

Bancobu

BANQUE COMMERCIALE DU BURUNDI



ACTIVITIES REPORT 2013

54th FISCAL YEAR



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ACTIVITIES REPORT 2013

**ACTIVITIES REPORT, BALANCE SHEET AND PROFIT
AND LOSS ACCOUNTS TO DECEMBER 31th, 2013**

**Submitted to the Annual General Meeting of
Shareholders on March 21th, 2014
54th FISCAL YEAR**



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e-banking

Particuliers & Entreprises

BANCOBU Visa Cards / ATM / POS

- Discover the security, convenience and flexibility of BANCOBU Visa ATM Cards
- Withdraw money from BANCOBU ATMs 24/ 7
- Check your account balance and history
- Pay for goods and services at any point of sale (POS) worldwide- restaurants, supermarkets, hotels, shopping online etc
- Make internal transfers between your various BANCOBU accounts

Visa prepaid

- Travel the world with a peace of mind with your Visa Prepaid Card
- Access your money 24/7
- Withdraw money in the most secure, convenient and flexible manner with more than 1 million ATMs worldwide
- Pay for goods and services at any point of sale (POS) in more than 185 countries
- Enjoy easy and secure shopping on the internet
- No obligation to possess a bank account

Visa Cash Advance

- Withdraw Cash in BIF, EUR or USD from our vast network of branches
- Available during normal banking hours

Mcash

- Money transfer services via mobile phone
- Transfer money instantly to your family, friends and business associates across Burundi
- M-Cash is available on all types of mobile phones and mobile networks in Burundi
- Withdraw and deposit money through our network of agents distributed across the country

Webbanking(internet banking)

- Access your account online- banking 24/7, anywhere and anytime
- Online account statement
- Online exchange rate inquiry

Western Union

- Instant money transfer within Burundi and around the world
- More than 235,000 agents worldwide
- World number's 1 the rapid transfer



Corporate



Fixed Deposit Account :

- Minimum balance of BIF 5,000,000
- Term (Investment period) agreement
- Negotiable interest rates
- Fixed Capital during the period
- Interest is paid at maturity

Flexi –savings Account :

- Minimum balance of BIF 5,000,000
- Duration 12 months and above
- Negotiable interest rates

- Reviewable capital during the period
- Interests available at any time

Business Credit

- Vehicle and Asset Financing
- Investment Financing
- Line of Credit
- Letter of Credit
- Invoice discounting
- Bank guarantee





Current Account:

- Guaranteed availability of funds
- Access our vast network of branches open 7 days a week
- Manage your account remotely via free internet banking
- Minimum opening balance of BIF 50,000
- Access to Savings and Credit facilities
- Transfer of funds from account to account (Intra-bank or interbank)
- International transfer
- Foreign Exchange

Joint Account :

- Guaranteed availability of funds
- Access our vast network of branches open 7 days a week
- Manage your account remotely via free internet banking
- Minimum opening balance of BIF 50,000
- Access to Savings and Credit facilities
- Transfer of funds from account to account (Intra-bank or interbank)
- Joint management of funds
- International transfer
- Foreign Exchange

Foreign Currency account:

- Minimum opening balance of USD 50 or EUR 50
- No account maintenance fees
- Manage your account remotely via free internet banking
- Access to Savings and Credit facilities
- Access our vast network of branches open 7 days a week
- International transfer
- Foreign Exchange

Future Savings Account:

- Minimum opening balance of BIF50,000
- No account maintenance fees
- An annual interest rate of 4.5%

Express Credit:

- Salary advance up to 80% of net salary
- Duration of up to six months
- Funds available within 12hrs
- Guaranteed by employment

Terimbere Credit

- Available to young entrepreneurs with no real security
- Amount up to BIF 5 million
- Duration of repayment: 1 year

Group Credit :

- Credit on group salary
- Attractive interest rates
- Duration of repayment: up to 5 years
- Guaranteed by employment and surety
- Monthly repayments retained by the employer and paid to the Bank

ADDRESS BY THE CHAIRPERSON OF THE BOARD OF DIRECTORS AT THE SHAREHOLDERS ANNUAL ORDINARY GENERAL MEETING FOR THE YEAR ENDED 31/12/2013

Ladies and Gentlemen,

On behalf of the Board of Directors of The Commercial Bank of Burundi, it is a pleasure to address you on this occasion of Shareholders Annual Ordinary General Meeting for the year ended on 31/12/2013 which coincides with the 54th fiscal year.

As a prelude to the presentation of the activities report of the Board of Directors for the fiscal year 2013, let me highlight the conditions that characterized the Burundian economy and the Bank's major operations.

The Burundian economy is growing slowly. The growth domestic product (GDP) increased by 0.1% from 4.2% in 2012 to 4.3% in 2013. Coffee production declined by 58% from 30,719 tonnes in 2012 to 12,782 tonnes in 2013.

In terms of foreign trade, exports covered only 10.6% of imports against 18.1% for the previous year which has created pressure on foreign exchange reserves and banks to struggle in meeting the demands of customers operating in international markets.

The banking sector continued to finance the economy an outstanding credit of BIF 627.8 billion at the end of 2013 against BIF 592.3 billion at the end of 2012, an increase of 6 %. During the same period, the rate of deterioration of the loan portfolio was up from 8.7 % to 10.3 %. This deterioration in the credit portfolio has negatively impacted the initiatives of banks in granting credits while the financing needs of the economy remain significant.

At the regulatory level, the Central Bank of Burundi (BRB) has triggered reforms aimed at updating the monetary laws and regulations of the banking system. These reforms are part of the harmonization of the banking systems of the East African Community (EAC), the adaptation of IFRS and enforcement of prudential norms. The implications of these reforms will specially impact the bank's operations during the year 2014.



Ladies and Gentlemen,

Through-out the fiscal year 2013, BANCOBU continued to deploy its capacity to highlight its core values which are:

- Professionalism and expertise;
- Listening and building trusting relationship with its customers;
- Teamwork and complementary skills;
- Strengthening of the capacity of the staff of the bank.
- The promotion of excellence and pride in a job well done.

Total assets increased by 11.0% to BIF 163.2 billion , equity by 17.2% to BIF 25.2 billion , outstanding deposits by 23.6% to BIF130.5 billion and outstanding loans by 21.2% to BIF 110.3 billion.

It's these core principles and values that continue to guide the Bank's activities and relationships with its stakeholders namely; customers, staff members, shareholders and the surrounding community.

To increase customer loyalty, substantial improvement of the brand image BANCOBU is essential.

This has enabled us to achieve outstanding results in the year 2013. As an illustration, total assets increased by 11.0% to BIF 163.2 billion , equity by 17.2% to BIF 25.2 billion , outstanding deposits by 23.6% to BIF 130.5 billion and outstanding loans by 21.2% to BIF 110.3 billion. In terms of income, net banking income rose by 11% to BIF17.8 billion . However, net income decreased by 17% to BIF 3.2 billion BIF due to the significant increase in provisions for outstanding claims which went from BIF 946.7 million to BIF 3.0 billion.

The Bank has continued its program of innovation, product diversification and customer service in this case the extension of the operating networks, the introduction of electronic banking and contributing to financial inclusion.

The Bank has also played a pioneering role in the development of a solution to massive population banking via mobile phone or biometric channels by use of fingerprints.

The year 2013 also saw the realization of a process of reflection undertaken for two years in order to produce a roadmap for the Bank. This process of reflection realized a Strategic Plan for the Bank by 2020 including a business plan and a Innovation Master Plan.



