ANNUAL REPORT 2018

SUMMARY

BANQUE COMMERCIALE DU CONGO

Building the future

A word from the Chair of the Board of Directors

In 2018, the political landscape was dominated by the holding of the presidential and legislative elections.

The economy held up well amid rising metal prices on the global market, slowing inflation, improved public finances and a slight increase in foreign currency reserves.

It therefore proved a vintage year for the banking sector where, unlike in previous years, only three banks posted losses. This encouraging result should nevertheless be treated with a dose of caution, since the ongoing challenge of meeting solvency and minimum capital targets means the sector is still fragile.

A series of key events made 2018 a particularly good year. At the BCDC, our satisfactory performance was very much in line with this trend. We in fact posted our best results for many years.

Despite this, the early part of 2018 was marred by major political, economic and monetary uncertainty. Yet the bank's senior management adopted a prudent, cautious approach, with a laser-sharp focus on hitting our four headline targets.

Just as in the previous year, our targets were to ensure all our risks were covered, to manage and maintain sufficient liquidity, to maintain a sufficient capital adequacy ratio, and to record a net profit.

We hit – and in some cases exceeded – all our targets, while successfully keeping all our indicators positive.

The BCDC will celebrate 110 years in business in 2019. The political change at the start of the year should see economic activity pick up again, as organisations and institutions show a willingness to implement the key measures that are so sorely needed.

At the BCDC, we are determined to keep working hard to make our financial services more competitive and tailored to demand – because our ultimate aim is to help raise the living standards of people across the DRC.

I would like to end by thanking our clients for continuing to place their trust in us. I also wish to thank all our management and staff for their skill, professionalism and work ethic, without which we would be unable to maintain our high standards of good governance.

Pascal Kinduelo Lumbu,
Chair of the Board of Directors

OVERVIEW AND ANALYSIS

Yves Cuypers, Chair of the Executive Committee

An excellent year in many respects

OVERALL, 2018 WAS A SATISFACTORY YEAR FOR THE BANKING SECTOR IN THE DRC, WITH THE BCDC PERFORMING EXTREMELY WELL.

WE ARE PHASING IN OUR NEW RETAIL STRATEGY – A BOLD MOVE FOR A BANK KNOWN PRIMARILY FOR SERVING BUSINESS CLIENTS.

At the BCDC, we can be proud of the excellent results we achieved in 2018 amid the year's particular circumstances. We in fact performed better than at any point in the past 20 years, with net profit of close to USD 12 million.

BALANCE SHEET TOTAL

USD 861 million

↗ 22 %

FREE CASH

USD 425 million

OPERATING PROFIT

USD 15.4 million

↗ 27 %

« The bank is aiming to increase its core solvency ratio to 12.5% by 2021. »

Key financials in summary

The figures opposite are expressed in USD equivalent, and are discussed in more detail in the financial analysis of the past year.

These numbers aside, our interest margin rose once again, ending the year USD 6.6 million higher than in 2017. We also saw an increase in our commission income.

Conversely, some operating expenses were significantly higher than forecast. Senior management will keep a close eye on this aspect throughout 2019.

NET RETURN ON EQUITY CAPITAL

14 %

TIER 1 CAPITAL RATIO*

9,2 %

Minimum requirement: 7.5%

* Expresses the bank's degree of solvency, or core equity capital

NET BANKING INCOME

USD 85 million

→ Up **12 %**, under the new account presentation rules

NET PROFIT

2017	2018
USD 8.3 millions	USD 11.7 millions

↗ 41 %

CONTENTS

Risk assessment and control: a constant priority

We continued working towards our four headline targets: covering risks, maintaining liquidity, shoring up our capital and reserves and, of course, posting net profit. We hit, and some cases exceeded, all of these targets, although our performance is directly influenced by a number of external factors. For instance, the Central Bank of Congo is working towards harmonising its prudential rules with international standards.

At the BCDC, we are aiming to increase our core solvency ratio to 12.5% by 2021 (against 9.2% at end-2018) as we look to respond professionally and efficiently to the central bank's move and prepare our business for stricter rules in the future. On a like-for-like basis, this represents an increase in core equity capital of around USD 20 million.

A fundamental shift in market approach

The rise of digital technologies has ushered in a period of immense – perhaps even revolutionary – change for the banking industry. At the BCDC, we are thinking in broad terms about how best to develop these technologies to increase our retail offering – a bold move for a bank known primarily for serving business clients. In 2019, for instance, we will be launching a mobile payment product unlike anything that currently exists on the market.

The pace of technological progress and demand for financial inclusion means that commercial banks are operating in a perplexing environment with competing imperatives – sometimes under the influence of decisions by the regulator, eroding the profit margins that are so vital to the sector.

Some years ago, the country's growing banking penetration rate was linked to an increase in the number of commercial banks. There were 8 such banks in 2004. That number jumped to 22 in 2012, before falling back to 15 commercial banks at present. While the impact on banking penetration has been marginal, a more crowded market has forced banks to work hard to remain competitive. In reality, it was the 2012 policy of paying the wages of civil servants into a bank account that sparked a wider financial inclusion movement.

The potential for an uneven playing field stems from the arrival of microfinance institutions, mobile operators and fintech firms in the financial inclusion market. These new entrants are able to compete with traditional banks because they are not subject to the same solvency and equity capital requirements. And despite the very real risk that banks could see these new entrants capture some of their business, and their profits, the regulator is introducing even more stringent risk coverage rules.

This requirement is not a problem in itself, since there is a clear need to better protect clients' deposits in a country where too many banks have failed.

The issue, however, is with the fact that banks are required to offer certain products and services free of charge in the name of financial inclusion. This decision can only have the opposite effect to what was intended, depriving banks of the income they need to improve their solvency. And, in doing so, it undermines the appeal of a sector that already suffers from an image problem.

The entry into force of the provisions of the new mining code poses yet another challenge. Under the new rules, operators are required to repatriate 60% of export proceeds, leading to an increase in deposits in the final quarter of the year. This potentially beneficial situation is causing concern across the industry, raising as-yet unanswered questions such as pressure on statutory reserve, the application of funds in the form of investments and loans, and even the cost of resources (control expenses and remuneration of funds).

Thinking big to shape a harmonious future

Although we have the structures in place to keep a close check on our operations, we are nevertheless thinking about the future. For instance, we are exploring ways to bring down our costs to make a lasting improvement to our cost-income ratio. Policy moves by the Central Bank of Congo will affect our income, and we will need to step up our efforts and achieve economies of scale if we are to remain on track towards our internal solvency targets.

We have therefore made changes to our organisation chart and installed a new executive board and strategy committee to work on process improvement, digitisation, business development, productivity, debt recovery, human capital management, real estate and cost optimisation.

The aim of these efforts is to lay the groundwork for our future, as we look to further strengthen our role in what will be our 110th year in business.

Yves Cuypers,
Chair of the Executive Committee

> « The Central Bank of Congo is making decisions that directly affect local banks. »

Building the future for 110 years

The BCDC has been part of the DRC's banking landscape **since 1909**. The bank will celebrate 110 years in the business in 2019.

Its imposing building on Boulevard du 30 Juin in Kinshasa stands testament to just how far the BCDC has come since its infancy as Banque du Congo Belge, founded in Lubumbashi (known as Elisabethville at the time) to promote Belgian interests in Katanga. Its original building, a wattle and daub hut, is long gone. But the elephant, the bank's symbol, still stands tall and ready to take on new challenges.

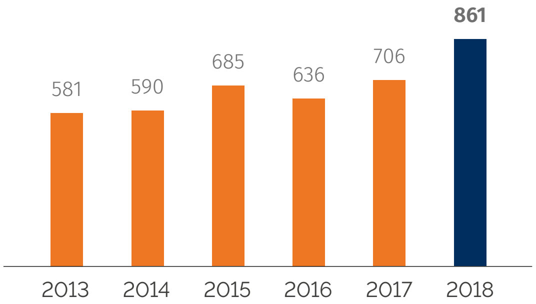
The BCDC's story is one of change. Through its long history of ups and down, it has always stood shoulder to shoulder with the businesses it serves – businesses that, over time, have played their part in growing this extraordinary country. Some have fallen by the wayside, while others have taken their place. They have experienced hard times and good times.

Like its clients, the BCDC has been through thick and thin. The bank has always risen to the challenge. And the tests that lie ahead are no different – adopting new technologies, covering risks and increasing solvency, or strengthening governance and transparency. This third challenge is the toughest of all. Yet it is also vitally important, since good governance and transparency underpin the industry's relationships with correspondent banks, especially those operating in US dollars, the currency of global business.

