

# ACTIVITIES REPORT 2018

59th Financial Year



*Take advantage of  
our range of products*

# **ACTIVITY REPORT AND FINANCIAL STATEMENTS**

## **December 31, 2018**

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Presented to the Shareholders  
Ordinary General  
Assembly of March 22, 2019

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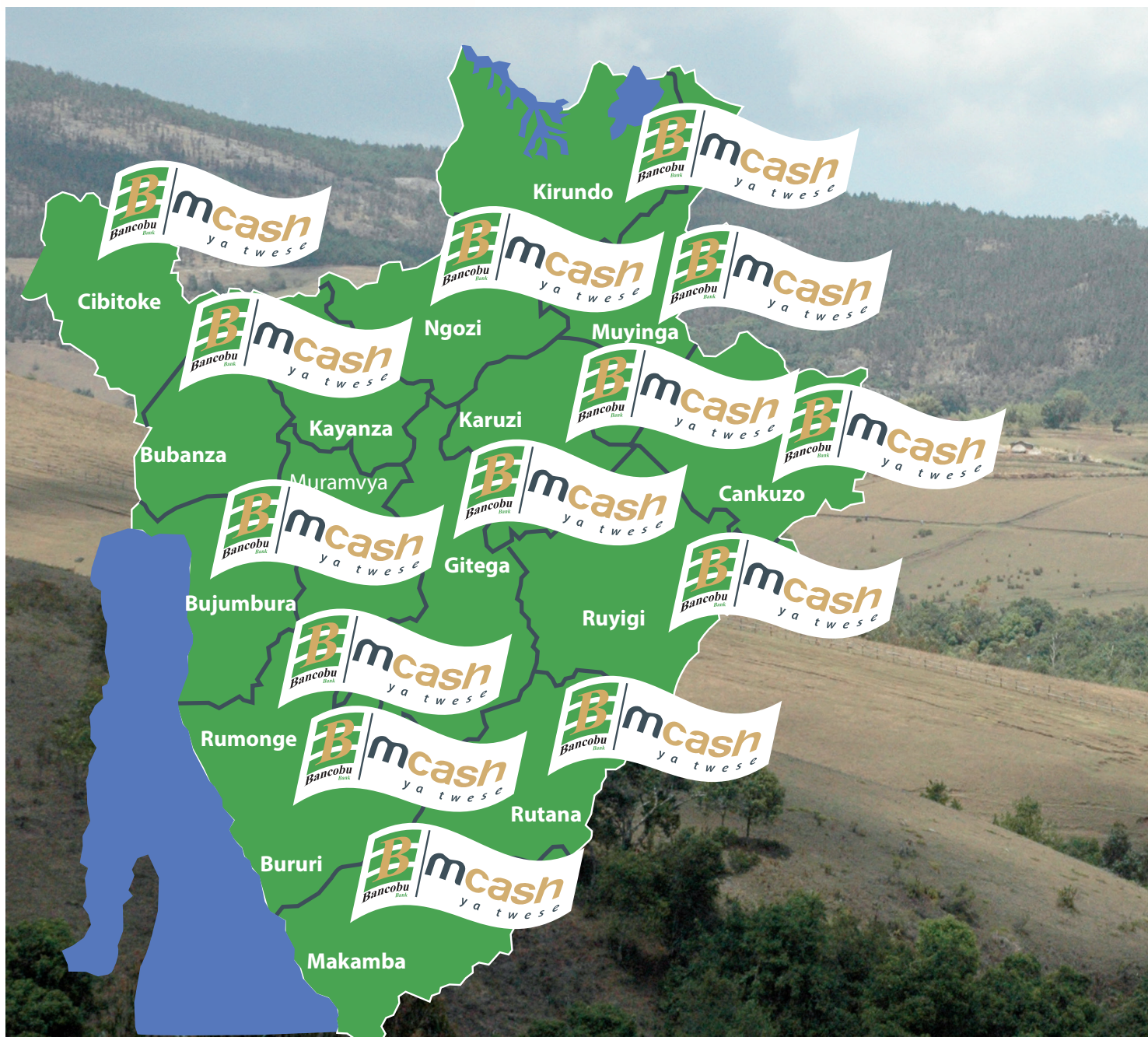
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# BANCOBU MCASH NETWORK



**mcash**  
ya twese



# SUMMARY



<b>BANCOBU PRODUCTS AND SERVICES .....</b>	<b>4</b>
<b>KEY INDICATORS 2009 - 2018 .....</b>	<b>6</b>
<b>SPEECH OF THE PRESIDENT OF THE BOARD OF DIRECTORS .....</b>	<b>10</b>
<b>ACTIVITY REPORT OF THE BOARD OF DIRECTORS .....</b>	<b>14</b>
<b>REPORT OF THE AUDITOR .....</b>	<b>24</b>
<b>RESOLUTIONS OF THE ORDINARY GENERAL ASSEMBLY OF SHAREHOLDERS .....</b>	<b>26</b>
<b>FINANCIAL STATEMENT (BALANCE SHEET) .....</b>	<b>28</b>
<b>STATEMENT OF THE TOTAL NET INCOME .....</b>	<b>29</b>
<b>STATEMENT OF CHANGE IN CAPITAL FINANCIAL .....</b>	<b>30</b>
<b>STATEMENT OF CASH FLOW .....</b>	<b>31</b>

# OUR PRODUCTS



## e-banking

### Retail & Corporate

#### Visa Cards / ATM / POS

- Discover the security, convenience and flexibility of BANCOBU Visa ATM Cards
- Withdraw money from BANCOBU ATMs 24/ 7
- Check your account balance and history Pay for goods and services at any point of sale (POS) worldwide- restaurants, supermarkets, hotels, shopping online etc
- Make internal transfers between your various BANCOBU accounts

#### Visa prepaid

- Travel the world with a peace of mind with your Visa Prepaid Card
- Access your money 24/7
- Withdraw money in the most secure, convenient and flexible manner with more than 1 million ATMs worldwide
- Pay for goods and services at any point of sale (POS) in more than 185 countries
- Enjoy easy and secure shopping on the inter-net
- No obligation to possess a bank account

#### Visa Cash Advance

- Withdraw Cash in BIF, EUR or USD from our vast network of branches
- Available during normal banking hours

#### Bancobu-Mcash

- Use your finger or your mobile phone for :
  - Withdrawing and depositing money through our agents network all over the country
  - Transferring your funds instantly to your family, friends and business partners everywhere in Burundi
- Bancobu-Mcash is available on all kinds of mobile phones through all networks in Burundi

#### Web

- Access your account online- banking 24/7, anywhere and anytime
- Online account statement
- Online exchange rate inquiry

#### Western Union

- Instant money transfer within Burundi and around the world
- More than 235,000 agents worldwide
- World number's 1 rapid transfer



## Corporate

### Fixed Deposit Account

- Minimum balance of BIF 5,000,000
- Term (Investment period) agreement
- Negotiable interest rates
- Fixed Capital during the period
- Interest is paid at maturity

### Flexi-savings Account

- Minimum balance of BIF 5,000,000
- Duration 12 months and above
- Negotiable interest rates
- Reviewable capital during the period
- Interests available at any time

### Business Credit

- Vehicle and Asset Financing
- Investment Financing
- Line of Credit
- Letter of Credit
- Invoice discounting
- Bank guarantee



## Retail

### Terimbere Credit

- Available to young entrepreneurs with no real security
- Amount up to BIF 5 million
- Duration of repayment : 1 year

### Current Account

- Guaranteed availability of funds
- Access our vast network of branches open 7 days a week
- Manage your account remotely via free internet banking
- Minimum opening balance of BIF 50,000
- Access to Savings and Credit facilities
- Transfer of funds from account to account (Intra-bank or interbank)
- International transfer
- Foreign Exchange

### Foreign Currency account

- Minimum opening balance of USD 50 or EUR 50
- No account maintenance fees
- Manage your account remotely via free internet banking
- Access to Savings and Credit facilities
- Access our vast network of branches open 7 days a week
- International transfer
- Foreign Exchange

### Future Savings Account

- Minimum opening balance of BIF50,000
- No account maintenance fees
- An annual interest rate of 4.5%

### Group Credit

- Credit on group salary
- Attractive interest rates
- Duration of repayment : up to 5 years
- Guaranteed by employment and surety
- Monthly repayments retained by the employer and paid to the Bank

### Joint Account

- Guaranteed availability of funds
- Access our vast network of branches open 7 days a week
- Manage your account remotely via free internet banking
- Minimum opening balance of BIF 50,000
- Access to Savings and Credit facilities
- Transfer of funds from account to account (Intra-bank or interbank)
- Joint management of funds
- International transfer
- Foreign Exchange

