

Bancobu

BANQUE COMMERCIALE DU BURUNDI



ACTIVITIES REPORT 2012

53th FISCAL YEAR



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ACTIVITIES REPORT 2012

**ACTIVITIES REPORT, BALANCE SHEET AND PROFIT
AND LOSS ACCOUNTS TO DECEMBER 31th, 2012**

**Submitted to the Annual General Meeting of
Shareholders on March 8th, 2013**

53th FISCAL YEAR



www.bancobu.com

CONTENT

BANCOBU BANKING SERVICES	06
ADDRESS OF THE CHAIRPERSON OF THE BOARD OF DIRECTORS	09
ACTIVITY REPORT OF THE BOARD OF DIRECTORS	13
A. MANAGEMENT REPORT	13
B. DEVELOPMENT OF MAIN INDICATORS OF ACTIVITIES	16
C. PRESENTATION OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNTS	17
D. PROSPECTS	24
AUDITOR'S REPORT TO THE MEMBERS OF THE GENERAL MEETING OF SHAREHOLDERS OF BANCOBU	27
RESOLUTIONS OF THE ORDINARY GENERAL MEETING OF SHAREHOLDERS ON MARCH 8th 2013	28
OPERATING NETWORK	30
FOREIGN CORRESPONDENT NETWORK	31

B e-banking

Retail & Corporate

BANCOBU 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 internet
- 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

Mcash

- Money transfer services via mobile phone
- Transfer money instantly to your family, friends and business associates across Burundi
- M-Cash is available on all types of mobile phones and mobile networks in Burundi
- Withdraw and deposit money through our network of agents distributed across the country

Webbanking(internet banking)

- 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 the rapid transfer

B 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

B Retail



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

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

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%

Express Credit:

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

Terimbere Credit

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

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

ADDRESS OF THE CHAIRPERSON OF THE BOARD OF DIRECTORS TO THE ORDINARY GENERAL MEETING OF SHAREHOLDERS FOR THE FISCAL YEAR CLOSED ON 12/31/2012

Ladies and Gentlemen,

On behalf of the board of directors I would like to welcome to the annual meeting of shareholders for the fiscal year 2012. I would like to go over the main events of the year 2012.

During the fiscal year 2012, the BANCOBU experienced a change in its management team with the appointment of a new Managing Director, Mr. Gaspard SINDAYIGAYA replacing Mr. Jean CIZA. We take this opportunity to reiterate our support to him and urge him to continue to provide its expertise to the Bank to pursue its development momentum.

The current meeting is also taking place when the business world has just been hit hard by a fire that ravaged the Central Market of Bujumbura. The banking sector was particularly hit hard by the fire because many customers who had bank loans have lost their commercial funds in general, thus becoming unable to meet their banking commitments.

Within the Association of Banks and Financial Institutions (ABEF), we were prompt to send solidarity messages to our customers who were doing business in this market. At the same time, we invited them to come and discuss with the relevant banks ways and means of resuming their activities namely restructuring outstanding loans over a longer period, granting additional credits, reducing interest rates, and so on.

At a more general level, our Bank has answered the call from the Government by contributing up to 50 million BIF in favor of a support fund set up to help the fire victims.



Mrs Léa NGABIRE,
Chairperson of the Board of Directors



We must consolidate a vision for such a horizon to allow a continuous development of the Bank.

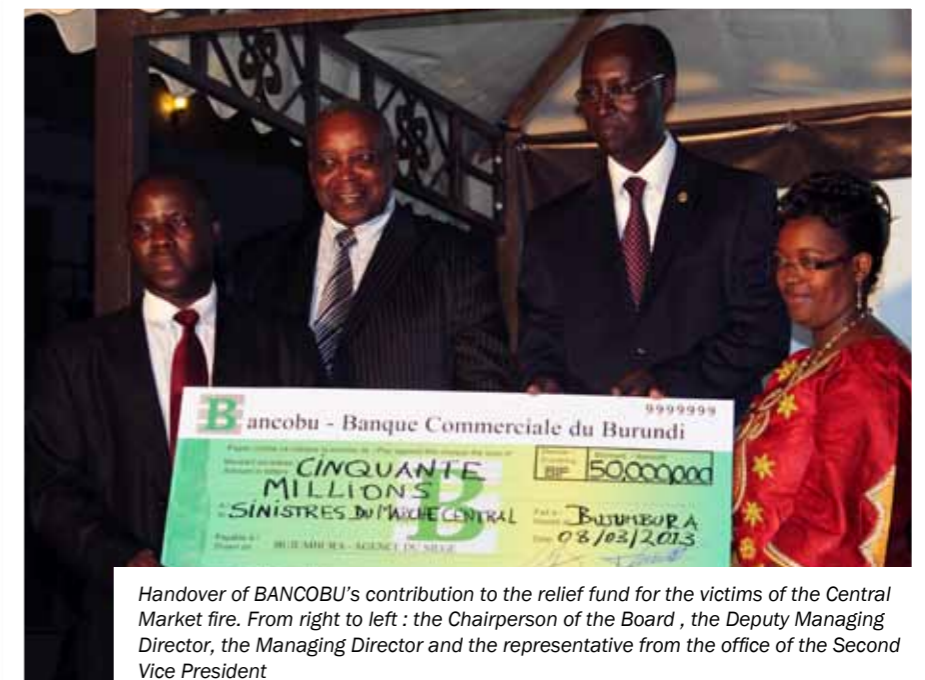
Indeed, the increase of its capital is an essential lever to strengthen the Bank's ability to meet obligations associated with the future development of its activities. It is in this context that we call upon all shareholders to be aware of the urgent need to strengthen the Bank equity so that together we can adopt appropriate strategies.



Ladies and Gentlemen,

During the past fiscal year, the BANCOBU continued the implementation of its outreach program in order to be closer to its customers.

This outreach is reflected in the expansion of the operating network with the completion of projects at Musenyi in the BUBANZA province, at BUGARAMA in MURAMVYA province, at Kinyinya in RUYIGI province. Those branches



Handover of BANCOBU's contribution to the relief fund for the victims of the Central Market fire. From right to left : the Chairperson of the Board , the Deputy Managing Director, the Managing Director and the representative from the office of the Second Vice President

will all be open to customers during the first quarter of 2012, bringing the number of operating sites to 30.

We extended our opening hours, the Bank is open 7 days a week and also has an internet banking service (BANCOBU WebBank) available 24/7.

Other innovation initiatives are underway and will lead shortly to the implementation of ATMs available 24/7.

With respect to innovation, we also include the introduction of mobile banking (BANCOBU M-CASH), a free account and accessible by mobile phone and even by using one's finger. BANCOBU M-CASH is one of the responses to the call of the



monetary authorities recommending banks to take any initiative to increase the banking rate for financial inclusion of the Burundian population. Indeed, the level of financial inclusion is still low. According to a recent study conducted by the BRB on an adult population (18 years and over), estimated at 3,780,000 million in 2012, only 12.5% of the population have an account of which 3.7% are from the banking sector and 8.8% from micro-finance institutions.



We also have the privilege and the honor to inform you that the BANCOBU will issue from now on its VISA card. With the BANCOBU VISA Card, the holder will be able to travel safely and pay its

goods and services around the world or make withdrawals from millions of ATMs on the 5 continents.