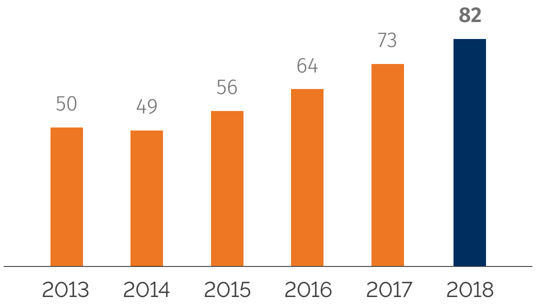
SOMMAIRE

Changes
to performance indicators

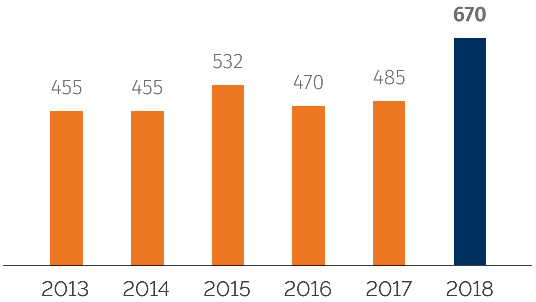
Graphs in USD million equivalent according to the CDF/USD exchange rate on 31 December of each year.



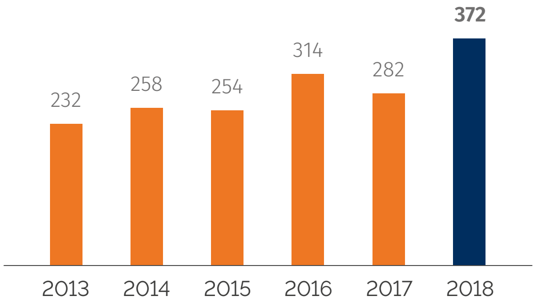
EVOLUTION OF THE BALANCE SHEET



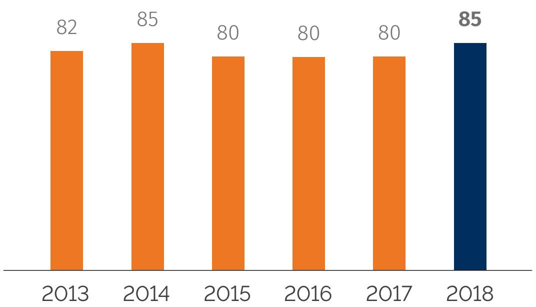
EVOLUTION OF EQUITY CAPITAL



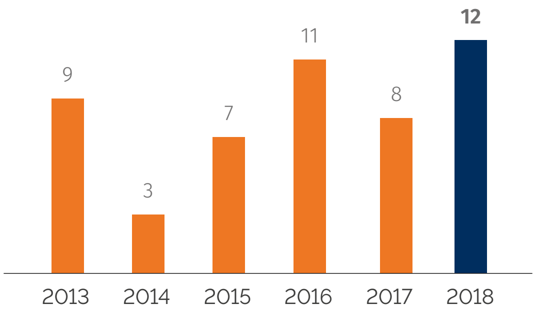
EVOLUTION OF DEPOSITS



EVOLUTION OF LOANS DISBURSED



EVOLUTION OF NET BANKING INCOME



EVOLUTION OF THE NET RESULT

The BCDC had a vintage year in 2018, posting its best results for more than 20 years.

Key figures of the BCDC

in millions CDF	2013	2014	2015	2016	2017	2018	2018 in M of USD at the closing rate	Variation 2018/2017 in USD
Balance sheet total	537,869	545,249	635,848	772,940	1,123,689	1,408,709	861	22 %
Equity capital*	46,637	45,352	52,385	77,664	116,296	134,107	82	12 %
Deposits**	420,900	420,990	493,204	571,412	771,806	1,096,546	670	38 %
↳ in CDF	70,900	123,450	122,424	72,721	80,494	115 868	71	35 %
↳ in foreign currency	350,000	297,540	370,780	498,691	691,312	980,678	599	38 %
Loans disbursed**	215,100	238,820	235,322	381,910	449,056	608,016	372	32 %
Net banking income	64,064	65,889	62,886	86,452	113,181	139,073	85	20 %
Operating expenses	49,803	51,006	51,155	57,868	83,241	101,711	62	19 %
↳ including general personnel expenses	24,284	24,780	24,652	26,994	35,386	42,677	26	18 %
Allocations to depreciation	2,991	3,364	3,340	3,794	5,954	6,550	4	8 %
Allocations to provisions	2,378	8,594	1,228	7,673	8,352	6,816	4,2	-19 %
Corporation tax	6,225	6,436	4,948	8,030	6,640	10,096	6,2	48 %
Net result (after tax)	8,534	3,153	6,606	13,651	13,209	19,146	11,7	41 %
Approximate CDF/USD exchange rates on 31 December	**925.5**	**924.51**	**927.91**	**1,215.59**	**1,591.91**	**1,635.6153**	**-**	**3 %**
Equity capital according to IFRS	**-**	**101,838**	**108,912**	**134,804**	**159,345**	**191,533**		
Operating ratio (CIR)	69 %	68 %	72 %	63 %	69 %	68 %		
Financial profitability ratio (NROE – net result/equity capital)	18.30 %	6.95 %	12.61 %	17.58 %	11.36 %	14.28 %		
Return on assets (ROA)	1.60 %	0.58 %	1.04 %	1.77 %	1.08 %	1.36 %		
Solvency ratio (ROS)***	21 %	21 %	22 %	20 %	20 %	12 %		

* Accounting – before profit distribution
** Outstanding loans at end of period – variations vs. December 2017
*** In 2018, calculated according to modification 6 of Central Bank of Congo Instruction n°. 14

EXCELLENCE THROUGH GOVERNANCE

The organisation **of governance** ON 31/12/2018

Board of Directors

Chair
M. Pascal KINDUELO LUMBU

Chief Executive Officer
M. Yves CUYPERS

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

Executive Committee

Chair
M. Yves CUYPERS

Members
M. Louis-Odilon ALAGUILLAUME
M. Hervé BOSQUILLON de FRESCHEVILLE
M. Guy-André BWEYASA WA NSIAMU
M. Joël KABUYA KANYINDA
M. Jean-Modeste KALAMBAY TEKETAY
Secrétaire général du comité de direction
M. Thierry LOLIVIER - *Jusqu'au 2 novembre 2018*
M. Vagheni PAY PAY

External Auditor

PricewaterhouseCoopers RDC SAS

Audit Committee

Chair
M. Daniel CUYLITS

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

Appointments and Remuneration Committee

Chair
M. Baudouin LEMAIRE

Members
M. Georges BUSE FALAY
M. Joël SIBRAC
M. Hughes TOTO MAKANISI

Honorary Chair of the Board of Directors

M. Roger NKEMA LILOO

Honorary Chairs of the Executive Committee

M. Michel CHARLIER
M. Thierry CLAESSENS

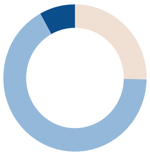
Honorary Vice-Chairs of the Board of Directors

Chevalier BLANPAIN
M. Michel ISRALSON

Honorary Directors

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

OWNERSHIP OF THE BCDC'S SHARE CAPITAL



Government of the DRC: **25,53 %**
George Arthur Forrest and family: **66,53 %**
Other shareholders: **7,94 %**

BCDC's organisation chart ON 31/12/2018

Chief Executive Officer
Yves CUYPERS

General Secretariat and Legal Department
J-M. Kalambay

Compliance
J. Mbala

Ressources Humaines
L. Tshamala

Audit
P. Ilunga

South Region Department
O. Duterme

Risk Monitoring and Control Department
D. Mabiza

Loans
G. Kra

Marketing
A. Buyle

Facilities and Support Services
N. Kwende

Finance Department
J. Kabuya

- **Accounting** T. Mukengeshayi
- **Management Control** P. Matiaba
- **Accounting Control** B. Osangeke
- **Tax** G. Mbuyi

Transactions Department
A. Tshidibi (1)

- **Back Office** P. Nkongolo
- **Trade/OPI** N. Ngoy
- **SCOL/Cash** J. Tshiteya
- **Electronic Means of Payment** J. Mutombo
- **Regulation** T. Ghata

Risk Management & Support Department
H. de Frescheville

- **Risk Management** V. Lenge
- **Execution (Loans)** N. Kiwa
- **Security** C. Kazanga

Corporate Department
G. Bweyasa

- **Corporate** E. Thambwe
- **FIB** B. Mwenenge
- **Trading Room** D. Nyamasombwa
- **Middle Office** S. Wantete
- **Regions**

Organisation & IT Department
B. Makunda (1)

- **IT - Telcoms** A. Mulengi a.i.
- **Business Processes** N. Sivi
- **Project Management** O. Nzanza

Retail & Network Department
L.O. Alaguillaume
V. Pay Pay

- **Network** V. Pay Pay
- **Internal Network Operations/Administration** S. Kashwantale
- **Kinshasa Network Operations/Administration** C. Tuka
- **Western Union** A. Mukuna
- **Regions**
- **Retail/SMEs** Retail : P. Badila, PME : A. Mulaji
- **Regions**

Strategy & Change Department
L.O. Alaguillaume

- **Bank of the Future** L.O. Alaguillaume
- **Retail Strategy** D. Ndongendeba
- **Product Reporting** D. Ndongendeba
- **Quality**

Members of the Executive Committee
(1) Permanent invited members
Members of the Executive Board

Good governance: the bedrock of organisational efficiency

THE CONCEPT OF CORPORATE GOVERNANCE, ACROSS ALL AREAS OF BUSINESS, HAS GRADUALLY EVOLVED TO INCLUDE THE FULL RANGE OF MANAGEMENT AND CONTROL RULES. IT NOW CONSTITUTES A KEY ASPECT OF ORGANISATIONAL DEVELOPMENT.

