



BANQUE COMMERCIALE DU CONGO  
*Building the future*



# ANNUAL REPORT 2016

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**BANQUE COMMERCIALE DU CONGO**  
*Building the future*

# A WORD FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS



The strength of an organisation well adapted to economic developments.

In my message last year that I wrote as the new Chairman of the board of directors, I highlighted the numerous assets of the BCDC: expertise proven over decades, concern for compliance with laws, regulations and ethical rules, excellent financial health enabling support to companies in their development while fulfilling the new requirements of the emerging retail clientele, the quality of its human resources trained by the BCDC Banking Academy, etc.

**"TODAY AND FOR THE FUTURE,  
INNOVATION AND CREATIVITY  
ARE ON THE AGENDA."**

These assets, amongst many others, have enabled the bank's teams, at all levels, to obtain remarkable results in 2016, to close the financial year with a financial result that distinguishes the BCDC within the Congolese banking sector.

The strategic choices of the board of directors in the matter provide the Executive Committee with the financial, human and technological resources necessary to support the progress of the digital economy, which is gradually taking over in Congo.



Last year, I raised a question that I now turn into an assertion: the BCDC is ready to efficiently meet the challenges of the globalisation of technologies, the new marketing culture, societal developments, etc., while preserving its Congolese identity, its profound knowledge of the culture of population groups, etc.

To conclude this introduction, I again wish to thank our clients for the confidence that they have in our institution and in its managers and its teams, who demonstrate know-how and professionalism.

Pascal Kinduelo Lumbu



# 2016, A MIXED YEAR. THE DETAILED ANALYSIS FROM YVES CUYPERS, CHAIRMAN OF THE EXECUTIVE COMMITTEE



In a deteriorating economic environment, the BCDC was able to maintain its structural balance by controlling both its risks and its costs. It was also able to take short-term advantage of substantial interest margins on forex transactions, which enabled it to generate the best result for fifteen years. However, prudence is required with regard to a future economic recovery which will be slow and the application of new regulatory instructions, some of which risk complicating the bank's management. In spite of these obstacles, the BCDC remains part of the banking ecosystem of the DRC for the long term and its plans for the retail banking segment demonstrate both this permanence and this constant adaptation to the market.



2016 was experienced in two phases: a first half-year that was difficult or even gloomy. The BCDC clearly suffered the repercussions of 2015, characterized by the drop in commodity prices,

particularly copper, causing a significant drop in the activity of our mining clients, which directly affected the subcontracting chain and, finally, tax receipts.

**"IN WORSENEDED ECONOMIC CIRCUMSTANCES,  
THE BCDC WAS ABLE TO MAINTAIN  
ITS STRUCTURAL BALANCE BY CONTROLLING  
BOTH ITS RISKS AND ITS COSTS."**



During a conference that I held at the FEC (Fédération des Entreprises du Congo) at the beginning of 2016, I said that we were entering a year of difficulties and uncertainties. To tell the truth, now with the necessary hindsight, the economic activity the first half of the year was relatively calm in spite of a slight drop in tax receipts and a stable exchange rate (960 Congolese francs to the dollar), which gave no indication of how things would get out of hand during the second half-year. Indeed, it was only from July/August 2016 that the indicators worsened, with a 20% depreciation in the Congolese franc compared to the dollar. The consequence of these difficulties was an inevitable inflation increase of (10%) associated with a drop in growth, which automatically lowered purchasing power.

A radical change in the landscape took place during the second half-year: firstly our interest margin significantly improved through the opening of new credit transactions with traditional operators with acceptable risk profiles (particularly mines and energy), which requested funding. Our cash surplus increased significantly, with net cash of over 200 million dollars. This also resulted in outstanding loans disbursed going from 270 million dollars at the end of July to 300 million dollars in the second half of the year.

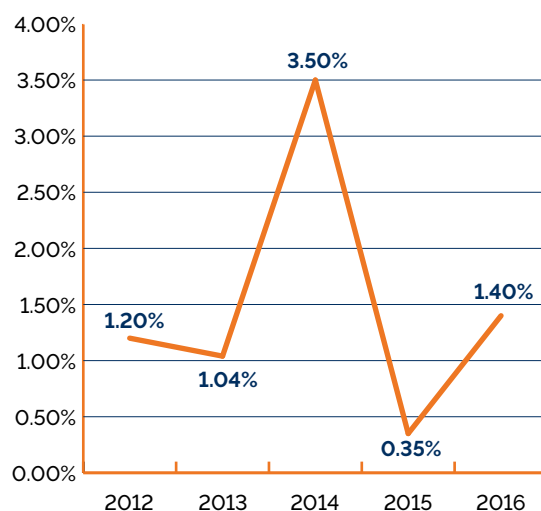
The second phenomenon, against a background of a deteriorating macroeconomic parameters, particularly the exchange rate, was an increase in our margins thanks to currency volatility (dollars being scarce).

Overall, we can say that our volumes were divided by two during the second half of 2016 (particularly at the end of the year). However, our margins and the profit on our forex transactions increased thanks to efficient management by our trading room.

## A morose first half of the year compensating for a second half-year that was the main contributor to the good results of the bank

In this unstable context, the BCDC followed a business cycle that was opposite to the one affecting the Congolese economy. In the first half of 2016, the BCDC generated almost no profit. The mid-financial-year closure, which we are the only ones in the local market to produce, cast light on this: the net result was less than 2 million dollars, this was partly explained by the very cautious budgetary allocations to cover risks, which we did not wish to underestimate, given the uncertainties of the second half-year. Inevitably, they increased operating costs and therefore directly affected profitability. Furthermore, in the first half-year, the bank had to cope with a drop in interest margins, mainly due to a reduction in our outstanding loans, while our fixed operating expenses slightly increased.

### Changes to the cost of credit



**"THE SITUATION WAS IMPROVED CONCERNING THE LOANS PORTFOLIO AND SECURED CAPITAL AND RESERVES."**

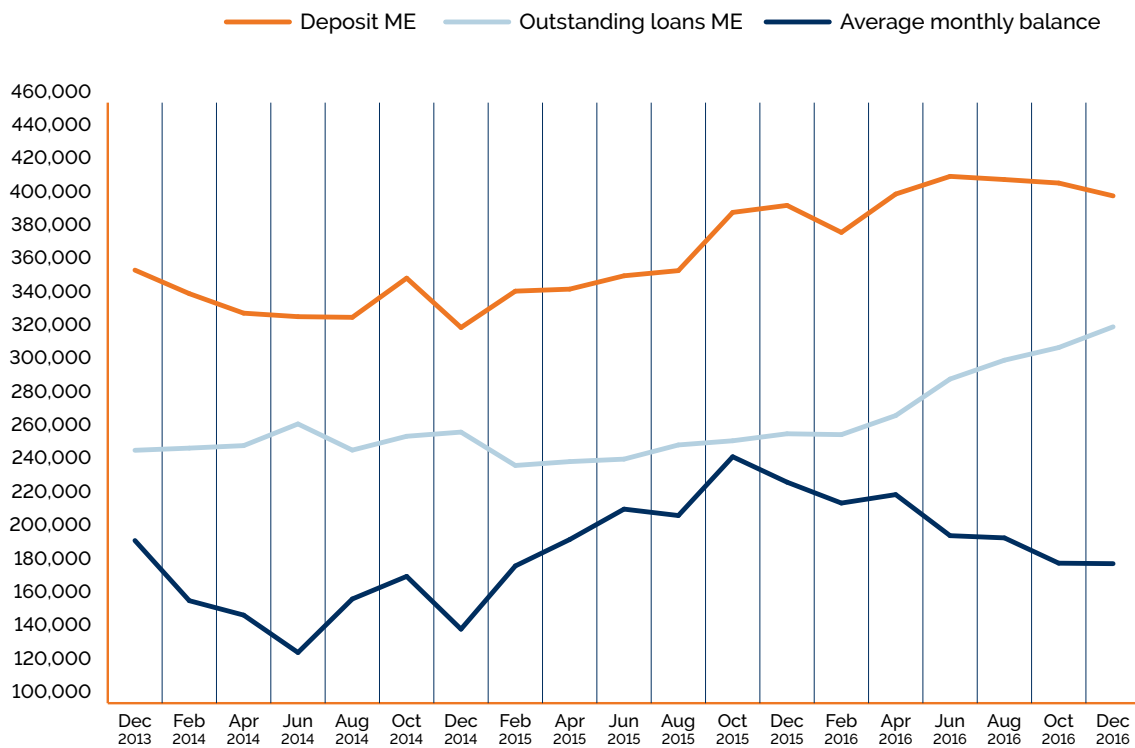


## 11 million in net result: the best for 15 years!

Finally, 2016 closed with a before-tax result of 18 million dollars, after tax of 11 million dollars. It was the best result for 15 years. Out of a net result of 11 million dollars, forex transactions contributed 5 million dollars. Previously, in 2006/2007, we had exceptional income, also short-term, on specific transactions, which we then called 'oil royalties'.

