



ANNUAL REPORT SUMMARY

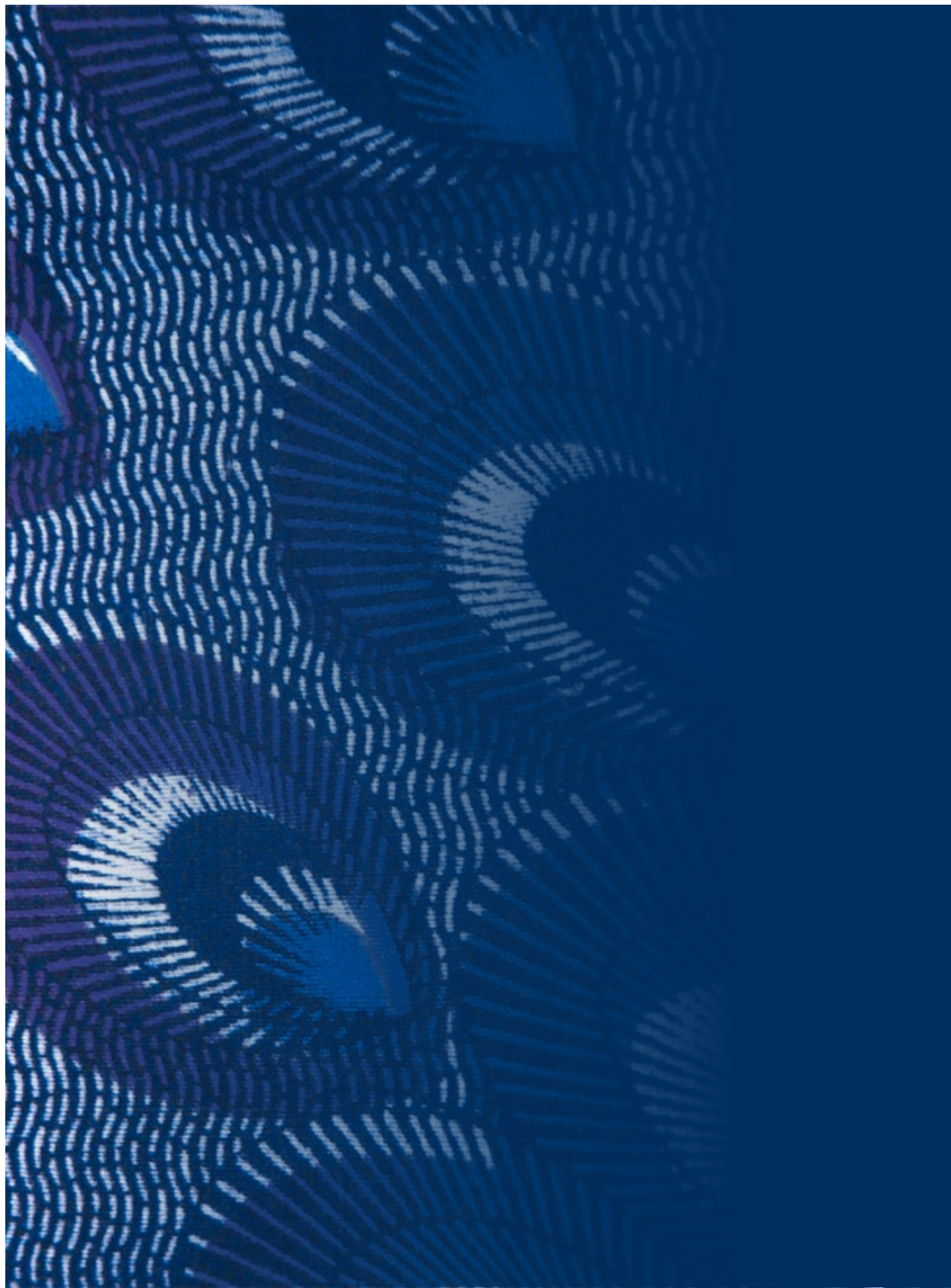
# 2019

THE BCDC CELEBRATED 110 YEARS IN THE BUSINESS



BANQUE COMMERCIALE DU CONGO

*Building the future*



## CHAPTER 1 - INTRODUCTION

Analysis from Yves Cuypers, Chair of the Executive Committee	
The BCDC maintains controlled growth. . . . .	2
Key figures of the BCDC . . . . .	6

## CHAPTER 2 - GOVERNANCE AND HUMAN CAPITAL

The organisation of governance. . . . .	8
Organisation chart . . . . .	9
The BCDC's human capital . . . . .	10

## CHAPTER 3 - STRATEGY AND RISK MANAGEMENT

The business environment in the DRC. . . . .	11
The BCDC's business growth. . . . .	13
Strategy and Change. . . . .	18
Risk management and control. . . . .	19

## CHAPTER 4 - FINANCIAL REPORT

Introduction from Joël Kabuya, Head of Finance and Control. . . . .	24
Prudential management of the bank and adequacy of equity capital . . . . .	26
The general report from the external auditors on the annual accounts . . . . .	27
Balance sheet and profit and loss account. . . . .	30
The assignment of the balance sheet result. . . . .	34

## CHAPTER 5 - THE BCDC'S NETWORKS

Networks and points of contact in the DRC . . . . .	35
Network of correspondent banks. . . . .	37

# Analysis from Yves Cuypers, Chair of the Executive Committee

## The BCDC maintains controlled growth

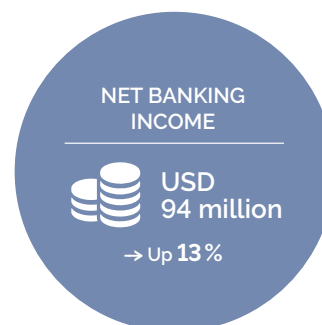
### 2019: a remarkable year

In 2019, the BCDC proudly celebrated 110 years in the business by posting net profit of USD 13.9 million equivalent – the bank's best figures in a quarter of a century.

Certain objectives set at the start of the year were also exceeded, including operating profit of USD 20.5 million, well above the USD 14.8 million forecast. This performance was achieved despite the bank setting aside prudential provisions of USD 4.7 million plus additional provisions of USD 2.4 million to cover employee benefit commitments, all of which are non-tax-deductible. As a result, net provisions at year-end stood at USD 14.6 million, compared with a forecast of USD 9.0 million.

Net profit was carried forward in full, essential to meet its requirements in terms of solvency and leverage ratios, which stood at 9.72% and 5.46% respectively as of 31 December 2019.

The BCDC's performance is summarised in the highlighted figures.



### Obtaining an international rating

Last year, the bank was assigned an international rating by Moody's.

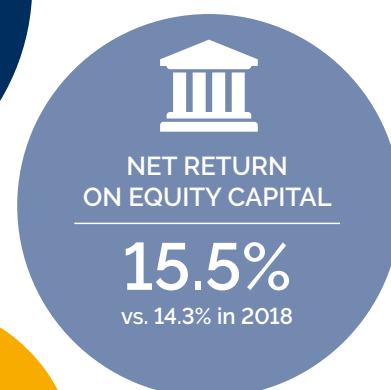
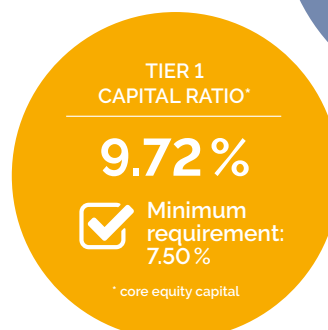
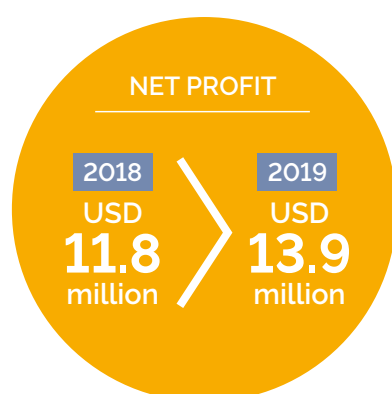
As only the second operator in the DRC to receive an international rating, we are now able to access finance for international transactions on behalf of our clients and the government.

### Risk management and control

Management is responsible for assessing major risks in the BCDC's dealings with its shareholders and depositors, following the recommendations of the Basel III framework and focusing on the bank's ability to withstand a highly deteriorated situation.



"We exceeded some of the targets set at the beginning of the year, including operating profit."



As part of risk management, the bank considers credit risk, operational risk, tax risk, employee-benefit risk, legal risk and compliance risk.

At end-2019, major risk exposures stood at a reasonable estimate of USD 26.5 million, down from USD 30 million in 2018.

Some three-quarters of total estimated exposures naturally relate to credit risk, i.e. loans that are not necessarily covered as per Central Bank of Congo Instruction no. 16 but that the bank more generally views as vulnerable in the long term.

On a similar note, the cost of risk is fully under control and considered satisfactory in light of the economic environment. The cost of credit risk fell from 1.40% in 2018 to 1.12% at end-2019, with the 11-year average standing at 1.62%.

## Efficient asset and liability management

The bank experienced no liquidity problems in 2019.

In fact, the revision of the mining code – with an increase in the share of export proceeds that must be repatriated – caused a sharp rise of deposits in the final quarter of the year. This development posed new challenges:

- Management of the statutory reserve, where rules remain particularly strict.

- Application of funds in the form of investments and loans.

- Cost of resources (control expenses and remuneration of funds).

Turning to liquidity in Congolese francs, the bank proceeded with USD/CDF swaps with the Central Bank of Congo worth USD 35 million. This operation substantially reduced borrowing in 2019, with a positive impact on interest margin.

