



ANNUAL REPORT
2020





Our history

EquityBCDC is a subsidiary of Equity Group Holdings Plc (EGH) following the acquisition of a majority shareholding in the BCDC by EGH from the family of George Forrest in July 2020.

Equity BCDC is the second largest bank in the DRC, with a balance sheet of USD 2.5 billion, a nationwide presence of 74 branches, 214 cash machines, 13 dedicated local desks and 3,055 agents, and a client base of nearly one million.

Equity Group has an asset base of over USD 10 billion. With over 14.2 million clients, the group is one of the biggest banks by client base in Africa. The group has a presence of 335 branches, 52,742 agents, 35,386 merchants and 720 cash machines.

Equity Group is the largest bank by market capitalisation in East and Central Africa.

The Banker's Top 1000 World Banks 2020 placed Equity Bank 754th overall in its global ranking, 62nd in terms of soundness (capital to assets ratio), 55th in terms of profits on capital and 20th by return on assets.

In 2020, Equity was listed at number 7 in The Banker's Top 100 African Banks, becoming the first bank in East and Central Africa to be ranked in the top 10 and paving the way for East African banks to play in the league of big banks alongside their counterparts in Southern Africa, North Africa and West Africa. The bank was ranked 5th for soundness,

9th for growth performance, 8th for return on risk and 6th for profitability.

In the same year, Moody's gave the bank a global rating of B2 with a negative outlook – the same as the sovereign rating of the Kenyan government – due to the Bank's strong brand recognition, solid liquidity buffers and resilient funding profile, established domestic franchise, and extensive adoption of digital and alternative distribution channels.

Equity Group Holdings Plc is regulated by the Central Bank of Kenya.

Transforming banking in the DRC

Equity's key purpose is to financially empower and elevate communities at the grassroots level throughout Africa.

Through partnerships with organisations that share our vision and the provision of economic aid, we have transformed how our customers bank and provided access to financial resources that will change lives.

Our philosophy

Our purpose

Transforming lives, giving dignity and expanding opportunities for wealth creation.

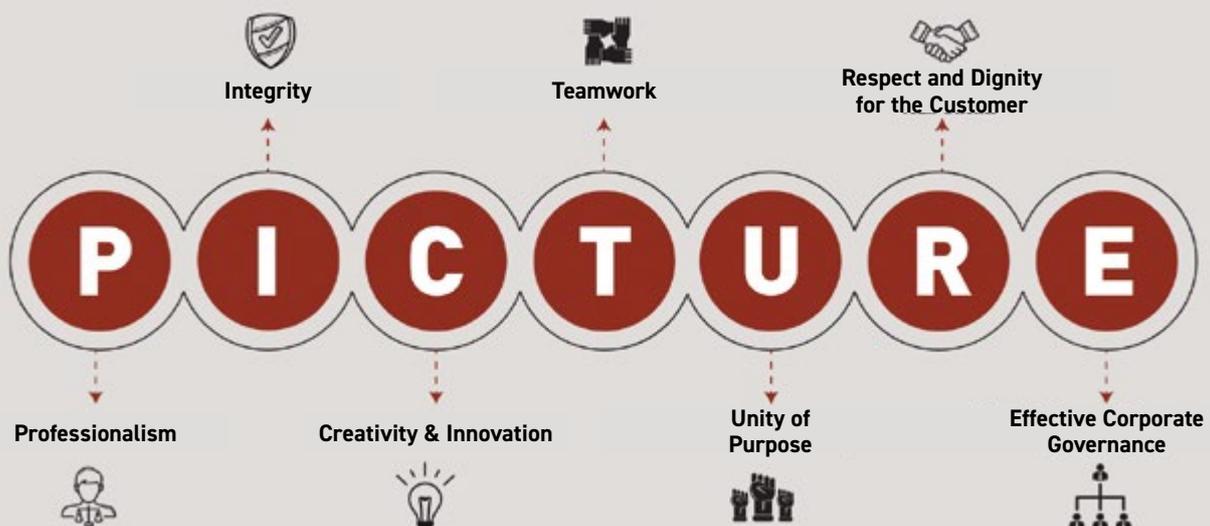
Our vision

To be the champion of the socio-economic prosperity of the people of Africa.

Our mission

We offer integrated financial services that socially and economically empower consumers, businesses, enterprises and communities.

Our core values





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The first report since the merger
of the Banque Commerciale du Congo
and Equity Bank Congo

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CHAPTER 1

Introduction

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Foreword

by the Managing Director and Chair of the Executive Committee of EquityBCDC

2020 was an exceptionally difficult year, as the Covid-19 crisis dampened both global and regional growth prospects.

In the Democratic Republic of Congo (DRC), the authorities acted swiftly following the outbreak of the pandemic, introducing long-lasting measures to contain the spread of the disease – with the unwavering support of the business community – and calling on members of the public to follow safety rules and guidance at all times.

The Central Bank of Congo eased its monetary policy as it sought to support companies and banks during the crisis.

WE WILL WORK HARD
TO PROVIDE A HIGH-QUALITY
SERVICE AND TO CULTIVATE
A PRESTIGIOUS BRAND IMAGE.

Despite these challenging circumstances, we remained focused on developing our business and delivering high-quality financial services to our clients. Our loan portfolio grew over the year thanks to these efforts, reflecting our key role in financing the economy.

At end-2020, Equity Banque Commerciale du Congo (EquityBCDC) posted net income after tax of USD 4.4 million – a positive performance despite the costs associated with the merger between Banque Commerciale du Congo (BCDC) and Equity Bank Congo, and with the migration to a new core banking system.

The merger between the two banks was concluded successfully in December 2020.

We would like to reassure all our stakeholders, and our clients in particular, that our new bank – EquityBCDC – will work hard to provide a high-quality service and to cultivate a prestigious brand image.

We are optimistic about the future growth prospects for our business.

A SUCCESSFUL MERGER IN A CHALLENGING ECONOMIC ENVIRONMENT.

We are currently rolling out a new, more efficient strategy that aims to grow our market share in two ways: by raising the bar for quality in the services we offer to our clients, and by optimising how we manage our loan portfolio.

One way in which we will achieve these ambitions is by supporting and nurturing our talent. For this reason, we are making training one of our strategic priorities, because we want all our clients – across every segment – to receive the best possible service.

Looking ahead, we will continue expanding our regional presence to ensure we are effectively represented in the geostrategic heartlands of the DRC, while at the same time harnessing the opportunities offered by digital transformation and multichannel relationship marketing.

On behalf of the Board of Directors and all the employees of our new EquityBCDC brand, I would like to thank every one of our clients for their trust and support.

Célestin Mukeba Muntuabu



Célestin Mukeba Muntuabu,
Managing Director and Chair of the
Executive Committee of EquityBCDC

The story behind a successful merger

Equity Group Holdings Plc (EGH) is one of the leading banking groups in Kenya. It operates primarily in two business lines: retail banking and corporate banking. EGH has a physical presence in Kenya, the Democratic Republic of Congo, Uganda, Rwanda, Tanzania and South Sudan.



EARLY 2020

In early 2020, as part of its regional growth strategy, EGH reached an agreement to purchase the 66.53% equity stake in the BCDC held by George Arthur Forrest and family. The agreement was subject to regulatory approval by the Central Bank of Congo, the Common Market for Eastern and Southern Africa (COMESA) and the EGH and BCDC boards.

AUGUST 2020

On 11 August 2020, EGH announced the completion of its acquisition of a 66.53% stake in the BCDC. As a result, Equity Group had two subsidiaries in the DRC: Equity Bank Congo (EBC) and the BCDC, the oldest bank in the country, founded in 1909.

DECEMBER 2020

On 30 December 2020, EGH received regulatory approval from the Central Bank of Congo to merge Equity Bank Congo (EBC) and the Banque Commerciale du Congo (BCDC) to form a new bank. Going forward, the new bank will be known as Equity Banque Commerciale du Congo (EquityBCDC).

This follows EGH's acquisition of a 66.53% shareholding in the BCDC from George Arthur Forrest and family, combined with EGH's prior 86.6% shareholding in EBC and an additional EBC shareholding of 7.7% acquired from Kreditanstalt für Wiederaufbau (KfW) during the year.

Following the merger, EGH holds a 77.5% stake in EquityBCDC, with the remainder being held by the International Finance Corporation (IFC, a member of the World Bank Group), the Government of the DRC and minority shareholders.