Ladies and Gentlemen,

Throughout the fiscal year 2012, the BANCOBU deployed its capacity to highlight its following core values:

- Professionalism and expertise;
- Listening to and trusting its customers in interacting with them;
- Teamwork and complementary skills;
- Capacity building of the Bank staff;
- The promotion of excellence and pride in a job well done.

Total assets increased by 9.0% to 146.8 billion BIF while equity increased by 13.0% to 21.5 billion BIF.

In terms of profitability indicators, the return rate on assets (ROA) is 3.0% and the equity rate (ROE) is 17%. This performance exceeds the average achievement of all commercial banks as the return on assets for the sector is 1.5% and the return on equity 10%.

These are the core values that still guide the principles of BANCOBU intervention and its relations with stakeholders namely customers, staff, shareholders and the surrounding community.

To its clients, it provides products and competitive financial services in terms of price, quality and safety.

To staff members, it ensures good working conditions and provides communication channels to enhance their capabilities.

To shareholders, it provides a return on their investment that is competitive with that of other local banks.

To the community, it supports actions in order to promote sport, culture, environmental protection and humanitarian assistance to fulfill its social responsibility in the community.

Actions to retain our customers lead to a substantial improvement of the BANCOBU image. Thus, the Bank achieved very encouraging results in 2012 compared to the previous fiscal year.

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To the staff and the various social bodies of the Bank, we offer our congratulations for these performances and request greater efforts to consolidate these gains in 2013.

Ladies and Gentlemen,

During the 2013 fiscal year, BANCOBU has committed its action around the following strategic orientations:

- The organizational and managerial excellence by strengthening the sales force of the Bank and the overall management of risks;
- The expansion of the market by the extension of network and diversification of products and services;
- Seeking allies and partners to strengthen the BANCOBU intervention capacity with respect to both domestic and sub-regional markets.

All these initiatives are part of the bank strategic plan for its Vision 2020 at its final stage.

We must consolidate a vision for such a horizon to allow a continuous development of the Bank. Indeed, the increase of its capital is an essential lever to strengthen the Bank's ability to meet obligations associated with the future development of its activities. It is in this context that we call upon all shareholders to be aware of the urgent need to strengthen the Bank equity so that together we can adopt appropriate strategies.

It is on this message that we conclude these introductory remarks and thank you for your attention.

Now we invite you to follow the presentation of the activity report of the Board for the fiscal year 2012 that we will be made by the Managing Director.



ACTIVITY REPORT OF THE BOARD OF DIRECTORS, FISCAL YEAR 2012

The activity report of the Board of Directors for 2012 includes:

- The management report
- The evolution of the main indicators of activities
- The presentation of the balance sheet and profit and loss accounts
- The future prospects

A. MANAGEMENT REPORT

The management report for fiscal year 2012 places particular emphasis on four areas namely making efforts in enhancing customer service, controlling various banking risks, managing human resources and the social responsibility of the Bank.

1. Improved customer service

With respect to increased demands from customers and more intense competition, the Bank has adapted its strategy to continuously improve its customer service. The extension of the network operation and modernization of payment are the pillars of this strategy.

1.1 Extension of the operating network

The Bank continues the implementation of its proximity policy through the extension of its operating network. Hence, three new operating sites were opened respectively at Musenyi in Buzanza province, at Bugarama in Muramvya province, and at Kinyinya in Ruyigi province. This increases the number of operating sites to 30.

In order to create a more enjoyable welcoming site for customers, all new operating sites are arranged so as to provide a personalized service in an atmosphere of comfort and safety.

The network expansion goes hand in hand with the extension of service hours. Thus, the entire operation network is open 7 days a week and a window (the Window of the Bujumbura Airport) is already working 24/7.

1.2 Modernization of payment systems

Improved customer service also requires innovation. Thus, the Bank has undertaken a vast program of modernizing the payment means.

The process of installing the ATM Banking Machines is being completed to enable customers to use our services 24 /7 without going through our traditional banking windows. This service is an additional payment means to the internet banking, BANCOBU WEBBANK.

The Bank is currently equipped to serve the holders of international cards of VISA, VISA CASH ADVANCE on one hand and to issue VISA cards which can be used both for withdrawals and for the purchase of goods and services throughout the world.

The introduction of mobile banking, BANCOBU M-CASH, follows its course to participate in the increase of the banking rate. This is possible because the system provides an option of a mobile bank account with several ways to get there, either by phone, finger (biometrics), Internet or card. Anyone with a mobile account can do basic banking transactions such as withdrawals, transfers, payments for goods and services and even deposits.

2. Operational control and risk management.

The Bank is committed to complying with international standards governing the banking industry.

It is in this context that it has put in place a structure responsible for “compliance monitoring” or “compliance” to monitor potential risks and strengthen the policy of customer knowledge called “Know Your Customer” (KYC) . To better understand its customers, the Bank has recast the customer record used to open the account in order to adapt to the demands of the moment and to keep up with its relationship with customers.

Charter compliance and a business continuity plan are being developed.

The process of implementation of IFRS (International Financial Reporting Standards) continues normally, the advantage being that the financial statements of the bank will be more easily read and interpreted by our foreign partners.

In order to enhance efficiency in the execution of operations and control of various banking risks, internal audits both in operations and in terms of customer relationship management have been made. The recommendations have been properly implemented.

Credit risk management has been enhanced with a systematic review of the loan portfolio, this has been possible through a training of relationship managers.

3. Human Resources Management

In terms of human resources management, the Bank is continuously improving socio-professional working conditions to motivate its staff for greater productivity.

It is in this context that the Bank has continued its program of concessional lending to its staff while contributing to its life insurance.

It has also strengthened its support for the Club BOS (BANCOBU OMNISPORT) which includes various sports. Each year, it has joined the International Women’s Day organized by the female staff of the BANCOBU.

The revision of the staff statutes and an ethic code are under analysis to modernize the Bank human resources management.

A training program on the quality of customer service has been provided to staff at Headquarters and agencies with special attention to new units recruited in the context of the extension of the operation network.

In order to train its staff according to international standards, since 2007 the Bank has been registering regularly its staff members in the Institut Technique de Banque (ITB in acronym).

The Bank has also organized training on the management and performance evaluation for executives and managers to implement a system of performance evaluation by objectives.

The total staff is 381 units to 12/31/2012 distributed over a network of 30 operating sites. Female staff counts 155 units.

4. Social responsibility

The Bank has demonstrated its social responsibility by supporting initiatives of surrounding communities. But given the high number of requests, the Bank has an intervention policy based on the following major areas: social, humanitarian, charitable and sponsorship of cultural and sporting events.

With respect to social and humanitarian actions, the Bank has continued its support mainly to Rotary Club in their cataract and glaucoma program operations for poor patients, as well as assistance to child-headed households. It also continues to support initiatives of fighting against AIDS through SWAA and ANSS associations.

As for the sponsorship of cultural and sporting events, the Bank primarily supports the promotion of the Burundi Film Festival organization (FESTICAB), the promotion of athletes through the Burundian OLYMPIC NATIONAL COMMITTEE, promotion of the Burundian football through the INTAMBA MU RUGAMBA national team, promoting tennis through TENNIS FEDERATION OF BURUNDI as well as promoting excellence in young entrepreneurs. For the latter, it should be noted that the Bank is a founding member of Burundi Business Incubator (BBIN), an organization that supports young entrepreneurs through training, management consulting, and office support. During the year 2012, the BANCOBU joined BBIN to organize the “SHIKA” competition for the best business plan.



