



*Take advantage of
our range of products*

ACTIVITIES REPORT 2016

57th Financial Year

**Bancobu-Mcash
Multi-services**

Versement **Retrait**
Transfert
Paiement des salaires
Compte sans dépôt initial
Paiement des factures
Compte avec empreinte digitale
Disponible quelque soit la compagnie de téléphonie mobile
ou le type de téléphone mobile
...

Bancobu-Mcash
Ouverture de compte
sans dépôt initial
sans frais
de tenue de
compte

Bancobu-Mcash
Consulter
le solde
par ordinateur
par téléphone
mobile

Bancobu-Mcash
Ouverture de compte
avec empreinte
digitale

Bancobu-Mcash
pour tous

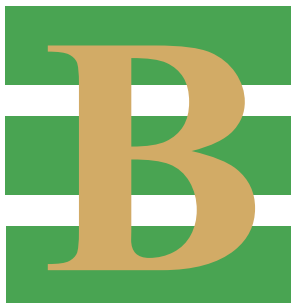
Bancobu-Mcash

Sur votre
ordinateur
portable
ou de bureau

Bancobu-Mcash
Disponible
quelque soit la
compagnie
de téléphonie mobile ou le
type de
téléphone mobile

Bancobu-Mcash
retrait et
versement
avec votre doigt
votre téléphone mobile
chez un Agent

Bancobu-Mcash
Transfert
d'argent
par ordinateur
par téléphone
mobile



Bancobu
Bank



y a t w e s e

Bancobu-Mcash
paiement
des factures
par ordinateur
par téléphone
mobile

Bancobu-Mcash
service de
paie
massive

Bancobu-Mcash
une opportunité de
compétitivité
pour les Institutions
de Micro Finance

I M F

Bancobu-Mcash
Perspectives

Achat des assurances
Paiement des taxes
Achat des unités
cash power
...

ACTIVITY REPORT AND FINANCIAL STATEMENTS

December 31, 2016

Presented to the Shareholders
Ordinary General
Assembly of March 24, 2017

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OUR PRODUCTS



e-banking Retail & Corporate

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, super-markets, 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 inter-net
- 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

Bancobu-Mcash

- Use your finger or your mobile phone for :
 - Withdrawing and depositing money through our agents network all over the country
 - Transferring your funds instantly to your family, friends and business partners everywhere in Burundi
- Bancobu-Mcash is available on all kinds of mobile phones through all networks in Burundi

Web

- 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 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



Retail

Terimberé Credit

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

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

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%

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

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

Express Credit

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

KEY NOTE ADDRESS BY THE CHAIR OF THE BOARD OF DIRECTORS TO THE ORDINARY GENERAL ASSEMBLY OF SHAREHOLDERS FOR THE YEAR ENDED ON 31/12/2016

Dear shareholders,
Ladies and Gentlemen,

It is a pleasure for me and for the Board of Directors of the Commercial Bank of Burundi «BANCOBU» to address you on this event of the Ordinary General Assembly for the year ended on 31 /12/2016 and which coincides with the 57th financial year.

Prior to the actual presentation of this report, it is important to review the key environmental indicators in which the Bank's activity was conducted.

In 2016, the country's economic activity was greatly affected by the lack of external resources and adverse weather conditions.

According to the BRB's conjuncture report, in December 2016, the inflation rate was set at 9.5%. The official exchange rate of the BIF against the US dollar was BIF 1688.6 compared to 1617.10 at the same period in 2015, an official depreciation of 4.4%. The crisis has also led to a deterioration of the loan portfolio, although the banking sector remains capitalized and profitable according to the BRB conjuncture report note.

Despite this somewhat stressful environment, the Bank continued to implement its Strategic Plan thanks to the adaptability of its staff and governance bodies. Thus, throughout the 2016 fiscal year, BANCOBU continued to deploy its capabilities to highlight its core values, which are the following:

- Professionalism and know-how;
- Listening and trusting in the exchanges with customers;
- Teamwork and skills complementarity;
- Capacity building for the Bank staff;
- Promoting excellence and pride in doing well.

At the level of the evolution of the financial statements and the market shares, the net profit for the 2016 financial year almost doubled to reach BIF 4.4 billion. The Bank's market share has also been positive.

With regards to the implementation of the Strategic Plan, the highlights are presented by strategic axis as follows :

STRATEGIC AXIS: ORGANIZATIONAL AND MANAGERIAL EXCELLENCE

- Staff assessment based on performance contracts
- Implementation of the Study on the Predictive Management of Employment and Skills (GPEC) with Cabinet Finances Sans Frontières
- Modernization of the Technological Capacity with IT migration from V. 7 to the latest version V.10 of the SOPRA editor of the Amplitude software package
- Strengthening of the key business lines in the new organization chart (Unification of the sales force, overall risk management, control of operations, strengthening of ICT information systems)

STRATEGIC AXIS: EXPANSION ON THE MARKET

- Extension of the operating network to 41 operating sites
- Increase Bancobu- Mcash operating sites to 220 sites
- Creation of innovative products and diversification of distribution channels such as sms banking, webbank, mobile banking
- Next acquisition and issuance of MasterCard and Union Pay International

STRATEGIC AXIS: ALLIANCES AND PARTNERSHIPS

- Advanced contacts for the search for a strategic partner
- Alliances with the United Nations system for massive payroll of grassroots communities through their Bancobu-mcash accounts

Dear shareholders,
Ladies and Gentlemen,

In 2017, BANCOBU will focus on the development of its Business Plan for horizon 2020, a time corresponding to that of the Strategic Plan. The stake is to take into account the realities of the moment and the future prospects. Although the strategic axes remain relevant, the Business Plan is a steering tool that is likely to evolve according to the opportunities and constraints of the business environment in general.