To the staff members and various social affiliates of the Bank, we offer our congratulations for these performances and solicit further efforts to continue to improve those acquired during the year 2014.

Ladies and Gentlemen,

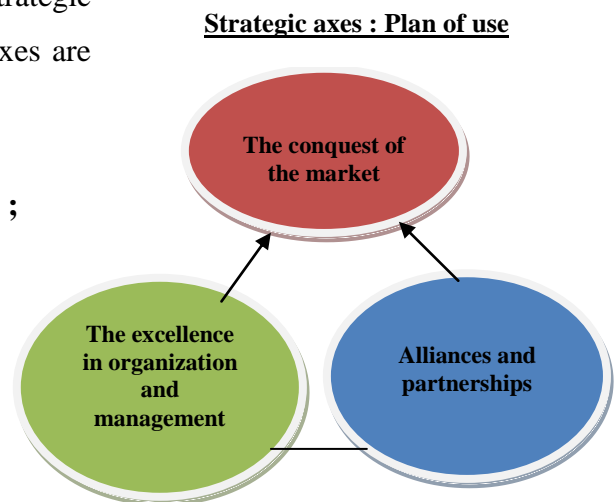
In 2014, BANCOBU undertakes to implement the Strategic Plan of the Bank which has been adopted and whose axes are listed below:

- The organizational and management excellence;
- The Conquest of the market;
- Alliances and partnerships.

Mesdames et Messieurs les Actionnaires,

In 2014, BANCOBU undertakes to implement the Strategic Plan of the Bank which has been adopted and whose axes are listed below:

- **The excellence in organization and management ;**
- **The conquest of the market;**
- **Alliances and partnerships.**



For excellence in organization and management, the stated ambition is to become the most successful bank in Burundi in a sustainable and profitable way. This requires both the dynamic and accountability of human resources as well as strengthening and modernization of technological capacity and resource management systems.

For the conquest of the market, the Bank wants to become a "universal" bank favoring a multi-trades approach based on a wide range of products and banking services. Its financial resources and those of its partners, its experience and its increased size will allow it a presence in all areas proved profitable and have a positive environmental and social impact.

In terms of alliances and partnerships, the Bank's ambition is to exploit opportunities that arise in the Burundian market and the sub-regional market in areas such as agribusiness, tourism, mining, real estate,



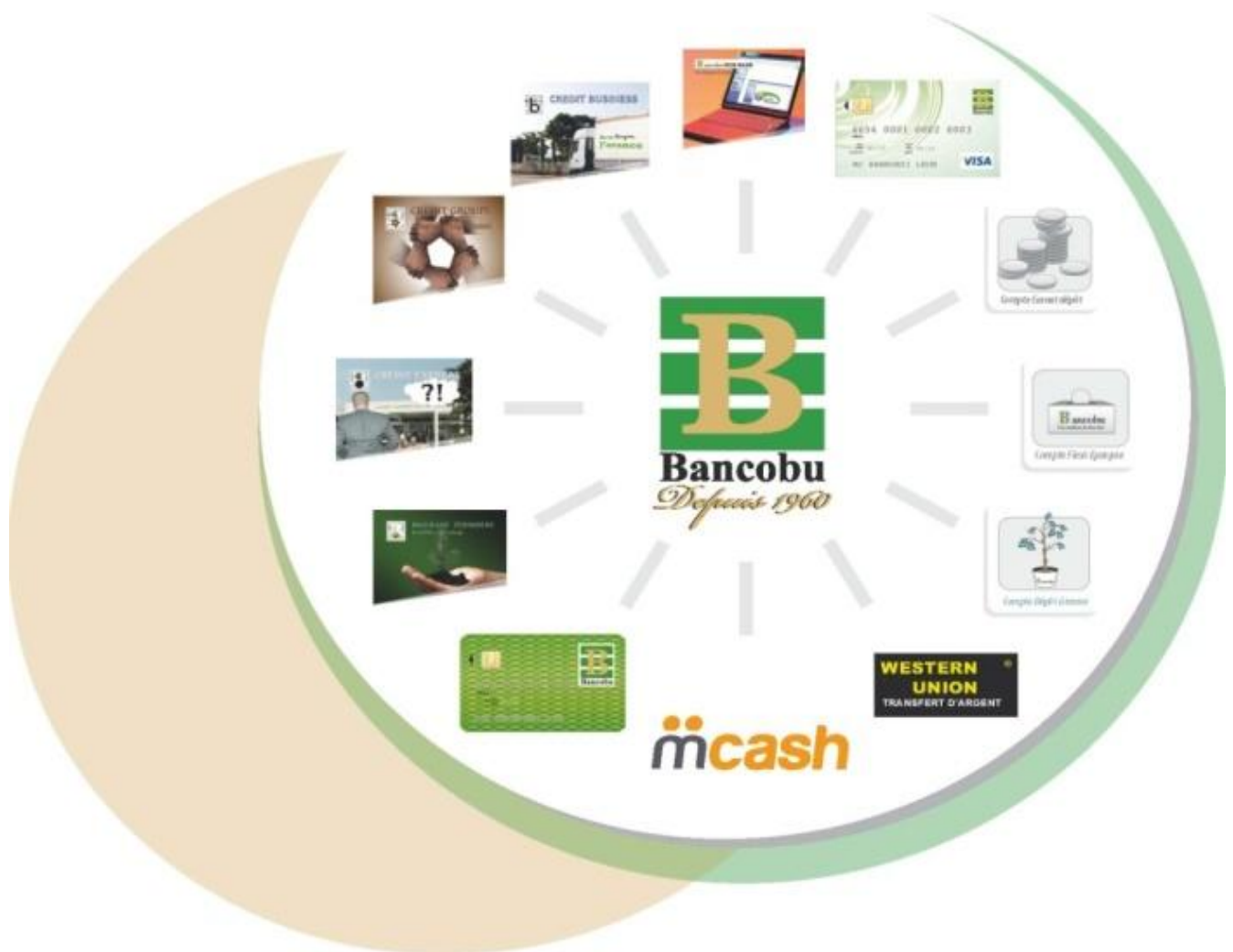


financial markets etc. In terms of profitability and image, it will be important to confirm the presence of the Bank in these areas.

These areas must be addressed with determination but also with caution, relying on specialized, reliable and robust given the risks and constraints inherent in these activities

In the implementation of this Strategic Plan, the priority is to have the capital to meet the demands of this Plan and its external constraints. This is all the most urgent that the application of new circulars BRB involves strengthening equity. And it is in this context that we appeal to all shareholders to take to heart the need to strengthen the equity of the Bank so that we can get to achieve the objectives for a reference bank on the market.

It is on this message that we end this introductory speech and thank you for your attention.



THE ACTIVITY REPORT OF THE BOARD OF DIRECTORS

The activity report of the board of directors for the year 2013 includes the management report, the balance sheets and the profit and loss accounts.

I. MANAGEMENT REPORT

The fiscal year 2013 focused on the process of reflection in order to develop and adopt a strategic plan of the bank. The plan actually is the guideline of all bank activities particularly in the effort made to improve customer care service, the knowledge of banking risk, human resource management and the corporate social responsibility of the bank.

The present management report shows in the following line the indication of these aspects.

I.1 STRATEGIC PLAN OF THE BANK

The process of developing the strategic plan called upon professional employees of the bank who reviewed the entire work design and procedures of the bank. The process led on suggestions of an action plan and a business plan to be implemented by 2017.