Trading room sale volumes were down year on year, while foreign-exchange gains came in at USD 14.9 million, up slightly from USD 14.5 million in 2018.

## Outlook for 2020

At the time of writing this annual report, economists are in agreement that the Covid-19 pandemic will cause a global recession on an unprecedented scale. In the DRC, record-low oil prices and a slow-down in extractive industry activity are set to weigh on the government budget.

The bank's initial forecast for 2020 was based on higher recurring income, lower operating costs and net profit in the region of USD 15 million.

This forecast has since been revised in light of the Covid-19 pandemic. We have not set ourselves a new



target, but rather sought to estimate as best we can the adverse impact of the crisis (and its knock-on effects) on the bank's balance sheet, profit and loss account, and assets.

In the actual circumstances, it is clear that all our attention will be focused on the bank's loan portfolio and income.

Although developing downgraded models is all well and good, what really matters is our ability to assess whether the bank can withstand a realistic and credible deteriorated situation. We cannot however predict just how difficult circumstances will become by the end of the year.

Regrettably, neither the Central Bank of Congo nor the government have yet introduced any meaningful measures to ease pressure on the country's banking sector. The Congolese Banking Association has called for a relaxation of the provision rules, but to no avail.

The future does, however, look brighter for the bank's performance and growth with the establishment of a new Executive Board and Strategy Committee. These two bodies will focus on eight priority areas: process improvement, digitisation, business development, productivity, debt recovery, work-force management (employees and contract staff), real estate and cost optimisation.

It is therefore with the desire to manage risks as effectively as possible, or even to anticipate their deterioration, that the

bank's management is also working to prepare the projects that will lead to its transformation, without losing its soul: that of a historic Bank in the heart of the Democratic Republic of Congo.

## 2019 post-balance sheet event

The recent acquisition by Equity Group Holdings of a majority stake in the BCDC will be important in shaping the outlook for the bank in the short, medium and long terms. Looking further ahead, the change of control should eventually lead to the merger – by acquisition – of the BCDC with Equity Bank Congo.

The takeover and subsequent merger are based on sound and realistic economic and financial

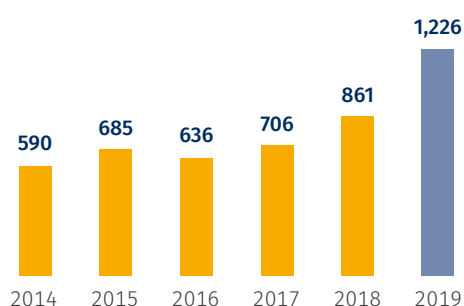
"The objective is to provide the DRC with a robust bank, recognized for its governance and capable of accelerating the country's banking penetration while contributing to the financing of its economy."

fundamentals, with both entities bringing to the table complementary networks, client segments and expertise. The objective is to provide the DRC with a robust bank, recognized for its governance and capable of accelerating the country's banking penetration while contributing to the financing of its economy.

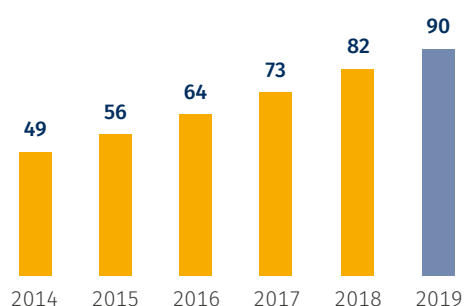
As Chair of the Executive Committee, I wish to extend my personal thanks to George Arthur Forrest for his decade-long service as the BCDC's majority shareholder. Despite his hands-off approach as regards day-to-day management of the bank, his support and enlightened guidance have been both useful and welcome to everyone, at every level of the organisation.

**Yves Cuypers**  
Chief Executive Officer  
Chair of the Executive Committee

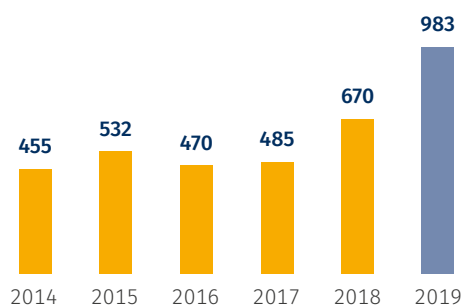
# Key figures of the BCDC



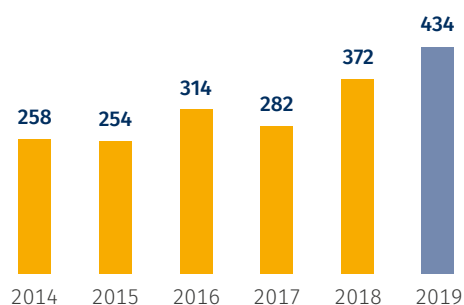
EVOLUTION OF THE BALANCE SHEET



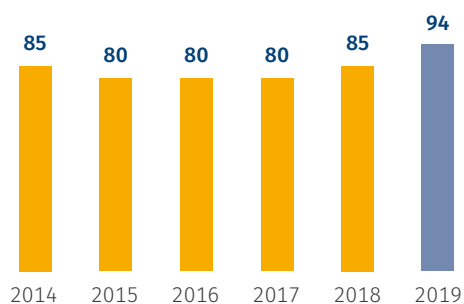
EVOLUTION OF EQUITY CAPITAL



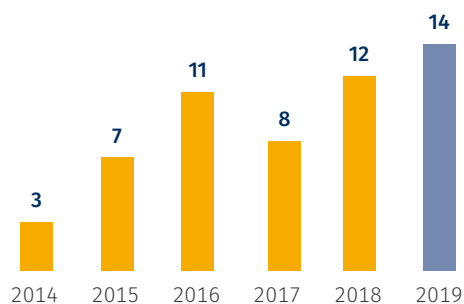
EVOLUTION OF DEPOSITS



EVOLUTION OF LOANS DISBURSED



EVOLUTION OF NET BANKING INCOME



EVOLUTION OF THE NET RESULT

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

"In 2019, the BCDC proudly celebrated 110 years in the business by posting its best net profit in a quarter of a century."

In 2019, the bank posted net profit of CDF 23,226 million on the back of strong economic performance. This figure – equivalent to USD 14.089 million at the average rate for the year, or USD 13.907 million at the year-end spot rate – was 64% higher than the target set in January.

in million CDF	2014	2015	2016	2017	2018	2019	2019 in M of USD at the closing rate	Variation 2019/2018 in USD
Balance sheet total	545,249	635,848	772,940	1,123,689	1,408,709	2,050,502	1,226	46%
Equity capital*	45,352	52,385	77,664	116,296	134,107	149,881	90	12%
Deposits**	420,990	493,204	571,412	767,182	1,096,548	1,643,898	983	50%
↳ in CDF	123,450	122,424	72,721	75,870	122,327	167,380	100	37%
↳ in foreign currency	297,540	370,780	498,691	691,312	974,220	1,476,517	883	52%
Loans disbursed**	238,820	235,322	381,910	449,056	608,017	725,963	434	19%
Net banking income	65,889	62,886	86,452	113,181	139,073	157,715	94	13%
Operating expenses	51,006	51,155	57,868	83,241	101,711	103,361	62	0%
↳ including general personnel expenses	24,780	24,652	26,994	35,386	42,677	44,649	27	5%
Allocations to depreciation	3,364	3,340	3,794	5,954	6,550	7,337	4	12%
Allocations to provisions	8,594	1,228	7,673	8,352	6,816	14,112	8	107%
Corporation tax	6,436	4,948	8,030	7,745	10,096	12,040	7	19%
Net result (after tax)	3,153	6,606	13,651	13,209	19,146	23,266	14	22%
Approximate CDF/USD exchange rates on 31 December	924.51	927.91	1,215.59	1,591.91	1,635.6153	1,672.9467	-	2%

Equity capital according to IFRS	101,838	108,912	134,804	156,459	176,805	192,093
Gross operating ratio (CIR)	77 %	72 %	63 %	69 %	68 %	62 %
Financial profitability ratio (NROE – net result/equity capital)	6.95 %	12.61 %	17.58 %	11.36 %	14.28 %	15.52 %
Return on assets (ROA)	0.58 %	1.04 %	1.77 %	1.08 %	1.36 %	1.13 %
Solvency ratio (ROS)****	21 %	22 %	20 %	20 %	12 %	12 %

\* Accounting – before profit distribution

\*\* Outstanding loans at end of period – variations vs. December 2018

\*\*\* In 2019, calculated according to modification 7 of Central Bank of Congo Instruction no. 14

# The organisation of governance

ON 31/12/2019

## Board of Directors

### Chair

Pascal KINDUELO LUMBU

### Chief Executive Officer

Yves CUYPERS

### Directors

Saad BENDIDI  
 Pierre CHEVALIER  
 Daniel CUYLITS  
 Marceline KAOZI FATUMA  
 Victor KASONGO SHOMARY  
 Baudouin LEMAIRE  
 Francis LUGUNDA LUBAMBA  
 Joël SIBRAC  
 Hughes TOTO MAKANISI  
 Désiré YAV KAT MUCHAÏL

## Specialist committees of the Board of Directors

### Appointments and Remuneration Committee

#### Chair

Baudouin LEMAIRE

#### Members

Joël SIBRAC  
 Hughes TOTO MAKANISI  
 Désiré YAV KAT MUCHAÏL

### Audit Committee

#### Chair

Daniel CUYLITS

#### Members

Saad BENDIDI  
 Pierre CHEVALIER  
 Victor KASONGO SHOMARY  
 Francis LUGUNDA LUBAMBA  
 Marceline KAOZI FATUMA

### Risk Management Committee

#### Chair

Joël SIBRAC

#### Members

Saad BENDIDI  
 Pierre CHEVALIER  
 Victor KASONGO SHOMARY  
 Désiré YAV KAT MUCHAÏL

### Compliance Committee

#### Chair

Marceline KAOZI FATUMA

#### Members

Pierre CHEVALIER  
 Baudouin LEMAIRE  
 Hugues TOTO MAKANISI

## Executive Committee

### Chair and Chief Executive Officer

Yves CUYPERS

### Deputy Chief Executive Officer

Guy-André BWEYASA

### Deputy Chief Executive Officer<sup>(1)</sup>

Hervé B. de FRESCHVILLE

### Directors

Louis-Odilon ALAGUILLAUME  
 Jean-Modeste KALAMBAY  
*Corporate Secretary to the Executive Committee*  
 Joël KABUYA  
 Bobo MAKUNDA  
 Vagheni PAY PAY  
 Alice TSHIDIBI

<sup>(1)</sup> At its meeting of 7 March 2019, the Board of Directors appointed two Deputy Chief Executive Officers for a term of two years, commencing on the date of approval by the Central Bank of Congo, to act jointly in the absence or impediment of the Chief Executive Officer. Mr Bweyasa was approved in summer 2019 and Mr Freschville was approved subject to the appointment of managers for Risk Management and Operational Control, whose profiles are subject to the approval of the Central Bank of Congo.