Before concluding, let me emphasize the most important point on which the success of the Bank's Strategic Plan is based. This is the strengthening of the Banks' equity. As a gentle reminder, the Business Plan has set minimum capital at a level of BIF 42.3 billion by 2017. There is a gap to be filled to allow the Bank's continued growth. At the Extraordinary General Assembly held on 21/03/2014, you have rightly taken the resolution to seek a financial partner of reference who would participate in this program to strengthen the Bank's own funds.

The Board of Directors remains committed to achieve this initial objective despite the socio-political situation, unattractive for foreign investors as national savings weaken.

Finally, we thank all the customers for their trust, the staff of the Bank for their dedication and you, the shareholders for your continued support.

We thank you for your attention and invite you to follow the presentation of the Annual Report of the Board of Directors for 2016.



Léa Ngabire

The Chairwoman of
the Board of Directors

ACTIVITY REPORT OF THE BOARD OF DIRECTORS, FINANCIAL YEAR 2016

The report of activities of the Board of Directors for the financial year 2016 includes:

- Key facts about the economic and financial environment ;
- Key actions taken in the implementation of the Bank's Strategic Plan ;
- The evolution of the Bank's financial statements ;
- Social responsibility activities ;
- Perspectives.

0. ECONOMIC AND FINANCIAL ENVIRONMENT

After the year of 2015, marked by the wait-and-see attitude of operators during the electoral period and a subsequent drop in GDP (-3.9%), the country's economic activity was strongly affected by the freezing of resources and adverse weather conditions this year

According to BRB's economic report, in December 2016, the inflation rate is set at 9.5%; The food sector having been strongly affected by this price increase (+ 13.9%). The official exchange rate of the BIF against the US dollar was BIF 1688.6 compared to 1617.10 at the same period in 2015, an official depreciation of 4.4%. Strong pressure on the foreign exchange reserves observed during the year 2016 has led to difficulties in financing international trade.

Nonetheless, according to the BRB, the banking sector has remained sufficiently capitalized and profitable, although the credit portfolio has further deteriorated.

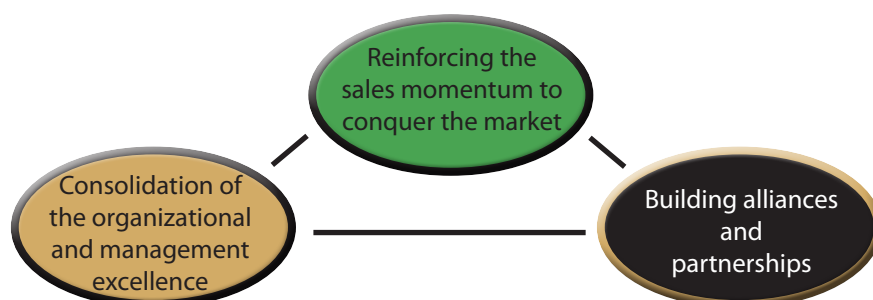
At the regulatory level, the banking sector is undergoing major reforms, notably the adoption of the International Financial Reporting Standards (IFRS) and the review of prudential standards which increasingly require the strengthening of banks' equity.

I. IMPLEMENTATION OF THE STRATEGIC PLAN

The Bank has just completed the penultimate year of the Business Plan in place and which will close at the end of 2017. It should be recalled that the Business Plan as well as the Innovation Master Plan constitute the main implementing instruments of the 2020 Strategic Plan.

This Strategic Plan is based on three strategic axes: organizational and managerial excellence, Market Expansion and Alliances and Partnerships. Activities carried out in this framework are developed in the following lines.

Strategic axes : Plan of use



I.1. ORGANIZATIONAL AND MANAGERIAL EXCELLENCE

The ambition asserted in the Strategic Plan is to become the most successful Burundian bank in a sustainable and profitable way. To this end, deep internal transformations are under way to support this ambition. These include boosting and empowering human resources, strengthening and modernizing technological capacity and management systems.

I.1.1. RESPONSIBILIZATION OF HUMAN RESOURCES AND SOCIAL REPORT

As the Bank's human resources are the key to success, our everyday efforts focus on a fundamental change in corporate culture : moving from an operations-culture to a customers-culture both internally and externally.

In this context, the Bank has just conducted a study on Predictive Management of Employment and Skills (GPEC). The recommendations of which are being implemented gradually. The Bank has also experienced its first year of staff assessment based on performance contracts ; But it requires constant communication for behaviour change from both evaluators and evaluatees.

From year to year, the Bank also continues its program of improving the socio-professional conditions of the staff. This includes training, contributing to insurance, taking care of health care and granting credits to staff. The Bank also supports the sports and humanitarian initiatives of the staff through the Club BOS (BancobuOmnisport), especially those taken by female staff, on occasions such as the International Women's Day.

From 404 units at 31/12/2015, the total workforce experienced a net decrease of 3 units to 401 units at 31/12/2016, of which 164 were women, or 41% of all staff.

I.1.2. TECHNOLOGICAL CAPACITY MODERNIZATION AND INNOVATION MASTER PLAN (IMP)

The Innovation Master Plan (IMP) is a major component of the Strategic Plan. It is a guide to awakening to continuous innovation and a framework for the emergence of innovative projects in the fields of organization, marketing, commercial, technological, partnership, etc ...

In this context, the Bank has just successfully carried out a vast project to migrate the IT system. Through the fields covered (technical, functional and human), this migration project is an opportunity for the Bank to put in place medium and long-term technological orientations, to strengthen our internal capacities and to continue to support efforts related to innovation of our products such as International Visa and local cards, ATMs and Points of Sale (POS), mobile banking such as webbank, sms banking and the like.

I.1.2.1. International Cards

Bancobu is equipped to serve the bearers of the international VISA cards, VISA CASH ADVANCE and to make available to the public VISA BANCOBU cards. It already issues Visa Prepaid cards. Prepaid cards in circulation numbered 1005 cards at 31/12/2016 against 356 at 31/12/2015 with a charge of USD 2.6 million against USD 1 million a year earlier.

As for Credit and Debit Visa cards, the technological infrastructure for issuing them is in place and their sale is waiting for the relevant foreign exchange regulations to be established.

