ratios;
- The definition of internal norms at least as strict as international norms in aspects related to credit risk coverage;
- Preference of redeemable loans to Unit overdrafts;
- Collegiality in credit approval decision. Individual decisions are strictly forbidden.
- The independent monitoring of loan portfolio (topdown approach) by the Risk Department.

II.3 Global Group Credit Risk Policy

Considering the Credit Risk Management Framework presented above, the Group has recently adopted a new approach to enhance credit risk management in its Units. The key contents of this approach are as follows:

II.3.1 Capacity strengthening of credit decision at all levels

- Every loan application file must first of all be submitted to the risk department of the Unit for advice. The advice shall be justified, written, a part of the loan application file, and shall be binding on every Credit Committee, that is, the Risk Department shall only waive its objection to a file further to the provision of appropriate responses to its concerns prior to the decision of Committee members.
- Every loan application file must first of all be analysed by the compliance department for advice. The advice shall be justified, written, a part of the loan application file, and shall be binding to every Credit Committee, that is, the Compliance Department shall only waive its objection to a file further to the provision of appropriate responses to its concerns prior to the decision of Committee members.
- Every credit file that falls within the scope of the Board of Directors of a given Unit must necessarily first of all be studied by the specialised committee appointed by the Group. The Committee shall provide justified written advice for every credit application file. Such advice shall be a component of the loan application file.

II.3.2 The Specific Policy Concerning Overdrafts

The tendency with new regulations is to scrape overdrafts for the benefit of redeemable or spot loans that offer advantages to the customer and to the Unit as well.

- Advantages to the customer:

- The amounts borrowed by the customer are allocated for specific use and thereby imply better management
- The customer possesses a better mastery and control of his or her treasury plan
- The interest on the loan is optimised (reduction of interest to be paid).

- Advantages to the Unit:

- Better risk management.

II.3.4 Necessary Precautions

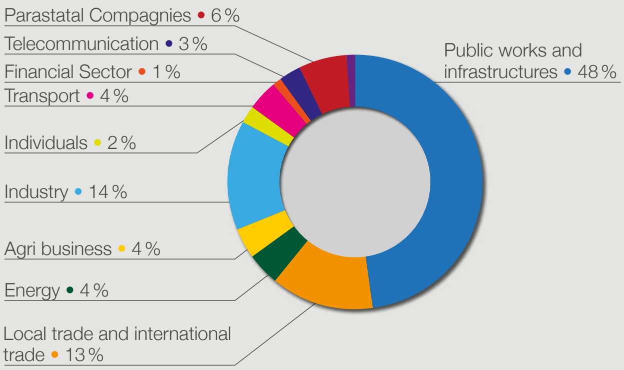
The precautions taken are as follows:

- Forbid in anticipation, disbursement of a loan before all requirements of the Committee are fulfilled;
- Preference for redeemable loans;
- Provide financing only for businesses that are profitable over time. The customer's collateral is just an additional precaution;
- All redeemable or spot loans, in the case of disbursement, must be preceded by a promissory note signed by the order of the customer and cashable at maturity.

The sound implementation of our credit risk management policy has led to the following achievements in terms of diversification, NPLs ratios, risk coverage ratio and collateral coverage ratio:

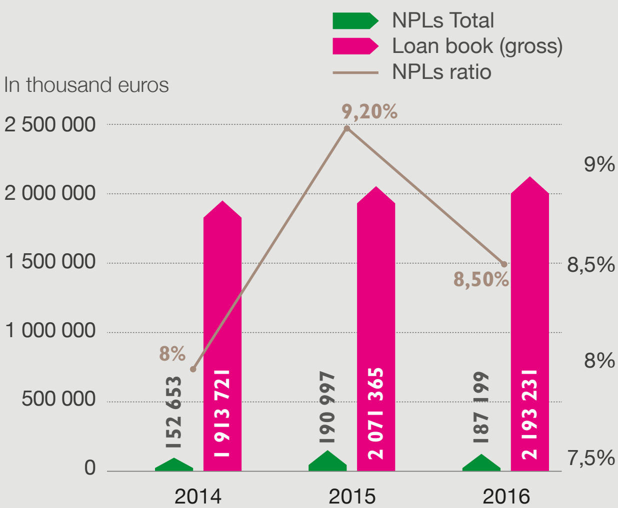
Diversification of our consolidated loan book

Our performance in terms of diversification as of the 31.12.2017



Evolution of NPLS Ratio

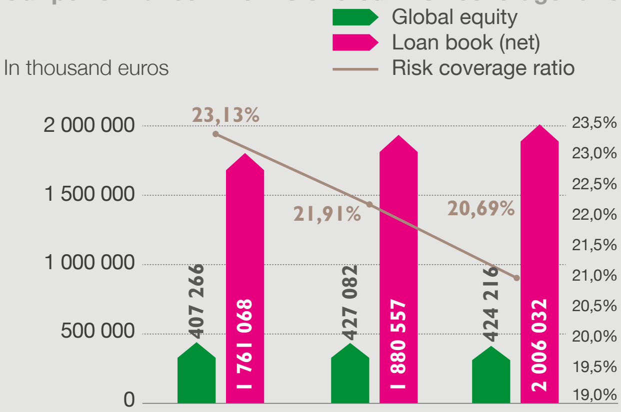
Our performance in terms of NPLs ratio



Though we are still above the international benchmark of 6 % NPLs ratio, we are convinced that the continuous implementation of our policy will in the medium term bring our performance below the 6 % norm.

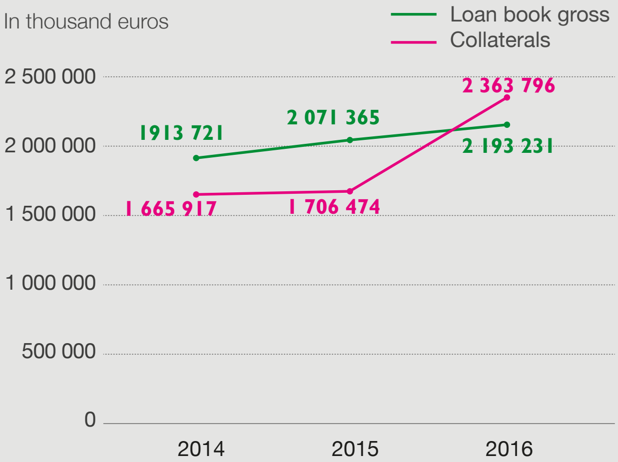
Evolution of risk coverage ratio

Our performance in terms of credit risk coverage ratio



Evolution of collateral coverage ratio

Our performance in terms of collateral coverage ratio



Risk Management

III. Operational Risk Management policy

III-1 General Objectives and Strategy for Operational Risk Management (ORM)

Afriland First Group's Units have a prudent approach towards operational risk. Our Units seek to avoid operational losses that could be easily avoided by proper operation of procedures and controls. The general objectives of the ORM is to mitigate operational risks to the maximum extent possible through a robust system of operational and system controls, in the same time being mindful of the strains these additional controls are putting on operational efficiency and service quality.