Another example of this short-term variability was during the past five years, we had a cash surplus of about 100 million dollars which, invested with foreign correspondents, paid 4% interest per year, meaning 4 million dollars in income. In 2016, we had more than 200 million dollars of cash surplus which brought in nothing for the bank, or even cost it money. It is clear that this current cash, if it were put into the circumstances of 2006, would have brought in 8 million dollars for BCDC. Likewise, in 2014, the result was weighed down by a strengthening of provisions which are not tax-deductible. Admittedly, the BCDC generated a poor result during this period, but the situation has been improved with regard to the credit portfolio and secured capital and reserves.

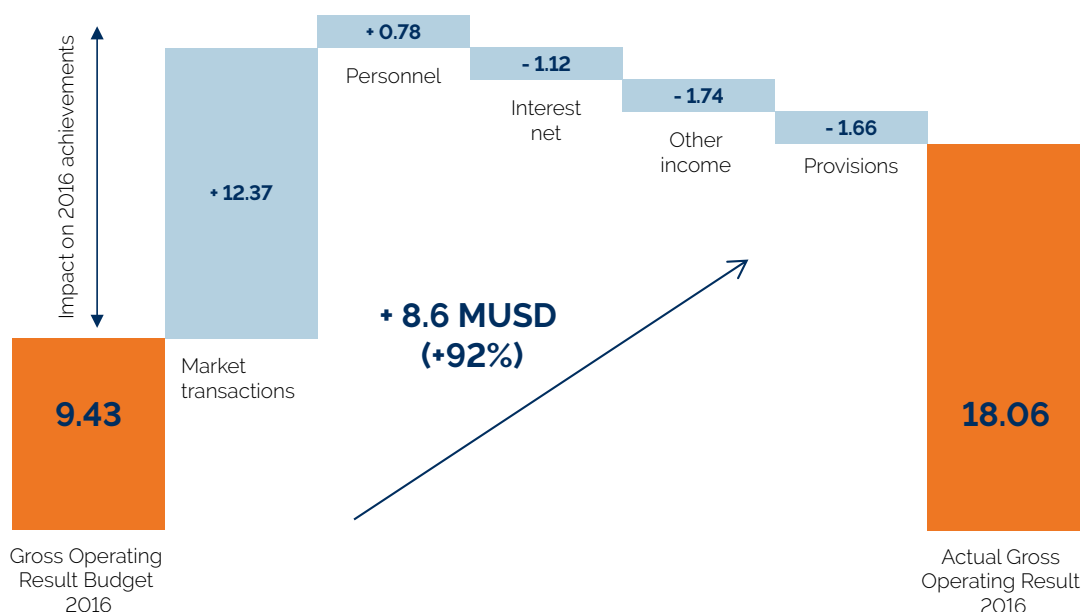
## Changes to the USD balance / correspondents



Thus, in 2016, the BCDC took full short-term advantage of volatility in Forex transactions, which generated significant additional income. Of course, the bank, its shareholders and the Congolese state are satisfied with this. In 2012, the bank generated net profit of more than 10 million dollars thanks to exceptional factors which

are no longer current today: the cost of resources was 4 million dollars less than what it was in 2016. So apparently, in terms of management, economic complexity does not favor comparisons between financial years apart from distinguishing what relates to the structural and the short-term.

## Budget /Actual 2016



Since 2013, the BCDC has controlled the increase in its general operating expenses to 3.6%, with, during the same period, inflation of about 15%

During 2016, five significant events should be remembered. They are not all positive, but all are symbolic of the 2016 financial year:

- ▶ the forex result was twice as great as budgeted for;
- ▶ the cost of resources increased by 60% compared to 2015;
- ▶ the interest margin exceeded 25 million dollars, which is explained by the activity of the second half of 2016, with early repayments of loans;
- ▶ the great stability of general operating expenses (payroll expenditure and operating expenses due) only increased by 3.6% since 2013, in spite of inflation of about 15% during the same period;
- ▶ a substantial streamlining of doubtful debt, which enabled the recovery, at the end of the year, of half of the provisions that were prudently budgeted at the beginning of the year.

## The banking market in the DRC: analysis and points of view

For the banking sector, 2016 was notable for two major events.

- ▶ The first one was indisputably the fact that, in May 2016, the central bank put into temporary administration one of our competitors, the BIAC, which was one of the four historical banks in Congo and was famous for its branch network. This event underlines the weakness of banks in Congo and highlights the necessity of implementing – both good-governance and regulatory – measures to reduce their vulnerabilities. In 2012, the DRC had 22 banks. In 2016, only 18 remained, and two of them were under temporary administration.
- ▶ The second one concerns the tightening of monetary policy through the increase in mandatory reserve coefficients, which weighed heavily upon the banks. The mandatory reserve is a volume of cash in Congolese francs that the banks are obliged to keep in active on their accounts with the central bank. This reserve is calculated based on the volume of deposits from clients, to which fixed coefficients are applied in a discriminatory manner according to the currency of the deposits. To reduce the volume of Congolese francs in circulation and therefore to slow depreciation against the dollar, the central bank applies higher rates to deposits in foreign currency compared to those in the local currency. At the end of 2016, this coefficient was raised from 8 to 13% for





demand deposits in foreign currencies and maintained at 2% for those in Congolese francs. Therefore, for the BCDC, the mandatory reserve ceiling strongly increased last year, going from 32 to 64 billion Congolese francs. In practical terms then, our bank had to borrow Congolese francs to cover the mandatory reserve because most of its deposits, which were used as the basis for calculating the reserve, were in dollars.

This change is debatable and economically dangerous. This short-term mechanism in no way corrects the substance of the matter. This is also confirmed by the Congolese Banking Association (ACB), which estimates the shortage of liquidity in the market at 150 billion Congolese francs.

These two events will have various consequences during 2017.

## Regulatory instructions which will hinder business more than regulate it

For 2017, the central bank prepared various prudential instructions which are currently being applied and which result in requirements concerning solvency and liquidity (instruction n°14) and increased requirements in matters of governance (instruction n°21).

These innovations will move the Congolese banking sector, without any transition, from the environment of Basel I to the requirements of Basel II and III. For example, concerning the increase in minimum capital, corresponding to basic Tier I equity capital, which goes from 10 million to 30 million dollars at the end of 2017 and to 50 million dollars at the end of 2020. Admittedly, the BCDC will not have any difficulty doing this. However, I think that it is much more realistic to plan a schedule adapted to each bank, notably according to its more-or-less systemic role. Which would, obviously, enable more or less rapid adaptation to these new requirements. In the neighboring WAEMU zone, the requirements for the transition from Basel I to Basel II or III are implemented in stages. Consequently, while being in favor of strengthening prudential rules, we would also like this to take place in stages.

Concerning the solvency ratio, which is the ratio between equity capital and weighted banking risks, basic solvency is brought to at least 7.5% (with a minimum of 6% in basic Tier I equity capital and a maximum of 1.5% in additional equity capital). If the cushion of equity capital (conservation buffer) must be taken into account, the requirement for basic equity capital can be as high as 14.5% of weighted banking risks.

The minimum overall solvency, meaning the requirement for basic equity capital and supplementary equity capital, is 10% and could move to 17% if we take into account the conservation buffers.

These new requirements for equity capital in the calculation of the solvency ratio are accompanied by the broadening of the basis for calculating weighted banking risks which, as well as the credit risk, now take into account operational and forex risks. This means that in calculating the solvency ratio, there is both a restriction of the numerator and a broadening of the denominator, which is proving to be doubly restrictive for the banks.

The most illustrative example is that of the reduction of the foreign exchange position in the most usual currencies to 8% of prudential equity capital, against 15% currently. This new restriction is added to the fact that the requirements for equity capital have already been increased as explained above, in a context of turbulence on the forex market.

Here again, the effort should be spread over several years, otherwise there may be a risk that the objectives might not be achieved. Also, the extension of the control bodies must also be adapted to the available human resources.

Lastly, the question of the reference shareholder, banker by profession, is not really specified in instruction n°21 even though it was already mentioned in instruction n°18. The Central Bank's view is that the presence of an international banking operator strengthens governance is entirely understandable. However, I doubt that it guarantees a superior level of intervention. A bank with an international network is free, as we have seen, to quite simply abandon a position that it no longer considers strategic.





## A highly promising partnership with Mauritius Commercial Bank

According to all of these circumstantial factors, my role as Chief Executive Officer is to strengthen vigilance and prudence, without omitting to develop the institution placed under my responsibility.