I.1.2.2. Privative Cards

The Bank has made available to its customers a Bancobu card for withdrawals from ATMs and soon to purchase goods and services on the Electronic Payment Terminals (TPE) to be placed in shops and businesses.

The ATM park in place amounts to 10 distributed in Bujumbura City. The privative cards issued rose to 1518 to 31/12/2016 against 874 at 31/12/2015.



I.1.2.3. Bancobu-Mcash

Regarding Innovation, the Bank has been a pioneer in financial inclusion through the introduction of the Mobile Bank «Bancobu-Mcash». It is a free and accessible account by fingerprint and / or telephone mobile. With this solution, Bancobu could expand its network to serve and be close to grassroots communities, currently excluded from the financial sector.



At 31/12/2016, the Bancobu-Mcash accounts more than doubled from one year to the next. They are 111,048 compared to 53,457 at 31/12/2015, an annual increase of 107.1%. The number of operations counters throughout the country is 220, compared with 171 at 31/12/2015, an annual increase of 28.6%. This growth has been possible thanks to the partnership with the Burundi Red Cross, which is increasingly involved in the financial inclusion of grassroots communities in its philosophy of combating all forms of vulnerability.

In terms of operations, the 2016 fiscal year saw cumulative deposits of BIF 6.9 billion compared to 3,1 billion 31/12/2015, or 122% particularly thanks to massive pay transactions to the Beneficiaries of WFP, WVI, UNHCR, PSI, IFAD (PROPA-O and PRODEFI) subsidies or salaries, OXFAM, JRS via their Bancobu -Mcash accounts.

1.1.3. MODERNIZATION OF MANAGEMENT SYSTEMS

Work is under way to reorganize the Bank in order to rethink current processes to make them more efficient. A new organization chart has just been created with an effort to properly reposition the following key business lines of the Bank :

- Unification of the sales force;
- Overall risk management;
- Control of operations;
- Strengthening of information systems.

The process of reorganization continues with the updating of the Internal Rules (ROI) and the Procedures Manual. These management tools complement other tools already in place, namely :

- Business continuity management policy ;
- Anti-Money Laundering and Combating the Financing of Terrorism Policy and Procedures ;
- The Internal Control System ;
- The Audit Charter.

This continuous improvement work is part of a process of global certification of the bank's activities according to the ISO standard.

I.2. EXPANSION ON THE MARKET AND MARKET SHARES

Market expansion involves expanding the network, diversifying products and services, and managing customer relationships.

I.2.1. EXTENSION OF OPERATING NETWORK

The extension of the operating network is continuing to implement the local policy in order to bring the Bank closest to the public. For example, a new operating site was opened to the Public in Bujumbura City at Kinindo City Oil Station and another at PSR reserved for collecting driver's license payments; rising the number of operating sites to 41.

The sales area and the customer care environment are constantly improving to create a more pleasant interaction between the Bank's clientele and its staff. It is in this context that the Bank has embarked on a program of «rebranding» all its operating sites in order to harmonize the illuminated signs and various advertising panels. Queue management activities at the ticket offices are underway.

These efforts have resulted in 4950 new customers trusting us by opening accounts in our books in 2016 against 3359 in 2015, an annual growth of 47.3%.

I.2.2. PRODUCTS DIVERSIFICATION AND CUSTOMER RELATIONSHIP MANAGEMENT

The ambition is to enable customers to access a wider range of products and services that meet their needs.

The organization that is gradually being set up is working to strengthen, at first, the current collection and credit products tailored to the needs of individuals, by personalized monitoring of major accounts and by supporting the emergence and development of SME / SMI.

It is also a question of diversifying distribution channels. In addition to the traditional channels of ATMs and branches, the Bank is deploying new channels through new information and communication technologies (ICTs) to encourage self-service, at least for routine operations. This is the purpose of services such as ATM, Webbank, sms bank, ...



This multi-channel distribution offers many choices to the customer but requires the Bank to make efforts to be consistent both in back office management and pricing.

All these efforts have led to a positive trend in market shares compared to the following key indicators :

	31/12/2016	31/12/2015	Variation
Total Assets	18%	15%	+3%
Bonds and Treasury Bonds	27%	15%	+12%
Credits	18%	19%	-1%
Deposits	21%	17%	+4%
Net profit	20%	11%	+9%

I.3. PARTNERSHIPS AND SHAREHOLDER'S EQUITY STRENGTHENING

The Bank continues to build alliances and partnerships with a dual objective: to strengthen the financial structure and conquer new local or external markets.

According to the current Business Plan, the Bank is expected to achieve shareholder's equity of at least BIF 37 billion at the end of 2016 but achievements are at BIF 30.8 billion, ie a gap of BIF 6.2 billion.

Acting within the framework of the mandate of the General Assembly of Shareholders of 21/03/2014, the Board of Directors continues the process of seeking a reference financial partner with a view to strengthening shareholder's equity while also inviting shareholders to take initiatives in this direction.

II. DEVELOPMENTS IN FINANCIAL STATEMENTS DURING 2016 FINANCIAL YEAR

The financial statements for the financial year 2016 constitute the second year of the presentation of the financial statements under IFRS (International Financial Reporting Standards).

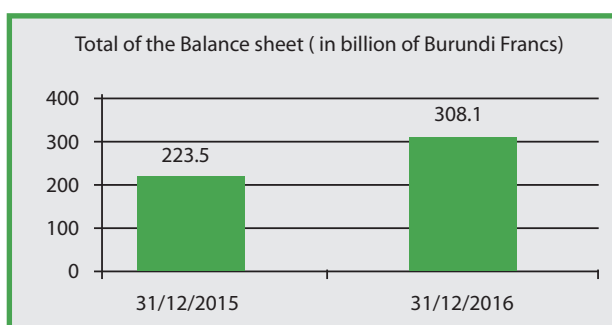
II.0. IMPACT OF IFRS

To have a basis for comparing the financial year 2016 with the previous financial year of 2015 and in accordance with IFRS, there have been reclassifications and adjustments to the financial statements for the financial year 2015 that have some sections of the 2015 financial statements already published.

