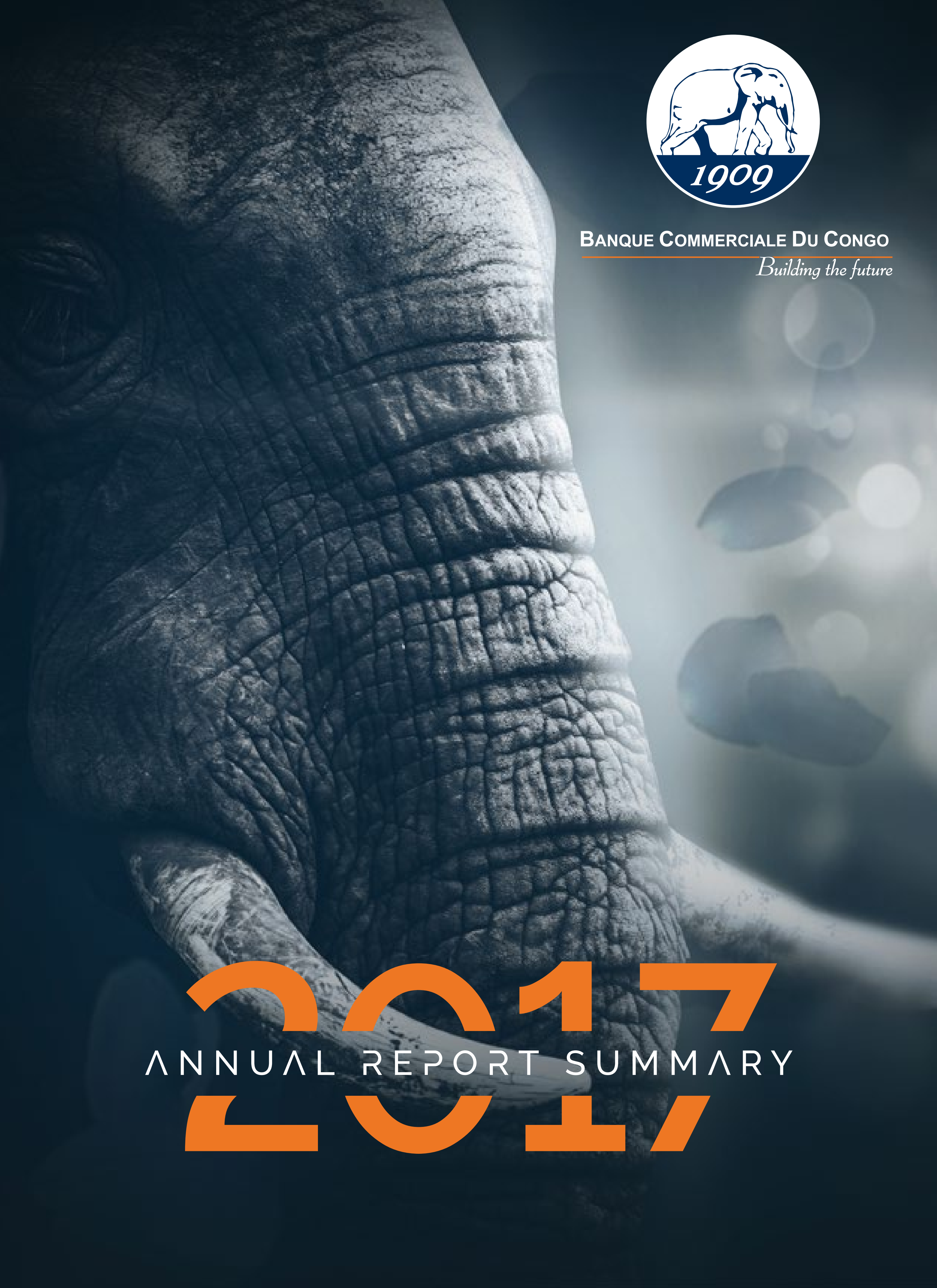

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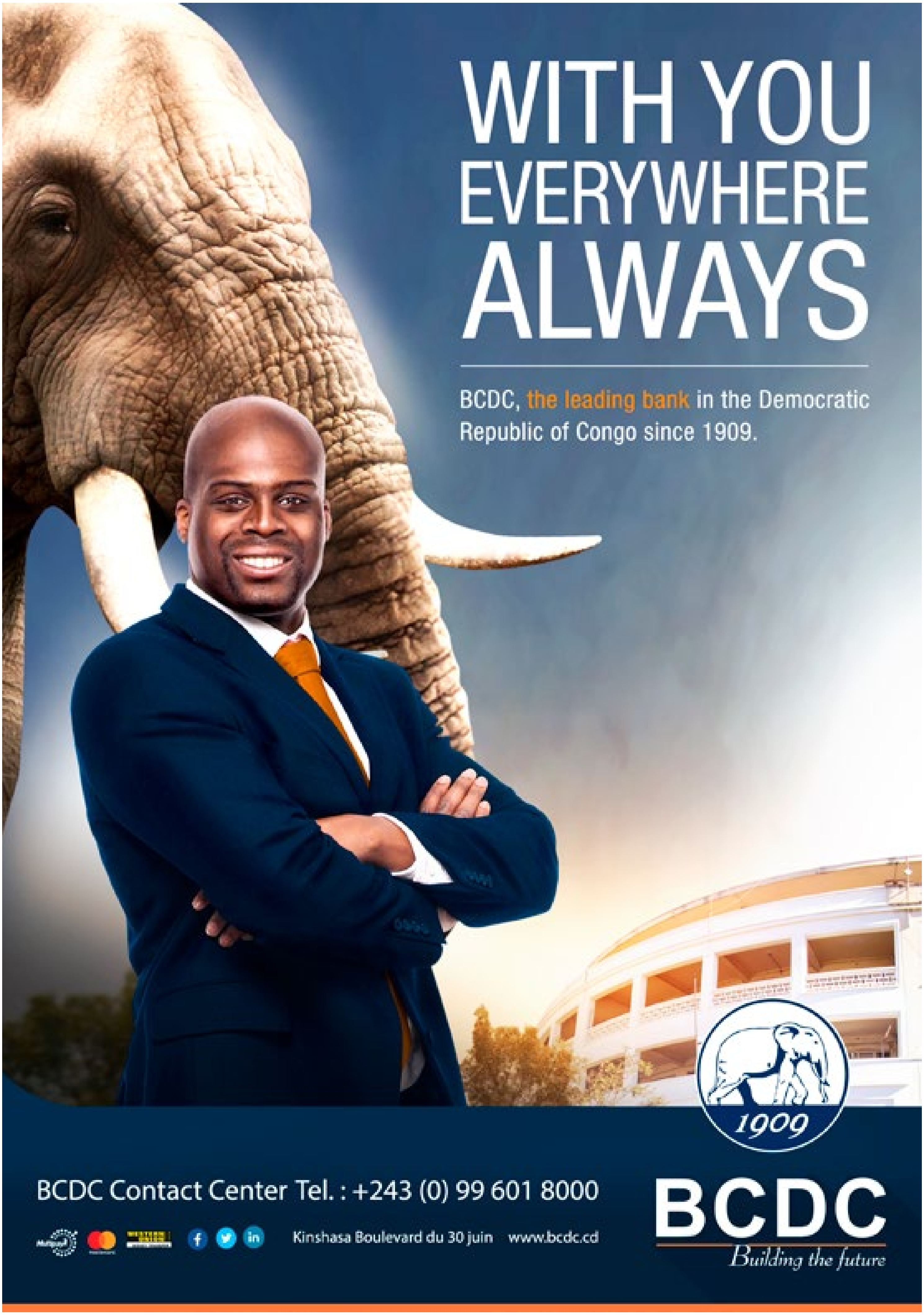
Building the future

2017

ANNUAL REPORT SUMMARY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EVERYWHERE
ALWAYS
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BCDC Contact Center Tel. : +243 (0) 99 601 8000
Kinshasa Boulevard du 30 juin www.bcdc.cd
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OVERVIEW AND ANALYSIS

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OVERVIEW AND ANALYSIS

A word from the Chairman of the Board of Directors

In 2017, tumbling commodity prices took a heavy toll on the life of the nation and its economy.

I'm delighted at the resilience and sound governance practices displayed by all BCDC executives amid such challenging circumstances, as evidenced by positive movements across all of the bank's indicators. The economic environment did not make this an easy task.

It was the culture of excellence that informs every aspect of our organisation's management that enabled us to keep our governance on track.

Because, at BCDC, we have something that precious few other organisations in the DRC can claim: executives with a clear focus on competence, professional diligence and discipline. It's been that way for decades. No stormy seas or gusting winds are strong enough to knock BCDC off course.

If there's one thing I've learned in my time as Chairman and businessman, it's this: we must keep faith in the vast potential of our country and our fellow citizens.