Two policies should be adopted:

- ▶ The first is to add, to the strong institutional and corporate identity that we intend to remain, a retail dimension that is greater than it currently is. The partnership initiated since last year with Mauritius Commercial Bank is helping us with this transformation, which requires changes and developments to products, clientele, processes and distribution channels. It is, in the context mentioned previously, a project that is even more important because it is on this segment that we will find Congolese francs essential.
- ▶ The second is the INTERSWITCH project, in which we are partnered with three of our counterparts to perform clearing transactions.

## High-quality Human Resources. 52% of employees are aged under 35

To prepare for these developments, the quality of staff is decisive.

If we compare the age pyramid of the BCDC in 2004 and in 2016, we notice that it has become much younger, with 52% of staff aged below 35 today, against age 50 ten years ago. They provide both momentums and a "strike force" for our forthcoming opening to the retail segment. We also have first-rate training courses for them, notably under the partnership between the University of Liège and the BCDC Banking Academy.

**" TO CONCLUDE, 2016 WILL HAVE BEEN INFLUENCED BY A PARTICULARLY INDECISIVE ENVIRONMENT WITHIN WHICH THE BCDC WAS NEVERTHELESS ABLE TO ACHIEVE ONE OF THE BEST PERIODS OF RECENT YEARS IN TERMS OF PROFITABILITY.**

**THIS IS RELATED TO THE ABILITY OF ITS MANAGERS AND THEIR TEAMS TO REACT WITH INTELLIGENCE AND DEXTERITY TO SHORT-TERM EVENTS, WHILE LOOKING AFTER AND RESPECTING THE INTERESTS OF OUR CLIENTS. "**

## 2017 prospects

Bearing in mind the economic, financial and monetary uncertainties for the 2017 financial year, BCDC's ambition will remain modest. Priority will be given to managing credit, operational and market risks and hedging them. Another priority will be the preservation of our prudential equity capital and the maintenance of adequate liquidity.

Operational controls will be strengthened and the rules of good governance will be consolidated and further developed to meet the numerous requirements at the international level.

These measures will not be a handicap to our development. With prudence, our network will be enlarged and we will maintain a credit policy appropriate to the requirements of financing the economy.

We will then have the assets necessary to contribute to the hoped-for recovery of economic activity in 2018.

# CHANGES TO PERFORMANCE INDICATORS

Key figures of the BCDC on 31 December



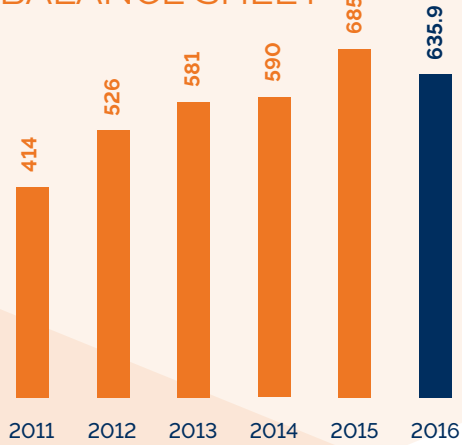
(in millions of CDF)	2011	2012	2013	2014	2015	2016	2016 (in M USD at closure rates)	Variation 2016/2015 (in USD)
Balance sheet total	377,132	481,635	537,869	545,249	635,848	772,940	635.9	-7%
Equity capital (*)	36,678	42,184	46,637	45,352	52,385	77,664	63.9	13%
Deposits (**)	270,200	346,300	420,900	420,990	493,204	571,412	470.1	-12%
- in CDF	34,800	61,100	70,900	123,450	122,424	72,721	59.8	-55%
- in currency	235,400	285,200	350,000	297,540	370,780	498,691	410.2	3%
Loans disbursed (**)	142,500	187,900	215,100	238,820	235,322	381,910	314.2	24%
Net banking income	59,719	69,198	76,297	78,270	74,302	96,893	79.7	0%
Operating expenses	40,842	46,164	53,278	55,036	55,150	62,167	51.1	-14%
including general personnel expenses	19,141	22,186	24,647	25,189	25,120	27,346	22.5	-17%
Allocations to depreciation	2,051	2,624	2,991	3,364	3,340	3,794	3.1	-13%
Allocations to provisions	7,660	7,355	8,637	15,517	9,651	11,549	9.5	-9%
Corporation tax	5,438	6,810	6,225	6,436	4,948	8,030	6.6	24%
Net result (after tax)	7,444	9,229	8,534	3,153	6,606	13,651	11.2	58%
Approximate CDF/USD exchange rates on 31 December	910.82	915.17	925.50	924.51	927.92	1,215.59		31%
<b>Approximate CDF/USD exchange rates on 31 December</b>	-	-	-	<b>101,838</b>	<b>108,912</b>	<b>134,804</b>		
Operating ratio	68%	67%	70%	70%	74%	64%		
Financial profitability ratio (NROE – net result/equity capital)	20.3%	21.9%	18.3%	7%	12.6%	17.6%		
Return on equity (ROA)	2.0%	1.9%	1.6%	0.6%	1%	1.8%		
Solvency ratio (ROS)	28%	22%	21%	21%	22%	20%		

(\*) Accounting – before distribution of profit.

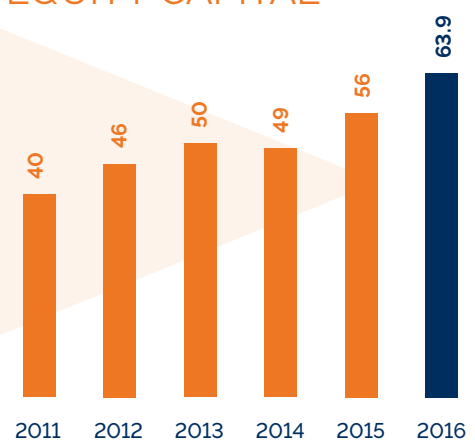
(\*\*) Outstanding loans at end of period – variations vs December 2015.



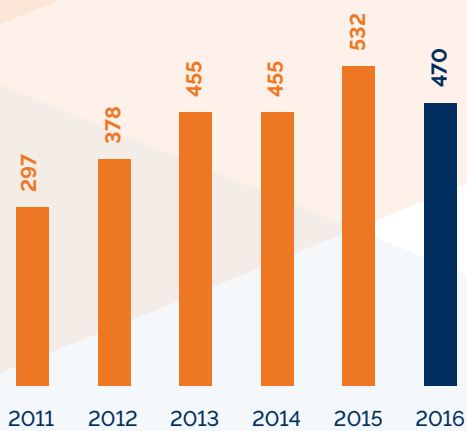
### EVOLUTION OF THE BALANCE SHEET



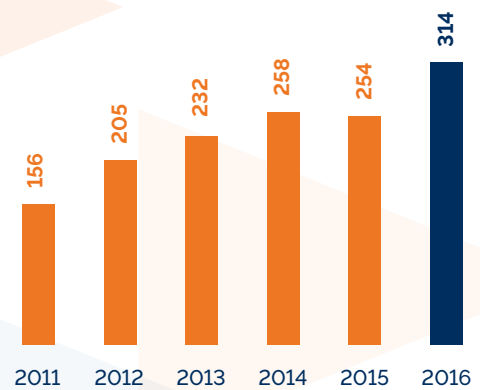
### EVOLUTION OF EQUITY CAPITAL



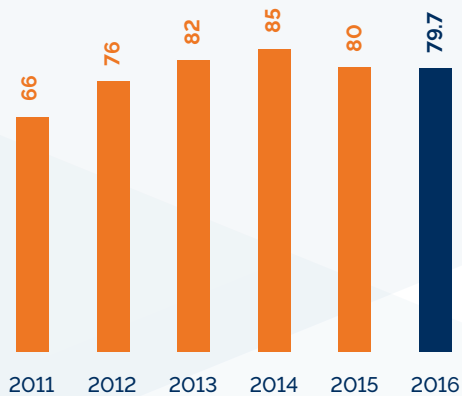
### EVOLUTION OF DEPOSITS



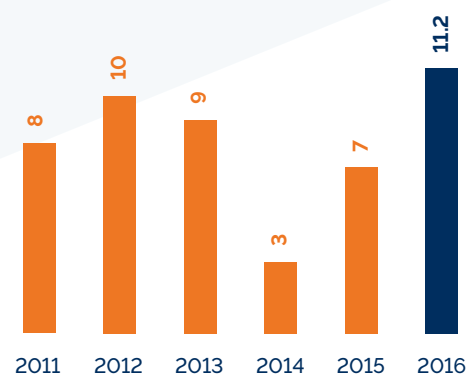
### EVOLUTION OF LOANS DISBURSED



### CHANGES TO NET BANKING INCOME



### EVOLUTION OF THE NET RESULT



Graphs in equivalent USD million according to the CDF/USD exchange rate on 31 December of each year (see the previous page)

# THE ORGANISATION OF GOVERNANCE



The BCDC is highly attentive to the rules and principles of good corporate governance. This involves strict separation of powers between the administration, management and control bodies.