The Managing Director rewarding a winner of the SHIKA Business Plan competition

B. DEVELOPMENT OF MAIN INDICATORS OF ACTIVITIES

Efforts at management level are expressed in terms of activity indicators that assess the step taken by the Bank in its main missions of collecting deposits and granting loans.

A look back over the last 5 years (2008-2012) shows that the majority of the main indicators of the Bank's activities display a positive trend.

	2008	2009	2010	2011	2012
Total assets	83,3	113,6	122,3	135,3	146,8
Outstanding deposits	66,0	79,1	96,1	104,2	105,6
Outstanding loans	37,1	51,9	59,3	74,6	91,0
Default rate (%)	23%	18,2%	13,7%	10,9%	10%
Net banking income	11,2	11,6	12,6	15,4	16,1
Equity	7,9	16,4	19,2	21,6	23,5

Amounts in BIF billion unless otherwise stated

The balance sheet total has almost doubled from 2008 to 2012, from 83.3 billion Bif to 146.8 billion Bif. This change is primarily due to efforts at collecting deposits for resources and the granting of credits for jobs with a focus on profitability for the benefit of stakeholders.

The level of deposits exceeds the 100 billion mark and stops at 105.6 billion Bif in 2012 against 66 billion Bif in 2008. The increase of deposits is an indicator of confidence recovered from customers. It is also a direct consequence of the extension of the operating network, the doorstep policy targeted by the Bank.

With regard to credits, their amount is estimated at 91.0 billion Bif at end of 2012, more than double the outstanding of 37.1 billion Bif recorded at the end of 2008.

From the foregoing, it follows that the activity of credit improves due to the loyalty of our existing customers as well as soliciting new customers in sectors such as agribusiness, real estate, tourism, automobile, public works and particularly BRARUDI products trade.

At the quality level of the credit portfolio of the Bank, the efforts made since 2008 in the collection and control of risks helped to reduce the rate of bad debts by 13 points (10% on 12/31/2008 against 23% on 12/31/2012).

Regarding the profitability of the Bank, Net Banking Income (NBI) recorded an increase of 43.7% between 2008 and 2012 from 11.2 billion Bif to 16.1 billion Bif.

The net income in fiscal year 2012 came to 4.0 billion Bif, a return on equity (net income ratio on equity - ROE) of 17% and a ROA (net income ratio on total assets- ROA) of 3%.

The contribution to the development of the country by paying accumulated taxes over the past five years in the amount of 10.9 billion Bif while the cumulative results over the last five years is 22.7 billion Bif.

The capital amounts to 23.5 billion Bif at the end of 2012 against 7.9 billion Bif at the end of 2008, an overall increase of 15.6 billion Bif.

C. PRESENTATION OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

The balance sheet and profit and loss account for the year 2012 is made in comparison with the previous fiscal year accounts.

1. EVOLUTION OF BALANCE

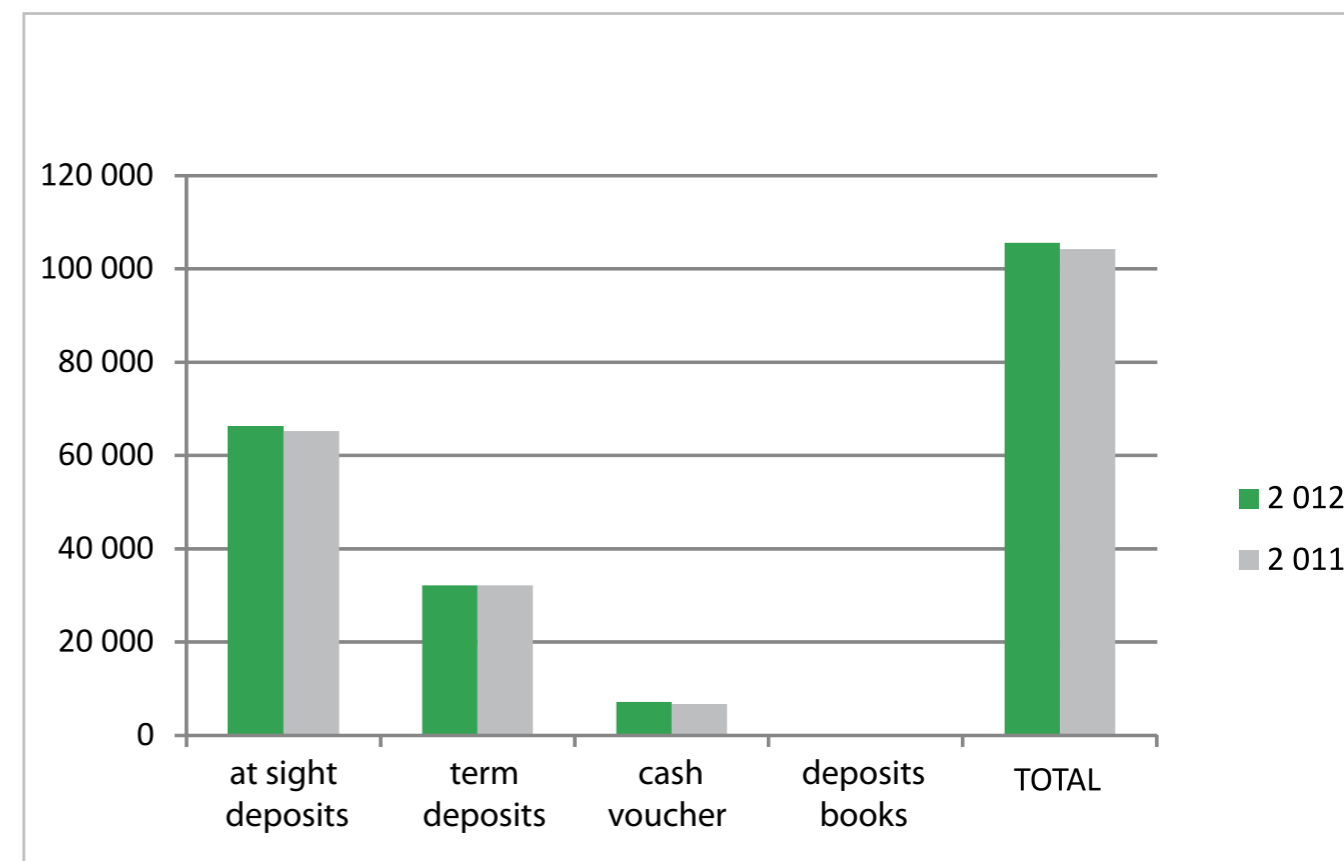
On 12/31/2012, the total assets recorded an annual increase of 9% (+11.6 billion Bif). This indicator of the importance of the volume of the Bank's activities goes from 146.8 billion BIF against 135.2 billion BIF on 12/31/2011.

1.1. EVOLUTION OF BALANCE SHEET LIABILITIES

The components of most significant liabilities are deposits, equity and the "payable" item.

