



INTERBANK BURUNDI s.a

Report & Account 2013

March 07th, 2014 • 21st Fiscal Year





INTERBANK BURUNDI



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21st Fiscal Year

Annual Report 2013



INTERBANK BURUNDI s.a



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FINANCIAL YEAR	2004	2005	2006	2007	2008
CREDITS					
Current accounts debtors	29,026.0	32,976.8	41,224.0	50,086.8	58,413.6
Credits /coffee chain	3,001.4	1,086.3	10,950.0	3,224.0	9,414.0
Other Credits	13,069.4	9,988.4	10,361.9	16,176.9	22,434.5
TOTAL	45,096.8	44,051.5	62,535.9	69,487.7	90,262.1

DEPOSITS					
Sight deposits	49,573.1	46,254.8	64,964.7	73,002.4	114,409.7
Sight deposits & cash vouchers	13,300.3	12,989.4	23,998.0	28,818.1	28,513.3
Deposit books	1,545.2	2,201.2	2,569.4	3,490.4	5,161.1
TOTAL	64,418.6	61,445.4	91,532.1	105,310.9	148,084.1

MARGIN (DEPOSITS-CREDITS)	19,321.8	17,393.9	28,996.2	35,823.2	57,822.0
Financial sector credits (*)	180,259.7	181,142.3	203,806.3	230,435.4	305,486.3
IBB Share (%)	25.0	24.3	30.7	30.2	29.5
Bank sector credits (*)	161,742.2	165,376.1	183,618.6	205,229.3	276,919.1
IBB Share (%)	27.9	26.6	34.1	33.9	32.6
Net Profit	1,847.0	2,267.1	2,182.3	3,264.6	5,138.2
Gross Shareholders Capital (before allocation)	7,553.3	8,965.9	11,567.6	13,568.5	17,443.1

Key figure on 10 Years

2009	2010	2011	2012	2013
65,248.9	73,039.5	90,642.8	106,226.8	102,395.2
1,405.0	4,491.6	5,576.8	5,503.7	2,623.2
27,829.9	37,132.8	47,896.2	49,447.8	47,554.9
94,483.8	114,663.9	144,115.8	161,178.3	152,573.3

138,576.9	159,244.3	158,507.5	178,367.7	181,185.3
27,842.6	28,806.9	35,498.4	31,760.5	42,876.9
5,999.4	6,756.2	5,899.1	7,760.3	8,727.1
172,418.9	194,807.4	199,905.0	217,888.5	232,789.3

77,935.1	80,143.5	55,789.2	56,710.2	80,216.0
335,130.0	430,752.6	573,214.8	649,370.5	698,467.6
28.2	26.6	25.1	24.8	21.8
301,761.8	386,406.3	519,100.0	592,277.4	627,797.7
31.3	29.7	27.8	27.2	24.3
6,791.2	7,553.8	9,937.9	6,489.9	3,701.9
22,825.0	27,125.4	32,862.8	34,348.1	40,037.9



MESSAGE

OF THE CHAIRMAN OF
THE BOARD OF DIRECTORS



Georges COUCOULIS

In 2013, Interbank Burundi has, for the second consecutive year, recorded business in a tough economic environment, hit hard by the global financial crisis and the weakness of domestic production.

A situation exacerbated by the continuing high level of prices of major products and services for current consumption such as food, petroleum products, water and electricity.

Notwithstanding this environment, strongly marked by the rise of credit risk, the Bank carried on its commercial development, with a priority objective to finance the economy, as per the needs of business enterprises and support to its customers' projects.

This dynamic development resulted, inter alia, in a significant extension of customer deposits and maintained market shares in a highly competitive environment.

This performance, achieved in difficult market conditions for Interbank Burundi, translated the maximization of synergies within its network and constant attention by its policy-making bodies and its entire staff on the customer service and the growth of the institution.

We urge each other to keep this attention awake to carry on the improvement of the operational and commercial efficiency of the Bank, building on the many investments that have been made to support the development of the network during the last decade.

Our appeal is particularly motivated since the challenges remain immense; the support to our clients who lost their goods in the fire on Bujumbura Central Market, the increased competition in a fragmented banking market and increasingly focusing on technological solutions, and the

entry into force of new, more stringent regulations, particularly in terms of risk management, are some of these challenges.

We would like also to pay tribute to our social body for the work done during the year 2013; it had the ability, from our culture and our specificities, to make a difference in key markets and maintain the position of Interbank Burundi. It would not have been possible to achieve these results in 2013 without its remarkable commitment.

Finally, we wish to thank all the customers of the Bank, particularly our customers from Bujumbura Central Market for the confidence they have shown in the initiatives for their recovery in a difficult economic environment resulting from the disaster of 27 January 2013. We would like, at the same time, to reassure them that Interbank Burundi has many financial, human and technological levers and will continue to support them while carrying on the expansion and diversification of its offer to stick better to their needs.

Georges COUCOULIS



MESSAGE

OF THE CHAIRMAN OF THE
MANAGEMENT COMMITTEE



Callixte MUTABAZI

Interbank Burundi continued the progressive development of its activities in a difficult economic and financial environment, in keeping with the strategic lines for the year 2013. Achievements recorded, either in terms of BIF 21,508 million net banking income, BIF 8,966 million gross operating income, or BIF 3,701 million net income, reflect both the strength of the Bank and the high incidence of overall depressed economic situation on the loan portfolio. Several factors have contributed to the depression; the most important remain the weak mobilization of external support, lower tax revenues, due to the narrowness of the tax base and, more particularly, the impact of fire on Bujumbura Central Market, and the persistence of external shocks related to the global economic crisis.

Growth in gross domestic product, however, marked a strong recovery, as expected at 4.5%, according to forecasts by the BRB and the IMF, against 4.2% achieved in 2012. This recovery may result from investments in telecommunications, hospitality and tourism, as well as in the energy sector. As regards more particularly the latter, additional diesel generators were purchased by REGIDESO (Water and Electricity Supply Company); hydroelectric projects such as Mpanda, Kabu 16 on Kaburantwa River, and Kagu 006 on Kagunuzi River were implemented in the year 2013.

Because of the particular tightening of monetary and exchange rate policy of the Central Bank, the same improvement was observed on the inflation side, with an average rate of 7.5 % over the first two quarters of the year. Subsequently, however, the cancelation of the exemption of taxes on certain foodstuffs from July 2013, the upward revision of some administered prices and the introduction of new taxes on certain imported products, the

inflation went up again in the second semester with a rate of 12.1 % at end-September, but which dropped down to 10.5% at year-end.

At the same time, after severe tensions observed in 2012 and the beginning of the year, liquidity rose up in the second half of fiscal 2013, following cash inflow of some budget support, including two fundings by the World Bank and the African Development Bank.

Foreign exchange reserves, however, remained at the 2012 level, i.e. 3.8 months of imports ; a level artificially maintained by the Central Bank which didn't intervene in the interbank foreign exchange market .

Such a highly broadened economic environment provides even more relief to the commercial and financial performance of the Bank. It is, among other things, the result of the loose monetary policy of the Central Bank whose orientation has remained focused on the supervision of credit and the stabilization of the exchange rate.

In the area of credit, the Bank of the Republic of Burundi, indeed, continued to use indirect monetary policy instruments consisting of reserve requirements, tendering liquidity and marginal lending facility.

On the foreign exchange market, it has taken measures to stabilize the exchange rate by setting a fluctuation in the exchange rate of $\pm 1\%$ around the reference rate on the purchase and sale transactions of commercial banks and Foreign Exchange Bureaux and the liberalization of the foreign currency accounts of residents.