Governance bodies of EquityBCDC

Board of Directors



Nestor Ankiba Yar
Chair



Célestin Mukeba Muntuabu
Executive Director



Jean-Claude Tshipama
Executive Director



James M. Mutuku
Non-Executive Director



Louis Watum Kabamba
Independent Director



Ignace Mabanza Meti
Independent Director



Wolfgang Bertelsmeier
Independent Director



Brent Malahay
Non-Executive Director



John Wilson
Non-Executive Director



Mary Wangari Wamae
Non-Executive Director



James Njunguna Mwangi
Non-Executive Director

The Executive Committee



Célestin Mukeba Muntuabu
Managing Director



Jean-Claude Tshipama
Deputy Managing Director



Auguste Kanku Kadiosha
Deputy Managing Director



Allan Waititu
Director of Information Technology and Digitisation



Guillaume Kra
Credit Director

EquityBCDC at a glance

2015–2019 figures relate to the Banque Commerciale du Congo (BCDC).
2020 figures relate to EquityBCDC, created through the merger of the BCDC and Equity Bank Congo.

in millions of CDF	2015	2016	2017	2018	2019	2020	2019 in millions of USD at the closing rate	VARIATION 2020/2019
Balance sheet total	635,848	772,940	1,123,689	1,408,709	2,050,502	4,978,008	2,525	143%
Equity capital*	52,385	77,664	116,296	134,107	149,881	345,213	175	130%
Deposits**	493,204	571,412	767,182	1,096,548	1,643,898	4,264,785	2,163	159%
- in CDF	122,424	72,721	75,870	122,327	167,380	339,770	172	103%
- in foreign currency	370,780	498,691	691,312	974,220	1,476,517	3,925,014	1,991	166%
Loans disbursed**	235,322	381,910	449,056	608,017	725,963	1,634,308	829	125%
Net banking income	62,886	86,452	113,181	139,073	157,715	165,033	84	5%
Operating expenses	51,155	57,868	83,241	101,711	101,965	108,273	55	6%
of which personnel costs	24,652	26,994	35,386	42,677	44,649	45,409	23	2%
Depreciation and amortisation	3,340	3,794	5,954	6,550	7,337	9,557	4.8	30%
Allocations to provisions	1,228	7,673	8,352	6,816	14,112	39,344	20	179%
Corporation tax	4,948	8,030	7,745	10,096	12,040	6,350	3.2	-47%
Net income (after tax)	6,606	13,651	13,209	19,146	23,266	8,635	4.4	-63%
Approximate CDF/USD exchange rates on 31 Dec.	927.91	1,215.59	1,591.91	1,635.6153	1,672.9467	1,971.8046	-	18%

Equity capital according to IFRS***	108,912	134,804	156,459	176,803	192,093	***
Cost to income ratio (CIR)	81%	67%	74%	73%	63%	66%
Net return on equity (NROE – net income/equity capital)	12.61%	17.58%	10.51%	14.28%	15.52%	3.49%
Return on assets (ROA)	1.04%	1.77%	1.08%	1.36%	1.13%	0.25%
Solvency ratio (ROS)***	22%	20%	20%	11%	11%	12%

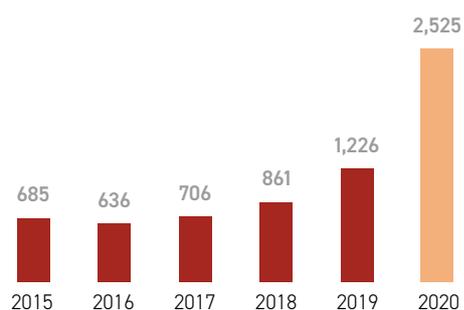
* Accounting – before profit distribution

** Outstanding at end of period – variations vs December 2019

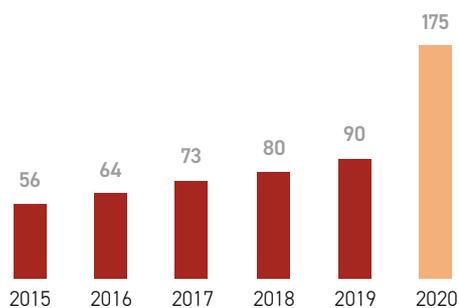
*** In 2020, calculated according to modification 7 of Central Bank of Congo Instruction no. 14

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

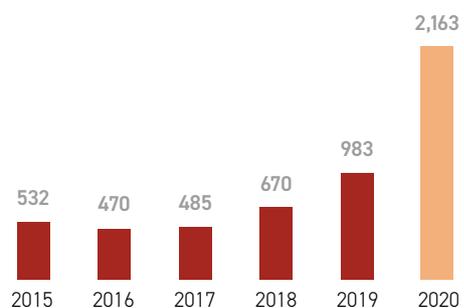
2015–2019 figures relate to the Banque Commerciale du Congo (BCDC).
2020 figures relate to EquityBCDC.



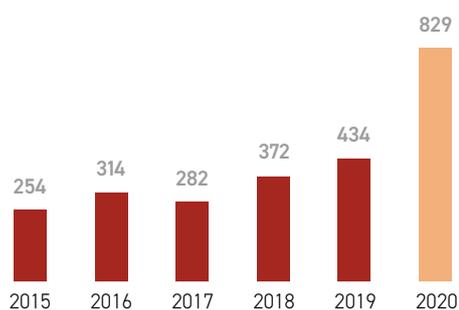
Balance sheet



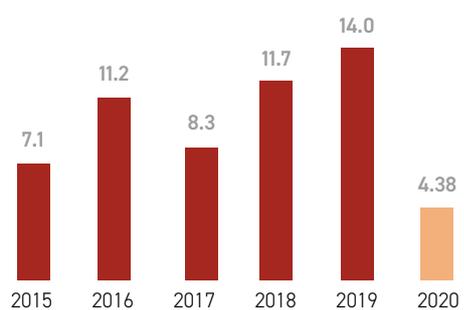
Equity capital



Deposits



Loans disbursed



Net income



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Economic environment

Global environment

The IMF projected a 3.5% contraction of global economic activity following the 2.8% growth recorded in 2019. This headline figure should not, however, mask disparities across regions and sectors.*

Advanced economies contracted by 4.9% in 2020 after growing by 1.6% in 2019, as the strict lockdowns and restrictions introduced to stem the spread of Covid-19 took their toll.

In emerging-market and developing economies, activity contracted by 2.4% in 2020 compared with 3.6% growth in 2019, owing largely to a decline in external demand.

In sub-Saharan Africa, real GDP contracted by an estimated 2.6% in 2020, compared with the 3.2% growth registered in the previous year. The region's economies, most of which are heavily dependent on primary product exports, were affected by global supply-chain disruptions.

* Central Bank of Congo, 2020 Monetary Policy Report.

Summary of 2020

- ▶ Amid an unprecedented economic crisis, the main central banks significantly loosened their monetary policy stances and resumed quantitative easing measures. In March 2020, for instance, the European Central Bank (ECB) implemented a massive security-buying programme as it sought to inject liquidity into the financial system in order to ease lending conditions for businesses and governments. In the United States, meanwhile, the Federal Reserve embarked on a major bond-buying programme and announced a significant change to its monetary policy towards the end of summer, shifting its focus from containing inflation to achieving full employment.
- ▶ Alongside these monetary policy moves by central banks, many governments employed fiscal stimulus measures to counter the effects of the Covid-19 crisis. In France, for instance, the authorities announced a recovery package comprising fiscal and tax-related measures worth EUR 100 billion over two years.
- ▶ Another fiscal-policy highlight of 2020 was the adoption of a European recovery plan that, as well as containing economic support measures, has also paved the way for the creation of common EU debt.
- ▶ So-called alternative investments were among the big winners of the economic crisis. Gold lived up to its reputation as a safe haven, seeing its value increase sharply. And despite repeated calls for caution from regulators, coupled with evidence of scams and fraud, some cryptocurrencies sky-rocketed in value in 2020.
- ▶ The pandemic quickened the pace of business digitisation, as consumers turned en masse to shopping through online and digital channels. This spike in demand forced businesses to quickly adopt digital technologies across their products, services and distribution models. According to McKinsey, some 55% of client interactions in Europe now take place through digital channels – a level achieved three years earlier than pre-pandemic forecasts suggested. The crisis resulted in three major changes for businesses: an increase in remote working and/or collaboration, a shift in client needs and expectations, and growing demand for online products and/or services.

GOING FORWARD,
THE OUTLOOK IS
NOTHING BUT POSITIVE.



Domestic environment

ECONOMIC GROWTH

Domestic economic activity grew at a slower pace in 2020 amid challenging global conditions brought about by the spread of Covid-19.

Production output figures for end-September 2020 pointed to growth of around 0.8% overall, down from 4.4% in 2019. Looking at sector-specific trends, the primary sector grew by 5.2%, while the secondary and tertiary sectors

saw contractions of 4.0% and 0.5% respectively.

Prices ticked upwards in the goods and services market as a whole.

Turning to external trade, the balance of payments suggested that financing needs were lower relative to the previous year amid a wider slow-down in global trade.

Going forward, the outlook is nothing but positive. According to the IMF, the DRC is set to record 6% GDP growth in 2021 and 4.4% in 2022, supported by increased production of two minerals: copper and cobalt. The country, which is the world's leading copper producer, posted record output figures in 2020.

ACCORDING TO THE IMF, THE DRC IS SET TO RECORD 6% GDP GROWTH IN 2021 AND 4.4% IN 2022.

Trade should also pick up again quickly now that vaccines are widely available, potentially pushing growth above 10% in 2022 – a level well ahead of the IMF's projections.

PUBLIC FINANCES

2021 Finance Act

The 2021 Finance Act, which passed into law on 28 December 2020, featured a total budget of CDF 14,621 billion (or USD 7.4 billion equivalent), balanced in terms of both revenues and expenditures. This represented a 34% increase on the revised budget for 2020.

Budget for 2020

In 2020, the Covid-19-induced shock and the associated growth in public expenditure led to poor resource mobilisation. This situation resulted in successive monthly public deficits, which the government covered by borrowing from money markets from January through to April, and by raising sound external financing – mainly in the form of budgetary support from the IMF and the African Development Bank (AfDB) – for the remainder of the year.

The initial Finance Act for 2020, which featured a budget of CDF 18,545.2 billion, was subsequently adjusted to CDF 9,272.6 billion in the second half of the year through the supplementary budget act.

Given the particular circumstances of December and the risk that support could run out, the government turned to tax payments on account and used part of the mining fund to maintain macroeconomic stability. This was a necessary move in order to avoid the government having to borrow more from money markets.

FOREIGN CURRENCY RESERVES

Foreign currency reserves at end-December 2020 were USD 708.89 million, sufficient to pay for 0.65 months of imported goods and services.