Situation on 31 December 2016

## Board of Directors

### Chairman

Mr Pascal KINDUELO LUMBU

### Chief Executive Officer

Mr Yves CUYPERS

### Directors

Mr Saad BENDIDI  
Mr Georges BUSE FALAY  
Mr Pierre CHEVALIER  
Mr Daniel CUYLITS  
Mrs Marceline KAOZI FATUMA  
Mr Victor KASONGO SHOMARY  
Mr Baudouin LEMAIRE  
Mr Joël SIBRAC  
Mr Hugues TOTO MAKANISI  
Mr Désiré YAV KAT MUCHAÏL

## Executive Committee

### Chairman

Mr Yves CUYPERS

### Members

Mr Louis-Odilon ALAGUILLAUME  
Mr Hervé BOSQUILLON de  
FRESCHEVILLE  
Mr Guy BWEYASA WA NSIAMU  
Mr Thierry LOLIVIER  
Mrs Christine MBUYI NGALAMULUME  
Mr Vagheni PAY PAY

### External auditors

PricewaterhouseCoopers RDC SAS

## Audit, risk and compliance committee

### Chairman

Mr Daniel CUYLITS

### Members

Mr Saad BENDIDI  
Mr Pierre CHEVALIER  
Mrs Marceline KAOZI FATUMA  
Mr Victor KASONGO SHOMARY  
Mr Désiré YAV KAT MUCHAÏL

## Appointments and remuneration committee

### Chairman

Mr Baudouin LEMAIRE

### Members

Mr Georges BUSE FALAY  
Mr Joël SIBRAC  
Mr Hugues TOTO MAKANISI

## Honorary Chairmen

### of the board of directors

Mr Roger NKEMA LILOO

### of the executive committee

Mr Michel CHARLIER  
Mr Thierry CLAESSENS

## Honorary vice-chairman

### of the board of directors

Chevalier BLANPAIN  
Mr Michel ISRALSON

## Honorary directors

Mr Marc BALLION  
Mr Léo GOLDSCHMIDT  
Mr Georges TSHILENGI MBUYI  
SHAMBUYI  
Mr Marc VAN DEN BERGHE

### Distribution of the capital of the BCDC on 31 December 2016

- ▶ Congolese state: 25.53%
- ▶ Mr George Arthur Forrest and his family: 66.53%
- ▶ Other shareholders: 7.94%

# THE COMPOSITION AND PRESENTATION OF THE EXECUTIVE COMMITTEE



Changes in the composition of the executive committee: Olivier DUTERME, Director in charge of the Private and Retail Banking directorate, resigned at the end of September 2016.

Louis-Odilon ALAGUILLAUME, previously Director in charge of the southern directorate, was assigned, from October 2016, the Private and Retail Banking directorate to replace Olivier DUTERME.



**Christine MBUYI NGALAMULUME**  
Head of the Finance and Controls



**Yves CUYPERS**  
Chief Executive Officer,  
Chairman of the Executive Committee



**Thierry LOLIVIER**  
Deputy CEO



**Guy BWEYASA WA NSIAMU**  
Head of Corporate Banking



**BANQUE COMMERCIALE DU CONGO**  
*Building the future*



**Vagheni PAY PAY**  
Head in charge of BCDC branches



**Louis-Odilon ALAGUILLAUME <sup>(2)</sup>**  
Head of the Private and Retail Banking



**Hervé BOSQUILLON de FRESCHVILLE**  
Head of Control & Risks



**Olivier DUTERME <sup>(1)</sup>**  
Head of the Private and Retail Banking

(1) Until September 2016 - (2) As of October 2016

# EVENTS OCCURRING IN 2016 AND THE BEGINNING OF 2017 WITHIN THE GOVERNANCE BODIES



The ordinary general meeting of 7 April 2016:

- ▶ ratified the appointment of Mr Hugues TOTO MAKANISI that the Board meeting of 11 June 2015 had asked to continue the term of office as director of Ms Gabrielle WEBER-PERREGAUX, this term of office expiring following the ordinary general meeting of 2021;
- ▶ renewed the term of office as director of Mr Saad BENDIDI for a period of three years, this term of office ending following the ordinary general meeting of 2019.

The Board meeting of 7 July 2016 renewed, from 6 December 2016, the term of office as Deputy CEO of Mr Thierry LOLIVIER for an indeterminate period.

The ordinary general meeting of 26 April 2017 renewed the term of office as director of Mr Yves CUYPERS for a period of six years, a term of office expiring following the ordinary general meeting of 2023.

It also renewed the term of office as director of Mr Joël SIBRAC for a period of three years, expiring at the end of the ordinary general meeting of 2020.



The board of directors of the BCDC



# THE FRAMEWORK OF GOVERNANCE OF THE BCDC



Corporate governance is a dynamic process. The board of directors of the Banque Commerciale du Congo constantly re-evaluates the structure of the company to react to changes which occur in banking activities, at all levels of its organisation.

## The board of directors

The board of directors has twelve members.

It functions in accordance with a framework formed by Congolese legislation, the instructions of the Congo Central Bank and the company's articles of association.

Except concerning matters that company law or the articles of association reserve to shareholders, it is the board of directors which is ultimately responsible for the strategic management of the bank.

Its role and responsibilities, as well as its composition, structure and organisation, are detailed in the charter of the board of directors and in its internal regulations.

These documents state all the independence criteria applicable to members of the board of directors in accordance with the corporate governance practices in lending institutions enacted by the Congo Central Bank.

The board of directors met seven times in 2016 and at the beginning of 2017.

The following were amongst the subjects discussed:

- ▶ modifications to the bank's organisation chart;
- ▶ the overall strategy of the Banque Commerciale du Congo;
- ▶ the economic and monetary environment and the evaluation of the impact of the drop in commodity prices on the soundness of the bank;

- ▶ the implementation of the 2016 budget and the adoption of the 2017 budgetary framework;
- ▶ the reports from the specialised committees of the board of directors following each of their meetings;
- ▶ the financial situation of the company;
- ▶ the audited financial statements on 30 June and 31 December 2016, with the reports from the external auditor;
- ▶ the approval of the consolidated financial statements established according to IAS-IFRS international accounting standards;
- ▶ analytical accounting;
- ▶ the memorandum of governance of the Banque Commerciale du Congo at closure of the 2016 financial year;
- ▶ the pension fund.

## The appointments and remuneration committee

The appointments and remunerations committee assists the board of directors in matters of the appointments and remuneration policy for members of the bank's management. It also makes recommendations concerning candidates for the function of director.

The Chairman of the appointments and remuneration committee reported on the matters in question to the board of directors following each meeting.

## The composition of the appointments and remuneration committee:

It met four times in 2016 and at the beginning of 2017.



**Baudouin LEMAIRE**  
Chairman

**Joël SIBRAC**  
Member



**Georges BUSE FALAY**  
Member

**Hughes TOTO MAKANISI**  
Member

## The audit, risk and compliance committee

The audit, risk and compliance committee assists the board of directors in exercising its functions of evaluating the internal control system in the broadest sense. This evaluation covers the reliability of accounting processes and financial reporting, the efficiency of first and second-level controls, the quality of internal and external audit functions, performance of the risk-management system and that of the compliance control procedures.

The audit, risk and compliance committee is composed of six non-executive directors. Its chairman and members are designated by the board of directors.

The activities of the audit, risk and compliance committee benefit from certain support services from the BCDC, notably internal audit, the risks directorate and the compliance service, as well as the auditors external to the BCDC, PricewaterhouseCoopers.

The audit, risk and compliance committee met four times in 2016 and at the beginning of 2017.

All of the following took part in these meetings, at the invitation of the chairman of the committee: the Chief Executive Officer, the auditor-general, the director in charge of the risks directorate and the compliance officer or director in charge of credit supervision when examining points concerning them.

In accordance with the duties assigned to it by its charter, the subjects addressed by the audit, risk and compliance committee included the following:

- ▶ the organisation of the governance of the BCDC and, in particular, the structure of the committees, key functions, supervisory functions and independent control functions (internal audit, management of operational risks and compliance);
- ▶ the organisational structure of the bank;
- ▶ the policy on integrity, control of compliance risk, codes, internal regulations and prevention policies;
- ▶ the commercial committee charter;
- ▶ the modification of the Charter of the operational risks management committee, in accordance with the decision of the board of directors dated 10 March 2016;
- ▶ the implementation of recommendations of correspondent banks concerning the compliance management of the bank's activities and in the financial messaging sector;
- ▶ the review of the activity of the operational risks management committee;
- ▶ the report on the deployment of the map of risks and permanent controls;
- ▶ monitoring the e-cash activity;
- ▶ the restructuring of permissions in Amplitude (standardisation of user profiles);
- ▶ the appraisal of condition of security and the IT recovery plan;
- ▶ the quality of the external audit process and the level of expertise of the external auditor;
- ▶ monitoring the reports from external audit: examination of the internal control letters from the external auditors and monitoring the implementation of their recommendations;
- ▶ supervision of the internal audit process, based notably on examining and approving the 2016 audit and action plan and the periodic reports from internal audit;
- ▶ studying and approving the new charters for the credit committees;
- ▶ appraisal of condition of the migration to Amplitude V10;



- ▶ validation of the new organisation of the risks directorate, with the attachment of the property and persons security manager;
- ▶ the measures taken to complete the automation of the processing of manual transactions and to complete the IT and telecommunications recovery plan;
- ▶ the performance and quality of the internal control system in general and, in particular, the risk management system and the procedures by which the bank manages compliance with laws, regulations and the principles of good business conduct;
- ▶ the evaluations of the quality of internal control within the various departments, the report on risk management (credit risk, operational and security risks), the compliance report submitted by the compliance officer and the reports on suspect transactions detected by the transactions filtering system;
- ▶ the integrity of the financial statements and all key information communicated relative to the financial performance of the BCDC.