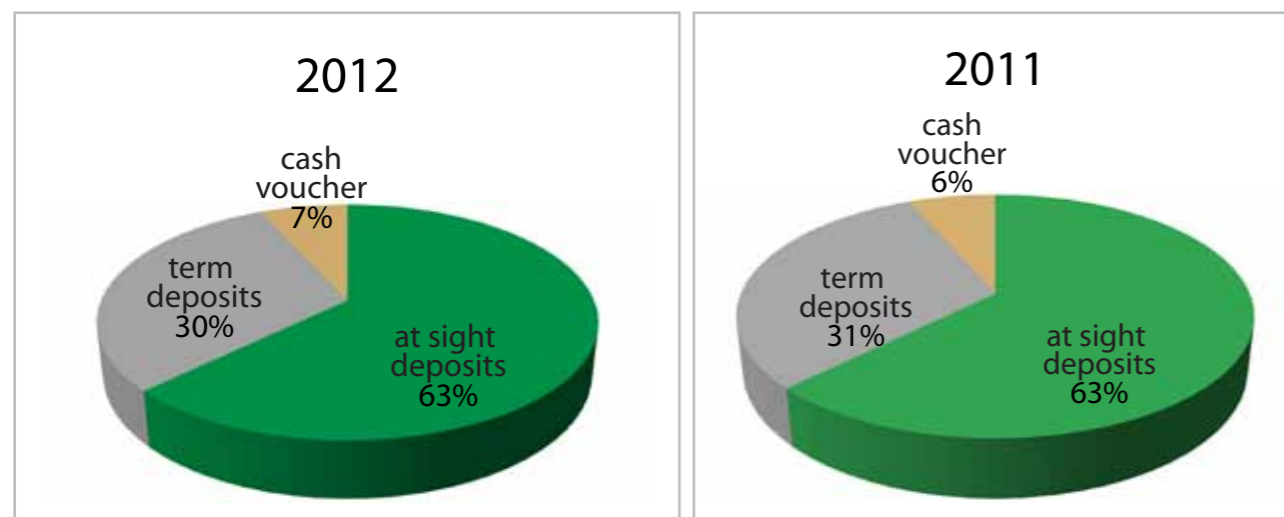
a) Deposits

Headings (BIFmillions)	12/31/12		12/31/11		Ecart 2012/2011	
At sight deposits	66 312	62,8%	65 283	62,6%	1 029	1,6%
Term deposits	32 145	30,4%	32 170	30,9%	-25	-0,1%
Deposit books	7 150	6,8%	6 767	6,5%	383	5,7%
TOTAL	105 607	100,0%	104 220	100,0%	1 387	1,3%



With a share of 72% of total assets on 12/31/2012, the customer deposits are the main source of the Bank. The latter showed a slight growth of 1.3% (+1.4 billion BIF) from 104.2 billion BIF on 12/31/2011 to 105.6 billion BIF on 12/31/2012. The weakness of this increase is due to increased competition and changes made at the level of taxation. However, the distributed funds remain covered by deposits over the last two fiscal years, the net credits / deposits ratio being 71.5% in 2011 and 86.2% in 2012.

Structure of deposits in 2012 and 2011



Deposit structure is stable, with a dominance of sight deposits which have a share of 63%..

a) Equity

The Bank's equity before appropriation of profit recorded an annual growth rate of 13% and now total up to 21.5 billion BIF on 12/31/2012 against 19 billion BIF on 12/31/2011. This increase is mainly due to the growth in reserves available from 946 million BIF on 12/31/2011 to 3.1 Billion BIF on 12/31/2012 due to the allocation of earnings for fiscal year 2011.

b) Current

The "current" section bringing together the various external funding sources (BRB and interbank market) increased by 152% from one year to another. Indeed, since customer resources are becoming increasingly scarce, the Bank is routinely using refinancing to cope with the expansion of its activities.

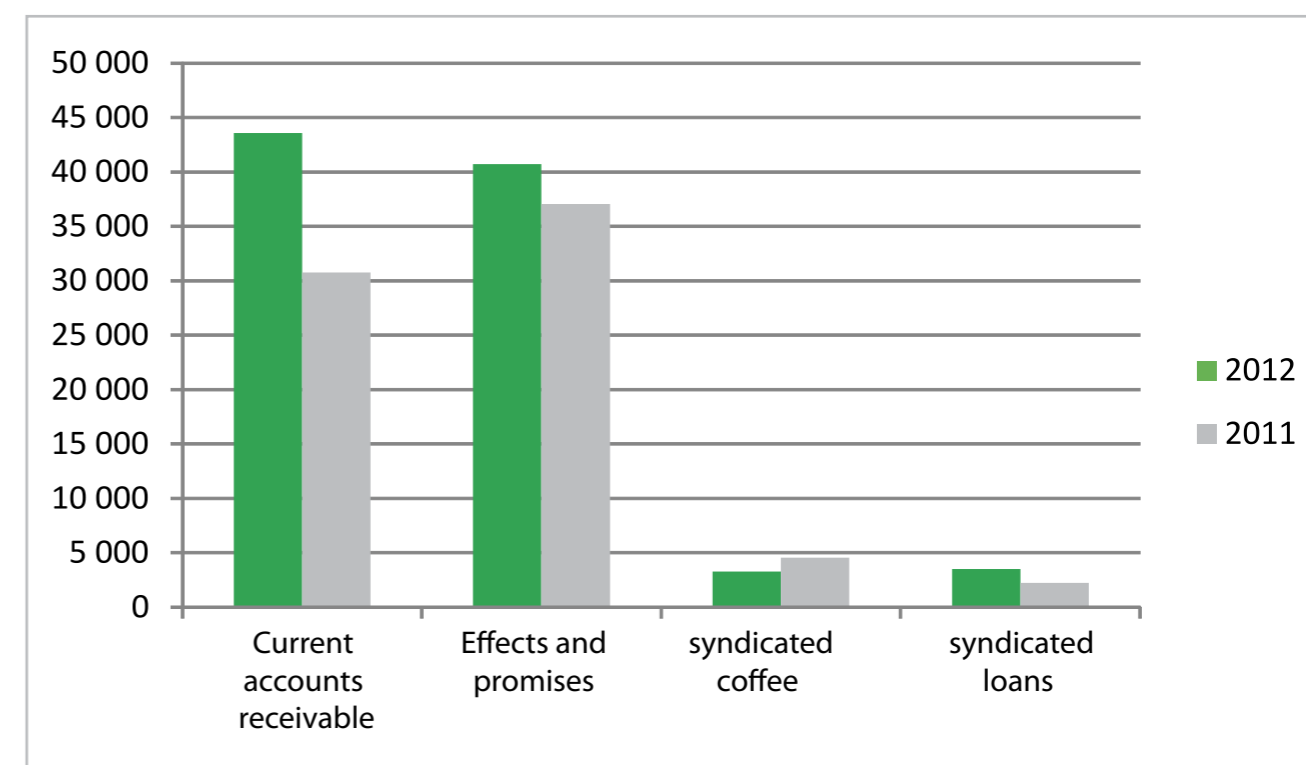
1.2. EVOLUTION OF THE ASSETS

The most significant asset items are loans, fixed jobs and Treasury bonds.