II.1. DEVELOPMENT OF THE BALANCE SHEET

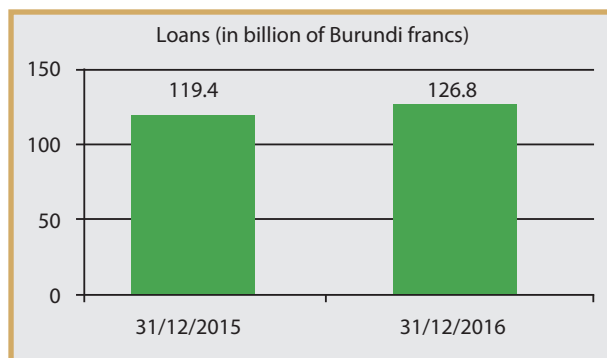
Significant developments under this chapter are about the total of the balance sheet, the amount outstanding of customers' loans and financial investments in assets and the amount outstanding of customers' deposits and shareholders' equity, in liabilities

Chart 1 : Total of the balance sheet (in billion of Burundi Francs)



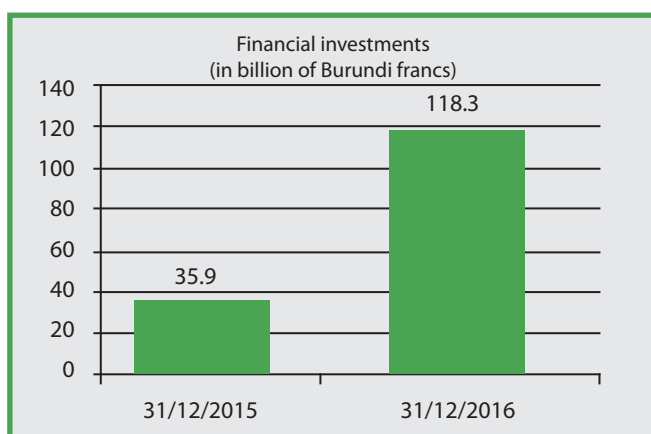
The total of the balance sheet is 308.1 billion of Burundi Francs on 31st December 2016 versus 223.5 billion of Burundi francs on 31st December 2015, representing an annual growth rate of 38% (+84.6 billion).

Chart 2 : Amount outstanding of customers' loans



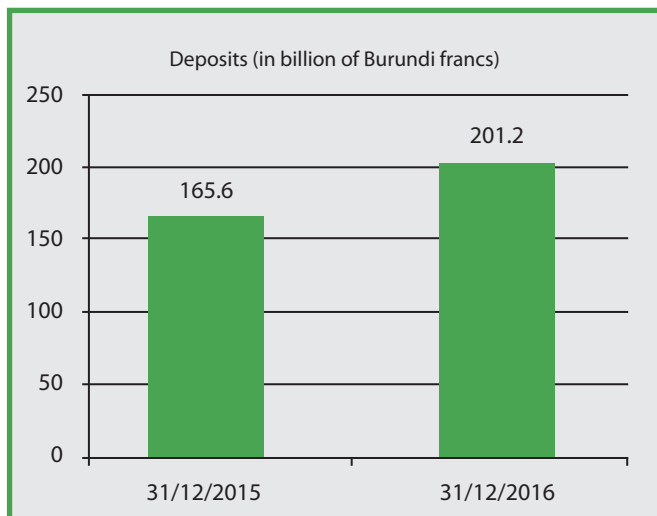
The lending activity recorded an increase of 6% or + 7.4 billion of Burundi francs as the amount outstanding of net loans has increased from 119.4 billion to 126.8 billion of Burundi francs from one year to the next one. This rather modest situation is justified by the policy continuation of reallocating resources to more liquid and less risky activities such as financial investments.

Chart 3 : Financial investments



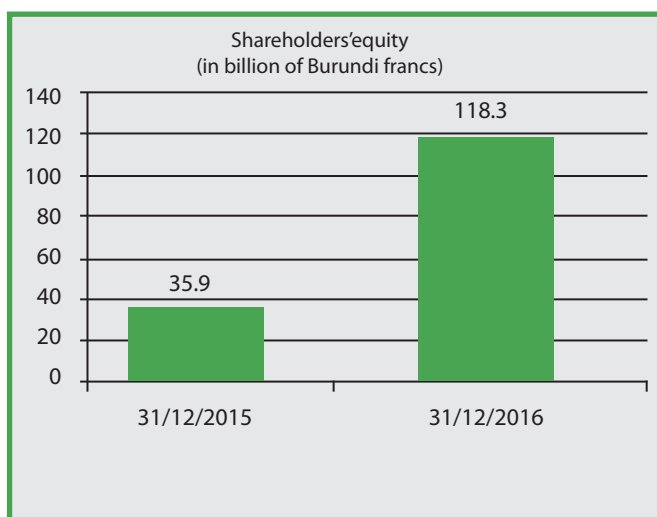
The exceptional annual growth of financial investments amounting to more than 82.4 billion of Burundi francs is due to both the reallocation policy of resources as already highlighted and to a significant growth of customers' deposits.

Chart 4 : Amount outstanding of customers' deposits



Customers' deposits have recorded a growth of 21% or + 35.6 billion of Burundi francs and were 201.2 billion of Burundi francs on 31st December 2016 versus 165.6 billion of Burundi francs on 31st December 2015. This positive trend of the activity of collecting deposits was mainly due to the actions of soliciting new customers, expanding the operating network and of strengthening the sale of the new product called Bancobu-Mcash.