### Express Credit

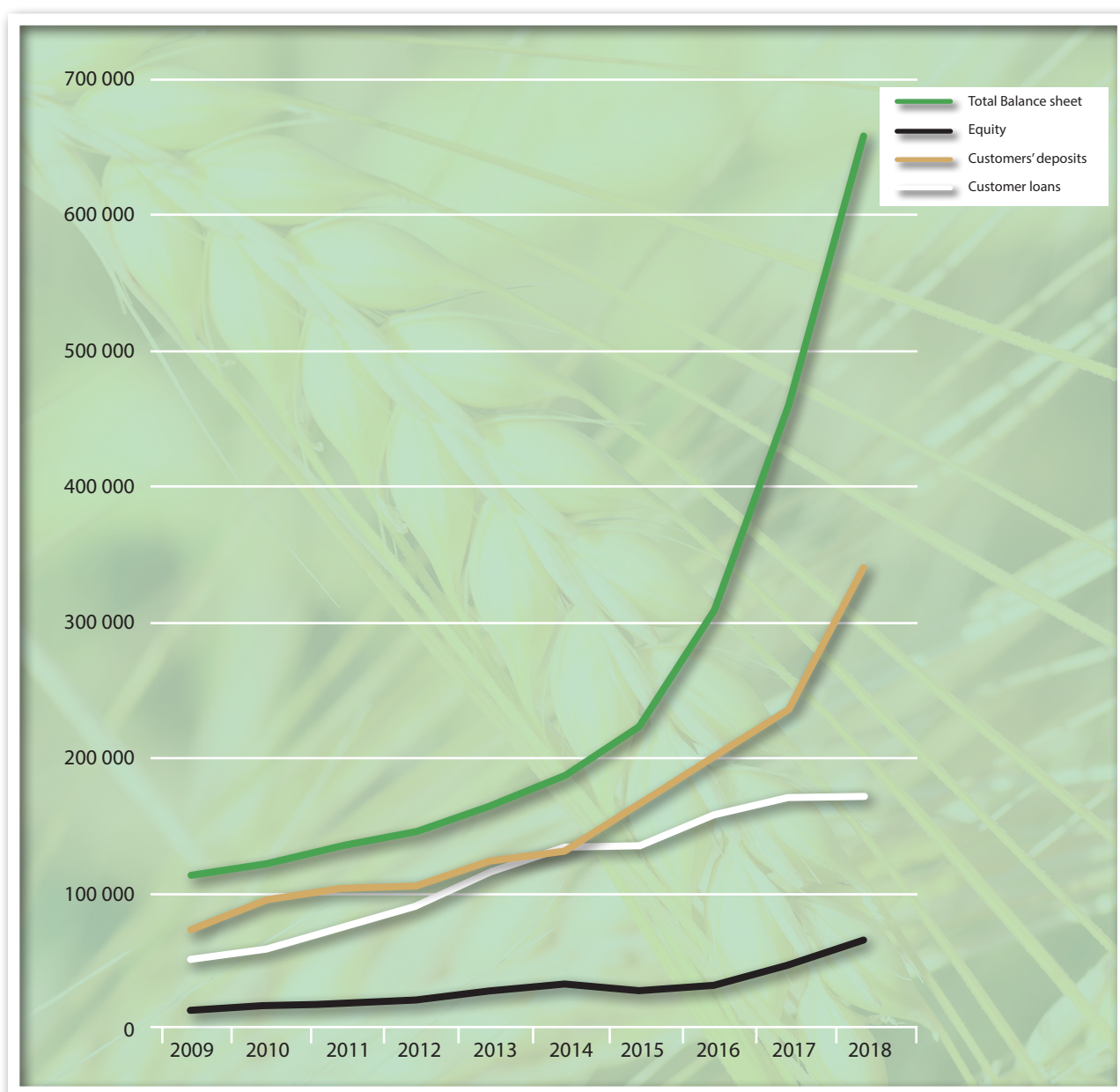
- Salary advance up to 80% of net salary
- Funds available within 12hrs
- Duration of up to six months
- Guaranteed by employment

# KEY INDICATORS 2009-2018

(In BIF millions)

## BALANCE SHEET AND INCOME STATEMENT

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total Balance sheet	113 660	122 267	135 228	146 184	164 629	186 944	223 205	308 524	459 562	657 075
Equity	13 885	17 671	19 009	21 543	28 484	33 812	28 936	32 962	47 641	65 542
Customers' deposits	74 144	96 108	104 220	105 607	124 260	131 330	165 641	201 219	235 637	339 778
Customer loans	51 904	59 360	74 593	91 031	116 455	134 297	138 544	158 323	171 179	171 878



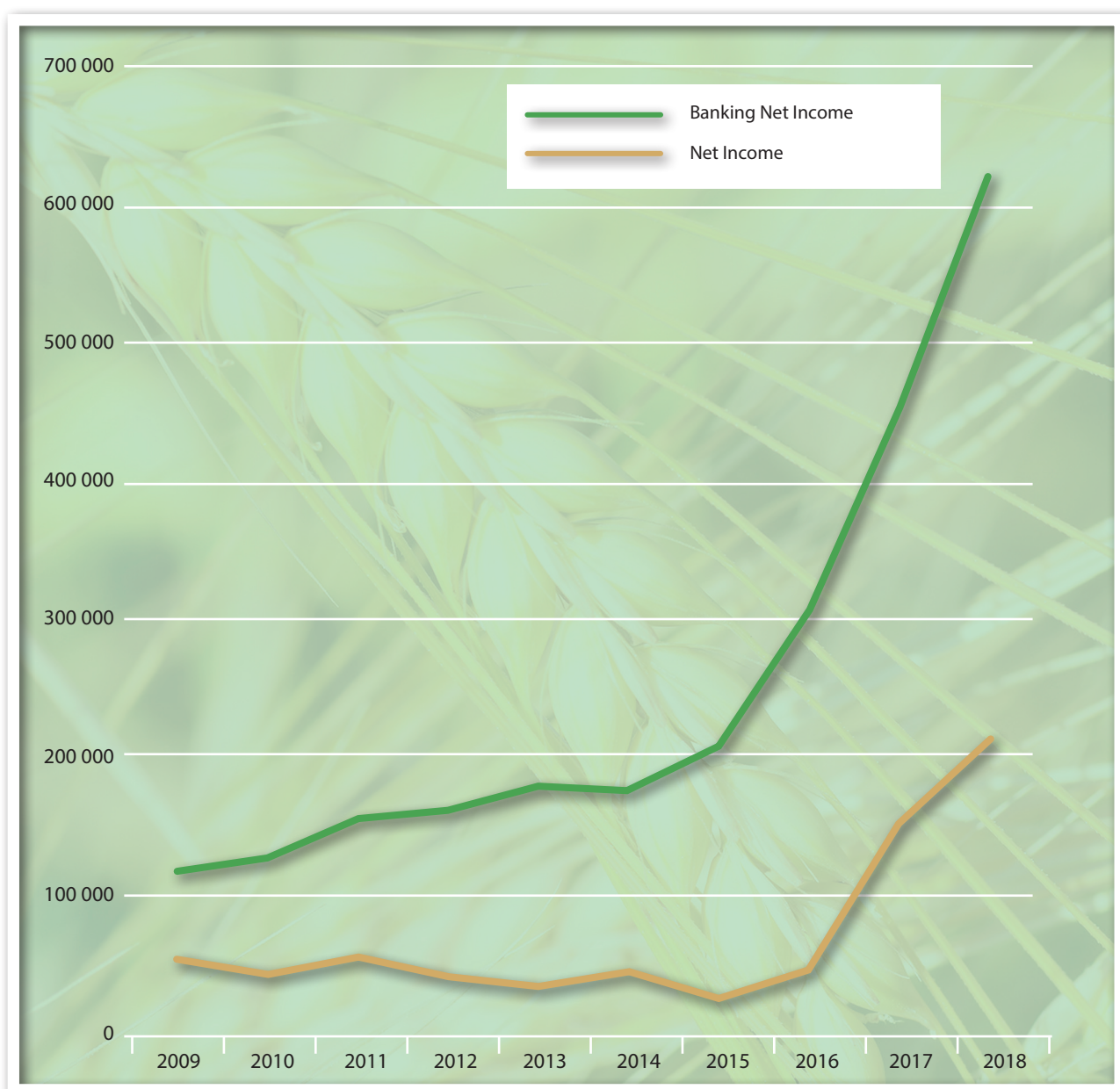


# KEY INDICATORS 2009-2018

(In BIF millions)