MONETARY AND FOREIGN-EXCHANGE POLICY

Inflation

At end-December 2020, inflation stood at 15.7%, which was above the Central Bank of Congo's medium-term target of 7.0%.

Exchange rate

In 2020, transactions on the DRC's foreign-exchange market caused a steeper depreciation of the Congolese franc relative to foreign currencies than

in 2019. At 31 December 2020, the domestic currency had lost 15.16% of its official market value (compared with a 2.23% loss in 2019), and 14.57% of its value on the parallel market in Kinshasa (versus a 2.94% loss in 2019).

Money supply

In 2020, money supply in circulation increased much further than planned, growing by 51.7% (against planned growth of 34.0%) to CDF 19,342.8 billion, an overshoot of CDF 1,168.9 billion.

This trend was due to an increase in net external and domestic assets, which grew by CDF 5,120.5 billion and CDF 1,469.4 billion respectively.

Benchmark interest rate

The Central Bank of Congo revised its benchmark interest rate twice in 2020.

In March 2020, the central bank cut its benchmark rate from 9.0% to 7.5% in order to free up liquidity for banks as it sought to contain the economic fallout of the Covid-19 crisis. The bank also set up a special financing facility, known as the "Covid-19 facility", with a maturity of between 3 and 24 months and a lower interest rate. The aim

of this facility was to free up liquidity for banks in order to support the economy.

Then, on 3 August 2020, the central bank raised its benchmark rate from 7.5% to 18.5%. This move was a response to the rapidly depreciating currency and inflationary pressures, which saw monthly inflation increase from 0.88% in March 2020, to 2.55% in June and 2.95% in July.

Statutory reserve

In April 2020, the statutory reserve ratio on on-demand deposits denominated in Congolese francs was cut from 2.0% to 0.0%.

Other ratios remained unchanged from 2019 levels: 0.0% for term deposits denominated in Congolese francs, and 13.0% and 12.0% respectively for on-demand and fixed-term deposits denominated in foreign currencies.

Overall statutory-reserve developments paved the way for an absorption of liquidity amounting to CDF 533.6 billion, which was significantly higher than planned (CDF 205.6 billion).

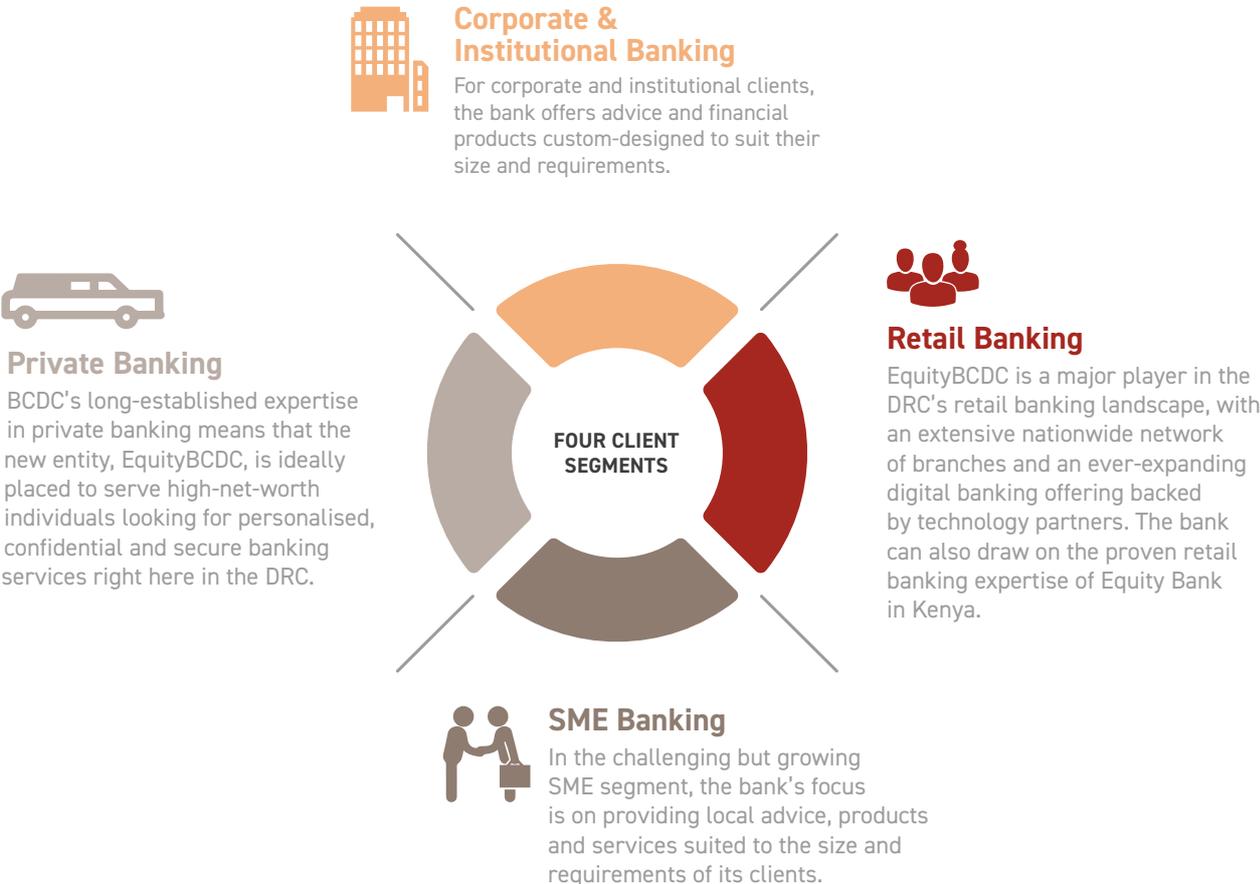
This absorption, via the statutory reserve, resulted from an increase in bank deposits and the depreciation of the domestic currency, which led to the revaluation of foreign-currency deposits since the statutory reserve is denominated in Congolese francs – and despite the lowering of the ratio in March 2020.

THE ABSORPTION OF LIQUIDITY VIA THE STATUTORY RESERVE RESULTED FROM AN INCREASE IN BANK DEPOSITS AND THE DEPRECIATION OF THE DOMESTIC CURRENCY.

EquityBCDC's business activity

Market segmentation to enhance business efficiency

The merger between the BCDC and Equity Bank Congo enabled the bank to strengthen its presence across all client segments. EquityBCDC offers a comprehensive line of products and services to clients in four clearly identified segments:



Une diversité de cartes bancaires sans contact qui vous facilite la vie !



FOLLOWING THE MERGER, EQUITYBCDC IS NOW ABLE TO OFFER A BROADER AND DEEPER LINE OF PRODUCTS AND SERVICES.

HIGH-QUALITY CLIENT BASE

At 31 December 2020, EquityBCDC had 891,076 clients, of which 18,578 were corporate bodies and 872,498 were individuals. This figure represents a slight decline year on year relative to the combined pre-merger client bases of the BCDC and Equity Bank

Congo. This reduction can be attributed to ongoing efforts, since 2020, to clean up the bank's client portfolio, including closing inactive accounts with out-of-date contact details.

Following the merger, EquityBCDC is now able to offer a broader and deeper line of products and services

to retail and business clients. The resulting synergies will help the bank penetrate more market segments and substantially grow its base of high-quality clients.

2020 EARNINGS IN LINE WITH EXPECTATIONS

The harmful effects of the Covid-19 pandemic were felt across the economy of the DRC for at least half of last year. Yet despite these gloomy conditions, the Corporate Banking arm successfully seized business opportunities, leading to an increase in both revenue and profitability.

It was able to achieve this performance by building on the new financing granted at the start and end of the year and on the restructuring of some credit lines, while maintaining an appropriate policy that aligned with the financing needs of corporate clients.

In 2020, the SME Banking and Private Banking arms (both inherited from the BCDC) posted earnings in line with expectations, reflecting their ability to cater precisely to their clients' needs.

Meanwhile, the bank's Retail Banking arm saw its earnings bolstered by revenue from card transactions and cash machines.