At BCDC, we've always been about DRC and its people. And for that reason, BCDC should be the obvious choice for businesses in DRC. Those who partner with us join a virtuous circle of trust and growth.

OUR CULTURE OF ON SHOW IN

The government has recently introduced a series of measures and initiatives to support and encourage local businesses – mainly SMEs and SMIs – under the Law on Subcontracting in the Private Sector. As a result, it looks as though 2018 holds much promise for creative, flexible small and medium-sized enterprises. They hold the key to unlocking growth in our economy and, therefore, for BCDC.

But our ability to deliver the services that our current and potential clients expect hinges on the outstanding people at every level of our organisation – employees, managers, senior executives and shareholders alike. I want to express my deepest gratitude to each and every one of them.

Of course, this virtuous circle wouldn't be complete without our clients, who rightly continue to place their trust in us. So thank you to them, too, for their loyalty. This annual report is intended for them, and for our partners. It sheds light on the things we do best at BCDC as we approach our 110th anniversary.

The strong and wise elephant – the long-standing symbol of our organisation – will be here to continue supporting growth for many years to come.

Pascal Kinduelo Lumbu

EXCELLENCE 2017

Detailed analysis from Yves Cuypers, Chairman of the Executive Committee

2017: A SATISFACTORY YEAR IN CHALLENGING CIRCUMSTANCES

In 2017, we faced the same regulatory instability and economic pressures that characterised 2016.

DRC's economy began recovering last summer and the recovery picked up pace towards the end of the year. Consequently, our risk coverage, liquidity and capital adequacy ratios were all on target and we recorded positive net income for the year. Going forward, the bank needs the certainty that comes with a stable regulatory environment, and must press ahead with its digital technology drive as globalisation progresses at pace.

We headed into FY 2017 with a focus on four factors stemming from the regulatory and economic environment in which we operate.

1. First, we realised from the outset that we would not be able to deliver the same figures as in 2016, which were bolstered by record foreign exchange gains that far exceeded our forecasts.

2. Second, we had to borrow funds denominated in Congolese francs in order to service our debt to the Central Bank of Congo for our statutory reserve, which eroded our interest margin.

3. Third, the uncertain environment meant that we adopted a cautionary stance on growing our loan book, meaning we were unable to make up for the predictable shortfall in foreign currency gains.

4. And fourth, we were naturally affected by the lending institution governance and compliance developments that occurred in 2017 – changes that impacted the banking sector as a whole.

There was clear evidence of the importance of these developments to our business when, in June 2017, a delegation from the Congolese Banking Association visited the U.S. Department of State to explain who we are, what we do and how we work. The visit was a valuable opportunity to put our American partners' minds at ease, and to state unequivocally that we have no choice but to comply with international regulatory bodies' rules in full or face sanctions.

STRAINED MONEY MARKETS IN 2017

After sliding sharply, the Congolese franc opened 2017 at 1,230 CDF to 1 USD. The devaluation continued at pace thereafter, dropping to 1,500 CDF at 30 June then to 1,700 CDF in August 2017. The currency then stabilised at 1,550 CDF from October onwards, as money markets entered a more hushed phase in late 2017 and early 2018.

The exchange rate stability was welcome news for us, since currency fluctuations have a significant impact on our statutory reserve. We felt the full effect of this volatility in 2017, which generated an additional cost of 4.6 million USD.

Foreign currency transactions had an upward effect on our net banking income – as in 2016, although not to the same degree. For FY 2017, net banking income stood at 16 million USD, down from 23 million USD in 2016, which, as explained, was an exceptional year.

Our cautious approach and sound management practices meant that we hit our initial target for the year and managed all our risks with confidence, ending FY 2017 with 9 million provisions (against a forecast of 6 millions USD).

Despite this deliberately cautious strategy, we managed to record a net profit of 8.3 million USD for the year.

BCDC HIT ITS FOUR HEADLINE TARGETS IN 2017: COVERING RISKS, MANAGING LIQUIDITY, MAINTAINING ADEQUATE CAPITAL AND POSTING NET PROFIT.

We hit all our targets despite challenging and uncertain circumstances.

- Our first target was to ensure all our risks (credit, operational, tax, legal and regulatory) were covered.
- Our second target focused on maintaining sufficient liquidity, given the potential for the unstable environment to prompt wariness among some depositors. Fortunately those fears were unfounded, demonstrating how well we are perceived among our clients.
- Our third target was to maintain a sufficient capital adequacy ratio – a vital goal because, as well as covering risks, it is vital for any bank to maintain its capital and record a net profit.
- And lastly, our fourth target was to record a net profit after tax. We met that target too, posting 8.3 million USD.

Back in 2012, there were 22 commercial banks in DRC. Today, that figure has fallen to just 16. Banking is not an easy industry to do business in.

We adopted a cautious approach, and with good reason – because the tougher prudential rules could well have weighed on our performance across the financial year. In the end, introduction of the new rules was delayed because, although they were justified, not all banks were able to comply with them immediately.

RECAP:

1. The 30 million USD minimum capital rule was supposed to come into effect on 31 October 2017 but was postponed until January 1, 2019. We fully expect to meet the 50 million USD minimum capital rule when it comes into effect, which cannot happen before 2020.

2. Introduction of the prudential ratios outlined in Central Bank of Congo amendment no. 6 to instruction no. 14 was also delayed. We now know that the ratios will come into effect when they are published in February 2018, after a likely three- or four-month acclimatisation period. The Central Bank's new prudential requirements align with the Basel III rules*.

Even stricter regulatory requirements will continue to apply pressure on organisations across the industry, and we could well see the number of banks shrink even further – although such a development would be undesirable.

BCDC IS DELIVERING ON ALL FRONTS, INCLUDING FOR ITS PEOPLE

A large part of the credit for our performance must go to our employees, who agreed to a pay freeze between 2016 and 2017. Despite this gesture, the bank continued to forge ahead last year. In fact, BCDC is delivering on all fronts, including for its people. We held our headcount steady last year and ensured we had enough provisions set aside to cover our employee benefit commitments. The proof came in October 2017, when the Labour Inspectorate approved the amended collective bargaining agreement, allowing the bank to open on Saturday mornings and introducing a six-day week.

* The Basel III Accords (following Basel I in 1988 and Basel II in 2008) feature a stricter definition of capital, and introduce a new liquidity ratio and leverage ratio under which capital must now account for at least 3% of a bank's assets. The rules are being phased in gradually through to 2019. The new Basel III rules could pose problems because the solvency ratio (the ratio of prudential capital to risks) is expected to rise from 7% to 14% if all risks are included. These tougher rules will make it increasingly difficult for banks to run a profitable business. That is why the Central Bank's instruction is highly anticipated.

Since 2013, we have set aside roughly 1.8 million dollars each year for employee pensions – taxable provisions that are currently weighing on our income. In the near future, however, these provisions will act as a reserve that no longer affects the bank's income.

LIÈGE KINSHASA MANAGEMENT SCHOOL: A FIRM COMMITMENT TO SOCIAL INCLUSION

Liège Kinshasa Management School (LKMS) was founded in 2017 by the Congolese Banking Association, the Congo Business Federation (FEC) and the University of Liège. The school will be a vital producer of skilled human capital for both BCDC and the entire formal sector in DRC.

LKMS is expected to act as a talent pool for DRC-based businesses and to address a shortage of training provision. The school, which is scheduled to open for business in 2019, will be more like a platform than a school in the conventional sense.

In other training-related news, the fifth cohort graduated from the BCDC Banking Academy last year.

A SUSTAINED POLICY OF INVESTMENT

Despite the challenging conditions, we maintained our policy of investing in our business, spending 8 million USD on a complete overhaul of our Lubumbashi branch.

It was a worthy investment decision for a century-old bank like BCDC. The revamped branch will deliver a better standard of service to the many clients who use it, and reaffirm our image as a bank that is "building the future".

A MODEST BUDGET IN 2018, BUT WITH A CLEAR FOCUS ON STRATEGIC INVESTMENTS

Taking all of the above into account, the 2018 budget is along similar lines to 2017, with an emphasis on managing and mitigating risks, managing and maintaining liquidity, acclimatising to new regulatory requirements, and working on the increasingly important issues of governance and compliance – all the while delivering a net profit.

We will continue operating to the very highest international standards on compliance and money laundering.

The key principles guiding our approach are manage, adapt, develop and contribute.

A POSITIVE OUTLOOK FOR THE MINING SECTOR IN 2018

Mining sector activity picked up again in mid-2017, although commercial banks are yet to feel any material impact from this development. The industry has come through a deeply challenging period but conditions are now starting to look fairer, with copper spiking to around 7,000 USD per ton and cobalt hitting record highs. It will be some time yet before these positive developments have a knock-on effect on the wider economy, and on banks in particular.

In summary, we are more than satisfied with our performance in 2017 given the uncertain environment in which we operated. These challenging circumstances will not carry on indefinitely. And when they do come to an end and the economy picks up again, BCDC will harness the opportunities that come with growth to shore up its fundamentals and build market confidence.