## Executive Board

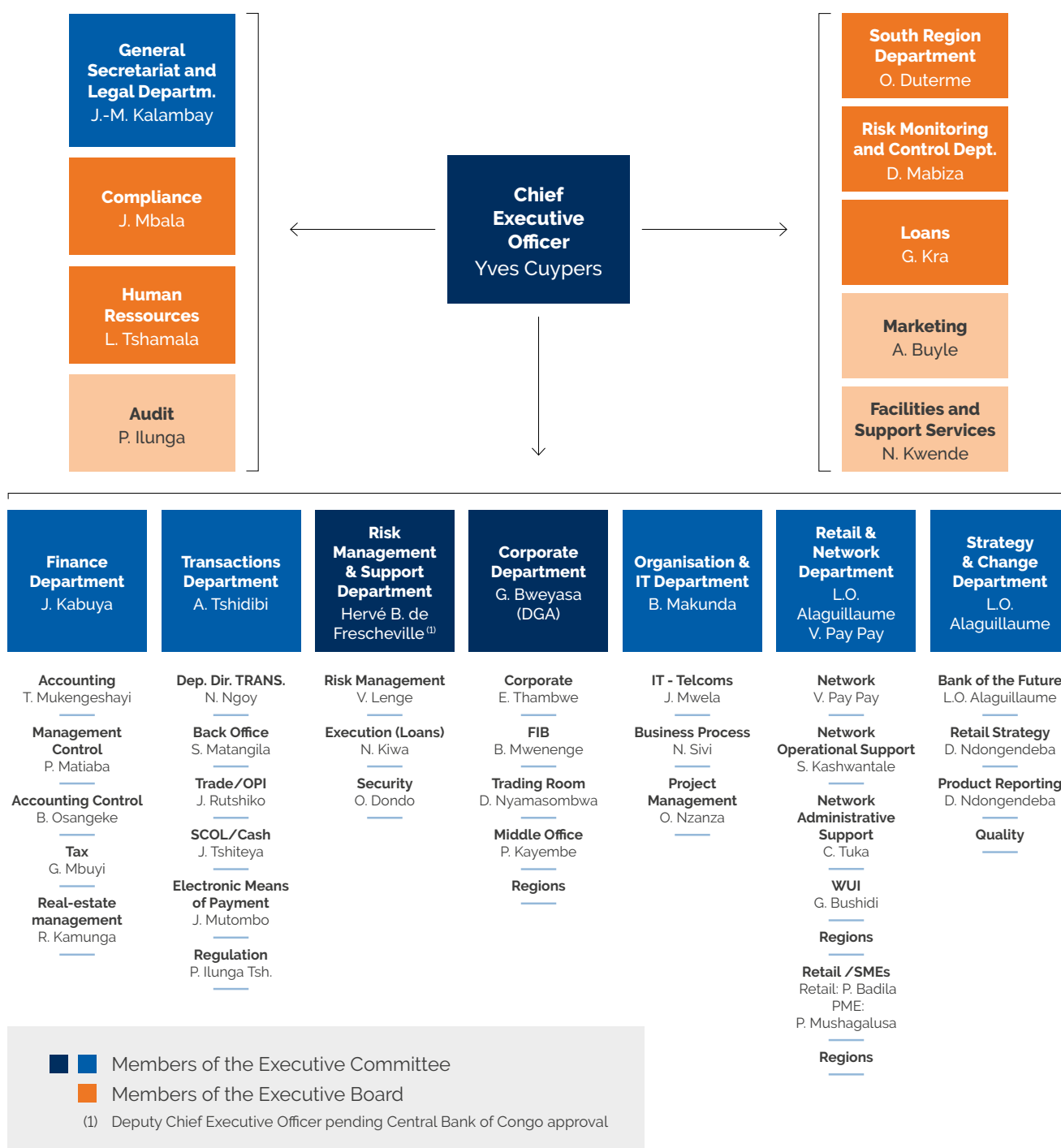
An Executive Board has been established, with responsibility for all aspects of the bank's core activities and operations.

The Executive Board consists of members of the Executive Committee plus permanent invited members:

Olivier Duterme (South Region)  
 Guillaume Kra (Loans)  
 Delord Mabiza (Risk Monitoring and Control)  
 Jolie Mbala (Compliance)  
 Lydia Tshamala (Human Resources)

# Organisation chart

ON 31/12/2019



# The BCDC's human capital

## THE AIMS OF THE BANK'S CURRENT HUMAN RESOURCES POLICY ARE TO:

- ▶ Replace outgoing staff
- ▶ Manage succession for key individuals set to retire in the next five years
- ▶ Ramp up vocational training in order to build employees' skills
- ▶ Keep personnel costs under control

## Headcount at 31 December 2019

At end-2019, the BCDC's headcount remained largely unchanged from the previous year at 534 full-time equivalent (FTE), including 124 operational staff, 325 management staff and 85 executives. The bank also had 611 contract staff on roll, mostly fulfilling routine tasks and duties.

The number of contract staff was down 16% year-on-year following operational streamlining and cost-cutting initiatives spearheaded by the Strategy Committee.

Last year, the bank employed 91 sales staff, including branch managers, accounting for 17% of total FTE headcount.

### BCDC BANKING ACADEMY

19 students graduated from the sixth cohort

### TRAINING BUDGET IN 2019

USD 276,000

→ 98 sessions

## Staff training

### The sixth cohort graduates from the BCDC Banking Academy

On 4 June 2018, the sixth cohort joined the BCDC Banking Academy.

Of the 21 graduates who enrolled, 19 finished the course and received their certificates of completion at a ceremony held on 12 April 2019.

### Training programme for Operations staff

Some 23 employees from the bank's Operations team attended a special training programme last year.

The first-of-a-kind programme, which ran from 3 to 17 June 2019, was intended for back-office staff (client care and local transactions, international transactions, branch management and cash) from across the network.

## Training budget

In 2019, the bank held 98 training sessions and programmes across the year (up from 77 in 2018) – an average of around eight per month at a total cost of USD 276,000.

This increase was due to the fact that most training was provided through the BCDC Banking Academy and delivered with the support of internal trainers.

At end-2019, the BCDC's headcount was 534 full-time equivalent staff.

# The business environment in the DRC

## Economic growth

In 2019, there was a slight downturn in economic activity, reflected in economic growth of 4.4% compared with 5.8% in 2018.

While the tertiary sector was the main driver of growth in terms of share of contribution, the year-on-year slowdown was attributable to the extractive industries (primary sector) as a result of declining prices and weaker demand for certain mining products.

## Copper and cobalt price trends

The price of copper remained flat at around USD 6,000 per tonne, varying only within a narrow range. Given its current level, the copper-price outlook is generally optimistic although the actual trajectory will depend in large part on whether the Chinese economy grows as expected.

The price of cobalt, meanwhile, went into free-fall in 2019, dropping from close to USD 90,000 to USD 30,000 per tonne by the end of the year.

In 2019, there was a slight downturn in economic activity, reflected in economic growth of 4.4% compared with 5.8% in 2018.

For cobalt, the outlook is less certain. The fate of this particular commodity is tied more closely to the chemical industry (60% of output) rather than the manufacture of metal components (40% of output), with 56% of all cobalt production used in batteries. According to research by Indaba (2019), this trend is likely to accelerate to 75% by 2028.

Likewise, cobalt and copper are shaped by markedly different price-setting mechanisms, with cobalt more heavily influenced by over-the-counter transactions and subject to considerably greater price volatility.

In 2018, production once again saw year-on-year increases for both commodities. According to unofficial sources, cobalt output was 43% higher (at 100,000 tonnes) and copper recorded a jump of 12% (1.22 million tonnes) (source: Radio Okapi – DRC Chamber of Commerce).

## Public finances

### 2020 Finance Act

The 2020 Finance Act, which passed into law on 31 December 2019, featured a total budget of CDF 18,545.2 billion (or USD 11 billion equivalent), balanced in terms of both revenues and expenditures. This amount represents an ambitious increase of close to 80% on budget forecasts for 2019, although it is subject to the as-yet unknown impacts of the Covid-19 pandemic.

### Budget for 2019

According to the Central Bank of Congo, the government ended 2019 with a budget deficit of CDF 885.5 billion. Revenue stood at CDF 8,204.6 billion and expenditure at CDF 9,090.1 billion, including debt amortisation, investment in the creation of new institutions, and spending on the president's 100-day emergency programme.

