

BANQUE DE LA RÉPUBLIQUE DUBURUNDI (B.R.B.)

FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 DECEMBER 2016

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Banque de la République du Burundi General Information

REGISTERED OFFICE : **Banque de la République du Burundi**
1, Avenue du Gouvernement
P.O BOX 705
Bujumbura, Burundi

BRANCHES

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Ngozi, Burundi

Gitega Branch
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Gitega, Burundi

EXTERNAL AUDITOR

Mazars Cameroun
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Cameroun

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Bujumbura
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EXECUTIVE MANAGEMENT REPORT

The Executive Management, hereby submits the annual report and the audited financial statements for the financial year ended 31 December 2016 to present the financial position, the financial performance, the cash flow statement and the notes to the financial statements of the Banque de la République du Burundi (BRB)

MAIN OBJECTIVES

The Bank's main objectives are to formulate and implement monetary policy directed to preserve the national currency value and to ensure its stability. It has the responsibility to ensure the liquidity, solvency and to ensure the proper functioning of the monetary market, the foreign exchange market and the banking and financial system in general.

INCOME STATEMENT

The income statement for the year 2016 is shown on page 8.

BOARD OF DIRECTORS

During 2016 financial year to the date of this report, the members of the Board of Directors are as follows:

		Beginning of Mandate	End of Mandate
Jean CIZA	President and Governor	09 August 2012	-
Melchior WAGARA	First Deputy Governor	06 January 2011	-
Annonciata SENDAZIRASA	Second Deputy Governor	25 August 2015	-
Léon NIMBONA	Member	13 March 2006	-
Jacques NGENDAKUMANA	Member	07 April 2011	-
Eloi RUGERINYANGE	Member	07 April 2011	-
Melchiade NZOPFABARUSHE	Member	07 April 2011	-
Florence NSHIMIRIMANA	Member	27 August 2013	-

EXECUTIVE MANAGEMENT

During 2016 financial year up to the date of this report, the members of the management committee are as follows:

		Beginning of Mandate	End of Mandate
Jean CIZA	President and Governor	09 August 2012	-
Melchior WAGARA	First Deputy Governor	06 January 2011	-
Annonciata SENDAZIRASA	Second Deputy Governor	25 August 2015	-

AUDIT COMMITTEE

The members of the Audit Committee of the Banque de la République du Burundi are as follows:

**Beginning of
Mandate**

Léon NIMBONA
Eloi RUGERINYANGE
Florence NSHIMIRIMANA

15 December 2006
07 April 2011
27 August 2013

EXTERNAL AUDITOR

Mazars Cameroun was appointed in 2016 as External Auditor of the Bank for the 2016, 2017 and 2018 financial years.

For the Executive Management

The Governor

Date:

**STATEMENT OF EXECUTIVE MANAGEMENT COMMITTEE
RESPONSIBILITIES ON THE FINANCIAL STATEMENTS OF BANQUE DE LA
REPUBLIQUE DU BURUNDI**

The Act No. 1/34 of 02 December 2008 on the Banque de la République du Burundi (BRB) Statutes requires the Executive Management to prepare for each financial year, the financial statements that present fairly the financial position and financial performance of the Bank at the end of the year. It is also responsible for safeguarding the Bank's assets.

The Executive Management takes responsibility of financial statements prepared in compliance with the appropriate accounting policies, justified by reasonable and prudent estimations and judgments, according to the International Financial Reporting Standards (IFRS) and the requirements of the Act No. 1/34 of 02 December 2008 on Banque de la République du Burundi Statutes. From the Executive Management Committee opinion, the financial statements reflect a fair and sincere image of the financial position and performance of the Bank. Moreover, the Executive Management takes responsibility of the Bank book keeping used to prepare the financial statements and maintain adequate internal control systems.

Nothing has come to the attention of the Executive Management to indicate that the Bank will not remain a going concern for at least twelve months from the date of this statement.

The Governor

Date:

The financial statements on pages 14 to 50 have been approved by the Board of Directors on 21st June 2017 and have been signed on his behalf by:

The Governor, President of the Board

Date: 21/06/2017

**INDEPENDANT AUDITORS REPORT ON FINANCIAL STATEMENTS OF THE
BANQUE DE LA REPUBLIQUE DU BURUNDI**

Banque de la République du Burundi (B.R.B)

Independent auditor's report on the financial statement for the
year ended 31 December 2016.



Banque de la République du Burundi (B.R.B)

**1, Avenue du Gouvernement P.O BOX 705
Bujumbura- Burundi**

Independent auditor's report on the financial statement for the year ended 31 December 2016.

Mazars Cameroun SA

B.P 3791 Douala - Cameroun

Téléphone (237) 233 42 42 47 Télécopie (237) 233 42 91 70

AGREEE CEMAC SOUS LE NUMERO SEC 034 PAR DECISION N°17/05 UEAC -010 C-CM-13 DU 07 FEVRIER 2005.

INSCRIPTION AU TABLEAU DE L'ONECCA SOUS LE N° SEC 017.

INDEPENDENT AUDITOR'S REPORT ON BANQUE DE LA RÉPUBLIQUE DU BURUNDI FINANCIAL STATEMENTS

To the Board of Directors of Banque de la République du Burundi

We have audited the financial statements of the Banque de la République du Burundi (BRB), including the comprehensive income statement, the financial position statement, the statement of changes in equity, the statement of cash flows and the notes to the financial statements for the year ended 31 December 2016.

The Executive Management Responsibilities for the Financial Statements

The Executive Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Act No. 1/34 of 02 December 2008 on the Banque de la République du Burundi Statutes, as well as internal control considered as necessary for the preparation of financial statements free from material misstatement, whether due to fraud or error.

During the preparation of the financial statements, it is up to Executive Management to assess the Bank's capacity to pursue its activities and apply the going concern accounting principle, except if the Executive Management has the intention to liquidate the Bank or to cease its activity or if no realistic solution exists.

It is also the Executive Management's responsibility to supervise the financial information process.

Auditors' Responsibility

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. Those standards require that we comply with ethical rules, plan and perform the audit to obtain reasonable assurance that the financial statements are free from any material misstatements.

An audit implies the implementation of procedures to obtain evidences concerning the amounts and the information disclosed in the financial statements. The choice of procedures relies on the auditors' judgment and the risk assessment whether the financial statements contain material misstatement due to frauds or errors.

In the risk assessment process, the auditors take into account, the internal control available at the Bank related to the preparation and the fair presentation of the financial statements, in order to design appropriate audit procedures for the matter, and not for the purpose of expressing an opinion on the effectiveness of the Bank. An audit includes also evaluating the appreciation of the appropriate character of retained accounting methods and the reasonable character of accounting estimates used by the Executive Management, as well as appreciation of the overall presentation of the financial statements.

We estimate that the evidences obtained are sufficient and appropriate to express our opinion.

Opinion

1. Follow up of the reservations expressed by the previous independent auditor

Loans and advances to Government

As of 31st December 2015, loans and advances to Government amounted to BIF 641,724,669,000 and consisted of "Government's special debt", the "special credit", "ordinary consolidated 2012 advances" and ordinary advances granted to the Government during the 2014 and 2015 financial years.

Following the drying up of the budget support for 2014 and 2015 financial years, the Banque de la République du Burundi has regularly granted advances to the Government for a total amount of BIF 273,246,031,000 as at 31st December 2015.

The constant increase of the advances granted by the Banque de la République du Burundi (BRB) to the Government, and the uncertainty of their reimbursement, had brought the former independent auditor to formulate a reservation on 31st December 2015 concerning the increase of credit and liquidity risks associated.

On 26th July 2016, the BRB signed an agreement to reschedule the outstanding ordinary advances granted to the Government as of 31st December 2015 for BIF 273,246,031,000.