OUR 3 CHALLENGES
FOR THE NEXT FIVE YEARS

RIGHT NOW, BCDC IS FACING THREE MAJOR CHALLENGES.

- Our first challenge is to strengthen our governance and adapt to an increasingly globalized banking system. The United States are understandably setting the pace on this front. But we must invest if we are to comply with these new requirements and make the costly improvements that they demand.

- Our second challenge is to accept that we can only grow if we are closely aligned, at least in part, with a reputable international group, while at the same time staying true to our local roots here in DRC.

- Our third challenge is to embrace new technologies and developments like e-banking, digital banking, e-money, new payment instruments and competition from new market entrants (mobile operators). In today's globalized and fiercely competitive world, we must think ahead and picture what our banking products and services will look like five or even ten years from now.

We cannot tackle these three challenges in isolation.

If we are to embrace new technologies, we will need to invest heavily and for the long term. We can only do that if we are in sound financial health and have reliable partners on our side.

The same goes for compliance. Because complying with international requirements is easier as part of a larger group that has already tackled these issues itself. BCDC is nevertheless working hard to bring itself in line with international standards.

These three challenges align neatly with the three pillars of banking and the dynamic way in which they interact: shareholders, the international financial system, and new technologies.

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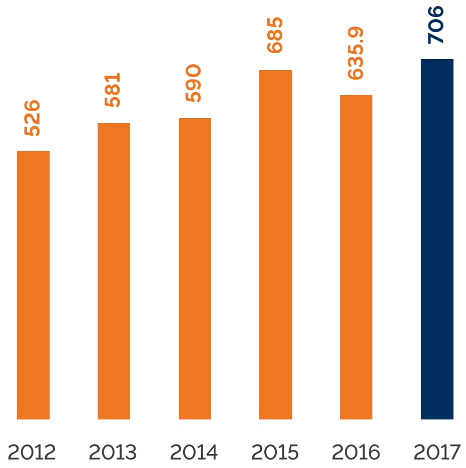
Changes to performance indicators

Key figures of BCDC on 31 December

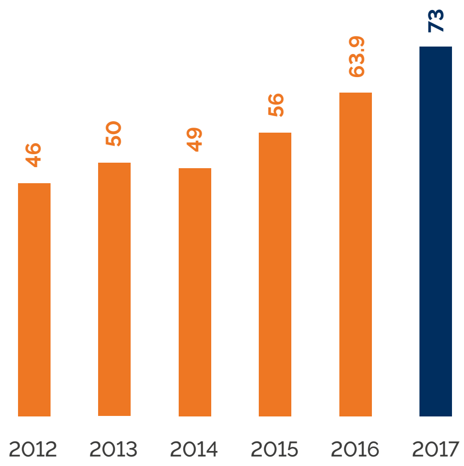
In millions of CDF	2011	2012	2013	2014	2015	2016	2017	2017 in M of USD at the closing rate	Variation 2017/2016 in USD
Balance sheet total	377,132	481,635	537,869	545,249	635,848	772,940	1,123,689	706	11%
Equity capital*	36,678	42,184	46,637	45,352	52,385	77,664	116,296	73	14%
Deposits**	270,200	346,300	420,900	420,990	493,204	571,412	771,806	485	3%
in CDF	34,800	61,100	70,900	123,450	122,424	72,721	76,120	48	-20%
in foreign currency	235,400	285,200	350,000	297,540	370,780	498,691	691,516	434	6%
Loans disbursed**	142,500	187,900	215,100	238,820	235,322	381,910	449,056	282	-10%
Net banking income	59,719	69,198	76,297	78,270	74,302	96,893	126,994	80	-
Operating expenses	40,842	46,164	53,278	55,036	55,150	62,167	88,962	56	9%
including general personnel expenses	19,141	22,186	24,647	25,189	25,120	27,346	35,800	22	-
Allocations to depreciation	2,051	2,624	2,991	3,364	3,340	3,794	5,954	4	21%
Allocations to provisions	7,660	7,355	8,637	15,517	9,651	11,549	17,301	11	14%
Corporation tax	5,438	6,810	6,225	6,436	4,948	8,030	6,640	4	-37%
Net result (after tax)	7,444	9,229	8,534	3,153	6,606	13,651	13,209	8	-26%
Approximate CDF/USD exchange rates on 31 December	910.82	915.17	925.5	924.51	927.91	1,215.59	1,591.91	-	31%
Equity capital according to IFRS	-	89,102	95,788	101,838	108,912	134,804	159,345	100	-10%
Prudential equity capital	45,812	47,668	53,624	58,395	59,246	85,796	127,348	80	13%
Operating ratio (CIR)	68%	67%	70%	70%	74%	64%	70%		
Financial profitability ratio (NROE – net result/equity capital)	20.3%	21.9%	18.3%	7%	12.6%	17.6%	11%		
Return on assets (ROA)	2%	1.9%	1.6%	0.6%	1%	1.8%	1.2%		
Solvency ratio (ROS)	28%	22%	21%	21%	22%	20%	23%		
Overall liquidity ratio				104%	113%	116%	120%		
in CDF				111%	138%	107%	149%		
in foreign currency				100%	102%	119%	115%		

* Accounting – before profit distribution

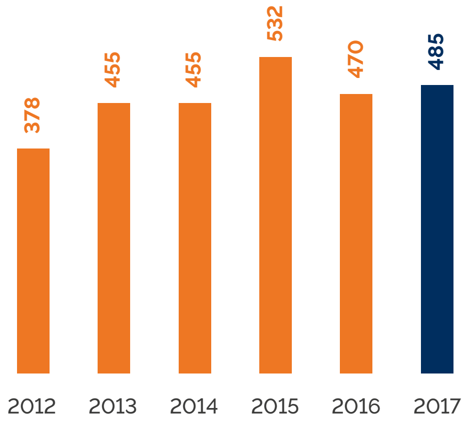
** Outstanding loans at end of period – variations vs December 2016



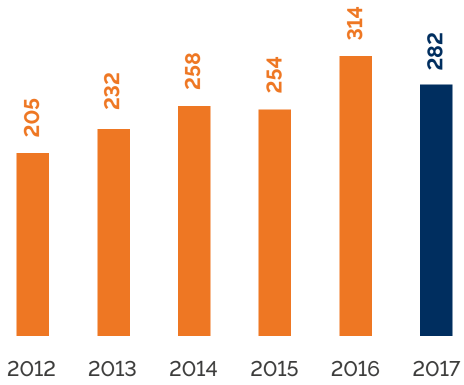
EVOLUTION OF THE BALANCE SHEET



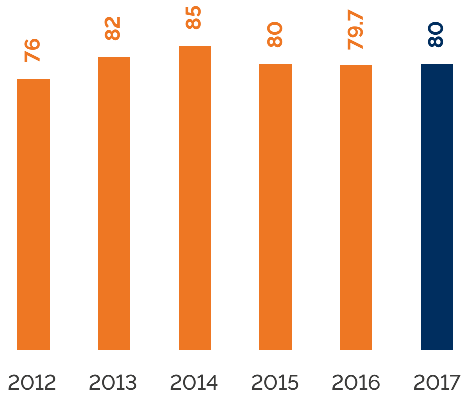
EVOLUTION OF EQUITY CAPITAL



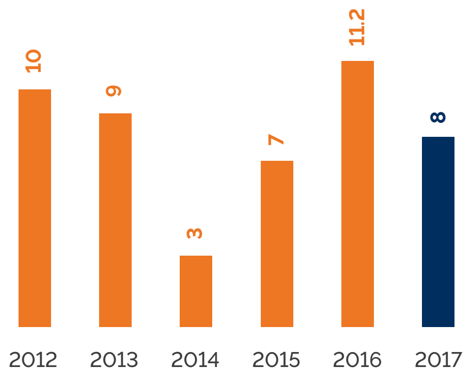
EVOLUTION OF DEPOSITS



EVOLUTION OF LOANS DISBURSED



EVOLUTION OF NET BANKING INCOME



EVOLUTION OF THE NET RESULT

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

GOVERNANCE

The organisation of governance

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 2017

Board of Directors

Chairman
Pascal KINDUELO LUMBU

Chief Executive Officer
Yves CUYPERS

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

Executive Committee

Chairman
Yves CUYPERS

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

External auditor

PricewaterhouseCoopers RDC SAS

Audit, Risk and Compliance Committee

Chairman
Daniel CUYLITS

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

Appointments and Remuneration Committee

Chairman
Baudouin LEMAIRE

Members
Georges BUSE FALAY
Joël SIBRAC
Hugues TOTO MAKANISI

Honorary Chairmen

of the Board of Directors
Roger NKEMA LILOO

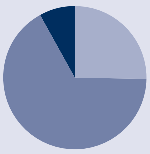
of the Executive Committee
Michel CHARLIER
Thierry CLAESSENS

Honorary Vice-Chairmen

of the Board of Directors
Chevalier BLANPAIN
Michel ISRALSON

Honorary directors

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



Ownership of BCDC's share capital as at 31 December 2017

- Government of DRC: 25.53%
- George Arthur Forrest and family: 66.53%
- Other shareholders: 7.94%

Governance-related events occurring in 2017 and early 2018

At the Ordinary General Meeting of 26 April 2017, shareholders reappointed Yves Cuypers as a director for a further six-year term, expiring at the end of the Ordinary General Meeting of 2023. Shareholders also reappointed Joël Sibrac as a director for a further three-year term, expiring at the end of the Ordinary General Meeting of 2020.