a) Loans

Table 2: Evolution of loans

Headings (in millions BIF)	12/31/12		12/ 31/11		Deviation 2012/2011	
Accounts receivable	43 568	47,9%	30 761	41,2%	12 807	41,6%
Effects and promises	40 707	44,7%	37 036	49,7%	3 671	9,9%
Financing coffee	3 261	3,6%	4 558	6,1%	-1 297	-28,5%
Syndicated loans	3 495	3,8%	2 238	3,0%	1 257	56,2%
TOTAL	91 031	100,0%	74 593	100,0%	16 438	22,0%

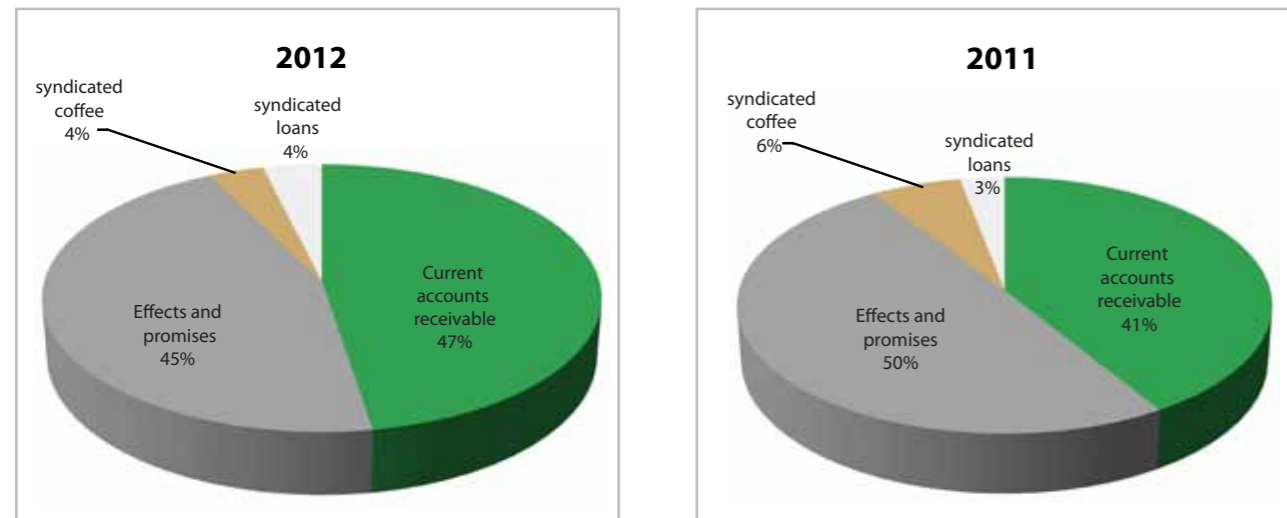


The loans, which comprise 62% of assets on 12/31/2012, register from one year to another an increase of 22% from \$ 74.6 billion BIF at the end of 2011 to 91 billion BIF at the end of 2012. This growth meets the strategic objectives of the bank in 2012 to increase its market share. The latter moved from 15.4% to 16.2%.

The activity of granting credit has improved due to the loyalty of our existing customers as well as soliciting new customers in sectors including agribusiness, real estate, tourism, automotive and public works.

Concerning the quality of the credit portfolio of the Bank, the efforts made in fiscal year 2012 in risk management helped to reduce the rate of bad debts within acceptable limits by the Central Bank, an outstanding rate of 10% on 12/31/2012.

Structure of loans in 2012 and 2011



The reorientation policy of loans results in a change in the structure of credits, with an increase in short-term commercial loans at the expense of mid-term and long-term loans.

b) The fixed assets

Fixed employment recorded an increase of 17% from 13 billion BIF on 12/31/2011 to 15.3 billion BIF on 12/31/2012. This was mainly due to the construction of new operating sites of the Bank, the development of our investment properties as well as expenses related to modernization investments (electronic banking).

c) Treasury bills

On 12/31/2012, the outstanding treasury bills and bonds totaled 3.8 billion BIF against 16.8 billion BIF in 2011, representing a decrease of 81% (13 billion BIF). The Bank, facing the growing needs of its customers and the scarcity of resources, made an extensive use of refinancing and loans (call money) to increase its liquidity. Available resources were allocated to priority credit activity.

2. EVOLUTION OF PROFIT AND LOSS ACCOUNT

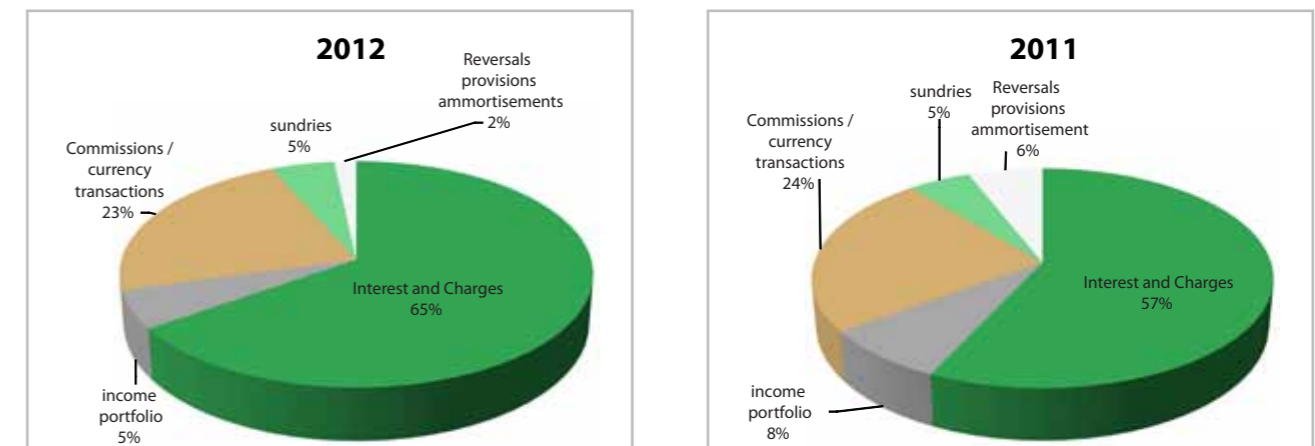
2.1. EVOLUTION OF REVENUES

Total revenues for fiscal year 2012 amounted to 20.7 billion BIF against 19.9 billion BIF for the previous year, a slight increase of 4% (+ 0.8 billion BIF).

The main changes are as follows:

1. Income on loans is rising (+2.1 billion BIF or +19%) including interest on overdrafts and credit lines (+2.4 billion BIF or +59%) and exchange gain on revaluation (+ 0.3 billion BIF or +21%).
2. Income on foreign transactions is declining (0.4 billion BIF or 12%), primarily commissions on banknotes sales to bureaux de change (-0.7 billion BIF or -76%), income on cash investments (-0.5 billion BIF or -31%) and reversals of provisions and depreciation (- 0.8 billion BIF, or -71%). The latter is related to economic conditions faced by the national economy in general and the financial sector in particular

Revenues structure in 2012 and 2011



2.2. EVOLUTION OF EXPENSES

Total expenses for the fiscal year 2012 amounted to 16.7 billion BIF against 14.6 billion BIF the previous year, an increase of 14.4% (+2.1 billion BIF).