The chairman of the audit, risk and compliance committee reported on the matters in question to the board of directors following each meeting.

### The composition of the audit, risk and compliance committee:



**Daniel CUYLITS**  
Chairman



**Saad BENDIDI**  
Member



**Pierre CHEVALIER**  
Member



**Marceline KAOZI FATUMA**  
Member



**Victor KASONGO SHOMARY**  
Member



**Désiré YAV KAT MUCHAÏL**  
Member

## The general management

In accordance with the new articles of association of the BCDC and instruction n° 21 from the Congo Central Bank on corporate governance in lending institutions, the general management defines itself as the body responsible for the routine management of the institution.

- ▶ The Chief Executive Officer is appointed by the board of directors. He/she is responsible for the general management of the company. He/she represents it in its relationships with third parties. He/she has the broadest powers, exercised within the limit of the corporate purpose.
- ▶ Upon proposal from the Chief Executive Officer, the board of directors may, to assist him/her, appoint one or more deputy Chief Executive Officers.
- ▶ The duration of the term of office and extent of powers of the Deputy CEO are determined by the board of directors, in agreement with the Chief Executive Officer.
- ▶ The breakdown between the Chief Executive Officer and the Deputy CEO of the responsibilities for supervising business lines is submitted to the board of directors for approval.
- ▶ The Chief Executive Officer and the Deputy CEO manage the activities under their responsibility and exercise appropriate control of key personnel in the business lines placed under their control. They are responsible for keeping the board of directors appropriately informed of the implementation of the strategic plan, the financial situation of the company, the cash situation, the undertakings of the company and any other question required by the board of directors.

## The executive committee

In execution of article 20 of the company's new articles of association, the board of directors is assisted in its monitoring and decision-making functions by specialised committees. This concerns the executive committee in particular.

The role of the executive committee is to assist the board of directors in drawing up, in consultation with the Chief Executive Officer, fundamental policies and strategic objectives as well as in taking decisions or approving certain important measures.



Its responsibilities and its composition, structure and organisation, are detailed in the charter of the executive committee and in its internal regulations.

In exercising their executive function, the directors, members of the executive committee, are responsible for the routine activities coming under their respective competences as determined in the organisational structure of the company.

In the context of organising the decision-making process, the directors who are members of the executive committee report directly to the Chief Executive Officer or the Deputy CEO to whom they are responsible, or to one of them in case of unforeseen difficulty.

The chairman of the executive committee is responsible for the proper functioning of the executive committee and for initiating all processes related to it. In particular:

### The process of strategic planning

- ▶ Implement the plans, including the BCDC's business continuity plan.
- ▶ Determine the strategic priorities of the bank, including the detailed analysis of the position of the company in its market, the business plan and the projected budget, a forecast of the net banking income and the net result.
- ▶ Approve the main business decisions (granting, increasing and renewing credit) for which the amounts exceed the thresholds fixed in the delegations and sub-delegations of powers granted by the board of directors to the general management and to the business lines.
- ▶ Monitor the achievement of financial objectives and approve operational plans, including opening and closing head offices, outlets, branches or offices in the Democratic Republic of Congo.
- ▶ Approve the commitment of expenses for maintaining buildings or equipment, with the possibility to sub-delegate within the limits fixed by the board of directors.

### The determination and management of risks

- ▶ Examine proposals to modify procedures, methods, etc., (structural modifications) and supervise the implementation of processes in order to reduce the main risks associated with the activities of the bank as identified, measured, monitored and controlled by the functions of risk management, compliance and internal audit.
- ▶ Examine proposals and supervise the implementation of processes leading to compliance with applicable legal requirements, related notably to the regulations, compliance, ethics and rules of conduct and ethical codes arising from the observations of the aforementioned functions.

### The supervision of communications and the communication of information

- ▶ Supervise the policy of the bank in matters of communication, including measures put in place to collect the reactions of interested parties.
- ▶ Supervise the quality, accuracy and comprehensiveness of the information provided to shareholders and to the market.
- ▶ Approve the budget for grants and advertising.

### Internal controls

- ▶ Examine the monthly statements and the preparation of the balance sheet.
- ▶ Prepare the financial statements and the annual and quarterly management reports and the other information documents that require the approval of the board of directors.



## Governance

- ▶ Prepare the appropriate procedures and structures which enable the board of directors to adopt:
  - the administrative, accounting and financial procedures of the company,
  - the procedures and rules in matters of internal control,
  - generally, all procedures governing the functioning of the company and the management of risks.

## Planning the succession and evaluation of members of the personnel

- ▶ Supervise the process of planning the succession of personnel, particularly those in key functions, including selection, appointment to higher grades, permissions, training, evaluation and remuneration or the mode of remuneration of personnel.

## The control of the BCDC

The BCDC operates within a regulatory framework based on its status as a bank. Control is organised based on the legal structure of the BCDC and takes into account the competences of the supervisory authority.

### Regulatory control

As a provider of financial services, the BCDC is subject to the prudential control of the Congo Central Bank (law N°003/2002 dated 2 February 2002 relative to the activity and control of lending institutions).

### The external auditors

The external auditor is approved by the Congo Central Bank.

His/her mission is to:

- ▶ certify the regularity and honesty of the financial statements;
- ▶ make sure that accounting principles are complied with;
- ▶ establish a detailed report on the system for monitoring and controlling risks and the appropriateness and efficiency of internal control.

He/she communicates any shortcomings found in the internal control system to the Congo Central Bank and to the audit, risk and compliance committee.

# GOOD GOVERNANCE AND RIGOROUS RISK MANAGEMENT



The Banque Commerciale du Congo wants to be a leading international bank in terms of quality, rigour, control, proficiency and transparency in its management, at all levels of its organisation.

As a provider of financial services, the BCDC has long maintained a culture of risk awareness and has firmly undertaken to integrate compliance with the norms of corporate governance, risk management and internal control in its business practices and in its relationships with clients.

## Responsibility

It is the board of directors which is responsible, as a last resort, for organising the implementation of the management of risks and the system of internal control, and evaluating their effectiveness. Practical implementation is done by the executive committee, the various directorates and the support services.

It is incumbent upon the management to:

- ▶ set an example,
- ▶ define clear objectives,
- ▶ give internal control a fully-recognised dimension,
- ▶ create appropriate organisation structures,
- ▶ identify, evaluate and control risks,
- ▶ ensure the efficiency of all procedures,
- ▶ report on all these aspects and take all necessary corrective measures.

## Policies and standards

The policies and standards in major areas such as credit, business conduct and investments, are defined by the board of directors.

The executive committee and the directorates at their levels define, in this context, operational and reporting standards to be applied in the whole of the bank, in an operational unit or in a specific geographical zone. Overall, these policies and standards form an integral part of the internal control system. They are regularly reviewed and updated, clearly recorded in manuals and published by the internal communication channels. The frequency of revision depends on the specific risk profile of the activity targeted.

The management is also required to put in place second-level controls, meaning control procedures which can check that the first-level controls are functioning effectively, that any significant deficiencies are reported to the appropriate hierarchical and/or control level, and that the necessary corrective actions are triggered.

## The objectives of the bank

Each year, the bank prepares a plan which is discussed and approved by the board of directors. This plan defines the strategic, operational, financial and compliance objectives. Upon proposal from the executive committee, the board of directors determines the objectives of the bank in terms of the budget. The results are the subject of permanent control and the budgetary evolution reports are prepared each month.





## The operational aspects

The managers of each of the directorates bear the responsibility for internal control covering the processing, execution and correct recording of all transactions carried out in all of their respective systems. Automated systems are the subject of particular attention, notably access and functional checks. They are carefully tested before the implementation of any new procedure. Strict routines are also in place to ensure operational and systemic security.

Operational performance is evaluated by the executive committee and the board of directors.