At the Ordinary General Meeting of 25 April 2018, shareholders reappointed Georges Buse Falay and Désiré Yav Kat Muchaïl as directors, each for a further three-year term, expiring at the end of the Ordinary General Meeting of 2021.

Composition of the Executive Committee

Christine MBUYI NGALAMULUME
Head of Finance and Control

Yves CUYPERS
Chief Executive Officer, Chairman of the Executive Committee

Thierry LOLIVIER
Deputy Chief Executive Officer

Guy BWEYASA WA NSIAMU
Head of Corporate Banking

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Vagheni PAY PAY
Head of BCDC branches

Louis-Odilon ALAGUILLAUME
Head of Private and Retail Banking

Hervé BOSQUILLON de FRESCHEVILLE
Head of Risk

BCDC's governance framework

Corporate governance is a dynamic process. BCDC's Board of Directors constantly reviews the structure of the company in response to changes in its banking business, at every level of the organisation.

THE BOARD OF DIRECTORS

The Board of Directors has 12 members.

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

Except concerning matters that company law or the articles of association reserve for 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 Central Bank of Congo.

The Board of Directors met eight times in 2017.

THE APPOINTMENTS AND REMUNERATION COMMITTEE

The Appointments and Remuneration Committee assists the Board of Directors in matters concerning the selection, appointment 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 discussed to the Board of Directors following each meeting.

COMPOSITION OF THE APPOINTMENTS AND REMUNERATION COMMITTEE:

- Chairman: Baudouin Lemaire
- Members: Joël Sibrac, Georges Buse Falay, Hughes Toto Makanisi

The committee met three times in 2017.

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 effectiveness of first- and second-level controls, the quality of internal and external audit functions, and the performance of the risk management system and compliance control procedures.

The Audit, Risk and Compliance Committee is composed of six non-executive directors. Its chairman and members are appointed by the Board of Directors.

The Audit, Risk and Compliance Committee is assisted in its work by various BCDC support services, including Internal Audit, the Risk Division, the Compliance Department, and BCDC's external auditors, PricewaterhouseCoopers.

The Audit, Risk and Compliance Committee met five times in 2017.

All of the following attended these meetings, at the invitation of the Chairman of the committee, when matters concerning them were discussed: the Chief Executive Officer, the General Auditor, the Head of Risk, the Compliance Officer, and the Head of Lending Supervision.

The Chairman of the Audit, Risk and Compliance Committee reported on the matters discussed to the Board of Directors following each meeting.

* The Audit, Risk and Compliance Committee was renamed the "Audit Committee" following the Board of Directors meeting of 23/08/2018.

COMPOSITION OF THE AUDIT, RISK AND COMPLIANCE COMMITTEE:

- **Chairman:** Daniel Cuylits
- **Members:** Saad Bendidi, Pierre Chevalier, Marceline Kaozi Fatuma, Victor Kasongo Shomary, Désiré Yav Kat Muchaïl

SENIOR MANAGEMENT

In accordance with BCDC's new articles of association and Central Bank of Congo instruction no. 21 on corporate governance in lending institutions, Senior Management is the body responsible for 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 appoint one or more deputy Chief Executive Officers to assist him/her.
- The duration of the term of office and extent of the powers of the Deputy Chief Executive Officer are determined by the Board of Directors, in agreement with the Chief Executive Officer.
- The division of business line supervision duties between the Chief Executive Officer and the Deputy Chief Executive Officer is submitted to the Board of Directors for approval.
- The Chief Executive Officer and the Deputy Chief Executive Officer 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. The Executive Committee is one such specialised committee.

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, and in making decisions or approving certain important measures.

Its responsibilities, composition, structure and organisation are detailed in the Charter of the Executive Committee and in its Internal Regulations.

In exercising their executive function, directors who are members of the Executive Committee are responsible for the routine activities coming under their respective authority as determined in the company's organisational chart.

As part of the decision-making process, directors who are members of the Executive Committee report directly to the Chief Executive Officer or to the Deputy Chief Executive Officer to whom they are accountable, 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 Chairman is responsible for:

- strategic planning
- risk identification and management
- supervision of communication and information flows
- internal controls
- governance
- succession planning and employee performance reviews.

CONTROL AT BCDC

BCDC operates within a regulatory framework based on its status as a bank. Control is organised according to BCDC's legal structure, taking into account the powers and remit of the supervisory authority.

REGULATORY CONTROL

As a financial service provider, BCDC is subject to the prudential control of the Central Bank of Congo (Act no. 003/2002 of 2 February 2002 on the activity and control of lending institutions).

EXTERNAL AUDITORS

The external auditor is approved by the Central Bank of Congo.

His/her mission is to certify the regularity and honesty of the financial statements, to make sure that accounting principles are complied with, and to produce 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 Central Bank of Congo and to the Audit, Risk and Compliance Committee.

Good governance and rigorous risk management

BCDC 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 financial service provider, 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 into its business practices and its relationships with clients.

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

ACCOUNTABILITY

The Board of Directors is ultimately accountable for organising, implementing and evaluating the performance of risk management and the internal control system. In practice, these systems are implemented by the Executive Committee, the various divisions and the support services.

It is incumbent on the bank's management to set an example; define clear objectives; give internal control a fully recognised dimension; create appropriate organisational structures; identify, evaluate and control risks; ensure the effectiveness of all procedures; and report on all these matters and take all corrective measures as necessary.

POLICIES AND STANDARDS

The policies and standards in major areas such as lending, business conduct and investments are defined by the Board of Directors.

The Executive Committee and the divisions at their levels define, in this context, operational and reporting standards to be applied across the whole of the bank, in a business 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 via internal communication channels. The frequency of review depends on the specific risk profile of the activity in question.

Management is also required to put in place second-level controls, meaning control procedures to 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 BANK'S OBJECTIVES

Each year, the bank prepares a plan, which is discussed and approved by the Board of Directors, setting out its strategic, operational, financial and compliance objectives.

Upon proposal from the Executive Committee, the Board of Directors determines the bank's budget objectives.

Results undergo permanent control, and budget progress reports are prepared each month.

OPERATIONAL ASPECTS

The manager of each of division bears 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 receive special 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.

In 2017, BCDC maintained and stepped up its efforts to improve the monitoring and management of operational risk, by refining the methods of estimation and measurement. The aim of these improvements is to reduce the frequency of operational errors and any losses that may result from them, and to improve the processes so as to deliver a better standard of service to clients.

BCDC now uses the Risk Self Assessment (RSA) method to perform this exercise. This requires the involvement of all bank departments in identifying the main risks related to their activities and proposing modifications to procedures or the establishment of appropriate checks in order to reduce the impact of an event. The RSA method is led by the Risk Division.

ASSET PRESERVATION

Additional standards and checks are provided by the support functions through the conventional regulatory system, and specifically through Central Bank of Congo instruction no. 22 on risk management. These functions are independent of the business units and are attached directly to the Chief Executive Officer, to the Head of Finance and Control or to the Head of Risk, as appropriate. The Risk Division ensures that all aspects of the permanent control system are coherent and effective.

The risk management and permanent control systems include reputation and 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 operational objectives are achieved, that operational activities are carried out efficiently and effectively, that the assets entrusted to BCDC are protected in the same way as the assets owned by the bank, and that BCDC complies with applicable laws and regulations, as well as with internal procedures and policies.

FINANCIAL REPORTING

The Board of Directors defines and approves the accounting valuation principles adopted by BCDC. The Finance and Control Division then checks that the complete internal controls are in place for the preparation and publication of the periodic financial statements and associated financial reports. 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 Head of Finance and Control can guarantee that the financial and accounting information does not contain significant material anomalies.

MONITORING

The Risk Division, as the guarantor of the bank's permanent control system, takes account of best practice in risk management. The permanent controllers of operational risks, previously stationed in urban branches in Kinshasa, are now grouped together at head office for greater efficiency and the auditors in the provinces report hierarchically to the Risk Division.

The Monitoring and Risk Control Department is responsible for establishing a uniform approach to risk mapping and controls across the entire bank.

The Risk Management function, meanwhile, prepares action plans to address identified deficiencies, and defines standards, methodologies and information systems, using a structured risk assessment approach. Risk Management is responsible for the business continuity plan.