For the financial sector, this environment with mixed results, was reflected by a in a weak activity, characterized by lower financing imports, the decline in loans during the first half of the year, before a slight recovery over the last two quarters of the year, along with the worsening of the situation of credit portfolios.

With the strengthening of liquidity recorded in the second half of the year, the credit to the economy is rose again with a slight increase of 7.6% at year-end, i.e., 698,467.6 MF.

Due to the adjustment of its credit policy to the new economic situation, the contribution of the Interbank Burundi to finance the economy was estimated at 21.8 %, with year-end outstanding standing at 152, 573.3 MF. A contribution which dropped down, since it was

about 30% three years back; this decline reflects, notably, the market share erosion induced by the establishment of new banks, but also the new orientation of the credit policy of the Bank, dismissing real estate, utilities and credit markets from its scope of intervention for than one year.

In addition to this shift in policy, the involvement and mobilization of relationship managers contributed a great deal in the threefold objective to control credit risk, to improve the portfolio performance and to adjust the risk management. In addition to new monitoring tools and dashboards at their disposal, a new configuration of the credits secretariat, involving the allocation of new staff in charge of monitoring the daily work carried out in that unit, is already under experimentation.

Meanwhile, in order to meet the challenge of liquidity scarcity and to face the tangible risk that this threat may impact on its business, the Bank has mobilized all its energies to boost the collection of resources.

To this end, in support to the business achievements of its Network, strengthened by a new operational branch in Kanyosha, several actions have been undertaken with regard to improving the product offering, setting up new partnerships and the conduct of marketing campaigns and targeted marketing.

PROSPECTS

In 2014, the Bank will strengthen these devices and aim to better meet the needs of its customers; by emphasizing its main assets, namely the quality and proximity of services.

In economic conditions expected to remain tight, the achievement of this ambitious program is a real challenge. Indeed, the business outlook for the current year remain dependent on financial contingencies related to the external economic environment, the risk of a new surge in international prices of food and petroleum products and various financial assistance-related requirements of bilateral and multilateral donors.

Moreover, the pressure of pre-election spending, which could worsen tensions of the budgetary situation, is an additional risk to the economic outlook of the country.

In order to support the activity, in this context of uncertainty, weak credit demand and

increased likelihood of the deterioration of the loan portfolio, special efforts will be focused on the preservation of the quality of risk management over the strict credit, consolidating our position and further diversification of income sources.

As regards more specifically credit, while more stringent rules for classification and provisioning will come into force from 1 July 2014, the Credits Secretariat is already redesigned at two levels: on one hand, the assignment of an officer in charge of the daily monitoring the work of the service and on the other hand, enrolment of new recruits with a university training in the pool of relations officers.

With regard to the resources component of its program, the Bank intends to refine its business approach to hard currency resources generating opportunities for optimal support of its importing customers. Meanwhile, the distribution network will be completed by the entry into operation of three new project operating sites, the latest of our program currently underway in new COTEBU Market, South Mutanga and Mutoyi in Bugendana commune.

Concerning the electronic banking, in the light of current developments, the Bank is planning to start issuing and acquiring MasterCard cards early in the second quarter of 2014.

Interbank Burundi is thus determined to take advantage of all operational and business opportunities for further expansion, keeping in mind that the development of activities is driven by the sustainability of profitable growth, the dynamic risk management and the strengthening of internal control instruments.

For Interbank to meet this challenge, it has three main strengths: its proven proximity banking model; its national presence, which enables it to support its customers throughout the country; finally, more importantly, the expertise and commitment of its teams, who work every day to the satisfaction of all its customers.

Callixte MUTABAZI



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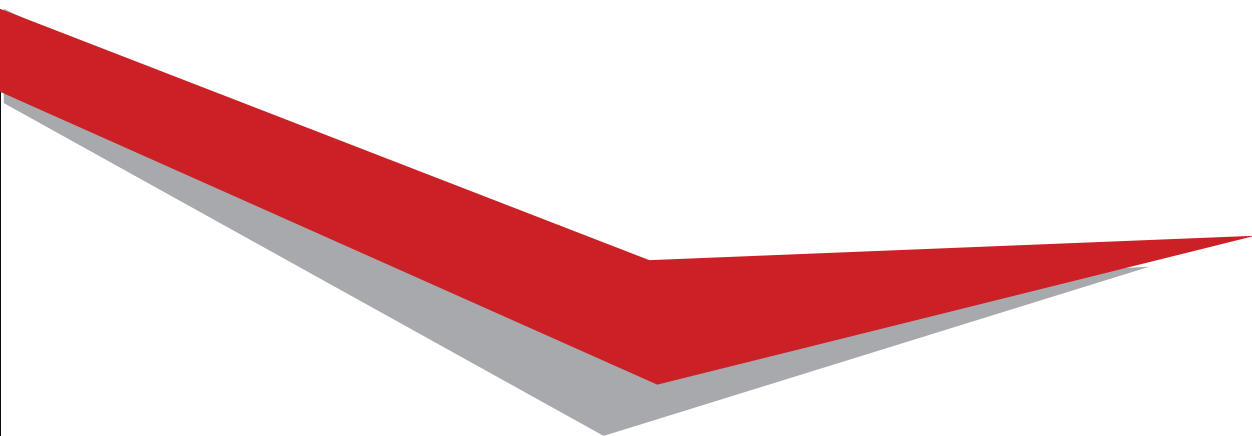


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**Quels que soient vos
besoins et où
que vous soyez,
nous avons pour vous**

**une solution
sur mesure!**





Report

of the boards of Directors

HISTORICAL PATTERN OF ACTIVITIES

In dull economic conditions, the bank has continued to develop its business in all markets, focusing on risk quality and customer satisfaction, and confirmed its support for economic actors, by joining them closer to their activities.

Taking advantage of the relaxation on the cash assets, the Bank has significantly expanded its resource base and was able to maintain the activity of financing the economy, in difficult market conditions.

To that end, it was able to capitalize on this motivation, professionalism and responsiveness of its employees, close to their customers and listening to them.

RESOURCES

In 2013, resource development remained a priority for the Bank. Taking advantage of the improved liquidity recorded in the second half of the year, it has relied, in particular, on its business arrangements to capture released funding resources for Bank clients' projects.

On December 31, outstanding deposits stood at 232,789.3 MF, including deposit accounts and one month of 212,704.9 MF.

CREDITS

In a sluggish economic environment, credit allocation has slowed down, reflecting a weak demand inherent to a limited ability of the state to pay, yet the main engine of the economy, and the adjustment of the credit policy of the Bank to this new situation; an arbitrage arrangement overlooking real estate, procurement and appropriations of more than one year credits from its scope of intervention.

Thus, compared to fiscal year 2012, credits to the economy dropped to 5.3%, standing at only 152,573.3 MF, against 161,178.3 MF on 31 December 2012.

SERVICES

- **International Banking**

For the second consecutive year, the International activity was clearly hampered by the scarcity of foreign currency liquidity resulting from the significant decline in donors budget support.

This situation, like the previous fiscal year, resulted in a marked slowdown in foreign exchange commissions and imports, falling to 6.6%.

- **Counters and Inter-Agency Operations**

Due to the expansion of the distribution network and, business support, as partially the result, the volume of transactions at our branches shows a constant growth.

OPERATING PROFITABILITY

The decline in credits to the economy, the deterioration of the portfolio and the low vitality of the International Banking activities, largely related to the tense cash exchange situation, induced a decrease of 43.0 % of net income, standing only at 3,701.4 MF in 2013, against 6,489.9 MF at end-December 2012.

SOCIAL RESPONSIBILITY REPORT

PERSONNEL

- **Human Resource Management**

In accordance with the principles enshrined in its longstanding strategy, Interbank Burundi has maintained a human resources policy based on dialogue, listening, proactive career management and internal mobility of employees.