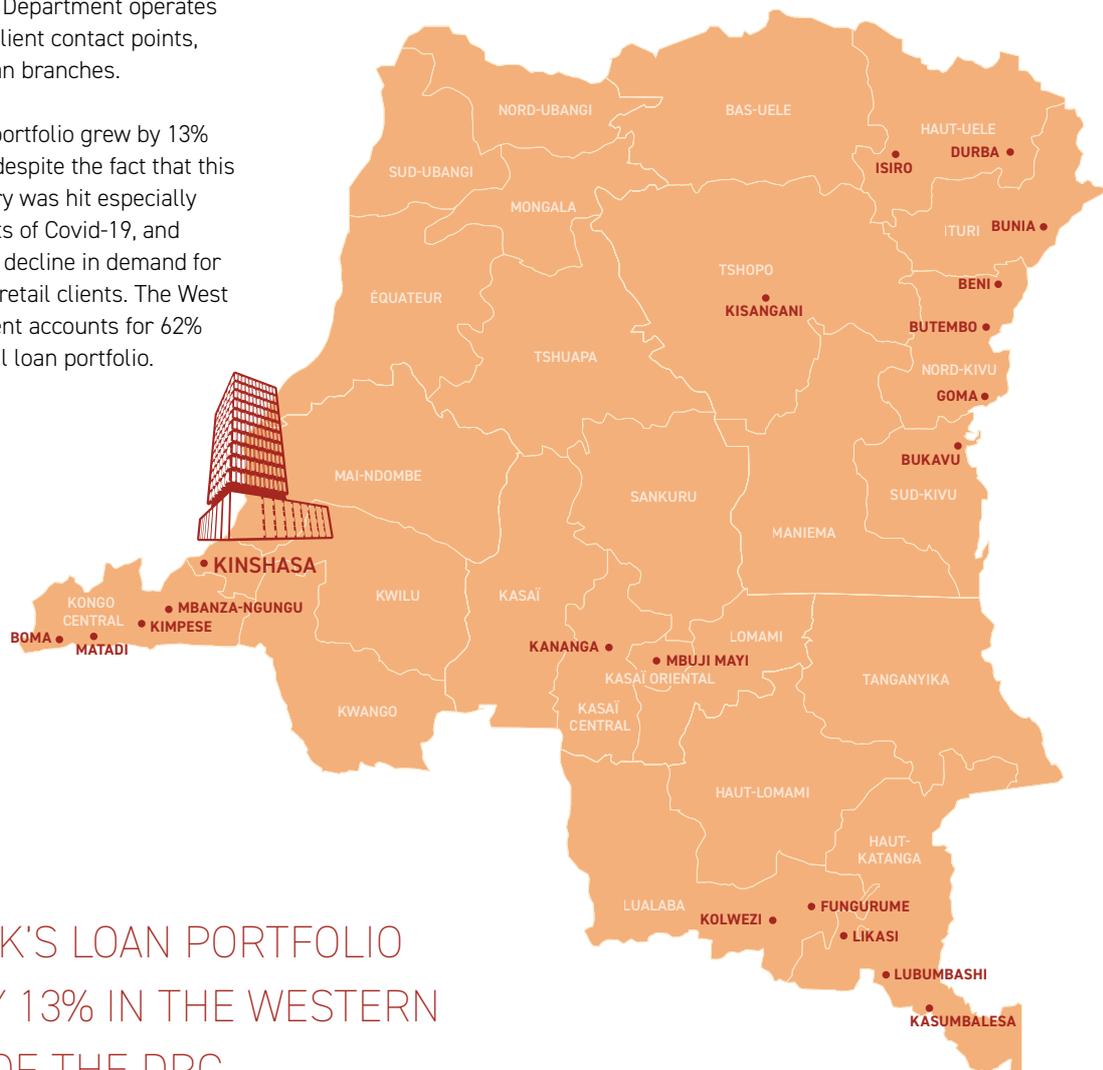


An extensive branch network across the DRC

WEST REGION DEPARTMENT

The West Region Department operates a network of 50 client contact points, including 41 urban branches.

The bank's loan portfolio grew by 13% in western DRC, despite the fact that this part of the country was hit especially hard by the effects of Covid-19, and despite a notable decline in demand for financing among retail clients. The West Region Department accounts for 62% of the bank's total loan portfolio.



THE BANK'S LOAN PORTFOLIO GREW BY 13% IN THE WESTERN REGION OF THE DRC.

SOUTH REGION DEPARTMENT

Although southern DRC was also affected by the Covid-19 pandemic, the bank was able to capitalise on more favourable circumstances in this part of the country, including:

- ▶ A resilient mining sector, with the vast majority of mines continuing to operate throughout the pandemic.
- ▶ A significant jump in the price of copper, from USD 4,630 per tonne on 15 March 2020 to USD 7,803 per tonne by the end of the year, with the price of cobalt following a similar trend.
- ▶ Lighter-touch pandemic-related restrictions.
- ▶ The welcome restoration of law and order following a series of destabilisation attempts throughout the year.

IN THE SOUTHERN REGION OF THE DRC, THE BANK WAS ABLE TO CAPITALISE ON FAVOURABLE CIRCUMSTANCES DESPITE THE COVID-19 PANDEMIC.

Production and exports remained immune to the supply-chain difficulties, especially in terms of equipment, caused by the strict lockdown in South Africa and major logistical complications, with both hitting all-time highs in 2020.

The one dark cloud on the horizon was copper and cobalt mining company Société d'Exploitation de Kipoi (SEK). Its owner, Tiger Resources, had restructured its debt in 2019 with the approval of the Government of the DRC. The prospects

looked good for SEK, which enjoyed a buoyant start to the year and seemed on track to hit its production targets. But the company became a casualty of the Covid-19 pandemic, closing its facilities in March 2020. This development had a significant impact on the bank's loans to this client, which have been frozen since June 2020 and are covered by provisions to the tune of 75%. SEK is currently working on a business recovery plan which, if successful, should allow it to resume servicing its loans.

Key developments for the South Region Department

- 1 Extension of the network, with new local desks in Kambove and at the ConnexAfrica warehouse.
- 2 Return of trade finance activities to Lubumbashi, with all transactions now managed under one roof.
- 3 Several site visits ahead of the planned opening of a new branch in Kalemie (scheduled for 2021).
- 4 New Chinese accounts following the 2019 trip (Likasi and Kolwezi).
- 5 Retail banking penetration with several major employers (1,500 new accounts in Kolwezi).
- 6 Substantial new corporate loans agreed for mining companies (Likasi).
- 7 Significant increase in web banking uptake among corporate clients.



Through our extensive branch network in the DRC, we help to financially empower and elevate communities (photo: Matadi).

EquityBCDC has close to 40 branches in Kinshasa (photos: Kinkole and 30 Juin Huileries branches).



IT and telecoms

2020 proved to be a difficult year for the IT teams at both the BCDC and Equity Bank Congo, which faced multiple challenges: dealing with the fallout of the Covid-19 pandemic, getting ready for the merger between the two banks, and integrating their respective IT and telecoms systems.

Key highlights and developments in 2020:

- ▶ Equity Bank Congo experienced delays in migrating its e-banking system from Magix to Sopra (the vendor of its core banking system), due in part to issues with MasterCard certification and difficulties integrating its cash machines into the new system. According to the most recent timetable, the system was scheduled to go live in the first half of 2020. But these plans were disrupted by the Covid-19 pandemic. The project was ultimately cancelled following Equity Group's takeover of the BCDC.

- ▶ The IT team worked closely with the Risk Management Department on finalising the various components of the bank's information security policy. These were presented to the Risk Management Committee for approval on 10 March 2020.

- ▶ Following the outbreak of the Covid-19 pandemic in March and the lockdown in the commune of Gombe, the IT team and the Risk Management Department joined forces to trigger a business continuity plan. This involved working in downgraded mode at the bank's head office, deploying a virtual private network (VPN) and configuring the system so that certain colleagues could work from home, while also moving some services to the Limete and Kitambo branches.

- ▶ In the second half of the year, the IT team focused on preparing for the SWIFT Release 2020, which included

GPI – an innovative new feature that supports end-to-end message tracking between participating institutions.

- ▶ After Equity Group Holdings Plc acquired a majority stake in the BCDC, the IT team set about handling the integration tasks, migrating the banks' systems and merging their respective teams. This involved rolling out group-wide IT policies, integrating the BCDC network into the Equity Group's network, and allowing access to the BCDC's systems from Equity Group's Network Operations Centre (NOC) in Nairobi. The first process step was to install a fibre-optic link between the BCDC and Equity Bank Congo buildings.

- ▶ The new systems went live on 14 December 2020 once the background work was complete: migrating the core banking system from Amplitude to Finacle and Oracle ERP, the e-banking platforms to EazzyBiz (the group's corporate web app), and retail clients to One Equity (the group's new mobile app).

- ▶ The merger between Equity Group's two entities in the DRC required the alignment of legacy processes and procedures and publication of the new versions. The newly created entity, EquityBCDC, received regulatory approval from the Central Bank of Congo on 29 December 2020.

THE IT TEAM WAS KEPT BUSY
BY THE MERGER OF THE TWO BANKS
AND BY COVID-19-RELATED MEASURES.

Following the outbreak of the Covid-19 pandemic in March, the IT team and the Risk Management Department joined forces to trigger a business continuity plan.



Risk management, monitoring and control

Risk management

There were three major developments on the risk management front in 2020:

- ▶ The Covid-19 pandemic and the impact of government-imposed measures to contain the spread of the disease, including a partial lockdown and a curfew.
- ▶ The BCDC's migration from Amplitude to Finacle, the core banking system used by Equity Group.
- ▶ The merger between Equity Bank Congo (EBC) and the BCDC in December 2020.

The bank had to identify the new risks arising from these developments and introduce additional risk-mitigation measures.

Key risk indicators

In 2020, the bank continued its work on identifying key risk indicators (KRIs) and setting up indicator dashboards for operational, credit, foreign-exchange, liquidity and interest-rate risks.

These risk indicators are reviewed and analysed on a monthly basis.



The bank had to identify new risks and introduce additional measures.

Risk appetite policy

EquityBCDC's risk appetite policy was prepared and endorsed by the BCDC Risk Management Committee and approved by its Board of Directors.

It is currently being harmonised with Equity Bank's risk appetite policy and will reflect the new bank's operational environment, strategy and business plans, as well as its shareholders' expectations.

Risk management policy

The following policies have been harmonised with Equity Bank's policies and approved by the Board of Directors:

- ▶ the IT risk management policy
- ▶ the information security policy
- ▶ the information classification and labelling policy
- ▶ the computer acceptable use policy
- ▶ the operational risk management policy
- ▶ the market risk management policy (foreign-exchange, interest-rate and liquidity risks)
- ▶ the fraud prevention and detection policy

ENHANCED FRAUD MEASURES WERE INTRODUCED IN ORDER TO MANAGE HIGH-RISK TRANSACTIONS.

Risk mapping

Risks relating to the migration from the BCDC's Amplitude core banking system to Equity Group's Finacle system were identified and monitored.

The operational risk map will be updated in 2021 to reflect these changes, including the harmonisation of processes from the two legacy banks (the BCDC and EBC).