The Risk Management function is also responsible for analysing all procedures and approving them on behalf of the Risk Division before distribution.

The Head of Risk regularly reports to the Executive Committee and the Audit, Risk and Compliance Committee on independent monitoring of incurred risks organised by the Risk Management function and the Risk Monitoring and Control Department.

Internal Audit supervises the internal control system at every level of the organisation to ensure it is effective. The auditors are tasked with evaluating asset protection, operational effectiveness, compliance with applicable laws and regulations, and the reliability of financial and management information. They present recommendations based on their observations and follow up to ensure the recommendations are applied.

Internal Audit uses the Committee of Sponsoring Organizations of the Treadway Commission (COSO) methodology, allowing it to refer to recognised control standards. Internal Audit is authorised to audit all of the bank's activities and is sufficiently well-resourced, in quality and quantity, to do so effectively. Internal Audit provides independent and objective control under the authority of the General Auditor. BCDC's General Auditor has direct access to the Chairman of the Audit, Risk and Compliance Committee, to whom he/she reports and whom he/she meets on a regular basis.

COMPLIANCE

Compliance concerns adherence to laws and regulations governing banking activity, professional and ethical standards, and guidance from the Board of Directors or instructions from the Executive Committee.

The Basel Committee on Banking Supervision defines compliance risk as "the risk of legal or regulatory sanctions, material financial loss, or loss to reputation a bank may suffer as a result of its failure to comply with laws, regulations, rules, related self-regulatory organization standards, and codes of conduct applicable to its banking activities".

> The Compliance function is driven by the ambition to protect the bank from compliance risk and to oversee development in a controlled-risk environment. The Compliance function is responsible for disseminating this ambition across all bank entities, so that it becomes an integral part of every employee's duties.

The Compliance function seeks to obtain assurances that BCDC and its personnel fully comply with applicable laws and regulations, as well as internal rules and national and international ethical standards.

THE PREVENTION OF MONEY LAUNDERING AND TERRORIST FINANCING IS ONE OF THE MAJOR CONCERNS OF THE BCDC INTEGRITY POLICY.

The bank has a set of principles, rules and procedures for this purpose, which are regularly approved by the Executive Committee and the Board of Directors. They apply to all occupations within the bank, and all staff undergo awareness training on this subject.

The bank has produced a manual on the prevention of money laundering and terrorist financing that complies with international standards.

The system is based on the following reference texts, among others:

- The client acceptance policy, which outlines the fundamental principles that should guide any decision on whether to enter into a business relationship with a client, and the client review process. The policy is based on the Know Your Customer (KYC) principle.

- The transaction control system, which sets the rules on transaction monitoring, sanctions and embargoes, and the reporting of suspicious transactions to the relevant authority.

- The Compliance Charter, which explains the duties of the Compliance function, states that it reports hierarchically to Senior Management, and confirms that it makes decisions and acts fully independently from any other bank business lines.

- Compliance opinions on new BCDC products and activities.

- Risk prevention training and awareness materials for personnel.

BCDC has acquired several KYC, transaction control and staff training programs and resources to strengthen its money laundering and terrorist financing prevention efforts. These include World Check One (Thomson Reuters), Online Compliance (Accuity), BankersAlmanac (Accuity), KYC Registry (Swift), Sopra Banking Anti-money Laundering Module, Sanctions Screening (Swift), E-learning modules, and others.

The Compliance function establishes and monitors a system to prevent money laundering and terrorist financing that complies with international standards, enabling the bank to work with regulators, supervisory authorities, correspondent banks, clients and other stakeholders in a spirit of trust and mutual understanding.

The bank is currently testing other software programs, with a view to rolling them out in the near term to further mitigate identified risks.

The Compliance function is also responsible for preparing and distributing BCDC's Code of Ethics and Good Conduct, which sets out the key values that underpin the bank's integrity policy, as well as rules on how employees should conduct themselves in the course of their duties and in their dealings with other stakeholders.

The bank's Code of Ethics and Good Conduct is based on the following reference texts:

- the code of good business conduct

- the code of conduct for preventing and managing conflicts of interest involving employees

- the gift policy

- the internal whistleblowing system

- the charter on the use of information technology equipment.

All of these themes are incorporated into BCDC's compliance corpus.

FINANCIAL REPORT

Introduction from Christine Mbuyi, Finance and Control Director

The Financial and Control Department is responsible for providing quality financial information that meets all the required criteria. It must also be able to produce analyses supported by validated ratios. These must all be presented so as to be as easy to read and understand as possible. The senior management, board of directors, shareholders and the Central Bank of Congo are some of the main recipients of this information. The bank uses this information to make strategic decisions. It must therefore be reliable and accessible.

THE PUBLICATION OF ACCOUNTS ACCORDING TO THE IFRS* HELPS TO PRODUCE RELIABLE, SINCERE AND UNDERSTANDABLE INFORMATION.

This culture of reliable, honest and understandable information at BCDC can also be seen through our use of the IFRS** when publishing our accounts.

This is the fourth consecutive year in which the bank has done this. In 2014, BCDC was the first bank in the DRC to publish its accounts based on the IFRS.

These standards allow us to provide financial information that focuses on economic reality. For example, when recording the value of fixed assets, expert valuation, that of the market, is taken into account, not the accounting value. A similar principle applies to the supply of credit, where BCDC does not use a flat rate, but instead a rate weighted according to an analysis of the economic risks of the activity. With this strict approach, the bank is able to account for expected losses without having to wait for them to be realised. The principle of economic reality included in the IFRS adopted by BCDC means that there standards have the benefit of better appreciation of the "true value".

The Finance Department must also perform accounting controls, budgetary monitoring and asset-liability management (ALM). For ALM, although it is not exclusive to BCDC, it is a strategic activity for the bank, which helps avoid risks in liquidity, foreign exchange and rates.

A VIRTUOUS CIRCLE ALLOWING BCDC TO MAINTAIN ITS CLIENT PORTFOLIO AND ADHERE TO ALL GOOD MANAGEMENT RATIOS

The 2017 financial year was a difficult one, featuring uncertainty combined with growing regulatory requirements in terms of minimum reserve requirements for Congolese francs, and for which the bank regularly has to borrow.

However, despite these negative impacts on profitability, the management indicators are all positive. This is the result of a prudent and conservative policy combined with a portfolio of loyal clients. This is the result of a virtuous circle of good management.

Deposits slightly increased, rising from 470 million dollars the previous year to 480 million dollars in 2017. However, lending volumes decreased, with the bank having focused on the creditworthiness during this period of stability.

However, as usual, BCDC was to adhere to fundamentals, in terms of operating, profitability, solvency, yield and financial profitability ratios, with a net profit of USD 8.3 million.

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* International Financial Reporting Standards

** This publication is addressed in another document, separate from this report.

Key figures for 2017

In millions of USD

	2015	2016	2017
Balance sheet total	**685**	**636**	**706**
Capital and reserves	56	64	73
Loans and advances to clients (net)	254	314	282
Client deposits	536	470	485
Net banking income (NBI)	78	91	80
General operating costs	60	61	56
Gross operating profit	21	33	24
Pre-tax profit/loss	12	18	12
Net profit	**7**	**11**	**8**

In %

	2015	2016	2017
RoE	13%	18%	11%
RoA	1.0%	1.8%	1.2%
Operating ratio	81%	67%	70%
Basic solvency ratio	13%	12%	14%
Overall solvency ratio	22%	20%	23%
Liquidity – local currency	138%	107%	149%
Liquidity – foreign currencies	102%	119%	115%
Overall liquidity	113%	116%	120%

A robust and balanced bank

Despite a harsh economic context, featuring soaring inflation reaching a cumulative annual rate of 54.7% (23.6% in 2016) and the negative effects of the monetary policy on bank refinancing costs, the Banque Commerciale Du Congo achieved a strong operating performance in 2017.

This performance is primarily due to foreign exchange transactions, the recovery of certain written-off receivables.

Net banking income (NBI) stood at USD 83.05 million in 2017, compared with USD 91.17 million in 2016, a decrease of USD 8.12 million or 9%. This decrease is primarily due to rising refinancing costs of close to USD 4.65 million and the fall in foreign exchange income by USD 5 million.

At the end of 2017, the bank's balance sheet was up 11% against the previous financial year. This trend is mainly due to the increase in client deposits by USD 15 million and foreign currency holdings of the Central Bank of Congo which rose to USD 55 million (from 7 million in 2016) and the rise in the bank's equity capital of USD 9 million. These resources are kept on hold and for cash deposits with correspondents, which rose by 35% from USD 270 million to USD 364 million.