As regards the management of internal mobility, new positions were offered to employees of the Bank, based on their skills and abilities, with the stated objective to develop their skills and employability. In 2013, more than twenty movements, seven promotions, have been recorded, reflecting a change in job or position, or both, either through internal mobility or change of career.

In continuation of its policy of diversity management, the Bank has recorded an increase of its women workforce, now representing 25.4 % of the total workforce and 35.2% of managers.

• Training

The training effort remained high in 2013; on one hand, all heads of agencies and branches attended three training sessions, one on “Credit Service” and two on “ Internal Audit “; on the other hand, executives were able to follow two presentations, one on the IFRS methodology and its impact on the presentation of financial results and another one on electronic documents archiving.

In addition to these courses, learning for the development of competence and professionalism of employees continued through many service meetings organized by various officers of the Bank.

• Human Welfare

In 2013, through initiatives and strong commitments, Interbank Burundi confirmed its desire to improve the living conditions of its employees.

Thus, despite the contraction of business, the Bank :

- Maintained wage increases in premiums and benefits at the level of previous years;
- Strengthened its policy of home ownership by granting twenty “first home” loans; Indeed, Interbank Burundi has always considered that access to housing remains a life goal for many;
- And has granted its employees the opportunity to meet the criteria of longevity a loyalty bonus corresponding to the twenty years of service.

Furthermore, as the result of sustained social dialogue between the management and the Corporate Business Board, and given the context of erosion of purchasing power, the two sides agreed in mid-2013, on the release of part of savings made under the Supplementary Pension Fund in support to the staff for them to initiate some small self-help projects.

▶ THE BANK AND ITS ENVIRONMENT

The Interbank Burundi, its culture and its practices, naturally adheres to the principles of inclusive development, which aims to seek respect for the interests of all its partners, shareholders, employees, customers, suppliers, the civil society, the environment and communities in which it evolves.

This partnership commitment is based on the inner values of professionalism, team spirit and innovation of the Bank. It results in multifaceted actions relating to four main areas of intervention: solidarity, promotion of art and culture, sport and education.

In terms of solidarity, Interbank Burundi continued to support humanitarian, social and environmental causes through donations and grants, as well as to purchase tickets for charity shows and gala.

In the cultural and artistic chapter, Interbank Burundi feeds a clear interest in the cultural heritage of the country and intervenes since several years in upgrading the Burundian art by various acquisitions. At the same time, it encourages the creation of donations, particularly in publishing new books of authors often less known.

In the field of environmental protection, the Bank has continued to support the development of companies and projects involved in sustainable development by financing the King Mwezi Gisabo Prize for the Defense of the Environment protection and awarded to Green Belt Action for the Environment, "CEAA".

As for sports, in partnership with the BRARUDI, Interbank Burundi continued partnerships established since many years with the great golf and tennis tournaments.

As for the training, the Bank continued to take and train/supervise young trainees at the end of their schooling coming to practice/test their theoretical knowledge to the ground in the framework of their final coursework.



INTERBANK BURUNDI s.a

VISA

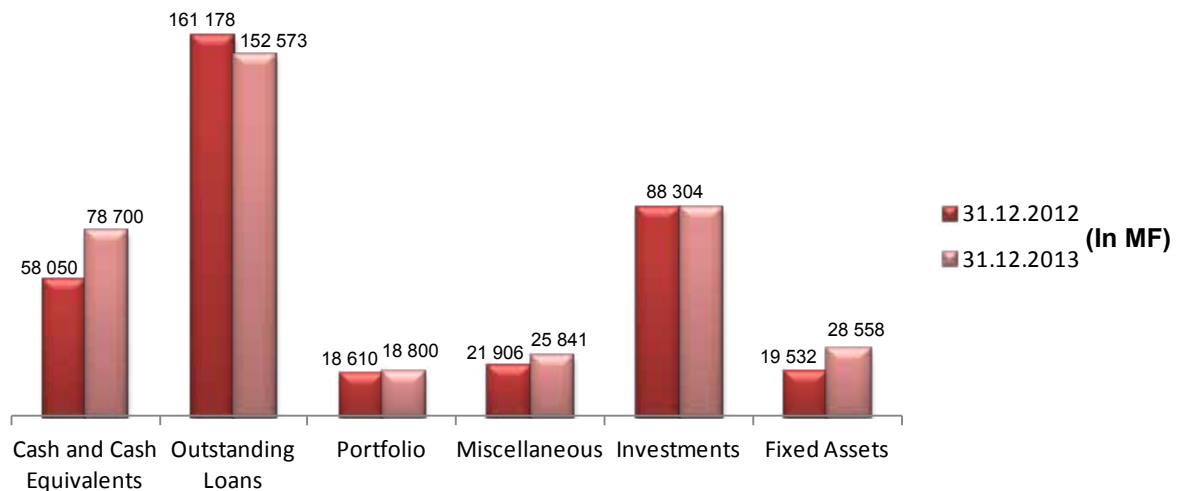
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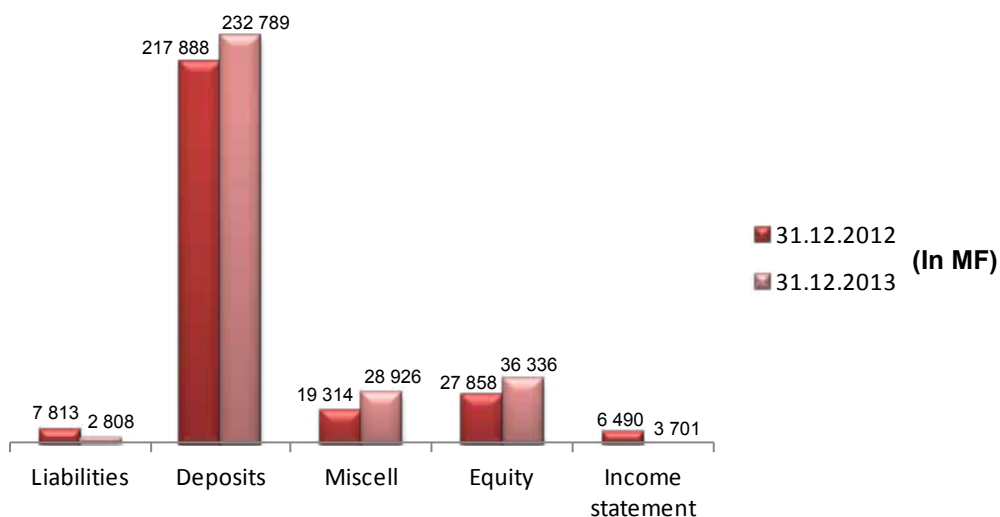
BALANCE SHEET, PROFIT AND LOSS ACCOUNTS

BALANCE SHEET as of 12.31.2013 COMPARED TO 12.31.2012

ASSETS	31.12.2012	31.12.2013
1. Cash and Cash Equivalents	58,050,209,149	78,700,677,686
. Cash-BRB-CCP	13,566,731,131	22,218,148,472
. Banks	44,179,597,738	55,572,948,733
. Day to day loans	0	0
. Other short term receivables	303,880,280	909,580,481
2. Outstanding Loans	161,178,303,130	152,573,333,591
. Short term loans	137,132,120,822	125,587,000,306
. Mid-term loans	22,396,892,765	25,428,083,198
. Long term loans	1,649,289,543	1,558,250,087
3. Portfolio	18,609,900,000	18,800,000,000
. Treasury bond	1,109,900,000	0
. Treasury bills	17,500,000,000	18,800,000,000
4. Miscellaneous	21,905,518,169	25,841,470,223
5. Investments	88,303,680	88,303,680
. Joint ventures	88,303,680	88,303,680
6. Fixed Assets	19,531,830,560	28,557,680,744
. Land	962,918,024	12,209,293,048
. Operational buildings	8,499,784,918	6,460,276,597
. Buildings not related to operations	3,815,546,691	3,421,292,921
. Equipment and furniture	5,869,136,734	5,934,539,298
. Improvements and installation	384,444,193	532,278,880
TOTAL ASSETS	279,364,064,688	304,561,465,924