The strategic plan of the bank emphasized on 3 strategic axes, mainly improvement of organizational and management skills, to expand the company on the market and alliances and partnerships will be promoted. The logical link of these axes is that the expansion on the market requires obviously an efficient internal organization and then strategic alliances with other partners (national or foreigners).

The implementation of the plan start with an update of important regulatory texts as staff status of the bank, management policy on business continuity, policy and procedure to fight against money laundering and terrorist financing. In above these regulatory and organizational aspects, the priority is to enhance the equity. Specific measures should be taken, starting by this first term 2014.

I.2. IMPROVEMENT OF CUSTOMER SERVICE

Dealing with high demanding customers and challenging competitors, push the bank to introduce new strategies in other to sustain its activity growth. This goes through the improvement of customer service enhance by the market expansion, and introduction of modern payment.

I.2.1 Extension of the operating network.

The extension of operating network is the main strategy to bring the Bank closer to the public. Therefore the bank has developed three new operating sites in Bujumbura City respectively County town of Kanyosha Commune, the Gas Station located at the Gare du Nord Kamenge and Ngagara Market ; bringing the number of operating at 37 sites.

The retail area and the customer care requirements are constantly improving in order to create a more pleasant interaction between the clients and staff of the Bank. Communication activities continue to promote the image of the Bank which is dynamic and innovative. It is in this context that the Bank initiated a program of rebranding of all its sites.

These efforts have resulted in 5,736 new customers have trusted us by opening accounts in our books in 2013 against 4301 in 2012.

I.2.2 Modernization of payments systems

BANCOBU is equipped to serve holders of international cards VISA, VISA CASH ADVANCE, and make available to the public the cards VISA BANCOBU.

The VISA BANCOBU is an opportunity, especially for those who travel, to get rid of this obsession to bring them banknotes in hard currency. With VISA BANCOBU the holder travel quietly and pays its goods and services around the world or make withdrawals from millions of ATMs all of over the 5 continents.



The Bank has also introduced mobile banking (BANCOBU Mcash); free and accessible by mobile phone and / or fingerprint (biometric) account. BANCOBU M- Cash is one response to the call of the monetary authorities who recommend banks to take any initiative to increase the rate of banking for the purposes of financial inclusion of the Burundian population. Indeed, the level of financial inclusion is still low. According to a recent study conducted by the BRB, in an adult population (18 years and over) estimated a workforce of 3.78 million in 2012, only 12.5 % of the population has an account with 3.7% at the banking sector and 8.8% in terms of micro- finance institutions.

With BANCOBU Mcash, 16,397 new customers have opened their account, the majority of them used fingerprint. This is particularly a payment transaction of BIF 1.8 billion to community Caritas staff in the project funded by the Global Fund. This continues during 2014 .



Since this initiative was highly appreciated by our partners, other contacts are underway to use this service pay INSS pensioners, and the tea growers of OTB. With RNP (Régie Nationale des Postes), discussions are held to establish a partnership to expand the network of MCASH to municipal level.





I.3. OPERATIONAL CONTROL AND RISK MANAGEMENT.

The Bank is committed to complying with international standards governing the banking industry.

It is within this concept that has recently been adopted a policy of management continuity, a policy and procedures against money laundering and terrorist financing. The bank put in place a structure for compliance monitoring or compliance to monitor the regularity and fairness of the Bank's operations and strengthen policy KYC called “Know Your Customer”. To better understand its customers, the Bank has recast the customer record used to open the account in order to adapt to the demands of the moment and keep up its relationship with customers.

The Bank continues to adapt its accounts to international financial reporting standards (IFRS). The objective of this approach is to have financial statements prepared in accordance with international standards to enable a better understanding of the accounts of the Bank compared with other international bank.

In order to enhance, efficiency in the execution of operations and control of various banking risks, internal and external audits at both operations level and management of customer relationships, have been reviewed. The recommendations were duly implemented.

The Bank has made efforts in the management of credit risk through a systematic review of the loan portfolio. This has been achieved through continuous training of relationship managers. However, the legal and judicial environment regarding the recovery of bad debtors is still very critical for the banker sector.

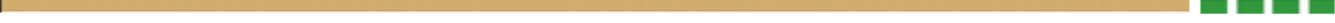
I.4. HUMAN RESOURCE MANAGEMENT

In terms of human resource management, the Bank is continuously improving socio-professional working conditions in order to motivate its staff for greater productivity.

It is in this context that the Bank has continued its program of concessional lending to its staff while contributing to its life insurance. An update of the staff status and personal loan regulatory is now available.

In accordance of the implementation of performance contracts by objectives, performance evaluation is progressively starting up by senior executives of the Bank.





In order to train its staff according to international standards, since 2007 to the Institut Technique de Banque (ITB acronym), five executives are already trained and five more are in training.

The Bank also strengthened its support for the Club BOS (BANCOBU OMNISPORT), which includes various sports. Each year, it has joined the International Women's Day organized by the female staff BANCOBU.

The total staff is 395 units to 31/12/2013 distributed over a network of 30 operating sites network. Female staff counts 156 units.

I.5 SOCIAL RESPONSIBILITY: PATRONAGE AND SPONSORSHIP

The Bank continued its social responsibility by supporting initiatives of surrounding communities. But given the high number of requests, the Bank has an intervention policy based on the following major areas: social, humanitarian, and charitable and sponsorship of cultural and sporting events.

With respect to social and humanitarian actions, the Bank continued its support mainly to ROTARY Club in their support to the poor. It also continues to support initiatives of fighting against AIDS.

Following the fire that ravaged the Central Market of Bujumbura, it should be recalled that the Bank has contributed BIF 50,000,000 as support fund established to develop a new market.

As for cultural and sporting events sponsorship, the Bank primarily supports the promotion of Burundi film festival organization (FESTICAB), promotion of athletes Burundi through the National Olympic Committee, promoting tennis through TENNIS FEDERATION of BURUNDI, and also promoting excellence in young entrepreneurs. For this last part, it should be noted that the Bank is a founding member of Burundi Business Incubator (BBIN), an organization that supports young entrepreneurs through training, management consulting and office support. In 2013, BANCOBU joined Burundi Business Incubator (BBIN) to organize the «SHIKA " competition for the best business plan.



II. PRESENTATION OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

The presentation of the balance sheet and profit and loss account for the year 2013 is made in comparison with the previous fiscal year accounts.

II.1 EVOLUTION OF BALANCE SHEET BETWEEN 2012 AND 2013

At 31/12/2013, the total assets recorded an annual increase from 146.8 billion to BIF 163.2 billion, representing an annual growth of 11.1%. It is dominated by loans and deposits whose shares are 67.6% and 80.0% respectively.