Prudential management of the bank and adequacy of equity capital

ASSET AND LIABILITY MANAGEMENT WITHIN THE BANK

The risk management system set up within the bank includes the main stakeholders:

- The board of directors (assisted by the audit, risk and compliance committee – CARC) which, every year, establishes and monitors appetite for risk, including the strategy on risks. It is also responsible for developing a responsible and coherent risk culture based on full understanding the risks the bank is facing and how to manage them.
- An integrated approach, centred around the management committee, which combines appetite for risk, strategy and the setting of performance targets.
- Risk management committees for each field of activities, mandated by the management committee. These include the credit committee, the receivables committee, the asset-liability management committee (ALM), the operational risk management committee (CGRO), the security committee, the legal risks committee, and more.
- Individuals responsible for business and who are aware of the risks, who are the first line of defence in healthy risk management by the group.
- A single and independent risk function, that includes constant risk control and risk management, fulfilled by the risk department. The risk function is the bank's second line of defence.

The asset and liability management committee (ALM) includes all the managers of the Finance and Control, Risk, Commercial, Internal Audit and Cash Assets departments. The main purpose of this committee is to oversee the liquidity and solvency of the bank, based on an analysis of available resources and how they are used, monitor other balance sheet risks and monitor the profitability of the bank.

MANAGING THE BANK'S LIQUIDITY

Liquidity and refinancing risks are the risk that the bank is unable to honour its commitments when they become due at acceptable conditions or cannot close a position due to the situation of the market.

The liquidity and refinancing risks within BCDC are monitored as part of a "liquidity policy" validated by the bank's monitoring committee. This policy relies on defined management principles to be applied in prevailing situations such as in the event of a liquidity crisis. The liquidity status of the bank can be assessed using standards and internal indicators, as well regulatory ratios set by the Congo Central Bank.

The aims of the liquidity policy are to ensure balanced funding of the bank's development strategy, such that at any given moment, it is able to honour its commitments towards its clients, meet the standards required by the Central Bank and cope with any liquidity crises.

Liquidity management within the bank includes a mechanism for monitoring its exposure to liquidity and refinancing risks for all currencies on a daily (cash committee), weekly (simulation of liquidity ratios at the end of each week) and monthly basis (estimation of short-term liquidity).

This mechanism is based on risk management via sensitivity tests that measure how the bank's liquidity positions and gross margins react to extreme scenarios. These scenarios are based on assumptions of liquidity outflows and loss of client deposits (client behaviour, use of committed credit lines, etc.). The liquidity position must be able to cover at least 100% of required resources in the very short term, i.e.:

(i) The period needed to restore market confidence following an event involving the bank specifically.

(ii) The period needed to stabilise the markets following an event affecting the markets in general.

The overall objective of the liquidity management mechanism is to keep the bank sufficiently liquid in situations of heightened tension without resorting to actions aimed at increasing liquid assets.

Currently, BCDC holds sufficient reserves due to LCS requirements (Liquidity Coverage Ratio).

Moreover, the bank has constantly maintained, for each currency, a liquidity ratio of over 100%, in compliance with Instruction no. 14 of the Central Bank of Congo (modification 5).

In millions of CDF

	31/12/2017			31/12/2016		
	CDF	FOREIGN CURRENCIES	OVERALL	CDF	FOREIGN CURRENCIES	OVERALL
Cash assets	77,086	454,511	531,596	55,1912	260,749	315,941
Cash commitments	282	92,482	92,764	75	11,368	11,443
Lending position (assets – commitments)	**76,804**	**362,029**	**438,833**	**55,117**	**249,381**	**304,498**
Uses liquid in 30 days	7,009	48,173	55,182	4,010	35,456	39,465
Total uses (numerator)	83,813	410,202	494,015	59,126	288,263	347,390
Total resources (denominator)	56,413	355,188	411,601	55,109	243,253	298,363
Liquidity coverage ratio	**149%**	**115%**	**120%**	**107%**	**119%**	**116%**

CAPITAL ADEQUACY AND THE SOLVENCY OF THE BANK

BCDC is subject to compliance with the prudential regulation of the Central Bank of Congo on minimum capital and capital adequacy.

The means of determining prudential equity capital and minimum capital are defined in Instruction no. 14 of the Central Bank of Congo on prudential management standards.

It should be noted that on 31 December 2017, the banking sector was subject to Instruction no. 14 modification 5. According to this instruction, the bank's prudential equity capital is divided into two categories (core equity capital and additional equity capital), from which a number of deductions are made:

- Core equity capital is determined using the bank's adjusted book equity. These adjustments include anticipating dividend distribution, deduction of financial intangible assets, and potentially latent losses on variable-income securities categorised as investments available for sale.
- Additional equity capital consists of subordinated debt and revaluation variations, general provisions covering losses incurred and expected losses from outstanding credits processed on a collective basis.
- A deduction of 20% per year is applied to subordinate debt with remaining maturity below five years. The contribution of subordinate debt is limited t to 50% of the core equity capital. Additional equity capital overall is limited to 100% of core equity capital.

The following figures are deducted for determining prudential equity capital, for half of core equity capital and half of additional equity capital: representative values for securities from credit institutions and financial institutions using the equity method, elements of prudential equity capital in credit institutions and financial institutions held by at least 10% by the group, the share of expected losses on outstanding loans processed according to the internal ratings-based approach not covered by provisions and value adjustments, and expected losses on actions treated according to the simple risk weight approach.

The Central Bank of Congo requires banks to constantly maintain a minimum capital (core equity capital) of the equivalent of USD 10 million in Congolese francs.

On 31 December 2017, the prudential equity capital of the bank was as follows:

In millions of CDF

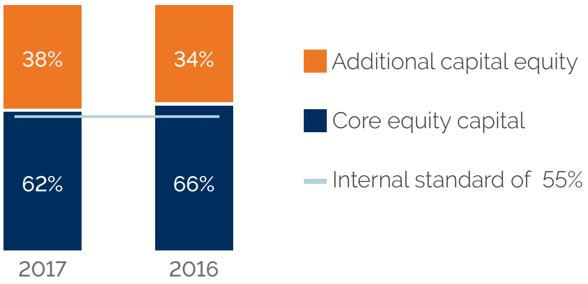
	31/12/2017	31/12/2016
Capital	4,982	4,982
Reserves and related premiums	57,902	37,525
Retained earnings	2,179	1,664
Result of the financial year	6,604	6,689
Provision for reconstitution of capital	7,876	6,014
Core equity capital	**79,543**	**56,874**
Capital gain upon revaluation	30,149	13,828
Provisions for banking risks	17,656	15,094
Additional equity capital	**47,805**	**28,922**
Prudential equity capital*	**127,348**	**85,796**

* At exchange rate at end of the financial year:
USD 80 million in 2017 compared with USD 71 million in 2016

The bank's core equity capital, equivalent to USD 50 million, is far above the regulatory standard of USD 10 million.

The equity capital adheres to the regulatory composition of at least 50% core equity capital.

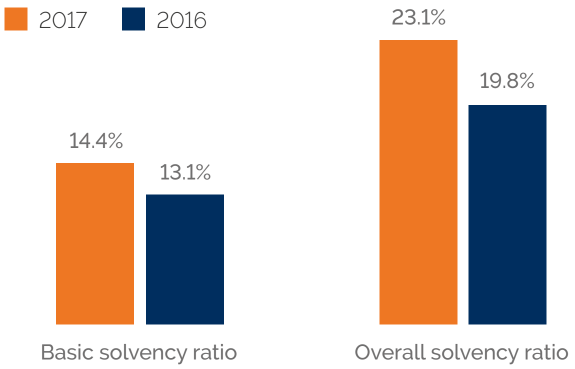
Composition of equity capital:



Moreover, the bank is also required by prudential regulation to maintain a core solvency ratio and overall solvency ratio of at least 7% and 10% respectively. There ratios represent the relationship between equity capital and weighted banking risks, including asset and off-balance-sheet elements which have a conversion factor applied.

In millions of CDF	Weighted banking risks	
	2017	2016
Total cash and interbank	45,423	28,833
Transactions with clients	389,794	313,698
Other risk assets	71,379	44,430
Off-balance-sheet transactions	44,171	47,112
Total banking risks	**550,768**	**434,073**

On 31 December 2017, the overall solvency of the bank stood at 23.1% compared with 19.8% one year earlier. Core solvency rose to 14.4% from 13.1% at the end of 2016.



PRUDENTIAL MANAGEMENT

MODIFICATION 6 OF THE INSTRUCTION NO. 14 OF THE CENTRAL BANK OF CONGO ON PRUDENTIAL MANAGEMENT STANDARDS: CONVERGENCE OF LOCAL REGULATIONS WITH INTERNATIONAL PRUDENTIAL MANAGEMENT PRACTICES (BASEL III)

In 2016, following a crisis in the sector, the Central Bank of Congo published a bill for a new version of Instruction no. 14 to banks as part of a general update of its prudential policy. The final version of this modification was published in January 2018 and came into force. It is the sixth modification of this instruction.