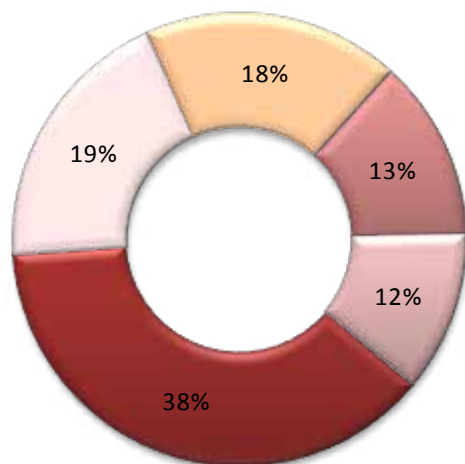
LIABILITIES AND EQUITY	31.12.2012	31.12.2013
1. Liabilities	7,813,455,593	2,808,028,800
. Preferred creditors	2,668,840,072	1,772,655,548
. Banks and financial institutions	4,305,678,871	234,334,463
. Liquidities borrowing	0	0
. Other short term payables	838,936,650	801,038,789
2. Deposits	217,888,460,670	232,789,354,310
. Sight	178,367,732,170	181,185,320,962
. Fixed term	31,760,454,292	42,876,911,333
. Deposit book	7,760,274,208	8,727,122,015
. Cash vouchers	0	0
3. Miscellaneous	19,314,029,430	28,926,181,025
4. Equity	27,857,716,918	36,336,046,048
. Issued capital	20,484,800,000	20,484,800,000
. Legal reserves	2,048,480,000	2,048,480,000
. Reevaluation reserves	1,325,566,918	8,693,766,048
. Capital and reserves to be empl	0	0
. Available reserves	2,123,870,000	2,859,000,000
. general provision for risks	1,875,000,000	2,250,000,000
5. Income statement	6,490,402,077	3,701,855,741
. Carried forward profit	491,264	501,567
. Net profit after tax	6,489,910,813	3,701,354,174
TOTAL LIABILITIES & EQUITY	279,364,064,688	304,561,465,924



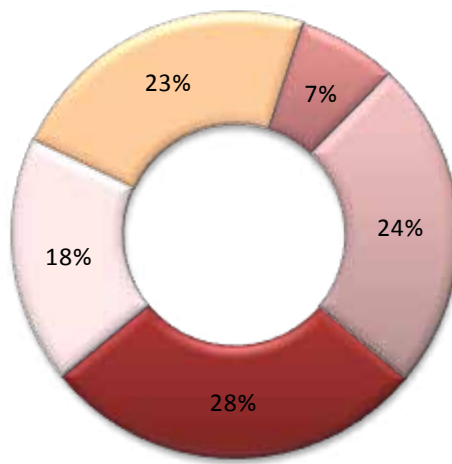
LOSSES AND PROFITS STATEMENT ON 12.31.2013 COMPARED TO 12.31.2012

DEBIT	31.12.2012	31.12.2013
1. Financial expenses	9,605,091,646	7,641,219,432
2. Personnel expenses	4,682,726,663	4,932,914,976
3. Other operating expenses	6,402,940,982	6,271,522,276
4. Taxes and fees	3,296,758,360	1,977,552,363
5. Depreciation & Provisions	2,909,014,342	6,535,338,036
6. Provisional Profit	6,489,910,813	3,701,354,174
TOTAL	33,386,442,806	31,059,901,257

31.12.2012

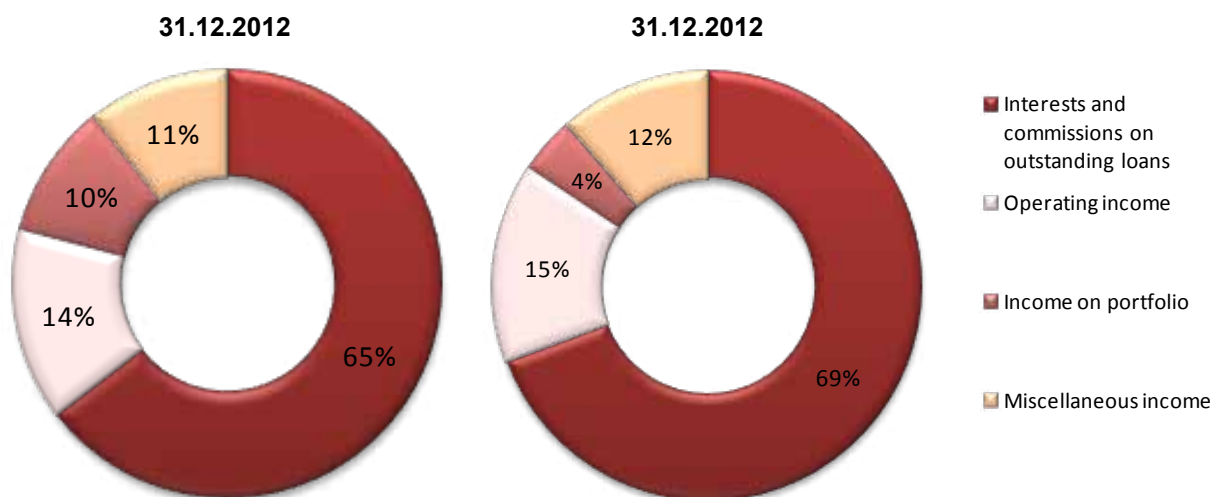


31.12.2013



- Financial expenses
- Personnel expenses
- Other operating expenses
- Taxes and fees
- Depreciation & Provisions

CREDIT	31.12.2012	31.12.2013
1. Interests and commissions on outstanding loans	21,310,652,241	21,518,866,683
2. Operating income	4,833,152,916	4,691,450,982
3. Income on portfolio	3,399,335,575	1,303,108,204
4. Miscellaneous income	3,843,302,074	3,546,475,388
TOTAL	33,386,442,806	31,059,901,257

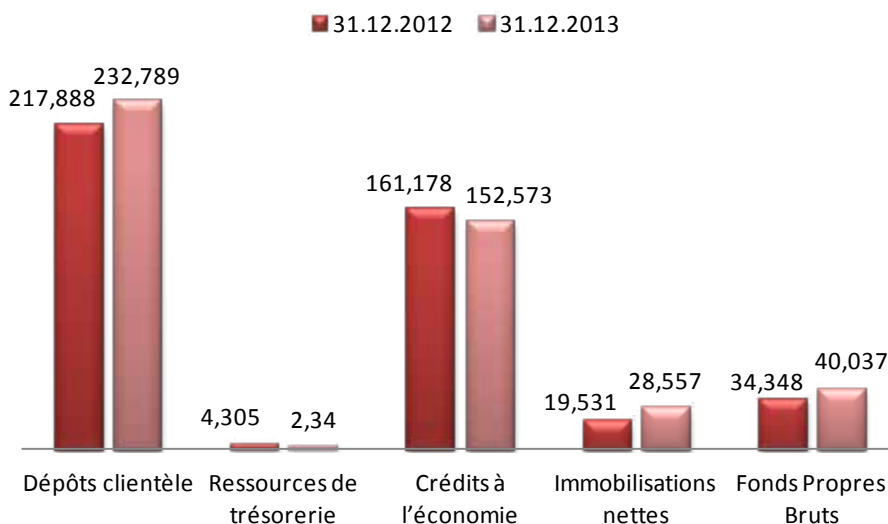


NOTES ON THE BALANCE SHEET AND THE LOSSES AND PROFITS STATEMENTS FOR THE YEAR 2013

1. BALANCE SHEET

Compared to fiscal 2012, total assets at December 31st, 2013 increased by 9.0%, mainly the double impact of increased liquidity and revaluation of the property portfolio of the Bank.