## INCOME STATEMENT

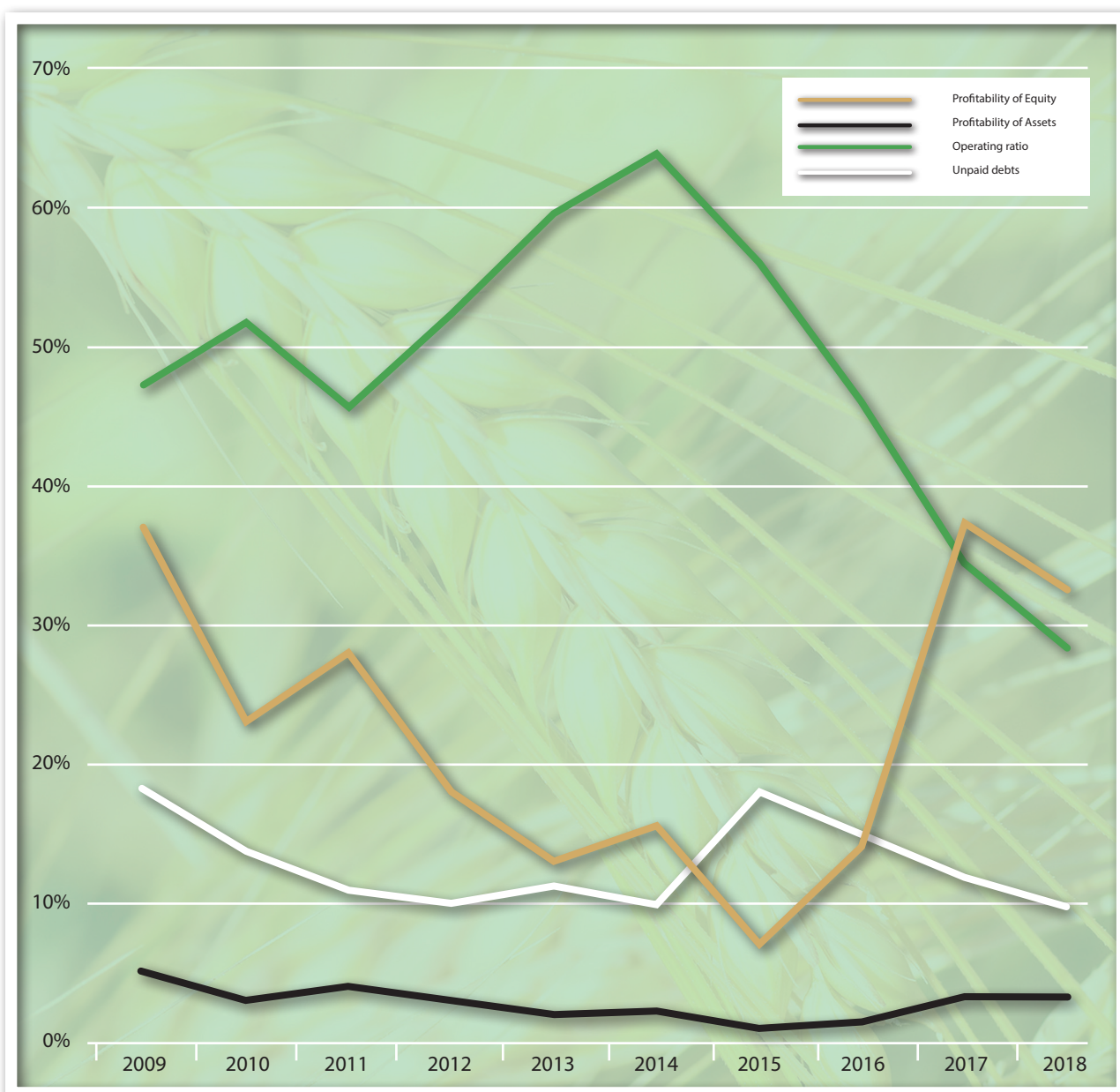
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Banking Net Income	11 639	12 632	15 399	16 062	17 780	17 510	20 661	30 605	45 302	62 244
Net Income	5 118	4 150	5 302	3 946	3 270	4 184	2 328	4 452	15 127	21 329



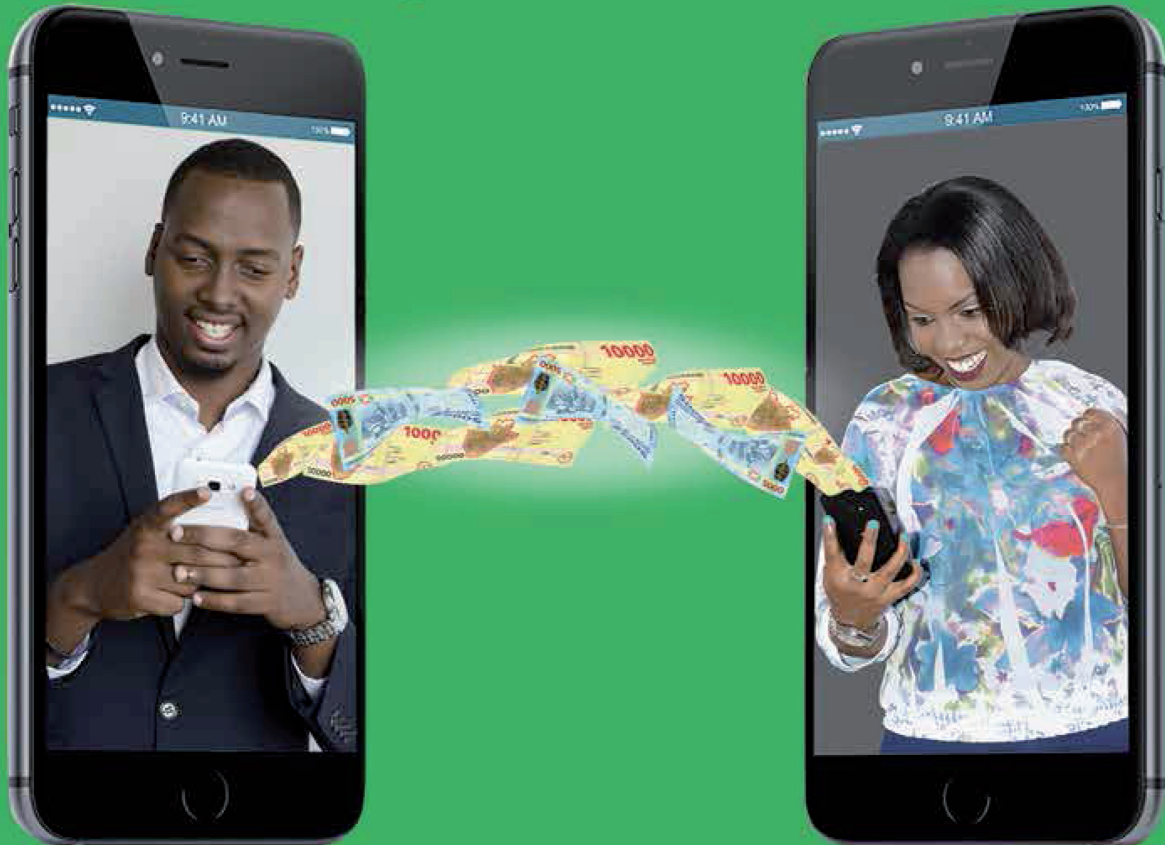
# KEY INDICATORS 2009-2018

## PROFITABILITY AND MANAGEMENT RISK

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Profitability of Equity	37%	23%	28%	18%	13,0%	15,6%	7,0%	14,0%	37,3%	32,5%
Profitability of Assets	5%	3%	4%	3%	2,0%	2,2%	1,0%	1,5%	3,2%	3,2%
Operating ratio	47,2%	51,7%	45,6%	52,3%	59,5%	63,9%	56,0%	46,0%	34,4%	28,3%
Unpaid debts	18,2%	13,7%	10,9%	10,0%	11,2%	9,9%	18,0%	14,7%	11,8%	9,7%



- ✓ *Deposit*
- ✓ *withdraw*
- ✓ *Transfert funds*
- ✓ *Pay Bills*



**\*161#**

# SPEECH OF THE PRESIDENT OF THE BOARD OF DIRECTORS DURING THE ORDINARY GENERAL ASSEMBLY OF SHAREHOLDERS FOR THE YEAR ENDED ON DECEMBER 31, 2018



**Léa Ngabire**

President of the Board of Directors

“

... the good performances achieved in 2017, initially perceived as being short-term, were consolidated in 2018 with results that are still growing.

”

Dear Shareholders,

On behalf of the Board of Directors of the Commercial Bank of Burundi and on my own behalf, we have pleasure to address you during the Ordinary General Assembly for the financial year ended on December 31st, 2018 and which coincides with the 59th financial year.

**The financial year 2018 matches, for our Bank, with the first year of the 2018-2022 Transformation Plan.**

The Bank's Transformation Plan over the period 2018-2022 is supported by the trilogy : **Innovation-Productivity-Profitability**. For this purpose, the implementation of this transformation plan requires a deep review in the sectors of business back-office and risk as well as a review of the cross-functional sectors, supporting the three operational sectors.

The Bank is taking steps so as to operationalize this plan through the areas of focus that will be detailed in the activity report.

The year 2018 is also, for Bancobu, the second year of consolidation of its leadership in the market place.

With My Bank, I make progress; it is a slogan that was uttered ten years ago during the fiftieth anniversary and it is becoming more and more a reality. Indeed, the good performances achieved in 2017, initially perceived as being short -term, were consolidated in 2018 with results that are still growing. The activity indicators confirm this and they will be detailed in the activity report. We have already noted with satisfaction that the Bank is taking the lead in terms of the total balance sheet and net income, set at 657.1 billion BIF and 21.3 billion BIF respectively.

*With my Bank,*  
**I move forward**



**BANCOBU FOR ALL GENERATIONS**

Compared to the projections, the achievements are entirely in line with the program budget and they even go beyond our expectations compared to the 2018-2022 business plan.

Faced with the difficulties of reimbursement of credits, especially in the hotel and tourism sector, the Bank has set up provisions so as to hedge against this risk of unpaid debts ; the provision coverage rate was 91.4% compared to 81.6% in the previous year.

Adaptation efforts are continuing by taking the opportunities provided by the macroeconomic context with the objective of bringing more and more value to Shareholders without forgetting other stakeholders. Indeed, the Bank wants to be a leading economic and societal actor.

In compliance with the Orientations of Burundi's National Development Plan 2018-2027, the Bank contributes through funding actions for the industry and essential products as well as the financial inclusion. In terms of financial inclusion, the Bank is continuing to expand its operating network and has got 45 operating sites with two new site of BUHIGA and MUHANGA. The Bank has got 85,040 clients and 503,508 clients of Mcash mobile payment solution.

In terms of social responsibility, the Bank supports stakeholders in the humanitarian, sports and cultural areas and has allocated to them a budget of 163.8 million BIF in 2018 versus 53.2 million in 2017 BIF. Through its Temporary Staff Program, the Bank also provides young people with job opportunities and has got 66 members in place by the end of 2018.

Dear Shareholders,

The implementation of the trilogy "Innovation-Productivity-Profitability" augurs even better performances in 2019. The operationalization of this trilogy at the level of all professions is the challenge of the financial year 2019 so as to reach the results expected in the Business plan 2019-2022.