Incidents related to the migration of the core banking system

Incidents occurred during the migration from the BCDC's legacy core banking system (Amplitude) to Equity Group's Finacle system. Most of these incidents have been resolved, and those that are outstanding are being monitored.

Business continuity plan

The Government of the DRC placed the commune of Gombe under lockdown following the outbreak of the Covid-19 pandemic.

As a result, both legacy banks (the BCDC and EBC) implemented the measures under scenario 06 – "Pandemic/ Epidemic" – of their business continuity plans (BCPs).

Thanks to the hard work and dedication of their employees, both banks were able to continue operating from backup sites (Limete for the BCDC and Kitambo for EBC) from the very first day of the lockdown in Gombe.

The salient facts were highlighted in a post-implementation review by the respective banks' Risk Management Departments and heads of other departments.

The BCP has now been harmonised with Equity Group's plan and approved by the Board of Directors.

Risk monitoring and control

Enhanced fraud prevention, detection and deterrence measures were introduced as part of internal control programmes to manage high-risk transactions during the Covid-19 pandemic. These measures, which were designed to detect fraud incidents in a timely manner and protect the company's assets, included:

- ▶ Weekly visits to urban branches in Kinshasa by internal controllers from head office, who carried out random checks of key processes (cash operations, newly opened accounts, proxies, fixed-term deposits, etc.).
- ▶ Ongoing control activities at branches outside the capital during the lockdown and state of emergency announced by the government, involving the deployment and monitoring of a weekly work schedule for all non-head-office internal controllers.
- ▶ Enhanced checks on transactions and a per-sector review of accounting documents from the previous day by internal controllers at each branch.

The migration from the BCDC's Amplitude core banking system to Equity Group's Finacle system was a critical time for operational risk management, as was the merger of the two legacy banks in December 2020. Transactions carried out following the migration to Finacle came under enhanced scrutiny, with the bank prioritising checks on a sector-by-sector basis (trade finance, tax back office, cash and loans) and focusing on the following aspects:

- ▶ Spot-checking accounting documents.
- ▶ Checking that commission, VAT and other fees were deducted at the rates applicable in the bank.
- ▶ Checking tax-related transactions to avoid late transfers during this critical period.

- ▶ Checking accounts and proxies for major clients (reconciling data migrated from Amplitude to Finacle with the information contained in client records).

- ▶ Monitoring internal accounts (suspense accounts, client payable-through accounts, inactive accounts, etc.).

- ▶ Checking that OCC/BIVAC invoices were properly accounted for.

In other developments last year, the bank hired a permanent controller at the Durba branch in the first quarter and, in September, it appointed a permanent officer at its Private Banking Centre (PBC) to oversee fraud deterrence measures and to carry out checks and inspections at the Gombe-Royal branch.

Credit risk

Corporate clients continue to account for the lion's share of the loan portfolio, although the bank is making solid progress in the SME segment.

Lending to clients is one of EquityBCDC's main activities and its most profitable line of business.

At end-2020, the merged bank's portfolio of loans and advances stood at USD 892 million, representing a 14% increase on the combined stock of the two legacy banks at end-2019.

In terms of concentration, loans to corporate clients account for 59% of this portfolio, with SMEs (26%), consumers (11%), government bodies (4%) and the agriculture sector (1%) making up the remainder.

At end-December 2020, the merged portfolio was mainly concentrated in the following sectors: business services (18%), trade (10%), energy (10%) and mining (8%).

LENDING TO CLIENTS
IS EQUITYBCDC'S MOST
PROFITABLE LINE OF BUSINESS.

THE MERGED BANK'S TOTAL PORTFOLIO OF LOANS AND ADVANCES INCREASED BY 14% RELATIVE TO THE COMBINED STOCK OF THE TWO LEGACY BANKS AT END-2019.

✔ A growing loan portfolio amid greater political stability

The former EBC's total portfolio of loans/advances stood at USD 343.48 million at end-2020, an increase of USD 25.12 million (7.89%) relative to end-2019.

Over the same period, the former BCDC's total portfolio of loans/advances grew by USD 87 million (19%) to USD 548 million.

✔ Sound loan portfolio management despite an increase in non-performing loans because of the Covid-19 crisis

Performing loans make up 76% of the bank's loan portfolio. At end-2020, performing loans past due – a category that includes loans where a payment is between 1 and 89 days late – represented 14% of the portfolio.

The quality of the combined portfolio remains a challenge for the bank, however, with bad loans accounting for 10.4% of total stock at end-December 2020.

The share of non-performing loans (NPLs) increased for both legacy banks last year, rising from 8.36% at end-2019 to 10.15% at end-2020 at EBC, and from 5% to 10.84% at the BCDC over the same period. This increase can

be largely attributed to the impact of the Covid-19 crisis on clients' business operations.

At end-December 2020, coverage ratios for bad debt at the two legacy banks were 73.5% for the BCDC and 67.8% for EBC, in line with central bank requirements.

The respective IFRS provision ratios were 73.6% for the BCDC and 67.8% for EBC.

Again for the two legacy banks, the asset quality ratios (total non-performing loans and provisions as a percentage of total outstanding loans) at end-December 2020 were 2% for the BCDC and 3% for EBC (down from 5% and 7% respectively at the same point in 2019).

✔ Support for clients affected by the Covid-19 crisis

In keeping with Central Bank of Congo regulations, the bank introduced moratoriums and flexible repayment terms for clients who were affected by the Covid-19 crisis but whose jobs or businesses remained viable.

As a result, at end-2020, restructured loans amounted to USD 159 million, accounting for 18% of the bank's loan portfolio. The majority of this restructuring involved loans to clients in those sectors and industries that were hit

hardest by the Covid-19 pandemic – namely real estate, hospitality, restaurants and wholesale.

As of mid-2021, over half of clients whose loans were restructured are keeping up with their repayment plans.

✔ Priorities for the first quarter of 2021

In early 2021, the bank will focus on:

- ▶ Taking determined recovery action to reduce the share of bad debt in its loan portfolio.
- ▶ Strengthening its lending process for SMEs.
- ▶ Supporting clients affected by the Covid-19 crisis.
- ▶ Publishing harmonised lending policies and procedures to support its loan business.

Compliance

Compliance refers to a set of organisational measures designed to ensure adherence to local and international laws and standards – and to the bank’s internal directives – on matters ranging from data protection to money laundering and corruption.

The information and figures below capture developments in 2020 in the application of compliance rules that apply to the banking sector, and therefore to EquityBCDC.

Attorney-general Kisula Betika Yeye Adler was appointed as the new executive secretary of CENAREF in July 2020.

Since his appointment, the number of expert submissions and information requests has increased by over 50% and CENAREF has changed its working methods.

BLACKLISTING

The Central Bank of Congo blacklisted 662 economic operators, including 202 EquityBCDC clients.

It removed 81 economic operators, including 29 EquityBCDC clients, from its blacklist.

It temporarily suspended blacklisting measures against 120 economic operators, including 64 EquityBCDC clients, for three months.

FATCA

In accordance with the provisions of the Foreign Account Tax Compliance Act (FATCA), EquityBCDC disclosed details of 236 individuals and corporate bodies with connections to the United States.

The bank disclosed the names of three clients meeting the “United States person” criteria to the Internal Revenue Service (IRS) in March 2020.

CLIENTS SUBJECT TO INTERNATIONAL SANCTIONS

EquityBCDC froze the assets of 11 individuals and corporate bodies sanctioned by the Office of Foreign Assets Control (OFAC) and the European Union, including one company that was not a client of the bank. Total frozen funds amounted to USD 1.9 million and EUR 3,261.

The bank submitted its annual disclosure of frozen accounts to the OFAC in September 2020.

CENAREF

EquityBCDC received information requests from CENAREF, the DRC’s financial intelligence unit, relating to 148 individuals and corporate bodies, including 74 of the bank’s clients. The accounts of 23 clients were frozen at CENAREF’s request.

The bank filed two suspicious activity reports with CENAREF in 2020.

TRANSACTION MONITORING TOOLS

EquityBCDC uses the following transaction monitoring tools:

- ▶ **Sanctions Screening:** Automatically filters transactions on various sanctions lists, generates alerts and blocks transactions in real time.
- ▶ **Equity Financial Intelligence System (EFIS):** Screens transactions and generates next-day alerts based on predefined scenarios.

- ▶ **Siron Embargo:** Automatically filters transactions on various sanctions lists, generates alerts and blocks transactions in real time.

Following the merger of Equity Bank Congo and the BCDC in 2020, two client transaction screening programs were retired. The combined entity now uses two Sopra Banking solutions: the Anti-Money Laundering module and the Blacklist Management system.

INFORMATION REQUESTS FROM CORRESPONDENT BANKS

The bank handled 210 information requests from correspondent banks (Aktif Bank, Bank of China, Citibank, Commerzbank, Deutsche Bank, Natixis and Unicredit) relating to client transactions.

Citibank, Commerzbank, Deutsche Bank, FIMBank and Bank of China conducted EquityBCDC's KYC & AML/CFT review.

TRAINING

The planned training sessions at the Mbuji-Mayi, Kananga, Kongo Central, UCC and Rotana branches were cancelled following the outbreak of the Covid-19 pandemic.

In total, 319 EquityBCDC employees and contract staff completed training modules on a range of subjects, including:

- ▶ general aspects of compliance, anti-money laundering and counter-terrorist financing
- ▶ know your customer (KYC) and client onboarding best practices
- ▶ beneficial ownership
- ▶ transaction monitoring
- ▶ sanctions

IN TOTAL, 319 EQUITYBCDC EMPLOYEES AND CONTRACT STAFF COMPLETED TRAINING MODULES ON A RANGE OF SUBJECTS.