In order to achieve the General Objective, the ORM Department or each Unit aims at:

- Creating operational risk awareness within the organization, including annual training for all employees
- Ensure compliance with the legislative, regulatory and best practices requirements for operational risk.
- Monitoring and strengthen the internal control systems to ensure that appropriate operational risk controls are maintained
- Ensuring that all operations run smoothly in all conditions by having appropriate Business Continuity plan.
- Mitigating the operational risks which the Unit is exposed to, by having appropriate insurance coverage for third-party claims resulting from errors and omissions, employee or third-party fraud, and natural disasters
- Developing and tracking key risk indicators (KRIs), where appropriate, to act as early warnings of increased risk of potential losses.
- Establishing effective monitoring and internal reporting of operational risks.
- Establishing controls to mitigate the risks during a New Products Approval process to each new product, activity, process and system, or their amended versions, that should be identified and assessed, and mitigating.
- Monitoring operational risk events by having operational risk incidents data base and KRIs.

III-2 The organization in place to manage operational risks

The organization in place in each Group's Unit to manage operational risk covers all the activities and personnel of the Unit. The principle is that each employee is at his level a risk manager. The control of operational risks is based on the following principles:

- The strict application of KYC (Know Your Customer) procedures " Know Your Customer ";
- The definition of strict (written) procedures for each operation;
- The existence of five control levels within each Unit of the Group;
- The mapping of operational risk by the Risk Department;
- The definition and follow up of Key Risk Indicators (KRIs);
- The definition of internal prudential norms linked to the coverage of operational risks. These prudential norms are at least as strict as international norms;

III-2.1 The KYC (Know Your Customer) Procedure

This procedure applies immediately when the customer enters into relationship with the Unit. It entails a legal obligation for our Units to know:

- The exact identity of the customer, their address, and their location;
- their activity and a justification of the origin of funds;
- their legal capacity, level of indebtedness as well as their relatives;
- their commercial environments;

The implementation of this procedure serves as a preventive measure and enables the Unit to identify risky customers. This procedure is also an indispensable instrument in the fight against money laundering and the financing of terrorist activities, which is one of the main preoccupations of our group.

III-2.2 Procedures

Strict procedures are defined for each transaction, and each agent is bound to the strict respect of each of them. The procedures are written with respect to regulatory requirements pertaining to the operation, internal requirement of the Group, and studies and requirements of the Risk Department. A strict implementation of procedures enables the Unit to minimize operational risks.

III-2.3 Control Levels

The objectives of control consist in:

- Ensuring that procedures are respected during the execution of transactions;
- Identifying and correcting errors occurred during operations;
- Identifying frauds;
- Ensuring that accounting information is reliable.

In each of our Units, there are five levels of control and these levels are implemented progressively with the development of the business:

1. The first level is operational control, which can be divided into two sub levels:

- Control done by operational agent themselves before validating the transaction;
- Control done by the operational agent's manager;

2. The second level of control is done by the proximity accounting controller. This is implemented at the branch level where the operation is being done.
3. The third level is done by the computer analyst
4. The fourth level of control is done by the central accounting Unit. The accounting documents of the various operations carried out in the various branches are forwarded for control in this Unit before being filed.
5. The fifth level of control is done by the Internal Audit Department. The Audit Department reports both to the Board via the audit Committee and to the General Manager of the Unit.

III-2.4 Mapping of operational risks by the Risk Department

Depending on the level of its business development, AFG's Units implement an operational risk mapping which is periodically updated. We have this already done in the biggest Units and we will repeat the operational risk mapping tool in other Units progressively as they will be growing their business.

III-2.5 Definition and Follow up of Key Risk Indicators (KRIs)

As we have now set up risk and compliance departments in our main Units and also at the Group level, we are now considering the implementation of KRIs, starting with the biggest Units.

Key risk indicators shall provide information on the risk of potential future losses. They shall identify areas with elevated risks early on and to take appropriate measures. Thresholds (" triggers") will be defined for KRIs wherever practical/possible. Trends in KRIs will serve as indicators in early-warning systems for ORM. More specifically the KRIs shall serve the following purpose:

- Track changes in the risk profile of certain processes
- Analyze trends and anticipate losses
- Model risks, controls and losses
- Create a "no-surprise" environment and integrate risk management and measurement effectively,
- Clarification of the risk appetite (by setting KRI thresholds and triggers for action) and the day-to-day management of routine risks in various business and support processes.
- Given the growing uncertainty affecting the international environment, our Units have for several years committed into a policy of important reserves for general risks (at least 1% of the loan book on an annual basis) in order to cushion against the future's uncertainties.
- By the end of 2016, our cushion in terms of provision for general risks amounted to 178 485 758 EUR (Which represents 6% of the total assets).

Corporate Governance

Our corporate governance principles are designed to support our objective of sustainable profitability, as well as to create value and protect the interests of our stakeholders.

We strongly believe that only transparency, integrity, fairness and responsibility can secure the trust of our stakeholders. The way we interact with the latest is therefore crucial for our business and our development. We strongly believe that good and transparent corporate governance help stakeholders to assess the quality of our institution and our management.

Afriland First Group corporate governance complies with the Swiss and internationally accepted standards.

Our Corporate Governance Framework

Our corporate governance philosophy, policies and procedures are laid out in a series of documents governing our organization and management.

These corporate documents include the Articles of Association, the Organizational Guidelines and Regulations, the Charters of the Board of Directors and of each of its Committees, and the Code of Conduct which is: The Guide de l'Agent.

The Board of Directors has adopted a set of Corporate Governance Guidelines aimed at explaining and promoting sound understanding of our governance structure.

Our Shareholders

We are really committed to shareholders participation in our decision-making process. We fully subscribe to the principle of equal treatment of all shareholders and we place no restriction on share ownership and voting rights.

The notice for general shareholders meetings is sent at least 21days before it takes place to make sure that they have enough time to participate in the decision making.

The Board of Directors is committed to submit complete and comprehensive financial and management information in order to facilitate the communication with shareholders and within the company, to support shareholders decision making process.

As part of our permanent efforts on good corporate governance promotion, we encourage investors to actively participate in the Annual General Meeting and to execute their voting rights.

The Board of Directors

The Board of Directors has ultimate responsibility for the success of the Group and for delivering sustainable shareholder value, within a framework of prudent and effective controls.

The Board of Directors decides on the strategy and is responsible for the overall direction, supervision and control of the company and its management, as well as for supervising compliance with applicable laws, rules and regulations.

Shareholders elect each member of the Board individually, as well as the members of the Committee.

NAME	***Year Appointed***	***Role***
Dr Paul KAMMOGNE FOKAM	2008	Chairman
Mr Elson Ng KENG KWANG	2012	Director Non executive
Dr Abdelhakim Ben HAMMOUDA	2015	Director Executive
Mr Bernadeus ZWINKELS	2010	Director Non executive
Mr Valery KAMMOGNE FOKAM	2009	Director Non executive
Mr Thomas VOGEL	2016	Director Non executive

In 2016, the Board of Director comprised 6 persons

The Board of Directors in turn appoints Board committees and their respective Chairpersons, and the Group Company Secretary.

The Board of Directors has two standing Committees: Audit and Risk Committee and Corporate Governance and Human Resources Committee.

Audit Committee

The Audit Committee supervises the work done by Internal Audit, ensures that Internal Audit has the resources and skills it needs to fulfil its duties and acts as an interface between the Board of Directors and the Auditing Body.

One third of the members are independent Directors. The Audit and Risk Committee meets at least 3 times per year.

Audit and Risk Committee

NAME	Year Appointed	Role
Mr Elson Ng KENG KWANG	2013	Chairman
Mr Bernadeus ZWINKELS	2013	Director
Mr Valery KAMMOGNE FOKAM	2013	Director

Corporate Governance Committee

NAME	Year Appointed	Role
Mr Valery KAMMOGNE FOKAM	2016	Chairman
Mr Thomas VOGEL	2016	Director
Mr Joseph TOUBI	2016	

The independence of the members of the Board of Directors is governed by specific principles.