BANKS MUST SET THE GOLD STANDARD FOR GOVERNANCE. IN SIGNING THIS 2018 ANNUAL REPORT, THE BCDC'S SENIOR MANAGEMENT HAS SIGNALLED ITS CONTINUING COMMITMENT TO OUTSTANDING GOVERNANCE.

The banking sector was hit hardest by the financial crisis. But banks were also the culprits behind the crisis. They have now adopted more stringent governance rules in response. The Basel II and III standards have had wide-ranging consequences that have sent shock waves through the industry. The definitive version of the Basel III framework – dubbed Basel IV by the financial industry for its structural impact on risk calculation – is designed primarily to limit excessive variation in risk-weighted assets and to make banks' capital ratios more transparent and easier to compare.

The reforms are scheduled to come into force by 2022 at the latest, although the new capital-requirement floor will be phased in over five years to give banks time to adapt.

The rules apply to African banks like any other. In fact, the continent's banks are undoubtedly among the most stringently audited institutions on the planet. The correspondents that they rely on to supply them with foreign currency are particularly demanding on governance issues, especially when it comes to compliance.

The BCDC has fully grasped the implications of these changes. In recent years, the bank has established a series of tools to ensure it meets the rules imposed by these new stringent regulations. The Executive Committee is not the only body that oversees the bank's activities. This responsibility also falls to various other committees: Credit, Risk, Asset and Liability Management, Appointments and Remuneration, Audit, Legal Risks and more.

The banking sector has changed immeasurably in recent times, and digitisation is just one high-profile example of that change in action.

The BCDC, building on its 100-year track record and close relationships with the world of business, is installing new structures to ensure it complies with governance requirements. But, as Chairman of the Executive Committee Yves Cuypers says: "banks generate wealth by working with other people's money". They must therefore be held to account.
For that reason and others, governance cannot be reduced to control alone. It must encompass every aspect of management, providing a sincere and faithful overview of the bank's health and professionalism.

Compliance: much more than adhering to the law

Anti-money laundering and counter-terrorist financing make up a large portion of the work of the Compliance Department. The department also ensures that the bank adheres to ethical rules and standards – at every level of the business.

The Compliance Department plays a central role in the bank's governance, reporting directly to senior management. This comes as no surprise when one considers how vital compliance is to management. Through its anti-money laundering and counter-terrorist financing work, the department makes a major contribution to maintaining the bank's reputation. It also ensures that ethical rules and standards are properly applied at every level of the organisation.

Changes to governance bodies

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.

At its meeting of 23 August 2018, the Board of Directors confirmed the appointment of Yves Cuypers as chief executive officer for an open-ended term.

In accordance with a recommendation issued by the Central Bank of Congo, the Board of Directors, at the same meeting, also approved the decision to change the name of the "Audit, Risk and Compliance Committee" to the "Audit Committee".

A long-awaited report...

BCDC has high expectations for the forthcoming Task Force on Money Laundering in Central Africa (GABAC) report, which will be published in the second half of 2019. In mid-2018, the GABAC carried out a far-reaching survey of businesses and organisations potentially having to deal with anti-money laundering and counter-terrorist financing (banks, courts, customs authorities, etc.).

The Central Bank of Congo will need to spearhead extensive efforts to bring the DRC's national anti-money laundering and counter-terrorist financing system in line with international rules, since the loss of correspondents is a real issue for the country's banking sector.

The relentless march of digitisation will bring with it new risks, not least in terms of "know your customer" requirements and monitoring specific types of transaction.

In other words, the Compliance Department has plenty of challenges ahead – on ethics, transaction compliance risk, digitisation, anti-money laundering, the reputational impact of client complaints, and more besides. Vigilance is therefore of the essence at all times.

> The Compliance Department ensures that the bank adheres to ethical rules and standards at every level of the business. The bank's reputation – and ultimately, the standard of service its clients receive – depends on it.

Ensuring all transactions are legally watertight

The Transactions Department is responsible for closely monitoring all banking transactions: international transfers, accounts, cash transactions and more. Its other duties include keeping track of foreign-exchange regulations, the approval of export and import licences and civil servants' payroll.

Preventing penalties

Commercial banks must ensure that all these transactions comply with foreign-exchange regulations and the mining law. They face stiff penalties if they breach the rules.

The mining code, revised in 2018, now requires 60% of export proceeds to be repatriated. The BCDC has worked hard to keep its clients informed about these new requirements, and to help them take the steps they need to comply. In doing so, it is staying true to its policy of working closely with its clients – a policy that has shaped its nationwide reputation.

In addition, the BCDC has delivered training and published materials for businesses and organisations affected by the rules.

The bank also produces detailed, comprehensive reports for business clients, helping them complete the necessary formalities in good time. Since commercial banks are responsible for paying the authorities according to strict rules, the BCDC has set up a new automated payment system to guard against late-completion penalties.

Loans: the complex heart of BCDC's business

The Loans Committee, another BCDC governance body, is tasked with ensuring that the bank's lending activities comply with regulations and prudential rules. Through its work – and its keen sense of judgement – it also supports reliable analysis and effective decision-making.

The BCDC lends to clients across all segments, especially to business clients, who can take out extremely large loans.

Although the cost of credit risk dropped from 2.37% at end-2017 to 1.40% in 2018, the metric remains highly volatile, fluctuating around an 11-year average of 1.95%.

At the end of the past financial year, corporate clients accounted for the lion's share of the bank's outstanding loans – 68% of a total portfolio amounting to 477 million* at end-2018 (up from 409 million in 2017, an increase of 17%). Retail clients and SMEs represented 17% and 11% of the total respectively, while loans to decentralised government bodies made up the remaining 3%.

Of this total outstanding portfolio, 93% are performing loans that the bank monitors in accordance with Central Bank of Congo standards. The other 7% are non-performing loans. The vast majority of these are covered by provisions, i.e. the associated default risk is either fully or partially covered.

The bank's risk concentration is within the limits set by the regulator, under which no individual loan can exceed 25% of capital. In the BCDC's case, this means a value limit of USD 17.5 million. No single loan exceeds this cap. The rules also

> As digital technologies advance at pace, BCDC needs a clearly defined, monitored policy for all levels of its organisation.

* The 477 million figure includes loans disbursed, signed loan commitments and loans covered by provisions.

stipulate that, taken together, major risks cannot exceed eight times the bank's capital. For the BCDC, that means a limit of 560 million. In reality, the total stands at just 103 million.

Overdue loans under control

Looking at credit risk indicators, the figures show that overdue loans are under control. Among Corporate and SME clients, overdue loans stood at 3.15% of the total by value at end-2018. Among retail clients, meanwhile, this figure was as low as 1.36% – below the global standard of 1.5% despite the context in the DRC. By number, however, some 2.67% of retail loans are overdue. This is because of numerous payment defaults by staff working for certain publicly owned companies posted elsewhere (i.e. late payments by employees or clients who have moved to other locations where the bank does not have a presence).

Risk mapping

The BCDC has mapped all its risks – a momentous yet necessary undertaking completed in 2018. Going forward, the bank is now set to embrace digitisation with greater confidence.

Banks face many risks. These risks are now more tightly controlled than they were before the 2007–2008 financial crisis.

The Compliance Department, which oversees compliance risk, reports directly to senior management. The same applies to the Legal Department (disputes) and the Loans Department.

Meanwhile, the Risk Management & Support Department orchestrates oversight of all other risks that the bank faces.

The department, which functions like a permanent look-out post, has custody of the bank's health and reputation in its hands. For this reason, it set about mapping all of the BCDC's risks so it can sound the alarm when a problem arises, and even prevent issues happening in the first place. The idea behind this ambitious project was to produce an exhaustive map of everything the bank does, to list all of its movements, and to check that the work is being done properly – from knowing your customer through to closure of an account.