The year 2019 will also be marked by the implementation of major innovative projects. As such, the Bank intends to acquire its own mobile platform in order to enhance the financial inclusion program by extending its mobile banking network to the level of the districts of the country.

In order to contribute to the improvement of the high class real estate, the Bank is pursuing studies for the layout of a building complex «Bancobu Business Center" in the city center of our Economic Capital, Bujumbura. This building complex will be erected on a land area of 20,000 square meters, and it will include several activities: trade, offices, conference rooms, recreation ... and it will be financed mainly by the equity of the Bank.

We wish to support together the Management of the Bank and all its staff in this good adventure. We congratulate them again for the results achieved in 2018 and we invite them to stay focused in 2019.

# THE MANAGEMENT OF THE BANK



**Gaspard Sindayigaya**  
Managing Director

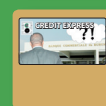
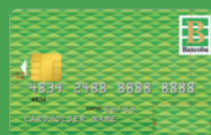


**Sylvère Bankimbaga**  
Deputy Managing Director

## THE BANCObU AT THE ERA OF DIGITIZATION AND MULTICHANNEL

*We optimize the customer experience on every aspect of contact*

The Bank is implementing its multi-channel strategy by deploying new distribution ways made possible by the beginning of the digitalization of banking services.



# ACTIVITY REPORT OF THE BOARD OF DIRECTORS, FINANCIAL YEAR 2018

The financial year 2018 was characterized by the implementation of the Bank's transformation plan for the period: 2018-2022. It is within this context that the Board of Directors adopted the budget of the financial year 2018 in line with the 2018-2022 Business Plan. Throughout the year, the Bank assessed the implementation of this budget and the bank's credit portfolio and analyzed the financial situation of the Bank on a quarterly basis.

This report informs the General Assembly of Shareholders about the main activities carried out in the implementation of this transformation plan of the Bank and showcases the financial statements for the financial year 2018. It also gives an overview of the prospects for the financial year 2019.

## I. MAIN ACTIVITIES CARRIED OUT DURING THE FINANCIAL

The environment of the Burundian economy describes beforehand the context in which the Bank has carried out its business activities.

### I.1.1. ENVIRONMENT OF THE BURUNDIAN ECONOMY

In its report on business conditions indicators (December 2018), the Bank of the Republic of Burundi (BRB) has highlighted that the inputs of parchment coffee have increased year-over-year by 42.2% and reached 30,633 versus 21,535 tones.

The overall deficit of public finances has decreased to 45.6 billion BIF versus 61.8 billion BIF. The domestic debt rose from 1,647.8 billion BIF to 1,911.4 billion BIF, an increase of 263.6 billion. The share of Treasury securities in the banking sector's total assets has increased year-over-year from 32.0 to 38.5, while the share of loans to the private sector has stabilized at 36.7 %.

The Central Bank, BRB, also emphasizes that the banking sector is, in general, sufficiently capitalized, solvent and profitable and meet all the prudential standards. The return rate of assets and the return rate of equity have increased from 2.1% to 2.8% and from 16.6% to 22.9% respectively. The quality of the loan portfolio has slightly improved; the rate of unpaid debts was 9.2% versus 14.6% in the previous year. This rate is set at 40.9% in the «hotel and tourism» sector, 11.4% in the «industry» sector and 8.6% in the «trade» sector.

Faced with this deterioration, the banking sector has established provisions so as to hedge against this risk of default; the provision coverage rate was 86.8% compared to 80.0% in the previous year.

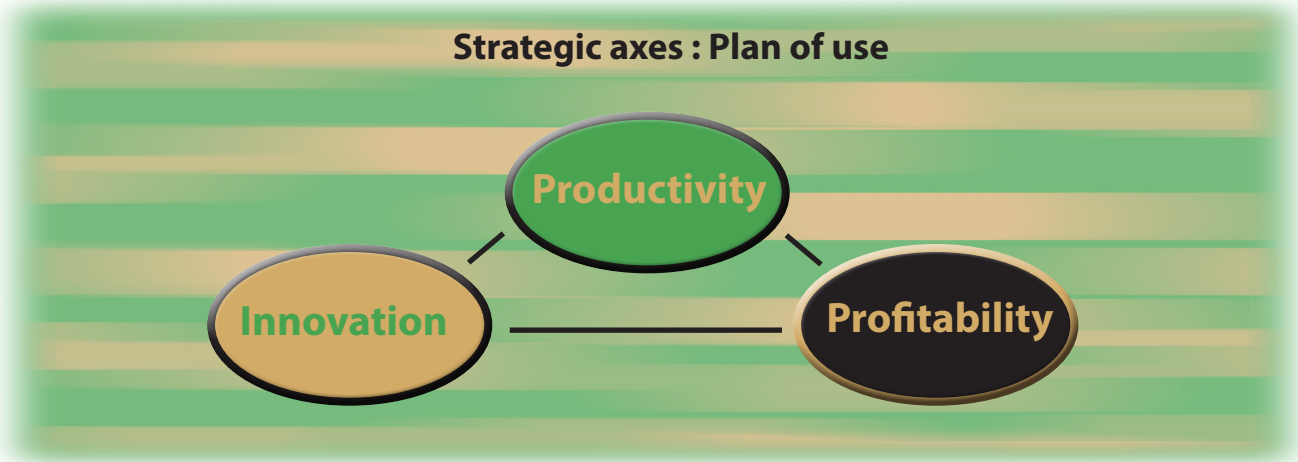


Concerning the regulatory perspective, the reforms in the banking sector continue, with the enforcement of the law governing banking activities. The aim is to bring the governance of banks in line with the innovations introduced by this law such as the appointment of independent directors, the designation of the reference shareholder and the enhancement of the bank risk management. It is within this framework that the Bank is updating its organization chart and the internal Regulations of the Board of Directors in order to comply with the new circulars of BRB.

## I. 2. 2. IMPLEMENTATION OF THE TRANSFORMATION PLAN 2018-2022

### I. 2.1. STRATEGIC ELEMENTS

The Bank's Transformation Plan for the period 2018-2022 consolidates the achievements of the strategic plan 2013-2017 in terms, mostly, of market expansion. Three major pillars bear this transformation plan, namely the trilogy : Innovation-Productivity-Profitability



The implementation of this transformation plan involves a deep review in the sectors of trade, back-offices and risks, as well as a review of the cross-functional sectors which support the three operational sectors. For this purpose, the Action Plan 2018-2022 is based on the following focuses :

- Information System and Performance Management ;
- Risk Management ;
- Improvement of the compliance function and the fight against money laundering ;
- Trade Development ;
- Optimization of back offices ;
- Budget System and Management Control ;
- Improvement of cross-functional functions: HR, Organization, communication, innovation and quality of service.

## I. 2. 2. INNOVATION MANAGEMENT PLAN

During the financial year 2018, the first year of the transformation plan, all business entities were invited to integrate the trilogy : Innovation-Productivity-Profitability.

For this purpose :

- An Innovation Master Plan including a portfolio of innovative projects of products and services as well as working methods has been set up ;
- An Innovation Committee has been created in order to implement this Plan ;
- Studies conducted on the information system, performance management and risk management have identified ways and means to initiate a series of innovations in terms of scoreboards and an overall management system of risks ;
- The knowledge of the new teleclearing system has significantly improved the quality and speed of customer service ;
- An IT security system including a back-up center has received 775 million BIF so as to ensure the pursuit of activities in the event of a cyber-attack or other accidents.
- The Bank has signed an agreement with the BDEGL (Development Bank of the Great Lakes States, Regional Financial Institution), the agreement is related to a financial investment of 10 million USD, which will be used to finance the priority sectors of the country's economy especially projects in the areas of agriculture, energy and infrastructure.

## 2. 3. EXTENSION OF THE NETWORK AND THE MULTI-CHANNEL STRATEGY

The network of branches and counters has just expanded with two new operating sites (Muhanga and Buhiga) to reach up 45 operating sites located in the whole country.



In addition to this former network, the Bank is implementing its multi-channel strategy by deploying new distribution ways made possible by the beginning of the digitalization of banking services. These include the extension of the ATM network, the extension of sms banking and webbanking services as well as a wide dissemination of the use of mobile money.

Among 85,040 customers that the Bank has as of December 31, 2018, 2,870 customers hold private cards that can be used on ATMs, 2,692 and 9,073 customers are subscribers to the webbank and sms respectively.

The Bancobu-Mcash mobile network is also continuing its expansion and had 503,508 customers at the end of the financial year 2018. The issuing activity of Visa cards records 2,395 cards in circulation, an increase of 19% compared to the previous year.

## **2.4. SOCIAL REPORT AND CAPACITY BUILDING**

The Bank is continuing its program of improving the socio-professional conditions of its staff. This includes the capacity building, the increase in the contribution to the supplementary pension fund, the overall costs of health care and the granting of loans to staff at the social rate of 4% per year.

The capacity building of the Bank's human resources skills is conducted through on-site and off-site training with funds amounting to 102.8 million BIF allocated during the financial year 2018. This has enabled the Bank to have, for the financial year, a laureate of the Institute of Banking Techniques (ITB) and the Bank accounts for 11 staff members who have graduated from the professional banking institution.

The year 2018 was also characterized by a revision of the salary scale with the aim of attracting the best skills, further motivating the staff in place while controlling the wage costs.