The regulator had two main goals:

- To converge local regulations with international prudential management practices for financial institutions, in particular by introducing the recommendations of the Basel II agreements signed in 2004 and the Basel III agreements signed in 2010 in response to the financial crisis of 2007–2008:
  - Expansion of the notion of banking risks to include operational and market risks.
  - Increasing requirements for equity capital, in particular raising minimum capital and introducing safety cushions*.
- Using prudential policy as a monetary policy instrument to accelerate de-dollarisation of the national economy.

SUMMARY OF NEW INCLUSIONS IN MODIFICATION 6

1. INCREASING EQUITY CAPITAL AND SOLVENCY REQUIREMENTS

Modification 6 introduces increased equity capital requirements for credit institutions by raising the minimum capital, introducing cushions, accounting for market and operational risks and raising credit risk weightings in calculations of minimum solvency.

2. CONCENTRATION RISK AND RELATED PARTIES

Modification 6 keeps the same restrictions as the previous version but expands the concept of related parties to the second degree for natural persons for the division of risks. If these restrictions are not met, in addition to deduction of the excess from the core equity capital, the bank will face fines and disciplinary actions.

3. INCREASE IN CONGOLESE FRANC AND DE-DOLLARISATION

In order to limit bank activities in foreign currencies, the CCB reduced the exposure threshold (short or long) to foreign-exchange risk for the most used foreign currencies.

4. TAKING INTO ACCOUNT THE IFRS

Since 2015, banks are required to publish their financial statements according to the IFRS and the supervisor has accounted for this in the new instruction.

* "Cushion" could be an additional core equity capital requirement expressed in the form of additional basis points in the minimum solvency requirement.

The general report from the external auditors

ON THE ANNUAL ACCOUNTS OF BANQUE COMMERCIALE DU CONGO S.A. "BCDC" FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2017

To the general meeting of shareholders of Banque Commerciale du Congo S.A. "BCDC"

Kinshasa/Gombe

As part of the mission entrusted to us by your general assembly, we present our report on the financial year ending 31 December 2017:

- On the audit of the annual accounts of BANQUE COMMERCIALE DU CONGO S.A. as attached to this report.
- The specific checks and information required by law.

The annual accounts have been adopted by the board of directors. Our role, based on our audit, is to express an opinion on these annual accounts.

1. AUDIT OF THE ANNUAL ACCOUNTS

1.1. OPINION

We have performed the attached audit of the annual accounts, expressed in Congolese francs, for BANQUE COMMERCIALE DU CONGO S.A. as of 31 December 2017, which include the balance sheet, the income statement, the statement on the variation of equity capital, the cash flow statement for the year closing on that date and the notes containing a summary of the main accounting methods and other explanatory notes.

In our opinion, the annual accounts, in all material respects, give a true image of the financial situation of BANQUE COMMERCIALE DU CONGO S.A. as of 31 December 2017, and its financial performance and cash flow statement for the year closing on that date, in accordance with the accounting principles generally accepted in the Democratic Republic of Congo and with the instructions and directives of the Central Bank of Congo.

1.2. BASIS OF THE OPINION

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

We are independent of BANQUE COMMERCIALE DU CONGO S.A. in accordance with the code of accounting ethics (the IESBA code) and those governing external auditors, and we have satisfied others ethical responsibilities to which we are subject according to these rules.

We consider that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audit.

1.3. NOTE

Without jeopardising our opinion expressed above, we draw your attention to the treatment by the bank of the deduction of provisions for bad debt in calculating the tax on profits. At present, the practical interpretation of the provisions of Article 28 of the Financial Law of 2017 modifying point 6 of Article 46 of the OL no. 69/009 of 10 February 1969 on scheduler taxes on income, with respect to the deduction of provisions established by credit institutions, remains to be clarified.

1.4. RESPONSIBILITIES OF THE MANAGEMENT AND THOSE IN CHARGE OF GOVERNANCE RELATIVE TO THE ANNUAL ACCOUNTS

The annual accounts 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 accounts in accordance with the accounting principles generally accepted in the Democratic Republic of Congo and to the instructions of the Central Bank of Congo, and for the internal control that it considers necessary to enable the preparation of annual accounts 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 trading and to supply, where applicable, information relative to business continuity and to apply the basis for business continuity, unless the management intends to put the institution into liquidation or cease trading or if there is no other realistic alternative solution open to it.

It is incumbent upon those in charge of governance to monitor the process of preparing the bank's financial information.

1.5. RESPONSIBILITIES OF THE EXTERNAL AUDITOR RELATIVE TO THE AUDIT OF THE ANNUAL ACCOUNTS

Our objectives are to obtain reasonable assurance that the annual accounts, 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.

2. SPECIFIC VERIFICATIONS AND INFORMATION

2.1. We have also carried out, in accordance with the professional standards, the specific verifications required by law.

We have nothing to report as to the fair presentation and the consistency with the annual accounts of the information given in the management report by the Board of Directors and in the documents provided to shareholders concerning the financial situation and annual accounts of BANQUE COMMERCIALE DU CONGO S.A.

2.2. Furthermore, in application of the provisions of Article 746 of the OHADA Uniform Act relating to Commercial Companies and Economic Interest Groups, we have verified the existence and compliance of the registered shares of the bank. We have nothing to report as to the existence and compliance of these registered shares.

The Auditor
PricewaterhouseCoopers RDC SAS

24 April 2018

Balance sheet and profit and loss account

BALANCE SHEETS ON 31 DECEMBER 2017 AND 31 DECEMBER 2016

Expressed in thousands of Congolese francs

ASSETS	31/12/2017	31/12/2016
Cash and interbank transactions		
Cash in hand, central and correspondent banks	539,556,052	328,400,640
Debts owed by lending institutions	39,797,838	86,698
Total cash and interbank transactions	**579,353,890**	**328,487,338**
Transactions with clients		
Portfolio of commercial bills of exchange	4,684,433	4,952,446
Overdrafts and other loans to clients	444,371,404	376,957,484
Total transactions with clients	**449,055,837**	**381,909,930**
Accounts of third parties and adjustment accounts		
Asset adjustments	12,900,902	8,908,203
Miscellaneous assets	18,124,998	11,928,243
Total accounts of third parties and adjustment accounts	**31,025,900**	**20,836,446**
Capitalised assets		
Net capitalised assets	50,852,421	34,800,323
Fixed assets in progress	10,881,484	4,626,653
Securities portfolio	2,007,538	1,971,020
Guarantees and deposits	511,867	308,329
Total capitalised assets	**64,253,310**	**41,706,325**
Total assets	**1,123,688,937**	**772,940,039**

CONTINGENT ACCOUNTS		
Commitments given	266,683,644	167,314,061
Commitments received	1,495,295,088	956,141,716
Internal commitments	109,702,969	52,000,110
Total contingent accounts	**1,871,681,701**	**1,175,455,887**

LIABILITIES	31/12/2017	31/12/2016
Cash and interbank transactions		
Lori and Central Bank correspondents	91,363,986	11,433,539
Interbank loans and overdrafts	40,364,593	18,087,388
Total cash and interbank transactions	**131,728,579**	**29,520,927**
Transactions with clients		
Demand deposits and current accounts	508,991,192	366,580,385
Fixed-term deposits and savings accounts	243,672,812	187,533,109
Other client accounts	19,141,531	17,298,444
Total transactions with clients	**771,805,535**	**571,411,938**
Accounts of third parties and adjustment accounts		
Liability adjustments	37,192,593	39,286,192
Miscellaneous liabilities	39,047,044	33,202,501
Total accounts of third parties and adjustment accounts	**76,239,637**	**72,488,693**
Permanent capital		
Capital	4,982,000	4,982,000
Reserves and issue premiums	51,403,820	32,562,864
Capital gain on re-evaluation of fixed assets	30,149,168	13,828,284
Regulated provisions	14,374,012	10,976,027
Carried forward + or -	2,178,584	1,663,572
Profit for the financial year	13,208,833	13,651,445
Capital and reserves	116,296,417	77,664,192
Provisions for risks, charges and losses	27,618,769	21,854,289
Total permanent capital	**143,915,186**	**99,518,481**
Total liabilities	**1,123,688,937**	**772,940,039**

PROFIT AND LOSS ACCOUNT ON 31 DECEMBER 2017 AND 2016

Expressed in thousands of Congolese francs

PROFIT AND LOSS ACCOUNT	31/12/2017	31/12/2016
Income from cash and interbank transactions	2,611,950	1,273,222
Expenses linked to cash and interbank operations	(6,600,677)	(486,525)
Income from operations with clients	59,021,987	40,028,668
Expenses linked to operations with clients	(10,914,188)	(7,408,188)
Other banking income	79,310,639	57,290,956
Other banking charges	(10,248,669)	(4,245,737)
Net banking income	**113,181,042**	**86,452,396**
Miscellaneous income	8,094,239	6,140,126
General operating costs	(46,605,674)	(30,065,794)
Wages and salaries	(35,385,553)	(26,993,628)
Tax and related expenses	(1,249,687)	(808,742)
Gross operating profit	**38,034,367**	**34,724,358**
Allocations to depreciation	(5,953,725)	(3,793,801)
Pre-tax and exceptional profit/loss	**32,080,642**	**30,930,557**
Profit/loss on sale of asset elements	9,095	528,310
Allocation and reversal of provisions	(8,351,589)	(7,673,340)
Extraordinary profit or loss	(3,889,747)	(2,104,351)
Pre-tax profit/loss	**19,848,401**	**21,681,176**
Corporation tax	(6,639,568)	(8,029,731)
Profit for the financial year	**13,208,833**	**13,651,445**