The Board consists of four non-executive directors over seven within the Group, of which three are determined to be independent. In its independence determination, the Board takes into account the factors set forth in the Corporate Governance Guidelines, and applicable laws and listing standards.

Our independence standards are also periodically measured against other emerging best practice standards.

In our Group, a director will not be considered independent, if he or she

- is or has been an employee of the Group within the last three years.
- has an immediate family member who is or has been an executive officer in our institution within the last three years.
- has received or has an immediate family member who has received during any twelve-month period within the last three years more than CHF 120,000 in direct compensation from the Group (other than director and committee fees).
- is a current partner or a current employee of our internal or external auditors.
- has an immediate family member who is a current partner or a current employee of the Group internal or external auditors.
- or an immediate family member is or has been within the last three years employed as an executive officer of a company where any of the Group's present executive officers at the same time serves or served on that company's compensation committee.
- has an immediate family member who is a current executive officer of a company that has made payments to or received payments from the Group in any of the last three fiscal years in excess of the greater of CHF 1 million or 2 % of the consolidated revenues of the director's company.
- has entered into consulting contracts with the Group.
- holds any other Board mandates that might infringe on his independence.

In 2016, the Board of Director comprise 2 independent directors

NAME	Year Appointed	Role
Mr Bernadeus ZWINKELS	2016	Director - Independent
Mr Thomas VOGEL	2016	Director-Independent

Procedures and Chairmanship of the Board of Directors

In order to enable Directors to fully exercise their skills and to ensure the full effectiveness of the contribution of each of them, a Director's Charter in ten points has been established in accordance with the rules of independence, ethics and integrity expected of them.

• Administration and social interest

Any Director must act under all circumstances in the social interest of the company. He must, regardless of his mode of designation, see himself as representing all the shareholders and should also takes into account the expectations of other stakeholders.

Corporate Governance

• Respect of laws and statutes

The Director must take the full measure of his rights and obligations. He must know and respect the legal provisions and regulations relating to his function, the codes and good governance practices applicable, as well as the rules peculiar to the Institution from its statutes, ethical system and the rules of procedure of the Board of Directors.

• Performance of duties

The Director shall perform his duties with independence, integrity, loyalty and professionalism.

• Independence, courage and duty of expression

The Director shall preserve its independence, analysis, judgment, decision and action in all circumstances. He shall not be influenced by any foreign element to the social interest mission is to defend.

He alerts the Board of Directors on anything of his knowledge appearing such as to affect the interests of the company.

It is his duty to express clearly his questions and opinions. He tries to convince the Board of the relevance of its positions. In case of disagreement, he ensures that they are recorded explicitly to the minutes of the deliberations.

• Independence and conflict of interest

The Director tries to avoid any conflict between the Institution and its moral and material interests. He shall inform the Board of Directors of any conflict of interest in which he may be involved. In cases where he cannot avoid being in a conflict of interest, he refrains from participate in discussions as well as to any decision on the matters concerned.

• Loyalty, good faith and duty to reserve

The Director acts in good faith under any circumstances and does no initiative that could be damaging to the interests of the Institution.

He is personally committed to respect the total confidentiality of the information he receives, discussions and decisions in which he participates.

It is prohibited to use privileged information to which he has access to his personal benefit or for the benefit of anyone. In particular, when he holds on the Institution where he operates as Director nonpublic information. It is prohibited to use them to perform himself or by a third, transactions on the Institution’s securities.

• Professionalism and involvement

The Director undertakes to devote to his duties the time and attention necessary.

He ensures that the number and the burden of its administrator warrants leave him sufficient availability, particularly if he also exercises executive functions.

He is informed on lines and the specificities of the business, its issues and its values, including by querying the company’s senior executives.

He participates in the meetings of the Board of Directors and the specialized committees of which he is a member with diligence and care.

He attends the General meetings of shareholders.

He strives to get items that he considers essential to his information to deliberate in the Board of Directors in full knowledge within the appropriate time.

He attaches to update the knowledge that are useful and asked the company trainings which are necessary for the proper exercise of its mission.

• Professionalism and effectiveness

Director contributes to collegiality and the effectiveness of the work of the Board of Directors and of the specialized committees eventually incorporated within. He makes any recommendation appearing to improve the terms of operation of the Board of Directors, including on the periodic evaluation. He accepts the assessment of its own action in the Board of Directors.

He ensures, with other members of the Board of Directors, that guidance and control missions are accomplished with efficiency and without barriers. In particular, he ensures that are in place in the business procedures, the control of compliance with the laws and regulations in the letter and in the spirit.

He shall ensure that the positions adopted by the Board of Directors are, without exception, of formal decisions, properly motivated and transcribed in the minutes of its meetings.

• Application of the Charter

With regard to principles essential to the proper functioning of a Board of Directors, the Directors strive to ensure the correct application of this Charter on the boards in which they participate.

Where a Director is no longer in position to exercise his functions in accordance with the Charter, either of his own making, or for any other reason including holding to the rules specific to the Institution where he operates, he must inform the Chairman of the Board, seek solutions to remedy and, if no solution is found, do take the personal consequences on the exercise of his mandate.

• **Group's values**

The Director adheres to the group's values: professionalism, partnership, team spirit, creating value and ethics; he is committed to promote and to ensure their implementation. As a result, he takes into account in his decisions the financial and economic impact of these, but also considers their implications towards social relations, the satisfaction of customers and the general interest of the communities where the Group operates. Each Director adheres to this Charter by accepting his function. A Director who is no longer in accordance with the present Charter shall draw conclusions and deliver his mandate available to the Board of Directors.

Board of Directors' evaluation

• **Meeting attendance**

The members of the Board are expected to attend all meetings of the Board and the committees on which they serve. The Chairman may approve exceptions. The Chairman attends selected committee meetings as a guest.

The table below shows the attendance for the year under review.

NAME	Number of Meetings	Attendance
Dr Paul KAMMOGNE FOKAM	3	3
Mr Elson Ng KENG KWANG	3	3
Dr Abdelhakim Ben HAMMOUDA	3	3
Mr Bernadeus ZWINKELS	3	3
Mr Valery KAMMOGNE FOKAM	3	3
Mr Thomas VOGEL	3	3

• **Other criteria**

In our institution, Director's evaluation is a self-evaluation. The evaluation process involves identification of areas for evaluation; formulating a questionnaire on the areas for evaluation; obtaining responses of individual directors to the questionnaire on a rating scale.

The Board deliberates on the report, develops an action plan

The other main parameters for Directors' evaluation are:

- Contribution of the Director to the Board's strategic thinking,
- Contribution to the business development
- Contribution to risk management

Dealing with conflicts of interest and advanced information

Our most valuable asset is our reputation for integrity and fair dealing. Our institution encourages its employees to report violations of laws, rules, regulations or the Code of Conduct internally.

Reports should be made directly to the relevant line managers and the members of the Legal and Compliance Department or, where appropriate, directly to the corresponding higher level in accordance with our policies and procedures.

This year we will create The First Group Integrity Hotline, another tool to escalate potential legal, regulatory or ethical misconduct.

In the case of alleged violations by the Chief Executive Officer or senior financial officers (Chief Financial Officer, Head of Accounting or Controlling and persons performing similar functions) reports should be made to the President or to the Audit Committee of the Board of Directors.

In our Group, retaliation against any employee for report made in good faith is prohibited.