The main changes are:

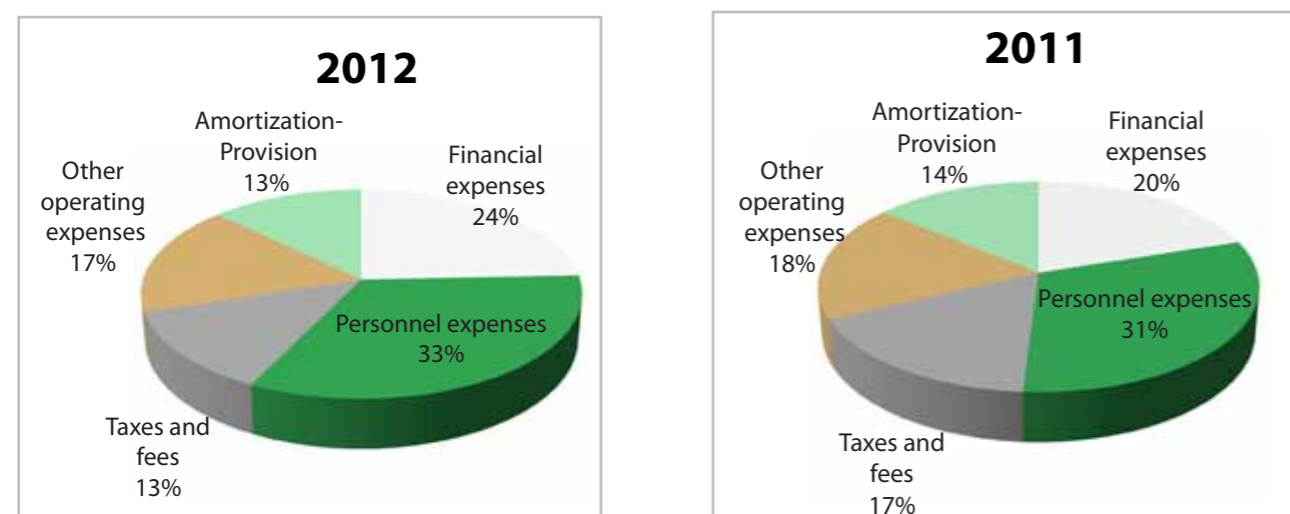
1. Increased interest on deposits (+335 million BIF or +12%, of which a large part on term deposits) and financial charges on loans (867 million or 465%) including calls money (323 million or 274%) and refinancing at BRB (510 million or 756%). This increase is explained by the scarcity of liquidity facing a very tough competition and the growing needs of our country's reconstruction. This results in a gradual increase in interest rates paid on investments.
2. Rising personnel costs (+1000 million BIF or +23%), operating expenses (+353 million BIF or +15%) and more particularly the fees and legal fees (+206 million BIF or +165%), without forgetting the telephone -internet and swift costs (+62 million BIF or +31%). For personnel costs, their evolution is mainly due to the annual increase in payroll as well

as the significant increase in medical and pharmaceutical expenses (+61%), while the fees are paid for the various assistance missions to migration according to IFRS standards and electronic banking project.

In general, the increase in operating costs resulting from the extension of the operation network as well as the implementation of the modernization project of payment means (electronic payment).

- In the same vein, we note the increase in depreciation of fixed assets (+142 million BIF or +17%) related to the extension of the operating system which follows the acquisition of new assets of the Bank (building and rolling stock).
- On the other hand, the income tax (380 million BIF or +16%), amortization of debt (243 BIF or +97%), forex costs (+ 135 million BIF or 53%) related to costs on banknotes purchases (+138 million BIF or 61%) are declining.

Expenses structure in 2012 and 2011



2.3 EVOLUTION OF INCOME STATEMENT

Headings in thousands	Achievements at 31/12/12	Achievements at 31/12/11	Deviation	Deviation in %
Cash and bank	71 251	1 440 503	-1 369 252	-95%
Revenues	1 125 384	1 627 143	-501 759	-31%
Expenses	1 054 133	186 640	867 493	465%
Customers	10 465 679	8 626 650	1 839 029	21%
Revenues	13 493 104	11 318 835	2 174 269	19%
Expenses	3 027 425	2 692 185	335 240	12%
Intermediation margin	10 536 930	10 067 154	469 776	5%
Commissions and Sundries	5 514 485	5 323 124	191 361	4%
Portfolio-Securities	10 832	9 031	1 801	20%
Net Banking Income	16 062 248	15 399 309	662 939	4%
Personnel Costs	5 506 946	4 490 075	1 016 872	23%
Taxes	148 442	139 821	8 621	6%
Operating expenses	2 744 948	2 392 035	352 913	15%
Total overhead costs	8 400 336	7 021 930	1 378 406	20%
Asset Amortization	970 667	828 434	142 233	17%
Gross operating income	6 691 244	7 548 944	-857 700	-11%
Reversals receivables	354 707	1 237 061	-882 354	-71%
Provisions for receivables	946 748	795 853	150 895	19%
Depreciation of receivables	6 568	249 431	-242 863	-97%
Operating income	6 092 635	7 740 721	-1 648 086	-21%
Sundries	67 871	113 811	-45 940	-40%
General provisions for risks	201 178	183 887	17 291	9%
Provisions depreciation other assets	25 128	0	25 128	100%
Profit before tax	5 934 200	7 670 645	-1 736 445	-23%
Taxes for the fiscal year	1 987 483	2 368 392	-380 909	-16%
Net income	3 946 717	5 302 253	-1 355 536	-26%

2.3.1 Intermediation Margin and Net Banking Income

For fiscal year 2012, the intermediation margin amounted to 10.5 billion BIF against 10 billion BIF the previous year, an increase of 5% (0.5 billion BIF).

Net banking income amounted to BIF 16.1 billion for fiscal 2012 against BIF 15.4 billion the previous year, an increase of 4% (0.7 billion BIF).

2.3.2 Net Profit

The net result is estimated at 3.9 billion BIF on 12/31/2012 against 5.3 billion BIF in 2011, a decrease of 1.4 billion BIF or -26%. This decrease is mainly driven by a strong increase in financial expenses, lower income operations abroad and lower reversals on provisions.

In general, the situation of the entire banking sector has deteriorated. Indeed, the net result of all banks is estimated at 16.1 billion BIF on 12/31/2012 against 31.5 billion BIF on 12/31/2011, a significant decrease of 48.9%.

The profit and loss account for the year 2012 compared to the prior year is attached to this report.

D. PROSPECTS

During the 2013 fiscal year, the BANCOBU is continuing its efforts to strengthen the positioning of its brand innovation services namely the launch of private label cards and international VISA cards and the M-CASH. This is even more important since the environment of the financial sector is having intense initiatives of technological modernization of the payment means, the establishment of electronic teleclearing and interoperability of electronic payment systems as well as the financial market development aiming among others at establishing a Stock Exchange.

The Bank continues to refine its strategies to regain leadership in the domestic market and position itself in the market area of the EAC. The orientation taken since last year to meet this challenge has continued. The search for a strategic partner that can contribute significantly to both the strengthening of equity and branding as well as expertise in the financial sector to strengthen the response capacity of the BANCOBU both domestically and at the sub-region level are very advanced.

The research of this partnership is an ongoing program to develop a strategic plan, a blueprint innovation and business plan of the Bank for the 2013-2017 period.

In purely operational terms, these strategies should enable the Bank to collect cheaper resources without losing sight of the ongoing effort to control expenses.