The Bank also supports the sports and humanitarian initiatives of the staff through the BOS Club (Bancobu Omnisport) and initiatives taken by the female staff especially on International Women's Day. In 421 staff members on December 31, 2017, the total number of staff has decreased by 13 and they were 408 members on December 31, 2018, including 177 women and 231 men.

To meet the specific needs, the Bank has set up a system of temporary staff whose deployment is conducted depending on the needs of the various services. It is also another approach for the Bank to contribute to the reduction of unemployment of young graduates and to give them the opportunity to gain experience in banking. The temporary staff in the Bank amounted to 66 people at the end of the financial year 2018.

## **2.5. THE BANK IN FAVOUR OF COMMUNITIES : SOCIAL RESPONSIBILITY**

The Bank supports the initiatives of the surrounding communities as part of its policy on social responsibility. It intervenes according to the following major priorities : social, humanitarian, charitable actions and sponsorship of cultural and sports events.

Concerning social and humanitarian actions, the Bank has continued to support various humanitarian organizations in their program of assisting the most deprived people. The funds allocated to these initiatives have tripled and reached 163.8 million BIF versus 53.2 million BIF in the previous year.

As for the sponsoring of cultural and sports events, the Bank mainly supports the promotion of Burundian athletes through the Athletics Federation of Burundi whose allocated budget is 15 million BIF. It is also involved in promoting the entrepreneurship of young operators through Burundi Business Incubator, up to 10 million BIF. The Bank has also launched a building site to develop a flyover at the intersection of Roads called Rue de la Mission and Boulevard de l'Uprona with the aim of reducing road accidents in the Municipality of Bujumbura whose estimate is at 500 million BIF.

## II. PRESENTATION OF FINANCIAL STATEMENTS AS OF DECEMBER 31, 2018

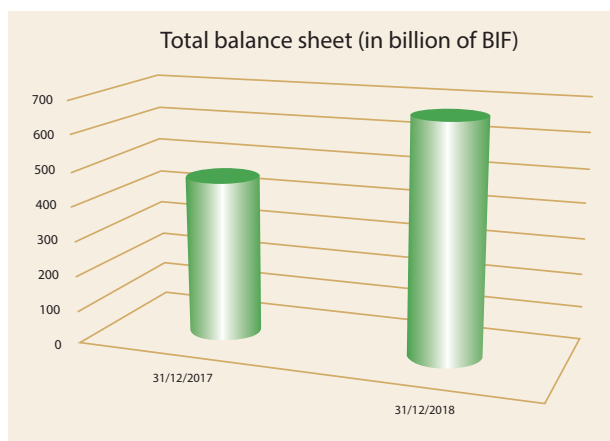
The presentation of financial statements for the financial year 2018 is conducted in comparing them with the ones of the previous year in order to highlight the annual trends of financial indicators of Bank.

### II. 1. EVOLUTION OF THE GREAT AGGREGATES OF THE BALANCE SHEET

Following the growth of the Bank's operations recorded in the financial year 2018, the total balance sheet, the outstanding customer loans, the financial investments, the customer deposits and the equity have all experienced a great positive evolution.

**CHART 1**

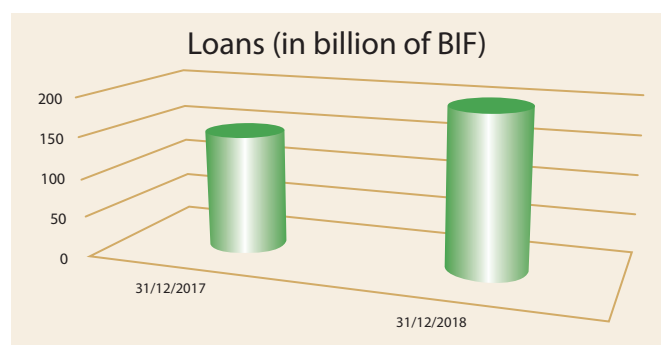
Total balance sheet (in billion of BIF)



The total balance sheet amounts to 657.0 billion BIF as of December 31, 2018 versus 459.5 billion BIF as of December 31, 2017, representing an annual growth of 43% (+197.5 billion).

**CHART 2**

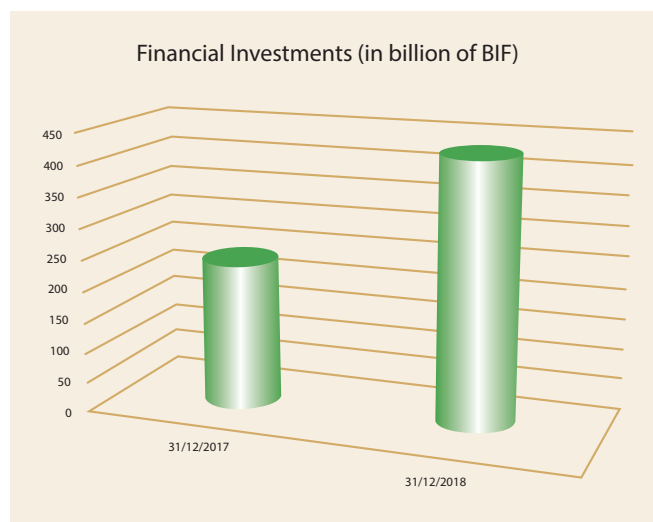
Outstanding customer loans (in billion of BIF)



The net outstanding amount of (of provisions) loans increased from 154.6 billion BIF to 171.8 billion BIF, representing an increase of 11% or 17.2 billion BIF. Revenues on loans rose by 9.3% and were 29.5 billion BIF and accounted for 37% of incomes achieved in 2018.

### CHART 3

#### Financial Investments (in billion of BIF)



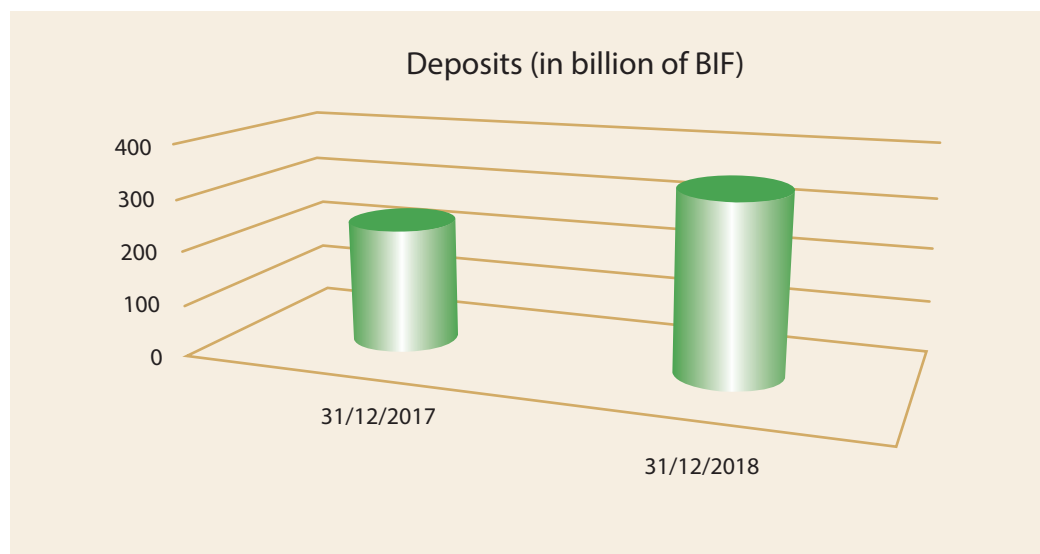
Investments in held-to-maturity financial assets (treasury securities) increased by 93% or + 194.6 billion BIF and reached 404.5 billion BIF as of December 31, 2018 versus 209.9 billion as of December 31, 2017.

These financial assets generated revenues amounting to 34.2 billion BIF and accounted for 43% of incomes recorded in 2018 compared to 26% in 2017.

This rather exceptional growth of investments in treasury securities is due to a strategy of reallocating more resources to more liquid activities.

### CHART 4

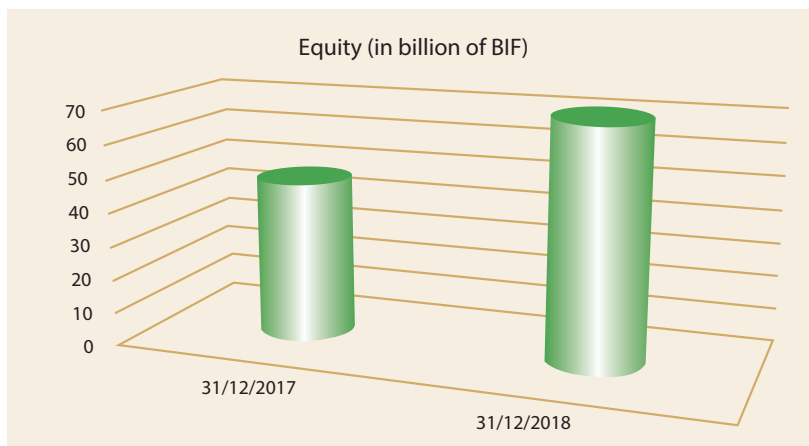
#### Outstanding customer deposits (in billion of BIF)



Customer debts (customer deposits) grew by 44% or + 104.1 billion BIF and reached 339.7 billion BIF as of December 31, 2018 versus 235.6 billion BIF as of December 31, 2017. Overnight deposits (228.5 billion BIF) remain preponderant compared to other kinds of deposits and represent a share of 67% of all customer deposits.