STATEMENT OF VARIATION IN CAPITAL AND RESERVES CLOSED ON 31 DECEMBER 2017 AND 31 DECEMBER 2016

Expressed in thousands of Congolese francs

	BALANCE on	2017 MOVEMENT			BALANCE on
	01/01/2017	Increase	Reduction	Conversion to current value	31/12/2017
Capital	4,982,000	-	-	-	4,982,000
Legal reserve	7,160,671	1,365,144	-	2,639,442	11,165,257
Statutory reserve	25,300,854	5,324,064	-	9,480,934	40,105,852
Optional reserves	101,339	-	-	31,372	13,2711
Carried forward + or -	1,663,572	-	-	515,012	2,178,584
Result of the period	13,651,445	13,208,833	(13,651,445)	-	13,208,833
Capital gain upon revaluation	13,828,284	16,320,884	-	-	30,149,168
Provision on the sale of buildings	4,962,272	-	-	1,536,232	6,498,504
Provision for reconstitution of capital	6,013,755	-	-	1,861,753	7,875,508
Total equity capital	**77,664,192**	**36,218,925**	**(13,651,445)**	**16,064,745**	**116,296,417**

STATEMENT ON THE VARIATION OF CASH FLOW CLOSED ON 31 DECEMBER 2017 AND 31 DECEMBER 2016

Expressed in thousands of Congolese francs

	31/12/2017	31/12/2016
Operations		
Banking operating income collected (excluding income from investment portfolio)	149,038,815	104,732,972
Banking operating expenses disbursed	(75,618,895)	(43,014,986)
Deposits/Withdrawal of deposits from other banking and financial institutions	102,207,652	13,295,064
Loans and advances/Reimbursement of loans and advances to clients	(70,456,624)	(146,352,817)
Deposits/Withdrawal of deposits by clients	200,393,597	74,448,844
Investment securities	-	-
Sums paid to staff and miscellaneous debtors	(35,385,553)	(26,993,628)
Other cash flow from operations	(13,397,445)	18,420,901
Corporation tax	(6,639,567)	(8,029,731)
Net cash flow from operations	**250,141,980**	**(13,493,381)**
Investment activities		
Interest and dividends collected from investment portfolio	-	-
Acquisitions/sales in investment portfolio	(240,056)	(123,363)
Acquisitions/sales in fixed assets	(5,997,609)	(5,469,297)
Securities from portfolio activities	-	-
Net cash flow from investment activities	**(6,237,665)**	**(5,592,660)**
Financing activities		
Share issue	-	-
Bond issue	-	-
Bond reimbursement	-	-
Increase/reduction in special resources	-	-
Dividends paid	6,962,237	3,963,908
Net cash flow from financing activities	**6,962,237**	**3,963,908**
Impact of exchange rate changes on cash and cash equivalents	-	-
Net variation in cash and cash equivalents during the period	250,866,552	23,049,949
Cash and cash equivalents at start of period	328,487,338	351,537,287
Cash and cash equivalents at end of period	**579,353,890**	**328,487,338**

The assignment of the balance sheet result

Upon proposal from the board of directors, the general meeting on 25 April 2018 approved the distribution of the result of the 2017 financial year as follows:

Figures in Congolese francs – CDF

Legal reserve	1,320,883,292
Statutory reserve	5,283,533,168
Dividends	6,604,416,460

After the distribution of the result has been booked to the balance sheet, the total equity capital of the bank stands at **CDF 109,692,000,045** breaking down as follows:

Capital	**4,982,000,000**
Legal reserve	12,486,140,416
Statutory reserve	45,389,384,806
Optional reserves	132,711,381
Provision for reconstitution of capital	7,875,506,508
Provision on the sale of buildings	6,498,505,087
Capital gain upon revaluation	30,149,167,631
Carried forward + or -	2,178,584,216
	109,692,000,045

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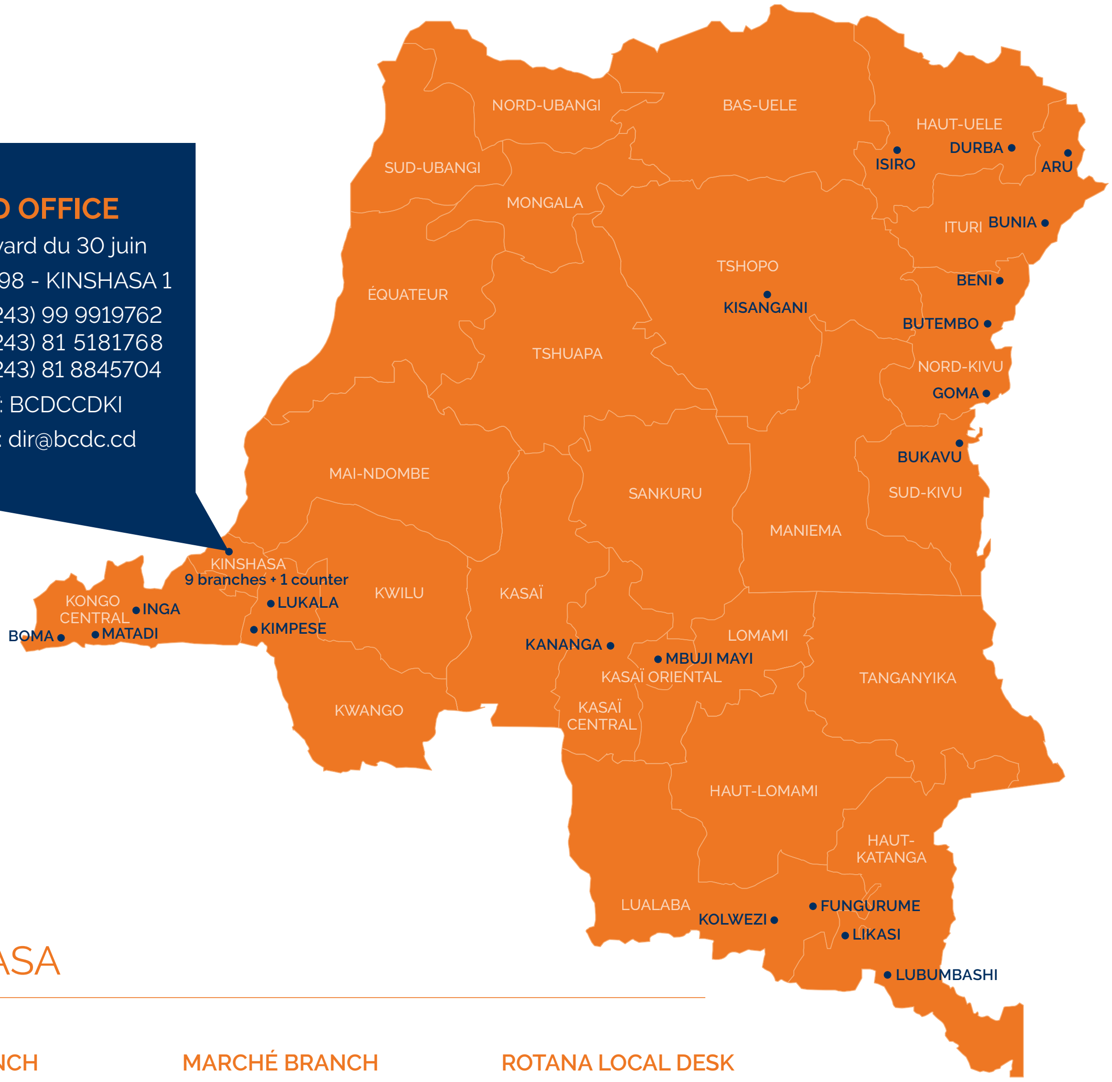

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BCDC also had 46 Western Union counters as at 31/12/2017.

TABLE OF CONTENTS

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- Citibank N.A. (United States): CITIUS33
- Fimbank PLC (Malta): FIMBMTM3
- Mauritius Commercial Bank Ltd (Mauritius): MCBLMUMU
- 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

CORRESPONDENTS IN ZAR

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

CORRESPONDENT IN OTHER CURRENCIES (CAD, CHF, GBP, JPY)

- Commerzbank AG (Germany): COBADEFF

TABLE OF CONTENTS

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PHOTOS
Various BCDC sources

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Building the future

www.bcdc.cd