The whistle-blowing process is subject to supervision by the Audit Committee of the Board of Directors.

Persons outside our institution who wish to report violations of laws, rules and regulations or Group's Code of Conduct may address their reports in writing directly to the Secretary to the Board of Directors.

Corporate Governance

Auditing

• Internal Audit

In our Group, Internal Audit is an independent and objective function that performs an independent and objective assurance function that is designed to add value to our operations. It also supports the Group in achieving its strategic, operational, financial and compliance objectives, and the Board of Directors in discharging its governance responsibilities.

Using a systematic and disciplined approach, the Internal Audit team evaluates and enhances the effectiveness of our risk management, control and governance processes.

Internal Audit is responsible for carrying out periodic audits in line with the Charter for Internal Audit approved by the Audit Committee.

Based on the results of its assessment, Internal Audit develops detailed annual audit objectives, defining key risk themes and specifying resource requirements for approval by the Audit Committee.

The Head of Internal Audit reports to the Audit Committee more frequently as appropriate. Internal Audit coordinates its operations with the activities of the External Auditor for maximum effect.

• External Audit

Audit is an integral part of corporate governance.

While safeguarding their independence, the External Auditors closely coordinate their work with Group Internal Audit. The Audit Committee, and ultimately the Board of Directors, supervises the effectiveness of audit work.

Our statutory External Auditor is Deloitte SA, Rue du Pré-de-la-Bichette 1, 1202 Geneva, Switzerland. The mandate was first given to Deloitte for the business year.

Alongside our corporate culture made up of African values and a commitment to the emergence of an African social capitalism capable of driving Africa's independence, adherence to our group (the First Family) is also due to our dynamic human resources strategy.

In AFG, the human resources management strategy concentrates on valuing, developing our staffs and making them responsible. We consider them the main asset of our group.

AFG's human resources management strategy is laid down in the Employee's Manual, which is an essential document that defines new approaches to staff performance evaluation with emphasis on self-evaluation. The manual defines our group's philosophy and its commitment to putting the customer's interest first in order to ensure the latter optimal satisfaction.

The manual contains ethical and professional rules and standards the staffs have to respect in the exercise of their duties. The manual clearly spells out that in the exercise of their duties, staffs must not practise discrimination based on race, ethnic origin, gender, religion, age, disability, or political belief.

The manual emphasises staff autonomy, the prevention of conflicts of interest and the prohibition of money laundry and the financing of terrorism.

Our human resources is articulated in four main components:

1. Definition of Clear and Competitive Recruitment Procedures:

Our group has laid down a five-phase clear recruitment procedure.

1. Analysis and selection of applications
2. Written test
3. Oral test
4. Training in a specialised school
5. Successful candidates are absorbed by the Group (the First Family)

These procedures ensure the transparency of the process and make them just and fair.

2. Definition of a Staff Development System:

AFG pays great attention to staff development. In this regard, a partnership was signed with the Business Excellence Academy (BEA) of the Business School of a high profile university, which offers precise and specialised diverse technical, management and philosophical workforce training six-month programmes.

Alongside the foregoing provision, the Group has equally provided an annual training programme for senior staffs.

3. Definition of a Career Plan:

AFG has defined a career plan for all staffs that ensures their autonomy, liberty and independence and guarantees personal fulfilment and team cohesion.

4. Definition of a Self-Evaluation System:

The First Family grants the staff liberty and responsibility to act and to evaluate himself or herself. That is why a self-evaluation system or a Standard Expected Performance (SEP) assessment was defined.

It implies enabling every staff to set his or her objectives at the beginning of every period on the basis of the pre-determined standards and personal ambition; after which, the staff will personally proceed to assess their results and compare them with the predefined objectives and then draw the relevant conclusion. The possible conclusions that can be cited, without being exhaustive are: the need for additional training, promotion, or demotion. The role of the Human Resources Department in the self-evaluation process is to ensure consistency of the data provided by the staff with the available accounting statistics. On the basis of the staff's data and those of the Human Resources Department, the Annual Evaluation Committee approves the evaluation and their application.

This system grants the staff great liberty, great autonomy to act and think and protects staffs from any form of pressure and harassment.

The group's objective is to apply a Human Resources Management policy that combines African culture and values and modern management techniques.

Compliance

Compliance

In accordance with the recommendations of the Basel Committee in April 2005, we have set up in each of our Units a compliance department which on a day to day basis, ensures that we are in line with the international best practices.

Within our group, the global objective of the Compliance Function can be defined as follows:

- Identify and delineate the risks of non-compliance and assess their consequences on the activity of the Unit;
- Organize, coordinate and structure centralised controls controls relating to compliance to ensure that each unit meets its legal, regulatory obligations and to hold good practices and ethical and professional codes;
- Control and monitoring of all measures taken to mitigate the risks of non-compliance;
- Propose to the Executive and the Board of Directors, measures to prevent, control and treat the risk of non-compliance;
- Provide assistance to each Unit of the group to ensure compliance with the laws and regulations in force, as well as good practices, including through training programs for the benefit of staff;
- Act as Adviser on matters of compliance at the Unit;
- Promote a culture of compliance within the Unit, based on common values.

The Compliance Function is involved in the fifth level of control, i.e. at the level of the controls carried out by the Executive on activities under their direct responsibility.

In our group, the members of the Compliance Function have very strong professional skills in the field of their activities and not less solid knowledge of the standards.

Each of our Units has its local Compliance Department and in addition to this, we have set up at the group level a Group Compliance Department which brings support to the various local compliance departments and ensures that their actions are in line with our general principles.

The main principles guiding our action in compliance are the following:

PRINCIPLE N°1: THREE LEVELS OF RESPONSIBILITIES

1.1. Responsibilities of the Board of Directors of each Unit

Each unit's Board of Directors is responsible for defining the principles of compliance to which the Unit is obliged to obey. It must be a clear commitment by ensuring the implementation of appropriate policy and relevant compliance risk management.

- The unit's Board of Directors formally approves the compliance policy of the Unit. The effectiveness of the implementation of this policy must be assessed on an annual basis through a state report provided by the Executive. The Board of Directors is authorized to delegate this responsibility to the Audit Committee or a separate compliance Committee, appointed by itself.
- Each of our units has a Compliance Charter issued by its Board of Directors and establishing a permanent and independent Compliance Function within the Unit.
- The Unit's Board of Directors ensures that the Compliance Function is authorized to directly contact the CEO or the Chairman of the Board, if the situation so requires.

1.2. Responsibilities of the Executive («four-eyes principle»)

- The Executive in charge of the day-to-day management of the unit is jointly responsible for the implementation of a compliance policy and a permanent Compliance Function.
- In each Unit of our group, one Manager is officially designated to be responsible for compliance, and its name is communicated to the control authority.
- The Executive is required to assess at regular intervals the adequacy of the compliance policy and verify its implementation without reservation and its follow-up by the staff. Each Unit exposes key compliance risks it faces and the preventive measures to be implemented to mitigate these risks. Each Unit has a permanent Compliance Function, a Charter

of compliance and a training programme to the attention of the staff dealing with related questions.

- The Executive is required to review the compliance policy at regular intervals.
- The Executive is required to report, at least once a year, to the Board of Directors of issues relating to the compliance policy, the state and the effectiveness of its implementation (including, and not limiting to, the achievement of objectives relating to compliance, human and technical resources necessary for the achievement of these objectives, main risks identified by the compliance function and the corrective actions and preventive measures to mitigate these risks.
- The Executive is required to report as soon as possible to the Board of Directors all laws, regulations, rules, codes of conduct and standards of good practice significant offences.
- The Executive is required to define the guidelines rules outlining the sanctions applied for offences in compliance and to apply these sanctions, where appropriate.