The government deficit ended 2019 10% higher than in the previous year, representing 1% of GDP (compared with 0.4% in 2018).

The Central Bank of Congo also points to a low public debt pay-down rate. As at end-

October, the DRC had paid down USD 139.56 million in debt (including USD 95.47 in external debt and USD 15.08 in internal debt) – a rate of 38.19%.

### Foreign currency reserves

At end-2019, foreign currency reserves stood at an estimated USD 1.03 billion, up from USD 879 million in 2018 due in large part to a December 2019 inflow of USD 368 million from the Rapid Credit Facility under the IMF staff-monitored programme.

The DRC's foreign currency reserves are sufficient to pay for five weeks of imported goods and services.

### Monetary and foreign-exchange policy

#### Domestic price trends

Despite a slight uptick in prices in the second half of the year, the overall deflationary environment continued in 2019.

Year-on-year inflation fell from 7.2% in 2018 to 4.59% in 2019, compared with a target of 7% for the year.

### Exchange rate

The Congolese franc lost 2.3% if its official-market value last year, compared with approx. 3% in 2018, and depreciated by 2.9% on the parallel market, compared with 3.6% in 2018.

The indicative exchange rate for 2019 on the official market stood at CDF 1,672.95 to the dollar, down from CDF 1,635.62 in 2018. On the parallel market, the rate was CDF 1,725.67 to the dollar, against 1,675 the previous year.

In May 2020, buying rates on the official and parallel markets were CDF 1,615 and CDF 1,770 to the dollar respectively.

### Money supply

Money supply in circulation stood at an estimated CDF 12,737.7 billion last year, up 13% against December 2018 due to an increase in net external and domestic assets.

Amid easing inflationary pressures, the Central Bank of Congo cut the benchmark rate from 14% to 9% in the first half of the year while retaining other monetary policy instruments.

# The BCDC's business growth

**IN 2019, TRADING CONDITIONS WERE CHARACTERISED BY RELATIVE STABILITY ACROSS THE MAIN MACROECONOMIC INDICATORS DESPITE AN UNCERTAIN DOMESTIC POLITICAL CLIMATE.**

The BCDC's forecasts for 2019 were based on a 10% increase in business volumes compared with the recorded figures at end-2018.

The results posted by the bank's Commercial Banking arm were largely on track with this forecast, with the notable exception of commissions on transfers, which remained stable despite the growth of client deposits.

## Corporate Banking

The bank's Corporate Banking business line, which serves major companies in the DRC and abroad, built on its strong performance in 2018 with a gross contribution of 10%, or USD 30.8 million, at end-2019.

As in the previous year, the segment's main profit lines – which together accounted for over 80% of its gross contribution – were as follows:

- ▶ Interest on overdrafts (35% of gross contribution)
- ▶ Interest on depreciable loans (24.9% of gross contribution)
- ▶ Commissions on transfers (11.3% of gross contribution)
- ▶ Loans (9.6% of gross contribution)

At end-2019, outstanding loans amounted to USD 239 million, up 9% from the USD 219 million figure recorded in 2018.

## Financial Institutions & Banks (FIB)

FIB tracked a similar trend to Corporate Banking, posting a gross contribution of USD 7.93 million at end-2019.

This business line mainly serves government bodies, institutional clients and international non-governmental organisations (NGOs).

In terms of direct and indirect assets, the year saw a number of highlights for FIB on both the domestic and international fronts.

### Domestic highlights included:

- ▶ The opening of new accounts for various project management bodies under the Ministry of Finance that had received funding from international organisations (World Bank and African Development Bank).
- ▶ The channelling of new taxes to the BCDC from both national and provincial government agencies.
- ▶ The decision by Kinshasa City Council to use the BCDC for the lion's share of its financial flows.
- ▶ New African Development Bank streams, including funding for the National Fund for Promotion and Social Service (FNPSS), totalling more than USD 30 million.
- ▶ The liberalisation of the insurance sector, which is set to have a significant impact in terms of deposits.

#### International highlights included:

- ▶ The receipt of the highest possible rating for a bank in the DRC from international rating agency Moody's, following months of data exchange and a successful mission to London.
- ▶ The establishment of new relationships with two correspondent banks: Aktif Bank in Istanbul and Equity Bank in Nairobi.
- ▶ Advanced talks with AGF on guarantees to cover client commitments, and with Shelter Afrique on new credit lines for the real-estate sector.

### Trading room activity

The trading room is active in the foreign-exchange market and the money market and is responsible for cash management on behalf of the bank.

### Foreign-exchange market

In 2019, the Congolese franc continued its slide against the US dollar, albeit at a slower pace, losing 2.28% of its value over the year. Last year, total foreign-exchange trading volumes in the DRC fell by 29.15%. For the BCDC, volumes were down by 13.2% over the same period – from USD 704.5 million to USD 611.5 million – although the bank's market share rose from 44% to 54%.

### Money market

Turning to the money market, client deposits – expressed in USD – increased year-on-year, due primarily to the repatriation of mining export proceeds. The BCDC frequently borrowed in CDF from the interbank market and from the Central Bank of Congo refinancing facility in order to satisfy requirements relating to its statutory reserve, which increased from CDF 126 billion at the start of the year to CDF 183 billion at end-December 2019, representing a cost of USD 396,000 (compared with just USD 63,000 in 2018).

In response to this upward statutory reserve trend, the bank completed an additional USD/CDF swap of USD 10 million with the central bank in 2019, taking the total volume of swaps to USD 35 million.



The BCDC received the highest possible rating for a bank in the DRC from international rating agency Moody's.

Investments with correspondents generated total interest up 172% on the equivalent figure in 2018.

In April 2019, the Central Bank of Congo cut its benchmark rate from 14% to 9% in a move towards looser monetary policy.

Looking specifically at the foreign currencies segment, investments with local and foreign correspondents generated total interest of USD 7.75 million last year, up 172% on the equivalent figure in 2018. This performance can be attributed to the trading room's deliberate strategy of diversified investment terms.

## Cash

On the cash front, foreign currency note imports were up 1.85% by volume – from USD 890.5 million in 2018 to USD 907 million at end-2019 – although related costs were down.

Cash swaps with local banks increased by close to 30% to USD 267.75 million, delivering savings on import costs in the region of USD 391,000.

## Private & Retail Banking and Network

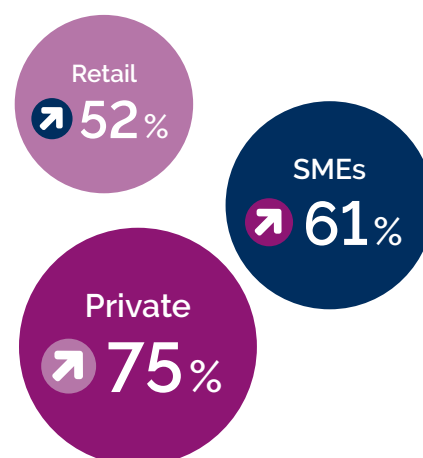
The major highlight of last year was the merger of the Branches Department and the Retail Department, which was finalised in May 2019.

The new Network, SMEs and Retail Department encompasses six divisions:

- ▶ Retail Banking
- ▶ Private Banking
- ▶ SMEs
- ▶ Western Union
- ▶ Operational Support
- ▶ Administrative Support

Going forward, this new structure will support more effective policy implementation and help to achieve synergies.

The new-look department delivered on the profitability front last year, with each division seeing a significant development in gross contribution:



## Retail & Private Banking

In 2019, increased profit came primarily from growth of the loan portfolio, with a very high recovery rate (30-day overdue rate of less than 1.5%).

For both divisions, the main focus last year was applying the bank's client care policy:

- ▶ Building client knowledge and maintaining regular contact with clients
- ▶ Signing up clients for banking products (loans, savings products, online banking)

With solid foundations in place, the divisions are now ready to pursue a more proactive client acquisition policy.

## SMEs

Having established a new SMEs business line, the bank needed to develop a segment-specific client care policy along similar lines to its policy for retail clients.

The division therefore spent much of 2019 reorganising the work of client-facing staff (scheduling appointments, following up payment defaults, monitoring profitability, etc.) and closing frozen accounts. These efforts will continue in 2020, as the bank looks to standardise sales and client care practices at its head office and across its branches.

## Western Union

The Western Union market has become highly competitive as pan-African banks have opened a multitude of new sub-agent locations and clients have embraced mobile money transfer options.

The BCDC remains the second-biggest operator by market share, with around 670,000 transactions.

Gross profit from Western Union operations (excluding operating costs) stood at USD 3.2 million in 2019, down from USD 3.5 million in 2018.

Increasingly, Western Union transfers are being used as a gateway to the bank's other products, and branches offering this service will play a key role in promoting the B110 mobile payment products.

## Administrative Support & Operational Support

These two divisions provide support for the bank's sales and client care operations.

The Operational Support team's duties include arranging loans for retail clients, processing card applications and issuing SMS alerts.

The Administrative Support division, meanwhile, handles admin and logistics arrangements for the bank's branches, and acts as a liaison on human resources matters (outsourced staff, leave requests, etc.).

## South Region Department

### A successful year

It proved a vintage year for the South Region (formerly the Katanga province) in terms of business performance and risk control, despite a weaker trading environment.

In 2019, there was a strong emphasis on risk management, with a particular focus on trade finance operations.

The department stepped up its monitoring of irregular situations and reached out to clients to resolve them. Thanks to this disciplined approach, the BCDC was able to report a number of cases to the Central Bank of Congo and secured positive outcomes for central bank inspections, leading to no penalties being imposed on the bank.

