



ANNUAL REPORT  
**2021**





## Our history

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

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

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

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

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

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

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

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

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

## Transforming banking in the DRC

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

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

## Our philosophy

### Our purpose

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

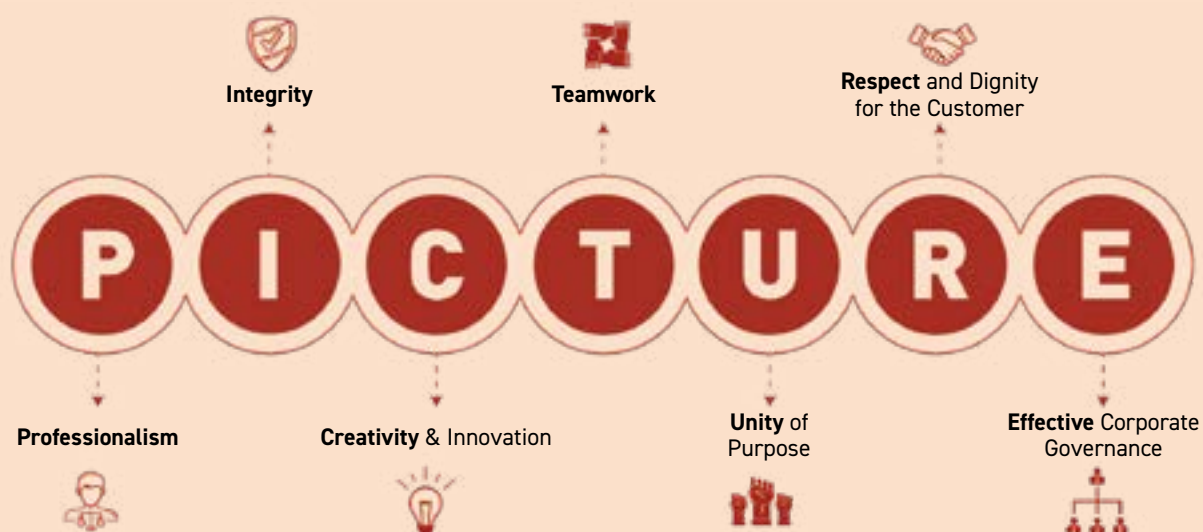
### Our vision

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

### Our mission

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

## Our core values



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# FOREWORD

by the Chair of the Executive Committee

On 30 December 2020, Equity Group Holdings received regulatory approval from the Central Bank of Congo to merge Equity Bank Congo and the Banque Commerciale du Congo, following the completion of the acquisition a few months earlier. One year on, the outstanding results posted by EquityBCDC for the 2021 financial year are testament to the value created by this merger for all stakeholders.

A merger of this kind naturally involves reorganisation on the human-resources, technical and commercial fronts. We focused our efforts with a view to getting the new entity up and running as quickly as possible and to meeting the needs of our clients.

We would like to thank our clients for the trust, patience and understanding they have demonstrated throughout this process. We would also like to express our gratitude to the 1,140 members of our staff who have contributed to the success of this merger and the successful development of the bank in 2021.

The main management indicators all moved in the right direction in the past 12 months, underscoring the outstanding efforts made by all. For instance, our client base grew by 8%, deposits by 49% and loans by 22%, resulting in an 82% increase in net banking income. Our balance sheet total, as expressed in CDF, grew by 47% to USD 3.6 billion equivalent, while net profit for the financial year stood at USD 40 million equivalent. We also kept risks fully under control throughout the year.

In keeping with our vision to be the champion of the socio-economic prosperity of the people of Africa, and of the DRC in particular, we are determined to make banking services accessible to all. To this end, we launched a series of products and initiatives for our clients and the citizens of our country: EquityBCDC Express, a network of over 10,000 banking agents throughout the DRC, and the Equity Leaders Program (ELP), a competitive internship programme for around 150 top-performing secondary school leavers, who receive on-the-job training and mentorship within our bank.

Last but not least, in our drive to deepen commercial ties between investors in Kenya and the DRC, we joined forces with the governments of both countries to organise an international business mission in four major cities in the DRC. The initiative was a resounding success, leading to the creation of synergies and the emergence of joint investment plans between the two countries.

EquityBCDC is more than a bank: we transform lives and give dignity by expanding opportunities for wealth creation. Together, let us continue on the path of success and development in order to bring socio-economic prosperity to the people of Africa.

**Célestin Mukeba Muntuabu**

Managing Director and  
Chair of the Executive Committee





# CHAPTER 1

## Introduction

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# Looking back on 2021 - Report by the Executive Committee

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**EquityBCDC built on the momentum generated in 2020 to deliver high-quality financial services to its clients, putting in a solid performance in financing the national economy and contributing to GDP growth.**

**The bank's loan portfolio grew by 22% last year and it posted net income after tax of USD 40.1 million for 2021 – a sharp year-on-year increase despite the economic fallout of the Covid-19 pandemic.**



EquityBCDC is pursuing its strategy of rolling out digital products and services that give clients the freedom and independence to bank online and via mobile solutions.

Last year, the bank focused on finalising ongoing projects in partnership with telecommunications operators and e-money providers:

- **Transferring money from an digital wallet** (Orange Money, Afrimoney) to an EquityBCDC account and vice versa

## 1 IN THE BANKING SECTOR



The benchmark interest rate was cut several times in 2021, from 18.5% down to 8.5%, in order to provide banks with more liquidity to support the economy and to reduce the Central Bank of Congo refinancing cost, allowing them to rebalance their finances and better support the economy.

The statutory reserve ratio on on-demand deposits denominated in Congolese francs fluctuated around 0.0%. Other ratios remained unchanged from 2020 levels: 0.0% for term deposits denominated in Congolese francs and 13.0% and 12.0% respectively for on-demand and fixed-term deposits denominated in foreign currencies.

# HIGHLIGHTS OF 2021





## EquityBCDC is pursuing its digital product development strategy.

- **Developing solutions for accessing bank accounts using the Unstructured Supplementary Service Data (USSD) protocol**, which lets EquityBCDC clients use banking services from a mobile device without an internet connection
- **Introducing automated e-money top-up products**, which allow telecommunications retailers to top up e-money wallets by making deposits in EquityBCDC branches
- **Rolling out the EquityPay payment solution**, which lets EquityBCDC and Orange Money clients pay for purchases from merchants with their phone, without the use of a bank card (this project will be extended to include other operators). This user-friendly solution will have the benefit of combining all payment methods in one place, with funds transferred to the merchant's single EquityBCDC account, thereby avoiding

the complication of receiving money via multiple channels. The solution will drive a change in clients' payment practices. A mass information and publicity campaign will be launched in the second half of 2022.

The bank has also developed solutions to help members of the DRC's diaspora transfer money via digital channels.

Given that the DRC's economy remains largely cash-based, EquityBCDC plans to capture the majority of international money transfers via its ecosystem of branches, banking agents and sub-agents.

For this reason, the bank has opened a new MoneyGram service, which complements its existing Western Union service and ensures coverage of the two leading transfer operators.



## 3 THE EQUITY GROUP FOUNDATION

The Equity Group Foundation was created by the Group's Social Investment Division. Its focus is on building strategic partnerships with organisations such as FSD Africa (FSDA) and the Mastercard Foundation to advance financial inclusion initiatives. The Foundation has also engaged with the International Labour Organization (ILO), the French Development Agency (AFD) and its subsidiary Proparco, and the Embassy of the Netherlands.

The Foundation carried out a range of activities in 2021, focusing on schools in Haut-Katanga, Kasai, Kinshasa and North

Kivu (Goma). Several grant-holders were selected from these schools as part of the bank's Education and Leadership Development programme. The budgets for ongoing projects operated in partnership with FSDA and the Mastercard Foundation are as follows:

### FSDA:

**Initial duration:** 3 years

1 February 2019 – 31 December 2021

**Budget:** GBP 1,280,000 (FSDA) and GBP 960,000 (EquityBCDC cash contribution)

**Duration extended** until December 2022

**Revised budget:** GBP 1,169,001 (FSDA) and GBP 1,857,853 (EquityBCDC)

**Budget disbursed to date:** GBP 843,434

**Budget remaining to be disbursed:** GBP 325,566

### MASTERCARD FOUNDATION:

**Initial duration:** 3 years

24 October 2018 – 31 December 2021

**Duration extended** until March 2022

**Budget:** USD 1,500,641 (MC FRP) and USD 1,500,641 (EquityBCDC cash contribution)

**Budget disbursed to date:** USD 217,922.68

**Budget remaining to be disbursed:** USD 1,282,718.32

Under its financial inclusion projects to date, the bank has deployed over 1,000 new banking agents, especially in rural and suburban areas, delivered financial literacy and entrepreneurship training to over 4,000 people, provided rural entrepreneurship training to 1,422 women and raised awareness about financial literacy among over 2.7 million people through educational radio clips and programmes in 15 provinces. As of end-2021, over 200,000 people living in rural communities now have a bank account as a result of these projects.



## 4 RISK MANAGEMENT



Risk management is a central part of the bank's strategic management process. It allows the bank to identify, assess, control and monitor the risks to which it is exposed, thereby increasing the likelihood that it will successfully achieve its objectives.

The Board of Directors has approved an overall risk management policy framework, which is inspired by the standards laid down in Central Bank of Congo Instruction no. 22 and by the sound risk management practices applied at EquityBCDC. This framework has 10 components:

**The market risk management policy**

**The operational risk management policy**

**The technology risk management policy**

**The computer acceptable use policy**

**The information classification policy**

**The business continuity plan**

**The IT security policy**

**The fraud risk management policy**

**The risk appetite policy**

**The risk map**

The operational, credit, foreign-exchange, liquidity and interest-rate risk management policy

At end-December 2021, some of the bank's prudential ratios stood below the statutory thresholds. These included the core solvency ratio, the leveraged ratio and the leveraged position, which stood at 6.71%, 8.26% and 3.94% respectively before integration of profit for the 2021 financial year.

After integration profit of the 2021 financial year, the same ratios stand at 8.56%, 10.11% and 5.03%, all of which exceed the respective minimum thresholds of 7.5%, 10% and 5%.

Further improvements should be seen in these ratios with the increase in equity capital.

The overall liquidity ratio was 168%, against a minimum threshold of 100%. The fixed asset coverage ratio stood at 361% (minimum threshold of 100%) and the transformation ratio was 248% (minimum threshold of 80%). Together, these ratios reflect the bank's solid foundations.

The bank was able to contain the adverse effects of the fluctuating CDF/USD exchange rate on its foreign-exchange position, and of price volatility on the international financial market, by pursuing its restrictive financial risk policy.

Despite weak growth weighing on current conditions in the global financial market, the bank recorded no defaults among its carefully selected counterparties.

Thanks to its highly effective risk management and control system, and to its excellent working relationships with its clients, the bank was able to contain the effects of external factors – stiffer competition in the provision of financing for the Congolese economy, the economic squeeze and the challenges faced by its clients – on the quality of its loan portfolio. The bank is continuing to expand the teams involved in its lending process in order to better control the associated risks.

OVERALL  
LIQUIDITY RATIO

168%

FIXED ASSET  
COVERAGE RATIO

361%

TRANSFORMATION  
RATIO

248%

The overall liquidity ratio, the fixed asset coverage ratio and the transformation ratio reflect EquityBCDC's solid foundations.

# HIGHLIGHTS OF 2021

## 5

### BUSINESS CONTINUITY TRENDS AND OUTLOOK



The bank intends to continue expanding its regional presence as it looks to cater to the needs and wants of its clients, drawing on its business plan for 2021-2025 and capitalising on the work done in 2020. Its goal is to open new branches in selected locations, following an expansion programme that builds on its existing footprint.

Alongside its traditional branch network, the bank plans to strengthen its value proposition for its clients by:

- ▶ giving them the freedom to bank at their convenience and at a time of their choosing with EquityBCDC Express, an extensive network of banking agents located throughout the DRC, and
- ▶ expanding its fleet of innovative ATMs and payment terminals, developing mobile solutions in conjunction with telecommunications operators, and rolling out digital products and services.

The bank has set out detailed targets in its planning for business development, client portfolio expansion, and loan and deposit portfolio growth.

**EquityBCDC  
EXPRESS**  
24/7



**MORE ATMs**



## CONCLUSION

The senior management of EquityBCDC is optimistic about the future growth prospects for the bank in 2022. A new strategy, with an even stronger focus on efficiency, will be rolled out with a view to deepening banking penetration and continuously improving the quality of the bank's services for its clients.

The bank cannot achieve these goals without the support and contribution of its talented people, which is why training is a key enabler of its ambition to raise the bar for service standards – and to reach all of its clients, no matter where they are. The bank will continue expanding its regional presence to ensure it is effectively represented in the geostrategic heartlands of the DRC, while at the same time deploying alternative channels such as the EquityBCDC Express service.