In Million BIF	31.12.2012	31.12.2013	Variation %
TOTAL BALANCE SHEET	279,364.1	304,561.5	+9.0
Customer deposits	217,888.5	232,789.3	+6.8
Financial resources	4,305.7	234.3	-94.5
Credits to the economy	161,178.3	152,573.3	-5.3
Net fixed assets	19,531.8	28,557.7	+46.2
Sundry reallocation	98,653.9	123,430.5	+20.0
Shareholders' equity	34,348.1	40,037.9	+16.6



The evolution of the bank asset has on December 31st, 2012 has been characterized by :

- A growth in clients' deposits collection less obvious compared to the previous year. Their assets recorded an increase of 6.8%, standing at 304,561.5 MF, against an increase of 9.0% in 2012;

- A decline in credits to the economy: 152,573.3 MF, they were down at 5.3% while their assets increased by 11.8% in 2012;
- A significant improvement in the coverage ratio of loans by deposits in Burundi Francs: 114.9 % at end- December 2013, against 95.6% a year earlier;
- A surge in various reused (20.0 %), largely due to the improvement of liquidity available assets and banks grew by 35.6%;
- The revaluation of the property portfolio of the bank resulted in the strengthening of gross capital which, before distribution of earnings totaled 40,037.9 MF in 2012, against 34,348.1, an increase of 16.6 %.



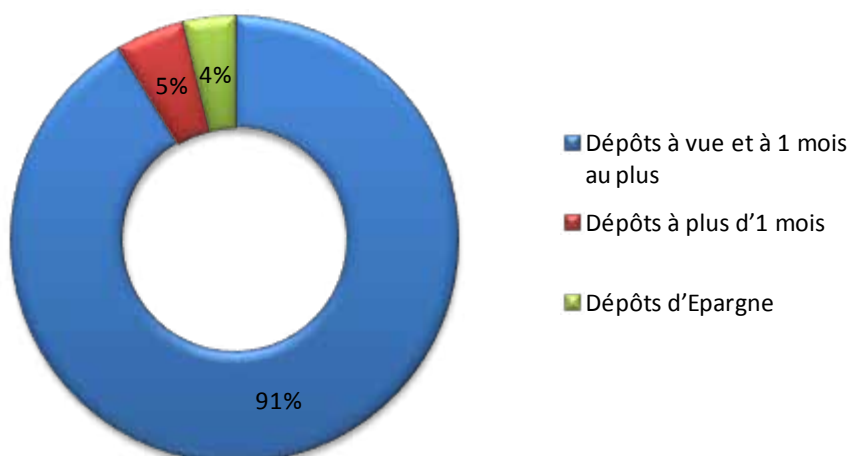
DEBTS TO CUSTOMERS

In millions de BIF	31.12.2012	31.12.2013	Variation %
TOTAL CUSTOMERS DEPOSITS	217,888.5	232,789.3	+6.8
Sight deposits not exceeding one month	202,910.2	212,704.9	+4.8
Sight deposits exceeding one month	7,218.0	11,357.3	+57.3
Savings deposits	7,760.3	8,727.1	+12.5

The deposits increase is recorded on all the types of resources, with a more rising trend for the sight deposits exceeding one month (+57.3 %) and, to a lesser extent, savings deposits (+12.5 %), sight deposits not exceeding one month slightly increased by 4.8%. This trend also reflects a transfer of assets to the latter category of investment resources that are fixed term deposits and savings deposits.

It should be noted that on a one year-over-year basis, Burundi franc deposits grew by 13.7 %, from 154,098.4 MF on December 31st, 2012 to 175,293.8 MF; At the same time, foreign currency deposits dropped from 63,790.0 MF to 54,495.5 MF during the period under review, standing at 9.9 %. The coverage ratio of credits by BIF deposits has increased, standing at 114.9 % at end- December 2013 against 95.6% twelve months earlier.

The share of deposits not exceeding one month in total customer deposits remains high, even if it slightly decreased, standing at 91.3 % against 93.1 % on December 31st, 2012.



CREDITS TO THE ECONOMY

In millions de BIF	31.12.2012	31.12.2013	Variation %
TOTAL CREDITS	161,178.3	152,573.3	-5.3
Coffee Credits	5,503.7	2,623.2	-52.3
Accounts Debtors	131,326.3	122,694.0	-6.6
Equipment credits	22,396.9	25,428.1	+13.5
Other credits	1,951.4	1,828.0	-6.3

After the 11.8% increase recorded in the credits to the economy in 2012, they dropped down in 2013, a 5.3% decline at the end of the fiscal year, at 152,573.3 MF, against 161,178.3 MF on December 31st, 2012.

This decline affected the largest component of the Bank's credits to the economy: accounts debtors, representing 80.4% of our interventions in 2013 and with a decline of 6.6 %, standing at 122,694.0 MF against 131,326.3 the previous year. Credits to the coffee sector and housing also decreased respectively by 52.3% and (-6.3%); the reduction of outstanding housing loans consists of reimbursements, in the absence of new interventions in this sector.

The share of credit to the economy in the total balance sheet is back to its level of 2011, which is 50.1% after an increase to 57.7 % in 2012.



PROFITABILITY ANALYSIS

In millions de BIF	31.12.2012	31.12.2013	Variation %
+ Interest Received on loans credits	20,334.4	20,727.7	+1.9
- Subsidized interests on deposits	5,108.2	6,765.5	+32.4
=Interests on Customers Operations	15,226.2	13,962.2	-8.3
+ Interests Received on Financial operations	4,610.2	2,619.2	-43.2
- Subsidized s Interests on financial operations	5,819.1	2,496.0	-57.1
=Margin on Financial Operations	-1,208.9	123.2	+110.2
INTEREST MARGIN	14,017.3	14,085.4	+0.5
+ Commissions and Miscellaneous Revenue	7,785.1	7,422.2	-4.7
= BANK NET REVENUE/PRODUCT	21,802.4	21,507.6	-1.3
- OVERHEADS/ADMINISTRATIVE EXPENSES	12,830.4	12,541.7	-2.3
*Personnel expenses	5,179.6	5,257.4	+1.5
*Other operating expenses	4,583.8	4,326.7	-5.6
*Dues and miscellaneous taxes	1,167.6	700.4	-40.0
*Depreciation	1,899.4	2,257.2	+18.8
= GROSS OPERATING PROFIT	8,972.0	8,965.9	-0.1
- Provisions on receivables	1,009.6	4,278.2	+323.7
+ Recovered provisions	656.7	290.7	-55.7
= PROFIT BEFORE TAX	8,619.1	4,978.4	-42.2
-Taxes	2,129.2	1,277.0	-40.0
=NET PROFIT	6,489.9	3,701.4	-43.0

The profitability of the Bank in 2013 was heavily impacted by the weak credit activity, the degradation of the portfolio, lower volume of transactions with foreign countries, following the foreign currency cash flow scarcity during a large part of the year, and the controlled trend of general operating expenses.