In addition, following the drying up of the Government budget support, the Bank has regularly granted advances to the Government up to an amount of BIF 134,973,131,000 at the end of year 2016.

Furthermore, article 3 of the 2017 Finance Act provides for Central Bank budgetary support of BIF 144,281,681,000.

As of 31 December 2016, loans and advances to government amounted to BIF 752,299,748,000 representing 53.35% of the total assets of the Bank.

Considering the situation, the reservation formulated by the previous independent auditor concerning the uncertainty linked to the reimbursement of the advances granted by the Central Bank to the Government, and to the increase of credit and liquidity risks associated, will not be discharged.

Non-compliance with article 18 of the Agreement (the "Convention") between the Government and the Banque de la République du Burundi regarding the Government banker and cashier and function

Article 33 of Act No. 1/34 of 02nd December 2008 on the Banque de la République du Burundi Statutes, states that the Central Bank does not grant any advances direct or indirect neither to the Government nor to any other administration or entity belonging to the Government.

Equally, article 18 of the Agreement between the Government and the Banque de la République du Burundi relating to the Government cashier function, states that the Treasury's account debit balance for a maximum of seven years period, with effect from 2009.

Taking into account the significant outstanding amount of advances granted by the Central Bank to the Government as of 31 December 2016, and to the expected budgetary support for the 2017 fiscal year, the BRB does not comply with the article 33 of the Bank's statutes and article 18 of the Agreement with the Government.

2. New reservations expressed for the year 2016

Internal control system

The internal control system of the Central Bank remains incomplete and does not guarantee the integrity of production of the financial information process.

Our work to review the internal control system has shown several weaknesses as described in our recommendation letter addressed to the Bank.

In our opinion, subject to these reservations, the financial statements herewith provide, in all of significant aspects, a true and fair view of the financial position, the financial performance, the cash flows statement of the Banque de la République du Burundi (BRB) for the year ended 31 December 2016, in accordance with International Financial Reporting Standards (IFRS) relevant to the Bank's operations and the requirements of the Act No. 1/34 of 02 December 2008 on the Banque de la République du Burundi Statutes.

Without qualifying the opinion expressed above, we draw your attention on:

The note 5.25 "Management of risks associated with financial instruments" sub point "equity management" of the notes to the financial statements, reveals the non-compliance to article 78 of the Central Bank Statutes.

The note 5.5 “Operating costs” of the notes to the financial statements which provide for the provisioning modalities of the retirement benefits and the provisions constituted for the paid leaves in accordance with the IAS 19 “Employee benefits”.

The note 5.22 “prior financial years’ adjustments” of the notes to the financial statements, that reveals the accounting adjustments operated and their impacts on the financial year accounts.

Douala, 16/06/2017

The External Auditor

MAZARS CAMEROUN

Sociétés d’audit, d’expertises et de conseils
Agrément CEMAC N° SEC 034
Inscription ONECCA N° SEC 017

Jules Alain NJALLAL BIKOK
Associé

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

	<u>Notes</u>	<u>31/12/2016</u>	<u>31/12/2015</u>
		BIF'000	BIF'000
Interest income	5.1	20,635,651	20,952,663
Interest expenses	5.2	(102,270)	(92,364)
Net interest income		20,533,381	20,860,299
Net fee and commission income	5.3	720,738	312,805
Net income from foreign exchange operations		7,782,786	4,189,350
Other income	5.4	773,828	1,192,611
Operating income		29,810,733	26,555,066
Operating expenses	5.5	(22,739,787)	(26,113,329)
(Loss)/gain on foreign exchange		(3,872,346)	(5,213)
Profit for the year		3,198,600	436,524
Other Comprehensive income		0	0
Total Comprehensive income		3,198,600	436,524

**STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2016**

	<u>Notes</u>	31/12/2016	31/12/2015
		BIF'000	BIF'000
ASSETS			
Cash		54,356,404	24,263,145
Foreign Assets	5.6	61,682,901	195,458,828
Provisions for documentary credit	5.7	4,225,349	101,176
Quota from IMF	5.8	349,307,774	172,738,997
Loans and advances to Government	5.9	752,299,748	641,724,669
Loans to banks	5.10	89,000,000	21,800,000
Investments securities	5.11	-	-
Other assets	5.12	46,677,718	39,799,809
Property and equipment	5.13	52,019,127	44,092,159
Intangible assets	5.13	567,710	325,469
TOTAL ASSETS		<u>1,410,136,731</u>	<u>1,140,304,252</u>
LIABILITIES AND EQUITY			
LIABILITIES			
Currency in Circulation	5.15	267,512,459	230,723,055
Government Deposits	5.16	249,591,126	193,555,972
Banks and Other Financial Institutions	5.17	143,874,328	88,171,694
Other Deposits	5.18	15,055,371	8,032,936
IMF related liabilities	5.19	631,364,930	524,205,130
Foreign Liabilities	5.20	1,770,756	2,541,062
Other liabilities	5.21	10,528,618	4,792,767
TOTAL LIABILITIES		<u>1,319,697,588</u>	<u>1,052,022,616</u>
EQUITY			
Share capital		11,000,000	11,000,000
General reserves	5.14	38,882,597	38,426,594
Foreign exchange revaluation reserves	5.14	5,223,675	5,223,675
Special reserves	5.14	1,863,562	1,863,561
Property and Equipment revaluation reserves		30,270,709	31,331,282
Profit/(loss) for the year		3,198,600	436,524
TOTAL EQUITY		<u>90,439,143</u>	<u>88,281,636</u>
TOTAL LIABILITIES AND EQUITY		<u>1,410,136,731</u>	<u>1,140,304,252</u>

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Share capital	General reserves	Special reserves	Foreign exchange revaluation reserves	Property and Equipment Revaluation reserves	Profit/(loss) for the year	Total equity
	BIF'000	BIF'000	BIF'000	BIF'000	BIF'000	BIF'000	BIF'000
Balance at 01 January 2016	11,000,000	38,426,594	1,863,562	5,223,675	31,331,282	436,523	88,281,636
Provisions transferred to special reserves	-	436,523	-	-	-	(- 436,523)	-
Transfer of foreign exchange revaluation gains to reserves	-	-	-	-	-	-	-
Subtotal of changes linked to relations with shareholders	11,000,000	38,863,118	1,863,562	5,223,675	31,331,282	-	88,281,636
Benefits to employees (Note 26)	-	-	-	-	-	-	-
	11,000,000	38,863,118	1,863,562	5,223,675	31,331,282	-	88,281,636
Profit for the year	-	-	-	-	-	3,198,600	3,198,600
Prior financial years adjustments (Note 5.22)	-	-1,041,094	-	-	-1,060,573	-	-2,101,667
Revaluation gap depreciation	-	1,060,573	-	-	-	-	1,060,573
Equity as at 31 December 2016	11,000,000	38,882,597	1,863,562	5,223,675	30,270,709	3,198,600	90,439,143

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

	<u>Notes</u>	<u>31 /12/2016</u>	<u>31/12/2015</u>
		BIF'000	BIF'000
Cash flow from operating activities			
Net cash from operating activities	5.23	(145,794,805)	(288,612,208)
Cash flow from investment activities			
Property and equipment		(10,387,862)	(1,995,189)
Proceeds from property and equipment disposal		-	14,000
Received interest		19,874,936	21,071,631
Net cash generated from investing activities		(9,487,075)	19,090,442
Cash flow from financing activities			
Statutory reserves		(627,005)	
Currency in circulation		36,789,404	(2,557,363)
Net cash generated from financing activities		36,162,399	(2,557,363)
Increase/(decrease) in cash and cash equivalent		(100,043,061)	(272,079,129)
Cash and cash equivalent at start of the year		218,061,646	490,145,988
Net income on foreign exchange fluctuation		(3,872,346)	5,213
Cash and cash equivalent at end of the year	5.24	114,146,239	218,061,646

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. LEGAL FRAMEWORK AND FUNCTIONS OF THE BANK

The Bank was established in Burundi in 1964 and has been successively governed by the Acts of 21st January 1965, No. 1/1 of 03rd January 1976, No. 1/36 of 07th July 1993 and No. 1/34 of 02nd December 2008. It is headquartered at 1, Avenue du Gouvernement, P.O Box 705, Bujumbura, Burundi. The missions of the Bank, as described in the Act No. 1/34, focus on the following objectives:

1. To define and implement the monetary policy;
2. To define and implement the foreign exchange rate policy;
3. To hold and manage foreign exchange reserves;
4. To regulate and supervise credits institutions and microfinance institutions;
5. To issue bank notes and coins;
6. To promote a stable and sound financial system;
7. To promote a reliable, efficient and solid national payment system;
8. To act as the Government's banker;
9. To perform any other duties pursuant to the Act No. 1/34 of 02 December 2008; and
10. To perform any task that any other law would assign to the Central Bank, subject to its compatibility with its autonomy.