1.1. Evolution of the assets

The most significant of the assets items are loans, fixed jobs and treasury bonds.

a) Loans

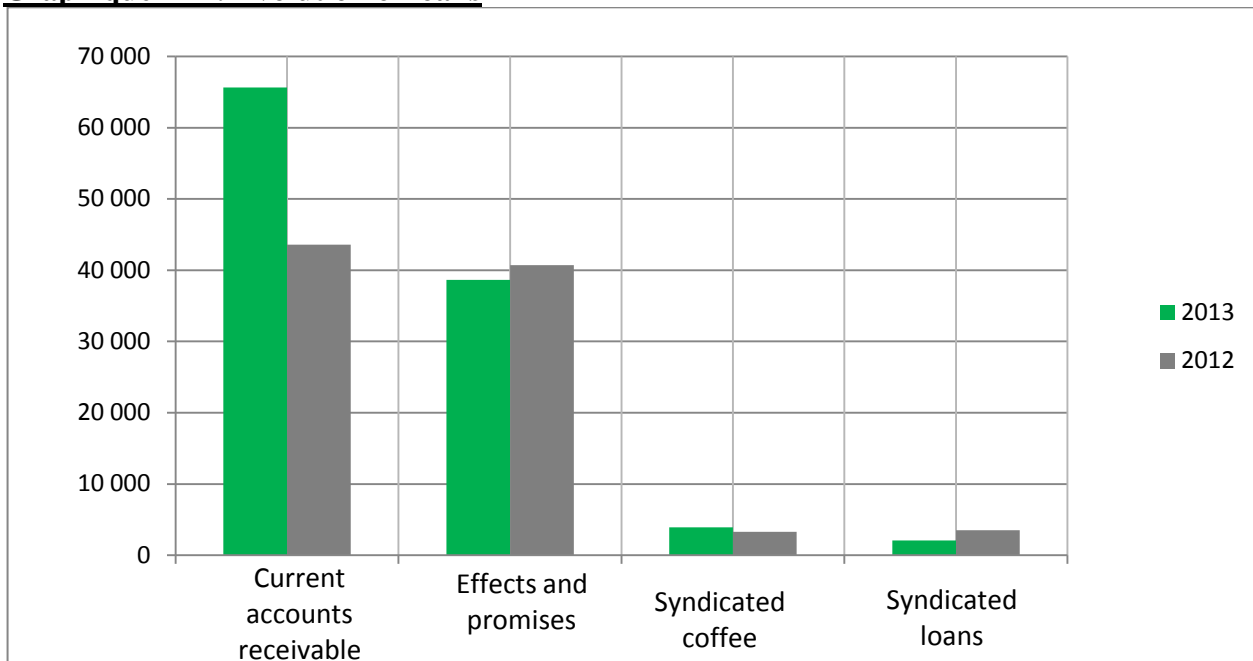
Table n°1: Evolution of loans

Headings (in millions Bif)	31/12/13		31/12/12		Deviation 2013/2012	
Account receivable	65 673	59,5 %	43 568	47,9 %	22 105	50,7 %
Effects and promises	38 663	35,0 %	40 707	44,7 %	-2 044	-5,0 %
Financing coffee	3 897	3,5 %	3 261	3,6 %	636	19,5 %
Syndicated loans	2 091	1,9 %	3 495	3,8 %	-1 404	-40,2 %
TOTAL	110 324	100,0 %	91 031	100,0 %	19 293	21,2 %

At the portfolio structure, the share of short-term loans increase by 12 points to reach 59.5% while that of medium-term loans decrease by 10 points to stand at 35.0%

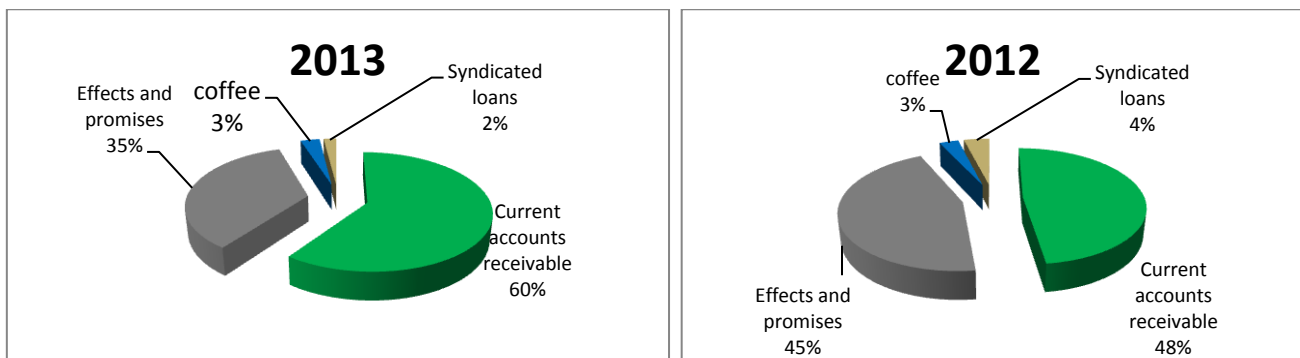
This growth of short-term loans and the decrease of medium-term loans reflect the policy of granting loans based on available resources.

Graphique n°1: Evolution of loans



At the portfolio structure, the share of short-term loans increased by 12 points to reach 59.5% while that of medium-term loans decrease by 10 points to stand at 35.0%

Graphique n°2 : Structure of loans in 2013 and 2012



This growth of short-term loans and the decrease of medium-term loans reflect the policy of granting loans based on available resources.

b) Fixed assets

Fixed assets recorded an increase of 32.5% from Bif 15.3 billion to 31/12/2012 to BIF 20.2 billion on 31/12/2013. This is mainly due to the construction of new operating sites of the Bank, the development of our investment properties as well as expenses related to modernization investments (electronic banking).



I.2. Evolution of liabilities

The components of most significant liabilities are deposits and equity.

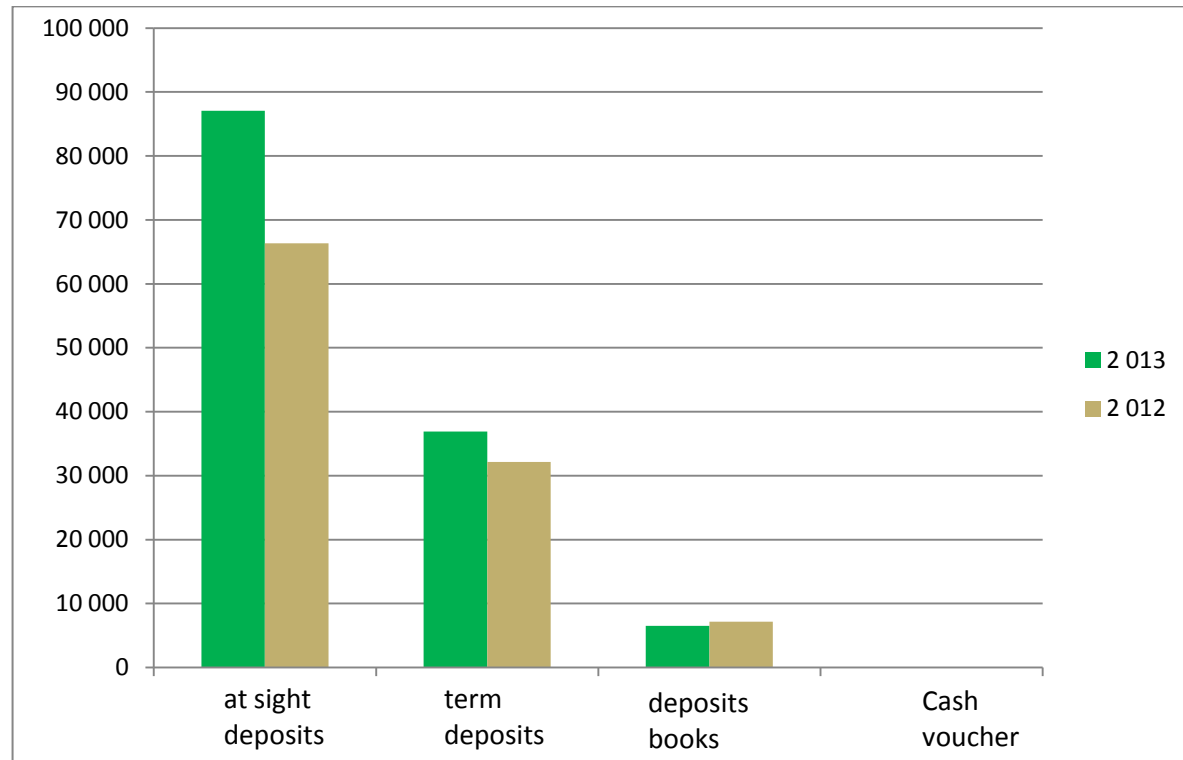
a) Deposits

Table n° 2 : Evolution of deposits

headings (en BIF millions)	31/12/13		31/12/12		Deviation 2013/2012	
At sight deposit	87 066	66,7%	66 312	62,8%	20 754	31,3%
term deposits	36 885	28,3%	32 145	30,4%	4 740	14,7%
deposit books	6 538	5,0%	7 150	6,8%	-612	-8,6%
cash voucher	0	0,0%	0	0,0%	0	
TOTAL	130 489	100,0%	105 607	100,0%	24 882	23,6%