> The work completed to date means that the BCDC is now well-placed to comply with the new Central Bank of Congo Instruction n°. 22

The work completed to date means that the BCDC is now well-placed to comply with the new Central Bank of Congo Instruction n°. 22, which requires banks to install a new governance body, the Risk Management Committee, to oversee all risk management activities. The central bank has also asked banks to map their risks and have the resulting map approved by the new committee. The BCDC's Risk Management Committee, which will launch in 2019, will take over risk control activities currently performed by other entities such as Compliance and Loans.

Business continuity

Aside from this mapping exercise, the Risk Management and Support Department also continued work on its business continuity plan. After establishing a basic plan for the central head office in 2016 and introducing IT backups in 2017, the department developed a series of scenarios last year to explore how the bank should react in specific situations. The plan will be deployed gradually over the course of this year.

The department has also drawn up a new IT security policy. System permissions have been reset and, under the new model, two identical profiles now have exactly the same rights and obligations. Going forward, the challenge is to develop an IT policy that aligns fully with the business continuity plan. In a first for the DRC, the department also plans to draw up attack and incident scenarios so it can gauge how to respond without endangering the bank.

BUSINESS STRATEGY

2018:
the BCDC writes a new chapter in its history

THE BCDC ENTERS A NEW ERA, PROUD OF WHAT IT HAS ACCOMPLISHED OVER THE PAST 100 YEARS AND MORE.

BCDC's in-depth knowledge of the DRC's banking sector speaks to its extensive experience and proven track record of professionalism. The country's financial services landscape may have changed beyond all recognition in recent years, but the bank has drawn on its time-served expertise to develop a business strategy that reflects this new reality. The BCDC, as a bank with its eye firmly on the future, is determined to do whatever it can to see this revolution through to completion.

Retail banking: a new string to the BCDC's bow

The bank is laying the groundwork for the expected arrival of a new client base while remaining true to its core principles.

The DRC's banking market has experienced a period of profound change in recent years. As well as having to adapt to increasingly stringent rules and regulations, the landscape now features no fewer than 15 banks competing fiercely with one another. In the BCDC's traditional business banking segment – a section of the market that, perplexingly, offers little room for scale – this battle has significantly eroded banks' margins.

Since 2011, no fewer than a million civil servants have begun to have their wages paid into a bank account – a change that has had a major impact on the DRC's banking sector. These clients, unfamiliar with how banks and basic transactions work, have flocked into the BCDC's branches to manage their

> The bank is laying the groundwork for the expected arrival of a new client base.

money over the counter. The bank has had to respond swiftly, developing new products and services that cater to the needs and size of this new client base.

Staying adaptable and flexible

The BCDC has undergone a process of restructuring to cope with this vast influx of new clients, transforming its business model to deliver the flexibility associated with a retail bank. This process gathered pace last year. Over the past three years, the bank has been working hard to get to know its clients better. Clients are now segmented into four categories according to income (Starter, Select, Personal and Private), and the bank's customer-facing teams have been restructured along the same lines.

Digitisation

If the BCDC is to make a success of digitisation and grow its retail banking business, it must focus on empowering clients to manage their money independently.

The BCDC's ambition is to double its retail banking client base in 2019. It will do so by developing a mobile payment system and rolling out a fully-fledged digital ecosystem, in which clients will handle less and less physical cash. Building on the high mobile penetration rate in the DRC, clients will in future be able to carry out more transactions on their smartphone and users will be able to pay for goods and services even if they do not have a bank account.

Businesses and institutions: the BCDC's core business, now more than ever

Operating alongside the Retail and Private Banking Department, the BCDC's Kinshasa-based Commercial Banking Department coordinates operations across four sub-departments:

- **Corporate & Investment Banking,** swhich looks after domestic and foreign companies with annual revenue in excess of USD 5 million.
- **Financial Institutions & Banks (FIB),** which takes care of the BCDC's institutional clients, who typically borrow and deposit large sums of money.
- **SMEs,** which covers businesses with revenue of between USD 12,000 and USD 5 million.
- **Trading Room,** which deals in local and foreign currencies and handles cash and fixed-term investments on the international inter-bank and money markets.

BCDC Mobile – The bank in your hands.

Marketing and Communication
Growing the bank's reputation

BCDC HAS STEPPED UP ITS MARKETING EFFORTS IN RECENT YEARS AS IT LOOKS TO GROW ITS REPUTATION AMONG THE GENERAL PUBLIC AS PART OF ITS RETAIL STRATEGY.

The BCDC's head office is a landmark familiar to all residents and visitors of Kinshasa, the capital of the DRC. The imposing, modern, 17-storey BCDC Tower stands proud on Boulevard du 30 Juin, right in the heart of the city, symbolising the bank's professionalism, reliability, robustness and experience – qualities that set it apart in the country's financial services industry.

Over the past few years, the BCDC has undertaken a far-reaching marketing campaign in an effort to boost client loyalty and acquisition.

The bank's original, targeted campaigns put its recognised expertise front and centre. But what makes the BCDC's marketing efforts truly unique is that it looks beyond its major economic and financial role and aims to reach out to, and connect with, wider society in the DRC. As a result, the bank has become a household name nationwide and raised its profile among potential clients, who are now well-informed about the products and services it offers to businesses and the government.

The imposing, modern, 17-storey BCDC Tower in the heart of Kinshasa is a landmark familiar to all residents of the city.

HUMAN CAPITAL

Human Resources

Nurturing the bank's talent

THE HUMAN RESOURCES DEPARTMENT IS TASKED WITH MAINTAINING A DYNAMIC WORKFORCE. IN RECENT YEARS, ITS PRIORITIES HAVE BEEN TO LOWER THE AVERAGE EMPLOYEE AGE AND DELIVER HIGH-QUALITY ONGOING TRAINING TO ENSURE THAT THE BCDC'S CLIENTS RECEIVE THE VERY BEST STANDARDS OF SERVICE, ALWAYS.

AS LYDIA TSHAMALA, THE BANK'S HEAD OF HUMAN RESOURCES, PUTS IT: "THE BCDC'S ELEPHANT HAS GROWN YOUNGER".

In 2018, the sixth cohort joined the BCDC Banking Academy. All 21 young graduates participating in the programme were awarded their certificates of completion at the end of the course and were pre-assigned to roles on 13 May 2019.

The BCDC also held a number of sales force training sessions throughout the year as part of its drive to improve client care.

Trainees attended a series of seminars and studied specific modules covering the knowledge and techniques they need to work in sales at the bank.

On the recruitment front, the bank focused on seeking highly motivated candidates with genuine potential. Close to 60% of new hires in 2018 were graduates of the fifth BCDC Banking Academy cohort.

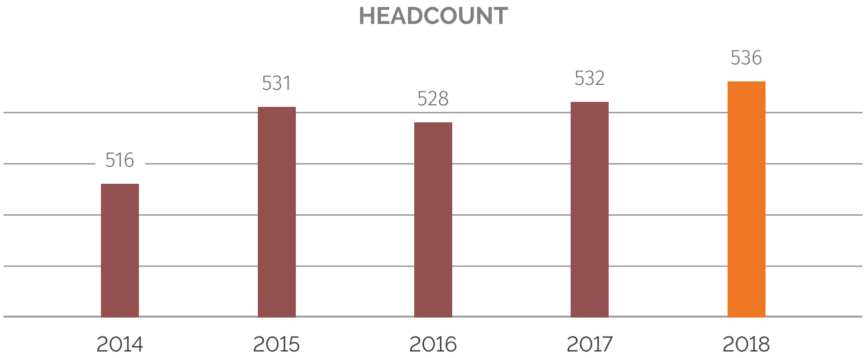
All future employees complete a training programme covering every aspect of banking operations before joining the bank. The course, spread over nine months, is divided into separate modules and trainees undergo regular examinations.

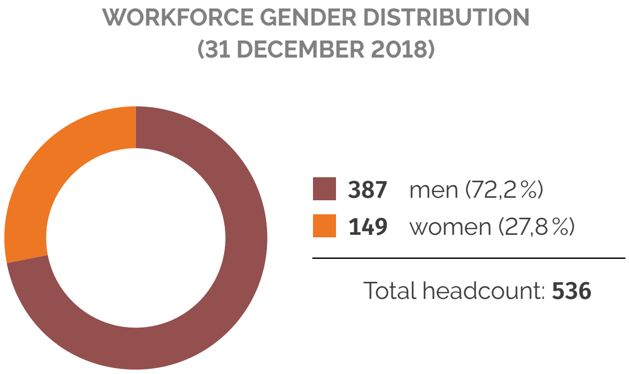
The bank's aim is two-fold: first, to equip future BCDC employees with the hard and soft skills they need to keep the "Building the Future" flag flying, and second, to guarantee outstanding customer service and maintain the bank's sterling reputation in the DRC.