The share capital of the Bank is BIF 11 billion and is entirely subscribed by the Government of Burundi.

2. ACCOUNTING REFERENTIELS

2.1 Statement of compliance

These financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS), published by the International Accounting Standard Board (IASB), and satisfy the requirement of the law n°1/34 of 02nd December 2008 on the Banque de la République du Burundi Statutes.

2.2 New and revised effective IFRS without any impact on the financial statements;

No new interpretations or amendments to existing standards to be obligatory applied for the first time in the financial year starting 01 January 2016.

2.3 Future amendments of accounting methods

The following new standards, published by the IASB, could have implications on the Bank in the future. The latter assesses the impact of these standards on the financial statements.

IFRS 9 Financial Instruments

In July 2014, the IASB published a final version of IFRS 9 "financial instruments". The standard includes requirements for recognition and measurement, impairment, de-recognition and general hedge accounting. The IASB completed its project to replace IAS 39 "Financial instruments: recognition and measurement".

IFRS 9 eliminates the existing financial asset categories and adopts a single logical approach of classification of the financial asset according to the characteristics of the cash flow and the economic model in which the asset is held.

Furthermore, the IFRS 9 introduces the impairment model related to the expected losses to all the financial assets that are not evaluated on the fair value through the net income. This model requires 3 steps:

1. At the initial recognition, the expected losses for the upcoming twelve months are recorded in the net income and the adjustment of value for losses is established.
2. If the credit risk increases significantly and that the credit risk is not defined as weak, the expected losses for the life time are recorded.
3. If the financial asset is depreciated, the interests are calculated using its net book value, net of credit losses, and not its gross book value.

IFRS 9 also provides for a new hedge accounting model and requires entities using hedge accounting to provide information on risk management activities. The new model coming from a huge overhaul of hedge accounting will permit institutions to report fairly their activities of risk management in their financial statements. The most important innovations touch only entities involved in non-financial risk hedging activities which does not apply to the Bank.

IASB has fixed 1st January 2018 as the deadline date of obligatory adoption of IFRS 9 but an anticipated application is authorized.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 published in May 2014, concerns the accounting of revenue applicable to contracts with clients (except contracts governed by the standards related to lease, insurance contracts and financial instruments).

IFRS 15 establishes a model in five steps to recognize revenues from contracts as well as detailed information obligations related to these revenues. The standard also deals with the accounting and evaluation of gain and losses from the sales of certain non-financial assets which do not constitute produced units in the entities ordinary activities framework.

IASB has fixed 1st January 2018 as the deadline date of obligatory adoption of IFRS 9 but an anticipated application is authorized.

2.2 Basis of preparation

The financial statements have been prepared under the historical cost basis except certain properties and financial instruments that have been evaluated according to the revaluated amount or their fair value as explained by the below accounting methods. Historical cost is generally based on the fair value of the counterparty given in exchange for the assets.

The financial statements are prepared based on the going concern basis, and independence of exercise principles. They are presented in thousands of Burundi Francs (BIF'000).

The main accounting methods are presented in the following sections.

3. MAIN ACCOUNTING METHODS

3.1 Revenue recognition

Revenues from ordinary activities are evaluated using the fair value of received or receivable counterparty.

Interests on financial assets are recognized when it is likely that economy advantages go to the Bank and the amount of revenues can be reliably measured.

Interests are recognized overtime based on the amount of outstanding principal and the applicable effective interest rate which is the rate that accurately discounts estimated future cash flows over the expected life of the financial assets in order to obtain the net book value of the assets at the initial recognition.

3.2 Property and equipment

Property and equipment (other than land and buildings) are recorded at historical cost net of accumulated depreciation. Depreciation expenses are calculated based on the straight line method over the estimated useful lives as of the assets.

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are recorded in the financial position statement at their revaluated amounts that is their fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluation will be regularly performed so that the book value does not materially differ from those determined using fair values at the end of each financial information reporting period.

Any increase from land and buildings revaluation is recorded in other comprehensive income and accumulated in equity. However, when it compensates a revaluation decrease for the same asset previously recorded in profit or loss, the increase is credited to profit or loss to the extent of the decrease previously recorded in expenses. A decrease in the book value from land and buildings revaluation is recorded in profit or loss to the extent that it exceeds the balance, if any, of properties revaluation gap from a prior revaluation of that asset.

A part of the revaluation gap linked to the depreciable asset is progressively transferred to the usage of the assets. The transferred amount corresponds to the difference between the depreciation based on the revaluated asset book value and depreciation based on the initial asset cost. The transfers from the revaluation gap section to non-affected profit do not transit by the net profit.

The depreciable amount is the asset cost or any other amount substituted to the cost net of its residual value.

The depreciation annual rate currently applied for each property and equipment categories are:

Buildings	3-5%
Computer Equipment	25%
Motor vehicles	20%
Furniture & Fittings	10%
Equipment	33%

3.3 Intangible assets

Intangible assets are recorded at their historical cost net of relevant accumulated depreciation. Relevant depreciation expenses are calculated based on a straight line method using their time life estimation currently fixed at 4 years i.e 25% for computer software.

3.4 Gold holdings

Gold is held by the Bank as a part of its external reserves. Gold is initially recognized based on the acquisition cost, including transaction costs. After initial measurement, the gold held by the Bank is subsequently measured based on the Reuters world price of gold (in U.S. Dollar per ounce). The foreign currency amounts are then converted into local currency using the exchange rate at the closing date. All gains and losses realized by the Bank are recognized in the statement of comprehensive income.

The Bank can also purchase raw gold from producers in Burundi at negotiable prices based on the pure gold content. This gold is recognized at acquisition cost.

3.5 Foreign currencies

When preparing the Bank financial statements', foreign currencies transactions are converted into the functional currency at the exchange rate prevailing at the dates of the transactions. At the closing date, monetary items denominated in foreign currencies are converted using the exchange rate of that day.

Non-monetary items recorded at the fair value and denominated in foreign currencies are converted using the exchange rate of the day at which the fair value has been determined.

Non-monetary items that are measured at historical cost and denominated in foreign currencies are not reconverted. The exchange gaps on monetary items are recorded in the period net profit during which they occurred.

Foreign currencies transactions are recorded in Burundi Francs based on the average exchange rate on the date of the transaction. Assets, placements and liabilities denominated in foreign currencies are daily adjusted taking into account the changes in exchange rates. Assets and liabilities items denominated in foreign currencies in the financial statements at the end of the year are converted into Burundi Francs based on the average exchange rate at the closing date. Positive and negative gaps from exchange rates fluctuation are allocated to a revaluation account which cannot in any case be disposed of.

3.6 Financial instruments

Financial assets and liabilities are recorded when the Bank becomes a party to the contractual dispositions of the financial instrument.