The BCDC remains the second-biggest Western Union operator by market share.



With over 7,000 new licences issued in 2019 alone, the South Region Department intends to harness its mining-sector expertise to bolster its sales practices and grow its business footprint. Of the 30-or-so major mining companies operating in the region, more than half are regular clients of the bank.

### Information and training

Last year saw a number of information and discussion sessions on two major pieces of legislation:

- ▶ The Insurance Act
- ▶ The Subcontracting Act, which affects almost all of the bank's clients

The bank maintained an active presence at these sessions and put together a brochure explaining

import rules and practices for its corporate clients.

The brochure, published in English, French and Chinese, proved extremely popular.

### Revision of the mining code

The changes made to the mining code in 2019, applicable in principle from July, were finally universally adopted.

The increase in the share of export proceeds that must be repatriated – from 40% to 60% – explains the rise in USD-denominated deposits with the bank.

The bank's brochure explaining import rules and practices proved extremely popular.

### New-look management team

Following the appointment of a new manager to lead the South Region Department in late 2018, an Operations and Administration Manager was hired in February 2019.

The bank also welcomed a new Chinese client relationship manager, who quickly got up to speed with his new role and arranged a visit to China with the region's head of sales.

The pair met with around 20 current and potential clients during the trip, which was a resounding success.



The changes made to the mining code were universally adopted.

# Strategy and Change

IN MARCH 2019, THE BANK CREATED A NEW STRATEGY & CHANGE DEPARTMENT TO SPEARHEAD THINKING ON THE BANK OF THE FUTURE AND LAY THE GROUNDWORK FOR THE YEARS AHEAD.



## Shaping the Bank of the Future

The Strategy Committee (which comprises all members of the Executive Board) leads on thinking about the bank's future. The committee has eight working groups, each responsible for shaping thinking and developing proposals in a specific area:

- PRODUCTIVITY
- DIGITISATION
- WORKFORCE MANAGEMENT
- PROCESSES
- DEBT RECOVERY
- COST OPTIMISATION
- BUSINESS DEVELOPMENT
- REAL ESTATE

The working groups are tasked with identifying quick wins and developing more comprehensive projects that require training or investment. The Steering Committee will lead on implementing the proposals.

## Shaping the Bank of the Future

Preparations for the Bank of the Future revolve around three priorities:

### 1. Quality

In 2019, the Quality team focused on reviewing the bank's products to make sure they matched client expectations (packaged services, fixed-term deposits, depreciable loans, etc.) and on revising the bank's pricing framework.

The team also reviewed the bank's approach to managing queues for clients waiting to be seen in branches.

### 2. Contact Centre

An external audit identified various ways in which the Contact Centre could be made more user-friendly, and an action plan was drawn up for 2020.

On average, the centre manages around 5,000 calls (incoming and outgoing combined) per month.

The Contact Centre also handles emails sent to the generic BCDC address. And because it is open 24 hours a day, it performs other operational tasks (such as setting up client accounts in ISYS) overnight.

### 3. B110

In 2019, efforts focused on developing the B110 app, the BCDC's mobile payment solution.

The new app was unveiled to the Kinshasa staff on 9 December 2019.

The Central Bank of Congo approved B110 in April 2020, and the product is set to launch imminently.

# Risk management and control



**THE BCDC FOLLOWS STRICT STANDARDS OF CORPORATE GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL.**



**THE BANK APPLIES A SOUND CLIENT ACCEPTANCE POLICY THAT PRIORITISES CLIENT RELATIONSHIPS AND ADHERES TO A CODE OF GOOD BUSINESS CONDUCT.**



**IN DOING SO, IT AIMS TO SET AN INTERNATIONAL BENCHMARK FOR QUALITY, PROFESSIONALISM, CONTROL, RISK MANAGEMENT AND TRANSPARENT MANAGEMENT – AT EVERY LEVEL OF THE ORGANISATION.**

Now more than ever, this focus on good governance provides the solid base for prosperous, long-term business growth, as summarised below:

“Striking the right balance between the spirit of enterprise and risk management and control.”\*

\* From the book published to mark the BCDC's 110th anniversary, December 2019

## Risk Management

### Risk mapping

The BCDC updated its mapping of operational risks and key controls in January 2019 and standardised the format to support easier integration into a software program.

Last year, the bank also mapped credit, foreign exchange, interest rate and liquidity risks.

Armed with the new software program, the bank is better able to track changes in its control mapping across its business. The system also includes incidents and operational losses in line with the Basel standards.

Market, liquidity and interest rate risks were discussed at monthly ALM committee meetings. Although no major risks occurred on these fronts in 2019, the revised mining code had implications for the bank's statutory reserve, with the new requirement to repatriate 60% of export proceeds resulting in a significant increase in deposits from clients in the sector. The statutory reserve, denominated in Congolese francs, stands at 12–13% of foreign-currency deposits.

## Risk management policy

The bank's procedures for operational risk date back to March 2017. The equivalent corpus for credit, foreign exchange, interest rate and liquidity risk was developed in August 2019, and procedures on stakeholder roles and responsibilities were established in October 2019.

Together, these three components make up the BCDC's risk management policy.

## Business continuity plan

The BCDC's business continuity plan was presented to the Audit Committee in December 2018. Building on a basic version developed in 2016, it covers operations at the central head office and includes a plan for computer and communication systems recovery. The plan was formally

approved by the Risk Management Committee and endorsed by the Board of Directors at its meeting of 11 March 2020.

## IT security policy

The bank's IT security policy, prepared by the Information Technology and Risk Management departments, was presented to the Audit Committee in October 2018.

The policy aligns with three key priorities of the business continuity plan – data confidentiality, integrity and security – and sets out profile-based codes of conduct, as well as data and system access permissions. By publishing its IT security aims and objectives in this way, the bank has a clear road map with detailed action plans.

The codes of conduct and other documents referred to in the IT security policy – including the data

classification policy, which is a major focus for the current year – were presented to the Risk Management Committee for approval on 10 March 2020.

As well as upgrading its IT security policies and procedures, the bank also commissioned an international audit firm to carry out internal and external penetration tests, demonstrating its commitment to best practices.

At the same time, the bank finalised the overhaul of user profiles in its operating system, as well as streamlining signatures and various other routine operations.

The BCDC also continued work on its branch and head office security plan, installing improved detection and video surveillance systems in its branches.

The policy sets out profile-based codes of conduct, as well as data and system access permissions.

## Compliance

Last year was particularly busy on the compliance front for the BCDC and other banks in the DRC.

Highlights included:

- ▶ The entry into force of five new Central Bank of Congo instructions: nos. 17, 18, 19, 21 and 22. These instructions deal primarily with control functions and governance in lending institutions. Instruction no. 17 on prudential rules regarding internal control sets out the roles of different control functions within banks (levels 1, 2 and 3), as well as strengthening the scope, powers and hierarchical positioning of the compliance function. Banks were given until May 2020 to comply with the new instructions.
- ▶ The launch by the Central Bank of Congo, in March 2019, of the National Payment System (SNP) for foreign-currency payments. The SNP was set up to allow the central bank to clear EUR and USD transactions by commercial banks in the DRC. The system was suspended on 31 December 2019 pending an audit by the US Department of the Treasury.
- ▶ A visit by a Congolese Banking Association delegation to the United States to meet with rep-

resentatives of the Department of State and the Department of the Treasury, the NGO The Sentry, and Citibank, the main correspondent bank for commercial banks in the DRC. The purpose of the trip was to lobby on behalf of the DRC's banking sector and to bring the country's compliance rules in line with international standards.

The BCDC uses three transaction control systems:

- ▶ The Sopra Banking "Anti-Money Laundering" module
- ▶ The Sopra Banking "Blacklist Management" system
- ▶ Sanctions Screening by Swift

## Outlook for 2020

Major changes will likely occur in the area of compliance in 2020, given the new political context and the Central Bank of Congo's clear determination to strengthen the role of the compliance function in lending institutions. The BCDC will enact a series of reforms and overhaul its systems in keeping with these developments.

Looking specifically at the outlook for compliance in 2020, the changes that will happen at the bank include:

- ▶ Having sales, client care and operational teams play a bigger role in level 1 controls (rectifying client accounts, monitoring transactions, etc.)
- ▶ Embedding a culture of compliance across the workforce through awareness-raising initiatives
- ▶ Acquiring an electronic document management system
- ▶ Stabilising transaction monitoring tools
- ▶ Commissioning a third-party audit of the BCDC's anti-money laundering systems and procedures
- ▶ Applying the provisions of the new Central Bank of Congo Instruction no. 17

## Credit risk

In 2019, the value of the gross loan portfolio increased by 11%, standing at USD 529 million equivalent at 31 December.

While client loans represent a large share of the BCDC's net banking income and profit, they also have the highest risk profile of any part of the bank's business.

The bank has updated its lending policy in an effort to contain and mitigate this risk. The objectives of this new policy, which was approved by the Audit Committee on 24 March 2019 and endorsed by the Board of Directors at its meeting of 24 April 2019, are two-fold: to meet the strict requirements imposed by the Central Bank of Congo (the regulatory authority) and to serve as a credit risk management framework for all BCDC staff.

In addition to the policy, which outlines the fundamental principles of the bank's approach, the BCDC has also developed a set of procedures covering lending, guarantees and limits. It has also introduced an internal scoring system consistent with the principles set out in its policy.

In 2019, the cost of risk improved for two main reasons: an increase in the size of the loan portfolio (the denominator) and the successful recovery of non-performing loans.