High-quality recruitment

On 31 December 2018, BCDC's head-count stood at 536, including 122 operational staff, 331 management staff and 83 executives.

The bank's headcount increased from 532 at end-2017 to 536 on 31 December 2018, under the effect of 42 new hires and 38 departures. The staff turnover rate for 2018 stood at 6.94%. Of the 38 employees who left the bank last year, 18 (47.37%) had reached the end of their careers.





> At end 2018, the BCDC's headcount stood at 536, including 122 operational staff, 331 management staff, and 83 executives.

WORKFORCE AGE DISTRIBUTION
(31 DECEMBER 2004)

WORKFORCE AGE DISTRIBUTION
(31 DECEMBER 2018)

In 2018, almost three-quarters of BCDC employees were younger than the median age range.

On 31 December 2018, the average employee age was 39.2 years (compared with 49 years on 31 December 2004).

More than half of the workforce (62.3%) had been with the bank for less than 10 years. The average length of service stood at 8 years.

> The BCDC has made great strides towards lowering the average age of its workforce.

Social **responsibility**

THE BCDC IS MORE THAN JUST A BANK: IT PLAYS A CENTRAL ROLE IN THE DRC'S ECONOMY AND SOCIETY.

Good corporate citizenship

While sponsorship is an effective way to grow its reputation, the BCDC also has a responsibility to society at large. For that reason, the bank is focusing more on patronage – a more discreet but no less important form of action.

- For instance, the BCDC supports Science and Technology Week, an initiative developed by a young female graduate of Solvay Brussels School of Economics and Management to raise awareness of science subjects among young people.
- The BCDC has also joined forces with the International Youth Foundation in South Korea, which aims to change young people's mindsets by teaching them about the values of universal citizenship. The programme includes role-playing games, music and singing lessons, professional workshops and cleanliness awareness campaigns.
- The Marketing Department runs its own social responsibility initiatives, including supporting orphanages.
- BCDC has also teamed up with UN Women, the United Nations entity for gender equality and the empowerment of women, which works to reduce women's economic vulnerability.

Fostering a sense of belonging

The Marketing Department runs a series of internal programmes and initiatives to foster a sense of belonging among the bank's employees.

The department promotes its external campaigns to all employees, sending out mass emails along with photos showing the bank's staff in action. These emails also contain details of the bank's products and services, plus information about any changes that have occurred.

Other community-building activities include the annual celebration event, the exchange of greetings, "Women's Month" (which puts women in the spotlight), and the distribution of free BCDC-branded wrap skirts.

The BCDC has supported Science and Technology Week for a number of years.

FINANCIAL REPORT

Introduction
from Joël Kabuya, Head of Finance and Control

THE BCDC IS A ROBUST BANK, ACHIEVING RESILIENT OPERATING PERFORMANCE AND GROWING ITS UNDERLYING PROFITABILITY. IT POSTED NET PROFIT OF CDF 19,146 MILLION (USD 11.7 MILLION) F OR THE 2018 FINANCIAL YEAR, DESPITE PREVAILING POLITICAL UNCERTAINTY AND THE IMPACT OF MONETARY POLICY ON BANK REFINANCING COSTS.

Net banking income (NBI), at book value, stood at CDF 139,073 million, due in large part to a high volume of commissions on transfers, notes and accounts, and to savings on refinancing costs, which we achieved through efficient cash management and currency swaps with the Central Bank of Congo.

In addition to the effect on NBI, our performance was also lifted by extraordinary income, including USD 2.45 million in amounts recovered on impaired loans, and by a cut in the corporation tax rate from 35% to 30% under the new Finance Act.

The bank's balance sheet was up 22% against 2017 (excluding exchange-rate effects). Our overall solvency ratio was 12% (above the 10% requirement), while core capital stood at USD 55.74 million equivalent (CDF 91.16 billion) at 31 December 2018, well in excess of the minimum capital requirement of USD 30 million.

This trend was mainly due to a 38% increase in client deposits, which rose from USD 484.8 million (CDF 771.8 billion) to USD 670.4 million (CDF 1096.5 billion), and to the rise in our equity capital of USD 10.6 million. These resources were principally used for two purposes: first, to support the economy, with (net) loans disbursed increasing from USD 282.1 million to 371.7 million, and second, for cash assets and investments with correspondents, which were up 17% from USD 363.9 million to USD 425 million.

Regulatory capital, at USD 70.9 million, more than covered all banking risks identified during the capital adequacy evaluation process according to the Basel standards.

The publication of accounts according to the IFRS helps to produce reliable, sincere and understandable information

The BCDC's culture of reliable, sincere financial information is reflected in the fact that we prepare and publish our consolidated accounts to IAS/IFRS standards and have done so for five years. Our consolidated accounts adhere to the principle of economic reality.

The main restatements concern the value of property, plant, equipment and intangible assets (IAS 16 and IAS 38), the valuation and classification of financial instruments (IAS 32 and IAS 39), the estimation of employee benefits (IAS 19), provisions and contingent liabilities (IAS 37), and income tax (IAS 12). As a result of these restatements, the accounts present a financial situation that gives greater weight to economic reality than legal substance.

In February 2018, the BCDC began preliminary work on assessing how the replacement of IAS 39 (valuation and classification of financial instruments) with IFRS 9 would impact its financial situation. We set up a project team to carry out this task, comprising members of two departments: Finance and Control, and Loans. We called in consulting firms Mazars France and Mazars Morocco to provide technical support, with the aim of producing an impact assessment study in the first half of 2019 and presenting our consolidated accounts for 2018 to the IFRS standard.

> "Strong, resilient operating performance and growing underlying profitability."

NET LENDING PORTFOLIO

2017	2018
USD 282.1 millions	USD 371.7 millions

CASH ASSETS AND INVESTMENTS WITH CORRESPONDENTS

USD 425 millions

17 %

REGULATORY CAPITAL

USD 70,9 millions

(more than covers all identified banking risks)

NET BANKING INCOME (BOOK VALUE)

CDF 139,073 million

CORE CAPITAL

USD 55.74 millions

Minimum capital requirement = USD 30 million

CLIENT DEPOSITS

USD 670.4 million

38 %

We reviewed the standard (banking aspects), under the coordination of the existing governance bodies, and scoped the work that would be involved in adapting our information systems and processes.

From the year ending 31 December 2018, the BCDC will be the first bank in the DRC to present financial information to the IFRS 9 standard.

With support from Mazars, we decided how to classify and value relevant financial assets and liabilities under the standard, based on the nature of expected cash flows (the Solely Payments of Principal and Interest, or SPPI test) and the retained management model.
We also developed a methodological framework setting out the rules for appreciating increased credit risk and for determining 12-month and lifetime expected losses. The framework incorporates macroeconomic forecasts alongside historical data, so as to align with the forward-looking requirements of the standard.

In addition, the calculation bases and assumptions for expected credit losses were submitted to the Executive Committee and the Board of Directors for approval, along with assumptions pertaining to the retained management model.

Both 12-month expected losses (for performing loans since origination) and expected losses at termination (for impaired loans) are determined by tracking changes in quantitative and qualitative indicators for each homogeneous risk class, and by factoring economic outlooks into the likelihood of default. To this end, we use the following headline macroeconomic variables: inflation, commodity prices, and national currency depreciation rate.

The qualitative and quantitative indicators used to assess the increase in credit risk of a portfolio since initial recognition on the balance sheet – resulting in its transfer from Stage 1 (healthy/performing loans) to Stage 2 (downgraded loans) – were defined using "Watchlist", our internal rating system. Meanwhile, the transition to Stage 3 (impaired loan/default) is based on the same criteria as used previously under IAS 39 to assess whether a credit risk can be established for an individual loan. We continue to apply the contagion rule when assessing all loans associated with a counterparty in default.

Joël Kabuya,
Head of Finance and Control

A virtuous circle allowing the BCDC to maintain its client portfolio and adhere to all good management ratios

The 2018 financial year was exceptional on the performance front, despite political uncertainty weighing on business volumes.

The bank's performance was buoyed by the rising interest margin stemming from growth of the loan and investment portfolio, by savings on refinancing costs in local currency and by an increase in commission (excluding exchange-rate commission).

The BCDC's management indicators – especially the liquidity, solvency and profitability ratios, and the bank's operating ratio – remained above both regulatory and internal requirements.
The bank's prudential capital is at a level that adequately covers the need to increase capital as a result of the expansion of the notion of weighted banking risks to include operational and market risks and the introduction of capital buffers.

Prudential management of the bank
and adequacy of equity capital

THIS SECTION DETAILS THE FINANCIAL RISKS FACING THE BCDC AND THE ASSET-LIABILITY AND PRUDENTIAL MANAGEMENT SYSTEM FOR MONITORING AND MITIGATING THESE RISKS.