Financial assets and liabilities are initially measured at fair value. Transaction costs directly attributed to the acquisition or emission of a financial asset or liability are added to their fair value or deducted depending on the case at the time of initial recognition.

The Bank records financial assets and liabilities and their related income and expenses by distinguishing transactions denominated in Burundi Francs from those denominated in foreign currencies.

Financial assets and liabilities in local currency relate to transactions concerning the implementation of monetary policy, the issue of notes and coins as well as banking operations. Financial assets and liabilities in foreign currencies relate to the management of foreign loans and debt.

A separate presentation of these transactions is considered as a better presentation of the financial position and performance as well as risk profile.

a. Financial assets

Regular way of purchases and sales of financial assets are recognized or derecognized on the trade date. These regular ways of purchases and sales are purchases or sales of financial assets that require the delivery of assets within the period defined by laws and regulations or by a market agreement.

b. Financial assets classification

Financial assets are classified into the following categories: loans and receivables financial assets available for sale. The classification is determined at initial recognition of financial assets, depending on the nature and the objective thereof.

c. Loans and receivables

Customers' receivables, loans and other receivables with fixed or variable payments that are not quoted on an active market are classified in loans and receivables.

Loans and receivables are evaluated by the amortized cost using the effective interest method, net of depreciation. The financial products are evaluated by applying effective interest rate, except for short term receivables for which evaluation of interest would have no significant impact.

Are recorded as loans receivables comprise of foreign assets (excluding gold holdings), loans and advances to Government, loans to commercial banks and loans and advances to employees.

The Bank, acting as the Government's cashier and banker can grant overdrafts to the Government in order to allow him to function in case of mismatch between its revenues and expenses.

In its role a 'lender of last resort', the Bank also provides loans to commercial banks. Those loans are covered by collaterals as specified by the Bank: Treasury Bills and promissory notes drawn on enterprises recipients of loans granted to category A of enterprises eligible for refinancing except coffee sector companies that are defacto eligible given the economic and strategic nature of that product.

The Bank grants loans to its employees for purchase, maintenance, improvement or construction of houses, for the acquisition of motor vehicles and various equipment. The Bank also grants advances on salary to the staff. The terms and conditions of these loans are determined by the staff's loans and advances regulations.

Specific provisions for doubtful loans are made anytime they are considered doubtful. The provisions are based on periodic evaluations of loans and reflect historical pattern of loss, economic conditions and the estimated value of the collateral in place. They are recorded in the statement of comprehensive income. When a receivable is considered as irrecoverable, the loss is recorded in the statement of comprehensive income. Any reversals of provisions are credited to the statement of comprehensive income if they had been initially taken as expenses.

d. Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives financial assets that designated as available for sale and are not classified as loans and receivables.

The Bank's unlisted shares and documentary credits provisions are classified as available for sale and are recognized at fair value or historical cost if the fair value cannot be estimated.

Dividend incomes on equity instruments available for sale are recognized in comprehensive income statement when the right to receive payment is established.

e. Impairment of financial assets

Financial assets are subject to impairment test at each closing date. Financial assets are impaired if there is any objective indication of any incidence of one or more events occurred after initial financial asset recognition on future estimated cash flows of the investments.

The following events are considered to be an objective indication of impairment:

- Significant financial difficulties of the issuer or the counterpart;
- Principal or interest payment default;
- Increasing probability of bankruptcy or the borrower financial restructuring;
- Financial assets active market disappearance due to financial difficulties.

The loss amount recorded corresponds to the difference between the asset's book value and actual value of the estimated future cash flows which takes into account collaterals, discounted at the financial asset's original effective interest rate.

f. De-recognition of financial assets

The Bank de-recognizes a financial asset only if the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred to another entity.

If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, it recognizes its retained interest in the assets and related liabilities amount that it is required to pay. If the Bank retains all substantial risks and rewards of ownership of a transferred financial asset, it continues to record the financial asset and recognizes the counterpart received as a secured borrowing.

Upon de-recognition of a financial asset evaluated at amortized cost, the difference between the asset's book value and the amount of the received or receivable counterparty is recorded in the statement of comprehensive income.

g. Financial liabilities

All financial liabilities are subsequently evaluated at amortized cost using the effective interest rate method or at fair value through profit or loss.

The effective interest rate is a method of calculating the amortized cost of a financial liability and the interest expenses allocation over the reporting period. The effective interest rate is the rate that discounts the estimated future cash flows (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) over the expected

useful life of financial asset or if appropriate on a shorter period, at the net book value at initial recognition.

However, the financial liabilities occurring when financial asset transfer does not respond on conditions of de-recognition or when continuing involvement approach applies, financial guarantee contracts given by the central bank and its promises to deliver subsidized interest rates are evaluated in accordance with the accounting methods described below.

The Bank' records currency in circulation, deposits from the Government, deposits from banks and other financial institutions, other deposits, due to the IMF, foreign liabilities and other liabilities as financial liabilities.

h. De-recognition of financial liabilities

The Bank de-recognizes the financial liabilities if and only if the bank's obligations are extinguished, cancelled or are about to expire. The difference between the book value of the de-recognized financial liability and the paid and due counterparty, including any non-monetary asset transferred or any reversed liability, is recorded in the statement of comprehensive income.

3.7 Currency in circulation

Notes and coins issued represent the Bank's commitment towards the holder. The commitment on currency in circulation is recorded in the balance sheet at face value.

3.8 Cash and cash equivalents

To make the cash flow statement, the cash of the Bank comprise cash in hand, balances of current accounts, term deposits and other foreign assets of the Bank..

3.9 Taxation

According to article 74 of Act No. 1/34 of 02 December 2008 on the Bank Statutes, operations of the Central Bank and the profits thereon are exempt of all direct or indirect taxes paid to the Government. However, the Central Bank remains subject to taxes levied by the local government.

Are exempted from stamp duties and registration and from taxes, contracts documents issued by the Central Bank and transactions processed in the exercise of its powers. .

3.10 Dividend payable

Dividends are recorded upon payment.

3.11 Staff costs

Staff costs include all costs related to staff, comprising the employee benefits and expenses for retirement regimes of the Bank.

3.12. Provisions

Provisions are recorded when the Bank has a present obligation (legal or implicit) resulting from a past event if it is likely that the Bank must extinguish the obligation or if the amount of the obligation can be reliably estimated. The amount recorded as provision is the best estimation of the necessary

counterparty for the extinction of the actual obligation at the end period of the financial information presentation taking into account risks and uncertainties related to the obligations. If a provision is measured based on estimation of necessary cash flows to extinguish the actual obligation, its book value corresponds to the present value of those cash flows (the effect of the time value of money is important).

If it is expected that part or all of the economic benefits necessary to extinguish a provision will be recovered from a third party, a receivable amount is recorded as an asset if the bank has certainty that the reimbursement will be received and if the receivable amount can be reliably evaluated.

3.13 Government subsidies

Government subsidies are not recorded as long as there is no reasonable assurance that the Bank will comply with the conditions attached to the subsidies and that they will be received.

Government subsidies must be recorded in the statement of comprehensive income on a systematic basis over the period the Bank recognizes as expenses the related costs. Specifically, government subsidies whose principal condition is that the Bank must purchase, build or acquire by any other means non-current assets, are recorded as deferred income in the statement of financial position and are released to the statement of comprehensive income on a straight line basis over the useful lives of the related assets. The subsidy is recorded as income over the useful life of the depreciable asset via the deduction of the depreciation charge.

3.14 Notes and coins manufacturing fees

The production cost of bank's notes and coins corresponding to the portion of bank's notes and coins in circulation during the financial year, are recorded in the statement of comprehensive income while the remaining unused portion is recorded in other assets.

4. MAIN SOURCES OF UNCERTAINTIES ESTIMATIONS

The use of the Bank's accounting methods described at the Note 3 "Main accounting methods", requires that the Executive Management Committee exercises its judgment, does estimations and formulates assumptions on assets and liabilities book value that are not easily available from other sources. Those estimations and underlying assumptions are based on past experience and other relevant factors. The real income can differ from those estimations.