1.3. Responsibilities and skills of the Compliance Function

The Compliance function is required:

- To identify and assess the risks of compliance related to the professional activities of the Unit, current and proposed for the future, including new products, new relationships of business and any extension of operations or network;
- To identify and keep at the disposal of all the staff an inventory of laws and essential regulations, relevant to the conduct of professional activities.
- To advise the Executive on laws, regulations, rules and standards and to inform it of any developments in these areas.
- To establish guidelines in writing to the attention of staff and service providers with respect to implementing appropriate laws, regulations, rules and standards, through policies and procedures (Manual of Compliance, Code of Conduct);
- To evaluate the appropriateness of policies, procedures and internal directives, ensure follow-up of all identified shortcomings, make recommendations for changes, if necessary, to oversee the implementation of corrective measures to mitigate the shortcomings identified.
- To ensure the monitoring of compliance to policies, procedures and internal guidance assessments through regular and exhaustive analyses of non compliance risk; report the results on a regular basis and as soon as possible, if necessary, to the Executive and, where necessary, the Board of Directors;
- To centralize all the information concerning questions relating to compliance (e.g., breach of a regulatory, non-compliance of proceedings, conflict of interest);
- To train and inform the staff in compliance with the laws, rules and standards and act as Adviser on questions related to compliance asked by members of the staff;
- To liaise with external bodies and relevant regulatory agencies on issues of compliance; to exercise all legal responsibilities, for example the reporting of suspicious transactions relating to money laundering and the fight against the financing of terrorism;
- To establish and/or supervise audits and appropriate compliance controls.

Members of the Compliance Function must have very strong professional skills in the field of Auditing and financial activities and not less solid knowledge of the standards.

- To establish guidelines in writing to the attention of staff and service providers with respect to implementing appropriate laws, regulations, rules and standards, through policies and procedures (Manual of Compliance, Employee Handbook);
- To evaluate the appropriateness of policies, procedures and internal directives, ensure follow-up of all identified shortcomings, make recommendations for changes, if necessary, to oversee the implementation of corrective measures to mitigate the shortcomings identified.
- To ensure the monitoring of compliance to policies, procedures and internal guidance assessments through regular and exhaustive analyses of non compliance risk; report the results on a regular basis and as soon as possible, if necessary, to the Executive and, where necessary, the Board of Directors;
- To centralize all the information concerning questions relating to compliance (e.g., breach of a regulatory, non-compliance of proceedings, conflict of interest);
- To train and inform the staff in compliance with the laws, rules and standards and act as Adviser on questions related to compliance asked by members of the staff;

Compliance

- To liaise with external bodies and relevant regulatory agencies on issues of compliance; to exercise all legal responsibilities, for example the reporting of suspicious transactions relating to money laundering and the fight against the financing of terrorism;
- To establish and/or supervise audits and appropriate compliance controls.

On a day to day basis, the Compliance Function carries its duties in the following six key areas:

Area	Actions
KYC	• Drafting and disseminating KYC procedures in keeping with the law and regulations in force • Monitoring the implementation of KYC procedures • Testing the quality of customer and partner KYC files and conducting updates • Searching for solutions for files preservation and disposal within legal time limits • Training and awareness-raising for staffs
AML/FT	• Drafting and disseminating procedures in keeping with the law and regulations in force • Identifying outstanding transactions • Classifying risk prone businesses • Determining high risk customers • Complying with embargoes and Black-lists • Centralising information on suspicious customers and transactions • Reporting suspicious transactions to the relevant governmental agency • Responding to relevant governmental agency • Training and awareness-raising of staffs
Deontology and Professional Ethics	• Drafting and disseminating procedures on deontological values and professional ethics in keeping with AFG's values • Reporting breaches of deontological values and professional ethics • Proposing sanctions for breaches of deontological values and professional ethics to management • Training and awareness-raising of staff
Business Continuity Plan (BCP)	• Drafting and disseminating general BCP • Existence of a Crisis Committee • Drafting and disseminating operations continuity plan • Availability and dissemination of an IT continuity plan • Testing the BCP in case of crisis • Training and awareness-raising for staffs
Environmental Responsibility (ER)	• Drafting an ER policy for approval by management • Ensuring the adoption of a project financing procedure that requires environmental impact assessment • Developing a database of business that pose an environmental risk to the ecosystems and communities and that must not be financed. • Training and awareness-raising for staffs
FATCA	• All our units are registered deemed compliant FFI by AFG 's compliance office • AFG's compliance office and that of every unit regularly work together and submit reports to US authorities, provided the country in the which the unit is located is not under a global embargo

PRINCIPLE N°2: INDEPENDANCE OF THE COMPLIANCE FUNCTION

The Compliance Function Head and all the staff of the Compliance Function are independent of any commercial, administrative function or control at the Unit and this enables them to carry out their work freely and objectively. Independence is achieved through organizational status and objectivity:

- From an organizational point of view, the Compliance Function is linked hierarchically and refer directly to the Executive. It is authorized to fulfill its role and assume its responsibilities on its own initiative. It is allowed to report to the members of the Board of directors or to the specialized committees of the Board.
- In order to ensure objectivity, the staff of the Compliance Function are not allowed to take commercial or operational responsibilities in the areas that they control.

PRINCIPLE N°3: FREE ACCESS TO INFORMATION

The members of the staff of the Compliance Function have full and unlimited access to all information at any time. All members of the staff of the Compliance Function must conform to the requirements of confidentiality. All confidential information received in the performance of their duties and responsibilities cannot be used for any personal gain or in any way that would be contrary to law or prejudicial to the interests of the Unit.

PRINCIPLE N°4: RIGHT TO OPEN INVESTIGATIONS

The Compliance Function is entitled to open investigations on its own initiative, if it deems it necessary. In this case, the Compliance Function is entitled to use the skills and knowledge of other Functions within the Unit (e.g. legal service, Internal Audit and Internal Control). However, the Compliance Function is responsible for the coordination of the investigation and the presentation of the results of the analysis to the Executive and/or the Board of Directors, if any.

PRINCIPLE N°5: LINES OF INFORMATION

In consideration of the hierarchical link between the Compliance Function and the Executive, each of our Units has implemented a regular official information line between Compliance Function and the Unit's Executive. In addition to this, the Head of Compliance Function has a line of ad hoc information with the Board of Directors.

PRINCIPLE N°6: RIGHT TO CONTACT THE BOARD OF DIRECTORS

The Head of the Compliance Function is able to discuss any relevant issue with the Executive. In addition to this, a procedure of upwelling at the upper hierarchical levels must is defined and implemented in order to ensure the right recognized to the head of the Compliance Function to report important incidents directly to the Board of directors or its relevant committees.

PRINCIPLE N°7: RIGHT TO USE EXTERNAL EXPERTS

The Compliance Function has the right to use the skills, knowledge or technical means of third-party external to the Unit, in so far as certain technical aspects or specific (e.g., legal advice), but remains in charge of the missions entrusted in shared management or outsourced. Third party confidential information access must be subject to appropriate control and / or the signing of a confidentiality agreement.

All these seven principles are the core backbone of our compliance system, be it at a Unit level or at the Group level.