With a share of 80% of total assets on 31/12/2013, the customer's deposits are the main source of the bank. The latter showed a growth of 23, 6%, from Bif 105, 6 billion on 31/12/2012 to 130, 5 billion on 31/12/2013. At sight deposits and term deposit recorded a growth from one year to another, respectively 31, 6% and 14, 7%. In the meantime deposit books recorded a decrease of 8,6%.

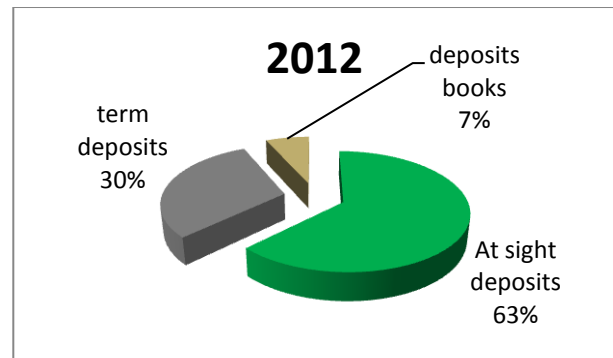
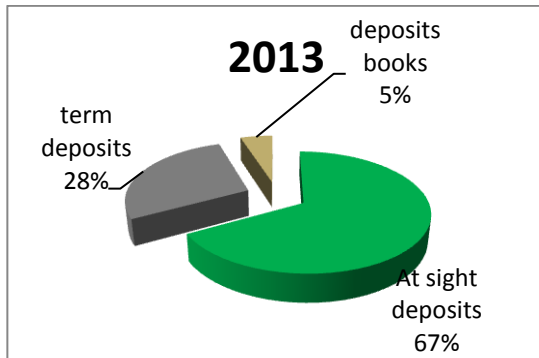
Graphique n°3 : Evolution of deposits



Regarding the structure of these deposits, the share of at sight deposits increases by 4 points. It is 62.8% (BIF 66.3 billion) on 31/12/2012 against 66.7% (BIF 87.1 billion) on 31/12/2013. The shares of term deposits and deposit books decreased of 2 points and 1 point to stand at 28.3% and 5% respectively.

The positive trend of deposits derived from the positive impact of the extension of the operation in terms of collection due to the proximity of the bank to its customers.

Graphique n°4 : Structure of deposits in 2013 and 2012



b) Equity

Bank's equity recorded an annual growth rate of 17.2% and now valued at Bif 25.2 billion on 31/12/2013 against 21.5 billion on 31/12/2012 in accordance with the increase of reserves.



II.2 EVOLUTION OF PROFIT AND LOSS ACCOUNT

2.1. Evolution of revenues

The total revenue for fiscal year 2012 amounted to Bif 23,6 billion against Bif 20,7 billion for the previous year, a slight increase of 14%

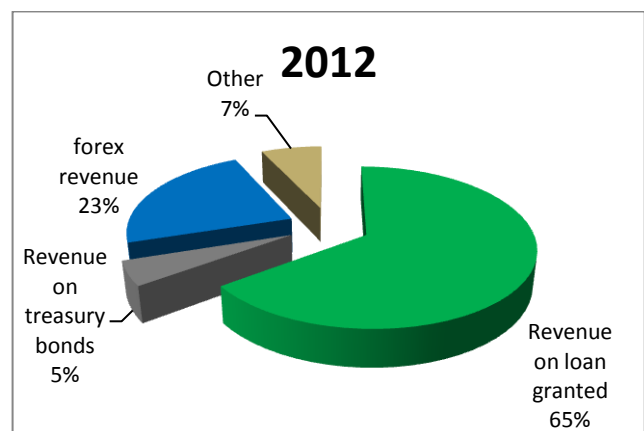
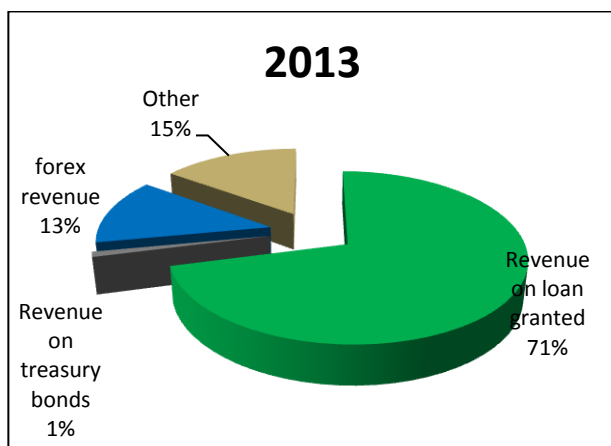
Tableau n°3: Evolution of revenues						
headings (in BIF millions)	31/12/13		31/12/12		Deviation 2013/2012	
revenue on loan granted	16 851	71,5%	13 493	65,2%	3 358	24,9%
revenue on treasury bonds	181	0,8%	1 125	5,4%	-944	-83,9%
Forex revenue	2 970	12,6%	2 707	13,1%	263	9,7%
other revenue	3 561	15,1%	3 363	16,3%	198	5,9%
TOTAL	23 563	100,0%	20 688	100,0%	2 875	13,9%

Basing on the trends of high volume of loans granted the income on these loans also increased by 24.9% from Bif 13.5 billion in 2012 to BIF 16.8 billion in 2013.

However, revenue on treasury bill declined significantly consequently to the decrease of the outstanding investment, and the resources of the bank have been oriented more towards the financing of the economy.

Forex income increased by 9.7% from 2.7 billion in 2012 BIF BIF 2.9 billion in 2013.

Graphique n°5 : Structure of revenues



2.2. Evolution of expenses

Total expenses for the fiscal 2012 amounted to Bif 20,3 billion against 16,7 billion the previous year, an increase of 21.2%.