The initiatives taken by the BCDC to improve the monitoring and management of operational risk, by refining the methods of estimation and measurement, were continued and intensified in 2016. The purpose is to reduce the frequency of operational errors and any losses that may result from them, as well as to improve the processes in order to optimise the quality of service offered to clients.

The methodology now used for this is that of Risk Self Assessment. This methodology requires the involvement of all departments of the bank, who identify the main risks related to their activities, proposing modifications to procedures or the establishment of appropriate checks in order to reduce the impact of an event. The RSA methodology is controlled by the risks directorate.

The risk-management and permanent control systems include reputation and non-compliance risks, as well as operational risks and risks of financial loss likely to threaten financial stability.

They aim essentially to provide a reasonable, but not absolute, guarantee that:

- ▶ the operational objectives are achieved;
- ▶ the operational activities are carried out efficiently and effectively;
- ▶ the assets entrusted to the BCDC are protected in the same way as the assets owned by the bank;
- ▶ the BCDC complies with the laws and regulations in force, as well as with internal procedures and policies.

All of the structures, procedures and control systems described above form the BCDC's internal control system.

Like any internal control system, that of the BCDC has its limits. It cannot totally eliminate the risk that the objectives will not be fulfilled. It can nevertheless maintain this risk at an acceptable level. It provides reasonable, but not absolute, assurance against inaccuracies or significant losses.

## Financial reporting

## The preservation of assets

Additional standards and checks are provided by the support functions through the conventional regulatory system in general, and more particularly that of instruction n°22 from the Congo Central Bank relative to risk management. These functions are independent of the operational units and are attached directly to the Chief Executive Officer, to the manager in charge of the Finance and Control directorate or the risks director according to the case. The risks directorate makes sure of the overall coherence and efficiency of the permanent control system in all its dimensions.

The board of directors defines and approves the accounting valuation principles adopted by the BCDC. The Finance and Control directorate then checks that the complete internal controls are in place for the preparation and publication of the periodic financial statements and financial reports related to them. A pyramid-shaped meeting structure involving the management controllers and the internal and external auditors at different levels of the company is used to pass on information in such a way that the manager of the Finance and Control directorate can guarantee that the financial and accounting data does not contain significant material anomalies.



## Monitoring

The structure of the risks directorate was recently modified in such a way as to take into account the practices of excellence in the field of risk management, being the guarantor of the permanent control system of the bank. The permanent controllers of operational risks, relocated to urban branches in Kinshasa, were grouped at the head office for greater efficiency and the auditors in the provinces were directly attached hierarchically to the risks directorate.

The Monitoring and Risk Control department is responsible for setting up a consistent approach throughout the scope of the bank concerning the map of risks and controls.

According to a structured approach to the evaluation of risks, the risk management function prepares action plans to remedy identified deficiencies and to define standards, methodologies and information systems. Risk management is the responsibility of the business continuity plan.

The risk management function is also responsible for analysing all procedures and giving the approval of the risks directorate before distribution.

The independent monitoring of risks incurred, organised at the Risk Management and Monitoring and Risk Control level, is regularly reported to the executive committee and the audit, risk and compliance committee by the risks directorate.

Internal audit supervises the efficiency of internal control at all levels of the BCDC. The task of the auditors is to evaluate the protection of assets, the efficiency of operations, compliance with laws and regulations in force and the reliability of the financial and management information. They present recommendations based on their observations and monitor their correct application.

The internal audit methodology is based on the COSO (Committee of Sponsoring Organizations of the Treadway Commission) model, enabling it to refer to recognised control standards. Internal audit is authorised to audit all the activities of the bank and therefore has appropriate qualitative and quantitative resources for maximum efficiency. Internal audit therefore provides independent and objective control under the

authority of the auditor-general. The auditor-general of the BCDC has direct access to the chairman of the audit, risk and compliance committee, to whom he is responsible and whom he regularly meets.

## Compliance

Risks of non-compliance include non-compliance with the rules related to financial or banking activities, whether they are of a regulatory, legislative, professional or ethical nature.

The Compliance function is driven by the ambition to protect the bank from risks of non-compliance and to oversee development in an environment of controlled risks. The responsibility of the compliance function is to disseminate this ambition within all the entities of the bank, so that it forms an integral part of the activity of each employee.

The compliance function aims to obtain assurance that the BCDC and its personnel actually comply with all the laws and regulations in force, both at the national and international levels. The compliance function also has the task of maintaining a relationship of trust and mutual understanding with the regulators and the control authorities.

The prevention of money laundering and terrorist financing is one of the major concerns of the bank's integrity policy. In 2016, the bank subscribed to the use of the Anti-Money-Laundering module which, among other things, can generate alerts (red flags) on transactions indicating a risk of money laundering or terrorist financing.

The executive committee and the board of directors regularly approve the principles, rules and procedures for the prevention of money laundering and terrorist financing. These apply to all the services of the bank and are the subject of an information and awareness-raising programme to all personnel.



## Extension of the scope of action to the compliance function

The process of extending the scope of action of the compliance function was begun and continues as part of the Risk Self Assessment – RSA project in 2017.

## Risk management by the support functions

Risk management is essential in all aspects of the activities of the BCDC. Responsibilities are respectively incumbent upon the board of directors and the executive committee.

The board of directors controls the solvency of the bank, identifies significant risks and determines the overall requirements in matters of risk/yield ratio.

The executive committee is responsible for defining the strategic lines and a high-level policy in matters of risk management. It controls the consolidated reports on risks at the level of all the entities of the bank.

These two bodies are assisted by a series of specific committees within the bank, notably the ALM (Asset and Liability Management) Committee, the Operational Risks Management Committee and the Credit Committee.

## Evaluation

The internal control system described in the previous pages was fully operational throughout the financial year in question until the present; all of its essential components and all improvements were discussed within the audit, risk and compliance committee, which reported to the board of directors. The internal control system is dynamic and continually adapts to changes found in the internal and external environment, notably to all regulatory modifications.

The audit, risk and compliance committee has analysed the effectiveness of the system and regularly reports to the board of directors. To successfully complete its mission, the committee relies on detailed reports on internal controls from the internal audit directorate, reports from the compliance officer and external auditors, reports from the director in charge of the risks directorate, information on operational losses and information on cases in litigation and mission reports from the supervisory authorities.

# FINANCE AND CONTROL



## An excellent year in terms of the performance and results

For the BCDC, 2016 will have been an excellent vintage, in spite of a 7% contraction in the size of the balance sheet. The present financial year is ending with a result before tax and provisions of around USD 18 million and a net result of USD 11 million. This result is particularly flattering because we have to go back five years, to 2012, to find this level of profits!

The bank's net banking income benefited from the good performance of its forex activities. With very strong activity throughout the financial year, the trading room, taking advantage of the scarcity of foreign currency, generated a forex result of USD 24 million, against expectations of around 11 million and USD 12 million achieved during the previous financial year. This 100% progress compared to 2015 was possible because BCDC had a comfortable volume of foreign currency in a money market that was short of currency.

The interest margin, meaning the margin between the interest earned by the bank and that paid to its lenders (depositors and others) also contributed favourably to net banking income. This income stood at USD 28.8 million, up by 6% compared to the previous financial year, when it stood at USD 27 million, but 4% below the objectives fixed at USD 30 million. The size of the interest charge paid on term deposits for which the average rate of interest went from 4.8% in 2015 to 5.3%, and average outstanding loans of USD 62 to USD 107 million, as well as the cost of refinancing in the money market to satisfy mandatory reserve requirements, explains this under-performance compared to the forecasts.

Also, operating expenses, which stand at USD 60 million for the financial year, are completely controlled, in line with the previous financial year and contained within the budget limits.



Christine Mbuyi,  
Finance and Control Director

Lastly, the BCDC has carried out a policy of scrupulous respect for the prudential ratios imposed by the central bank. At the end of 2016, the bank had a solvency ratio of 20%, against a regulatory standard of at least 10%. The operating ratio, the ratio between operating expenses and net banking income, stood at 64%. Concerning the liquidity ratio, it stands at 116% for a regulatory requirement of at least 100%.

## High-quality financial information prepared according to IFRS international standards

Remember that the BCDC has been publishing financial statements in accordance with IFRS international accounting rules since the 2014 financial year. It therefore fulfils the objective of the central bank of giving the Congolese banking sector an accounting framework compliant with international standards, with the aim of opening the financial sector to foreign investors and the international financial community, thanks to the credibility, image and financial transparency offered by IFRS standards.



Thanks to the adoption of the project by the management of the BCDC and the expertise of two international firms, Mazars (technical assistance) and PricewaterhouseCoopers (external auditor), who supported our internal teams, the BCDC, from 2015, distinguished itself as the first bank in the country to adopt IFRS standards by publishing its accounts for the 2014 financial year according to this standard. After the publication, in 2016, of the financial statements for the 2015 financial year, the BCDC will therefore now be presenting its 2016 financial statements according to IFRS for the 3rd consecutive year.