In consequence of the last factor, the gross operating income remains at its 2012 level, at 8965.9 MF, against 8,972.0 MF the previous year, even though the net banking income was down at 1.3 %.

The Bank Net Product/Revenue (BNP/BNR)

At the end of the fiscal year 2013, the bank net revenue stood at 21507.6 MF, against 21,802.4 MF in 2012, which appears virtually stagnant.

It suffers from the depreciation of the margin of intermediation operations (1264.0 MF or -8.3%) and declining transaction fees (-362.8 MF or -4.7%) , the affected products by the lower activity in the International Banking consecutive to shortages of foreign exchange .

The net banking revenue/product is distributed as follows:

- **an interest margin maintained** : only standing at 14,085.4 MF, against 14017.2 MF in late December 2012, a small increase of 0.5%; a virtual stagnation mainly due to the decline in the customers' intermediation , which was affected by an adverse effect in the production volume of credits, the deterioration of the portfolio, but also the transformation of the sight savings into investment savings ; the margin on customers' transactions declines, standing at 1264.0 MF(-8.3%), reflecting the higher cost of financial charges on deposits (+32.4 %) and low performance in loans interests (1.9 %) ; a double negative effect offset and beyond, by expanding the margin on cash flow transactions (1332.1 FM or 110.2 %), which benefited from the sharp contraction in charges on refinancing (3714 , MF 9 or -93.6 %) , much higher than Treasury securities products (or -61.4 % 2,069.7 MF) ;
- **the total commissions and other revenues volume in decline:** -4.7 % to 7,422.2 MF 31 December 2013 against the previous year 7,785.1 MF ; this contraction is mainly due to lower revenues on loans and documentary collections (-56.3 %) and commissions on commitments (-42.8 %) , the decline of the latter being related to the unfavorable economic climate sector public procurement; improved exchange revenues (+10.6%), obtained through rigorous control of foreign exchange, and continuous increase in income transfers Western Union (5.9 %) and electronic payment transactions (+ 29.3 % to 655.9 FM) have partially limited the reduction of commissions and revenues from operations.

The Operating Expenses

With a decrease of 2.3 % to 12,541.7 MF, against 12,830.4 MF in 2012 , changes in general operating expenses is a milestone in 2013 , reversing the upward trend observed over the last three years: + 11.4 % in 2010, 20.5 % in 2011 and 18.8 % in 2012.

This reversal results from the small increase in staff costs (+1.5%), control of major cost items and successful efforts deducted from losses (-54.4 %):

- **Personnel costs:** with a moderate increase of only 1.5 % standing at 5,257.4 MF, personnel costs reflect the adjustment of the bonus year-end, which took into account the economic context and the performance of the year: the year-end bonuses have been limited to three months' salary in lieu of the traditional four months; their low evolution is explained by a lower participation of the Bank in Supplementary Pension Fund due to lower results in 2012 based on which it is calculated;
- **Other overhead expenses:** in spite of a general level of prices which remained high in 2013 , price increases on charges of public operators and Regideso, Onatel and the introduction of new taxes on communications, office overhead and support are down 5.6 % to 4,326.7 MF, against 4,583.8 MF in 2012; this contraction has affected major cost items , including:
 - » Fuel costs for generators : -165.2 MF compared to 2012 (68.1 %) ; this economy is achieved through investments in solar energy used in most of our branches and outlets ;
 - » Rents paid: -38.1 MF reported in the same position in 2012 (-33.2 %);
 - » Advertising costs : -77.4 MF compared to spending in 2012 (-41.5 %); reductions resulting from the compression of the advertising budget gained through the refusal of a large number of proposals for advertisements made by our usual service sector ;

- » Costs in donations, grants and other gifts in some events: -108.0 MF compared to fiscal year 2012 (-40.8 %);
- » Reception costs: 53.3 FM in comparison to the end of December 2012 (-82.9 %);
- » The Board of Directors expenses: -47,0 MF compared to 2012 expenses (-29,5%) ; this important decline is due to an amount of 40,0 MF included in the expenses of the Board of Directors on September 30th, 2012 and corresponding to a non used provision and rescheduled ending December 2012 ;
- » And the decline in foreign exchange value: -390, 6 MF reported in losses of 2012 (-54, 4%: business gains generated by a daily monitoring of foreign exchange transactions.

However, due to the persistent high inflation level and the increase of rates of public services water, electricity and telecommunications, some costing items remained on a rising trend, including :

- » Medical and pharmaceutical expenses : +33,9 MF compared to the financial year 2012 (+14.5%) ; an increase due to the rise of medicines prices;
- » Contracting external expertise: +79,0 MF compared to ending December 2012 (+67.3%) ; this increase is reflected by various consultancy works, including IFRS, the recruitment of security companies and the increase of our consultants' rates;
- » Maintenance of computer equipment: +90,8 MF (+55.7%) : the expenses have been encumbered by the call for security and its adjustment for the bank computer consultant (172,5 MF) ;
- » telephone communication: +21,0 MF as compared to ending December 2012 (+17.5%) ; indeed, a new tax on communications was introduced in July 2013 ;
- » office supplies: +39,3 MF as compared to the volume of 2012 (+7.8%) ; a trend reflected by the inflation environment ;
- » and expenses on vehicles for the gas component: +82,1 MF as compared to les same expenses on December 31st, 2012 (+48.7%) ; increase resulting, among other things, to the increase of petroleum products three times in 2013.

- **Depreciation expenses** : have increased by 18.8 %, standing at 2,257.2 MF: this increase is reflected by the investments carried out in 2012 and 2013 in the areas of electronic banking and extension of the distribution network.

As a result of the weak trend of the overhead/administrative costs, the operating ratio, between overhead costs and the banking net profit, remained stable, at 58.3%, against 58.8 % ending December 2012.

Provisions for credit risks

The impact of the stabilization of the operating expenses on the performance has reversed the deterioration of the quality of the credit portfolio inherent to the widely worsened economic environment.

Hence, provisions for doubtful debts are standing at 4,278.2 MF, increasing from 3,268.5 MF (+323,7%) compared to the performances in the financial year 2012.

At 290,7 MF, recovered provisions of the financial year are less than the allocated provisions. The accumulation of the latter as of December 31st, 2013 stand at 3,247.1 MF and ensured a 91,2 % coverage of the outstanding debts whose value is amounted to 14,516.0 MF.

The Net Profit

After a tax decline of 43.0% at 1,277.0 MF, compared to the 2012 financial year, the net profit is standing at 3,701.4 MF.

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IN MINUTES*





INTERBANK BURUNDI



Carte American Express

acceptée à nos terminaux

PROFITS ALLOCATION FOR THE FISCAL YEAR 2013

Ladies and Gentlemen Shareholders,

In conformity with the article 52 of the Bank Memorandum and Articles of Association, The Ordinary General Assembly Meeting is invited to take a decision on the net profit allocation project for the financial year.

The net profit amounts to BIF 3,701,855,740 taking into account the profit carried forward of BIF 501,567.

We propose the following appropriation :



ADMINISTRATION FOR THE FINANCIAL YEAR 2013

Ladies and Gentlemen Shareholders,

In conformity with article 18 of the Bank Memorandum and Articles of the Association, terms of office of the following Directors:

- Mrs Marguerite RUMBETE
- Father Gabriel BAZIRUWISABIYE
- Mr Georges COUCOULIS
- Mr Bonaventure NICIMPAYE
- Mr Reginald THIBAUT de MAISIERES
- Mr Paul BERGER
- Mr Mathias SINAMENYE
- Mr Salvator TOYI
- Mr Callixte MUTABAZI
- SALEX CORPORATION

Expire at the end of the present General Assembly meeting.

They are re-eligible and they would like to stand-in for re-election.