### CHART 5

#### Equity (in billion of BIF)



Year-over-year, the equity increased by 38% or + 17.9 billion BIF and reached 65.5 billion BIF as of December 31, 2018 versus 47.6 billion BIF as of December 31, 2017.

This growth is mainly due to the very good performances recorded during the financial year 2018 and to the allocation of the income of 2017.

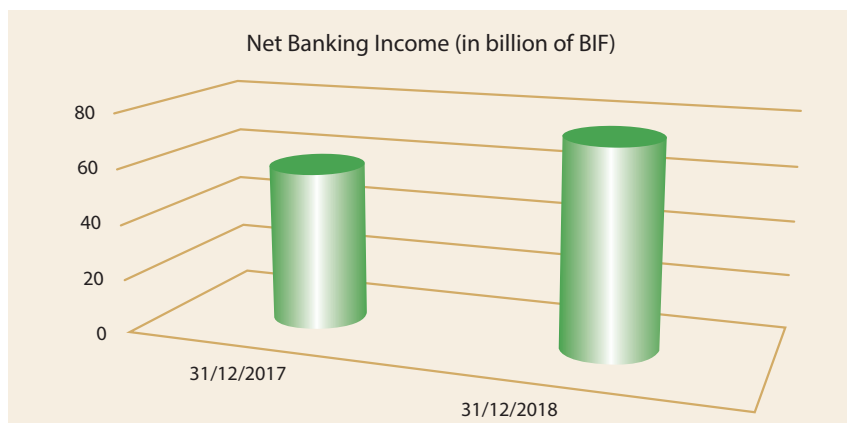
## II. 2. EVOLUTION OF THE INCOME STATEMENT

The results achieved are relatively in line with the budget forecasts of revenues and expenses. By way of illustration, the net projected income was achieved at 98% when it was set at 21, 3 billion BIF against the expected 21.8 billion BIF.

To account for the evolution of the Bank's profitability, the most significant intermediate management balances are analyzed compared to the ones for the 2017 financial year. These are the Net Banking Income and Overheads Costs, the Gross Operating Income and the Net Income.

### CHART 6

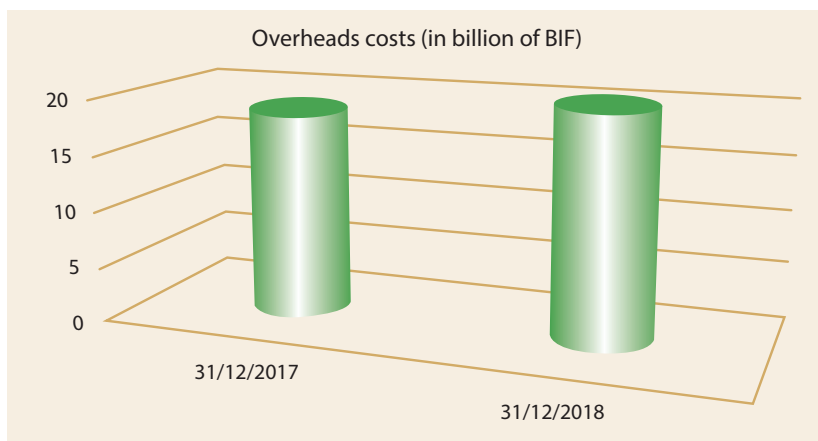
#### Net Banking Income (in billion of BIF)



The Net Banking Income recorded an annual growth of 37% (+16.9 billion BIF) and reached 62.2 billion BIF as of December 31, 2018 versus 45.3 billion BIF of December 31, 2017.

### CHART 7

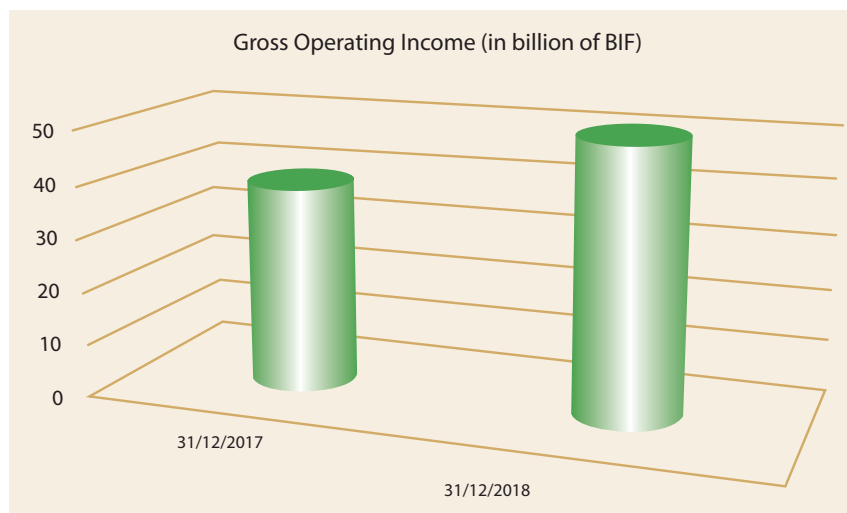
#### Overheads costs (in billion of BIF)



The overheads costs (staff costs, operating expenses, depreciation and amortization) increased from 15.1 billion BIF as of December 31, 2017 and reached 17.6 billion BIF as of December 31, 2018, an increase of 16.7% or +2.5 billion BIF.

### CHART 8

#### Gross Operating Income (in billion of BIF)

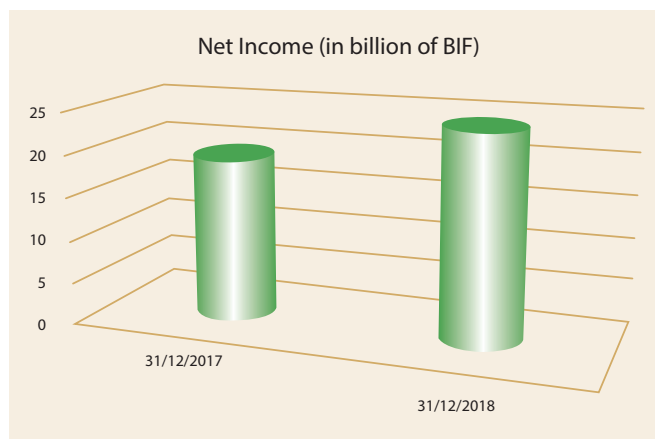


From 30.2 billion BIF in 2017 to 44.6 billion BIF in 2018, the gross operating income recorded an annual increase of 48% or +14.4 billion BIF.



## CHART 9

Net Income (in billion of BIF)



The Net Income for the financial year 2018 was set at 21.3 billion BIF against 15.1 billion in 2017, an annual growth of 41% or +6.2 billion BIF ; and this happened despite an increase in the net loans risk cost of 8.2 billion BIF.

The return rate on equity and the one on total assets have stabilized at 32.5% and 3.2% respectively, but are well above the sector average (22.9% and 2.8%).

### III. PROSPECTS

Considering the performances achieved in 2018, an update of the 2018-2022 business plan has been made during the adoption of e 2019. . The pursuit of the implementation of the Bank Transformation Plan is therefore the key point of the Bank's prospects for the year 2019.

This implementation will be carried out through major innovative projects namely the acquisition of a mobile platform so as to enhance the Bank's digitalization program and the pursuit of studies for the layout of a building complex in the City Center.

The Bank is also planning to revise its organization so as to comply with the new circulars of the central Bank BRB especially in terms of governance, risk management and internal control.

As the Bank has been authorized by BRB as a Treasury Value Specialist to intervene in the new secondary market for treasury securities.

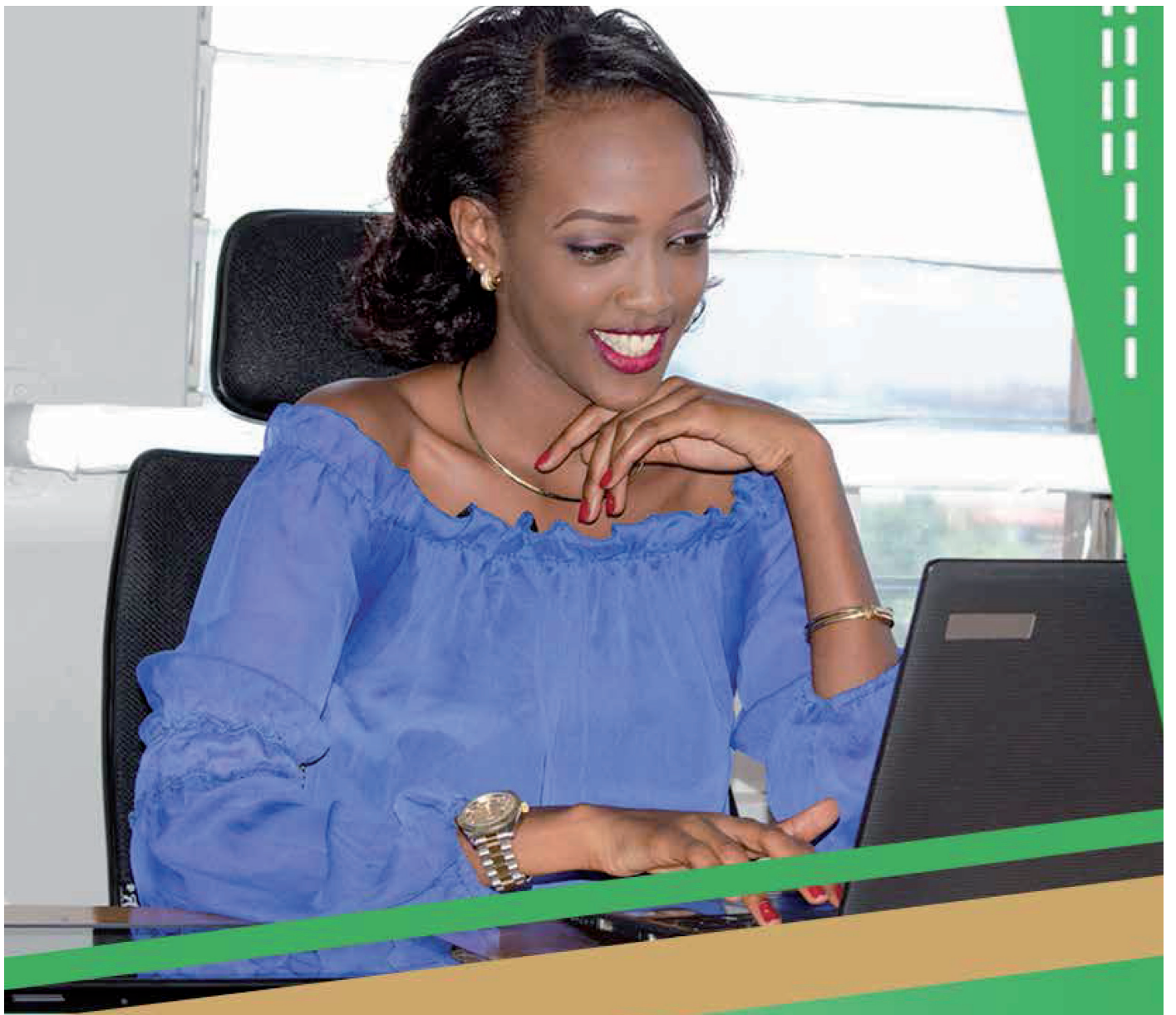
As such the Bank is committed to becoming a major player in the primary and secondary markets of Treasury securities markets while strengthening the financing of key sectors of the economy.