Chart 5 : Shareholders' equity

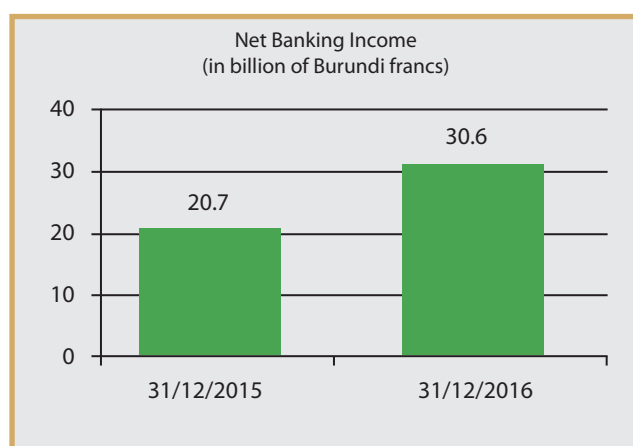


Shareholders' equity rises by 13% year-on-year and was 32.5 billion on 31st December 2016 versus 28.9 billion of Burundi francs on 31st December 2015.

II.2. DEVELOPMENT OF NOMINAL ACCOUNTS RESULTATS

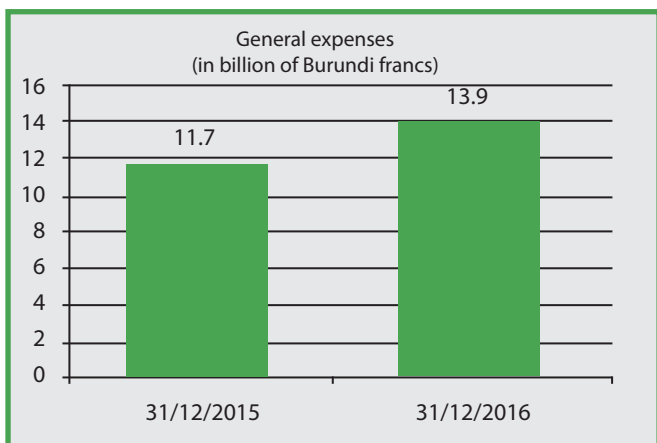
In order to report on the Bank's profitability, the most significant intermediate management balances will be presented. These include the net banking income, general expenses, gross operating income and net income.

Chart 6 : Net banking income



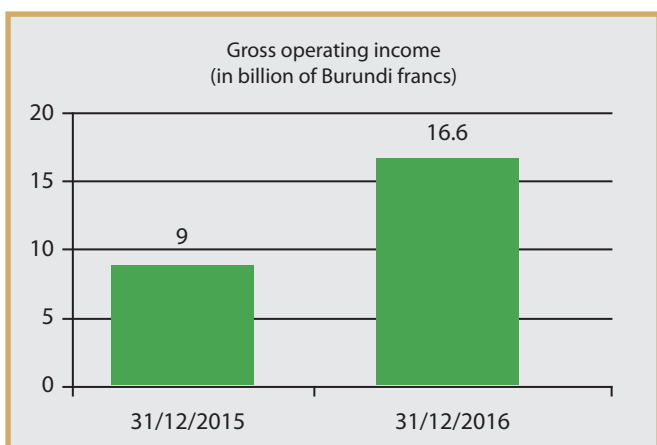
The Net Banking Income has recorded a significant growth of 48% (+ 9.9 billion of Burundi francs) and was 30.6 billion on 31st December 2016 versus 20.7 billion of Burundi francs on 31st December 2015. The contribution of the intermediation margin to this Net Banking Income has decreased by 72.9% in 2016 versus 77.7% ; this is a sign that the Bank's activity is increasingly based on incomes derived from service charges which are rather stable than the interest margin that is increasingly tightened as a result of competition.

Chart 7 : General expenses



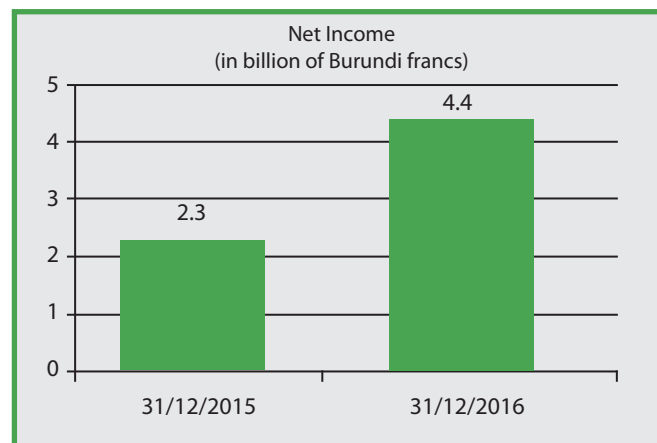
General expenses (staff expenses, operating expenses, amortization expenses) increased from 11.7 billion of Burundi francs on 31st December 2015 to 13.9 billion of Burundi francs on 31st December 2016, that is an increase of 19%. Despite this increase, the operating ratio (general expenses / net banking income) has improved because it decreased by 10 points and was 46% on 31st December 2016 versus 56% on 31st December 2015; the generally accepted standard is 60%.

Chart 8 : Gross operating income



The gross operating income increased by 84% (+7.6 billion) thanks to the good growth of the Net Banking Income combined with the control of expenses especially the general expenses and has moved from 9.0 billion of Burundi francs in 2015 to 16.6 billion of Burundi francs in 2016.

Chart 9 : Net income



The Net income of the year was set at 4.4 billion of Burundi francs on 31st December 2016 versus 2.3 billion of Burundi francs on 31st December 2015. The income was deemed to be satisfactory in view of the risk cost of 12.2 billion in 2016 versus 6.2 billion of Burundi francs in 2015.

The more detailed tables on these financial statements are attached. These financial statements have been submitted to the auditing by an auditor who will provide you with his opinion shortly.

III. SOCIAL RESPONSIBILITY

The Bank supports the initiatives of the surrounding communities as a part of its social responsibility policy. It intervenes depending on the following major axes: social, humanitarian, charitable actions and sponsorship for cultural and sports events.