# Key figures and trends

2016-2019 figures relate to the Banque Commerciale du Congo (BCDC)

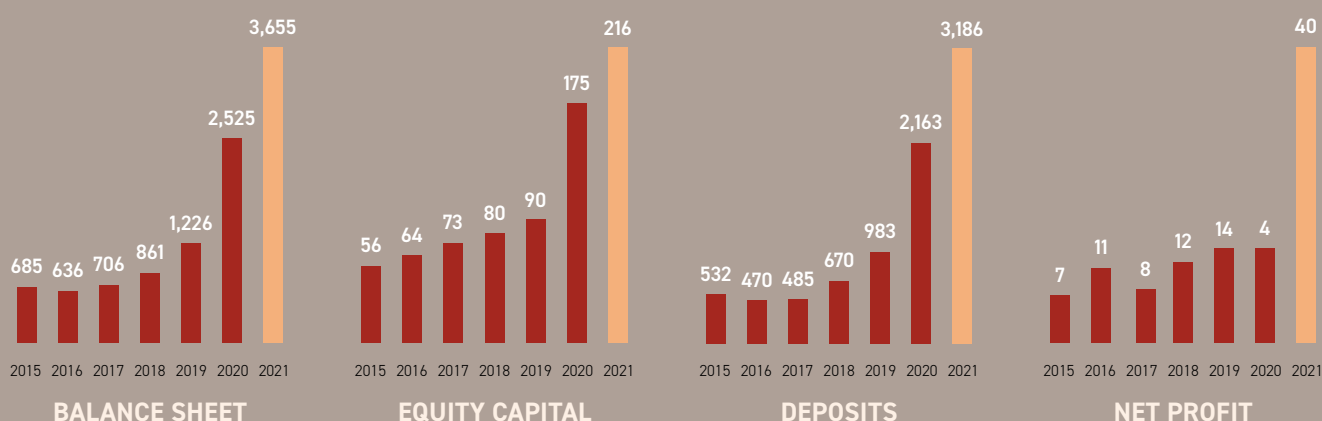
2020 & 2021 figures relate to EquityBCDC

in millions of CDF	2016	2017	2018	2019	2020	2021	2021 in millions of USD at the closing rate	VARIATION 2020/2021
Balance sheet total	772,940	1,123,689	1,408,709	2,050,502	4,978,008	7,309,277	3,655	47%
Equity capital*	77,664	116,296	134,107	149,881	345,213	432,537	216	25%
Deposits**	571,412	767,182	1,096,548	1,643,898	4,264,785	6,371,939	3,186	49%
- in CDF	72,721	75,870	122,327	167,380	339,770	1,063,898	532	213%
- in foreign currency	498,691	691,312	974,220	1,476,517	3,925,014	5,308,041	2,654	35%
Loans disbursed**	381,910	449,056	608,017	725,963	1,634,308	1,995,206	998	22%
Net banking income	86,452	113,181	139,073	157,715	165,033	299,859	150	82%
Operating expenses	57,868	83,241	101,711	101,965	108,273	196,794	98	82%
of which personnel costs	26,994	35,386	42,677	44,649	45,409	82,157	41	81%
Depreciation and amortisation	3,794	5,954	6,550	7,337	9,557	17,792	9	86%
Allocations to provisions	7,673	8,352	6,816	14,112	39,344	3,000	2	-92%
Corporation tax	8,030	7,745	10,096	12,040	6,350	16,208	8	155%
Net income (after tax)	13,651	13,209	19,146	23,266	8,635	80,353	40	83%
Approximate CDF/USD exchange rates on 31 Dec.	1,215.59	1,591.91	1,635.6153	1,672.9467	1,971.8046	1,999.9746	-	1%
<b>Equity capital according to IFRS***</b>	<b>134,804</b>	<b>156,459</b>	<b>191,534</b>	<b>192,093</b>	<b>***</b>	<b>***</b>		
Cost to income ratio (CIR)	67%	74%	73%	63%	66%	66%		
Net return on equity (NROE - net income/equity capital)	17.58%	10.51%	14.28%	15.52%	3.49%	18.58%		
Return on assets (ROA)	1.77%	1.08%	1.36%	1.36%	1.13%	1.01%		
Solvency ratio (ROS)***	20%	20%	11%	11%	11%	9.5%		

\* Accounting - before profit distribution  
 \*\* Outstanding at end of period - variations vs December 2020  
 \*\*\* In 2021, calculated according to modification 7 of Central Bank of Congo Instruction no. 14

## Graphs in million equivalent

ACCORDING TO THE CDF/USD EXCHANGE RATE ON 31 DECEMBER OF EACH YEAR





# Governance bodies of EquityBCDC

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## Board of Directors



**Nestor Ankiba Yar**  
Non-Executive Chair



**Célestin Mukeba Muntuabu**  
Executive Director



**Jean-Claude Tshipama**  
Executive Director



**Wolfgang Bertelsmeier**  
Independent Director



**Ignace Mabanza Meti**  
Independent Director



**Louis Watum Kabamba**  
Independent Director



**John Wilson**  
Non-Executive Director



**Brent Malahay**  
Non-Executive Director



**James Njunguna Mwangi**  
Non-Executive Director



**Mary Wangari Wamae**  
Non-Executive Director

## The Executive Committee



**Célestin Mukeba Muntuabu**  
Managing Director



**Jean-Claude Tshipama**  
Deputy Managing Director



**Auguste Kanku Kadiosha**  
Deputy Managing Director



**Allan Waititu**  
Director of Information Technology and Digitisation



**Guillaume Kra**  
Credit Director



**Mitima Djuma Hamani**  
Head of Social Investment



**Pierre Ezan Djan**  
Chief Financial Officer



## CHAPTER 2

# Development of EquityBCDC

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# Context and environment in 2021

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## Global environment

The fault lines opened by the Covid-19 pandemic widened in 2021 and their impacts will be felt for some time to come. Last year, global efforts focused on recovering from the supply and demand shock caused by the pandemic and the successive waves of infection.

Governments and multilateral organisations mounted a joint response to the crisis, built around mass vaccination

and ongoing safety rules and guidance, in an attempt to kick-start the global economy back into life.

Early predictions pointed to global economic growth of 5.9% in 2021 and 4.9% in 2022, representing a 0.1-percentage-point downgrade in the outlook for last year based on updated figures from July 2021.

This downward revision was prompted by a deteriorating situation in advanced economies, driven in part by supply shortages,

as well as in low-income developing economies, in this case due largely to the worsening course of the pandemic. This trend was partly offset by a more positive short-term outlook for some commodity-exporting emerging-market and developing economies. The rapid spread of the Delta variant and the threat of new strains, including Omicron, led to increased uncertainty as to the timing of the end-point for the pandemic. The authorities were forced to make increasingly difficult decisions at a time when their room for manoeuvre was already limited.

## ECONOMIC OVERVIEW FOR 2021

The IMF projected 5.9% growth in global economic activity following the 2.8% growth recorded in 2019. This headline figure should not, however, mask disparities across regions and sectors.

Advanced economies grew by 5.2% after contracting by 4.5% in 2020 as the strict lockdowns and restrictions introduced to stem the spread of Covid-19 took their toll.

In emerging-market and developing economies, activity grew by 6.4% in 2021 compared with a 2.1% contraction 2020, owing largely to a decline in external demand.

In sub-Saharan Africa, economic growth reached 3.7% in 2021 following the 1.7% contraction registered in the previous year. The region's economies, most of which are heavily dependent on primary product exports, were affected by global supply-chain disruptions.



In 2021, the domestic economic environment was characterised by macroeconomic stability.

Early signs of a recovery became apparent following the easing of government-imposed measures to contain the spread of the virus. However, the pace of this global recovery remains uneven, as the shape of economic activity and policies to support growth has varied significantly from country to country.

## Domestic environment

### POLITICAL CONTEXT

- ▶ Last year saw the formation of a new parliamentary majority in the DRC, known as the "Sacred Union of the Nation" and led by President Félix Tshisekedi, following the collapse of the FCC-CACH coalition, which had governed the country since the 2018 elections. This new coalition, which holds a clear majority, led to the formation of a new government.
- ▶ A state of siege was imposed several times throughout the year in response to the ongoing security situation in the provinces of North Kivu and South Kivu. The Ugandan and Congolese armed forces even ran a joint operation against Allied Democratic Forces (ADF) rebels who had crossed the border from Uganda to hide in the east of the country.
- ▶ The DRC, represented by President Tshisekedi, chaired the African Union in 2021.
- ▶ Following tensions between religious denominations and political factions over the leadership of the Independent National Electoral Commission (CENI), the new president, selected by a group of religious representatives, was confirmed by the National Assembly and the candidates were invested by President Tshisekedi and swore an oath before the Constitutional Court.

### ECONOMIC CONTEXT

#### Economic growth

In 2021, the domestic economic environment was characterised by macroeconomic stability, which was partly attributable to the absence of major shocks in the goods and services and foreign-exchange markets, as well as to effective coordination of domestic monetary and fiscal policy.

In summary, the main highlights and areas of focus in 2021 were as follows: the return of economic growth, the pursuit of stabilisation policies, the return of inflation, record highs in the financial markets, the COP26 conference and climate issues, the entrenchment of poverty, stable unemployment figures but an increase in the number of job-seekers, the volatility of Bitcoin (an increasingly popular but persistently volatile cryptocurrency), the signature of a global agreement on taxation for multinational enterprises and a large-scale crisis in Lebanon.



The mining sector was the primary contributor to domestic economic growth in 2021.

The latest estimates, based on actual data from end-September 2021, suggest that the economy grew by 5.7% last year – well above the 1.7% growth recorded in 2020 and higher than projected. The mining sector was the primary contributor to this growth, driven by the rise in the global prices of the country's main export commodities.

Inflation changed little last year: estimated annual inflation stood at 5.1% for 2021, which was considerably lower than in 2020, due in part to the relative stability of the exchange rate – the Congolese franc lost just 1.4% of its value in 2021, versus a depreciation of 15.2% in the previous year.

Public finances

A) 2022 FINANCE ACT

The 2022 Finance Act, which passed into law on 31 December 2021, featured a total budget of CDF 22,253 billion (or USD 11 billion equivalent), balanced in terms of both revenues and expenditures.

The 2021 Supplementary Finance Act was adopted in 2021. It featured a total budget of CDF 16,621.6 billion, balanced in terms of both revenues and expenditures, representing a 13.7% increase on the initial budget, which stood at CDF 14,620.5 million.

B) BUDGET FOR 2021

In 2021, tax and customs revenues increased relative to the previous year and were higher than the target figures. Despite the ongoing fallout of the Covid-19 pandemic, resource mobilisa-

tion moved in a positive direction. The DRC recorded no monthly public deficits, reflecting improved expenditure control.

C) FOREIGN CURRENCY RESERVES

Foreign currency reserves increased significantly in 2021 to over USD 3 billion, sufficient to pay for three months of imported goods and services.

The situation was attributable to standard Central Bank of Congo transactions on the foreign-exchange market (purchasing foreign currencies and buying back tax revenues in foreign currencies). This was supplemented by the receipt of IMF funds under the Extended Credit Facility (ECF) financing package for implementation of the government's economic programme, plus the disbursement of the country's allocation under the IMF's Special Drawing Rights (SDR), of USD 1.5 billion equivalent, in September 2021. This disbursement



followed the decision of the G20, via the IMF Executive Board, to increase SDR allocations for all IMF members as part of efforts to address the adverse effects of the Covid-19 pandemic.

## Monetary and foreign-exchange policy

### A) INFLATION

Inflation changed little in 2021: at end-December, annual inflation stood at 5.1%, which was below the medium-term target of 7.7% laid down in the Finance Act.

### B) EXCHANGE RATE

At 27 December 2021, the Congolese franc had lost 0.002% of its official market value.

On the parallel market, meanwhile, the domestic currency gained 0.10%.

Cumulative annual depreciation came in at 0.85% on the official market and 0.47% on the parallel market. These figures compare favourably with 2020, when purchasing power losses amounted to over 14% on both markets.

### C) BENCHMARK INTEREST RATE

The Central Bank of Congo revised its benchmark interest rate three times in 2021.

In March 2021, the central bank cut its benchmark rate from 18.5% to 15.5% in order to free up liquidity for banks as it sought to contain the economic fallout of the Covid-19 crisis.

The institution slashed its rate again in April 2021, from 15.5% to 10.5%, in order to support the economy and reduce the central bank refinancing cost to commercial banks.

Then, in June 2021, the Central Bank of Congo cut its rate for a third time, from 10.5% to 8.5%. This move was a response to the stable macroeconomic outlook for the following months and an effort to further cut banks' refinancing costs, allowing them to rebalance their finances and better support the economy.

### D) STATUTORY RESERVE

Throughout 2021, the statutory reserve ratio on on-demand deposits denominated in Congolese francs remained at 0.0%.

Other ratios remained unchanged from 2020 levels: 0.0% for term deposits denominated in Congolese francs and 13.0% and 12.0% respectively for on-demand and fixed-term deposits denominated in foreign currencies.

The Central Bank of Congo revised its benchmark interest rate three times in 2021.

# Region-by-region development in 2021

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**In 2020, EquityBCDC introduced a new, decentralised structure under which sales and business development aspects are managed separately for each of its five regions: West, South, East, Central and North.**

## West Region

The West Region covers five provinces: Kongo Central, Kinshasa, Mai-Ndombe, Kwilu and Kwango.

As the home of the bank's head office, this region holds the largest share of its portfolio.

All changes brings complexities – and that was the case with the merger between the two banks, which involved migrating to a new core banking system. The bank rose to the challenge successfully, as evidenced by the continuing growth of its client portfolio (up 8%).

Client segmentation work continued last year, with clients reassigned by Relationship Manager.