The enhancement of IT security and the capacity building of the staff will be emphasized to better control the operations, innovation and productivity of the Bank.

Bujumbura on March, 2019

**The Board of Directors**





***ALL YOUR BANKING TRANSACTIONS  
WHEREVER YOU ARE, AT YOUR PACE***



# THE AUDITOR'REPORT ON THE FINANCIAL STATEMENTS

**To the Shareholders of the Commercial Bank of Burundi (BANCOBU) Mixed Co.**

## **Opinion**

We have audited the financial statements of the Commercial Bank of Burundi (BANCOBU) Mixed Co., which include the statement of the financial situation as of December 31, 2018, and the overall income statement, the statement of changes in equity and the statement of cash flows for the financial year ended on this date as well as the attached notes, including the summary of the main accounting procedures.

In our opinion, the annexed financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018, as well as the financial performance for the year ended on this date, in accordance with the accounting standards applicable to commercial banks in the Republic of Burundi.

The net income of the financial year ended on this date is Twenty-one billion three hundred and twenty-nine million sixty-seven thousand Burundian francs (**21,329,067 MBIF**) while the overall income is Twenty-one billion five hundred ninety and one million two hundred and twenty-seven thousand Burundian francs (**21,591,227 MBIF**). The total balance sheet is set at six hundred and fifty-seven billion seven hundred and eighty-six million francs (**657,074,669 MBIF**).

## **Foundation of the opinion**

We conducted our audit based on International Standards on Auditing. Our responsibilities within the framework of these standards are more fully described in the section of this report «Auditor's Responsibilities for Auditing Financial Statements». We are independent from the organization in accordance with the Code of Ethics of Professional Accountants of the Council for International Standards of Accounting Ethics (the IESBA Code) and the rules of professional conduct that apply to the audit of financial statements in Burundi and we fulfilled our other ethical responsibilities in accordance with these rules and the IESBA code. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a foundation for our audit opinion.

Bujumbura on February 19, 2019

**GPO PARTNERS BURUNDI S.P.R.L.**

*Secured freedom*



# RESOLUTIONS OF THE ORDINARY GENERAL ASSEMBLY OF SHAREHOLDERS HELD ON MARCH 22, 2019

## **First resolution :**

The Ordinary General Assembly of Shareholders of the COMMERCIAL BANK OF BURUNDI, deliberating in accordance with articles 37, 41 and 49 of the Bank's statutes, after examining the report of the Board of Directors for the financial year 2018, approves this report unanimously.

## **Second resolution :**

The Ordinary General Assembly of Shareholders of the COMMERCIAL BANK OF BURUNDI, deliberating in accordance with articles 37, 41 and 49 of the Bank's statutes, after examining the report of the Auditor on the financial statements for the financial year 2018, approves this report unanimously.

## **Third resolution :**

The Ordinary General Assembly of Shareholders of the COMMERCIAL BANK OF BURUNDI, deliberating in accordance with articles 37, 41 and 49 of the Bank's Statutes, after understanding the report of the Board of Directors and Auditor, approves unanimously the financial statements for the financial year 2018 including the balance sheet, the income statement, the statement of changes in equity and the cash flow statement as well as the net income set at 21, 329, 066, 516 BIF.

## **Fourth resolution:**

As the income to be allocated is set at 21,591,852,804 BIF, the Ordinary General Assembly of Shareholders of the COMMERCIAL BANK OF BURUNDI, deliberating in accordance with articles 37, 41 and 50 of the Bank's statutes, upon the proposal of the Board of Directors, approves unanimously the allocation of this income as follows :

Legal reserves	BIF	1.079.592.640
Reserves for investment	BIF	12.981.000.000
Dividends	BIF	5.838.092.400
Directors' fees	BIF	407.843.141
Performance bonus	BIF	1.284.870.582
Retained earnings	BIF	454.041

## **Fifth resolution :**

The Ordinary General Assembly of Shareholders of the COMMERCIAL BANK OF BURUNDI, deliberating in accordance with articles 37, 41 and 49 of the Bank' statutes, after having approved the accounts of the Bank, gives unanimously a discharge to the Directors for their management of the financial year 2018.

### **Sixth resolution :**

The Ordinary General Assembly of Shareholders of the COMMERCIAL BANK OF BURUNDI, deliberating in accordance with articles 37, 41 and 49 of the Bank's statutes, after having approved the accounts of the Bank, gives unanimously a discharge to the Auditor for the audit of the financial year 2018.

### **Seventh resolution :**

The Ordinary General Meeting of Shareholders of the COMMERCIAL BANK OF BURUNDI, deliberating in accordance with Articles 16, 37 and 41 of the Bank's statutes :

- Renews the term of Mrs. Léa NGABIRE, Director representing the State as a Shareholder, for a period of 4 years which will come to its end during the Assembly of Shareholders in 2023 deliberating on the financial statements for the financial year 2022.
- Endorses the appointment of Mrs. Emérenciène TOYI, Director representing SOCABU as a Shareholder, to complete the term of Mrs. Trinitas GIRUKWISHAKA, a term that will be ongoing until the General Assembly of Shareholders of 2021 deliberating on the financial statements for the financial year 2020.
- Appoints Mr. Léonidas NDAYIZEYE and Frédéric NTIMARUBUSA as Independent Directors whose two-year term will come to its end during the General Assembly of Shareholders of 2021 deliberating on the financial statements for the financial year 2020.

Done at Bujumbura on March 22, 2019.

### **The members of the Bureau of the Ordinary General Assembly of Shareholders :**

1. Mrs. Léa NGABIRE, Chairperson ;
2. Mrs. Emérenciène TOYI, Scrutineer ;
3. Mr. Anselme HABONIMANA, Scrutineer ;
4. Mr. Gaspard SINDAYIGAYA, Secretary ;
5. GPO Partners, Auditor.



# FINANCIAL STATEMENT (BALANCE SHEET)

(BIF thousands)

ASSETS	31/12/2018	31/12/2017	Annual Variation	
			Amount	%
Cash on hand and Central Bank (BRB)	23 395 121	39 259 721	-15 864 600	-40
Other financial assets	10 910 444	12 539 423	-1 628 979	-13
Hedging derivatives	0	0	0	0
Available financial assets for sale	267 915	0	267 915	0
Loans and receivables from banks and similar companies	15 179 719	11 547 598	3 632 121	31
Loans and receivables from customers	171 877 525	154 643 852	17 233 673	11
Financial assets held up to maturity	404 590 458	209 953 583	194 636 875	93
Current and deferred tax assets	2 105 091	1 702 230	402 862	24
Other assets	2 640 233	4 307 378	-1 667 144	-39
Non current assets held for sale	0	0	0	0
Investments in affiliated companies	407 122	87 476	319 646	365
Investment real estate	4 410 342	4 574 931	-164 589	-4
Tangible fixed assets	18 554 409	18 205 001	349 407	2
Intangible fixed assets	2 736 290	2 741 642	-5 352	0
Goodwill	0	0	0	0
<b>TOTAL ASSETS</b>	<b>657 074 669</b>	<b>459 562 833</b>	<b>197 511 836</b>	<b>43</b>
<b>LIABILITIES</b>				
<b>DEBTS</b>				
Central Bank (BRB)	219 107 563	143 199 511	75 908 052	53
Financial liabilities at fair value through profit or loss.	0	0	0	0
Hedging derivatives	0	0	0	0
Debts towards banks and similar companies	21 293 023	17 739 953	3 553 070	20
Debts to customers	339 777 929	235 637 111	104 140 818	44
Debts evidenced by certificates	0	0	0	0
Current and deferred tax liabilities	2 218 613	2 117 356	101 257	5
Other liabilities	2 930 510	7 911 079	-4 980 569	-63
Debts related to non-current assets held for sale			0	
Technical provisions of insurance contracts			0	
Provisions for risks and expenses	4 853 547	4 374 577	478 970	11
Investment grants	1 350 584	941 901	408 683	43
<b>TOTAL DEBTS</b>	<b>591 531 769</b>	<b>411 921 488</b>	<b>179 610 281</b>	<b>44</b>
<b>EQUITY</b>				
Capital and related reserves	34 220 952	19 339 540	14 881 412	77
Consolidated reserves	4 889 380	8 569 921	-3 680 541	-43
Unrealized or deferred profits or losses	5 103 501	4 605 074	498 427	11
Income of the year	21 329 067	15 126 810	6 202 256	41
<b>TOTAL OF CAPITAL AND RESERVES</b>	<b>65 542 900</b>	<b>47 641 345</b>	<b>17 901 555</b>	<b>38</b>
Profit or loss in pending approval	0	0	0	0
Minority shareholdings	0	0	0	0
<b>TOTAL LIABILITIES</b>	<b>657 074 669</b>	<b>459 562 833</b>	<b>197 511 836</b>	<b>43</b>