### A growing loan portfolio amid greater political stability

As has traditionally been the case, credit facilities and overdrafts (mostly short-term lending) continue to dominate the loan portfolio.

At end-2019, "corporate" loans accounted for 64% of the bank's total portfolio. Lending to this client segment – to businesses seeking finance for their investment projects – grew by USD 60 million last year.

The retail loan portfolio, meanwhile, represents 15% of the bank's total lending and recorded an increase of USD 18 million last year.

### Sound portfolio management

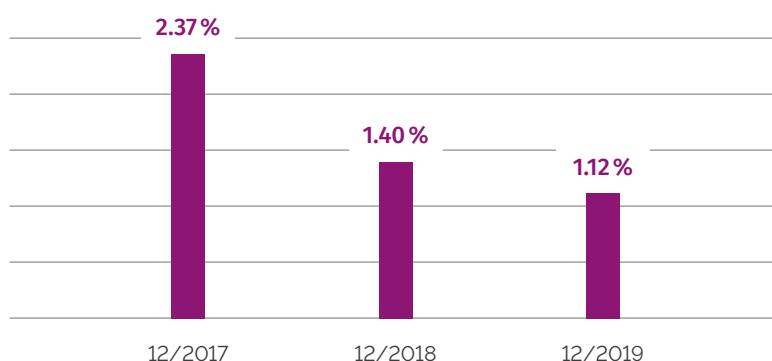
Performing loans make up 75% of the BCDC's loan portfolio.

At end-2019, performing loans past due – a category that includes loans where a payment is between 1 and 89 days late – represented 20% of the portfolio. Given the nature of the classification criteria, the volume of lending that falls into this category can change markedly from one month to the next. Last year alone, the figure – as a share of the total portfolio – varied between 9% and 20%.

Loans in this category are subject to enhanced monitoring at monthly "Watchlist" committee meetings.

The share of non-performing loans (90 days or more past due) fell last year to 5% of the bank's total portfolio.

### EVOLUTION OF THE COST OF RISK



At 31 December 2019, provisions set aside for loans – per risk class – were well above the minimum prudential requirements set out in Central Bank of Congo Instruction no. 16.

The BCDC therefore applies a conservative loan provision policy. The bank has opted not to include some types of collateral, such as for mortgages, in its credit risk weighting, even though these are eligible for inclusion according to Central Bank of Congo Instruction no. 16.

In order to calculate its cost of risk, the bank divides net allocations (allocation minus reversal of provisions) by the average stock of loans for the year. In 2019, the cost of risk improved for two main reasons: an increase in the size of the loan portfolio (the denominator) and the successful recovery of non-performing loans.

### Collateral requirements tailored to the client's risk profile

The bank treats collateral as a secondary source of repayment. Applications are approved first and foremost on the basis of the client's ability to generate sufficient positive cash flow to repay the loan amount.

Secured loans (mortgages and cash collateral) account for 25% of the bank's loan portfolio, or USD 133 million. For mortgage lending, the bank ensures that the property in question is appraised by an independent surveyor. A list of approved mortgage valuation surveyors was drawn up in 2019.

The unsecured loan portfolio (22% of the total portfolio) mainly consists of lending to the subsidiaries of major multinationals posing an extremely low default risk.

More generally, the BCDC adheres to OHADA law on collateral and to Central Bank of Congo Instruction no.16, which sets out the deductibility rules for loan provision purposes.

### Risk concentration within regulatory limits

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 an individual value limit of USD 17,5 million and cumulative major risk limit of USD 568 million, or eight times the bank's capital.

There has been little change in the sectoral structure of the banks' portfolio, which continues to reflect the key sectors of the DRC's economy: the mining industry (13%), the service sector (13%) and large retailers (12%).



## Introduction from Joël Kabuya, Head of Finance and Control

“The BCDC once again proved its robustness by posting the best results in the sector in 2019.”

**IN 2019, THE BCDC ONCE AGAIN PROVED ITS ROBUSTNESS AND ITS RESILIENT OPERATING PERFORMANCE BY POSTING NET PROFIT OF USD 21.104 MILLION EQUIVALENT – THE BEST PERFORMANCE IN THE SECTOR – AND RANKING SECOND IN THE INDUSTRY FOR OPERATING RATIO, AT 62%.**

Net banking income (NBI), at book value, stood at CDF 157,715 million, due in large part to a high volume of commissions on foreign-exchange transactions, and to an increase in interest margin (up 22%) despite the negative impact of monetary policy on refinancing costs amid the growth of client deposits.

In addition to the effect on NBI, our performance was also lifted by efforts to contain operating costs, which remained stable relative to 2018.

The bank's balance sheet was up 42% against 2018 (excluding exchange-rate effects). Our overall solvency ratio was 12.2% (above the 10% requirement), while core capital stood at USD 68.49 million equivalent (CDF 114.58 billion) at 31 December 2019, well in excess of the minimum capital requirement of USD 30 million.

This trend was mainly due to a 47% increase in client deposits, which rose from USD 670.4 million (CDF 1,096.5 billion) to USD 982.6 million (CDF 1,643.9 billion), and by the rise in our equity capital of USD 9.4 million. These resources were principally used for two purposes: first, to support the economy, with (net) loans increasing from USD 371.7 million to USD 433.9 million, and second, for cash assets and investments with correspondents, which were up 69% from USD 425 million to USD 719.9 million primarily in response to higher statutory reserve requirements following the increase in client deposits.

Regulatory capital, at USD 86.11 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 six 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 2019, the BCDC once again demonstrated pioneering leadership by replacing IAS 11 with IFRS 16 (leases).

The Finance and Control Department called in consulting firm Finance & Décision Consulting (offices in France and Morocco) to produce an impact assessment and help present the bank's consolidated accounts for 2019 to the IFRS standard.

From the year ending 31 December 2019, the BCDC will be the first bank in the DRC to present financial information to the IFRS 16 standard.

With the consulting firm's support, the bank determined the lease eligibility criteria (term and value), the applicable discount rate (the interest rate implicit in the lease or the incremental borrowing rate) and the transition method (full retrospective method).

The bank selected the following options for the accounts made up to 31 December 2019:

- ▶ Leases with a term of less than 12 months are excluded.
- ▶ All leases with a value of less than USD 5,000 are excluded.
- ▶ Future lease payments are discounted at an incremental borrowing rate (IBR) of 3.47%, i.e. the average interbank market rate over the previous three years.

The bank has acquired and configured Amelkis Lease, an automatic restatement solution that stores and manages leases, calculates and analyses leasing and rental restatements in line with the IFRS 16 standard, and generates reports.

**Joël Kabuya,**  
Head of Finance and Control

### **A virtuous circle allowing the BCDC to sustain its growth and adhere to all good management ratios**

The 2019 financial year was impressive on the performance front, despite political uncertainty weighing on business volumes. The bank's performance was buoyed by rising interest margin stemming from growth of the loan and investment portfolio, by operating cost control, and by an increase in 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

## **PRUDENTIAL MANAGEMENT APPLIES TO THE INDIVIDUAL FINANCIAL STATEMENTS OF THE BCDC ONLY. 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 7 of Instruction no. 14 on prudential management standards, which entered into force on 8 February 2019, and in Instruction no. 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 and Risks 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, and more.

- ✓ Individuals responsible for business and 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.

# The general report from the external auditors on the annual accounts

for the financial year ending 31 December 2019

## 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 2019, 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 149,881 million, including net profit of CDF 23,266 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 2019, 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 2019, and its financial performance and cash flow statement for the year closing on that date, in accordance with the accounting principles generally

accepted in the Democratic Republic of Congo and with the instructions and directives of the Central Bank of Congo.

#### 1.2 BASIS OF THE OPINION

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

We are independent of Banque Commerciale Du Congo S.A. (BCDC) in accordance with the International Ethics Standards Board for Accountants (IESBA) Code of Ethics and with the code of ethics of accounting professionals from Regulation No.01/2017/CM/OHADA to harmonise the practices of accounting and auditing

professionals in OHADA member states, and the independence rules that govern external auditors, and we have satisfied the 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 THE BOARD OF DIRECTORS RELATIVE TO THE ANNUAL ACCOUNTS

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

The Board of Directors 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 the Board of Directors 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 the Board of Directors 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 1 to this external auditor's report.

## II. Specific verifications and information

### 2.1. SPECIFIC VERIFICATIONS REQUIRED BY THE CENTRAL BANK OF CONGO

As part of our audit, we have carried out the specific verifications required under Central Bank of Congo Instruction no. 19. Our assessment covered:

- ▶ The organisation and governance of the bank and the quality of its risk identification, measurement, monitoring, control and reduction arrangements.
- ▶ The adequacy and performance of the internal control system.
- ▶ The bank's compliance.
- ▶ The arrangements for combating money laundering, terrorist financing and proliferation, as well as for IT security.
- ▶ The management and control of risks inherent in the outsourcing of key services.

On the basis of these verifications, our conclusions are as follows:

- ▶ The bank's organisation and governance satisfy the requirements of Central Bank of Congo Instruction no. 21. Its identification, measurement, monitoring, control and risk reduction arrangements are adequate.

- ▶ The bank's internal control system is adequate and satisfies the requirements of Central Bank of Congo Instruction no. 17.

We nevertheless noted a discrepancy of CDF 3,237 million between the balance of specific provisions for receivables as recorded in the accounts (CDF 42,341 million) and the balance of provisions as shown in the statement of loans prepared by the Loans Department (CDF 39,104 million). This discrepancy was reportedly due to the fact that the statement of loans was updated as recommended by the Receivables Committee at its final meeting in the reporting period.