Concerning social and humanitarian actions, the Bank has continued its support mainly to Club ROTARY in its support program for the poor. It also continues to support initiatives in the area of fighting against AIDS. As for the sponsorship for cultural and sports events, the Bank mainly supports the promotion of Burundian athletes through the Burundi Athletics Federation.

IV. PERSPECTIVES

The Bank will, as a matter of priority, involve all its units in taking ownership of innovations achieved in recent years so as to diversify its products, its distribution channels and to upgrade payment systems. The ownership of its new information system is paramount, and this requires the continuous training of its staff so as to get a good IT knowledge in place.

With the product called Bancobu-Mcash, the financial inclusion of grassroots communities will need to take a new expansion in order to take the Bank to the grassroots communities that are currently excluded from the traditional financial sector.

The Bank is also continuing the adaptation of its organization to the new convergence standards of regulations from EAC countries, to IFRS standards and Basel compliance standards. The search process of a financial partner and the development of the 2017-2020 Business Plan will also occupy a prominent place in the year 2017.

We thank you for your attention.



Gaspard Sindayigaya
Managing Director



Sylvère Bankimbaga
Deputy Managing Director

REPORT OF THE AUDITOR TO THE SHAREHOLDERS OF THE COMMERCIAL BANK OF BURUNDI (BANCOBU)

REPORT ON THE FINANCIAL STATEMENTS OF THE COMMERCIAL BANK OF BURUNDI (BANCOBU) FOR THE YEAR ENDED ON 31ST DECEMBER 2016

We have conducted an audit of the attached financial statements of the Commercial Bank of Burundi (BANCOBU), including the statement of the financial situation, the statement of the comprehensive income, the statement of changes in shareholders' equity as well as the statement of the cash flow on 31st December 2016 and notes containing a summary of main accounting procedures and other explanatory notes in accordance with international auditing standards and in compliance with the reporting requirements related to Commercial Banks in the Republic of Burundi.

Responsibility of Directors for the preparation and presentation of financial statements.

Directors are responsible for the preparation and fair presentation of these financial statements in accordance with accounting standards applicable to financial institutions and the internal control which they consider to be necessary in order to facilitate the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the auditor.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. These standards require that we comply with rules of ethics; we plan and conduct the audit in order to obtain a reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures so as to get audit evidence about the amounts and disclosures in the financial statements. The choice of procedures is a matter for the auditor's judgment, as is the assessment of the risk that the financial statements contain material misstatement, whether due to fraud or error. In performing these risk assessments, the auditor considers the internal control implemented by the company relating to the preparation and fair presentation of the financial statements in order to define appropriate audit procedures in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of this one. An audit also includes assessing the appropriateness of the accounting procedures used and the reasonableness of accounting estimates made by the Management, as well as assessing the overall presentation of the financial statements.

We believe that the evidence gathered is sufficient and appropriate to support our opinion.

Opinion

In our opinion, the audited financial statements present fairly in all material respects the financial position of the COMMERCIAL BANK OF BURUNDI on 31st December 2016 and its financial performance and cash flows for the year ended on that date, in accordance with the international financial reporting standards IFRS and in accordance with the laws and regulations of the Republic of Burundi and the instructions of the Bank of the Republic of Burundi (BRB). The consolidated profit for the year then ended is four billion two hundred fifty five million eight hundred and forty nine thousand Burundi francs (MBIF 4,255,849 billion of Burundi francs). The total of the balance sheet is set at three hundred and eight billion one hundred thirty one million seven hundred and forty thousand Burundi francs (MBIF 308, 131, 740 billion of Burundi francs).

Bujumbura, March 7, 2017

GPO PARTNERS BURUNDI S.P.R.L.

Benjamin RUFAGARI

Partner

RESOLUTIONS OF THE ORDINARY GENERAL ASSEMBLY OF SHAREHOLDERS MARCH 24, 2017

First resolution :

The Ordinary General Assembly of Shareholders of BANCObU, deliberating in accordance with Articles 37, 41 and 49 of the Bank's statutes, after reviewing the report of the Board of Directors for the financial year 2016, unanimously approves this report.

Second resolution :

The Ordinary General Assembly of Shareholders of BANCObU, deliberating in accordance with Articles 37, 41 and 49 of the Bank's statutes, after reviewing the report of the Auditor on the auditing for the financial year 2016, unanimously approves this report.

Third resolution :

The Ordinary General Assembly of Shareholders of BANCObU, deliberating in accordance with Articles 37, 41 and 49 of the Bank's statutes, after having been informed on the report of the Board of Directors and of Auditor, unanimously approves the financial statements of the year 2016, namely the balance sheet, the income statement, the statement of changes in equity and the cash flow statement.

Fourth resolution :

The balance brought forward for the financial year 2015 was 528,130 Burundi francs; the income to be allocated is set at 4,453,425,962 Burundi francs.

The Ordinary General Assembly of Shareholders of BANCObU, deliberating in accordance with Articles 37, 41 and 50 of the Bank's statutes, upon the proposal of the Board of Directors, unanimously approves the allocation of this income as follows :

• Undeliverable amounts	1,512,954,020	Burundi francs
• Available reserves	704,000,000	Burundi francs
• Dividends	1,717,086,000	Burundi francs
• Royalties	154,411,767	Burundi francs
• Performance bonus	364,783,008	Burundi francs
• Balance brought forward	191,167	Burundi francs

Fifth resolution :

The Ordinary General Assembly of Shareholders of BANCObU, deliberating in accordance with Articles 37,41 and 49 of the Statutes of the Bank, after having approved the report of the Board of Directors, unanimously gives discharge to the Directors for their management of the financial year 2016.

Sixth resolution :

The Ordinary General Assembly of Shareholders of BANCOBU, deliberating in accordance with Articles 37, 41 and 45 of the Statutes of the Bank, after having approved the report of the Auditor, unanimously gives discharge to the Auditor for the auditing of the financial year 2016.