If you approve their application, their terms of office would expire at the end of the 2015 Annual General Assembly meeting dealing with the 2014 fiscal year statements.

To conclude this report, we would like once more to congratulate and thank to the Interbank Burundi management committee and all the staff for the appreciable work accomplished and for their constantly renewed commitment to the development of the Interbank Burundi.

The Board of Directors.

AUDITOR'S OPINION TO THE SHAREHOLDERS

“OF INTERBANK BURUNDI S.A ON THE FINANCIAL STATEMENTS”

We carried out an audit of INTERBANK BURUNDI S.A. Financial Statements. These financial statements comprise the balance sheet as of December 31st, 2013, the income statement for the fiscal year ending December 31st, and the off-balance sheet as of December 31st, 2013, as well as a summary of significant accounting policies and other explanatory notes.

Board of Directors Responsibility for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements and their regularity, legitimacy and truthfulness in conformity with the Burundi Banking Law n° 1/017, dated October 23rd, 2003.

This responsibility includes: the maintenance of an internal control system allowing the preparation of regular and truthful accounts devoid of misstatements, whether due to fraud or error; the choice and the implementation of appropriate accounting principles; and the use of estimates that are compatible and reasonable based on circumstances.

Auditors' Responsibilities

Our mission consists of expressing an independent opinion on these financial statements. Our due diligence was achieved in accordance with the international audit standards. These standards require that we comply with ethical requirements and our audit to be planned and performed as to obtaining reasonable assurance that the financial statements are free from material misstatements.

An audit involves implementing procedures to obtain the reasonable assurance that the accounts are not marred with material misstatements. The procedures selected depend on the auditor's judgment including an assessment of risks for material misstatements, whenever due to frauds or error. The goal of this risk assessment is to ensure the relevance of the internal control system as related to the financial statements presentation in order to design the appropriate audit procedures. It does not aim at formulating an opinion on the internal control quality. An audit also includes evaluating the accounting principles used and the main estimates made by the bank's directors, as well as evaluating the overall

presentation of the financial statements.

To the best of our knowledge, we have obtained all the information necessary for the fulfillment of our mission and we believe that our audit constitutes a reasonable basis for the expression of our opinion.

Opinion

In our opinion, the financial statements of INTERBANK BURUNDI S.A faithfully and genuinely reflect the Bank's capital position and performances as of December 31st, 2013, in conformity with the accounting rules operative for Burundi commercial banks.

Auditors:
GPO PARTNERS BURUNDI

Represented by:
Patrick GASHAGAZA
Associate



**THE
GENERAL MEETING
March 7th, 2014**

RESOLUTIONS OF THE MARCH 7TH, 2014 ANNUAL ORDINARY GENERAL MEETING

First Resolution :

The Annual General Assembly Meeting, after listening to the reports of the Board of Directors and the Auditors for the fiscal year 2013, approves these reports.

Second Resolution:

The Annual General assembly Meeting approves the INTERBANK, S.A balance sheet and the losses and profits statements for the fiscal year ending December 31st, 2013.

Third Resolution :

The Annual General Assembly Meeting approves the allocation of the profit balance as suggested:

Amount carried forward	3,701,855,740
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Fourth Resolution :

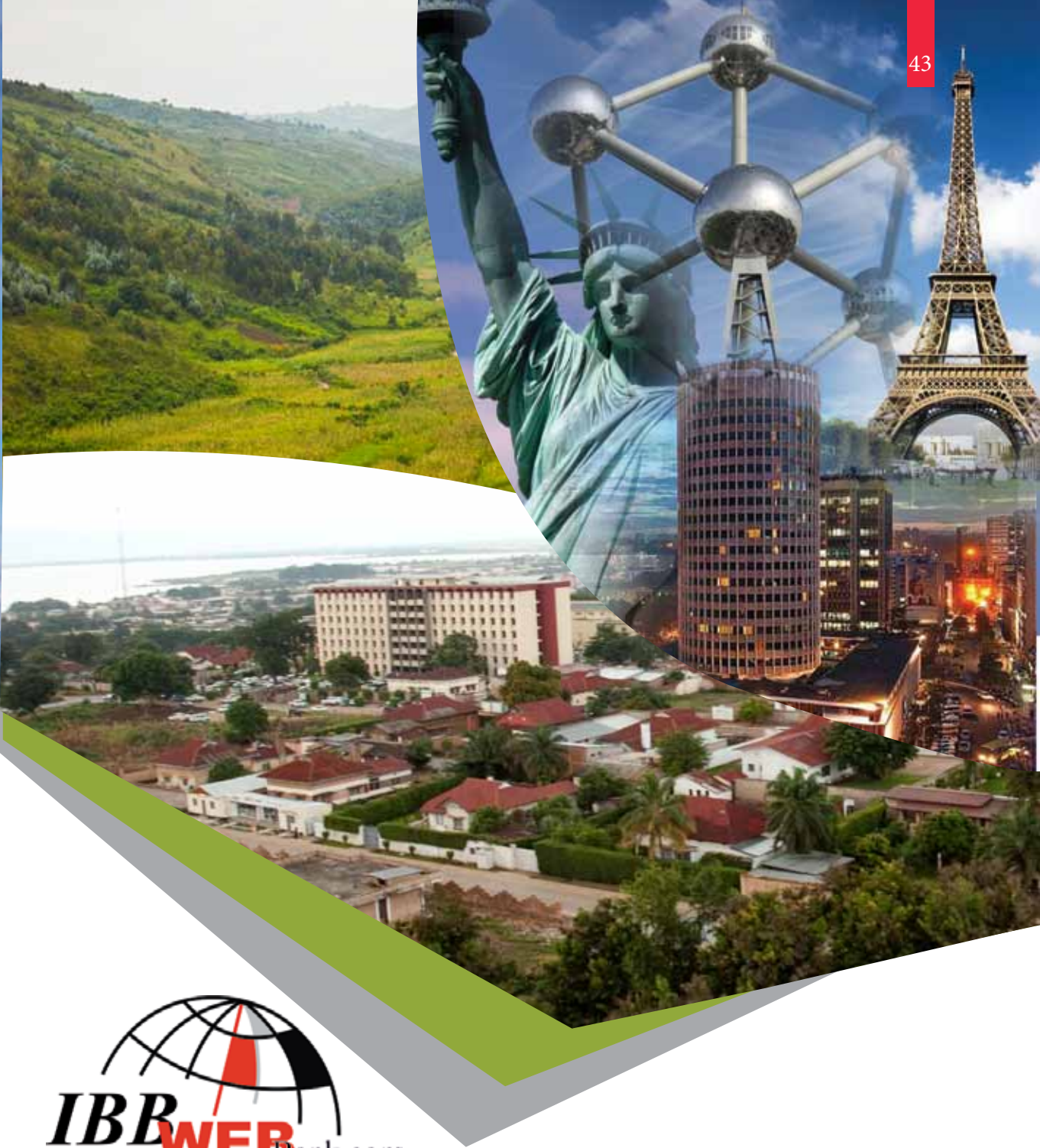
The Annual General Assembly Meeting gives full discharge to the Board of Directors for the 2013 fiscal year management.

Fifth Resolution :

In conformity with article 18 of the Bank Memorandum of Understanding, the Annual General Assembly Meeting appointed the following Board of Directors:

- Mrs Marguerite RUMBETE
- Father Gabriel BAZIRUWISABIYE
- Mr Georges COUCOULIS
- Mr Bonaventure NICIMPAYE
- Mr Reginald THIBAUT de MAISIERES
- Mr Paul BERGER
- Mr Mathias SINAMENYE
- Mr Salvator TOYI
- Mr Callixte MUTABAZI
- SALEX CORPORATION

For a one year term during the 2014 Annual General Assembly Meeting dealing with the 2013 fiscal year statements which will run up to the Annual General Meeting in 2015 dealing with statements of the 2014 fiscal year.