The West Region team includes:

- ▶ 7 Corporate sales and client care advisers
- ▶ 42 SME sales and client care advisers (1 agribusiness, 17 very small, 12 small, 12 medium)
- ▶ 3 Public Sector sales and client care advisers
- ▶ 53 Retail officers

- ▶ 48 branch or local desk managers in Kinshasa

- ▶ 15 branch or local desk managers in Kongo Central

The joint business mission between the DRC and Kenya, which started in Kinshasa, was a resounding success. Many clients and non-clients took part in this event, which was the first of its kind arranged by a private organisation. It provided an opportunity for Congolese and Kenyan companies to build extremely positive working relationships. Several new partnerships were forged and the businesses involved remain in touch with one another.

Also last year, the new Loan Origination unit was established for the West Region.

The Loan Origination unit's purpose is to support sales and client care teams in performing quantitative analyses, selecting the product that best fits clients' requirements and submitting the analysis to the credit risk team for decision-making.

In 2021, the unit consisted of a single junior analyst. It will be expanded with the addition of a further seven analysts.

## WEST REGION IN FIGURES

- ▶ Deposits increased by 32% relative to December 2020.
- ▶ The loan portfolio grew by USD 97 million, or 18%.
- ▶ The application of funds rate stood at 28%.

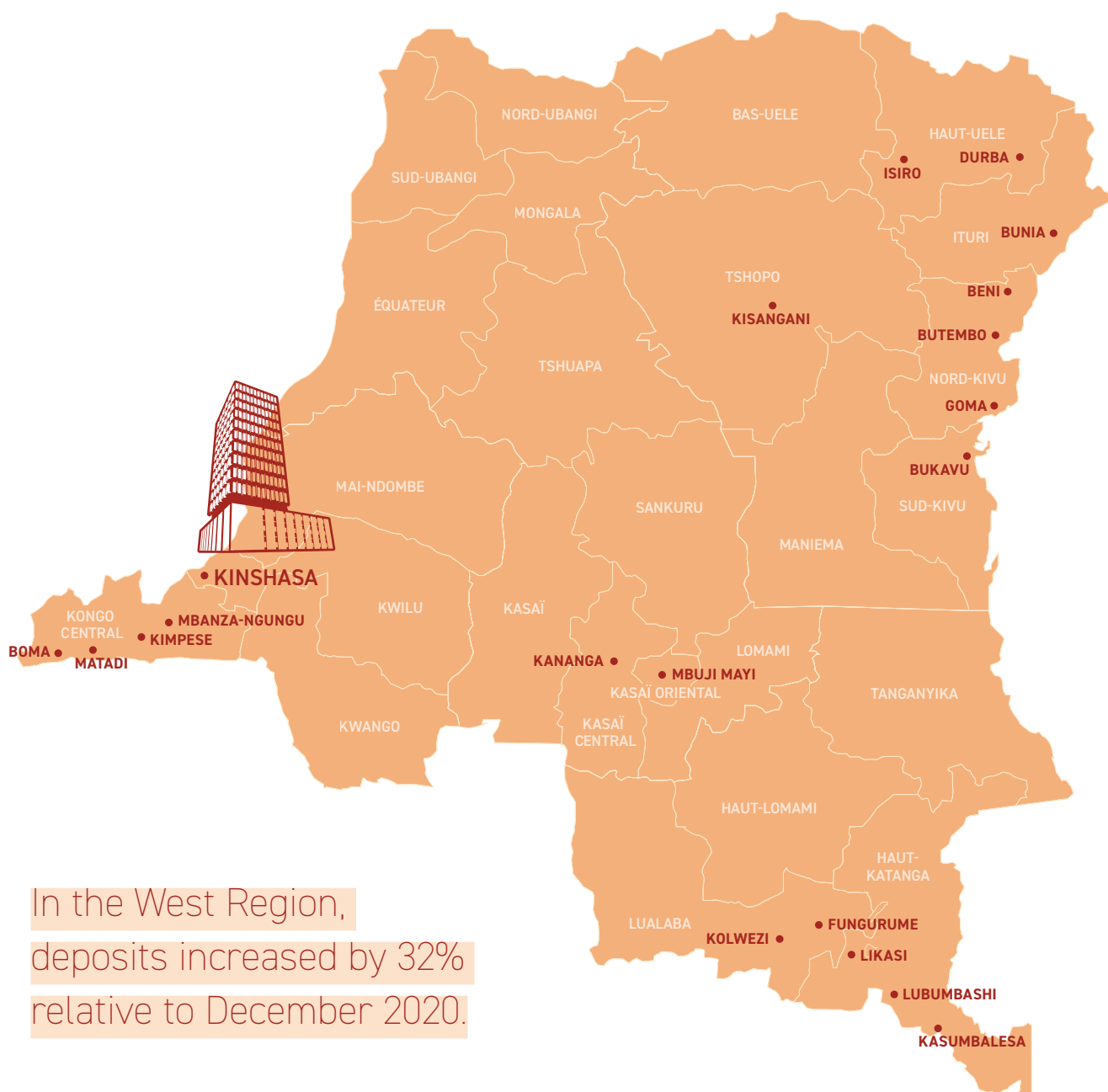
## NETWORK

The West Region comprises 48 branches: 39 in Kinshasa and 9 in Kongo Central.

In 2022, the branches will be reconfigured by type: business centres, branches, service centres and service points. There are also plans to open new branches, primarily in Kongo Central (Muanda) and Kwilu (Bandundu).

Senior management will visit branches according to an annual schedule in order to maintain a year-round presence and remind staff of their individual targets, duties and roles in achieving the bank's vision.





In the West Region,  
deposits increased by 32%  
relative to December 2020.

## South Region

The South Region is predominantly a mining area, although it is also home to companies operating in the business and agricultural sectors.

It comprises four provinces: Haut-Katanga, Lualaba, Tanganyika and Haut-Lomami.

EquityBCDC has 11 branches in the region, divided between Haut-Katanga and Lualaba provinces.

Although the region's economy was hit hard by the Covid-19 pandemic and successive waves fuelled by new variants, last year saw shoots of recovery even as supply and demand shocks took hold.

As in 2020, the South Region continued to enjoy favourable circumstances driven by a resilient mining sector, with the vast majority of mines continuing to operate. The price of copper

continued its steep climb, breaking through the barrier of USD 9,000 per tonne (USD 9,932 on 25 December 2021), with the price of cobalt following a similar trend. Other notable developments included lighter-touch – and therefore less economically detrimental – pandemic-related restrictions, and the welcome restoration of law and order following a series of destabilisation attempts throughout the year.

Mining production and exports increased year-on-year despite persistent supply-chain difficulties caused by the strict lockdowns imposed in some countries, which led to logistical complications.

## SOUTH REGION DEVELOPMENT

Throughout 2021, there was a strong emphasis on growth coupled with risk management, with a particular focus on credit risk and trade finance operations.

Thanks to this disciplined approach, the region recorded 195% growth in its deposit portfolio and 25% growth in its loan portfolio, with the number of clients increasing by 38%. In addition, Central Bank of Congo inspections produced positive outcomes, with no penalties being imposed on the bank.

In 2021, there was a strong focus on developing innovative new ways to support clients, including by enabling them to handle banking transactions from the comfort of their desk – a move that led to an improvement in productivity in the region.

Also last year, the South Region – as with the West Region – created new business opportunities for its clients by developing synergies with over 200 businesspeople from Kenya through a joint event between the two countries.

Other key developments for the South Region included:

- ▶ Several meetings between group and local senior executives and key clients and prospects;

- ▶ Work to identify and strengthen synergies between clients in different segments and sectors, in order to enhance cross-selling through the client value chain;

- ▶ Consolidation of trade finance operations by appointing a new trade sales regional manager;

- ▶ A clear statement of the bank's interest in the Chinese-owned companies market, via the recruitment of two dedicated sales and client care advisers: one a Chinese national and the other a Congolese national who speaks fluent Chinese.

On the activity side, the South Region recorded impressive growth in its business assets:

- ▶ Even more new Chinese accounts;
- ▶ Retail banking penetration with several major employers;
- ▶ Substantial new corporate loans agreed for mining companies (Likasi and Kolwezi);
- ▶ Significant increase in web banking uptake among corporate clients;
- ▶ Positioning of the bank as a key supporter of agricultural development projects (financing for the agricultural villages project led by the Haut-Katanga provincial authority, financing and support for the agricultural mechanisation project in some territories and chiefdoms in Lualaba province).

## KEY PERFORMANCE INDICATORS

The financing of client activities represented a large share of the South Region's gross income, with interest income accounting for 62% of the total, and commission income, foreign-exchange income and income from other sources making up the remaining 38%.

Deposits increased by 195% year-on-year, reflecting the bank's growing reputation among key economic operators in the region.

As well as channelling more repatriated export proceeds to EquityBCDC (following the opening of several export licences), some large mining operators also opted to deposit funds with the bank with a view to future investments.

The Lubumbashi branch, located at the region's head office, continued to hold the largest deposit mobilisation capacity of all branches last year. However, the biggest jump in 2021 was recorded by the Kolwezi branch, which finalised an agreement with a mining company to hold funds for an upcoming investment project.

Last year, the region's loan portfolio grew by 25% relative to 2020, driven largely by strong activity in the corporate segment.

In the South Region, deposits increased by 195%, reflecting the bank's growing reputation locally.

## East Region

Eastern DRC is located in the African Great Lakes region, sharing borders with Uganda, Burundi and Rwanda.

EquityBCDC's East Region comprises seven provinces: North Kivu (Goma, Beni and Butembo), South Kivu (Bukavu, Uvira), Maniema, Ituri (Bunia), Tshopo (Kisangani), Haut-Uélé (Durba and Isiro) and Bas-Uélé.

North Kivu is one of the most unstable provinces in the DRC. Here, as in Ituri province, ongoing activity by a vast and complex web of armed groups is a destabilising factor, leading to persistent security concerns. The socio-economic situation in the region is impacted by protracted conflicts, a hazardous security situation, displacement of people fleeing conflict and natural disasters, poor health conditions and a lack of key infrastructure.

North Kivu nevertheless holds massive economic potential – in agriculture, mining, tourism and business – and is therefore equipped to rebuild and reboot its economy.

South Kivu province is home to only a handful of large industrial firms: Bralima, Pharmakina and the Kiliba sugar refinery, where operations have barely recommenced. Various armed conflicts have led to the looting, destruction and closure of several industrial production sites. The ongoing cycle of wars affecting the province has had harmful consequences on all areas of society and the economy, and the population continues to feel their effects to this day. Efforts to restore stability and kick-start the economy are only just beginning to take hold.



North Kivu is one of the most unstable provinces in the DRC, but it holds massive economic potential.

Ituri was part of the former province of Orientale, along with Bas-Uélé, Haut-Uélé and Tshopo. Its capital, Bunia, is located in a gold mining area, leading to significant security concerns.

Tshopo is an almost exclusively rural province, home to a large number of micro-, small- and medium-sized enterprises (MSMEs). The only modern, organised city in Ituri is Kisangani, which serves as the province's business, administrative, political, economic and cultural capital.

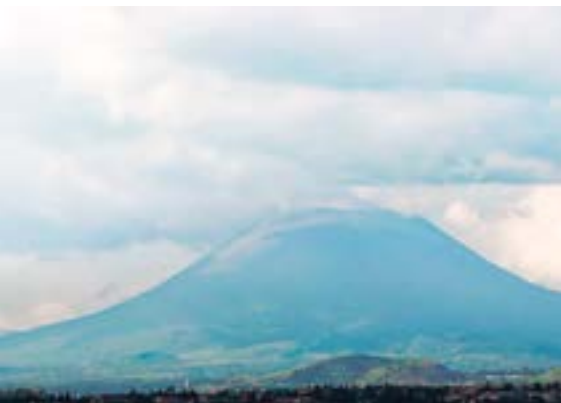
In contrast to the armed fighting in Ituri, the situation in neighbouring Haut-Uélé is one of peace and security. The local infrastructure is currently being redeveloped, as evidenced by the road between Durba and Isiro, which is becoming increasingly passable and carries a growing volume of traffic. Despite this, travel between communities within the province remains difficult.

Durba is a busy commercial centre dominated by the Kibali Gold Mine. Its population is steadily growing (currently around 150,000) and the area is experiencing a real-estate boom. Agri-business remains all but non-existent. The majority of goods, services and skilled labour are sourced from Uganda.

Isiro remains a largely rural town, although a handful of major projects are currently under way, including the construction of a large basilica, which will be dedicated to Marie-Clémentine Anuarite Nengapeta.

Economic activity is marginal in the area, and is limited to commodity production (coffee, timber, palm oil, cacao, gold, diamonds and coltan), the sale of petroleum products and general trade.

The town has two economic hubs: Watsa (industrial mining with KGM) and Wamba (artisanal miners).



## 2021 IN REVIEW

Following the merger of the two legacy banks, EBC and the BCDC, last year was dominated by work to reorganise the East Region, set up the relevant structures and reshuffle personnel.