Compliance

EVALUATION, COACHING AND TRAINING

Our Group Compliance Department brings a thorough support to all the Unit's local Compliance Departments trough evaluation, control coaching and technical assistance missions. In this respect, our Group Compliance Department, working jointly with Unit's Compliance Departments, intervenes in seven main sectors which are Policies, Organization, Procedures, Staff Awareness, Customer Risk Categorization, Due Diligence Filtering, Customer Activity Filtering and for each sector, identifies problem and set up a set of corrective actions to be implemented. Thus is the continuous process through which we are strengthening on an ongoing basis, our compliance system in order to set all our Units at the best international standards.

ACHIEVEMENTS SO FAR

As at 31.12.17 all our Units are FATCA compliant. Many reporting tools are operational in our Units and various automatic Filtering Tools are operational in our Units. At least one evaluation mission has been conducted in each Unit and all the corrective actions springing from such evaluations are being implemented. During 2016, trainings on FATCA, KYC, AML and Terrorism Financing have been carried out in three of our Units. Those trainings will continue in the years ahead.

2016 Consolidated Financial Statements

2016 Consolidated Financial Statements

CONSOLIDATED BALANCE SHEET FOR THE YEAR ENDED DECEMBER 31, 2016

with comparative figures for the year 2015 (Expressed in Euro)

ASSETS	Notes	2016	2015
CURRENT ASSETS			
Cash and cash equivalents	4	135’099’798	173’116’930
Amounts due from money-market papers		10’653’473	10’751’750
Amounts due from banks		340’470’750	383’550’803
Amounts due from customers	5	2’006’032’005	1’880’557’644
Securities and precious metals held for trading	6	28’498’948	28’464’860
Accrued income and prepaid expenses		57’730’463	46’222’673
Other assets		21’517’690	19’991’338
Total current assets		*2’600’003’127*	*2’542’655’998*
NON CURRENT ASSETS			
Non-consolidated investments	3	421’981	6’153’148
Invesment in associate	3	841’217	1’248’914
Tangible assets, net of depreciation	2.2	96’839’831	80’653’564
Intangible assets, net of depreciation	2.2	45’307’594	49’950’998
Financial investments	7	236’791’443	81’810’545
Total non-current assets		*380’202’066*	*219’817’169*
TOTAL ASSETS		***2’980’205’193***	***2’762’473’167***

2016 Consolidated Financial Statements

CONSOLIDATED BALANCE SHEET FOR THE YEAR ENDED DECEMBER 31, 2016

with comparative figures for the year 2015 (Expressed in Euro)

LIABILITIES AND SHAREHOLDERS'EQUITY	Notes	2016	2015
CURRENT LIABILITIES			
Checks and bills payables		9'839'102	9'650'182
Amounts due to banks		508'976'718	313'169'824
Amounts due to customers savings or deposits		505'396'742	494'744'039
Amounts due to customers	8	1'088'818'824	1'227'313'203
Saving bonds		203'188'807	187'459'643
Accrued expenses and deferred income		79'673'419	55'910'159
Other liabilities		29'240'297	21'364'989
Valuation adjustments and provisions		72'403'835	13'793'141
Total current liabilities		***2'497'537'744***	***2'323'405'180***
LONG TERM LIABILITIES			
Negative goodwill, net		-	34'501
Loans from third party		53'504'445	10'000'000
Shareholders' loans	9	4'945'777	1'950'462
Total long term liabilities		***58'450'222***	***11'984'963***
Reserves for general banking risks		178'485'758	197'085'805
SHAREHOLDERS' EQUITY			
Share capital		92'630'084	92'630'084
Statutory capital reserves		1'896'883	1'896'883
Voluntary retained earnings		70'659'436	62'912'618
Non-controlling interest	3.1	63'359'493	60'187'003
Translation reserve	3.2	3'641'175	4'623'814
Group profit		13'544'398	7'746'817
Total shareholders' equity		***245'731'469***	***229'997'219***
TOTAL LIABILITIES AND SHAREHOLDERS'EQUITY		***2'980'205'193***	***2'762'473'167***

2016 Consolidated Financial Statements

CONSOLIDATED BALANCE SHEET FOR THE YEAR ENDED DECEMBER 31, 2016

with comparative figures for the year 2015 (Expressed in Euro)

OFF BALANCE SHEET TRANSACTIONS	*2016*	*2015*
Contingent liabilities	531’983’217	385’582’138
Irrevocable commitments	62’152’439	39’455’793
Confirmed credits	-	1’246
Total off-balance sheet transactions	***594’135’656***	***425’039’177***

CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED AT DECEMBER 31,2016

with comparative figures for the year 2015 (Expressed in Euro)

	Notes	2016	2015
RESULT FROM INTEREST OPERATIONS			
Interest and discount income		144’796’781	128’908’775
Interest and dividend income from financial investments		2’120’996	417’027
Interest expenses		-43’197’332	-37’613’268
Total net results from interest operations		*103’720’445*	*91’712’534*
RESULT FROM COMMISSION AND SERVICE FEE ACTIVITIES			
Commission income from credit operations		19’255’910	19’105’669
Commission income from securities and investments		-	756’491
Commission income from other services		10’256’969	13’134’866
Commission expenses		-1’417’677	-1’137’767
Total net results from commission and service fee activities		*28’095’202*	*31’859’259*
RESULT FROM TRADING OPERATIONS			
Result from trading operations		*-32’012*	*99’097*
OTHER ORDINARY RESULTS			
Other ordinary income		28’896’023	34’576’131
Other ordinary expenses		-4’634’162	-8’865’270
Total other ordinary results		*24’261’861*	*25’710’861*
OPERATING EXPENSES			
Personnel expenses	10	-23’778’155	-21’610’966
Other operating expenses		-45’781’917	-51’879’622
Total operating expenses		-69’560’072	-73’490’588
Depreciation and write-offs on non-current assets		-11’988’285	-14’168’497
Valuation adjustment, provisions and losses		-79’012’126	-54’914’074
GROSS PROFIT		***-4’514’987***	***6’808’593***
Net result from investment under equity method		-407’697	-1’464’011
Extraordinary income	11	40’826’171	31’022’473
Extraordinary expenses	11	-2’562’924	-1’400’500
Taxes		-14’154’607	-16’744’569
NET PROFIT FOR THE PERIOD		***19’185’956***	***18’221’987***
Group net profit		*13’544’398*	*7’746’817*
Minority shareholders’ profit		*5’641’558*	*10’475’170*

2016 Consolidated Financial Statements

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2016

with comparative figures for the year 2015 (Expressed in Euro)