Table n°4: Evolution of expenses

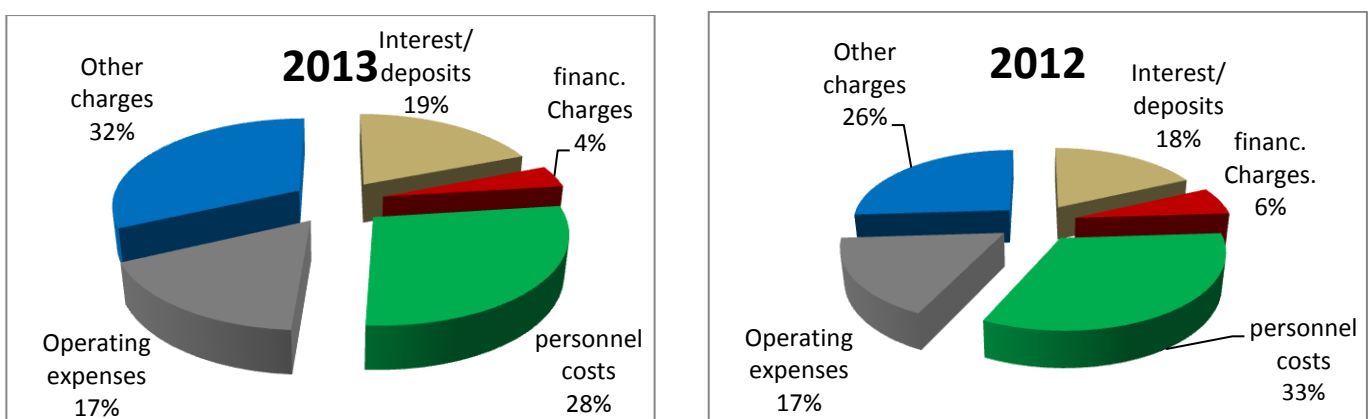
headings (en BIF millions)	31/12/13		31/12/12		Deviation 2013/2012	
interest on deposits	3 801	18,7%	3 027	18,1%	774	25,6%
financial charges on loans	859	4,2%	1 054	6,3%	-195	-18,5%
personnel costs	5 704	28,1%	5 468	32,7%	236	4,3%
operating expenses	3 540	17,4%	2 784	16,6%	756	27,2%
other charges	6 388	31,5%	4 408	26,3%	1 980	44,9%
TOTAL	20 292	100,0%	16 741	100,0%	3 551	21,2%

Interest on deposits increased from 3.0 billion in 2012 to BIF 3.8 billion in 2013, an increase of 25.6% while the cost of borrowing fell by 18.5%. This contrasted evolution of these two types of loans follows the trend in deposits relating thereto; the Interest rate (customer and interbank market) has been fairly stable.

Thanks to the progressive control medical costs , staff costs rose only 4.3% from 5.5 billion in 2012 BIF BIF 5.7 billion in 2013.

Operating expenses increased by 27.2% mainly due to the extension of the operating system and to increase the general level of prices of goods and services.

Graphique n°6 : Expenses structure



2.3 Evolution of income statement

Tableau n°5 : Evolution of income statement

Headings in BIF thousands	31/12/13	31/12/12	Ecart en valeur	Ecart en %
CASH AND BANK	-677 778	71 251	-749 029	-1051 %
Revenues	181 549	1 125 384	-943 836	-84 %
expenses	859 327	1 054 133	-194 806	-18 %
Customers	13 050 586	10 465 679	2 584 907	25 %
revenues	16 851 630	13 493 104	3 358 526	25 %
expenses	3 801 044	3 027 425	773 618	26 %
Intermediation margin	12 372 808	10 536 930	1 835 878	17 %
Commission and sundries	5 426 768	5 514 485	-87 717	-2 %
Portfolio-securities	0	10 832	-10 832	-100 %
Net banking income	17 799 576	16 062 248	1 737 328	11 %
Personnel costs	5 704 806	5 468 334	236 471	4 %
taxes	87 101	148 442	-61 340	-41 %
Operating expenses	3 540 340	2 783 560	756 780	27 %
Asset Amortization	1 251 021	970 667	280 354	29 %
<i>Total overhead costs</i>	10 583 268	9 371 003	1 212 265	13 %
Gross operating income	7 216 308	6 691 244	525 063	8 %
Reversals receivables	682 526	354 707	327 165	92 %
Provision receivable	2 986 506	946 748	2 039 758	215 %
Depreciation of receivables	18 074	6 568	11 506	175 %
Operating income	4 894 254	6 092 635	-1 199 035	-20 %
sundries	325 566	67 871	258 337	381 %
General provision for risks	290 914	201 178	89 736	45 %
Provision depreciation other assets	2 332	25 128	-22 796	-91 %
Profit before tax	4 926 561	5 934 200	-1 007 639	-17 %
Taxes for the fiscal year	1 656 179	1 987 483	-331 305	-17 %
Net income	3 270 394	3 946 717	-676 334	-17 %

2.3.1 Intermediation margin and Net Banking

While the intermediation margin investment is negative, the overall margin of intermediation increased by 17% to stand at BIF 12.4 billion . This was possible due to a 25% growth of the intermediation margin on customers.

Even if commissions decreased by 2% from one year to another, the net banking income rose only 11%, less than 6 points the intermediation margin, to stand at BIF 17.8 billion. Overhead absorb 59.4% of the net profit, standard which approaches the 60% of limit required.

2.3.2 Net resultat

Even if the net banking income increased by 11%, net income decreased by 17% to stand at BIF 3.3 billion in 2013. This decrease in net income is mainly driven by an increase in the net cost of risk (182%); increase in provisions (215%) far exceeds the reversals of provisions for credit (92%).

III. CONCLUSION AND PERSPECTIVES

During fiscal 2013, the Bank exercised in an environment where competition was intensified. Therefore, the Bank has invested in innovation to diversify its products and the extension of the network to be closer to its customers.

In terms of profession, he announced in 2014 a dynamic harmonization and regulatory convergence countries in the EAC region. The Bank is organized to meet the requirements of these reforms.

To this end, it has to have a Strategic Plan in 2020 including in particular the Business Plan and a Innovation Master Plan. The implementation of this Plan may not lead to the desired goals if the Bank with the appropriate resources. This is particularly capital resources, human resources development and advance knowledge of new technologies that improve the efficiency of operations of the Bank.

The bodies of the Bank are invited to take steady resolution to meet the necessary means to ensure the implementation of this Strategic Plan resolution.

**BALANCE SHEET ON 31/12/2013 COMPARED TO THAT ON
31/12/2012**

ASSETS	31/12/2013	31/12/2012	LIABILITIES	31/12/2013	31/12/2012
1. Current Assets	31 995 250 192	35 490 515 776	1. Current Liabilities	3 486 362 274	14 999 069 273
- Cash-BRB-CCP	7 053 159 688	8 850 018 547	- Privileged Creditors	666 293 903	1 689 301 395
- Banks	24 609 908 783	26 373 568 012	- Banks	293 229 650	135 076 420
- Day by day loans	0	0	- Call loan	0	7 800 000 000
- Other short term assets	332 181 721	266 929 217	- BRB refinancing	0	0
			- Other short term liabilities	2 526 838 721	5 374 691 458
2. Granted credits	110 324 051 537	91 031 418 581	2. Deposits	130 489 962 532	105 607 438 084
- Current account debtors	76 168 598 133	51 603 745 524	- current	87 066 207 053	66 311 588 621
Provisions for bad debts	-10 495 123 855	-8 035 439 921			
Net provision debtor's account	65 673 474 278	43 568 305 603	- Term deposit	36 885 269 797	32 145 288 759
- effects and promises	39 308 930 271	41 508 879 639	- deposit books	6 538 485 682	7 150 560 704
Provision for depreciation on receivables	-646 356 066	-801 727 179			
Net provision for effects and promises	38 662 574 205	40 707 152 460	- cash voucher	0	0
- Syndicated credit for coffee	3 897 065 324	3 260 582 965			
- syndicated credit	2 090 937 730	3 495 377 553			
3. Portfolio	0	3 809 500 000	3. sundry	722 840 115	735 483 192
- treasury bill and securities	0	3 000 000 000	- suspense accounts	722 840 115	735 483 192
- investments bonds	0	809 500 000			
4. sundry	640 614 445	1 234 960 896	4. equity and special liabilities	25 213 896 684	21 543 892 160
- suspense accounts	640 614 445	1 234 960 896	- Capital	10 010 000 000	10 010 000 000
			- legal reserve	1 001 000 000	1 001 000 000
5. fixed assets	20 223 634 050	15 266 500 429	- available reserve	5 045 190 021	3 069 190 021
- Property(Gross value)	19 010 067 577	14 753 529 507	- merger premium	54 661 000	54 661 000
- Depreciation	-2 173 841 021	-1 774 266 351	- issuing premium	119 539 200	119 539 200
- property (net value)	16 836 226 556	12 979 263 156	- general provision for risk	1 378 456 481	1 087 542 406
- Property and equipments (Gross value)	7 278 826 897	5 863 687 251	- miscellaneous contingencies	8 056 766	8 056 766