Regrettably, the bank's operations were adversely impacted by two external events:

- ▶ The state of siege declared in Ituri and North Kivu.
- ▶ The eruption of Mount Nyiragongo, located 10 km from Goma, on the evening of Saturday, 22 May 2021, which destroyed around 3,500 homes in the north of the city and caused lava flows that decimated crops and livestock. The eruption also triggered earthquakes, measuring 4.4 to 4.7 on the Richter scale, which caused further damage to homes, opened up fissures in the ground and prompted the military governor to order the evacuation of the city's population.

Following the earthquakes, a decision was made to close the Volcans branch for renovation and repair work, resulting in:

- ▶ All branch staff being relocated to the Goma Centre-Ville branch and to rented offices at the Banque de Développement des Etats des Grands Lacs (BDEGL) building.
- ▶ Imports into Goma being suspended, which made it difficult to secure supplies in small amounts and led to the cancellation of several convoys delivering goods to branches in various towns and cities across the region.

## DEVELOPMENTS IN THE REGION

Key highlights for EquityBCDC in the region include:

### ✔ Agri-business

#### ▶ Ongoing and completed projects and partnerships:

- Youth Entrepreneurship in Agriculture and Agri-Business Project (PEJAB)
- Feed the Future Democratic Republic of the Congo (DRC) Strengthening Value Chains (SVC) Activity
- Maji Ya Amani Project
- Mercy Corps – guarantee agreement

- ▶ **Financing:** Coffee accounted for 60% of disbursements in the East Region. However, the portfolio contracted sharply last year following the repayment of bullet loans, especially at the end of the year.

The East Region also accounted for approximately 38% of Agri-business disbursements across the bank's portfolio as a whole.

On the partnerships front, the bank finalised a project with Agriterro under which it financed five rice cooperatives on the Ruzizi Plain and another project with Mercy Corps in North Kivu.

### ✔ Other highlights

- ▶ Bank penetration among cooperatives of small-scale coffee and rice farmers;
- ▶ Financial literacy training for members of farmers' cooperatives and the roll-out of Agency Banking;
- ▶ Acquisition of strategic clients in North Kivu (including operators in the coltan and hydrocarbons sectors, plus a major institutional client);
- ▶ Increased uptake rate among clients.

## KEY FIGURES FOR THE EAST REGION

The region issued a number of bank letters of guarantee, with several discounting arrangements having generated significant income.

Trade finance income for the East Region was close to 50% above target.

The region gained close to 20,000 new clients in 2021 – an impressive performance.



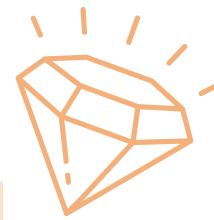
Because the region includes two major cities, Goma and Bukavu, deposits are higher here than elsewhere on account of cross-border activities, which form the bedrock of the region's economic system. It also includes Durba which, as the home of the Kibali Gold Mine, experiences ongoing investment in the surrounding area to the tune of hundreds of millions of dollars per year.

The region gained close to 20,000 new clients in 2021. Central to this impressive performance were the cities of Bukavu and Goma, where EquityBCDC recently rolled out a new strategy aiming to extend bank penetration to all small-scale agricultural producers, and to open large numbers of new accounts in urban and rural areas.

The loan portfolio grew slightly (by 10%) last year under the effect of several disbursements to mining companies and the renewal of several existing large loans.

The SME segment, with average loan maturity of two years, is also expected to drive portfolio growth, as the bank looks to capitalise on its high processing throughput to cater quickly to demand.

The corporate portfolio, meanwhile, contracted in 2021 because only a handful of new loans were agreed during the year. For this segment, the bank's current strategy is to identify potential key accounts across the region and to implement a client acquisition plan focused on specific towns and cities.



The Centre Region is a diamond-producing area but, regrettably, neither the Congolese state nor the local population benefit from these mining operations.

## Centre Region

In 2021, the Centre Region also experienced difficulties related to the Covid-19 pandemic, although there were modest signs of a return to growth.

The socio-economic situation in Grand Kasai nevertheless remained concerning throughout the year, with extreme poverty compounded by other challenges including:

- ▶ the deterioration of basic infrastructure
  - ▶ a severe shortage of electricity, which proved unappealing for investors
  - ▶ the lack of transport infrastructure in the region, which cannot be reached by road from other parts of the country
  - ▶ political instability (provincial governors in this region are regularly removed from office, with stand-in replacements having limited decision-making authority)
  - ▶ problems at Société Minière de Bakwanga (MIBA), the state-owned diamond mining company and the backbone of the region's economy, which is close to collapse, struggling to recover and crippled with a huge debt burden that leaves it unable to pay its employees
- ▶ Tshilejelu road infrastructure project
  - ▶ Modernisation of Mbuji-Mayi Airport
  - ▶ Road construction projects between Mbuji-Mayi and Kananga, and between Tshikapa and Kananga
  - ▶ Resurfacing of the road between Kalamba and Mbuji-Mayi
  - ▶ Construction of the Tshipuka solar power plant
  - ▶ Construction of Ndomba port
  - ▶ Construction of Katende Dam (under way)
  - ▶ Implementation of the Nkuadi project by Bio Agro Business (BAB)

The Centre Region is also a diamond-producing area of the country but, regrettably, neither the Congolese state nor the local population benefit from mining operations by SACIM, MIBA or artisanal miners.

Despite this muted picture, the Grand Kasai region holds immense growth opportunities for EquityBCDC.

Several projects are in the pipeline – some have already begun while others will kick off in the first quarter of 2022:



The Centre Region recorded an 83% increase in the number of clients, from 19,817 to 36,365.

- ▶ African Development Bank (AfDB) financing of the Ngandajika Agro-Industrial Park (USD 93.1 million)
- ▶ AfDB drinking water supply project
- ▶ Renovation of two major referral hospitals (Muya and Kansele) and several schools
- ▶ Construction of Mutombo Dikembe modern school in Tshibombo

## THE BANK'S DEVELOPMENT IN THE CENTRE REGION

### DEVELOPMENT HIGHLIGHTS FOR EQUITYBCDC INCLUDE:

- ▶ Merger of the two legacy banks, staff onboarding and process alignment
- ▶ Prospecting in Kasai (Tshikapa), Kasai-Oriental and Lomami
- ▶ Awareness campaign for 4,000 teachers in Kananga
- ▶ Signature of a special arrangement with two doctors' unions
- ▶ Signature of a memorandum of understanding with 4,200 primary, secondary and vocational school teachers in Kasai-Central

▶ EquityBCDC Express is a flagship service that saves clients time by allowing them to make withdrawals and deposits and open accounts with any EquityBCDC banking agent – at a pharmacy, a restaurant or a shop.

- ▶ Delivery of financial literacy training in Kasai-Central and Kasai-Oriental
- ▶ Roll-out of the EquityBCDC Express network, comprising 75 banking agents, 3 master agents and 150 distribution points in Kasai, Kasai-Central, Kasai-Oriental and Lomami
- ▶ Two large-scale acquisitions: the Fonds Social de la République Démocratique du Congo (payroll for 5,000 roadmenders) and NGO Probes (3,300 personnel)
- ▶ Payment of wages for ADRA personnel in Kasai (Tshikapa)

### MAJOR GAINS WERE ALSO RECORDED IN THE FOLLOWING AREAS:

- ▶ An 83% increase in the number of clients (from 19,817 to 36,365), due primarily to the large-scale acquisitions and the signature of the memorandum of understanding and special arrangement with teachers and doctors respectively
- ▶ Retail banking penetration with several new loans
- ▶ The issue of a number of bank letters of guarantee, which generated significant income
- ▶ A marked increase in the uptake rate among clients

# Risk management and control

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**Equity Group Holdings Plc exists to socially and economically transform the lives and livelihoods of people by providing access to modern, inclusive financial services that maximise their opportunities.**

EquityBCDC's vision is to extend its footprint throughout the DRC and to contribute to the country's development. Its ambition is to be the champion of the socio-economic prosperity of the people it serves. Consequently, EquityBCDC's financing strategy focuses on lending to very small, small, medium-sized and large enterprises.

This strategy is rooted in the belief that these enterprises create the largest number of jobs and make an essential contribution to the economies in which they operate.

As a socially responsible bank, EquityBCDC fosters a culture of saving, financing income-generating activities and building long-term relationships with its clients.

Despite its ambitious approach to financing the economy, the bank explicitly avoids exposure to speculative activities in the interest of sound risk management.

## WHAT OPERATIONAL RISKS DOES THE BANK FACE?

The bank's operations and transactions with clients comprise granting loans, managing accounts, converting funds into Congolese francs or foreign currencies, and depositing funds with other banks.

These activities are associated with six types of risks: credit risk (risk of non-payment by the other party), liquidity risk, interest rate risk, operational risk, counterparty risk and foreign exchange risk.

## HOW DO THE BANK'S UNITS MANAGE THESE RISKS?

### 1. MARKET, LIQUIDITY AND COUNTRY RISK

The bank has a dedicated unit with responsibility for managing market, liquidity and capital management risk.

By investing in securities traded on the financial markets, lending to its clients and being part of a financial system, the bank is exposed to potential losses stemming from adverse variations in market prices, and from events negatively impacting the country (or the world) and the financial system.

In order to counter these risks, the bank has developed indicators and set position limits designed to contain its exposure.

These limits were approved in 2021 and are monitored routinely by the market risk management unit, which presents its analysis of these limits to the Cash Department and to the Risk Management Committee so that appropriate measures can be taken.

These limits are reviewed annually, and as and when necessary, in order to ensure that the bank remains competitive and to reduce its risk exposure.

Stress tests are applied to various components of the market risk management process in order to ensure that market risk does not exceed the threshold set in the risk appetite policy, and to provide assurance that the bank is able to cope with such risks should they arise.

The results of these tests are presented at Risk Management Committee meetings for decision-making.

The Asset and Liability Management Committee and the Risk Management Committee, which comprise representatives of the Executive Committee and the departments involved in market risk management, meet once a month to review changes in this risk and its impact on the bank's equity capital, and to make decisions designed to reduce this risk.

## 2. OPERATIONAL RISK

### Organisation and monitoring system

The bank's Risk Management Department includes a unit responsible for operational risk management, which is tasked with identifying and assessing the various risks to which the bank is exposed by virtue of its activities, and with proposing measures to minimise these risks.

The unit works closely with all EquityBCDC departments, units and branches, as well as with the Equity Group operational risk management department.

In 2021, the following measures were taken in the interest of effective operational risk management:

- ▶ An awareness-raising programme on detecting and managing operational risks was conducted for all employees, and a report on this programme was drafted and presented to the Risk Management Committee at its monthly meeting.
- ▶ The "open-communication" tool was rolled out and explained to all staff, allowing them to report fraudulent activity and malpractice within the bank.

- ▶ Young bankers and interns received training on their role in operational risk management, as part of efforts to minimise the risk of fraud.
- ▶ New products were reviewed, prior to launch, in order to identify potential risks. A report on this review process was prepared, outlining the risks associated with each new product and setting out recommendations to mitigate these risks.
- ▶ The bank's processes were reviewed to ensure that they were effective in substantially reducing operational risks. The results of this exercise were included in the bank's risk map.
- ▶ Risk assessments were carried out for each of the bank's projects, products, procedures and services.
- ▶ Regular reviews were conducted to ensure that all recommendations formulated by the Risk Management Committee were being applied.

As a result of the measures taken in 2021, various incidents were successfully managed without the bank incurring any losses. Some internal procedures were also reviewed in order to strengthen control measures and mitigate risks.

### 3. BUSINESS CONTINUITY PLAN

The bank has developed and implemented a business continuity plan (BCP) to ensure that it is able to continue operating at all times, even in extreme circumstances. The plan, which sets out emergency measures to support business continuity, will be reviewed annually to make sure all appropriate steps have been taken.

To support the effective implementation of this plan, the bank has:

- ▶ Installed at least one generator and batteries in each branch and at its head office to ensure that operations can continue uninterrupted the event of a power cut.
- ▶ Placed a backup server in a separate building to provide an added layer of security for its own data and the data of its clients.
- ▶ Installed two redundant internet connections so it can remain online and maintain data-exchange capabilities in the event that one connection should fail, thereby continuing to serve its clients securely.
- ▶ Developed a procedure to continue serving its clients in the event that a branch loses data connectivity.

In 2021, the bank ran three successful continuity tests on its IT system.

- ▶ Trained and raised awareness among employees about the importance of responding to alert signals, and about the need to share information in a timely manner so that the BCP can be implemented.
- ▶ Installed a shelter for employees in the event of an incident.
- ▶ Scheduled annual tests to ensure that the BCP is implemented effectively.

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

The bank has also established a management framework for the BCP. A Crisis Management Committee has been created and a reporting framework is in place within the Risk Management Department.

The salient facts related to the BCP are summarised in a review, which is presented to the Risk Management Committee at predefined intervals.

In May, June and August 2021, EquityBCDC ran a series of successful continuity tests on its IT system to provide reassurance as to its capability to continue operating.

### 4. FRAUD RISK

Fraud remains a major concern for the bank. As well as causing financial losses, it also inflicts considerable damage upon the bank's reputation.

In 2021, the fraud risk management unit focused on establishing a fraud risk management framework, consisting of an anti-fraud policy and procedure.

Aside from implementing this framework, the fraud risk management unit also carried out a number of investigations, one of which led to an arrest for SIM swap fraud.

### 5. RISK APPETITE POLICY AND RISK MAP

The bank's risk appetite policy and risk map were updated in 2021 and approved by the Board of Directors.