PROFIT AND LOSS ACCOUNT ON 12/31/2012

DEBIT	12.31.2012	12.31.2011	CREDIT	12.31.2012	12.31.2011
1.Interests on deposits	3 027 425 267	2 692 185 071	1.Income on loans	13 493 104 167	11 318 835 373
2.Financial charges on borrowing	1 054 133 017	186 639 976	2.Income on cash investments	1 125 384 139	1 627 143 364
3.Personnel expenses	5 506 946 309	4 490 074 566	3.Income on securities portfolio	10 832 451	9 031 250
4.Operating expenses	2 744 948 287	2 392 034 889	4.Revenues Forex (Etranger)	2 706 871 732	3 086 983 078
5.Taxes and fees	148 441 659	139 820 811	5.Revenues various operations	206 268 646	154 168 523
6.Expenses-forex foreign Dpt	121 618 811	257 056 457	6.Recovery of expenses	734 916 147	698 143 560
			7.Profit on disposal of assets	10 059 493	33 929 000
			8.Various profits	57 811 566	79 882 054
Payable expenses	12 603 513 350	10 157 811 770	Income	18 345 248 341	17 008 116 202
Cash-flow	5 741 734 991	6 850 304 432			
7.Exchange loss/ reevaluation	0	0	9. Exchange gain on revaluation	1 988 047 589	1 640 885 171
8.Amortization of properties	970 667 142	828 434 152	10.Reversals of prov. and amortization	354 706 767	1 237 060 787
9.Income tax	1 987 483 455	2 368 392 098			
10.Provision for credits	946 748 363	795 852 941			
11.General provisions for risks	201 177 685	183 886 886			
12.Prov.deprec. of other assets	25 127 682	0			
13.Provisions for securities	0	0			
14.Amortization of debts	6 568 241	249 431 449			
Total expenses	16 741 285 918	14 583 809 296			
Profit of the year	3 946 716 779	5 302 252 864			
Total	20 688 002 697	19 886 062 160	Total	20 688 002 697	19 886 062 160

BALANCE SHEET ON 12/31/2012 COMPARED TO THAT ON 12/31/2011

ASSETS	12/31/2012	12/31/2011	LIABILITIES	12/31/2012	12/31/2011
1. Current Assets	35 490 515 776	29 857 490 387	1. Current Liabilities	14 999 069 273	5 942 132 105
- Cash-BRB-CCP	8 850 018 547	9 731 504 654	- privileged creditors	1 689 301 395	2 137 784 960
- Banks	26 373 568 012	19 274 514 329	- Banks	135 076 420	26 460 976
- Day by day Loans	0	0	- Call loan	7 800 000 000	900 000 000
- Other Short term Assets	266 929 217	851 471 404	- BRB refinancing	0	0
2. Granted Credits	91 031 418 581	74 593 450 470	- Other short term liabilities	5 374 691 458	2 877 886 169
- Current Account debtors	43 568 305 603	30 760 953 815	2. Deposits	105 607 438 084	104 220 959 069
- Bills for collection	40 707 152 460	37 036 401 965	- Current	66 311 588 621	65 283 135 924
- Syndicated credit for coffee	3 260 582 965	4 558 227 187	- Term deposits	32 145 288 759	32 170 272 728
- Other Syndicated credit	3 495 377 553	2 237 867 503	- Deposits books	7 150 560 704	6 767 550 417
			- Cash voucher	0	0
3. Portfolio	3 809 500 000	16 809 500 000	3. Sundry	735 483 192	753 906 338
- Treasury bills and securities	3 000 000 000	16 000 000 000			
- Investment bonds	809 500 000	809 500 000	4. Equity and Special Liabilities	21 543 892 160	19 009 010 271
			- Capital	10 010 000 000	10 010 000 000
4. Sundry	1 234 960 896	952 517 330	- Legal reserve	1 001 000 000	815 423 478
			- Available reserve	3 069 190 021	946 190 021
			- Merger premium	54 661 000	54 661 000
5. Fixed Assets	15 266 500 429	13 015 731 923	- Issuing premium	119 539 200	119 539 200
- Premises	12 979 263 156	10 942 693 848	- General provision for risk	1 087 542 406	886 364 721
- Equipment and furniture	2 094 107 452	1 888 841 414	- Miscellaneous contingencies	8 056 766	8 056 766
- intangible assets	37 780 428	23 556 268	- Prov. for other assets	25 127 682	0
- Securities and financial invest'	87 475 600	87 475 600	- Internal guarantee fund	0	0
- Other financial assets	67 873 793	73 164 793	- Revaluation of properties	6 168 775 085	6 168 775 085
			5. Income accounts	3 947 012 973	5 302 682 327
			- Profit for previous year	0	0
			- Profit for ongoing year	3 946 716 779	5 302 252 864
			- Profit carried forward	296 194	429 463
TOTAL	146 832 895 682	135 228 690 110	TOTAL	146 832 895 682	135 228 690 110

AUDITOR'S REPORT TO THE MEMBERS OF THE GENERAL MEETING OF SHAREHOLDERS OF BANCOBU

Mrs. Lea NGABIRE
Chairperson of the Board
COMMERCIAL BANK OF BURUNDI S.M.

We have audited the financial statements which have been prepared on the basis of the accounting principles and generally accepted international accounting standards. We have obtained all the information and explanations which we considered necessary for our audit.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directorate of COMMERCIAL BANK OF BURUNDI SM, under the supervision of the Board, is responsible for preparing financial statements which give a true and fair view of the financial position of the COMMERCIAL BANK OF BURUNDI SM and the results of its activities. It is the responsibility of BIFE to express, from its audit, an independent opinion on these financial statements in order to communicate it to you

BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we plan and perform our audit to obtain reasonable assurance of the absence of material inaccuracy in the financial statements. An audit includes examining, on a test basis, evidence about the amounts and disclosures in the financial statements. It also includes an assessment with regard to accounting principles and significant estimates made by the Board of Directors, as well as evaluating the overall regularity of the financial statement presentation. We believe our audit is a reasonable basis for formulating our opinion.

OPINION

In our opinion the books were properly kept, according to the International Accounting Standards and the financial statements which are in agreement with the books give a true and fair view of the financial position of the COMMERCIAL BANK OF BURUNDI SM at December 31st 2012. Net Income at 31st December 2012 was three billion nine hundred and forty six million seven hundred sixteen thousand seven hundred and seventy nine Burundi Francs (BIF 3,946,716,779). Total assets amounted to One hundred and forty six billion eight hundred and thirty two million eight hundred and ninety five thousand six hundred and eighty two (BIF 146,832,895,682). The financial statements comply with banking laws and statutes of the COMMERCIAL BANK OF BURUNDI SM.

Bujumbura, February 2013

Emmanuel Ndamwumvaneza

CEO, BIFE

RESOLUTIONS OF THE ORDINARY GENERAL MEETING OF SHAREHOLDERS ON MARCH 08, 2013

1

The Ordinary General Meeting of Shareholders of the BANCOBU, deliberating in accordance with Articles 37, 41 and 48 of the Statutes of the Bank, after considering the report of the Board for the financial year 2012, approves the report unanimously.

2

The Ordinary General Meeting of Shareholders of the BANCOBU, deliberating in accordance with Articles 37, 41 and 48 of the Statutes of the Bank, after considering the report of the External Auditor for the financial year 2012, approves the report unanimously.