Estimations and underlying assumptions are regularly revised. Accounting assumptions revisions are recorded in the period during which the estimations has been revised if the revision has incidence only on that period or in the revision period and in the future period if the revision has incidence on the considered and future period.

4.1 Useful lives of tangible and intangible assets

As previously described in Note 3, the Bank revises the estimated useful lives for tangible and intangible assets at the end of each financial information presentation period.

The book value is analyzed in Note 5.13. The real income can differ because of developments in the technological aspects.

4.2 Recoverability of loans and advances to Government

IAS 39 “Financial Instruments: Recognition and measurement” requires the performance of an impairment test consisting to appreciate at each closing date the existence of objective indications of financial assets impairment resulting from one or more events occurred after initial recognition.

In this regard, the Bank, at the end of 2016 financial year, examined the Government loans and advances recoverable character. These impairment tests realized by the Bank’s organs concluded that there were no impairment objectives indications.

4.3 Available-for-sale assets impairment

The Bank follows the guidance of IAS 39 “Financial Instruments: Recognition and Measurement” to determine available-for-sale financial assets impairment. This determination requires significant accounting judgment. In making this judgment, the Bank evaluates if the financial asset value is less than its cost as well as its financial soundness and short-term perspectives including factors like industry performance, technological changes and operating and financing cash flows.

5. NOTE TO THE FINANCIAL STATEMENTS

5.1 Interest income

	<u>31/12/2016</u> BIF'000	<u>31/12/2015</u> BIF'000
Interest on investments in BIF	20, 223, 225	18, 875 ,177
Interest on investments in foreign currency	412, 426	2, 077 ,486
	<u>20 ,635, 651</u>	<u>20,952,663</u>

5.2 Interest expense

	<u>31/12/2016</u> BIF'000	<u>31/12/2015</u> BIF'000
Monetary policy expenses	0	22,204
Interest on foreign currency liabilities	102 ,270	70,160
	<u>102 ,270</u>	<u>92,364</u>

5.3 Net fee and commission income

	<u>31/12/2016</u> BIF'000	<u>31/12/2015</u> BIF'000
Fees and commissions	<u>720 ,738</u>	<u>312,805</u>

5.4 Other operating income

	<u>31 /12/2016</u> BIF'000	<u>31 /12/2015</u> BIF'000
Other income	574, 863	874,432
Reversal of provisions	198 ,965	318,179
	<u>773, 828</u>	<u>1,192,611</u>

5.5 Operating costs

	31 /12/2016	31 /12/2015
	BIF'000	BIF'000
Staff costs	13,768,815	13,097,861
Non-Executive Directors remuneration	101,525	101,790
Overseas travelling and related costs	845,220	1,058,490
General maintenance expenses	1,289,004	1,019,421
General operating overheads	598,648	468,930
Insurance fees	50,339	57,232
Publication and Communication fees	536,383	456,910
Taxes	2,264	2,630
Professional fees	109,997	168,403
Supervision and Financial Inclusion cost	16,527	0
Depreciation and amortization cost	2,218,653	1,750,612
Provision cost	1,071,412	250,000
Notes and coins manufacturing cost	1,425,819	6,736,177
Meetings, conferences and seminars cost	34,156	15,172
Others	671,025	929,701
	22,739,787	26,113,329

From 2016 financial year, the Bank adapted its retirement indemnities provisioning methods and constituted provisions for leaves to be paid, in accordance with IAS 19 "Employee benefits plan" dispositions.

The accounting impact linked to those evolutions amounts to respectively BIF 798,200,365 and BIF 493,949,521 at 31 December 2016 and have been directly imputed to the profit of the period (Prospective application).

5.6 Foreign assets

	31 /12/2016	31 /12/2016
	BIF'000	BIF'000
Current accounts	40,459,631	49,082,861
Term Deposits	0	56,599,550
Special Drawing Rights SDR (Note (i))	19,330,205	88,116,090
Gold holdings	1,893,065	1,660,327
	61,692,901	195,458,828

Note (i)

Special Drawing Rights (SDRs) are assets reserves created by the IMF and allocated to his members to supplement their existing official reserves. The SDRs allocated to IMF members can be ceded against convertible currencies based on free exchange agreement between states members.

5.7 Documentary credit provisions

Documentary credit is an operation whereby the Central Bank engages itself on behalf of its importer client to pay a third party (the exporter) within a determined period of time, via an intermediary bank for a determined amount against the delivery of documents that justify the value of the goods.

The Central Bank uses a commercial bank in Belgium, namely ING Belgium SA for its transactions and has therefore constituted a provision of BIF 4,225,348,638 at 31 December 2016 at ING Belgium SA to that effect.

5.8 Quota from International Monetary Fund (IMF)

	31 /1/2 2016	31 /12/2015
	BIF'000	BIF'000
IMF Quota	<u>349,307, 774</u>	<u>172,738,997</u>

The Bank records in his book as its own assets, the Government rights as an IMF member. Its quota determine the voting rights of the Republic of Burundi at the IMF

5.9 Loans and advances to government

	31 /12/2016	31 /12/ 2015
	BIF'000	BIF'000
Government's Extraordinary Debt:		
Opening balance	126 ,642, 923	134 ,038 ,128
Repayment during the year	(3,697,604)	(7 ,395 ,206)
Closing balance (Note (i))	<u>122 ,945, 319</u>	<u>126,642,923</u>
Special loan (Note (ii))	73 ,845 ,041	90,564,672
Consolidated 2012 Advances (Note (iii))	420 ,536, 257	151,271,044
Ordinary advances (Note (iv))	134 ,973, 131	273,246,031
	<u>752, 299, 748</u>	<u>641,724,669</u>

Pursuant to the Agreement between the Government and the Central Bank and in compliance with article 7, paragraph 8 of the Act No. 1/34 02 December 2008, the Central Bank acts as the Government's Banker and Cashier. Article 18 of the Act provides that the Central Bank should not grant either direct or indirect advances to the Treasury. However, the same article states that the Treasury's current account may have a debit balance for a period of seven years, with effect from 2009.

(i) The Government's extraordinary debt comes from the reclassification following from the rescheduling agreement of some advances and treasury bonds dated 07 April 2010. The reimbursement period for the principal and interest has been rescheduled over a 40 years period starting from the date of signature of the Agreement and carries an interest rate of 6.04% per annum.

(ii) Following the general SDRs allocation in 2009 to boost the global economy, the IMF has authorized an Agreement between the Central Bank and the Government on a special loan related to allocations granted to the Republic of Burundi (60.20 million SDR). This facility was fully utilized to attain a balance of BIF 117,037,424,000 at 31 December 2012. Reimbursement began on 31 January 2013 for a period of 120 months at an interest rate of 3.0% per annum.

Since 31 August 2013, the Government suspended the reimbursement of the principal and interest on the special loan. An amendment to the agreement has been signed by both parties (the Government and the Central Bank) on 21 January 2014.

The agreement stipulates that the rescheduling will not carry penalty interest for late payment and it is

only a simple shift in the reimbursement schedule. The reimbursement of the principal and payment interest has been resumed on 31 January 2015 and respect initial amortization table prescription.

(iii) For the financial year 2011, the current account ceiling was set at BIF 36.4 billion which corresponds to 7.7% of fiscal revenues for 2011 but it rises from BIF 86.2 billion to BIF 155.2 billion in 2012 due to the drying up in budget support.

On 04 January 2013, the Central Bank and the Government of the Republic of Burundi signed an agreement for rescheduling the current account overdraft for forty (40) years period of reimbursement with one year moratorium on capital as from 31 January 2014. Interests are monthly paid at an interest rate of 4.52% per annum. Unpaid maturities carry interest for late payments at rate of 4.52% per annum as from the 30th calendar day.