Seventh resolution :

The Ordinary General Assembly of Shareholders of BANCOBU, deliberating in accordance with Article 23 of the Statutes of the Bank, fixes the net monthly remuneration of Directors at 500,000 Burundi and at 500,000 Burundi francs per meeting of the Management Committee and Audit Committee as an attendance fee in meetings. The decision comes into force on 1st April 2017.

Eighth resolution :

The Ordinary General Assembly of Shareholders of BANCOBU, deliberating in accordance with Articles 16, 37 and 41 of the Bank's Statutes :

- Endorses the appointment of **Mr. Prosper BAZOMBANZA**, Director representing the INSS Share holder, for a term that will expire during the Ordinary General Assembly of Shareholders in 2018 so as to adjudicate on the financial statements of the financial year 2017.
- Appoints **Mrs. Trinitas GIRUKWISHAKA**, Director representing the SOCABU Shareholder, for a term that will expire during the Ordinary General Assembly of Shareholders in 2021 so as to adjudicate on the financial statements for the financial year 2020.
- Renews the term of **Mr. Gaspard SINDAYIGAYA**, Director representing the Bank Management, for a term that will expire during the Ordinary General Assembly of Shareholders in 2021 so as to adjudicate on the financial statements for the financial year 2020.

Done at Bujumbura on 24th March 2017.

Members of the Bureau of the Ordinary General Assembly of Shareholders:

1. Mrs. Léa NGABIRE, President ;
2. Mr. Serges NDAYISHIMIYE (SOCABU), Scrutineer ;
3. Mr. Stanislas BANKIMBAGA, Scrutineer ;
4. Mr. Gaspard SINDAYIGAYA, Secretary ;
5. GPO PARTNERS, Auditor.

STATEMENT OF FINANCIAL SITUATION (BALANCE SHEET) (in thousands)

	31/12/2016	31/12/2015	Annual variance	
			Amount	in %
ASSETS				
Coffers and Central Bank (BRB)	12 656 762	7 553 199	5 103 563	68
Other financial assets	3 468 095	6 110 610	-2 642 515	-43
Derivative hedging instruments	-	-	-	0
Available-for-sale financial assets	-	-	-	0
Loans and receivables from banks and similar companies	15 425 045	26 375 400	-10 950 355	-42
Loans and receivables from customers	126 801 886	119 407 490	7 394 397	6
Held-to-maturity financial assets	118 304 701	35 844 524	82 460 177	230
Current and deferred tax assets	1 562 561	1 271 810	290 751	23
other assets	5 255 627	2 578 042	2 677 585	104
Non-current assets to be transferred	-	-	-	-
Investments in related companies	87 476	87 476	-	0
Investment property	4 394 865	4 325 532	69 333	2
Property, plant and equipment	17 518 042	17 965 030	-446 988	-2
Intangible assets	2 656 681	1 962 370	694 311	35
Acquisition gap	-	-	-	0
TOTAL ASSETS	308 131 740	223 481 481	84 650 259	38
LIABILITIES				
DEBTS				
Central Bank (BRB)	52 042 900	7 001 301	45 041 599	643
Financial liabilities at fair value through profit or loss	-	-	-	-
Derivative hedging instruments	-	-	-	-
Debts to banks and similar	13 782 496	13 403 147	379 349	3
Customer debts	201 219 498	165 641 566	35 577 932	21
Debts represented by property titles	-	-	-	-
Current and deferred tax liabilities	2 210 367	2 267 427	-57 061	-3
Other liabilities	1 160 565	740 055	420 511	57
Liabilities related to non-current assets held for sale	-	-	-	-
Technical reserves for insurance contracts	-	-	-	-
Provisions for risks and charges	4 145 041	4 325 838	-180 796	-4
Investment grants	1 001 119	1 165 767	-164 648	-14
TOTAL DEBTS	275 561 986	194 545 101	81 016 886	42
SHAREHOLDERS' EQUITY				
Capital and related reserves	19 339 540	19 339 540	-	0
Consolidated reserves	3 816 843	2 155 932	1 660 910	77
Unrealized or deferred gains or losses	5 157 522	5 290 664	-133 142	-3
The result of the exercise	4 255 849	2 150 244	2 105 605	98
Minority interests	-	-	-	-
TOTAL CAPITAL AND RESERVES	32 569 754	28 936 380	3 633 374	13
TOTAL LIABILITIES	308 131 740	223 481 481	84 650 259	38

STATEMENT OF COMPREHENSIVE NET INCOME FINANCIAL YEAR 2016 (in thousands)

POSITIONS	31/12/2016	31/12/2015	Annual variance	
			Amount	In %
+ Interest and similar income	30 548 863	22 090 397	8 458 466	38
- Interest and similar expenses	-8 213 883	-6 028 337	-2 185 547	36
Net interests	22 334 980	16 062 061	6 272 919	39
+ Commissions (products)	5 946 142	2 324 436	3 621 705	156
- Commissions (Expenses)	-363 946	-178 230	-185 716	104
+ / - Net foreign exchange gains or losses	1 941 768	2 081 554	-139 786	-7
+ / - Net gains or losses on financial investments	8 683	1 646	7 036	427
+ Income from other activities	744 091	618 905	125 186	20
- Charges for other activities	-6 680	-249 274	242 594	-97
Net banking income	30 605 038	20 661 099	9 943 939	48
- Staff costs	-7 390 412	-6 726 986	-663 426	10
- Net endowment, amortization and depreciation of Immo	-1 389 943	-1 274 937	-115 006	9
- Other general operating expenses	-5 169 834	-3 603 421	-1 566 413	43
Gross operating income	16 654 849	9 055 755	7 599 094	84
-Net cost of risk	-12 234 853	-6 238 779	-5 996 074	96
Operating income	4 419 996	2 816 976	1 603 020	57
+/-Net gains or losses on other assets	327 275	23 067	304 208	1 319
Income before taxes	4 747 271	2 840 043	1 907 228	67
- Income taxes	-294 373	-512 013	217 640	-43
Net income	4 452 898	2 328 030	2 124 868	91
Income per share	3,9	2	1,9	91
Diluted earnings per share	3,9	2	1,9	91
OTHER COMPONENTS OF THE COMPREHENSIVE INCOME				
Latent gains or losses on available-for-sale assets (IAS 39)				
Revaluation gap of fixed assets (IAS 16 and 38)				
Others	-197 049	-177 786	-19 262	11
TOTAL OVERALL INCOME	4 255 849	2 150 244	2 105 605	98
Total income per share	3,7	1,9	1,8	98
Diluted income per share	3,7	1,9	1,8	98