# Credit risk analysis

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## A GROWING LOAN PORTFOLIO AMID GREATER POLITICAL STABILITY

In the first quarter following the merger, EquityBCDC harmonised and disseminated its lending procedures. Consequently, no new loans were agreed until the second quarter of 2021.

Against this backdrop of harmonisation work and national economic growth of 5.7%, the bank's loan portfolio expanded by 17.5% in 2021, standing at USD 1,048.6 million excluding signed commitments.

In terms of concentration, the bank diversified its portfolio across its various client segments during the course of last year.

The asset quality ratio (total non-performing loans and provisions as a percentage of total outstanding loans) fell from 3.16% in early 2021 to 1.37% at year-end.

While loans to corporate clients and large companies still account for 38% of the portfolio (versus 59% in 2020), the shares attributable to the SME and Retail segments both increased, to 24% and 17% of the total portfolio respectively. The public sector and state-owned companies account for 19% of the portfolio, with the agriculture sector representing less than 2%.

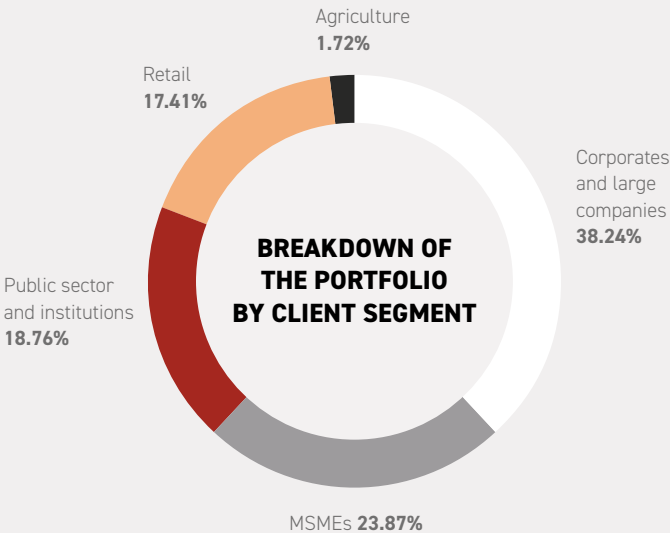
At end-December 2021, the combined portfolio was mainly concentrated in the following sectors: trade (22%), households (17%), business services (14%) and mining (11%).

## SOUND LOAN PORTFOLIO MANAGEMENT DESPITE THE COVID-19 CRISIS

Performing loans make up 78% of the bank's loan portfolio. At end-2021, performing loans past due – a category that includes loans where a payment is between 1 and 89 days late – represented 15% of the portfolio.

The bank strengthened its recovery strategy in 2021, which meant that the share of non-performing loans (90 days or more past due) fell from 11% of the bank's total portfolio at the start of the year to 6.7% by year-end.

The sectors with the highest shares of non-performing loans were hospitality and tourism, trade and transport.



As a result of the Covid-19 crisis, some 23.4% of loans in the hospitality and tourism sector were classed as non-performing.

The highest rate of bad debt was recorded among SMEs, at 16%. By comparison, the shares were 1.7% for corporates and large companies, 8% for retail clients, 3% for the public sector and institutions and 10.7% for the agriculture sector.

By recovering outstanding loans, and thereby reducing the share of non-performing loans in its portfolio, the bank was able to significantly improve its coverage ratio for bad debt, which increased from 65% to 82% by end-2021.

The asset quality ratio (total non-performing loans and provisions as a percentage of total outstanding loans) stood at 1.37% at end-December 2021, down from 3.16% in the first quarter of the year following the acceleration of disbursements and the constitution of adequate provisions for claims.

### SUPPORT FOR CLIENTS AFFECTED BY THE COVID-19 CRISIS

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

As a result, at end-2021, restructured loans amounted to USD 112 million, accounting for 11% of the bank's loan portfolio.

The majority of this restructuring involved loans to clients in those sectors and industries that were hit hardest by the Covid-19 pandemic and needed support to weather the difficult times – namely real estate, education and hospitality.

Over 90% of clients whose loans were restructured are keeping up with their repayment plans.

## Priorities for the first quarter of 2022

In the first quarter of 2022, the bank will focus on:

- ▶ Rolling out a Newgen workflow automation system for its lending process.
- ▶ Increasing its lending to SMEs through training, tightly managed procedures and the use of risk-sharing facilities offered by major international institutions such as the International Finance Corporation (IFC), the African Guarantee Fund (AGF) and Proparco.
- ▶ Continuing determined recovery action to reduce the share of bad debt in its loan portfolio.
- ▶ Adding new staff to its workforce.

# Compliance

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

*The information below captures developments in 2021 in the application of compliance rules.*

## BLACKLISTING

The Central Bank of Congo blacklisted 355 economic operators, including 94 EquityBCDC clients.

It removed 36 economic operators, including 19 EquityBCDC clients, from its blacklist and temporarily suspended blacklisting measures against 129 economic operators, including 76 EquityBCDC clients, for three months.

## FATCA

In accordance with the provisions of the Foreign Account Tax Compliance Act (FATCA), the bank disclosed the names of three clients meeting the "United States person" criteria to the Internal Revenue Service (IRS) in March 2021.

## CLIENTS SUBJECT TO INTERNATIONAL SANCTIONS

EquityBCDC froze the assets of eight individuals and corporate bodies sanctioned by the Office of Foreign Assets Control (OFAC) and the European Union, including one company that was not a client of the bank. Total frozen funds amounted to CDF 306,593.67, USD 1,883,497.28 and EUR 3,205.77.

The bank submitted its annual disclosure of frozen accounts to the OFAC in September 2021.

## CENAREF

EquityBCDC received information requests from CENAREF, the DRC's financial intelligence unit, relating to 482 individuals and corporate bodies, including 147 of the bank's clients.

The accounts of 25 clients were frozen at CENAREF's request, with only two of these accounts remaining frozen at the time of writing. The remaining 23 client accounts were unfrozen.

The bank filed one suspicious activity report with CENAREF in 2021.

Since the appointment of the new executive secretary of CENAREF in July 2020, the number of requests has increased. The bank received a specific request, signed jointly by CENAREF and the Inspectorate General of Finance (IGF), relating to bank statements in MT940 format for nostro accounts. All the requested information was provided in a timely manner.

Compliance refers to a set of measures designed to protect data and combat money laundering and corruption.

TRANSACTION MONITORING TOOLS

In 2021, EquityBCDC used the following transaction monitoring tools:

Tool	Purpose
SANCTIONS SCREENING	Automatically filters transactions using sanctions lists, generates alerts and blocks transactions in real time.
Equity Financial Intelligence System (EFIS)	<ul style="list-style-type: none"><li>• Screens transactions and generates next-day alerts based on predefined scenarios.</li><li>• Performs due diligence checks on new accounts (KYC).</li></ul>
WORKAROUND	Automatically filters the initiators or beneficiaries of payment, withdrawal and transfer transactions in real-time using sanctions lists.
WORLD CHECK	An online screening platform that checks the identity of individuals or legal entities on sanctions lists, lists of politically exposed persons and other types of lists.
KYC REGISTRY	A service that lets users download information about the bank (shareholders, executive officers, annual report, etc.) to a platform, where it can be shared with other banks on request.
BANKERS ALMANAC	A database containing information about various financial institutions worldwide.

INFORMATION REQUESTS FROM CORRESPONDENT BANKS

EquityBCDC handled 124 information requests relating to client transactions from correspondent banks: Aktif Bank (19), Citibank (97), Commerzbank (5), Natixis (1) and Unicredit (2).

In 2021, Citibank, Commerzbank, Unicredit, Aktif Bank, Bank of China and Standard Bank South Africa conducted EquityBCDC’s annual AML/CTF & KYC review.

The following partners also carried out EquityBCDC’s annual KYC review: MoneyCorp, Mastercard, Visa, Thunes and the IFC (as one of the bank’s shareholders).

RELATIONS WITH COUNTERPARTIES AND REGULATORY AUTHORITIES

Equity BCDC updated the records of 14 local banks as part of the annual review of KYC information for its counterparties.

The Central Bank of Congo’s financial intermediary monitoring department held working sessions with local banks on assessing anti-money laundering and counter-terrorist financing (AML/CTF) risk in the banking sector. EquityBCDC participated in these sessions and shared the requested information.

TRAINING

The Compliance Department ran an employee awareness-raising campaign focusing on AML/CTF matters. In 2021, 757 members of staff attended these sessions, which were held in-person and online.

Some employees working in compliance roles also completed specific AML/CTF training delivered by the Association of Certified Anti-Money Laundering Specialists (ACAMS). They also attended an awareness-raising workshop for professionals on the front line of the fight against money laundering and terrorist financing, organised by the United Nations Office on Drugs and Crime (UNODC).

Also last year, the École Supérieure de la Banque (ESBanque) ran a training programme for compliance managers.

NEW REGULATORY COMPLIANCE RULES IN 2021

Instruction	Details	Action taken
Instruction no. 44 (modification 1) on the suspension of certain regulatory provisions following the Covid-19 pandemic.  Date: 22/12/2021	Introduced a requirement to immediately implement a business continuity plan (BCP) including Covid-19 pandemic-related measures.  Introduced a requirement to immediately implement a disaster recovery plan (DRP) describing all procedures necessary for a return to normal operation.  Cancelled and abolished late-payment penalties on outstanding receivables for borrowers whose businesses were adversely affected by the pandemic.	BCP procedure updated.  Pandemic management rule published.  Remote working directive published.

- ▶ Instruction no. 39 on the management of client complaints.
- ▶ Instruction no. 40 on the publication of banks' terms and conditions.

EquityBCDC was compliant with the majority of these requirements. The few outstanding issues to be resolved were discussed with the relevant stakeholders and the matters were closed.

POST-MERGER HARMONISATION OF COMPLIANCE POLICIES AND PROCEDURES

Following the December 2020 merger of Equity Bank Congo (EBC) and the Banque Commerciale Du Congo (BCDC), the compliance policies and procedures of the legacy banks were harmonised and published in accordance with regulatory requirements and internal Equity Group standards.

The harmonised policies, which were published and brought to the attention of all employees, are detailed in the table below.

MONITORING THE APPLICATION OF AML/CTF PROCEDURES IN BRANCHES

In line with its responsibility for coordinating the AML/CTF system, the Compliance Department conducted visits to no fewer than 19 branches in 2021.

- ▶ Instruction no. 18 (modification 1) on the approval conditions for lending institutions, their executive officers and auditors, and on changes to their statutory statuses.
- ▶ Instruction no. 21 (modification 1) on corporate governance for lending institutions.
- ▶ Instruction no. 37 on banking services provided free of charge.

COMPLIANCE WITH CENTRAL BANK OF CONGO INSTRUCTIONS

In 2021, the Compliance Department conducted reviews of previous instructions published by the Central Bank of Congo to ensure that the bank was complying with the relevant requirements. These reviews focused specifically on the following instructions:

- ▶ Instruction no. 15 bis (modification 3) waiving the legal provisions prohibiting cash or bearer securities payments of USD 10,000 million or more.
- ▶ Instruction no. 17 (modification 1) on prudential rules regarding internal control.