	2016	2015
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit for the period	19’185’955	18’221’987
Provisions	79’012’126	54’914’074
Depreciation and write-offs on non-current assets	11’988’285	14’168’497
Reserves for general banking risks	-97’612’173	-65’584’537
Accrued income and prepaid expenses	-13’034’144	-14’170’820
Accrued expenses and deferred income	90’214’761	11’043’795
Total cash flow from operating activities	***89’754’810***	***18’592’996***
CASH FLOW FROM INVESTING ACTIVITIES		
Investments	***-191’858’192***	***-49’861’654***
- Investment in tangible assets	-24’311’931	-16’022’190
- Investment in intangible assets	-122’032	-2’470’384
- Investment in financial assets	-165’444’643	-27’388’168
- Investment in securities portfolio and precious metal held for trading	-1’979’586	-3’980’912
Sales	***19’450’919***	***45’857’937***
- Divestment in tangible assets	1’022’792	2’106’408
- Divestment in intangible assets	4’718’676	5’922’063
- Divestment in financial assets	12’319’872	20’069’496
- Divestment in securities portfolio and precious metal held for trading	1’389’579	17’759’970
Total cash flow from investing activities	***-172’407’273***	***-4’003’717***
CASH FLOW FROM FINANCING ACTIVITIES		
Cash flow from clients loans	***-82’296’030***	***-117’309’070***
Increase in receivables	***-176’589’597***	***-288’721’846***
- Increase in due from banks	-9’754’570	-110’988’888
- Increase in due from customers	-166’084’519	-174’438’720
- Increase in receivables from money market papers	-750’508	-3’294’238
Cash flow from customers’ deposits	***94’293’567***	***171’412’776***
- Decrease in due from banks	52’834’623	113’713’925
- Decrease in due from customers loans	40’610’158	54’947’386
- Decrease in receivables from money market papers	848’786	2’751’465
Cash flow from customers’ deposits	***83’883’302***	***42’692’764***
Increase in amounts	***281’144’043***	***327’238’084***
- Increase in amounts from money-market papers	1’037’706	2’354’765
- Increase in amounts due to banks	217’264’570	161’618’990
- Increase in amounts due to customers savings or deposits	14’078’838	44’549’465
- Increase in other amounts due to customers	28’419’433	90’471’088
- Increase in cash certificates	20’343’496	28’243’776
Decrease in amounts	***-197’260’741***	***-284’545’320***
- Decrease in amounts from money-market papers	-848’786	-2’751’465
- Decrease in amounts due to banks	-21’457’677	-21’466’748
- Decrease in amounts due to customers savings or deposits	-3’426’135	-
- Decrease in other amounts due to customers	-166’913’811	-260’327’107
- Decrease in cash certificates	-4’614’332	-
Cash flow from banking activities	***1’587’272***	***-74’616’306***
Cash flow from loans	***46’499’760***	***-1’385’327***
- New loans	46’499’760	1’524’490
- Repayment of loans	-	-139’163
Cash flow from Equity	***-2’469’067***	***-5’593’086***
- Dividends	-2’469’067	-5’593’086
SUB-TOTAL CASH FLOW UNRELATED TO BANKING ACTIVITIES	*44’030’693*	*-4’207’759*
TOTAL CASH FLOW FROM FINANCING ACTIVITIES	***45’617’965***	***-78’824’065***
CHANGE IN CASH AND CASH EQUIVALENTS	***-37’034’498***	***-64’234’786***
Cash and cash equivalents on 1 January	173’116’930	232’955’822
Effect of foreign exchange rate changes	-982’634	4’395’894
Cash and cash equivalents on 31 December	135’099’798	173’116’930

1. Activities of the Company

Afriland First Group SA ("the Company) was created on March 19, 2008 and is headquartered at 7 Route des Falaises, 2000 Neuchâtel. Its registered capital is CHF 138'439'707 and its activity is the purchase, administration, management and the sale of participations in Switzerland and abroad.

The Company has invested in several companies, banking and non-banking institutions, in Switzerland and abroad, mainly in Africa.

2. Summary of significant accounting policies

2.1 Basics

The consolidation principles applied in the preparation of consolidated financial statements of the Group are in accordance with the new Swiss Code of Obligations.

The consolidated accounts of Afriland First Group SA are derived from the audited financial statements of the holding company and its subsidiaries as at December 31, 2016.

Certain comparative information for the year ended December 31, 2015 has been reclassified in order to conform to the current year presentation and in order to improve the quality of information given on the face of the balance sheet.

2.2 Specific accounting policies

Tangible assets

Facilities and equipment are stated at cost of acquisition or internal production, net of accumulated depreciation.

Set-up cost and other capitalized costs are recorded at their acquisition costs and filing fees and protection after deducting accumulated depreciation. The goodwill arising on first consolidation is depreciated during 20 years.

Depreciation is calculated on a straight-line basis according to the following categories:

	Annual rate
Installation and fixtures	*5% - 10%*
Office equipment	*10% - 25%*
Telecommunication equipment	*25%*
Computer equipment	*33.33%*
Transport equipment	*25%*

The Company performs at least once a year, impairment tests to test the value of goodwill. Similarly, whenever an indication of impairment is identified, an impairment test for identifying a potential difference between the carrying amount and the recoverable amount of an asset is realized. Where appropriate, necessary value adjustments are performed.

3. Consolidation principles

3.1 Scope of consolidation

The subsidiaries, in which the Company holds an investment of greater than 50% of the total voting shares, are subject to full consolidation. Assets and liabilities, and expenses and the revenues are fully recorded (100%). The third-party shareholders' interests (minority interests) are recorded separately in the consolidated balance sheet and in the consolidated statement of income.

The investments in associates where the Company holds a participating interest of 20%-50% of total voting shares are subject to the equity consolidation method. An equity investment is initially recorded at cost and is subsequently adjusted to reflect the investor's share of the net profit or loss of the associate.

Minor holdings, or ongoing investments as well as those where the holding is less than 20%, are recorded under non-consolidated investments at their purchase price, after deduction of appropriate provisions, if any.

2016 Consolidated Financial Statements

3.2 Consolidated participations

Participations were consolidated using the full consolidation method, except for Afriland First Bank South Sudan, which was accounted for using the equity method.

Investment in Afriland First Bank CD

In 2016, Afriland First Group SA invested USD 713,000 as its proportionate share of capital increase in Afriland First Bank CD.

Investment in Afriland First Bank Sao Tomé & Principe

During 2016, Afriland First Group SA repurchased shares from minority shareholder for an amount EUR 169’000. In addition, there was a capital increase of EUR 2’600’000 in Afriland First Bank Sao Tome & Principe. Afriland First Group SA participated in this capital increase by debt conversion to the amount of EUR 1’000’000. AFB Cameroon participated in this capital increase by contribution in cash of EUR 1,600,000. The other shareholders didn’t follow. This explains why the direct ownership percentage of Afriland First Group SA decreased despite its participation in the 2016 capital increase.

Investment in Afriland First Group Management SA

During 2016, Afriland First Group SA repurchased 12 % of the shares for EUR 1’172’292.

Investment in Afriland First Bank South Sudan

During 2016, Afriland First Group SA has invested USD 400’000 in respect of its share of participation in the capital increase of Afriland First Bank South Sudan. The decrease in the percentage of Afriland First Group SA in this subsidiary is due to a correction of AFB South Sudan. In fact, the rate of Exchange SSP/USD was devalued in order to maintain the value of the share capital as it was initially recognized in their books.

Investment in Afriland First Bank SA Ivory Coast

During 2016, Afriland First Group SA sold shares to new shareholders and has invested EUR 5’155’947 in respect of its share of participation in the capital increase of Afriland First Bank SA Ivory Coast.

Investment in Afriland First Holding

May 27, 2016, Afriland First Group SA created a holding in Mauritius, Afriland First Holding Company. This company has a capital of USD 100 and is owned 100 % by Afriland First Group SA

Disinvestment in Intermarket Banking Corporation (Zambia)

Afriland First Group SA proceeded to the total sale of Intermarket Banking Corporation Zambia and to its deconsolidation in 2016

- **Closing date**

The closing date for all companies is 31 December

- **Currency conversion**

The consolidated financial statements of the group are expressed in the Company’s functional currency which is the Euro.