- ▶ professional ethics
- ▶ compliance for Western Union transactions

REGULATORY COMPLIANCE

A number of new regulations entered into force in 2020. These are described in more detail in the table on the following page.

The bank filed its quarterly reports on compliance with Central Bank of Congo Instructions nos. 17, 18, 19 and 21 with the Supervisory Authority for Financial Intermediaries (DSIF).



NEW REGULATORY COMPLIANCE RULES IN 2020

INSTRUCTION	DETAILS	ACTION TAKEN
<p>Instruction no. 15 bis (modification 3) waiving the legal provisions prohibiting cash or bearer securities payments of USD 10,000 or more.</p> <p>Date: 20/05/2020</p>	<p>Introduced a ban on cash payments ≥ USD 10,000.</p> <p>Contained a list of exceptions to the ban on cash payments ≥ USD 10,000.</p>	<p>Cash withdrawal procedure updated.</p> <p>Awareness-raising provided for employees.</p> <p>Notice published for clients.</p> <p>Weekly disclosure of withdrawals ≥ USD 10,000 to CENAREF.</p>
<p>Instruction no. 23 on the exercise of the Central Bank of Congo's supervisory powers (modification 1).</p> <p>Date: 11/09/2020</p>	<p>Introduced enhanced sanctions against members of the Board of Directors and Senior Management and against certain employees for breaching legal and regulatory provisions.</p> <p>Increased the level of administrative fines.</p>	<p>Awareness-raising sessions for executives and employees to be organised.</p>
<p>Instruction no. 42 on the rules for electronic banking in the DRC.</p> <p>Date: 09/03/2020</p>	<p>Defined the conditions and arrangements for establishing electronic banking systems.</p> <p>Listed the standards that apply to electronic means of payment (cash machines, electronic payment terminals, payment cards, etc.).</p> <p>Introduced an interoperability requirement for similar electronic payment systems and services operating in the DRC, and listed the relevant conditions.</p>	<p>Monitoring by the IT and E-banking departments.</p>
<p>Instruction no. 43 on the promotion of the use of electronic money and on the easing of the rules applicable to transactions in the ATS system in order to mitigate the harmful impact of the Covid-19 pandemic on the financial sector (modification 1).</p> <p>Date: 28/09/2020</p>	<p>Waived fees on the first five intra-network, person-to-person transfers per day.</p> <p>Introduced enhanced reporting requirements to the Central Bank of Congo for electronic money service providers.</p>	<p>Provisions to be implemented once the B110 product goes on public release.</p>
<p>Instruction no. 44 on the suspension of certain regulatory provisions following the Covid-19 pandemic.</p> <p>Date: 24/03/2020</p>	<p>Updated the business continuity plan to include measures taken in relation to Covid-19.</p> <p>Postponed annual general meetings and annual Board meetings for the 2019 financial year.</p> <p>Temporarily waived late-payment penalties on outstanding receivables.</p>	<p>Business continuity plan tested during the first Covid-19 wave; plan to be updated following the merger.</p> <p>Late-payment penalties on outstanding receivables temporarily waived.</p>
<p>Instruction no. 46 on the guiding principles for cold calling, the opening of securities accounts, the provision of investment advice, third-party portfolio management and securities lending.</p> <p>Date: 30/09/2020</p>	<p>Defined the conditions applicable to the management of marketable securities (treasury notes and bonds) by banks.</p>	<p>Draft internal procedure to be updated.</p>
<p>Instruction no. 48 on the rules for the Mosolo electronic banking system.</p> <p>Date: 20/11/2020</p>	<p>Created a national payment switch known as "Mosolo", managed by the Central Bank of Congo.</p>	<p>Project monitored by the IT, Retail Banking and E-banking departments.</p>
<p>Instruction no. 50 setting the conditions for the issue of marketable debt securities on the money market.</p> <p>Date: 17/12/2020</p>	<p>Laid down the legal rules applicable to marketable debt securities (conditions for admission for trading, obligations applicable to issuers, financial intermediaries and investors, etc.).</p>	<p>Draft internal procedure on management of treasury notes and bonds finalised. To be submitted to the relevant departments for approval.</p>

Human resources

The aims of the bank's current human resources policy are to replace outgoing staff, to manage succession for key individuals set to retire in the next five years, to ramp up vocational training in order to build employees' skills, and to keep personnel costs under control.

The bank is pursuing these priorities under exceptional circumstances, in the wake of the merger between Equity Bank Congo and the BCDC, which was completed in December 2020.

A NEW TEAM IN THE DRC'S BANKING SECTOR

At 31 December 2020, following the merger, EquityBCDC's headcount was 1,176 full-time equivalent employees, comprising 403 women and 773 men.

A further 822 contract staff work in transactions, cash, reception, client service, cleaning, driver and sales roles.

As a result, EquityBCDC has a workforce in excess of 2,000 people.

The average employee age is 37 years. Some 885 employees have fewer than 10 years of service and the average length of service is 21 years.



TWO MAJOR DEVELOPMENTS, BOTH WELL-MANAGED

Last year proved a challenging time for staff at the BCDC and Equity Bank Congo, as the Covid-19 pandemic coincided with the ongoing merger between the two banks.

Merger

Senior Management and the Human Resources Department went to great lengths to put employees' minds at ease during the merger process, communicating openly and transparently through internal memos and in-person and

virtual information sessions to allay perfectly understandable concerns that were raised throughout the year.

Covid-19

The bank shifted quickly to remote working, having already considered this option before the pandemic in keeping with its spirit of organisational innovation.

THE BCDC BANKING ACADEMY – NOW KNOWN AS THE EQUITYBCDC BANKING ACADEMY – CONTINUES TO PLAY A ROLE IN TALENT DEVELOPMENT.

Staff rotation arrangements were also introduced in the early stages to avoid having too many people in branches and at head office at any one time. Once the lockdown was imposed, offices were only open to a handful of employees performing intermittent tasks.

After the lockdown was lifted, the bank introduced workforce testing. Employees who tested positive were told to self-isolate and received support consistent with their symptoms. Their offices were also deep-cleaned and their close contacts were tested immediately.

As a result of these measures, the spread of the disease was contained.

TRAINING AND ORGANISATIONAL DEVELOPMENT

Amid the turbulent developments of 2020, the bank made training an even higher priority of its organisational development strategy, as it pursued clearly defined objectives:

- ▶ To support the achievement of the bank's strategic goals and priorities by building employees' skills in order to enhance workplace performance.
- ▶ To foster personal development by providing employees with training and career progression opportunities.

- ▶ To implement a talent attraction, development, motivation and retention policy.
- ▶ To create a positive working environment and to boost employee satisfaction and engagement.
- ▶ To offer a structured, institution-wide learning pathway for all banking roles and functions.
- ▶ To embed professional development in the organisation's culture.

The BCDC Banking Academy – now known as the EquityBCDC Banking Academy – continues to play a role in talent development.

In 2020, all training courses and programmes moved online following the outbreak of the Covid-19 pandemic. The bank rolled out a digital learning platform to widen participation and harmonise best practices across the institution.

A number of training sessions were held following the merger of Equity Bank Congo and the BCDC in order to gain workforce-wide buy-in for EquityBCDC's vision, mission and values, and to familiarise employees with applicable policies and procedures, the bank's extensive range of products and services, and the new banking systems.

These training and awareness-raising sessions will continue in 2021–2022.

ATTRACTING NEW TALENT

EquityBCDC has all the right attributes to attract and develop new talent.

The bank has introduced a new performance and talent management policy and has strengthened its human capital development strategy.

The bank views employee training as an absolute priority – and as a way to attract talented new people to join its workforce. By communicating openly and transparently about its products, services and organisational processes, the bank puts new hires' minds at ease and gives them confidence in their new organisation and its welcoming working environment.

EquityBCDC's young, energetic and ambitious management team also projects a positive image of the bank as an attractive place to work – one where career progression and personal development opportunities are open to all.

On a practical level, over the next two years, the bank will launch a number of "Young Bankers" programmes, as well as two training programmes for middle

managers and a certification programme for all banking roles and functions.

The aims of the bank's human resources policy are clear: to identify key skills and competencies across the organisation, to unleash the talent available within its workforce, and to reward performance and enable everyone to reach their full potential and achieve their ambitions.

CONCLUDING THE HARMONISATION PROCESS

Following the merger of the two banks, it is now vitally important to embed a strong corporate culture and to foster a sense of belonging throughout EquityBCDC's workforce.

The bank's aim is to bring the harmonisation process to a swift conclusion, focusing on aligning working arrangements and practices across teams and ensuring compliance with procedures and codes (code of conduct, dress code, etc.).

Achieving this ambition will rely on a number of factors, including:

- ▶ effective leadership
- ▶ a clearly defined and identifiable corporate culture (e.g. "Equity time" awareness-raising sessions)

- ▶ team-building opportunities
- ▶ trust and sincerity among colleagues

This final point in particular highlights the essential role that executives and managers play in building cohesive teams and ensuring a fair distribution of duties.

In this respect, 2021 and 2022 will prove to be a pivotal period in the life of the two banks, which are now united as one.

EQUITYBCDC IS A PLACE WHERE
CAREER PROGRESSION AND
PERSONAL DEVELOPMENT
OPPORTUNITIES ARE OPEN TO ALL.