- ▶ Overall, the bank's practices meet the various management standards that apply in light of the nature of its business and the risks to which it is exposed.

We nevertheless found that the bank did not satisfy the leverage ratio requirement set in article 42 of Central Bank of Congo Instruction no. 14 (modification 6). As of 31 December 2019, the bank's leverage ratio was 4.29%, which is below the required value

of 5%. However, we were assured that the leverage ratio requirement will be met once the profit for the reporting period is incorporated into the bank's core capital.

- ▶ The bank has adequate arrangements in place for combating money laundering, terrorist financing and proliferation, and for IT security.

Nevertheless, after reviewing the database (Informix) used by the core banking system (Amplitude Bank), we noted that the log files, which contain a record of all events occurring in the database, are not always enabled and that, as a result, it is impossible to track and review operations performed within the database management system (DBMS).

- ▶ The bank's management and control of risks inherent in the outsourcing of key services is acceptable.

Details of the verifications carried out, and our conclusions arising from them, will be shared with the bank's Management and with the Central Bank of Congo in a separate report.

## 2.2. OTHER SPECIFIC VERIFICATIONS REQUIRED BY LAW

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 external auditor**  
PricewaterhouseCoopers DRC

Kinshasa, 9 June 2020

# Balance sheet and profit and loss account

Balance sheets on 31 December 2019 and 31 December 2018

Expressed in thousands of Congolese francs (CDF)

Assets	31/12/2019	31/12/2018
<b>Cash and interbank transactions</b>		
Cash in hand, central and correspondent banks	1,130,489,534	654,219,435
Debts owed by lending institutions	73,853,135	40,890,383
➔ <b>Total cash and interbank transactions</b>	<b>1,204,342,668</b>	<b>695,109,818</b>
<b>Transactions with clients</b>		
Portfolio of commercial bills of exchange	6,018,989	7,753,974
Overdrafts and other loans to clients	719,943,534	600,261,788
➔ <b>Total Transactions with clients</b>	<b>725,962,523</b>	<b>608,015,762</b>
<b>Accounts of third parties and adjustment accounts</b>		
Asset adjustments	16,264,792	13,094,507
Miscellaneous assets	26,116,083	16,283,216
➔ <b>Total accounts of third parties and adjustment accounts</b>	<b>42,380,875</b>	<b>29,377,723</b>
<b>Capitalised assets</b>		
Net capitalised assets	75,224,123	68,971,116
Fixed assets in progress	0	4,678,329
Securities portfolio	2,027,870	2,007,965
Guarantees and deposits	564,218	547,972
➔ <b>Total capitalised assets</b>	<b>77,816,211</b>	<b>76,205,382</b>
➔ <b>Total assets</b>	<b>2,050,502,277</b>	<b>1,408,708,685</b>

<b>Contingent accounts</b>		
Commitments given	293,341,722	291,197,834
Commitments received	1,615,139,179	2,043,404,896
Internal commitments	120,025,776	119,905,595
Doubtful commitments	2,639,577	-
➔ <b>Total contingent accounts</b>	<b>2,031,146,254</b>	<b>2,454,508,325</b>

Liabilities	31/12/2019	31/12/2018
<b>Cash and interbank transactions</b>		
Lori and Central Bank correspondents	26,374,495	19,757,474
Interbank loans and overdrafts	67,567,500	40,755,000
<b>Total cash and interbank transactions</b>	<b>93,941,995</b>	<b>60,512,474</b>
<b>Transactions with clients</b>		
Demand deposits and current accounts	1,087,038,537	760,962,079
Fixed-term deposits and savings accounts	537,215,683	312,557,103
Other client accounts	19,643,401	23,027,281
<b>Total Transactions with clients</b>	<b>1,643,897,620</b>	<b>1,096,546,463</b>
<b>Accounts of third parties and adjustment accounts</b>		
Liability adjustments	59,083,279	42,826,811
Miscellaneous liabilities	68,994,420	43,606,916
<b>Total accounts of third parties and adjustment accounts</b>	<b>128,077,699</b>	<b>86,433,727</b>
<b>Permanent capital</b>		
Capital and associated premiums	4,982,000	4,982,000
Reserves and issue premiums	77,582,019	59,600,700
Capital gain on re-evaluation of fixed assets	33,371,350	33,371,350
Regulated provisions	8,390,104	14,768,612
Carried forward + or -	2,289,481	2,238,392
Profit for the financial year	23,266,232	19,146,381
Capital and reserves	149,881,185	134,107,435
Provisions for risks, charges and losses	34,703,778	31,108,586
<b>➔ Total permanent capital</b>	<b>184,584,963</b>	<b>165,216,021</b>
<b>➔ Total liabilities</b>	<b>2,050,502,277</b>	<b>1,408,708,685</b>

## Profit and loss accounts for the financial years ended on 31 December 2019 and 31 December 2018

Expressed in thousands of Congolese francs (CDF)

	31/12/2019	31/12/2018
Income from cash and interbank transactions	13,255,094	4,790,100
Expenses linked to cash and interbank transactions	-991,055	-715,528
Income from transactions with clients	84,981,158	69,292,377
Expenses linked to transactions with clients	-21,401,022	-13,082,692
Other banking income	103,272,099	91,281,775
Other banking charges	-21,401,110	-12,492,592
<b>Net banking income</b>	<b>157,715,164</b>	<b>139,073,440</b>
Miscellaneous income	8,158,077	9,662,830
General operating costs	-57,315,977	-57,366,160
Wages and salaries	-44,649,469	-42,676,978
Tax and related expenses	-1,395,944	-1,668,146
<b>Gross operating profit</b>	<b>62,511,851</b>	<b>47,024,986</b>
Allocations to depreciation	-7,337,041	-6,550,041
<b>Pre-tax and exceptional profit/loss</b>	<b>55,174,810</b>	<b>40,474,945</b>
Profit/loss on sale of asset elements	26,947	27,678
Allocation and reversal of provisions	-14,111,612	-6,815,824
Extraordinary profit or loss	-5,784,061	-4,444,247
<b>Pre-tax profit/loss</b>	<b>35,306,084</b>	<b>29,242,552</b>
Corporation tax	-12,039,852	-10,096,171
<b>Profit for the financial year</b>	<b>23,266,232</b>	<b>19,146,381</b>

## Statement of variation in capital and reserves closed on 31 December 2019

Expressed in thousands of Congolese francs (CDF)

	Balance on 01/01/2019	2019 movement			Balance on 31/12/2019
		Increase	Reduction	Conversion to current value	
Registered capital	4,982,000	-	-	-	4,982,000
Legal reserve	12,828,914	1,958,339	-	292,808	15,080,061
Statutory reserve	46,635,431	7,833,352	-	1,064,410	55,533,193
Optional reserve	136,355	-	-	3,112	139,467
Carried forward + or -	2,238,392	-	-	51,089	2,289,481
Result of the period	19,146,381	23,266,232	19,146,381	-	23,266,232
Capital gain upon revaluation	33,371,350	-	-	-	33,371,350
Provision on the sale of buildings	6,676,904	-	-	152,394	6,829,298
Provision for reconstitution of capital	8,091,708	113,709	-	184,686	8,390,102
<b>Total capital and reserves</b>	<b>134,107,435</b>	<b>33,171,632</b>	<b>19,146,381</b>	<b>1,748,499</b>	<b>149,881,184</b>

## Cash flow statement closed on 31 December 2019 and 31 December 2018

Expressed in thousands of Congolese francs (CDF)

	31/12/2019	31/12/2018
<b>Operations</b>		
Banking operating income collected (excluding income from investment portfolio)	209,666,429	175,027,082
Banking operating expenses disbursed	-102,266,724	-85,325,118
Deposits/withdrawal of deposits from other banking and financial institutions	33,429,521	-71,216,105
Loans and advances/reimbursement of loans and advances to clients	-117,749,627	-162,218,704
Deposits/withdrawal of deposits by clients	547,351,157	324,740,928
Investment securities	-	-
Sums paid to staff and miscellaneous creditors	-44,649,469	-42,676,978
Other cash flow from operations	14,832,269	20,287,814
Corporation tax	-12,116,689	-10,096,171
<b>Net cash flow from operations</b>	<b>528,496,867</b>	<b>148,522,748</b>
<b>Investment activities</b>		
Interest and dividends collected from investment portfolio	-	-
Acquisitions/sales in investment portfolio	-36,151	-36,532
Acquisitions/sales in fixed assets	-9,654,675	-26,125,872
Securities from portfolio activities	-	-
<b>Net cash flow from investment activities</b>	<b>-9,690,826</b>	<b>-26,162,404</b>
<b>Financing activities</b>		
Share issue	-	-
Bond issue	-	-
Bond reimbursement	-	-
Increase/reduction in special resources	-	-
Dividends paid	-9,573,191	-6,604,417
<b>Net cash flow from financing activities</b>	<b>-9,573,191</b>	<b>-6,604,417</b>
Impact of exchange rate changes on cash and cash equivalents	0	0
Net variation in cash and cash equivalents during the period	509,232,850	115,755,928
Cash and cash equivalents at start of period	695,109,818	579,353,890
<b>Cash and cash equivalents at end of period</b>	<b>1,204,342,668</b>	<b>695,109,818</b>