- Depreciation	-4 149 185 470	-3 769 579 799			
- property and equipment (net value)	3 129 641 427	2 094 107 452	'- Prov. For other asset	27 448 003	25 127 682
- intangible assets (Gross value)	440 738 809	407 160 189	- internal guarantee fund	0	0
- amortisation	-375 687 700	-369 379 761			
- Intangible assets	65 051 109	37 780 428	- Revaluation of properties	7 569 545 213	6 168 775 085
- Shares in other companies	105 000 600	105 000 600			
- Prov. For shares in other companies	-17 525 000	-17 525 000	5. Income Accounts	3 270 488 619	3 947 012 973
- Net prov. For shares in other companies.	87 475 600	87 475 600	- profit for previous year	0	0
- Other financial assets	105 239 358	67 873 793	- profit for ongoing year	3 270 394 126	3 946 716 779
- Other financial assets (net value)	192 714 958	155 349 393	- profit carried forward	94 493	296 194
TOTAL	163 183 550 224	146 832 895 682	TOTAL	163 183 550 224	146 832 895 682



**PROFIT AND LOSS ACCOUNT ON 31/12/2013 COMPARED TO THAT
ON 31/12/2012**

DEBIT	31/12/2013	31/12/2012	CREDIT	31/12/2013	31/12/2012
1. Interest on deposits	3 801 043 606	3 027 425 267	1. Income on loans	16 851 629 728	13 493 104 167
2. Financial charges on borrowing	859 326 722	1 054 133 017	2. Income on cash investments	181 548 542	1 125 384 139
3. Personnel expenses	5 704 805 875	5 468 334 499	3. Revenues on securities portfolio	0	10 832 451
4. Operating expenses	3 540 340 050	2 783 560 097	4. Revenues Forex (Etranger)	2 970 100 960	2 706 871 732
5. Taxes and fees	87 101 382	148 441 659	5. Revenues various operations	282 388 225	206 268 646
6. Expenses forex foreing Dpt	94 571 369	121 618 811	6. Recovery of expenses	778 390 978	734 916 147
			7. Profit on disposal of assets	30 211 459	10 059 493
			8. Various profits	295 342 296	57 811 566
Payable expenses	14 087 189 004	12 603 513 350	Income	21 389 612 188	18 345 248 341
Cash-flow	7 302 423 184	5 741 734 991			
7. exchange loss/ reevaluation	0	0	9. Exchange gain on revaluation	1 490 459 178	1 988 047 589
8. Amortization of properties.	1 251 020 973	970 667 142	10. Reversals of prov. And amortization	682 537 828	354 706 767
9. Income tax	1 656 178 800	1 987 483 455			
10. Provision for credits	2 986 506 321	946 748 363			
11. General provisions for risks	290 914 075	201 177 685			
12. Prov. Deprec. Of other assets	2 332 072	25 127 682			
13. Provisions for securities	0	0			
14. Amortization of debts	18 073 823	6 568 241			
Total expenses	20 292 215 068	16 741 285 918			
Profit of the year	3 270 394 126	3 946 716 779			
Total	23 562 609 194	20 688 002 697	Total	23 562 609 194	20 688 002 697



AUDITOR'S REPORT ON FINANCIAL STATEMENTS.

Mrs. Léa NGABIRE

Chairperson of the Board Directors

COMMERCIAL BANK OF BURUNDI S.M.

We have audited the financial statements found on pages 7-9 of this report, which were prepared on the basis of accounting principles described in pages 10-11 of the report. We obtained all the required information and explanations which we considered necessary for the audit.

RESPECTIVE RESPONSIBILITIES OF THE TOP MANAGEMENT AND AUDITORS

The top management of The Commercial Bank of Burundi S.M. under the supervision of the Board of Directors, is responsible for the preparation of financial statements that give a true and fair view of the financial position of the Commercial Bank of Burundi and the results of its activities. It's the responsibility of BIFE based on its audit to express an independent opinion on the financial statements and to communicate it to relevant parties.


BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing (ISA). These standards require that we plan and perform our audit to obtain reasonable assurance of absence of material misstatements in the financial statements. An audit includes reviewing and examining by means of testing supporting documents relating to the amounts and disclosures in the financial statements. It also includes an assessment of the accounting principles used and the significant estimates made by the Board of Directors as well as the assessment of the overall regularity of the presentation of the financial statements. In our opinion our audit is a reasonable basis for the formulation of our opinion.

OPINION

In our opinion, the accounting records have been properly maintained according to International Accounting Standards (IAS); financial statements are in agreement with the books and give a true & fair view of the financial position of the COMMERCIAL BANK OF BURUNDI SM as at 31 December 2013.





The net income for the year ending 31/12/2013 was three billion, two hundred and seventy million three hundred and ninety four thousand one hundred twenty six Burundian Francs (**BIF 3 270 394 126**).

The balance sheet totals for the year ending 31/12/2013 amounted to one hundred and sixty-three billion, one hundred and eighty three million, five hundred and fifty thousand two hundred and twenty four Burundian Francs (**BIF 163 183 550 224**).

The financial statements comply with the Banking Laws and the statutes of COMMERCIAL BANK OF BURUNDI S.M.

Bujumbura, February 2014

Emmanuel Ndamwumvaneza

CEO, BIFE



RESOLUTIONS OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS HELD ON MARCH 21, 2014.

FIRST RESOLUTION :

Ordinary General Meeting of Shareholders of BANCOBU, in accordance with Articles 37, 41 and 49 of the Bank's Statutes, after considering the Board of Directors report for the financial year 2013, approved the report unanimously.

SECOND RESOLUTION:

The Ordinary General Meeting of Shareholders of BANCOBU, in accordance with Articles 37, 41 and 49 of the Bank's statutes, after considering the External Auditors report for the financial year 2013, approved the report unanimously.

THIRD RESOLUTION:

The Ordinary General Meeting of Shareholders of BANCOBU, in accordance with Articles 37, 41 and 49 of the Bank's statutes, after hearing the Board of Directors and Auditor's report, unanimously approved the balance sheet, the profit and loss account and the results of the financial year 2013 which was BIF 3 270 394 126

FOURTH RESOLUTION:

Retained earnings for the year 2012 being BIF 94,493, distributable earnings closed at BIF 3 270 488 619. The Ordinary General Meeting of Shareholders of BANCOBU, in accordance with Articles 37, 41 and 50 of the Bank's statutes, on the proposal of the Board of Directors unanimously approved the allocation of distributable profit as follows:

- Available reserve	: BIF 2 570 000 000
- Directors' Fees	: BIF 158 823 531
- Retained earnings	: BIF 262 591
- Balance Sheet Bonus	: BIF 541 402 497

FIFTH RESOLUTION:

The Ordinary General Meeting of Shareholders of BANCOBU, in accordance with Articles 37, 41 and 49 of the Bank's statutes, after approving the accounts of the Bank unanimously gives discharge to the Directors from their management during the year 2013.