On 31st August 2013, the BRB signed a rescheduling amendment of the outstanding consolidated BRB advances to the Government as of 31 December 2012. The main provisions of the amendment are as following:

- The Government suspends the principal reimbursement and interests payment related to the rescheduling agreement of the outstanding consolidated advances of BRB to the Government as of 31 December 2012 about an amount of BIF 155,251,860,000;
- The payment suspension is agreed as follows:
 - ✓ 5 months period for interests, starting from 31st December 2013;
 - ✓ 12 months period for principal, starting from 31st December 2013.
- This suspension does not imply the interests of the late payments;
- The resumption of interest payments will occur on 31 January 2014 while the principal reimbursements will occur on 31 January 2015;
- It is stipulated that the last interest payment will happen on 30 November 2053 and 31 December 2053 for the principal reimbursement.

On 31 December 2016, the outstanding 2012 consolidated advances amount at BIF 147,290,226,618.

During 2014 and 2015 financial years, following the drying up of budgetary supports the Bank has regularly granted advances to the State to attain a total amount of BIF 273,246,030,658 at the end of 2015 financial year.

On 26th July 2016, BRB concluded a rescheduling agreement of its outstanding ordinary advances to the Government as of 31 December 2015. The agreement main conditions concern:

- The rescheduling of the outstanding ordinary advances granted to the Government as of 31 December 2015 for an amount of BIF 273,246,030,658;
- The reimbursement period of the rescheduled amount is fixed at 40 years with one year differed. The interests and principal reimbursement will be done in 480 monthly payments respectively from 31 January 2017 and 31 December 2018;
- The interest will be monthly calculated on the non-reimbursed outstanding at a fixed rate of 1.2% per annum;

(iv) During 2016 financial year, following drying of budgetary supports, the Bank has regularly granted advances to the Government to attain a total amount of BIF 134,973,131,000 at the end of 2016 financial year.

5.10 Loans to banks

	31 /12/2016	31/12/ 2015
	<u>BIF'000</u>	<u>BIF'000</u>
Liquidity supply through tenders (Note (i))	87 ,000 ,000	19, 800, 000
Loans by Bilateral agreement (Note (ii))	2,000,000	2,000,000
	<u>89 ,000, 000</u>	<u>21,800,000</u>

At the end of December 2016, the outstanding commercial bank refinancing (4 banks) by the Central Bank amounted BIF 89billion compared to BIF 21,8 billion at the same period of the previous year.

That amount includes liquidity supply through tenders for BIF 87 Billion for interest rate ranging from 2.30 to 2.85 % and a BIF 2 Billion BNDE bilateral refinancing by the 19th August 2016 agreement at rate of 10% per annum.

Those refinancing have been integrally reimbursed at respective deadlines of 3rd January 2017 and 19th February 2017.

5.11 Shares

	31/12/2016	31 /12/2015
	<u>BIF'000</u>	<u>BIF'000</u>
Société Concessionnaire de l'Exploitation du Port de Bujumbura (EPB)	9,380	9,380
Société Immobilière Publique (SIP)	20,000	20,000
Shares impairment	<u>(29,380)</u>	<u>(29,380)</u>
	<u>0</u>	<u>0</u>

The Bank holds 3% share capital of EPB and 5% share capital of SIP. These companies are registered and located in Burundi and operate in the transport and real estate sectors respectively.

The shares are not listed and recorded at historical cost in the absence of appropriate fair value measurement. Following the continued poor financial performance of these issuer companies, the Executive Management has evaluated the recovery likelihood of the invested amount and based on its evaluation, it has been decided to write off these investments during the financial year 2013.

5.12 Other assets

	<u>31 /12/2016</u>	<u>31/12/2015</u>
	BIF'000	BIF'000
Staff loans and advances	15 ,774, 160	14,924,518
Down-payment for acquisition of property and equipment		
Prepaid Expenses	268, 861	879,086
Suspense account	190, 888	76,506
Down-payment for notes and coins acquisition	2,822,932	1,634,273
Immobilized fees for notes and coins manufacturing (Note (i))	4, 906, 074	5,647,466
Purchase of gold from producers ((Note (ii))	21, 777, 059	15,157,765
Other receivables	1, 251, 176	2,744,732
Provision for doubtful loans	(1 ,806 ,988)	(1,264,537)
	<u>46 ,677, 718</u>	<u>39,799,809</u>

- (i) The manufacturing fees of notes and coins represent the portion of notes and coins not yet in circulation.
- (ii) At 31 December 2016, the Bank had 319.54 kg of raw gold purchased from producers in Burundi for a total amount of BIF 21,777, 059, 436 (2015: 243.1 kg of raw gold evaluated at BIF15 ,157,764, 806).

5.13 Property and equipment

	Land and buildings	Motor vehicles	Furniture and fittings	Computer equipment	Total
COST	BIF'000	BIF'000	BIF'000	BIF'000	BIF'000
At 01 January 2016	37,479,054	1,621,168	8,448,884	1,603,386	49,152,493
Acquisitions	5,443,871		1,867,813	444,087	7,755,771
Disposal	-447,325		-246,788	-	(694,113)
Accounting adjustments	+70,684	-	2,224	-62,057	(28,818)
At 31 December 2016	42,546,284	1,621,168	10,072,133	4,607,415	58,847,000
DEPRECIATION					
At 01 January 2016	749,534	854,649	2,331,277	1,124,874	5,060,334
Depreciation expenses	410,700	154,020	950,251	282,200	1,797,170
Subsidies depreciation	-	-	505	1,501	2,006
Disposal depreciation	-17,248	(97,600)	-	-	(17,248)
Accounting adjustments	59,001	(6,280)	(5,503)	(61,605)	(14,387)
At 31 December 2016	1,201,986	1,002,389	3,276,529	1,346,969	6,827,874
NET BOOK VALUES	41,344,298	618,779	6,795,604	3,233,463	52,019,126

5.13 Property and equipment (contd.)

	Land and buildings	Motor vehicles	Furniture and fittings	Computer equipment	Assets under construction	Total
COST	BIF'000	BIF'000	BIF'000	BIF'000	BIF'000	BIF'000
At 01 January 2015	36,389,435	1,531,193	9,167,740	1,978,496	-	49,066,864
Acquisitions	1,077,719	258,825	294,339	103,460	-	1,734,343
Disposal	-	(168,850)	-	-	-	(168,850)
Accounting Adjustments	11,900	-	(1,013,194)	(478,570)	-	(1,479,864)
At 31 December 2015	37,479,054	1,621,168	8,448,885	1,603,386	-	49,152,493
DEPRECIATION						
At 01 January 2015	368,060	1,121,247	2,467,176	1,502,777	-	5,459,260
Depreciation Expenses	381,474	154,020	817,989	269,703	-	1,623,186
Subsidies depreciation	-	-	509	1,501	-	2,010
Disposal depreciation	-	(168,850)	-	-	-	(168,850)
Accounting adjustments	-	(251,768)	(954,397)	(649,107)	-	(1,855,272)
At 31 December 2015	749,534	854,649	2,331,277	1,124,874	-	5,060,334
NET BOOK VALUES	36,729,520	766,519	6,117,608	478,512	-	44,092,159

5.13 Property and equipment (contd.)

Lands and buildings of the Bank were revalued by construction experts from the Ministry of Transport, Public Works and Equipment in March 2014.