# The assignment of the balance sheet result

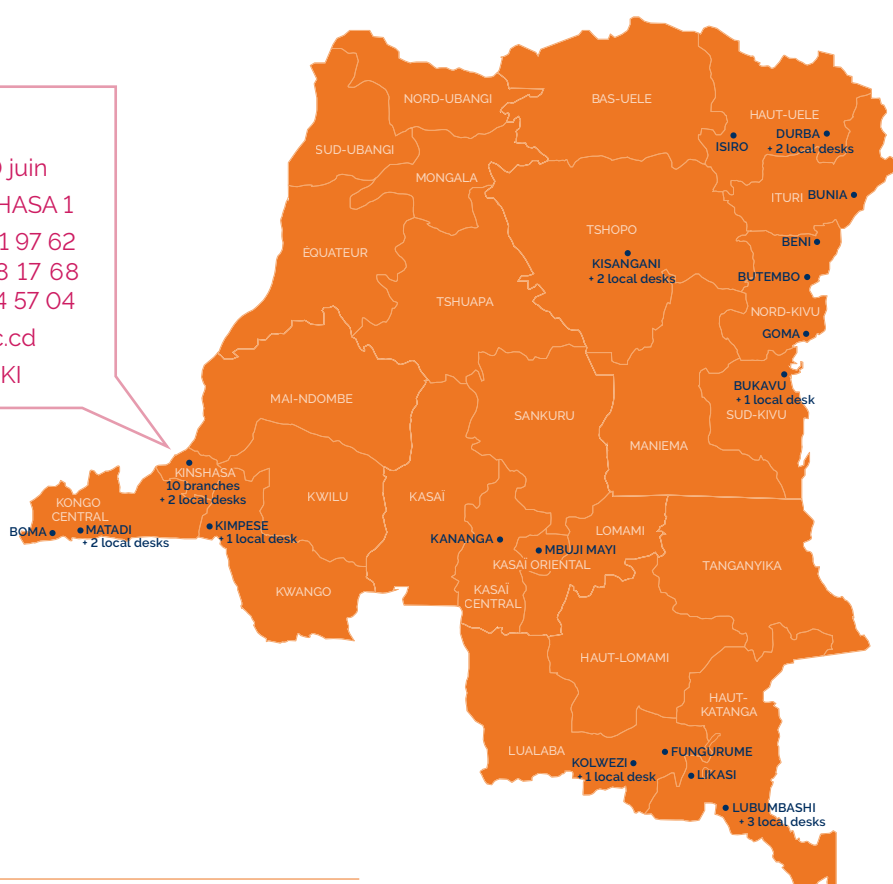
The assignment of the balance sheet result

	CDF	USD
<b>Profit for the 2019 financial year</b>	<b>23,266,232</b>	<b>13,907</b>
<b>1. Assignment</b>		
Legal reserve (10%)	2,326,623	1,390
Statutory reserve	20,939,609	12,517
Dividends	0	0
<b>2. Capital and reserves at book value</b>		
Capital	4,982,000	2,978
Legal reserve	15,080,061	9,014
Statutory reserve	55,533,193	33,195
Optional reserves	139,467	83
Provision for reconstitution of capital	8,390,103	5,015
Reserve on the sale of buildings	6,829,298	4,082
Capital gain upon revaluation	33,371,350	19,948
Carried forward + or -	2,289,481	1,369
	<b>126,614,953</b>	<b>75,684</b>

## 41 client contact points: 27 branches and 14 local desks

### 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@bcdcd.cd](mailto:dir@bcdcd.cd)  
SWIFT: BCDCCDKI



## Kinshasa

### BRIKIN BRANCH

B.P. 2798 - KINSHASA 1  
Tel.: (+243) 81 451 46 54  
[brikin@bcdcd.cd](mailto:brikin@bcdcd.cd)

### KINTAMBO BRANCH

B.P. 2798 - KINSHASA 1  
Tel.: (+243) 82 139 83 46  
[kintambo@bcdcd.cd](mailto:kintambo@bcdcd.cd)

### ► Rotana Local Desk

Tel.: (+243) 82 378 53 39  
[rotana@bcdcd.cd](mailto:rotana@bcdcd.cd)

### LIMETE BRANCH

B.P. 2798 - KINSHASA 1  
Tel.: (+243) 81 711 63 66  
[limete@bcdcd.cd](mailto:limete@bcdcd.cd)

### MARCHÉ BRANCH

B.P. 2798 - KINSHASA 1  
Tel.: (+243) 81 606 84 25  
[marche@bcdcd.cd](mailto:marche@bcdcd.cd)

### ► Oasis Local Desk

Tel.: (+243) 82 582 99 36  
[oasis@bcdcd.cd](mailto:oasis@bcdcd.cd)

### MATONGE BRANCH

B.P. 2798 - KINSHASA 1  
Tel.: (+243) 81 711 64 25  
[matonge@bcdcd.cd](mailto:matonge@bcdcd.cd)

### PLAZA VILLAGE BRANCH

B.P. 2798 - KINSHASA 1  
Tel.: (+243) 81 711 63 96  
[plaza@bcdcd.cd](mailto:plaza@bcdcd.cd)

### ROYAL/GOMBE BRANCH

B.P. 2798 - KINSHASA 1  
Tel.: (+243) 81 711 34 56  
[royal@bcdcd.cd](mailto:royal@bcdcd.cd)

### UCC BRANCH

B.P. 2798 - KINSHASA 1  
Tel.: (+243) 82 635 42 03  
[ucc@bcdcd.cd](mailto:ucc@bcdcd.cd)

### UNIKIN BRANCH

B.P. 2798 - KINSHASA 1  
Tel.: (+243) 81 711 64 04  
[uni@bcdcd.cd](mailto:uni@bcdcd.cd)



BCDC also had  
47 Western Union counters  
as at 31/12/2019.

## Internal network

### BENI BRANCH

B.P. 11 - BENI  
Tel.: (+243) 81 706 16 97  
ben@bcdcd.cd

### BOMA BRANCH

B.P. 23 - BOMA  
Tel.: (+243) 82 282 78 96  
bom@bcdcd.cd

### BUKAVU BRANCH

B.P. 1516 - BUKAVU  
Tel.: (+243) 82 459 14 41  
bkv@bcdcd.cd

### ► Namoya Local Desk

Cité de Salamabila,  
Territoire de Kabambare,  
Province du Maniema Tel.:  
(+243) 82 459 14 41

### BUNIA BRANCH

B.P. 1018 - KISANGANI  
Tel.: (+243) 82 397 53 05  
bia@bcdcd.cd

### BUTEMBO BRANCH

B.P. 39 - BUTEMBO  
Tel.: (+243) 81 205 55 45  
btb@bcdcd.cd

### DURBA BRANCH

B.P. 1018 - KISANGANI  
Tel.: (+243) 81 705 83 97  
dba@bcdcd.cd

### ► Aru Local Desk

Province de L'Ituri  
Tel.: (+243) 81 470 22 19  
aru@bcdcd.cd

### ► Kibali Local Desk

Tel.: (+243) 82 079 71 45  
kibali@bcdcd.cd

### GOMA BRANCH

B.P. 108 - GOMA  
Tel.: (+243) 82 633 18 58  
gma@bcdcd.cd

### ISIRO BRANCH

Tel.: (+243) 82 151 01 40  
isr@bcdcd.cd

### KANANGA BRANCH

B.P. 15 - KANANGA  
Tel.: (+243) 81 257 82 81  
kga@bcdcd.cd

### KISANGANI BRANCH

B.P. 1018 - KISANGANI  
Tel.: (+243) 82 521 48 64  
ksg@bcdcd.cd

### ► Bralima Local Desk

bralimaksg@bcdcd.cd

### ► Makiso Local Desk

Tel.: (+243) 82 963 50 91  
makiso@bcdcd.cd

### KIMPESE BRANCH

B.P. 2798 - KINSHASA 1  
Tel.: (+243) 81 541 95 52  
kps@bcdcd.cd

### ► Lukala Local Desk

Tel.: (+243) 82 776 71 42  
lukala@bcdcd.cd

### MATADI BRANCH

B.P. 33 - MATADI  
Tel.: (+243) 82 398 64 16  
mtd@bcdcd.cd

### ► Inga Local Desk

Tel.: (+243) 82 142 91 07  
inga@bcdcd.cd

### ► Port Matadi Local Desk

gumtd@bcdcd.cd

### MBUJI-MAYI BRANCH

B.P. 379 - MBUJI-MAYI  
Tel.: (+243) 81 711 34 11  
mby@bcdcd.cd

## Southern network

### LUBUMBASHI BRANCH

B.P. 74 - LUBUMBASHI  
Tel.: (+243) 81 363 53 16  
(+243) 81 991 44 08  
lub@bcdcd.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) 81 725 32 53  
klz@bcdcd.cd

### ► Manika Local Desk

Commune Manika  
Tel.: (+243) 81 725 32 53

### FUNGURUME BRANCH

Tel.: (+243) 82 367 98 69  
fgm@bcdcd.cd

### LIKASI BRANCH

B.P. 298 - LIKASI  
Tel.: (+243) 81 543 54 55  
lks@bcdcd.cd

# 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

- ▶ Aktif Yatirim Bankasi (Turkey): CAYTTRIS
- ▶ Citibank N.A. (United Kingdom): CITIGB2L
- ▶ Commerzbank AG (Germany): COBADEFF
- ▶ Natixis (France): NATXFRPP
- ▶ Unicredit S.P.A (Italy): UNCRITMM

## Correspondent 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@bcdcd.cd  
Boulevard du 30 Juin – B.P. 2798 Kinshasa 1

### CONTENT AND PRODUCTION

M&C.M sprl - [www.mcmanagement.be](http://www.mcmanagement.be)

### ILLUSTRATIONS

Cover background: M&C.M  
Chapters: Adobe Stock  
p.18: Upklyak/Freepik  
Others: various BCDC sources

© October 2020



**BANQUE COMMERCIALE DU CONGO**

*Building the future*

[www.bcdc.cd](http://www.bcdc.cd)