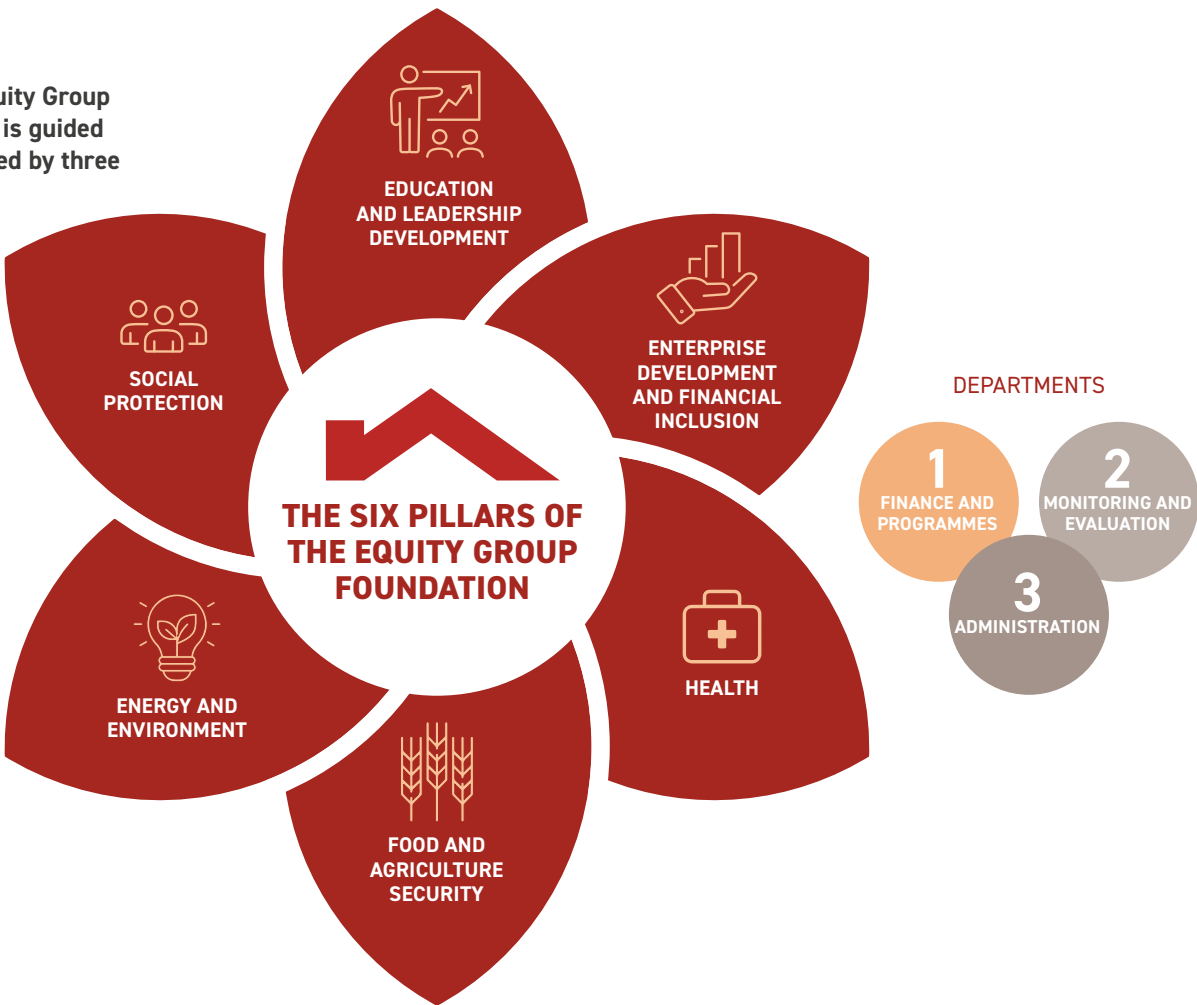
no.	Policy name	Publication date
1	Anti-money laundering policy	15/11/2021
2	Client acceptance policy (KYC & CDD)	01/12/2021
3	Sanctions policy	20/10/2021
4	Anti-corruption policy	20/10/2021
5	Conflict-of-interest management policy	20/10/2021
6	Compliance policy	20/10/2021
7	Good conduct and workplace ethics policy	20/10/2021
8	FATCA policy	01/12/2021
9	Whistle-blowing policy	Publication pending
10	Compliance charter	20/10/2021
11	Ethics and Compliance Committee charter	20/10/2021



# Corporate social responsibility

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In the DRC, the Equity Group Foundation's work is guided by six pillars and led by three departments.



## KEY PRIORITIES

The following points should be addressed without delay in order to ensure the smooth running of the Foundation:

- ▶ Defining and approving the pillars, confirming heads of department and other roles addressing immediate needs, and recruiting and training personnel.

- ▶ Identifying and setting priorities for the fourth quarter of 2021 and the first quarter of 2022.
- ▶ Developing a work plan for existing and ongoing projects/programmes such as financial inclusion.
- ▶ Identifying areas of cooperation and project synergies with the Equity Group Foundation's pillars in Kenya.
- ▶ Scheduling the roll-out of immediate projects such as the Equity Leaders Program.
- ▶ Identifying and establishing new partnerships for potential programmes/projects.



### IMMEDIATE PRIORITIES FOR EQUITYBCDC'S SOCIAL INVESTMENT ACTIVITIES

- ▶ Confirming how the Equity Group Foundation's social investment activities will be structured under its expansion into the DRC.
- ▶ Having the start-up budget approved by the Managing Director.
- ▶ Appointing and recruiting team leaders for the Foundation.
- ▶ Commencing the recruitment process for all approved positions.
- ▶ Designing and developing the work plan, budgets and operational structure for each pillar.

The Enterprise Development and Financial Inclusion pillar reflects the Equity Group's commitment to financial empowerment for African communities.

### ENTERPRISE DEVELOPMENT AND FINANCIAL INCLUSION

Priorities and achievements:

- ▶ Confirming the pillar manager and commencing the recruitment process.
- ▶ Reviewing the current work plan.
- ▶ Reviewing budgets and ensuring that the objectives for the current programme are aligned with the EquityBCDC Social Investment vision, including holding discussions with current donors (FSD Africa and the Mastercard Foundation). See the table below for an overview.
- ▶ Identifying areas of cooperation and project synergies with the Equity Group Foundation's Enterprise Development and Financial Inclusion pillar in Kenya.
- ▶ Identifying and establishing new partnerships for potential programmes.
- ▶ Signing a USD 15 million guarantee facility for SMEs.
- ▶ Opening discussions with the International Labour Organization (ILO), the French Development Agency (AFD) and its subsidiary Proparco, and the Embassy of the Netherlands on an upcoming financial inclusion project scheduled for early 2022, with the support of local incubators recommended by the donor.

Donor	Duration	Budget
<b>FSDA</b>	<b>Three years</b> 01/02/2019 – 31/12/2021 <i>To be extended to end-December 2022</i>	GBP 1,280,000 (FSDA) and GBP 960,000 (EBC)
<b>Mastercard Foundation</b>	<b>Three years</b> 24/10/2018 – 31/12/2021 <i>To be extended to end-March 2022</i>	USD 1,500,641 (MC FRP) and USD 1,500,641 (EBC cash contribution)



➤ The Equity Leaders Program welcomed 160 participants from all parts of the DRC, who have completed two weeks of induction and training in financial literacy and the full range of banking roles and functions. The scholars are now gearing up to join EquityBCDC on a two-month paid internship before heading to university for the start of the academic year.

## EDUCATION AND LEADERSHIP DEVELOPMENT

In 2021, work was ongoing in the following areas:

- ▶ Defining and approving the pillar managers and other roles.
- ▶ Recruiting the pillar team leader for the Equity Leaders Program and the manager of the current iteration of the programme.
- ▶ Drawing up and approving the work plan for immediate actions under the Equity Leaders Program and rolling out the programme in the DRC.
- ▶ Approving the budget for the Equity Leaders Program (USD 380,350.95).

## The Equity Leaders Program in the DRC

### Candidate selection

➤ 19 to 24 November 2021

The Foundation contacted schools in Haut-Katanga, Kasai and Kinshasa to obtain a list of students who had achieved a score of 70% or more in the state exam.

A total of 137 scholars from five regions, selected following a series of tests and interviews, were invited to take part in the Equity Leaders Program. The pass mark for the test was set at 80%.

### Training ➤ 28 November to 5 December 2021

Of the 137 invited scholars, 128 attended the designated venue (Caritas) for five days of induction.

### Post-training ➤ 6 to 30 December 2021

The students spent a month working as part of the sales and client care teams in the bank's branches, as well as participating in several departmental projects.

A total of 114 scholars completed phase one of the internship, for which they were paid. All of the scholars resumed their studies at university on 5 January 2022.

The programme will run again in 2022.

## HEALTH, ENERGY AND ENVIRONMENT, SOCIAL PROTECTION, FOOD AND AGRICULTURE

As of end-December 2021, work was under way to recruit pillar managers, draw up job descriptions, establish partnerships, identify areas of cooperation and synergy, and develop programmes and action plans for these four pillars.





# Human resources

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The aims of EquityBCDC's human resources policy are to:

- ▶ optimise costs
- ▶ digitise processes
- ▶ embed the performance management system
- ▶ achieve compliance with instructions, procedures and legal requirements
- ▶ equip staff with new skills
- ▶ attract and retain talent

## Headcount at 31 December 2021

The bank's headcount fell from 1,176 full-time equivalent employees (FTEs) at end-2020 to 1,140 FTEs at 31 December 2021, following 70 new hires and 106 departures (13 lay-offs, 16 retirements, 74 resignations, 2 deaths and 1 contract expiry).

The staff turnover rate for 2021 therefore stood at 9.06%.

The bank employs 527 operational staff, 510 management staff and 103 executives.

At 31 December 2021, the bank employed 334 sales and client care staff, including branch managers, down from 349 at 31 December 2020.

## Staff training

In 2021, the bank held 128 training sessions across the year – an average of around 11 per month at a total cost of USD 458,820.79.

These sessions were attended by 6,271 people in total.

The bank employs  
527 operational staff,  
510 management staff  
and 103 executives.

## Wages and salaries

Last year, wages and salaries amounted to USD 38.99 million, representing 105% of the budgeted figure.

Wages and social security contributions totalled USD 32.33 million.

Retirement benefits paid out over the same period stood at USD 794,400. Other similar wage-related expenses (medical bills, catering, school fees, etc.) amounted to USD 6.66 million, higher than the budgeted figure of USD 4.37 million.

- ▶ USD 7,000 in a single lump-sum payment to one recipient of a widow(er)s', veterans' and orphans' pension, as part of work to close old lifetime plans.

The number of retirees in receipt of lifetime pensions stood at 276 at 31 December 2021 (excluding 22 recipients of widow(er)s', veterans' and orphans' pensions, which were suspended in March 2017 in branches that closed), down from 299 at end-2020.

## Subcontracted personnel

At 31 December 2021, the bank's workforce included 871 sub-contracted personnel – 49 higher than the same figure at end-2020 (822).

This 5.96% increase can be attributed to strong growth in the bank's activities following the merger between the BCDC and EBC.

## PENSIONS

The bank paid out the following amounts in the 2021 financial year:

- ▶ USD 329,220 in advances or single lump-sum payments for 11 employees
- ▶ USD 2.15 million in single lump-sum payments (100%) for 7 employees who retired in 2021

## New collective bargaining agreement

On 31 May 2021, EquityBCDC and union representatives opened talks on a new collective bargaining agreement, which was signed on 15 June 2021.





## CHAPTER 3

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# Balance sheet at 31 December 2021

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In thousands of CDF

ASSETS	31/12/21	31/12/20
<b>Cash and interbank transactions</b>		
Cash in hand, central and correspondent banks	4,717,114,957	3,111,529,502
Debts owed by lending institutions	357,148,825	-
<b>Total cash and interbank transactions</b>	<b>5,074,263,782</b>	<b>3,111,529,502</b>
<b>Transactions with clients</b>		
Portfolio of commercial bills of exchange	161,296,021	25,339,959
Overdrafts and other loans to clients	1,833,909,934	1,608,968,400
<b>Total transactions with clients</b>	<b>1,995,205,955</b>	<b>1,634,308,359</b>
<b>Accounts of third parties and adjustment accounts</b>		
Asset adjustments	57,690,908	41,066,379
Miscellaneous assets	47,490,750	51,033,191
<b>Total accounts of third parties and adjustment accounts</b>	<b>105,181,658</b>	<b>92,099,570</b>
<b>Capitalised assets</b>		
Net capitalised assets	127,549,143	128,176,097
Securities portfolio	4,162,313	4,166,335
Guarantees and deposits	2,913,917	7,727,997
<b>Total capitalised assets</b>	<b>134,625,373</b>	<b>140,070,429</b>
<b>TOTAL ASSETS</b>	<b>7,309,276,768</b>	<b>4,978,007,860</b>

CONTINGENT ACCOUNTS	31/12/21	31/12/20
Commitments given	357,142,816	348,916,927
Commitments received	1,531,206,153	1,560,336,175
Internal commitments	235,089,104	154,991,171
Commitments on foreign currency transactions	-	92,133,006
<b>TOTAL CONTINGENT ACCOUNTS</b>	<b>2,123,438,073</b>	<b>2,156,377,279</b>



In thousands of CDF

LIABILITIES	31/12/21	31/12/20
<b>Cash and interbank transactions</b>		
Lori and Central Bank correspondents	65,000,000	77,185,639
Interbank loans and overdrafts	12,174,540	5,434,047
<b>Total cash and interbank transactions</b>	<b>77,174,540</b>	<b>82,619,686</b>
<b>Transactions with clients</b>		
Demand deposits and current accounts	4,036,869,644	2,937,416,409
Fixed-term deposits and savings accounts	2,252,441,297	1,281,009,255
Other client accounts	82,628,445	46,359,201
<b>Total transactions with clients</b>	<b>6,371,939,386</b>	<b>4,264,784,865</b>
<b>Accounts of third parties and adjustment accounts</b>		
Liability adjustments	122,540,677	103,827,370
Miscellaneous liabilities	126,946,455	100,249,044
<b>Total accounts of third parties and adjustment accounts</b>	<b>249,487,132</b>	<b>204,076,414</b>
<b>Permanent capital</b>		
Registered capital	8,248,512	8,248,512
Reserves and premiums	273,781,143	269,698,880
Capital gain on re-evaluation of fixed assets	49,493,331	46,043,146
Regulated provisions	10,030,203	9,888,926
Retained earnings	10,551,047	2,698,477
Profit for the financial year	80,353,225	8,634,592
<b>Total equity capital</b>	<b>432,457,461</b>	<b>345,212,533</b>
Equipment subsidies	109,980	110,406
Provisions for risks, charges and losses	43,562,007	38,185,623
Long-term and medium-term loans	134,546,262	43,018,333
<b>Total permanent capital</b>	<b>610,675,710</b>	<b>426,526,895</b>
<b>TOTAL LIABILITIES</b>	<b>7,309,276,768</b>	<b>4,978,007,860</b>

The balance sheet total stood at from CDF 4,978 million, up from to CDF 7,309 million (an increase of 47%, or 45% when expressed in USD equivalent), under the effect of growth in both client assets and cash. In particular, deposits grew by 49% year-on-year, from CDF 4,218 million in 2020 to CDF 6,289 million in 2021, an increase of 49%.