The BCDC comes under the supervisory authorities and regulatory requirements set out in modification 6 of Instruction n°. 14 on prudential management standards, and in Instruction n°. 21 on risk governance.

Operating in a globalised market, the bank has adopted a risk management approach based on international tools and standards, so as to ensure that it better monitors its risks and that its prudential information is both more transparent and more comparable. This approach also allows the bank to anticipate changes to domestic regulations, as well as convergence with regional and international standards such as the Basel III framework.

Risk management within the bank

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

- The Board of Directors (assisted by the Audit Committee) 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 of the risks the bank is facing and how to manage them, taking account of the appetite for risk.
- An integrated approach, centred around the Executive Committee, which combines appetite for risk, strategy and the setting of performance targets.
- Risk management committees for each field of activities, mandated by the Executive Committee. These include the Loans Committee, the Receivables Committee, the Asset and 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 Banking, 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, to optimise the structure of the bank's balance sheet in order to improve its profitability and to monitor other financial risks.

Managing liquidity risk

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

Liquidity and refinancing risks within the BCDC are monitored as part of a "liquidity policy" validated by the bank's management. 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 prudential ratios set by the Congo Central Bank, as well as internal standards based on international standards.

LIQUIDITY RATIO

	31/12/2018			31/12/2017		
	CDF	Foreign currencies	Overall	CDF	Foreign currencies	Overall
Assets						
Cash	31,231,829	70,354,860	101,586,689	19,184,490	78,223,869	97,408,359
CBC available at 95%	107,444,605	0	107,444,605	54,665,591	0	54,665,591
Correspondent accounts available	443,692	189,027,914	189,471,606	358,752	229,477,296	229,836,048
Fixed-term loans and accounts with correspondents (1 month max.)	0	224,589,339	224,589,339	0	124,083,824	124,083,824
Subtotal	**139,120,126**	**483,972,113**	**623,092,239**	**74,208,833**	**431,784,990**	**505,993,823**
Commitments						
Overdrafts with CBC/correspondents	0	242,611	242,611	0	1,329,613	1,329,613
CBC demand deposits on our books	305,008	18,234,211	18,539,220	281,570	86,528,294	86,809,864
Subtotal	**305,008**	**18,476,822**	**18,781,830**	**281,570**	**87,857,907**	**88,139,477**
I. Lending position (Assets – Commitments)	**138,815,118**	**465,495,291**	**604,310,409**	**73,927,263**	**343,927,082**	**417,854,345**
II. Loans to clients, fraction due in 1 month	7,222,731	18,618,047	25,840,778	3,937,094	19,235,314	23,172,407
Receivable income in the next month	2,997,637	4,202,953	7,200,590	3,072,007	4,046,781	7,118,788
Lender position of recovery accounts with one month remaining	59,886	0	59,886	0	0	0
Surplus of financing agreements received on financing agreements granted to lending institutions	0	24,534,230	24,534,230	0	23,878,703	23,878,703
Total: numerator	**149,095,372**	**512,850,521**	**661,945,893**	**80,936,364**	**391,087,879**	**472,024,243**
Fixed-term deposits with 1 month max. remaining	0	20,842,389	20,842,389	0	8,926,990	8,926,990
Demand deposits (25% CDF/60% foreign currency)	27,934,291	389,534,950	417,469,241	18,550,980	260,872,363	279,423,343
Savings accounts at 30%	498,410	24,538,775	25,037,186	458,164	20,097,456	20,555,620
Costs to pay in the next month	449,262	872,159	1,321,421	12,332	72,939	85,270
Borrower position of recovery accounts with one month remaining	0	19,063	19,063	-	-	-
Redemption premiums of bond issues within one month	0	0	0	289,465	247	289,712
Total: denominator	**28,881,963**	**435,807,336**	**464,689,300**	**19,310,941**	**289,969,995**	**309,280,936**
Ratio	**516%**	**118%**	**142%**	**419%**	**135%**	**153%**

The bank's 30-day liquidity coverage ratio is above 100%, in line with Central Bank of Congo Instruction nº. 14

The aims of the bank's liquidity policy are to finance its growth strategy in a balanced manner, to ensure that it is always able to meet its obligations to its clients, to comply with the rules set by the central bank, and to make sure it can handle a potential liquidity crisis.

The Asset and Liability Management Committee (ALM) is the focal point for overall liquidity management. The Cash Assets (Trading Room) Department is the bank's first line of defence, collecting and using funds in the short term in line with the committee's instructions.

Managing credit risk

Credit risk is the potential negative deviation from the expected value of a financial instrument (or loan) arising from the non-payment or non-performance by a contracting party (counterparty risk), due to that party's insolvency, inability or lack of willingness to pay or perform, or due to measures taken by the political or monetary authorities of a particular country (country risk). Assessing the probability of default, and of expected recovery in the event of default, is central to measuring credit risk.

Counterparty risk remains the most common form of credit risk to which the BCDC is exposed. The following two committees are responsible for the governance of credit risk at the BCDC:

- **Loans Committee:** includes managers of the Credit, Commercial Banking (Corporate and Retail) and Risk departments, and is chaired by the Chief Executive Officer or a member of senior management.
- **Receivables Committee:** includes managers of the Credit, Commercial Banking (Corporate and Retail), Finance and Control, and Legal departments and is chaired by the Chief Executive Officer.

Managing market risk

Market risk is the risk of incurring a loss of value due to adverse changes in market prices or parameters.

For the BCDC, market risk concerns the risk of losses on interest rates due to adverse changes in rates across all balance sheet and off-balance sheet transactions, as well as foreign exchange risk from financial intermediation activities. It also includes the risk of a loss of value due to rate, term and type differences between assets and liabilities.

The bank's exposure to interest rate risk remains low because uses of resources are remunerated according to the type of cost supported on resources, and because it uses fixed rates for almost all commercial and financial transactions.

The BCDC manages foreign exchange risk by monitoring exchange rate volatility and by maintaining net foreign exchange positions on each currency, and on all currencies taken together, in proportions and directions (long or short position) that enable it to minimise foreign exchange losses in the event of adverse rate changes.

Modification 6 of Instruction n°. 14 of the Central Bank of Congo on prudential management standards: convergence of local regulations with international prudential management practices (Basel).

In January 2018, the Central Bank of Congo (CBC) published the final version of modification 6 of Instruction no. 14 to banks as part of a general update of its prudential policy. The new version came into force on 1 January 2019.

The CBC has two main goals:

1. 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.

   - Expanding the notion of banking risks to include operational and market risks.

   - Increasing requirements for equity capital, in particular raising minimum capital and introducing cushions.

2. To use prudential policy as a monetary policy instrument to accelerate de-dollarisation of the national economy.

Applicable accounting principles

Other than the revaluation of fixed assets, the BCDC's accounts are prepared in accordance with the accounting principles generally accepted in the Democratic Republic of Congo as they apply to lending institutions. These principles are supplemented by the instructions and other circulars of the Central Bank of Congo.

The CDF-USD and CDF-EUR exchange rates are as follows:

Exchange rate	31/12/2018	31/12/2017
USD	CDF 1,635.6153	CDF 1,591.9135
EUR	CDF 1,902.1023	CDF 1,902.1023

Balance sheet and profit and loss account

Balance sheets on 31 December 2018 and 31 December 2017

Expressed in thousands of Congolese francs (CDF)

Assets	31/12/2018	31/12/2017
Cash and interbank transactions		
Cash in hand, central and correspondent banks	654,219,435	539,556,052
Debts owed by lending institutions	40,890,383	39,797,838
Total cash and interbank transactions	**695,109,818**	**579,353,890**
Transactions with clients		
Portfolio of commercial bills of exchange	7,753,974	4,684,433
Overdrafts and other loans to clients	600,261,788	444,371,404
Total Transactions with clients	**608,015,762**	**449,055,837**
Accounts of third parties and adjustment accounts		
Asset adjustments	13,094,507	12,900,902
Miscellaneous assets	16,283,216	18,124,998
Total accounts of third parties and adjustment accounts	**29,377,723**	**31,025,900**
Capitalised assets		
Net capitalised assets	68,971,116	50,852,421
Fixed assets in progress	4,678,329	10,881,484
Securities portfolio	2,007,965	2,007,538
Guarantees and deposits	547,972	511,867
Total capitalised assets	**76,205,382**	**64,253,310**
Total assets	**1,408,708,685**	**1,123,688,937**

Contingent accounts		
Commitments given	291,197,834	266,683,644
Commitments received	2,043,404,896	1,495,295,088
Internal commitments	119,905,595	109,702,969
Total contingent accounts	**2,454,508,325**	**1,871,681,701**