The assets net book value at their fair value before the revaluation, fair value at the date of revaluation, initial revaluation gap generated, the book value would have been recorded if the assets had been recorded using the cost model as well as reevaluation gap depreciation associated are as follows in BIF

Items	Value in BIF'000
Reevaluated assets gross value at the reevaluation date	4,679,782
Accumulated depreciation at the reevaluation date	(1,116,533)
Asset net book value at the reevaluation date	3,563,249
Asset fair value at the reevaluation date	34,894,531
Initial reevaluation gap	31,331,282
Accumulated depreciation at 31/12/2016 on historical cost basis	(1,232,934)
Net book value on historical cost basis at 31/12/2016	3,446,848
Accumulated depreciation of reevaluated values at 31/12/2016	(2,293,507)
Reevaluated values net book value	33,624,789
Reevaluation gap to transfer to reserves	1,060,573

5.13. Intangible assets

	31 /12/2016	31/12/2015
COST	<u>BIF'000</u>	<u>BIF'000</u>
At 01 January	572, 361	488,268
Acquisitions	363, 285	260,846
Disposal	(-245,945)	(176, 752)
Accounting Adjustments		
At 31 December	<u>689,701</u>	<u>572,362</u>
DEPRECIATION		
At 01 January	246,893	210,970
Depreciation Expenses for the year	97,848	127,426
Accounting adjustments	-	(91,503)
Disposal depreciation	-222,750	-
At 31 December	<u>121,991</u>	<u>246,893</u>
NET BOOK VALUES		
At 31 December 2016	<u>567,710</u>	<u>325,469</u>

5.14 Reserves

General Reserve Fund

General Reserve Fund is regulated according to article N° 71 of the Act 1/34 of 02 December 2008 on the Banque de la République du Burundi Statutes, which stipulates that if the generated income is positive and as long as the total of capital and general reserves is less than 10% of the total assets, the total profit is allocated to the General Reserve. Once the ratio is 10% is reached, 20% of the profit is allocated to the General Reserve.

Special Reserve Fund

After allocation to the general reserve, the Board of Directors may decide to allocate determined amount to the special reserves. After allocation to general and special reserves, balance is paid in full to the treasury current account. Article n° 72 of the Act 1/34 of 02 December 2008 stipulates that if the net income is negative, the loss is amortized to the special reserves. If these do not allow to completely amortize the loss, the remaining loss is imputed to the general reserve.

Foreign Exchange Gap Reserves

Article N° 71 of the Act 1/34 of 02 December 2008 on the Banque de la République du Burundi Statutes stipulates that unrealized profits are allocated to a reevaluation account which is not distributable.

5.15 Currency in circulation

	31 /12/2016	31 /12/2015
	<u>BIF'000</u>	<u>BIF'000</u>
Total notes and coins manufactured	1 ,251 ,156 ,750	1 ,251 ,155 ,000
Total notes and coins destroyed	711 ,427 ,513	(564 ,127 ,763)
Bank currency in reserves	220 ,745 ,881	(294 ,974 ,805)
Cash Balance at the Bank	<u>51 ,470 ,898</u>	<u>(161 ,329 ,377)</u>
Currency in circulation	<u>267 ,512 ,459</u>	<u>230,723,055</u>

5.16 Government sectors deposits

	31 /12/2016	31 /12/2015
	<u>BIF'000</u>	<u>BIF'000</u>
Deposits of the Central Government in BIF	141,015,546	115,796,769
Deposits of the Central Government in foreign currency	88,041,973	56,042,259
Deposits of the local government, government agencies and public entities in BIF	20,520,634	21,631,991
Deposits of the local government, government agencies and public entities in foreign currency	<u>12,973</u>	<u>84,953</u>
	<u>249 ,591 ,126</u>	<u>193,555,972</u>

5.17 Deposits from banks and other financial institutions

	31/12/2016	31/12/2015
	<u>BIF'000</u>	<u>BIF'000</u>
Deposits of commercial banks in BIF	122 ,321 ,232	72,922,540
Deposits of commercial banks in foreign currencies	11 ,981 ,568	11,428,476
Deposits of financial establishments and microfinance in BIF	9 ,561 ,220	3,810,542
Deposits of financial establishments and microfinance in foreign currencies	<u>10 ,308</u>	<u>10,136</u>
	<u>143 ,874 ,328</u>	<u>88,171,694</u>

5.18 Other deposits

	<u>31/12/2016</u> BIF'000	<u>31 /12/ 2015</u> BIF'000
Import deposits	12,385,003	5,645,153
Other liabilities	<u>2,670,368</u>	<u>2,387,783</u>
	<u>15,055,371</u>	<u>8,032,936</u>

5.19 Due to International Monetary Fund

	<u>31 /12/2016</u> BIF'000	<u>31/12/2015</u> BIF'000
Credit facilities:		
Poverty Reduction and Growth credit facility	83,382,097	82,467,903
Extended credit facility	75,847,810	104,135,081
SDRs allocation	167,507,789	165,671,249
Account N° 1	7,703,242	7,903,242
Securities account	308,891,383	159,885,614
Value adjustment account:		
Account N° 1	(219,225)	195,099
Securities account	<u>(11,748,168)</u>	<u>3,946,942</u>
	<u>631,364,930</u>	<u>524,205,130</u>

Debts towards the IMF are denominated in SDR and are daily reevaluated as any other foreign currency account. At the exercise closing date, they are converted in BIF using the SDR average exchange rate.

Since 2010, the IMF accounts book keeping respond to two concerns. On one hand, the IMF readjusts its account on the 30th April of each year. In the book of the Bank, IMF n° 1 and securities accounts must be kept in BIF and are adjusted on the 30th April of each year at the IMF account closing. On the other hand, as standards require to compute debts at their fair value, it was a must to open VAA (Value Adjustment Account). Therefore, on 30th April 2017, will have a provision for IMF N° 1 and Securities account adjustments.

5.20 Foreign liabilities

	<u>31/12/2016</u> BIF'000	<u>31/12/2015</u> BIF'000
Non-residents deposit in BIF	1,313,183	2,290,982
foreign currency payable values	34,691	61,893
Non-residents deposit in foreign currency	<u>422,883</u>	<u>188,187</u>
	<u>1,770,756</u>	<u>2,541,062</u>

5.21 Other liabilities

	<u>31 /12/2016</u> BIF'000	<u>31/12/2015</u> BIF'000
Provisions	4,520,547	3,552,882
payable values in BIF	3,237,025	1,095,071
Received Subsidies (Note (i))	2,626,923	4,924
Other creditors	<u>144,123</u>	<u>139,890</u>
	<u>10,528,618</u>	<u>4,792,767</u>

(i) The Bank received a donation of equipment and computer software from the “Projet de Développement des Secteurs Financiers et Privé du Burundi” which was recorded in tangible and intangible assets. The counterparty was recorded as public subsidies and other liabilities in accordance with the accounting method described in section 3.13

5.22 Adjustments relating to prior financial years.

In the implementation of IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” dispositions, the Bank has proceeded during the 2016 financial year to certain accounting corrections amounted to BIF’000 (1, 041, 094).

Those accounting corrections on prior exercises gave rise to a correction to 2016 exercise opening equity and have mainly concerned order down payments, and prepaid expenses, wrong allocation of research fees for the installation of electronic security system, omission of residual value while determining the transport material depreciation base.