Items denominated in foreign currencies represented 81% of assets and 81% of liabilities (versus 88% of assets and 87% of liabilities at 31 December 2020).

## ASSETS

**Cash and interbank assets** continue to account for the majority of the balance sheet (close to 69% of total assets). This category includes available cash (CDF 706,760 million), sight balances at the central bank (CDF 505,290 million), and balances at banks and financial institutions (CDF 3,505,063 million, including CDF 3,424,734 of fixed-term investments, CDF 80,218 million of sight balances and 110 of receivables).

Expressed in USD equivalent, this item grew by 69% from USD 1,578 million to USD 2,537 million, due primarily to higher levels of cash in foreign currencies and an increase in sight balances at correspondent banks.

**Transactions with clients** amount to a net outstanding value of CDF 1,995,205 million, or USD 997,616 million equivalent (gross: CDF 2,102,500 million, or USD 1,051 million equivalent), representing 25% of the balance sheet total.

- ▶ Loans in foreign currencies account for 90% of the gross loan portfolio. In terms of the net portfolio, these loans increased from CDF 1,566,832 million (USD 794,618 million) to CDF 1,890,239 million (USD 945,132 million), a rise of 21%.
- ▶ Net loans denominated in Congolese francs stand at CDF 104,966 million, up from CDF 67,476 million in 2020, an increase of 56%. In USD equivalent, these loans recorded a year-on-year rise of USD 37,490 million.
- ▶ Outstanding receivables (performing loans past due and non-performing loans) amount to CDF 452,835 million, or USD 226 million equivalent (versus CDF 377,167 million, or USD 191 million equivalent in 2020), with those denominated in foreign currencies representing 91% of this amount and CDF-denominated loans making up the remaining 9%.

- ▶ The non-performing portfolio stands at CDF 146,243 million (USD 73.123 million equivalent), and is covered by provisions of CDF 107,294 million (a 73% coverage rate). Performing loans past due total CDF 306,591 million (USD 153.298 million equivalent).

**Asset adjustment accounts**, which represent 1% of total assets, stand at CDF 56,790 million (versus CDF 41,066 million in 2020) and include receivable income (CDF 12,157 million), prepaid expenditure (CDF 9,472 million), current inventory (CDF 13,270 million) and other adjustment accounts (CDF 22,790 million).

**Miscellaneous assets**, which comprise third-party and suspense accounts and represent 1% of total assets, stand at CDF 47,490 million (versus CDF 51,033 million in 2020). More specifically, these include:

- ▶ Tax prepayments and tax credits (CDF 0.57 million)
- ▶ Advances and prepayments paid (CDF 8,045 million, including CDF 5,341 to employees)
- ▶ Receivables (CDF 33,434 million)
- ▶ Uncashed cheques and prepayments paid to suppliers (CDF 5,953 million).

**Fixed assets** total CDF 134,625 million, including a CDF 4,162 million (USD 2.08 million equivalent) equity interest in the real-estate subsidiaries.

## LIABILITIES

**Interbank transactions** account for 1% of total liabilities. This category mainly comprises amounts owed to local banks and financial institutions (CDF 65,000 million).

Expressed in USD equivalent, this item fell by 8% from USD 42 million to USD 39 million.

**Client deposits and other transactions** stand at CDF 6,371,939 million.

This represents 80% of total liabilities, with amounts denominated in foreign currencies making up the vast majority (83%) of this amount. Deposits in foreign currencies are 49% higher than in 2020, when they stood at CDF 4,264,784 million. Expressed in USD equivalent, this item grew by 47%, from USD 2,163 million to USD 3,186 million.

This category includes deposits in foreign currencies of CDF 5,308,040 million, up 35% versus December 2020 (from USD 1.991 million equivalent to USD 2,654 million equivalent) and deposits in Congolese francs of CDF 1,063,898 million, up 214% from CDF 339,770 million in December 2020 (from USD 172.314 million equivalent to USD 531.955 million equivalent).

Client current accounts amount to CDF 4,680,422 million (USD 2,340 million equivalent), versus CDF 3,413,263 million (USD 1,736 million equivalent) in 2020.

- ▶ Client on-demand deposits stand at CDF 4,036,869 million, versus CDF 2,937,416 million in 2020, with foreign-currency accounts representing 91% of this total. Expressed in USD equivalent, this item grew by 36%, from USD 1,489 million to USD 2,018 million.
- ▶ Savings accounts total CDF 630,368 million (USD 315.188 million equivalent, versus USD 241.325 million equivalent in 2020), a 31% year-on year rise.
- ▶ Fixed-term deposits amount to CDF 1,622,072 million, up 99% relative to 2020, from USD 408 million equivalent to USD 811 million equivalent.
- ▶ Other client accounts total CDF 82,628 million, and include receivables of CDF 24,557 million,



provisions for bank cheques of CDF 12,652 million, provisions for documentary credits and security deposits of CDF 4,097 million, dispositions to pay of CDF 29,712 million, and other monies payable and deposits of CDF 11,608 million.

**Liability adjustment accounts** total CDF 122,540 million (versus CDF 103,827 million at 31 December 2020), accounting for 2% of total liabilities.

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

- ▶ Amounts due to the government: CDF 22,926 million, including transit transactions on behalf of financial agencies (CDF 1,177 million), VAT and other taxes, duties and charges to be paid (CDF 10,944 million) and other amounts due (CDF 10,804 million).
- ▶ Bills of exchange accounts and uncashed cheques amounting to CDF 17,417 million.
- ▶ Payables: CDF 89,799 million, including CDF 62,563 million of accrued provisions for OCC/BIVAC charges (versus CDF 30,631 million in 2020).

**Permanent capital** (excluding profit for the financial year) stands at CDF 530,322 million, or USD 265 million equivalent, and represents 7% of the balance sheet total.

**Equity capital at book value** amounts to CDF 432,457 million, or USD 216 million equivalent (versus USD 175 million equivalent in 2020), and includes registered capital of CDF 8,249 million and a provision for reconstitution of capital of CDF 10,030 million.

# Income statement

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In thousands of CDF

INCOME STATEMENT	31/12/21	31/12/20
Income from cash and interbank transactions	48,882,940	12,110,848
Expenses linked to cash and interbank transactions	(50,885,694)	(14,212,498)
Income from transactions with clients	216,646,412	111,855,136
Expenses linked to client transactions	(64,832,117)	(34,586,329)
Income from miscellaneous banking transactions	208,276,984	114,824,564
Expenses linked to miscellaneous banking transactions	(58,229,984)	(24,958,473)
<b>Net banking income</b>	<b>299,858,541</b>	<b>165,033,248</b>
Ancillary income	11,290,868	8,542,493
General operating expenses	(111,017,889)	(61,228,739)
Wages and salaries	(82,157,458)	(45,408,702)
Direct and indirect taxes	(3,619,229)	(1,635,457)
<b>Gross operating income</b>	<b>114,354,833</b>	<b>65,302,843</b>
Allocations to depreciations	(16,208,338)	(9,557,497)
<b>Pre-tax extraordinary profit or loss</b>	<b>98,146,495</b>	<b>55,745,346</b>
Capital gains/losses on disposals of assets	-	(1,508,930)
Allocation and reversal of provisions	2,999,580	(39,344,477)
Extraordinary profit or loss	(2,037,406)	92,704
<b>Pre-tax ordinary profit or loss</b>	<b>99,108,669</b>	<b>14,984,643</b>
Corporation tax	(18,755,444)	(6,350,051)
<b>PROFIT FOR THE FINANCIAL YEAR</b>	<b>80,353,225</b>	<b>8,634,592</b>

## Net banking income

Net banking income totals CDF 299,858 million, versus CDF 158,168 in 2020 – an increase of 90%. Expressed in USD equivalent, net banking income stands at USD 149.931 million, up 79% relative to 2020.

Net banking income totalled CDF 299,858,541,000, up 90% relative to 2020.

### INTEREST MARGIN

The interest margin stands at CDF 141,856 million, representing 47% of net banking income and reflecting the difference between interest received (CDF 247,407 million) and interest paid (CDF 105,550 million).

In CDF, the margin is 107% higher than at December 2020. Expressed in USD equivalent, net interest stands at USD 70.929 million, versus USD 34.835 million at December 2020, a year-on-year increase of 104%.

### COMMISSIONS AND MISCELLANEOUS INCOME

Commissions and miscellaneous income total CDF 158,001 million and consist of profit on foreign exchange transactions, income from off-balance-sheet transactions, and other net income from banking operations. Expressed in USD equivalent, this item totals USD 79.002 million.

- Profit on foreign exchange transactions, which represents 19% of net banking income, stands at CDF 56,243 million, or USD 28.122 million equivalent. This compares with

a figure of USD 17.082 million at December 2020, an increase of 65% attributable to higher margins than in the previous year.

- Income from off-balance-sheet transactions (issue of documentary credits and guarantees) amounts to CDF 8,361 million (USD 4.180 million equivalent), or 3% of net banking income.
- Other income from banking operations stands at CDF 148,953 million (USD 74.5 million equivalent), representing 50% of net banking income. This category mainly comprises commissions on transfers, commissions on foreign notes, and miscellaneous commissions and income.

### ANCILLARY INCOME

Ancillary income amounts to CDF 11,290 million (versus CDF 9,063 million in 2020), broken down as follows:

- Western Union commissions of CDF 5,352 million at end-December 2021.
- Rental income of CDF 5,363 million at end-December 2021 (up 25% relative to 2020). Expressed in USD

equivalent, this income totals USD 2.681 million, versus USD 2.291 million at December 2020, a year-on-year increase of 17%.

- Recovered communal and other charges of CDF 575,000 at end-December 2021.

## Operating expenses

### WAGES AND SALARIES

Wages and salaries total CDF 82,157 million and represent 42% of operating expenses. Expressed in USD equivalent, this item amounts to USD 41.079 million, a 64% increase on the December 2020 figure of USD 25.050 million.

### OTHER GENERAL OPERATING EXPENSES

Other general operating expenses amount to CDF 111,017 million (USD 55.509 equivalent), which is 88% lower than the December 2020 figure of USD 29.451 million equivalent.

These expenses are broken down as follows:

- ▶ Materials and supplies: CDF 7,480 million, versus 8,098 million in December 2020.
- ▶ Transport and travel expenses: CDF 5,819 million (USD 2.09 million equivalent), versus with CDF 4,144 million in December 2020.
- ▶ Other external services: CDF 85,394 million, versus CDF 42,756 million in 2020.
- ▶ Technical assistance and inspection fees: CDF 7,531 million.
- ▶ Miscellaneous operating expenses: CDF 4,792 million.

## Allocations to depreciations and provisions

A total of CDF 192,894 million was allocated to depreciations and provisions, including CDF 17,791 million for depreciation on tangible assets and CDF 175,103 million (USD 87.6 million equivalent) for provisions for debtors and other liabilities and charges.

Write-backs of provisions amounted to CDF 178,103 million (USD 89.5 million equivalent).

## Extraordinary profit or loss

The extraordinary loss of USD -2.037 million (CDF -1,018 million), including exceptional expenses, relates primarily to fraud and embezzlement (USD 0.656 million) and impairment of receivables (USD 5.136 million).

Exceptional profit totals USD 4.773 million.

## Net profit or loss

The bank recorded net profit of CDF 80,353 million (USD 40 million equivalent, calculated at the average rate for the financial year, reflecting the performance of the wider economy).

## Ratios

	31/12/20	STANDARD	31/12/21	STANDARD
Core solvency	9.62%	Min. 7.5%	6.71%	Min. 7.5%
Overall solvency	12.12%	Min. 10%	8.26%	Min. 10%
Leverage	5.08%	Min. 5%	3.94%	Min. 5%
Liquidity (CDF)	353%	Min. 100%	438%	Min. 100%
Liquidity (ME)	149%	Min. 100%	156%	Min. 100%
Profitability	5.2%	Net income/NBI	27%	Net income/NBI
<b>NROE</b>	<b>0.2%</b>	<b>NET INCOME /EQUITY CAPITAL</b>	<b>15.15%</b>	<b>NET INCOME /EQUITY CAPITAL</b>
CIR	65.6%	Target: 72%	65.6%	Target: 74%

# Auditor's report

## ON THE ANNUAL FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2021

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In accordance with the mission entrusted to us by your General Meeting, we hereby submit to you our report on the financial year ending 31 December 2021 on:

- The audit of the annual financial statements of Equity Banque Commerciale du Congo SA ("EquityBCDC") as they are attached to this report
- The specific checks and information required by law

### 2. AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

#### 1.1 OPINION

We have performed the audit of the annual financial statements of Equity Banque Commerciale du Congo SA ("EquityBCDC") as of 31 December 2021, 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 other explanatory information about the financial statements for the year closing on that date.

In our opinion, the annual financial statements, in all material respects, give a true image of the financial situation of Equity Banque Commerciale du Congo SA ("EquityBCDC") as of 31 December 2021, and of 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 for the banking sector and with the instructions and directives of the Central Bank of Congo.

#### 1.2 BASIS OF THE OPINION

We performed our audit in accordance with the International Standards on Auditing (ISA). The responsibilities incumbent upon us pursuant to these standards are more fully described in the section of this report entitled "Responsibilities of the auditor relative to the audit of the annual financial statements". We are independent of Equity Banque Commerciale du Congo SA ("EquityBCDC") in accordance 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 with the independence rules that govern 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 a sufficient and appropriate basis for our audit opinion.