Liabilities	31/12/2018	31/12/2017
Cash and interbank transactions		
Lori and Central Bank correspondents	19,757,474	91,363,986
Interbank loans and overdrafts	40,755,000	40,364,593
Total cash and interbank transactions	**60,512,474**	**131,728,579**
Transactions with clients		
Demand deposits and current accounts	760,962,079	508,991,192
Fixed-term deposits and savings accounts	312,557,103	243,672,812
Other client accounts	23,027,281	19,141,531
Total Transactions with clients	**1,096,546,463**	**771,805,535**
Accounts of third parties and adjustment accounts		
Liability adjustments	42,826,811	37,192,593
Miscellaneous liabilities	43,606,916	39,047,044
Total accounts of third parties and adjustment accounts	**86,433,727**	**76,239,637**
Permanent capital		
Capital and reserves		
Registered capital	4,982,000	4,982,000
Reserves and issue premiums	59,600,700	51,403,820
Capital gain on re-evaluation of fixed assets	33,371,350	30,149,168
Regulated provisions	14,768,612	14,374,012
Carried forward + or -	2,238,392	2,178,584
Profit for the financial year	19,146,381	13,208,833
Total capital and reserves	134,107,435	116,296,417
Other capital		
Provisions for risks, charges and losses	31,108,586	27,618,769
Total other capital	31,108,586	27,618,769
Total permanent capital	**165,216,021**	**143,915,186**
Total liabilities	**1,408,708,685**	**1,123,688,937**

Profit and loss accounts for the financial years ended on 31 December 2018 and 31 December 2017

Expressed in thousands of Congolese francs (CDF)

	31/12/2018	31/12/2017
Income from cash and interbank transactions	4,790,100	2,611,950
Expenses linked to cash and interbank transactions	(715,528)	(6,600,677)
Income from transactions with clients	69,292,377	59,021,987
Expenses linked to transactions with clients	(13,082,692)	(10,914,188)
Other banking income	91,281,775	79,310,639
Other banking charges	(12,492,592)	(10,248,669)
Net banking income	**139,073,440**	**113,181,042**
Miscellaneous income	9,662,830	8,094,239
General operating costs	(57,366,160)	(46,605,674)
Wages and salaries	(42,676,978)	(35,385,553)
Tax and related expenses	(1,668,146)	(1,249,687)
Gross operating profit	**47,024,986**	**38,034,367**
Allocations to depreciation	(6,550,041)	(5,953,725)
Pre-tax and exceptional profit/loss	**40,474,945**	**32,080,642**
Profit/loss on sale of asset elements	27,678	9,095
Allocation and reversal of provisions	(6,815,824)	(8,351,589)
Extraordinary profit or loss	(4,444,247)	(3,889,747)
Pre-tax profit/loss	**29,242,552**	**19,848,401**
Corporation tax	(10,096,171)	(6,639,568)
Profit for the financial year	**19,146,381**	**13,208,833**

Statement of variation in capital and reserves closed on 31 December 2018

Expressed in thousands of Congolese francs (CDF)

	Balance on 01/01/2018	2018 movement			Balance on 31/12/2018
		Increase	Reduction	Conversion to current value	
Registered capital	4,982,000	-	-	-	4,982,000
Legal reserve	11,165,257	1,357,144	-	306,513	12,828,914
Statutory reserve	40,105,852	5,428,578	-	1,101,001	46,635,431
Optional reserve	132,711	-	-	3,644	136,355
Carried forward + or -	2,178,584	-	-	59,808	2,238,392
Result of the period	13,208,833	19,146,381	(13,208,833)	-	19,146,381
Capital gain upon revaluation	30,149,168	3,222,182	-	-	33,371,350
Provision on the sale of buildings	6,498,504	-	-	178,400	6,676,904
Provision for reconstitution of capital	7,875,508	-	-	216,200	8,091,708
Total capital and reserves	**116,296,417**	**29,154,285**	**(13,208,833)**	**1,865,566**	**134,107,435**

Cash flow statement closed on 31 December 2018 and 31 December 2017

Expressed in thousands of Congolese francs (CDF)

	31/12/2018	31/12/2017
Operations		
Banking operating income collected (excluding income from investment portfolio)	175,027,082	149,038,815
Banking operating expenses disbursed	(85,325,118)	(75,618,895)
Deposits/withdrawal of deposits from other banking and financial institutions	(71,216,105)	102,207,652
Loans and advances/reimbursement of loans and advances to clients	(162,218,704)	(70,456,624)
Deposits/withdrawal of deposits by clients	324,740,928	200,393,597
Investment securities		
Sums paid to staff and miscellaneous creditors	(42,676,978)	(35,385,553)
Other cash flow from operations	20,287,814	(13,397,445)
Corporation tax	(10,096,171)	(6,639,567)
Net cash flow from operations	**148,522,748**	**250,141,980**
Investment activities		
Interest and dividends collected from investment portfolio	-	-
Acquisitions/sales in investment portfolio	(36,532)	(240,056)
Acquisitions/sales in fixed assets	(26,125,872)	(5,997,609)
Securities from portfolio activities	-	-
Net cash flow from investment activities	**(26,162,404)**	**(6,237,665)**
Financing activities		
Share issue	-	-
Bond issue	-	-
Bond reimbursement	-	-
Increase/reduction in special resources	-	-
Dividends paid	(6,604,417)	6,962,237
Net cash flow from financing activities	**(6,604,417)**	**6,962,237**
Impact of exchange rate changes on cash and cash equivalents	-	-
Net variation in cash and cash equivalents during the period	115,755,928	250,866,552
Cash and cash equivalents at start of period	579,353,890	328,487,338
Cash and cash equivalents at end of period	**695,109,818**	**579,353,890**

The assignment
of the balance sheet result

The assignment of the balance sheet result

	CDF	USD
Profit for the 2018 financial year	**19,146,381,025**	**11,705,919**
1. Assignment		
Legal reserve (10%)	1,914,638,103	1,170,592
Statutory reserve	7,658,552,410	4,682,368
Dividends	9,573,190,513	5,852,960
2. Capital and reserves at book value		
Capital	4,982,000,000	3,045,949
Legal reserve	12,828,914,568	7,843,479
Statutory reserve	46,635,431,044	28,512,469
Optional reserves	136,354,623	83,366
Provision for reconstitution of capital	8,091,707,834	4,947,195
Reserve on the sale of buildings	6,676,904,460	4,082,197
Capital gain upon revaluation	33,371,349,870	20,402,933
Carried forward + or -	2,238,391,518	1,368,532
	114,961,053,917	**70,286,120**

The general report from the external auditors on the annual accounts

for the financial year ending 31 December 2018

To the shareholders of Banque Commerciale du Congo S.A. (BCDC)

Kinshasa/Gombe

Dear Shareholders,

As part of the mission entrusted to us by your general meeting, we present our report on the financial year ending 31 December 2018, on:

- The audit of the annual accounts of Banque Commerciale Du Congo S.A. (BCDC) as attached to this report, showing capital and reserves of CDF 134,107 million, including net profit of CDF 19,146 million for the financial year.
- The specific checks and information required by law.

I. Audit of the annual accounts

1.1 OPINION

We have performed the audit of the annual accounts for Banque Commerciale Du Congo S.A. (BCDC) as of 31 December 2018, 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 summary of the main accounting methods and additional information about the accounts for the year closing on that date.

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 2018, 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) and to applicable law in the Democratic Republic of Congo. 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 International Ethics Standards Board for Accountants (IESBA) Code of Ethics and with the code of ethics governing external auditors, and we have satisfied other 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 RESPONSIBILITIES OF MANAGEMENT AND THOSE IN CHARGE OF GOVERNANCE RELATIVE TO THE ANNUAL ACCOUNTS

The annual accounts were prepared by Management and approved by the Board of Directors.

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 with 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 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 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.

1.4. 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.

Our responsibilities relative to the audit of the annual accounts are described in more detail in Appendix A to this external auditor's report.

II. Specific verifications and information

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.