For the BCDC, the main impacts of restating the accounts to IFRS standards essentially concern loans, provisions, long-term benefits to personnel and capital assets which were evaluated at the appraisal value instead of historical cost.

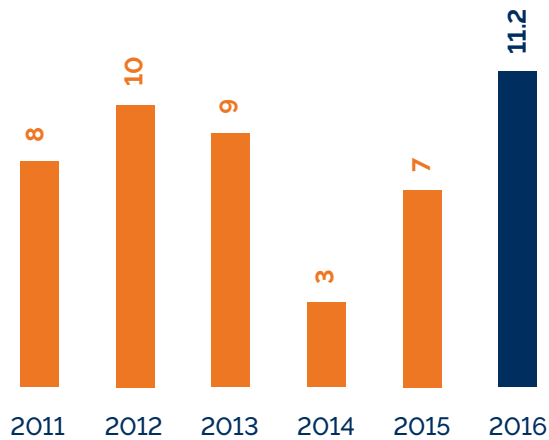
We congratulate the decision taken by the board of directors to adopt IFRS standards as quickly as possible,

both for the image that this provides for the BCDC and for the possibility that they offer to assess the financial situation of the bank based on sound accounting principles. IFRS standards enable this financial situation to be read based on economic reality and on the principle of "fair value", thus guaranteeing a correct evaluation of the economic performance of the bank. Backed by this internationally-recognised standard for reliability, transparency and the compatibility of financial information that it ensures, correspondent bankers can only be reassured in their assessment of the financial health of the BCDC.

Lastly, the use of high-quality standards to present the results of the BCDC strengthens the trust of the public in the bank and confirms its status as a leading bank in matters of good governance.

The financial statements for the 2016 financial year according to IFRS standards are the subject of a separate document.

## EVOLUTION OF THE NET RESULT



Graph in equivalent USD million according to the CDF/USD exchange rate on 31 December of each year.

**IN SPITE  
OF THE DEVALUATION  
BY MORE THAN 30%  
IN THE CONGOLESE FRANC  
AGAINST THE DOLLAR IN 2016,  
THE NET RESULT EXPRESSED  
IN DOLLARS HAS REACHED  
A RECORD LEVEL.**

# THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNTS



## BALANCE SHEETS AS OF 31 DECEMBER 2016 AND 31 DECEMBER 2015 (EXPRESSED IN THOUSANDS OF CONGOLESE FRANCS)

ASSETS	31/12/2016	31/12/2015
<b>Cash and interbank transactions</b>		
Cash in hand, central and correspondent banks	328,400,640	340,037,287
Debts owed by lending institutions	86,698	1,500,000
Portfolio of public and semi-public bills of exchange	-	10,000,000
<b>Total cash and interbank transactions</b>	<b>328,487,338</b>	<b>351,537,287</b>
<b>Transactions with clients</b>		
Portfolio of commercial bills of exchange	4,952,446	2,673,831
Overdrafts and other loans to clients	376,957,484	232,648,194
<b>Total transactions with clients</b>	<b>381,909,930</b>	<b>235,322,025</b>
<b>Accounts of third parties and adjustment accounts</b>		
Asset adjustments	8,908,203	5,605,203
Miscellaneous assets	11,928,243	9,569,002
<b>Total accounts of third parties and adjustment accounts</b>	<b>20,836,446</b>	<b>15,174,205</b>
<b>Fixed assets</b>		
Net fixed assets	34,800,323	31,658,948
Fixed assets under construction	4,626,653	-
Securities portfolio	1,971,020	1,914,182
Guarantees and deposits	308,329	241,804
<b>Total fixed assets</b>	<b>41,706,325</b>	<b>33,814,934</b>
<b>TOTAL ASSETS</b>	<b>772,940,039</b>	<b>635,848,451</b>
<b>CONTINGENT ACCOUNTS</b>		
Commitments given	167,314,061	139,816,926
Commitments received	956,141,716	676,407,889
Internal commitments	52,000,110	240,804,298
<b>TOTAL CONTINGENT ACCOUNTS</b>	<b>1,175,455,887</b>	<b>1,057,029,113</b>





LIABILITIES	31/12/2016	31/12/2015
<b>Cash and interbank transactions</b>		
Lori and Central Bank correspondents	11,433,539	16,136,599
Inter-bank loans and overdrafts	18,087,388	89,264
<b>Total cash and interbank transactions</b>	<b>29,520,927</b>	<b>16,225,863</b>
<b>Transactions with clients</b>		
Demand deposits and current accounts	366,580,385	380,836,314
Term deposits and savings accounts	187,533,109	99,671,091
Other accounts of clients	17,298,444	16,455,689
<b>Total transactions with clients</b>	<b>571,411,938</b>	<b>496,963,094</b>
<b>Accounts of third parties and adjustment accounts</b>		
Liability adjustments	39,286,192	22,935,118
Miscellaneous liabilities	33,202,501	31,819,211
<b>Total accounts of third parties and adjustment accounts</b>	<b>72,488,693</b>	<b>54,754,329</b>
<b>Permanent capital</b>		
Capital	4,982,000	4,982,000
Reserves and issue premiums	32,562,864	22,214,135
Capital gain on re-evaluation of fixed assets	13,828,284	10,778,374
Regulated provisions	10,976,027	6,534,213
Retained earnings	1,663,572	1,269,881
Profit for the financial year	13,651,445	6,606,514
<b>Capital and reserves</b>	<b>77,664,192</b>	<b>52,385,117</b>
Provisions for risks, charges and losses	21,854,289	15,520,048
<b>Total permanent capital</b>	<b>99,518,481</b>	<b>67,905,165</b>
<b>TOTAL LIABILITIES</b>	<b>772,940,039</b>	<b>635,848,451</b>

**INCOME STATEMENT AS OF 31 DECEMBER 2016 AND 2015**

(Expressed in thousands of Congolese francs)

	31/12/2016	31/12/2015
Income from cash and interbank transactions	1,273,222	556,970
Charges on cash and interbank transactions	(486,525)	(150,876)
Income from transactions with clients	40,028,668	32,529,626
Charges on transactions with clients	(7,408,188)	(4,108,533)
Other bank income	57,290,956	38,489,296
Other bank charges	(4,245,737)	(4,430,292)
<b>Net banking income</b>	<b>86,452,396</b>	<b>62,886,191</b>
Ancillary income	6,140,126	7,820,381
General operating expenses	(30,065,794)	(25,424,346)
Personnel charges	(26,993,628)	(24,652,454)
Taxes and duties	(808,742)	(1,078,133)
<b>Gross operating result</b>	<b>34,724,358</b>	<b>19,551,639</b>
Allocations to depreciation	(3,793,801)	(3,339,854)
<b>Pre-tax and exceptional profit/loss</b>	<b>30,930,557</b>	<b>16,211,785</b>
Profit/loss on sale of asset elements	528,310	533,422
Allocation and reversal of provisions	(7,673,340)	(1,228,163)
Exceptional profit/loss	(2,104,351)	(3,962,617)
<b>Pre-tax profit/loss</b>	<b>21,681,176</b>	<b>11,554,427</b>
Corporation tax	(8,029,731)	(4,947,913)
<b>PROFIT FOR THE FINANCIAL YEAR</b>	<b>13,651,445</b>	<b>6,606,514</b>

**STATEMENT OF VARIATION IN CAPITAL AND RESERVES  
CLOSED ON 31 DECEMBER 2016 AND 31 DECEMBER 2015**

(Expressed in thousands of Congolese francs)

	Balance on 01/01/2016	Increase	2016 movement Reduction	Conversion to current value	Balance on 31/12/2016
Capital	4,982,000	-	-	-	4,982,000
Legal reserve	4,805,420	660,652	-	1,694,599	7,160,671
Statutory reserve	17,331,358	1,981,954	-	5,987,542	25,300,854
Optional reserve	77,357	-	-	23,982	101,339
Retained earnings	1,269,881	-	-	393,691	1,663,572
Result of the period	6,606,514	13,651,445	(6,606,514)	-	13,651,445
Capital gain upon revaluation	10,778,374	3,049,910	-	-	13,828,284
Provision on the sale of buildings	3,345,252	524,777	-	1,092,243	4,962,272
Provision for reconstitution of capital	3,188,961	1,781,901	-	1,042,893	6,013,755
<b>TOTAL EQUITY CAPITAL</b>	<b>52,385,117</b>	<b>21,650,639</b>	<b>(6,606,514)</b>	<b>10,234,950</b>	<b>77,664,192</b>



## CASH FLOW STATEMENTS CLOSED ON 31 DECEMBER 2016 AND 31 DECEMBER 2015

(Expressed in thousands of Congolese francs)