#### 1.3 RESPONSIBILITIES OF THE BOARD OF DIRECTORS RELATIVE TO THE ANNUAL FINANCIAL STATEMENTS

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

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

During the preparation of the annual financial statements, the Board of Directors is expected to evaluate the institution's capacity to continue trading and to supply, where applicable, information about continuation as a going concern, and to apply the going concern basis of accounting, except if the Board of Directors intends to put the institution into liquidation or to cease trading, or if there is no other realistic alternative solution available 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 AUDITORS RELATIVE TO THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

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

Reasonable assurance corresponds to a high level of assurance. However, this does not guarantee that an audit performed to ISA standards will always enable any material misstatement that exists to be detected. Misstatements may result from fraud or from error and are considered material 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 financial statements are described in more detail in Appendix 1 to this external auditor's report.

## 2. SPECIFIC STATUTORY CHECKS AND OTHER INFORMATION

### 1.1 SPECIFIC CHECKS REQUIRED UNDER CENTRAL BANK OF CONGO INSTRUCTION NO. 19

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

- the organisation and governance of the bank and the quality of its identification, measurement, monitoring, control and risk 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

These checks revealed that the Bank has a control system that enables it to identify, measure and control the key risks to which it is exposed, and that this system is supported by an information system for processing its transactions.

All investigations, conclusions and recommendations relating to the strengthening of compliance with Central Bank of Congo instructions and directives will be provided to the Bank's Senior Management and to the Central Bank of Congo in a separate report, pursuant to Article 11 of Instruction no. 19 of 14 May 2019.

### 1.2 SPECIFIC CHECKS OF OTHER INFORMATION

Responsibility for other information rests with the Board of Directors. Other information comprises information contained in the management report.

Our opinion on the annual financial statements does not extend to the other information. We give no form of assurance whatsoever about such information.

As external auditor, it is our responsibility to carry out the specific checks required by law and, having done so, to check that the information provided in the Annual Report of the Board of Directors, and in the documents provided to shareholders concerning the company's situation and annual financial statements, is truthful and consistent with the annual financial statements, and to check that such information, in all material aspects, complies with certain legal and regulatory obligations. It is also our responsibility to read the other information and to determine whether there are any material inconsistencies between such information and the annual financial statements or the evidence we obtained during our audit, and whether the other information contains any material misstatements. We are required to report on any material misstatements that we may find when carrying out these specific checks or examining the other information.

We have nothing to report in this respect.



## CHAPTER 4

# EquityBCDC's networks

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Network of correspondent banks	49



# EquityBCDC's branch network in the DRC

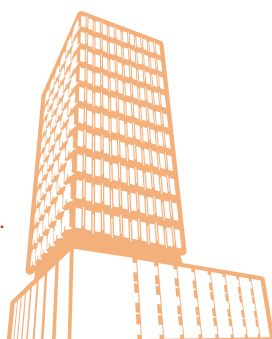
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EquityBCDC expanded its branch network and developed a range of alternative channels, including EquityBCDC Express, a network of 16,535 banking agents, plus innovative digital products such as USSD (\*420#), EazzyTelegram, an online banking platform, a mobile app for retail clients, and a web app that lets SMEs do their banking remotely.

## Head office

Boulevard du 30 Juin  
B.P. 2798, Kinshasa 1  
mail@equitybcdc.cd  
Tel.: +243 818 302 700

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



## West Region

<b>Kinshasa</b>	Aviateurs Branch	Tel. 818308373
<b>Kinshasa</b>	Kintambo Branch	Tel. 818302664
<b>Kinshasa</b>	Limete Place Commerciale Branch	Tel. 812860556
<b>Kinshasa</b>	Paix Branch	Tel. 818302565
<b>Kinshasa</b>	Rond-point Victoire Branch	Tel. 818308660
<b>Kinshasa</b>	30 Juin Huilerie Branch	Tel. 818302487
<b>Kinshasa</b>	Royal Branch	Tel. 818302511
<b>Kinshasa</b>	Siege Branch	Tel. 810365307
<b>Kinshasa</b>	Brikin Branch	Tel. 814514654
<b>Kinshasa</b>	Delvaux Branch	Tel. 829782166
<b>Kinshasa</b>	Limete 7 <sup>ème</sup> Rue Branch	Tel. 818302475
<b>Kinshasa</b>	Masina Sans Fil Branch	Tel. 829782208
<b>Kinshasa</b>	Matadi Kibala Branch	Tel. 818302477
<b>Kinshasa</b>	Matonge Branch	Tel. 817116425
<b>Kinshasa</b>	Mondjiba Branch	Tel. 818302620
<b>Kinshasa</b>	Ngaba Branch	Tel. 818302649
<b>Kinshasa</b>	Poste Branch	Tel. 818308700
<b>Kinshasa</b>	Unikin Branch	Tel. 830542022
<b>Kinshasa</b>	Commerce Branch	Tel. 827873114
<b>Kinshasa</b>	Fleuvecongo Branch	Tel. 818308724
<b>Kinshasa</b>	Gambela Branch	Tel. 829782220
<b>Kinshasa</b>	Gare Centrale Branch	Tel. 829782155
<b>Kinshasa</b>	Joli Parc Branch	Tel. 821398346
<b>Kinshasa</b>	Kinkole Branch	Tel. 821918923
<b>Kinshasa</b>	Kin Maziere Branch	Tel. 818302561

<b>Kinshasa</b>	Lukusa Branch	Tel. 829782174
<b>Kinshasa</b>	Macampagne Branch	Tel. 818302552
<b>Kinshasa</b>	Masina Pascal Branch	Tel. 829782218
<b>Kinshasa</b>	Memling Branch	Tel. 829782200
<b>Kinshasa</b>	Monishop Branch	Tel. 818302528
<b>Kinshasa</b>	Oasis Branch	Tel. 825829936
<b>Kinshasa</b>	Pigeon Branch	Tel. 817109675
<b>Kinshasa</b>	Rond-point Huilerie Branch	Tel. 818302515
<b>Kinshasa</b>	Rotana Branch	Tel. 823785339
<b>Kinshasa</b>	Saio Branch	Tel. 818302680
<b>Kinshasa</b>	Mont Ngafula Branch	Tel. 826354203
<b>Kinshasa</b>	Ndjili Branch - dedicated Western Union	Tel. 817116418
<b>Kinshasa</b>	Liberte Branch - dedicated Western Union	Tel. 817116364
<b>Kinshasa</b>	Matete Branch - dedicated Western Union	Tel. 817116372
<b>Kinshasa</b>	Bandal Branch - dedicated Western Union	Tel. 817116395
<b>Kinshasa</b>	Kintambo Branch - dedic. Western Union	Tel. 817116393
<b>Kinshasa</b>	Assossa Branch - dedicated Western Union	Tel. 817116385
<b>Kinshasa</b>	Pascal Branch - dedicated Western Union	Tel. 817116417
<b>Kinshasa</b>	Ozone Branch - dedicated Western Union	Tel. 817116414
<b>Kinshasa</b>	Foire Branch - dedicated Western Union	Tel. 814857017
<b>Kinshasa</b>	Kimbondo Branch - dedic. Western Union	Tel. 815393265
<b>Kinshasa</b>	Kalina Branch - dedicated Western Union	Tel. 817061635
<b>Kinshasa</b>	Kingasani Branch - dedic. Western Union	Tel. 816069019
<b>Kinshasa</b>	Cilu Local desk	
<b>Kinshasa</b>	SN Brussels Local desk	
<b>Kinshasa</b>	Snel Local desk 1	
<b>Kinshasa</b>	Snel Local desk 2	
<b>Kinshasa</b>	Bralima Local desk	
<b>Kongo Central</b>	Mavungu Branch	Tel. 818302517
<b>Kongo Central</b>	Boma Branch	Tel. 822827896
<b>Kongo Central</b>	Kimpese Branch	Tel. 815419552
<b>Kongo Central</b>	Matadi Branch	Tel. 818302717
<b>Kongo Central</b>	Mbanza Ngungu Branch	Tel. 829782228
<b>Kongo Central</b>	Inga Branch	Tel. 821429107
<b>Kongo Central</b>	Lukala Branch	Tel. 827767142
<b>Kongo Central</b>	Matadi Port Branch	Tel. 829782118
<b>Kongo Central</b>	Matadi Port Sec Branch	Tel. 829782185
<b>Kongo Central</b>	Ami Congo Local desk	



## Central Region

<b>Kasaï-Central</b>	Kananga Branch	Tel. 812578281
<b>Kasaï</b>	Tshikapa Branch	Tel. 818302704
<b>Kasaï-Oriental</b>	Mbuji Mayi Branch	Tel. 817113411

## South Region

<b>Lualaba</b>	Kolwezi Branch	Tel. 818308737
<b>Lualaba</b>	Bissipi Branch	Tel. 818308672
<b>Lualaba</b>	Lukala Dilala Branch	Tel. 818302498
<b>Lualaba</b>	Connex Africa Kolwezi Local desk	
<b>Lualaba</b>	Mairie de Kolwezi Local desk	
<b>Lualaba</b>	Bralima Local desk - Kolwezi	
<b>Lualaba</b>	Mulykap Local desk	
<b>Lualaba</b>	Groupe SIL Local desk	
<b>Haut-Katanga</b>	Likasi Branch	Tel. 815435455
<b>Haut-Katanga</b>	Lubumbashi Centre-ville Branch	Tel. 818302707
<b>Haut-Katanga</b>	Lubumbashi Branch - Katanga	Tel. 818302563
<b>Haut-Katanga</b>	Lakenya Branch	Tel. 821918932
<b>Haut-Katanga</b>	Likasi Centre-ville Branch	Tel. 829782240
<b>Haut-Katanga</b>	Carrefour Branch	Tel. 817808062
<b>Haut-Katanga</b>	Golf Branch	Tel. 818787380
<b>Haut-Katanga</b>	Kambove Branch	Tel. 831404786
<b>Haut-Katanga</b>	Kasumbalesa Branch	Tel. 829782250
<b>Haut-Katanga</b>	Manika Branch	Tel. 831480256
<b>Haut-Katanga</b>	Plage Branch	Tel. 817808067
<b>Haut-Katanga</b>	Révolution Branch	Tel. 818302485
<b>Haut-Katanga</b>	Kicc Branch	Tel. 816211247
<b>Haut-Katanga</b>	Congo Airways Local desk 1	
<b>Haut-Katanga</b>	Congo Airways Local desk 2	
<b>Haut-Katanga</b>	Connex Africa Local desk	
<b>Haut-Katanga</b>	Congo Équipement Local desk	
<b>Haut-Katanga</b>	Brassimba Local desk 1	
<b>Haut-Katanga</b>	Brassimba Local desk 2	
<b>Haut-Katanga</b>	Bralima Local desk - Lubumbashi	
<b>Haut-Katanga</b>	Centre des Visas Afrique du Sud Local desk	
<b>Haut-Katanga</b>	ISP Lubumbashi Local desk	
<b>Haut-Katanga</b>	ISES Local desk	
<b>Haut-Katanga</b>	Institut Salama Local desk	
<b>Haut-Katanga</b>	ISC Lubumbashi Local desk	
<b>Haut-Katanga</b>	Université de Lubumbashi Local desk	
<b>Haut-Katanga</b>	ISTL Local desk	
<b>Haut-Katanga</b>	C.S. Bisounours Local desk	
<b>Haut-Katanga</b>	C.S. Galaxis Local desk	

## East Region

<b>Nord Kivu</b>	Beni Branch	Tel. 817061697
<b>Nord Kivu</b>	Butembo Branch	Tel. 827519917
<b>Nord Kivu</b>	Goma Branch	Tel. 825483241
<b>Nord Kivu</b>	Serena Branch	Tel. 829782234
<b>Sud Kivu</b>	Bukavu Branch	Tel. 818302613
<b>Sud Kivu</b>	Lumumba Branch	Tel. 825921917
<b>Sud Kivu</b>	DGI Local desk	
<b>Tshopo</b>	Kisangani Branch	Tel. 818302584
<b>Tshopo</b>	Makiso Branch	Tel. 829635091
<b>Tshopo</b>	DGRPT Local desk	
<b>Tshopo</b>	Congo Airways Local desk	
<b>Tshopo</b>	Bralima Local desk	
<b>Ituri</b>	Bunia Branch	Tel. 823975305
<b>Ituri</b>	DGRPI Local desk	
<b>Haut-Uele</b>	Durba Branch	Tel. 817058397
<b>Haut-Uele</b>	Isiro Branch	Tel. 821510140
<b>Haut-Uele</b>	Aru Branch	Tel. 814702219
<b>Haut-Uele</b>	Kibali Branch	Tel. 813931263

## Network of correspondent banks

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At end-2021, EquityBCDC had seven correspondent banks:

- CITIBANK, LONDON
- CITIBANK, NEW YORK
- BANK OF CHINA
- UNICREDITO ITALIA
- NATIXIS
- FIMBANK PLC
- COMMERZBANK AG, FRANKFURT





[www.equitygroupholdings.com/cd](http://www.equitygroupholdings.com/cd)  
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