The financial statements of companies in the portfolio are presented in the respective local currencies. The table below summarizes the reporting currency of each subsidiary:

FCFA (XAF)	Afriland First Bank SA, Yaoundé, Cameroon
	CCEI Bank SA, Malabo, Equatorial Guinea
	Afriland First Bank SA, Abidjan, Cote d'Ivoire
	CCEI Benin, Cotonou, Benin
	Intelligentsia, Yaoundé, Cameroon
	African Leasing Company, Yaoundé, Cameroon
STP	Afriland First Bank, Sao Tomé & Principe, Sao Tomé
CDF (RDC)	Afriland First Bank CD SA, Kinshasa, Democratic Republic of Congo
ZMW	Intermarket Banking Corporation (Zambia) Ltd
LRD	Afriland First Bank Liberia Ltd, Monrovia, Liberia
GNF	Afriland First Bank Guinea, Conakry, Guinea
SSP	Afriland First Bank South Sudan, Juba, South Sudan
CHF	Afriland First Group Management SA, Geneva, Switzerland
EUR	Afriland First Group SA
USD	Afriland First Holding

The Group reports in Euro. Transactions in non-Euro currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in non-Euro currencies are retranslated to Euro at the rate of exchange ruling at the reporting date. Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded are recognized in the consolidated income statement in the period in which they arise.

The individual financial statements of each Group company are maintained in the currency of the primary economic environment in which it operates (its functional currency). Assets and liabilities of non-Euro consolidated subsidiaries are translated to Euro at the rate of exchange ruling at the reporting date. Revenue and expenses are translated at the average exchange rates for the year. All resulting translation differences are included in a translation reserve in equity.

Closing and average annual conversion rate are:

CCY	Closing year 31.12.2016	Average rate 2016	Closing year 31.12.2015	Average rate 2015
CDF/ EUR	1241.88	1060.12	990.86	1010.85
STP/ EUR	24480.10	24289.68	24223.50	24246.62
CHF/ EUR	1.07	1.09	1.08	1.07
FCFA/EUR	656.00	656.00	656.00	656.00
ZMK/EUR	10.43	11.38	11.93	9.64
USD/EUR	1.05	1.10	1.09	1.11
LRD/EUR	95.69	99.32	91.61	95.19
SSP/EUR[1]	87.64	54.28	16.67	5.30
GNF/EUR	9854.5	9164.10	8345.62	7984.64

• Elimination of intercompany positions and internal transactions

All internal balances such as debts, claims, provisions of the parent company, subsidiaries and between the affiliates are eliminated.

1- The South Sudanese pound is the official currency of south Sudan. We note difficulties in obtaining official rate, as well as a large variation in the SSP/EUR rate in 2016..

Notes to the Consolidated Financial Statements

• *Goodwill / Badwill*

During the first consolidation of each unit and, if necessary, to the date where Afriland First Group SA has purchased additional shares, goodwill (goodwill or badwill), is calculated by taking the difference between the purchase price of participation and its fair value. Any positive difference, called 'goodwill', is accounted in the category of «intangible assets» and amortized over a period of 20 years for all the goodwill recorded prior to January 1, 2015, and over a period of 10 years for all new goodwill accounted after January 1, 2015. The negative goodwill, also known as "badwill" is accounted as a liability and depreciated over a period of 5 years

4. Cash and cash equivalent

	2016	2015
Current account at the central banks	67'956'484	109'171'238
Cash	67'143'313	63'945'692
Total cash and cash equivalents	***135'099'798***	***173'116'930***

5. Amount due from customers

	2016	2015
Créances brutes sur la clientèle	1'950'131'130	1'835'786'280
Créances impayées et douteuses	288'512'122	235'029'420
Provisions	-232'611'248	-190'258'056
Créances sur la clientèle	***2'006'032'005***	***1'880'557'644***

6. Securities and precious metals held for trading and short-term investment

	2016	2015
Treasury bonds	1'249'710	1'284'132
Equity investments	-	946'358
Money market papers	27'249'238	26'234'370
Securities and precious metals	***28'498'948***	***28'464'860***

7. Financial investments

	2016	2015
Public investment securities	215'014'773	73'941'140
Others investment securities	21'776'670	11'777'035
- Provisions	-	-3'907'630
Net financial investments	***236'791'443***	***81'810'545***

8. Amounts due to customers

	2016	2015
Term deposit	243'856'088	233'497'827
Demand deposit	844'962'736	993'815'376
Amounts due to customers	**1'088'818'824**	**1'227'313'203**

9. Shareholders' loans

	2016	2015
1 - 5 years	-	-
> 5 years	4'945'777	1'950'462
Shareholders' loans	**4'945'777**	**1'950'462**

10. Personnel expenses

This item corresponds to expenses of salaries and social insurances of the Group's employees. In 2016, the annual average number of staff is 1'477 (2015 : 1'322).

11. Comments on extraordinary items

Extraordinary income mainly comprises reversals of provisions no longer economically necessary

At the consolidated level, an amount of EUR 25'000'000 from the reserve for general banking risks was dissolved, without being assigned to a specific risk.

12. Fees for audit services and other services

	2016	2015
Audit fees	648'697	589'171
Other services	-	-
Auditors' fees	**648'697**	**589'171**

13. Amounts due to pension funds

The subsidiary AFGM owes a debt to the institution LPP in an amount of EUR 26'000 to 31 December 2016 (2015 : EUR 4'020).

14. Other legal information (Swiss Code of Obligations)

Due to the fact that the Group's foreign companies are subject to the laws and regulations of the countries in which they are incorporated, Afriland First Group SA is not able to present the information on pension funds and information related to leasing.

15. Subsequent events to the closing date

No significant events occurred after the balance sheet date.

Auditor's Report

Deloitte.

Deloitte SA
Rue du Pré-de-la-Bichette 1
1202 Geneva
Switzerland

Phone: +41 (0)58 279 8000
Fax: +41 (0)58 279 8800
www.deloitte.ch

Report of the Statutory Auditor

To the General Meeting of
Afriland First Group SA, Neuchâtel

Report of the Statutory Auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the accompanying consolidated financial statements of Afriland First Group SA, which comprise the consolidated balance sheet as at December 31, 2016, and the consolidated income statement, cash flow statement and notes to the consolidated financial statements for the year then ended.

Board of Directors' Responsibility
The Board of Directors is responsible for the preparation of these consolidated financial statements in accordance with the requirements of Swiss law and the consolidation and valuation principles as set out in the notes. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte.

Afriland First Group SA
Report of the statutory auditor
for the year ended
December 31, 2016

Opinion
In our opinion, the consolidated financial statements for the year ended December 31, 2016 comply with Swiss law and the consolidation and valuation principles as set out in the notes.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 Code of Obligations (CO)) and that there are no circumstances incompatible with our independence.

In our opinion, an internal control system for the preparation of financial statements exists in accordance with the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

We draw attention to the fact that the annual General Meeting for the year ended December 31, 2015 was not held within six months following the balance sheet date, which is in breach of article 699 paragraph 2 CO.

Deloitte SA

Thierry Aubertin Licensed Audit Expert Auditor in Charge	Marie-Sophie Morin Licensed Audit Expert

Geneva, June 22, 2017
THA/SMO/nvi

Enclosures : Consolidated financial statements (balance sheet, income statement, cash flow statement and notes)

Ce rapport est publié par Afriland First Group SA.

Afriland First Group SA,

Route des Falaises 7

2000 Neuchâtel- Switzerland.

Pour plus d'informations, veuillez nous contacter au :

Telephone : +41 32 710 18 18

Fax : +41 32 710 18 17

Email : secretariat@afrilandfirstgroup.com

www.afrilandfirstgroup.com