# STATEMENT OF THE TOTAL NET INCOME

(BIF thousands)

ITEMS	31/12/2018	31/12/2017	Annual Variation	
			Amount	%
+ Interests and assimilated incomes	63 914 987	42 697 862	21 217 126	50
- Interests and assimilated costs	-15 938 491	-9 654 461	-6 284 030	65
Net Interests	47 976 496	33 043 400	14 933 096	45
+ Commissions (incomes)	7 705 671	6 911 419	794 252	11
- Commissions (expenses)	-466 889	-418 143	-48 745	12
+/- Net profits or losses on foreign currency	6 179 922	5 034 966	1 144 956	23
+/- Net profits or losses on financial investments	10 813	9 410	1 403	15
+ Incomes from other activities	1 227 441	801 312	426 129	53
- Expenses of other activities	-389 609	-80 421	-309 188	384
Banking Net Income	62 243 847	45 301 943	16 941 904	37
- Staff Cost	-8 822 056	-8 063 858	-758 199	9
- Net depreciation and amortization of tangible and intangible fixed assets	-1 805 590	-1 463 218	-342 371	23
- Other general operating expenses	-7 003 087	-5 581 744	-1 421 343	25
Gross operating income	44 613 114	30 193 123	14 419 991	48
- Net cost of risk	-22 818 132	-14 580 686	-8 237 446	56
Operating income	21 794 981	15 612 437	6 182 544	40
+/- Net profits or losses on other assets	10 678	-110 163	120 841	-110
Income prior to tax	21 805 659	15 502 274	6 303 385	41
- Taxes on profits	-476 592	-375 463	-101 129	27
Net income	21 329 067	15 126 810	6 202 256	41
Net income per share	19	13	5	41
Diluted net income per share	19	13	5	41
<b>NET INCOME</b>	<b>21 329 067</b>	<b>15 126 810</b>	6 202 256	41
<b>OTHER COMPONENTS OF THE GENERAL INCOME</b>				
Unrealized profits or losses of available assets during the sale (IAS 39)	0	0	0	0
Revaluation gaps of fixed assets (IAS 16 et 38)	0	0	0	0
Others	262 160	405 149	-142 989	0
<b>TOTAL GENERAL INCOME</b>	<b>21 591 227</b>	<b>15 531 959</b>	<b>6 059 267</b>	<b>39</b>
Profit or loss of the financial year	0	0	0	0
Total income per share	19	14	5	39

# STATEMENT OF CHANGE IN CAPITAL

ITEMS IN BIF THOUSANDS	Capital	Reserves related to the capital	Consolidated reserves	Unrealized profits	Income	Total of Equity
<b>Equity at the closing of 2016</b>	<b>18 315 584</b>	<b>1 023 956</b>	<b>3 816 843</b>	<b>5 157 522</b>	<b>4 255 849</b>	<b>32 569 754</b>
<b>Change of procedures and corrections of errors</b>			936 658	-740 572	197 049	393 135
<b>Equity at the beginning of 2017</b>	<b>18 315 584</b>	<b>1 023 956</b>	<b>4 753 500</b>	<b>4 416 950</b>	<b>4 452 898</b>	<b>32 962 889</b>
<b>Allocation of the Income of 2016</b>						
Performance bonus, dividends, Directors'fees					-2 236 281	-2 236 281
Increase of Capital						
Incorporation of reserves			2 216 617		-2 216 617	0
Others (detail in the attached notes)			1 599 803		0	1 599 803
<b>Net income of the financial year</b>					<b>15 126 810</b>	<b>15 126 810</b>
<b>Sub-total : transactions among shareholders</b>	<b>18 315 584</b>	<b>1 023 956</b>	<b>8 569 921</b>	<b>4 416 950</b>	<b>15 126 810</b>	<b>47 453 222</b>
<b>Other components of the general income :</b>						
Unrealized profits or losses on available assets for sale						
Revaluation gaps of fixed assets				-217 025		-217 025
Others				405 149	0	405 149
<b>Equity at the closing of 2017</b>	<b>18 315 584</b>	<b>1 023 956</b>	<b>8 569 921</b>	<b>4 605 074</b>	<b>15 126 810</b>	<b>47 641 345</b>
<b>Change of procedures and corrections of errors</b>			0	0	0	0
<b>Equity at the beginning of 2018</b>	<b>18 315 584</b>	<b>1 023 956</b>	<b>8 569 921</b>	<b>4 605 074</b>	<b>15 126 810</b>	<b>47 641 345</b>
<b>Allocation of the income of 2017</b>						
Performance bonus, dividends, Directors'fees					-3 925 939	-3 925 939
Increase of Capital						
Incorporation of reserves			-3 680 541		-11 200 871	-14 881 412
Other variations (detail in the attached notes)			0		0	0
Net income of the year					21 329 067	21 329 067
<b>Sub-total : transactions among shareholders</b>	<b>33 196 996</b>	<b>1 023 956</b>	<b>4 889 380</b>	<b>4 605 074</b>	<b>21 329 067</b>	<b>65 044 473</b>
<b>Other components of the general income :</b>						
Unrealized profits or losses on available assets for sale				411 292		411 292
Revaluation gaps of fixed assets				-175 025		-175 025
Others				262 160		262 160
<b>Equity at the closing of 2018</b>	<b>33 196 996</b>	<b>1 023 956</b>	<b>4 889 380</b>	<b>5 103 501</b>	<b>21 329 067</b>	<b>65 542 900</b>



# TABLE OF CASH FLOW

(BIF thousands)

	31/12/2018	31/12/2017
<b>Income prior to taxes</b>	<b>21 805 659</b>	<b>15 502 274</b>
Net depreciation and amortization costs of tangible and intangible assets	1 805 590	1 463 218
Net depreciation, amortization to provisions	-1 013 425	-2 599 112
Share of profits of associates		
Net loss / profit of investment activities	-17 515	-43 487
(Incomes) / expenses of funding activities	0	0
Other changes (Fluctuation of the exchange rate, investment revaluation)	85 888	-757 660
<b>Non- monetary elements included in the net income prior to taxes and other adjustments</b>	<b>860 538</b>	<b>-1 937 041</b>
Cash flows related to transactions with banks and similar institutions	-79 052	7 834 904
Cash flows related to transactions with customers	88 189 567	9 733 559
Cash flows related to other transactions which impact the financial assets and liabilities	-194 636 875	-91 648 882
Cash flows related to other transactions that impact the non financial assets and liabilities	-3 319 164	7 935 103
Paid taxes	-476 592	-375 463
<b>Net decrease / (increase) of assets and liabilities generated by operational activities</b>	<b>-110 322 116</b>	<b>-66 520 780</b>
<b>Net total cash flows generated by the operating activity (A)</b>	<b>-87 655 920</b>	<b>-52 955 547</b>
Cash flows relating to financial assets and to investments		
Cash flow relating to real estate for investment	0	0
Cash flows relating to tangible and intangible fixed assets	-2 307 156	-2 408 676
<b>Net total cash flows relating to investment activities (B)</b>	<b>-2 307 156</b>	<b>-2 408 676</b>
Cash flows from or intended to shareholders	-3 925 939	-636 478
Other net cash flows from funding activities	76 316 735	91 097 393
<b>Net total cash flows relating to funding transactions (C)</b>	<b>72 390 796</b>	<b>90 460 916</b>
<b>Impact of fluctuation of the exchange rates on cash and cash equivalents (D)</b>	<b>78 701</b>	<b>577 595</b>
<b>Net increase / (decrease) of cash and cash equivalents (A+B+C+D)</b>	<b>-17 493 579</b>	<b>35 674 286</b>
Cash and cash equivalents at the beginning	51 799 144	16 124 857
Cash on hand, central banks (asset and liabilities)	39 259 721	12 656 762
Accounts and loans / sight borrowed cash within banks and similar institutions (asset and liabilities)	12 539 423	3 468 095
<b>Cash and cash equivalents at the closing</b>	<b>34 305 564</b>	<b>51 799 144</b>
Cash on hand, central banks, CCP (asset and liabilities)	23 395 121	39 259 721
Accounts and loans / sight borrowed cash within banks and similar institutions (asset and liabilities)	10 910 444	12 539 423
<b>Variation of the net cash</b>	<b>-17 493 579</b>	<b>35 674 286</b>

# SMS Banking



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