STATEMENT OF VARIATION IN EQUITIES :

FINANCIAL YEARS : 2016 AND 2015

HEADINGS IN THOUSANDS OF BURUNDI FRANCS	Capital	Reserves connected with the capital	Consolidated reserves	Unrealized gains	Group net income	Total of shareholders'equity
Shareholders'equity at the end of 2014	18 315 584	1 023 956	1 521 379	6 860 287	4 024 394	31 745 600
Change of procedures and corrections of errors						
Shareholders'equity at the beginning of 2015	18 315 584	1 023 956	1 521 379	6 860 287	4 024 394	31 745 600
Allocation of the Income of 2004			2 144 426		-2 144 426	
Dividends, Performance bonus, Royalties					-1 879 968	-1 879 968
Increase of Capital						
Incorporation of reserves						
Net income of the year					2 362 347	2 362 347
Sub-total : transactions between shareholders	18 315 584	1 023 956	3 665 805	6 860 287	2 362 347	32 227 979
Other components of the comprehensive income :						
Unrealized gains or losses on available assets during the sale						
Revaluation differences of fixed assets				1 638 090		1 638 090
Fixed assets						
Others						
Shareholders'equity at the end of 2015	18 315 584	1 023 956	3 665 805	8 498 377	2 362 347	33 866 069
			0	0	0	0
Change of procedures and corrections of errors						
			-1 509 873	-3 207 713	-212 103	-4 929 689
Shareholders'equity at the beginning of 2016	18 315 584	1 023 956	2 155 932	5 290 664	2 150 244	28 936 380
Allocation of the income of 2015 :						
Performance bonus, dividends, paid royalties					-489 334	-489 334
Increase of capital						
Incorporation of reserves			1 360 038		-1 360 038	0
Others (detail in the attached notes)			300 872		-300 872	
Net income of the year					4 452 898	4 452 898
Sub-total : transactions between shareholders	18 315 584	1 023 956	3 816 843	5 290 664	4 452 898	32 899 944
Other components of the comprehensive income :						
Unrealized gains or losses on assets available for sale						
Revaluation gaps of fixed assets				-133 142		-133 142
Others					-197 049	-197 049
Shareholders'equity at the end of 2016	18 315 584	1 023 956	3 816 843	5 157 522	4 255 849	32 569 754

STATEMENT OF CASH FLOW :

FINANCIAL YEAR : 2016 (In thousands)

	31/12/2016	31/12/2015	Annual variation	
			Amount	In %
Income before taxes	4 747 271	2 840 043	1 907 228	67
Net depreciation and amortization costs of tangible and intangible assets	1 389 943	1 274 937	115 006	9
Net depreciation and provisions costs	-716 988	6 436 422	-7 153 410	-111
Share of profits of associates	0	0	0	0
Net loss/profit of investment activities	23 601	-101 035	124 636	-123
(Incomes)/expenses of funding activities	0	0	0	0
Other changes (Fluctuation of the exchange rate, investment revaluation)	-1 542 096	-996 711	-545 385	55
Non-monetary elements included in the net income before tax and other adjustments	-845 540	6 613 613	-7 459 153	-113
Cash flows relating to transactions with banks and similar companies	11 329 704	-24 727 945	36 057 649	-146
Cash flows relating to transactions with customers	28 352 599	36 422 262	-8 069 662	-22
Cash flows relating to other transactions which impact the financial assets and liabilities	-82 460 177	-32 846 285	-49 613 892	151
Cash flows relating to other transactions that impact the non financial assets and liabilities	-2 434 806	834 329	-3 269 136	-392
-Paid taxes	-294 373	-512 013	217 640	-43
Net decrease/(increase) of assets and liabilities from operating activities	-45 507 053	-20 829 652	-24 677 401	118
Net total cash flows from the operating activity (A)	-41 605 322	-11 375 996	-30 229 326	266
Cash flows relating to financial assets and to participations	0	0	0	0
Cash flows relating to investment properties	0	-136 151	136 151	-100
Cash flows relating to tangible and intangible assets	-1 794 008	-4 196 775	2 402 767	-57
Net total cash flows relating to investment activities (B)	-1 794 008	-4 332 926	2 538 918	-59
Cash flows from or heading to shareholders	-489 334	-1 879 968	1 390 634	-74
Other net cash flows from funding activities	44 876 951	7 131 710	37 745 241	529
Net total cash flows relating to funding activities (C)	44 387 617	5 251 742	39 135 875	745
Effects of change in exchange rates on cash and cash equivalents (D)	1 472 762	1 215 398	257 364	21
Net increase/(decrease) of cash and cash equivalents (A + B + C + D)	2 461 049	-9 241 783	11 702 831	-127
Cash and cash equivalents at the beginning	13 663 809	22 905 591	-9 241 783	-40
Cash on hand, central banks (asset and liabilities)	7 553 199	16 809 259	-9 256 060	-55
sight accounts and loans/borrowed cash within banks and similar companies (asset and liabilities)	6 110 610	6 096 332	14 278	0
Cash and cash equivalents at the end	16 124 857	13 663 809	2 461 049	18
Cash on hand, central banks, CCP (asset and liabilities)	12 656 762	7 553 199	5 103 563	68
Sight accounts and loans/borrowed cash within banks and similar companies (asset and liabilities)	3 468 095	6 110 610	-2 642 515	-43
Variation of the net cash	2 461 049	-9 241 783	11 702 831	-127

OPERATION NETWORK