DISTRIBUTION NETWORK

DISTRIBUTION NETWORK

Downtown

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Bwiza

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 & 6ème Avenue Bwiza

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Jabe

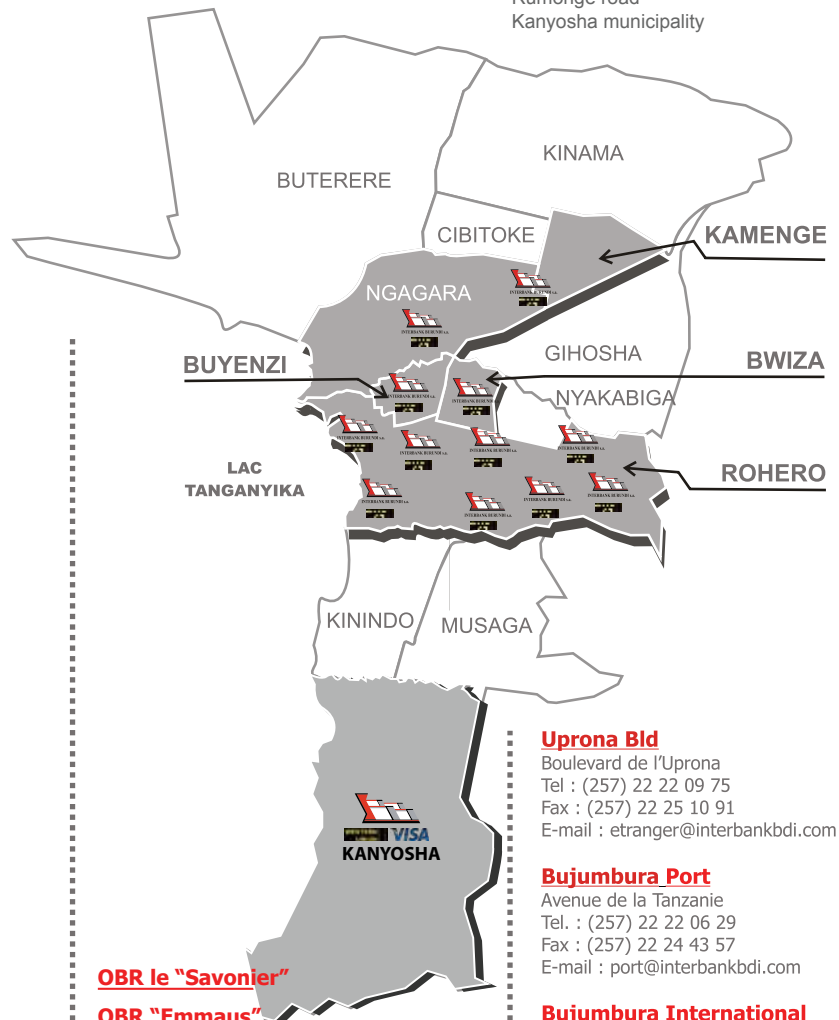
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Cotebu

New Market COTEBU
 Ngagara municipality

Kanyosha

Rumonge road
 Kanyosha municipality



OBR le "Savonnier"

OBR "Emmaus"

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 Rwandair Express Office

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Ex. Novotel

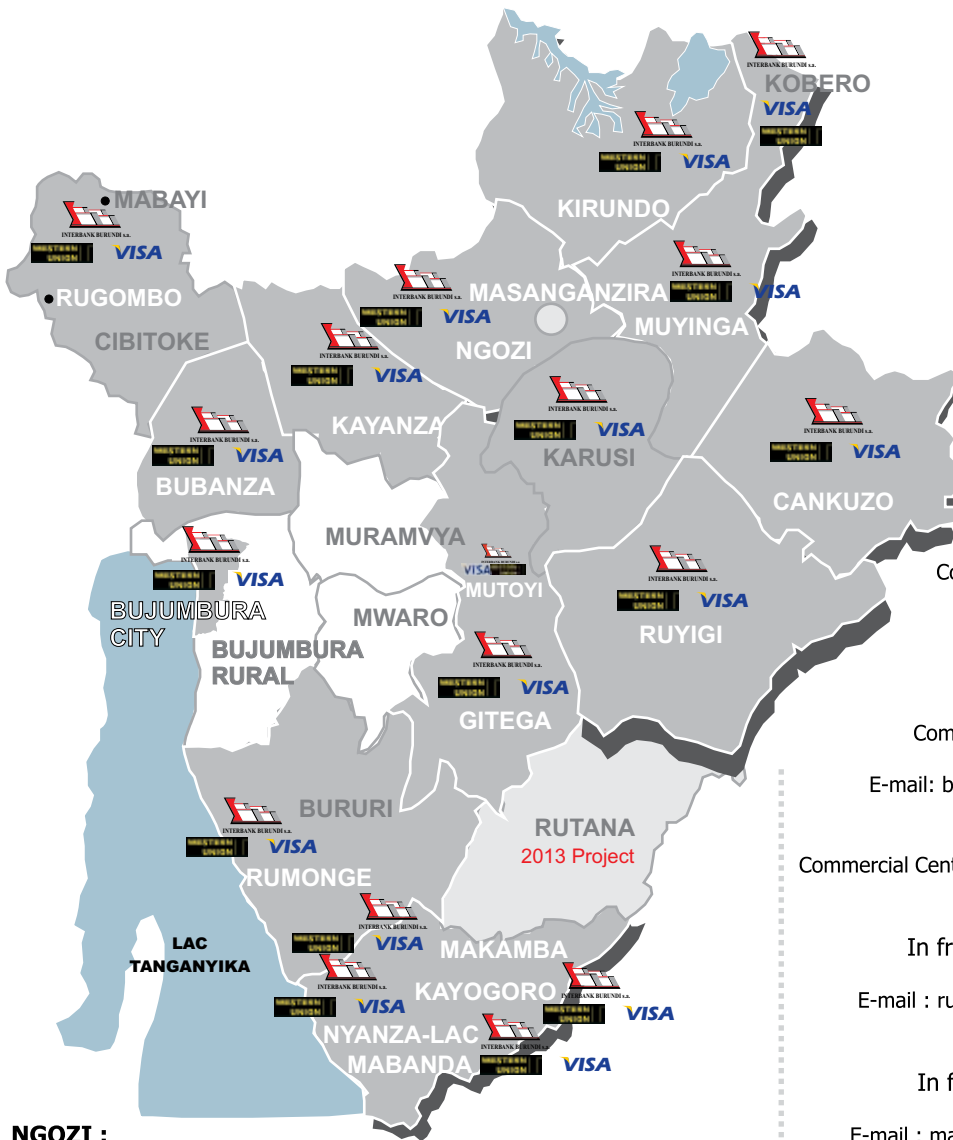
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MABAYI :
Commercial Centre of Mabayi

KARUSI :
Commercial Centre of Karusi

RUYIGI:
Commercial Centre of Ruyigi

MASANGANZIRA :
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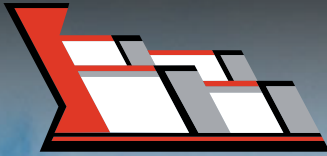
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Commercial Centre of Nyanza-Lac

MABANDA :
Commercial Centre of Mabanda

KAYOGORO :
Commercial Centre of Kayogoro



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CODE SWIFT : KREDBEBB



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IBAN BE 04 3010102188-31
CODE SWIFT : KREDBEBB



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