	31/12/2016	31/12/2015
<b>Operational activities</b>		
Income collected from banking operations (excluding income from the investment portfolio)	104,732,972	75,186,998
Banking operating expenses disbursed	(43,014,986)	(35,192,180)
Deposits/withdrawals of deposits with other banking and financial institutions	13,295,064	13,034,945
Loans and advances/Repayment of loans and advances granted to clients	(146,352,817)	1,799,219
Deposits/Withdrawals of deposits from clients	74,448,844	73,174,176
Investment securities	-	-
Amounts paid to personnel and miscellaneous creditors	(26,993,628)	(24,652,454)
Other cash flows coming from operating activities	18,420,901	(829,513)
Tax on profit	(8,029,731)	(4,947,913)
<b>Net cash flow coming from operating activities</b>	<b>(13,493,381)</b>	<b>97,573,278</b>
<b>Investment activities</b>		
Interest and dividend collected on the investment portfolio	-	-
Acquisitions/disposals in investment portfolio	(123,363)	808,937
Acquisitions/disposals on capital assets	(5,469,297)	(5,316,959)
Portfolio securities	-	-
<b>Net cash flow coming from investment activities</b>	<b>(5,592,660)</b>	<b>(4,508,022)</b>
<b>Financing activities</b>		
Issue of shares	-	-
Issue of loans	-	-
Repayment of loans	-	-
Increase/reduction in special resources	-	-
Dividends paid	3,963,908	-
<b>Net cash flow coming from financing activities</b>	<b>3,963,908</b>	<b>-</b>
Impact of variations in exchange rates on cash and cash equivalents	-	-
Net variation in cash and cash equivalents during the period	23,049,949	93,065,256
Cash and cash equivalents at the beginning of the period	351,537,287	258,472,031
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>328,487,338</b>	<b>351,537,287</b>

# APPROPRIATION OF THE BALANCE-SHEET RESULT



**PROFIT FOR THE 2016 FINANCIAL YEAR STANDS AT 13,651,444,940.**  
(Expressed in Congolese francs)

Upon proposal from the board of directors, the general meeting on 26 April 2017 approved the distribution of the result of the 2016 financial year as follows:

Legal reserve	1,365,144,494
Statutory reserve	5,324,063,527
Dividends	6,962,236,919

After the distribution of the result has been booked to the balance sheet, the total equity capital of the bank stands at **CDF 70 701 955 469** broken down as follows:

<b>Capital</b>	<b>4,982,000,000</b>
Legal reserve	8,525,815,244
Statutory reserve	30,624,917,793
Optional reserves	101,338,707
Provision for reconstitution of capital	6,013,754,339
Provision on the sale of buildings	4,962,272,982
Capital gain upon revaluation	13,828,284,637
Retained earnings	1,663,571,767
	<b>70,701,955,469</b>



# GENERAL REPORT FROM THE EXTERNAL AUDITORS

## ON THE ANNUAL FINANCIAL STATEMENTS OF BANQUE COMMERCIALE DU CONGO S.A. "BCDC" – FINANCIAL YEAR ENDING ON 31 DECEMBER 2016



To the general meeting of shareholders  
of the BANQUE COMMERCIALE DU CONGO S.A. "BCDC"  
Kinshasa, Gombe

In execution of the mission assigned to us by your general meeting, we hereby present our report covering the financial year ending on 31 December 2016 on:

- ▶ the audit of the annual financial statements of BANQUE COMMERCIALE DU CONGO S.A., as they are attached to the present report;
- ▶ the specific checks and information specified by the law.

The annual financial statements were approved by the Board of Directors. It is our responsibility, based on our audit, to express an opinion on these annual financial statements.

### Audit of the annual financial statements

#### OPINION

We have performed the audit of the attached annual financial statements, expressed in Congolese francs, of BANQUE COMMERCIALE DU CONGO S.A. as of 31 December 2016, which include the balance sheet, the income statement, the statement of variation of capital and reserves, the cash flow statement for the year ending on that date, and a summary of the main accounting methods and other explanatory notes.

In our opinion, the annual financial statements give, in all significant aspects, a true image of the financial situation of BANQUE COMMERCIALE DU CONGO S.A. on 31 December 2016, and of its financial performance and its cash flows for the year ending on that date, in accordance with the accounting principles generally accepted in the Democratic Republic of Congo and the instructions and the directives of the Congo Central Bank.

#### BASIS OF THE OPINION

We have performed our audit according to international audit standards (ISA). The responsibilities incumbent upon us pursuant to these standards are more fully described in the section "Responsibilities of the external auditor for the audit of the annual financial statements" in the present report.

We are independent of the BANQUE COMMERCIALE DU CONGO S.A. in accordance with the accounting ethics rules (IESBA) and the ethical rules which govern external auditors and we have fulfilled the other ethical responsibilities incumbent upon us according to these rules.

We consider that the conclusive elements that we have obtained are sufficient and appropriate to form the basis of our opinion on the audit.

#### RESPONSIBILITIES OF THE MANAGEMENT AND THOSE IN CHARGE OF GOVERNANCE RELATIVE TO THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements were prepared by the management and approved by the board of directors.

The management is responsible for the preparation and sincere presentation of the annual financial statements in accordance with the accounting principles generally accepted in the Democratic Republic of Congo and the instructions of the Congo Central Bank, as well as for the internal control that it considers necessary to enable the preparation of annual financial statements that do not contain significant anomalies, whether these result from fraud or error.



When preparing the annual financial statements, it is incumbent upon the management to assess the ability of the institution to continue its operation and to supply, where applicable, information relative to the continuity of operation and to apply the basis for the continuity of operation, unless the management intends to put the institution into liquidation or cease its activities or if there is no other realistic alternative solution open to it. It is incumbent upon those responsible for governance to monitor the process of preparing the institution's financial information.

#### **RESPONSIBILITIES OF THE EXTERNAL AUDITOR RELATIVE TO THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance that the annual financial statements, taken as a whole, do not contain significant anomalies, whether these result from fraud or error, and to issue an audit report containing our opinion.

"Reasonable assurance" corresponds to a high level of assurance, which nevertheless does not guarantee that an audit carried out in accordance with "ISA" standards will always be able to detect all existing significant anomalies. Anomalies may result from fraud or error and are considered significant when

it is reasonable to expect that, taken individually or combined, they may influence economic decisions that the users of the annual financial statements take based upon them.

#### **Checks and specific information**

#### **IN ACCORDANCE WITH THE STANDARDS OF THE PROFESSION, WE ALSO CARRIED OUT THE SPECIFIC CHECKS SPECIFIED BY THE LAW.**

We have no comments to make concerning the honesty and concordance with the annual financial statements of the information given in the management report from the board of directors and in the documents sent to shareholders on the financial situation and the annual financial statements of the BANQUE COMMERCIALE DU CONGO S.A.

Also, in application of the provisions of article 746 of the OHADA Uniform Act relative to the law covering commercial companies and Economic Interest Groupings, we checked the existence and compliant operation of the register of the bank's registered securities. We have no observations to make concerning the existence and compliant operation of this register.

The external auditor  
PricewaterhouseCoopers DRC SAS  
18 April 2017



# THE NETWORKS AND POINTS OF CONTACT IN THE DRC



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The BCDC also had 43 Western Union counters on 31/12/2016.

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### CORRESPONDENTS IN USD

- ▶ Deutsche Bank Trust Company Americas (United States):  
**BKTRUS33**
- ▶ Citibank N.A. (United States):  
**CITIUS33**
- ▶ ING BELGIUM NV/SA (Belgium):  
**BBRUBEBB**
- ▶ Natixis (France):  
**NATXFRPP**
- ▶ Fimbank PLC (Malta):  
**FIMBMTM3**
- ▶ Mauritius Commercial Bank Ltd (Mauritius):  
**MCBLMUMU**
- ▶ Byblos Bank Europe (Belgium):  
**BYBBEBBB**
- ▶ Banque de Kigali (Rwanda):  
**BKIGRWRW**
- ▶ Bank of China (China):  
**BKCHCNBJ**

### CORRESPONDENTS IN EUR

- ▶ ING BELGIUM NV/SA (Belgium):  
**BBRUBEBB**
- ▶ Citibank N.A. (United Kingdom):  
**CITIGB2L**
- ▶ Commerzbank AG (Germany):  
**COBADEFF**
- ▶ Natixis (France):  
**NATXFRPP**
- ▶ Unicredit S.P.A (Italy):  
**UNCRITMM**
- ▶ Byblos Bank Europe (Belgium):  
**BYBBEBBB**

### CORRESPONDENTS IN ZAR

- ▶ Absa Bank (South Africa):  
**ABSAZAJJ**
- ▶ Commerzbank AG (Germany):  
**COBADEFF**

### CORRESPONDENTS IN OTHER CURRENCIES (CAD, CHF, GBP, JPY)

- ▶ Commerzbank AG (Germany):  
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