CHAPTER 3

Financial report

Financial information

38

Financial information

Balance sheet

In thousands of CDF

ASSETS	31/12/2019	%	31/12/2020	%	LIABILITIES	31/12/2019	%	31/12/2020	%
Cash	1,204,342,669	59%	3,111,529,502	63%	Interbank	93,941,995	5%	82,619,686	2%
Clients	725,962,523	35%	1,634,308,359	33%	Clients	1,643,897,620	80%	4,264,784,865	86%
Adjustment accounts	16,264,792	1%	41,066,379	1%	Adjustment accounts	59,083,279	3%	103,827,370	2%
Miscellaneous assets	26,116,082	1%	51,033,191	1%	Miscellaneous liabilities	68,994,420	3%	100,249,044	2%
Fixed assets	77,816,211	4%	140,070,429	3%	Permanent capital	161,318,731	8%	417,892,303	8%
					Result	23,266,232	1%	8,634,592	0%
TOTAL ASSETS	2,050,502,277	100%	4,978,007,860	100%	TOTAL LIABILITIES	2,050,502,277	100%	4,978,007,860	100%
of which foreign currencies		83%		88%			83%		87%
CDF		17%		12%			17%		13%

CDF/USD exchange rate:
1,672.9467 in 2019
1,971.8046 in 2020

In thousands of USD equivalent

ASSETS	31/12/2019	%	31/12/2020	%	LIABILITIES	31/12/2019	%	31/12/2020	%
Cash	719,893	59%	1,578,011	63%	Interbank	56,154	5%	41,900	2%
Clients	433,942	35%	828,839	33%	Clients	982,636	80%	2,162,884	86%
Adjustment accounts	9,722	1%	20,826	0%	Adjustment accounts	35,317	3%	43,517	2%
Miscellaneous assets	15,611	1%	25,881	1%	Miscellaneous liabilities	41,839	3%	50,841	2%
Fixed assets	46,514	4%	71,037	3%	Permanent capital	95,830	8%	211,934	8%
					Result	13,907	1%	4,379	0%
TOTAL ASSETS	1,225,683	100%	2,524,595	100%	TOTAL LIABILITIES	1,225,683	100%	2,524,595	100%

Comments on the balance sheet

ASSETS

Cash and interbank assets continue to account for the majority of the balance sheet (close to 63% of total assets). This category includes available cash (CDF 435,293 million), sight balances at the central bank (CDF 298,504 million), and balances at banks and financial institutions (CDF 2,377,732 million, including CDF 2,303,857 of fixed-term investments and CDF 73,874 million of sight balances).

Transactions with clients amount to a net outstanding value of CDF 1,634,308, or USD 1,578 million equivalent (gross: CDF 1,754,736 million, or USD 890 million equivalent), representing 33% of the balance sheet total.

- ▶ Loans in foreign currencies account for 96% of the gross loan portfolio.
- ▶ Outstanding receivables (performing loans past due and non-performing loans) amount to CDF 377,167 million (USD 191 million equivalent), with

those denominated in foreign currencies representing 92% of this amount and CDF-denominated loans making up the remaining 8%.

- ▶ The non-performing portfolio stands at CDF 193,035 million (USD 97.9 million equivalent), and is covered by provisions of CDF 119,498 million (a 62% coverage rate). Performing loans past due total CDF 184,132 million (USD 93.4 million equivalent).

Asset adjustment accounts, which represent 1% of total assets, include receivable income (CDF 12,968 million), prepaid expenditure (CDF 8,991 million) and current inventory (CDF 1,086 million).

Miscellaneous assets, which comprise third-party and suspense accounts and represent 1% of total assets, stand at CDF 51,033 million. More specifically, these include:

- ▶ Tax prepayments and tax credits (CDF 10,988 million)
- ▶ Advances and prepayments paid (CDF 7,960 million, including CDF 6,717 to employees)
- ▶ Receivables (CDF 27,082 million, including outstanding receivables on Western Union activities of CDF 7,500 million, receivables at issue of CDF 1,300 million, goods acquired through judicial channels of CDF 2,900 million and hedges allocated of CDF 7,900 million)
- ▶ Uncashed cheques (CDF 4,971 million)

Fixed assets total CDF 140,070 million, including a CDF 4,166 million (USD 2.11 million equivalent) equity interest in the real-estate subsidiary.

LIABILITIES

Interbank transactions account for 2% of total liabilities. This category mainly comprises amounts owed to local banks and financial institutions (CDF 82,619 million, including four call money loans totalling CDF 77,185 million).

Client deposits and other transactions stand at CDF 4,264,785 million. This represents 86% of total liabilities, with amounts denominated in foreign currencies making up the vast majority (92%) of this amount.

This category includes deposits in foreign currencies (CDF 3,925,014 million, or USD 1,991 million equivalent) and deposits in Congolese francs (CDF 339,770 million, or USD 172.314 million equivalent).

Client current accounts amount to CDF 3,413,263 million (USD 1,736 million equivalent).

- ▶ Client on-demand deposits stand at CDF 2,937,416 million (USD 1,489 equivalent), with foreign-currency accounts representing 90% of this total.
- ▶ Savings accounts total CDF 475,847 million (USD 241.325 million equivalent).

Fixed-term deposits amount to CDF 805,161 million (USD 408 million equivalent).

Other client accounts total CDF 46,359 million, and include receivables of CDF 15,692 million, provisions for bank cheques of CDF 7,518 million, and provisions for documentary credits and security deposits of CDF 1,702 million.

Liability adjustment accounts total CDF 103,827 million, accounting for 2% of total liabilities. This category includes accrued liabilities (CDF 29,197 million), hedges against general short-term risks (CDF 14,812 million), ring-fencing and garnishments (CDF 17,250 million), deferred income (CDF 5,519 million) and miscellaneous operations to be adjusted (CDF 37,049 million).

Miscellaneous liabilities accounts, which comprise suspense and third-party accounts and represent 2% of total liabilities, mainly include:

- ▶ Amounts due to the government: CDF 27,140 million, including provisions for corporation tax for the current financial year (CDF 9,681 million), transit transactions on behalf of financial agencies (CDF

11,615 million), and VAT and other taxes, duties and charges to be paid (CDF 3,180 million).

- ▶ Bills of exchange accounts and uncashed cheques amounting to CDF 14,924 million.
- ▶ Payables: CDF 58,184 million, including CDF 30,631 of accrued provisions for OCC/BIVAC charges.

Permanent capital (including profit for the financial year) stands at CDF 426,527 million, or USD 216 million equivalent, and represents 9% of the balance sheet total.

Equity capital at book value amounts to CDF 345,213 million, or USD 175 million equivalent, and includes registered capital of CDF 8,249 million (USD 4,183,230 equivalent) and a provision for reconstitution of capital of CDF 9,889 million (USD 5,015,165 equivalent).

Regulatory capital, following prudential deductions and the carrying forward of all net profit for the 2020 financial year, totals CDF 314,804 million (USD 159.652 million equivalent). This figure complies with regulatory requirements.

Income statement

The table below is a summary of the income statement as at 31 December 2020.

IN THOUSANDS OF CDF	31/12/2019	31/12/2020	DIFFERENCE (%)
Net interest	65,903,805	68,688,772	4%
Commissions and miscellaneous income	85,347,327	89,479,357	5%
Net banking income	151,251,132	158,168,129	5%
Ancillary income	9,188,927	9,062,725	-1%
Operating expenses	-95,475,561	-101,159,130	6%
Allocations to depreciations and provisions	-31,489,096	-49,670,854	58%
Extraordinary profit or loss	1,830,682	-1,416,227	-177%
Pre-tax profit or loss	35,306,084	14,984,644	-58%
Corporation tax	-12,039,852	-6,350,051	-47%
NET PROFIT OR LOSS	23,266,232	8,634,592	-63%

CDF/USD exchange rate:
1,672.9467 in 2019
1,971.8046 in 2020

IN THOUSANDS OF USD	31/12/2019 CLOSING RATE	31/12/2020 CLOSING RATE	31/12/2019 AVERAGE RATE	31/12/2020 AVERAGE RATE	DIFFERENCE (%)
Net interest	39,394	34,835	39,959	37,287	-7%
Commissions and miscellaneous income	51,016	48,987	51,756	48,065	-7%
Net banking income	90,410	83,823	91,715	85,352	-7%
Ancillary income	5,493	4,596	5,573	4,861	-13%
Operating expenses	-57,070	-54,911	-57,909	-54,501	-5%
Allocations to depreciations and provisions	-18,823	-25,191	-19,022	-26,262	38%
Extraordinary profit or loss	1,094	-718	1,072	-769	-172%
Pre-tax profit or loss	21,104	7,599	21,428	8,681	-59%
Corporation tax	-7,197	-3,220	-7,339	-3,668	-50%
NET PROFIT OR LOSS	13,907	4,379	14,089	5,013	-64%

Comments on the income statement

NET BANKING INCOME

Net banking income totals CDF 158,168 million (USD 85.35 million equivalent).

Interest margin

Interest margin stands at CDF 68,689 million, representing 43% of net banking income and reflecting the difference between interest received (CDF 117,471 million) and interest paid (CDF 48,782 million).

Commissions and miscellaneous income

Commissions and miscellaneous income total CDF 89,479 million (USD 48.065 million equivalent) and consist of profit on foreign exchange transactions, income from off-balance-sheet transactions, and other net income from banking operations.

Profit on foreign exchange transactions, which represents 20% of net banking income, stands at CDF 31,490 million (USD 17.082 million equivalent).

Income from off-balance-sheet transactions (issue of documentary credits and guarantees) amounts to CDF 3,768 million (USD 2.050 million equivalent), or 2.4% of net banking income.

Other income from banking operations stands at CDF 77,001 million (USD 41.1 million equivalent), representing 49% of net banking income. This category mainly comprises commissions on transfers, commissions on foreign notes, and miscellaneous commissions and income.

Other banking operating expenses total CDF 22,779 million (USD 12.2 million equivalent) and include CDF 12,163 million in deductions by the Central Bank of Congo for control expenses.