3

The Ordinary General Meeting of Shareholders of the BANCOBU, deliberating in accordance with Articles 37, 41 and 48 of the Statutes of the Bank, after hearing the report of the Board of Directors and the Auditor, unanimously approves the balance sheet, the profit and loss account and the result for the financial year 2012 stated at 3, 946, 716, 779 BIF.

4

Taking into account the carrying forward of the 2011 fiscal year being 296,194 BIF, the deliverable result is stated at 3,947,012,973 BIF. The Ordinary General Meeting of Shareholders of the BANCOBU, deliberating in accordance with Articles 37, 41 and 49 of the Statutes of the Bank, owing to the proposal of the Board of Directors, unanimously approves the allocation of distributable profit as follows:

- Available Reserves : BIF 1,976,000,000
- Dividends : BIF 1,303,500,000
- Bonuses : BIF 158,823,532
- Balance carried forward : BIF 94,493
- Balance sheet allowance : BIF 508,594,948

5

The Ordinary General Meeting of Shareholders of the BANCOBU, deliberating in accordance with Articles 37, 41 and 48 of the Statutes of the Bank, after approving the accounts of the Bank unanimously gives discharge to the Directors for their management during the fiscal year 2012.

6

The Ordinary General Meeting of Shareholders of the BANCOBU, deliberating in accordance with Articles 37, 41 and 48 of the Statutes of the Bank, after approving the accounts of the Bank, unanimously gives discharge to the Auditor for the control of social year 2012.

7

The Ordinary General Meeting of Shareholders of the BANCOBU, deliberating in accordance with Articles 31, 36 and 40 of the Statutes of the Bank, reappoints BIFE (Office of Financial Engineering and Economic Expertise) as Auditor for a period 2 years expiring at the General Meeting of Shareholders in 2015 to approve the accounts for the year 2014. In accordance with provisions of article 31 of the Statutes of the Bank, the General Assembly also confirms its annual fees attached to twelve million Burundian francs inclusive of all taxes (BIF 12,000,000 TTC).

8

The Ordinary General Meeting of Shareholders of the BANCOBU, deliberating in accordance with Articles 16, 37 and 41 of the Statutes of the Bank:

- 1) Renews the mandate of the Administrator Onésime NDUWIMANA representing the SOCABU Shareholder for a period of four years expiring at the Ordinary General Meeting of Shareholders in 2017 ruling on the accounts of the 2016 fiscal year.
- 2) Confirms the appointment of the Administrator Gaspard SINDAYIGAYA, representing the Management of the Bank for a period of four years expiring at the General Meeting of Shareholders in 2017 ruling on the accounts of the 2016 fiscal year.

9

The Ordinary General Meeting of Shareholders of the BANCOBU, deliberating in accordance with Articles 16, 23 and 41 of the Statutes of the Bank, states at 300,000 BIF net the monthly emoluments of directors with effect from the end of March 2013.

Bujumbura, on 03/08/2013

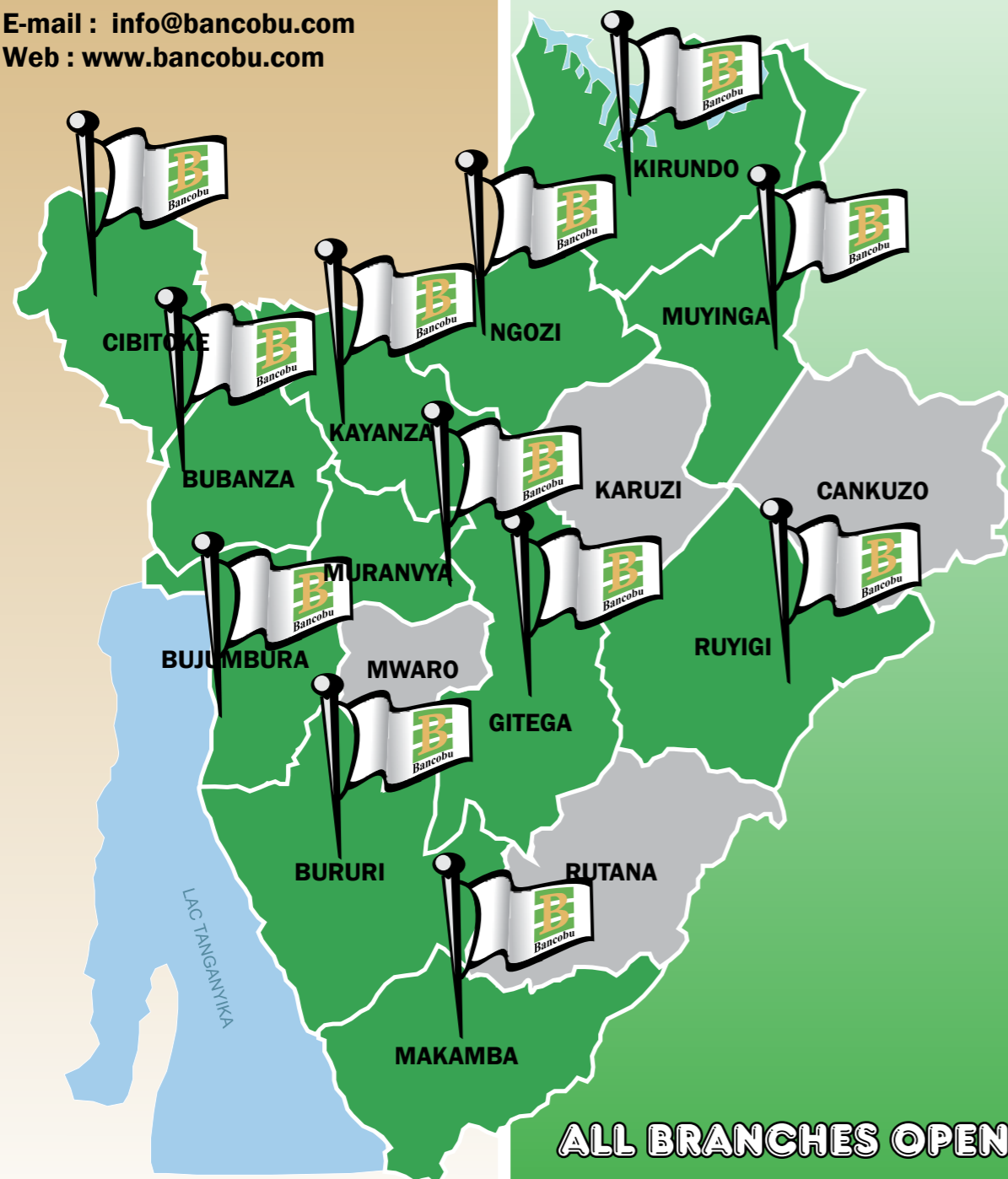
Members of the Bureau of the Ordinary General Meeting of Shareholders:

1. Mrs Léa NGABIRE, President ;
2. Mr Onésime NDUWIMANA, Scrutineer ;
3. Mr Stanislas BANKIMBAGA, Scrutineer ;
4. Mr Gaspard SINDAYIGAYA, Secretary ;
5. BIFE, auditor.

NATIONAL NETWORK

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 BRUSSELS,
 SWIFT: GEBABEBB

NORTH AMERICA

ROYAL BANK
 OF CANADA/TORONTO.
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AFRICA

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