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

Kinshasa, 15 April 2019

THE BCDC'S NETWORKS

Networks
and points of contact in the DRC

Kinshasa

BRIKIN BRANCH
B.P. 2798 - KINSHASA 1
Tel. : (+243) 81 493 47 36
brikin@bcdc.cd

KINTAMBO BRANCH
B.P. 2798 - KINSHASA 1
Tel. : (+243) 82 139 83 46
(+243) 81 467 20 41
kintambo@bcdc.cd

Head office
Boulevard du 30 juin
B.P. 2798 - KINSHASA 1
Tel. : (+243) 99 991 97 62
(+243) 81 518 17 68
(+243) 81 884 57 04
E-mail : dir@bcdc.cd
SWIFT : BCDCCDKI

▸ Rotana Local Desk
Tel. : (+243) 82 978 09 96
rotana@bcdc.cd

MATONGE BRANCH
B.P. 2798 - KINSHASA 1
Tel. : (+243) 81 711 64 25
matonge@bcdc.cd

LIMETE BRANCH
B.P. 2798 - KINSHASA 1
Tel. : (+243) 81 711 63 66
limete@bcdc.cd

PLAZA VILLAGE BRANCH
B.P. 2798 - KINSHASA 1
Tel. : (+243) 81 711 63 96
plaza@bcdc.cd

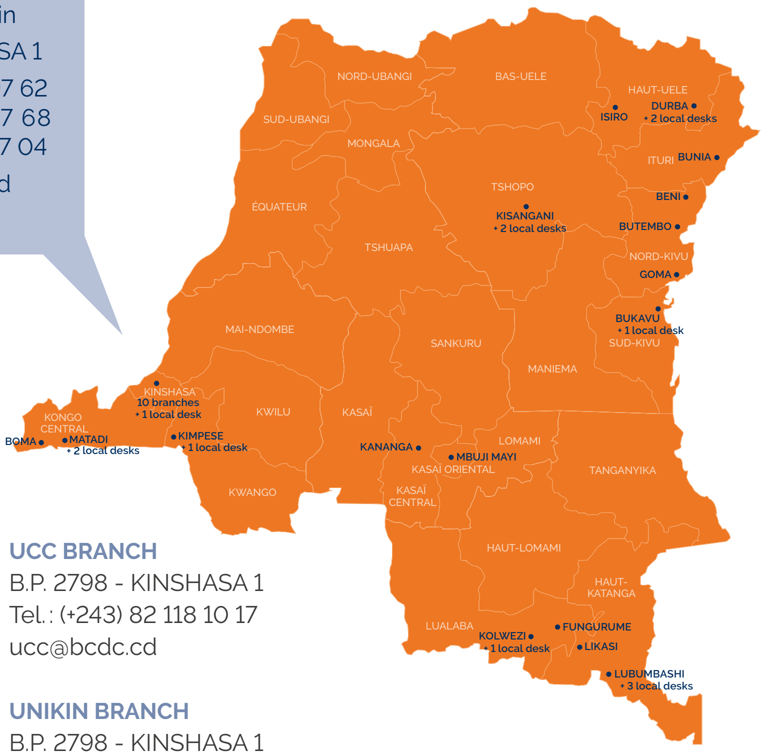
UCC BRANCH
B.P. 2798 - KINSHASA 1
Tel. : (+243) 82 118 10 17
ucc@bcdc.cd

MARCHÉ BRANCH
B.P. 2798 - KINSHASA 1
Tel. : (+243) 81 692 20 39
(+243) 81 606 84 25
marche@bcdc.cd

ROYAL/GOMBE BRANCH
B.P. 2798 - KINSHASA 1
Tel. : (+243) 81 711 34 56
royal@bcdc.cd

UNIKIN BRANCH
B.P. 2798 - KINSHASA 1
Tel. : (+243) 81 711 64 04
uni@bcdc.cd

40 client contact points:
27 branches and 13 local desks



CONTENTS

Internal network

BENI BRANCH
B.P. 11 - BENI
Tel.: (+243) 81 027 36 95
(+243) 84 483 84 99
ben@bcdc.cd

BOMA BRANCH
B.P. 23 - BOMA
Tel.: (+243) 82 425 69 12
(+243) 85 528 33 51
bom@bcdc.cd

BUKAVU BRANCH
B.P. 1516 - BUKAVU
Tel.: (+243) 82 345 24 62
(+243) 99 444 66 36
bkv@bcdc.cd

- **Namoya Local Desk**
  Cité de Salamabila,
  Territoire de Kabambare,
  Province du Maniema
  Tel.: (+243) 82 345 24 62

BUNIA BRANCH
B.P. 1018 - KISANGANI
Tel.: (+243) 81 060 56 90
(+243) 99 988 60 60
bia@bcdc.cd

BUTEMBO BRANCH
B.P. 39 - BUTEMBO
Tel.: (+243) 85 060 56 90
(+243) 81 205 55 45
btb@bcdc.cd

DURBA BRANCH
B.P. 1018 - KISANGANI
Tel.: (+243) 81 705 83 97
(+243) 99 076 26 54
dba@bcdc.cd

- **Aru Local Desk**
  Province de L'Ituri
  Tel.: (+243) 81 470 22 19
  aru@bcdc.cd

- **Kibali Local Desk**
  kibali@bcdc.cd

GOMA BRANCH
B.P. 108 - GOMA
Tel.: (+243) 81 300 60 20
(+243) 99 468 74 10
gma@bcdc.cd

ISIRO BRANCH
B.P. 74 - LUBUMBASHI
Tel.: (+243) 81 706 77 67
(+243) 99 243 96 46
isr@bcdc.cd

KANANGA BRANCH
B.P. 15 - KANANGA
Tel.: (+243) 99 340 65 94
(+243) 81 312 67 07
(+243) 99 736 17 17
kga@bcdc.cd

KISANGANI BRANCH
B.P. 1018 - KISANGANI
Tel.: (+243) 81 200 60 10
(+243) 99 853 96 13
ksg@bcdc.cd

- **Bralima Local Desk**
  bralimaksg@bcdc.cd

- **Makiso Local Desk**
  makiso@bcdc.cd

KIMPESE BRANCH
B.P. 2798 - KINSHASA 1
Tel.: (+243) 97 149 79 22
(+243) 81 047 70 34
kps@bcdc.cd

- **Lukala Local Desk**
  Tel.: (+243) 81 047 70 34
  lukala@bcdc.cd

MATADI BRANCH
B.P. 33 - MATADI
Tel.: (+243) 81 706 77 67
(+243) 99 243 96 46
mtd@bcdc.cd

- **Inga Local Desk**
  Tel.: (+243) 81 706 77 67
  inga@bcdc.cd

- **Port Matadi Local Desk**
  gumtd@bcdc.cd

MBUJI-MAYI BRANCH
B.P. 379 - MBUJI-MAYI
Tel.: (+243) 81 711 34 11
(+243) 99 173 05 66
mby@bcdc.cd

Southern network

LUBUMBASHI BRANCH
B.P. 74 - LUBUMBASHI
Tel.: (+243) 81 220 03 12
(+243) 81 363 53 16
(+243) 81 572 95 56
lub@bcdc.cd

- **Carrefour Local Desk**
  Tel.: (+243) 81 780 80 62

- **Golf Local Desk**
  Tel.: (+243) 81 878 73 80

- **Plage Local Desk**
  Tel.: (+243) 81 780 80 67

KOLWEZI BRANCH
B.P. 01 - KOLWEZI
Tel.: (+243) 81 407 73 28
klz@bcdc.cd

- **Manika Local Desk**
  Commune Manika
  Tel.: (+243) 99 844 57 32

FUNGURUME BRANCH
Tel.: (+243) 81 561 31 77
fgm@bcdc.cd

LIKASI BRANCH
B.P. 298 - LIKASI
Tel.: (+243) 99 930 81 07
lks@bcdc.cd

BCDC also had
47 Western Union counters
as at 31/12/2018.

Network of correspondent banks

Correspondents in USD

- Citibank N.A. (United States) : CITIUS33
- Fimbank PLC (Malta) : FIMBMTM3
- Mauritius Commercial Bank Ltd (Mauritius) : MCBLMUMU
- Bank of China (China) : BKCHCNBJ
- Aktif Yatirim Bankasi (Turkey) : CAYTTRIS

Correspondents in EUR

- Citibank N.A. (United Kingdom) : CITIGB2L
- Commerzbank AG (Germany) : COBADEFF
- Natixis (France) : NATXFRPP
- Unicredit S.P.A (Italy) : UNCRITMM

Correspondents in ZAR

- Commerzbank AG (Germany) : COBADEFF

Correspondent in other currencies (CAD, CHF, GBP, JPY)

- Commerzbank AG (Germany) : COBADEFF

BANQUE COMMERCIALE DU CONGO
Building the future

PUBLISHED BY
Senior Management of BCDC
dir@bcdc.cd
Boulevard du 30 Juin
B.P. 2798 Kinshasa 1

CONTENT
Didier Grogna, with input from BGFIBank Group executives and with the participation of Marc-F. Everaert.

PRODUCTION AND DESIGN
M&C.M sprl - www.mcmanagement.be

PHOTOS
Cover background: Steve Bloom Images, Alamy stock photos
Photos pp. 3, 8, 14, 17 & 21 : Angelo Turconi
Photos p. 35 : Dario Tedesco
These photos are taken from *Au cœur du Congo* by M. Angelo Turconi, sponsored by BCDC and published by Stichting Kunstboek.
Others: various BCDC sources


1909
BANQUE COMMERCIALE DU CONGO
Building the future
www.bcdc.cd