Ancillary income

Ancillary income amounts to CDF 9,063 million, broken down as follows:

- ▶ Western Union commissions of CDF 3,049 million at end-December 2020.
- ▶ Rental income of CDF 4,273 million at end-December 2020.
- ▶ Recovered communal and other charges of CDF 1,741 million at end-December 2020.

OPERATING EXPENSES

Wages and salaries

Wages and salaries total CDF 46,162 million (USD 25.050 million equivalent) and represent 46% of operating expenses.

Other general operating expenses

Other general operating expenses amount to CDF 54,998 million (USD 29.451 million equivalent), broken down as follows:

- ▶ Materials and supplies: CDF 8,098 million. This includes water and electricity (CDF 2,060 million), gas and fuels (CDF 893 million), and office and computing supplies (CDF 5,145 million).
- ▶ Transport and travel expenses: CDF 4,144 million (USD 2.2 million equivalent).
- ▶ Other external services: CDF 42,756 million. This includes maintenance and repair expenses (CDF 7,909 million), marketing and advertising expenses (CDF 2,857 million), contract staffing costs (CDF 8,908 million), professional fees and charges (CDF 6,948 million), communication expenses (CDF 3,538 million), security expenses (CDF 2,877 million), rents and additional property expenses

(CDF 1,811 million), management expenses (CDF 3,824 million), and IT and other service-related expenses (CDF 4,083 million).

ALLOCATIONS TO DEPRECIATIONS AND PROVISIONS

A total of CDF 87,106 million was allocated to depreciations and provisions, including CDF 9,557 million for depreciations on tangible assets and CDF 77,548 million for provisions for debtors and other liabilities and charges.

Write-backs of provisions amounted to CDF 37,435 million.

EXTRAORDINARY PROFIT OR LOSS

The extraordinary loss of USD -0.769 million (CDF -1,416 million) relates primarily to fraud and embezzlement (USD 0.289 million) and impairment of receivables (USD 0.805 million).

Exceptional profit totals USD 0.325 million.

NET PROFIT OR LOSS

The bank recorded net profit of CDF 8,635 million (USD 5.013 million equivalent, calculated at the average rate) for the financial year, reflecting the performance of the wider economy. When adjusted to reflect the closing rate, net profit amounts to USD 4.379 million equivalent.

Ratios

RATIO	31/12/2019	STANDARD	31/12/2020*	STANDARD
Core solvency	9.72%	Min. 7.5%	9.62%	Min. 7.5%
Overall solvency	12.2%	Min. 10%	12.12%	Min. 10%
Leverage	5.4%	Min. 5%	5.08%	Min. 5%
Liquidity (CDF)	409%	Min. 100%	353%	Min. 100%
Liquidity (ME)	115%	Min. 100%	149%	Min. 100%
Profitability	14.8%	Net income/NBI	5.2%	Net income/NBI
NROE	15.5%	NET INCOME/ EQUITY CAPITAL	0.2%	NET INCOME/ EQUITY CAPITAL
CIR	63%	Target: 72%	65.6%	Target: 74%

* Figures reflect net income of USD 5 million (2020, 12-month period).



CHAPTER 4

Network and points of contact

EquityBCDC's branch network in the DRC

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EquityBCDC's branch network in the DRC



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Lines open 8:30 a.m. to 4:00 p.m.
Monday to Friday, and 8:00 a.m.
to 12 noon Saturday



Central Region

PROVINCE	BRANCH	TYPE
Kasai-Central	Kananga	Branch
Kasai-Oriental	Mbuji-Mayi	Branch
Kasai-Central	Kananga Congo Airways	Local desk
Kasai-Oriental	Mbuji-Mayi DGRKOR	Local desk
Kasai-Oriental	Mbuji-Mayi Congo Airways	Local desk

West Region

PROVINCE	BRANCH	TYPE
Kinshasa	30 Juin Huileries	Branch
Kongo Central	Boma	Branch
Kinshasa	Brikin	Branch
Kinshasa	Commerce	Branch
Kinshasa	Delvaux	Branch
Kinshasa	Fleuve Congo	Branch
Kinshasa	Gambela	Branch
Kinshasa	Des Aviateurs	Branch
Kinshasa	Gare Centrale	Branch
Kinshasa	Rond Point Huileries	Branch
Kongo Central	Kimpese	Branch
Kinshasa	Kin Maziere	Branch
Kinshasa	Kinkole	Branch
Kinshasa	Mimosa	Branch
Kinshasa	Gombe-Royal	Branch
Kinshasa	Joli Parc	Branch
Kinshasa	Plaza	Branch
Kinshasa	Place Commerciale	Branch
Kinshasa	Marche Central	Branch
Kinshasa	Matonge	Branch
Kinshasa	Siege	Branch
Kinshasa	Mont Ngafula	Branch
Kinshasa	Unikin	Branch
Kinshasa	Kintambo	Branch
Kinshasa	Limete 7 ^{ème} rue	Branch
Kinshasa	Lukusa	Branch
Kinshasa	Macampagne	Branch
Kinshasa	Masina sans fil	Branch
Kongo Central	Mavungu	Branch
Kongo Central	Matadi	Branch
Kinshasa	Matadi Kibala	Branch
Kongo Central	Matadi Port	Branch
Kongo Central	Matadi Port II	Branch
Kongo Central	Mbanza Ngungu	Branch
Kinshasa	Memling	Branch

PROVINCE	BRANCH	TYPE
Kinshasa	Mondjiba	Branch
Kinshasa	Monishop	Branch
Kinshasa	Ngaba	Branch
Kinshasa	Paix	Branch
Kinshasa	Pascal	Branch
Kinshasa	Limete 16 ^{ème} rue	Branch
Kinshasa	Poste	Branch
Kinshasa	Saio	Branch
Kinshasa	Pigeon	Branch
Kinshasa	Rond-point Victoire	Branch
Kinshasa	Victoire Université	Branch
Kongo Central	Inga	Local desk
Kongo Central	Lukala	Local desk
Kinshasa	Oasis	Local desk
Kinshasa	Rotana	Local desk
Kinshasa	Congo Airways	Local desk
Kinshasa	ISC	Local desk
Kinshasa	Kin. GA Bralima	Local desk
Kinshasa	Kin. GA Cilu	Local desk
Kinshasa	Kin. GA Sn Brussels	Local desk
Kinshasa	Kin. GA Snel	Local desk
Kongo Central	Matadi GA Port	Local desk
Kinshasa	Snel	Local desk
Kinshasa	Kin. WU Assossa	Western Union
Kinshasa	Kin. WU Bandal Kimbondo	Western Union
Kinshasa	Kin. WU Bandal Tshibangu	Western Union
Kinshasa	Kin. WU Lemba	Western Union
Kinshasa	Kin. WU Liberte	Western Union
Kinshasa	Kin. WU Matete	Western Union
Kinshasa	Kin. WU Memling	Western Union
Kinshasa	Kin. WU Ndjili Q1	Western Union
Kinshasa	Kin. WU Ozone	Western Union
Kinshasa	Kin. WU Pascal	Western Union
Kinshasa	Kin. WU Siege	Western Union
Kinshasa	Kin. WU Super-Lemba	Western Union

East Region

PROVINCE	BRANCH	TYPE
Nord Kivu	Beni	Branch
Sud Kivu	Lumumba	Branch
Sud Kivu	Bukavu	Branch
Ituri	Bunia	Branch
Nord Kivu	Butembo	Branch
Haut-Uele	Durba	Branch
Nord Kivu	Les Volcans	Branch
Nord Kivu	Goma	Branch
Haut-Uele	Isiro	Branch
Tshopo	Kisangani	Branch
Haut-Uele	Aru	Local desk
Sud Kivu	GA Namoya	Local desk
Haut-Uele	Kibali	Local desk
Tshopo	Makiso	Local desk
Ituri	Bunia.DGRPI	Local desk
Sud Kivu	DGI/Bukavu	Local desk
Tshopo	Kisangani GA Airways	Local desk
Tshopo	Kisangani GA Bralima	Local desk
Tshopo	Kisangani Guichet RPT	Local desk

South Region

PROVINCE	BRANCH	TYPE
Lualaba	Bissipi	Branch
Lualaba	Fungurume	Branch
Haut-Katanga	Kasumbalesa	Branch
Lualaba	Kolwezi	Branch
Lualaba	Lukala Dibala	Branch
Haut-Katanga	La Kenya	Branch
Haut-Katanga	Likasi	Branch
Haut-Katanga	Likasi Centre-ville	Branch
Haut-Katanga	Lubumbashi Katanga	Branch
Haut-Katanga	Lubumbashi Centre-ville	Branch
Haut-Katanga	Révolution	Branch
Lualaba	Manika	Local desk
Haut-Katanga	Kambove	Local desk
Haut-Katanga	Carrefour	Local desk
Haut-Katanga	Kisenda KCC	Local desk
Haut-Katanga	Plage	Local desk
Haut-Katanga	Golf	Local desk
Haut-Katanga	Centre Visa Afrique du Sud - Lushi	Local desk
Haut-Katanga	Congo Airways - Lushi	Local desk
Haut-Katanga	ISC Lushi	Local desk
Haut-Katanga	ISES Lushi	Local desk
Haut-Katanga	ISP Lushi	Local desk
Haut-Katanga	Lushi Brasimba	Local desk
Haut-Katanga	Lushi Congo Airways	Local desk
Haut-Katanga	Lushi Congo Equipment	Local desk
Haut-Katanga	Salama Lushi	Local desk
Haut-Katanga	Université de Likasi	Local desk



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