SIXTH RESOLUTION:

The Ordinary General Meeting of Shareholders of BANCOBU, in accordance with Articles 37, 41 and 48 of the Bank's statutes, after approving the accounts of the Bank unanimously gives discharge to the Auditor from the control of the financial year 2013.

SEVENTH RESOLUTION:

The Ordinary General Meeting of Shareholders of BANCOBU, in accordance with Articles 16, 37 and 41 of the Bank's statutes approved the appointment of Mr. Téléphone IRAMBONA, Director appointed by the Shareholder INSS , for a period of 4 years expiring at the Ordinary General Meeting of Shareholders called to approve the 2018 financial statements for 2017.

Bujumbura, the 21/03/2014

MEMBERS OF THE BOARD OF THE GENERAL MEETING OF SHAREHOLDERS

1. Madame Léa Ngabire, President
2. Mr. Stanislas BANKIMBAGA, Scrutineer
3. Mr. Pierre Claver BAREGERANYE, Scrutineer
4. Mr. Gaspard SINDAYIGAYA, Secretary
5. BIFE, Auditor



RESOLUTIONS OF THE EXTRA-ORDINARY GENERAL MEETING OF SHAREHOLDERS HELD ON MARCH 21, 2014.

FIRST RESOLUTION :

The Extra-ordinary General Meeting of Shareholders of BANCOBU, in accordance with Articles 428, 430 and 437 of Law 1/ 09 of 30 May 2011 on the code of private companies and public participation and Articles 7 and 8 of the Statute, decides to increase the share capital by the incorporation of reserves BIF 7.59 billion and issuance of 121,000 new shares at BIF 35,000 per share.

It authorizes the Board of Directors the necessary powers to carry out the capital increase, to set the terms, to record the completion and proceed to amend the bylaws .

SECOND RESOLUTION:

The Extra-ordinary General Meeting of Shareholders of BANCOBU, in accordance with Articles 428 , 430 and 441 of Law 1/ 09 of 30 May 2011 on the code of private companies and public participation and Article 22 of the Statute, delegates to Board of Directors the necessary powers to seek financial partners of choice, with the obligation to report describing the final terms of the transaction .

THIRD RESOLUTION:

To harmonize laws with the provisions of Law 1/ 09 of 30 May 2011 on the code of private companies and public participation, the Extra-ordinary General Meeting of Shareholders of the BANCOBU decides to amend the statutes by amending the preamble and Articles 2,3,4,20,41,42,46,49 and 50 and adjust accordingly Convention Management. It gives the Board the mandate to sign the Articles of Association and their authentication and publication in Burundi's official Bulletin.

Bujumbura, the 21/03/2014





MEMBERS OF THE BOARD OF THE GENERAL MEETING OF SHAREHOLDERS

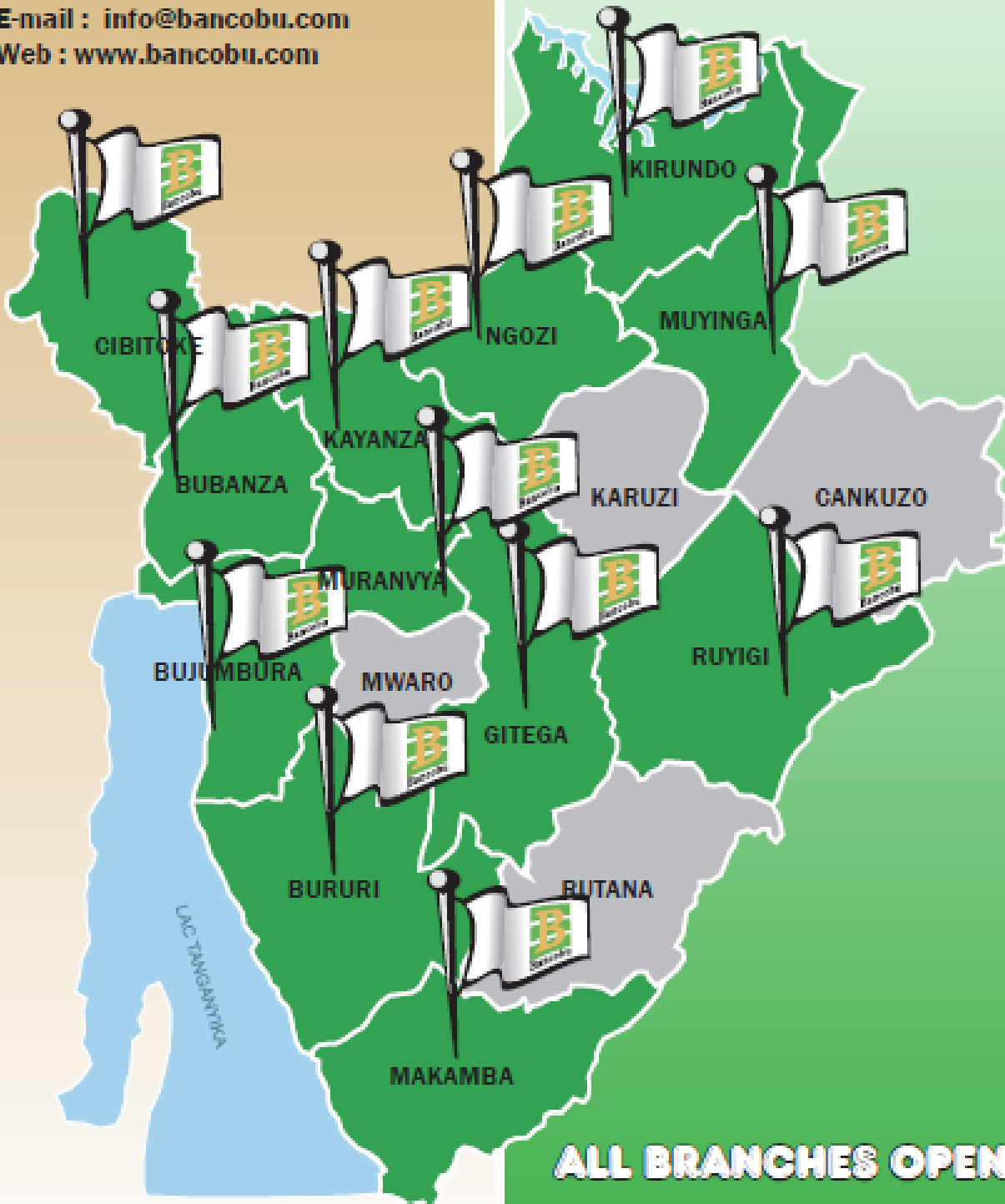
1. Madame Léa Ngabire, President
2. Mr. Stanislas BANKIMBAGA, Scrutineer
3. Mr. Pierre Claver BAREGERANYE, Scrutineer
4. Mr. Gaspard SINDAYIGAYA Secretary
- 5 BIFE, Auditor.



NATIONAL NETWORK

HEAD OFFICE

84, Ch. Prince Louis RWAGASORE
B.P. 990 BUJUMBURA - BURUNDI
Swift : BCBUBIBI
Tel. : +257 22 26 52 00
Fax : +257 22 22 10 18
E-mail : info@bancobu.com
Web : www.bancobu.com



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