5.23 Cash flows from operating activities

	31/12/2016 BIF’000	31/12/2015 BIF’000
Profit for the year	3, 198 ,560	436,524
Depreciation	2 ,218 ,653	1,752,622
Interest income	(20 ,624, 034)	(20,952,663)
Interest expense	102, 270	92,364
Adjustments		(290, 159)
Gain on disposal of plant, property and equipment		14,000
Income from foreign exchange fluctuation	3 ,872 ,346	5,213
Profit before working capital changes	11, 232, 165	(18,970,099)
Change in documentary credit provisions	(4 ,124, 173)	7,183,902
Change in IMF Quota	(176 ,568 ,777)	465,311
Change in loans and advances to Government	(110 ,575 ,078)	(193,661,064)
Change in loans to banks and financial institutions	(67 ,200, 000)	(19,800,000)
Change in investment shares	0	0
Change in other loans	(6 ,877, 909)	(7,230,195)
Change in deposits from government	56, 034, 994	5,504,714
Change in deposits from banks and other financial institutions	55 ,702 ,794	(34,583,642)
Change in other deposits	7 ,022 ,435	(3,579,853)
Change in due to IMF	107 ,159, 800	(18,299,697)
Change in other foreign liabilities	(770, 305)	99,254
Change in other liabilities	5 ,735 ,851	(3,754,096)
Net cash flow from exploitation	(145, 692, 534)	(286,625,465)
Interest expenses	102 ,270	92,364
Employees Benefits		1,894,379
Net cash flow from operating activities	145 ,794 ,805	(288, 612, 208)

5.24 Cash and cash equivalents

Cash and cash equivalents indicated in the cash flow statement comprise of the following balance sheet account:

	<u>31/12/2016</u>	<u>31/12/2015</u>
	BIF'000	BIF'000
Cash in hand in BIF	54,356,404	24,263,145
Foreign Assets	59,789,835	193,798,501
	<u>114,146,239</u>	<u>218,061,646</u>

5.25 Financial instruments risk management

Like any other Central Banks, the Banque de la République du Burundi is exposed to various risks inherent to its activities: credit risk, liquidity risk, exchange rate risk and interest rate risk. The risk management function was not previously handled by a specific unit. However, the Internal Audit Department and the Audit Committee should collaborate to strengthen and enhance the risk control and management process. As from 18th September 2014, Executive Management has set up a Risk Management Unit. The risk management unit is under the supervision of the top management risk management advisor.

Usually, the Bank manages its risks through a prudent management of its assets and liabilities. The major risks incurred concern foreign exchange reserves position, advances to the Government, financial sector liquidity supply and staff loans.

According to IFRS 7: "Financial instruments: Disclosures", the following paragraph presents financial instruments risks and how they are management by the Bank.

The Bank risk management focuses on the following main categories:

- **Credit risk:** risk of loss resulting from the inability of the Bank customers to meet their financial commitments.
- **Liquidity risk:** risk that the Bank is unable to meet its obligations at maturity.
- **Interest rate risk and foreign exchange risk:** risk of loss or assets impairment due to changes in interest rates or exchange rates; structural interest rate risk and exchange rate risk are related to the Bank's operations.

a. Credit Risk

Credit risk management

The credit risk corresponds to the risk that counterparty fails to respect his contractual obligations and that failure causes a financial loss to the Bank.

Credit risk exposure

The following table presents the maximum credit risk exposure on Bank's financial assets net of depreciation.

	31 /12/2016	31/12/2015
	<u>BIF'000</u>	<u>BIF'000</u>
Financial assets		
Foreign Assets	59,789,835	193,798,501
Documentary credit provisions	4 ,225, 349	101,176
Loans and advances to Government	752, 299 ,748	641,724,669
Loan to Banks	89 ,000, 000	21,800,000
Staff loans and advances	15 ,774 ,160	14,924,518
Total financial assets	<u>906, 892, 348</u>	<u>872 ,348, 864</u>

Credit risk hedging

The Bank has adopted a policy of dealing only with highly rated counterparties. The Bank enters only into transactions with entities whose rating is at least of superior quality.

(i) Credit risk related to liquid funds is not significant as counterparties are banks to which international credit rating agencies have allocated high credit ratings.

For the welfare of its staff, the Bank grants various types of credit to its staff who express the need. In addition to the principal and interests reimbursement guarantee, automatically deducted at source, the borrower commits himself to allocate his pension fund contributions, the disbursements for life insurance and any amount due as final settlement, to the clearance of balance of the contracted loans.

Also, the borrower agrees to obtain his spouse signature, by separate act, a solidarity bond to guarantee his commitments. For mortgages, the Bank keeps in its coffers, in addition to the guarantees mentioned above, the ownership title of property with mortgage registration of the house financed until the extinction of the obligations of the borrower. As for risks on fixed assets, the Bank protects itself by taking insurance with insurance companies.

(ii) As described in Note 5.9 to the financial statements, the loans to the Government as at 31 December 2016 amounted to BIF 752,724,299,748 and consist of "extraordinary debt of the Government", "special credit", "2012 consolidated ordinary advances" and the rescheduled ordinary advances granted to the Government during 2014 and 2015 financial years as well as the ordinary advances granted during 2016 financial year.

The reimbursements of Government extraordinary debt, special credit and 2012 consolidated ordinary advances are made according to pre-established maturities and thus the Central Bank manages the credit risk on these loans.

During fiscal years 2014 and 2015 financial years, and following the drying up of budgetary support, the Banque de la République du Burundi has regularly granted advances to the Government to reach a total amount of BIF 273,246,031,000 at the end of 2015 financial year.

On 26th July 2016, BRB concluded a rescheduling agreement of its outstanding ordinary advances to the Government as of 31 December 2015. The agreement main conditions concern:

- The rescheduling of the outstanding ordinary advances granted to the Government as of 31 December 2015 for an amount of BIF 273,246,030,658;
 - The reimbursement period of the rescheduled amount is fixed at 40 years with one year differed. The interests and principal reimbursement will be done in 480 monthly payments respectively from 31 January 2017 and 31 December 2018;

- The interest will be monthly calculated on the non-reimbursed outstanding at a fixed rate of 1.2% per annum;
- The Government of Burundi undertakes to provide for each fiscal year, sufficient provisions to cover the principal and interest maturities. Otherwise, the BRB will debit the treasury general account for the maturity due.

Pursuant to the dispositions of the Finance Act for the 2016 financial year and following drying up of budgetary support, the BRB has regularly granted advances to the Government to reach a total amount of BIF 134,973,131,000 at the end of 2016.

The Finance Act for the 2016 financial year, has provided in article 3 related to the 2016 Finance Act balance, a use of internal bank financing granted by the BRB of BIF 119,107,020,000, i.e an excess amount of BIF 15,866,111,000 (+13.3%)

It is also possible that the BRB will continue to grant advances to the Government under Article 3 of 2017 Finance Act, which provided in its Article 3 Central Bank budgetary support of BIF 144,281,681,000.

The regular increase of Central Bank advances to the Government and the uncertainty over their reimbursements increases certainly the credit risk and affect the cash position. However, following the drying-up of budget support, the Central Bank has other choice but to contribute to the financing of the Government budget deficit.

(iii) Credit risk related to provisions for documentary credits is limited as the counterparty is a bank to which international credit rating agencies have allocated high credit ratings.

b. Liquidity risk

The ultimate responsibility for liquidity risk management rests with the Executive Management that set up an adequate liquidity risk management framework to manage short and long-term financing. The Bank faces foreign currencies liquidity risk when, for a given maturity, it fails to cover its expenses. In order not to increase its liabilities, the Bank has always taken a prudent attitude by limiting foreign borrowing to the only needs of the balance of payments. Structurally, the Bank's foreign exchange positions are long except for SDRs with short positions. Thus, when exchange rates fluctuate upwards, the Bank realizes gains. On the other hand, if there is an inverse movement, the Bank records losses. The Bank manages the liquidity risk by investing for a period not exceeding 1 month and by monitoring the daily position of each currency.

c. Interest rate and exchange rate risks

The Bank's activities also expose it to financial risks related to fluctuations in exchange rates and interest rates. Exposure to market risk is assessed using sensitivity analyzes.

The Bank itself manages the country's foreign exchange reserves, by making placement with the corresponding banks. It diversifies investments as much as possible and allocates them to minimize risk. Regarding the foreign exchange reserves, the Bank's assets are presented in the following table:

Foreign exchange risk management

The table below summarizes the Bank's book value of monetary assets and liabilities denominated in foreign currency over the period of financial information:

2016 (BIF 000)	USD	EUR	GBP	SEK	Other currencies	SDR	Total
<u>Financial Assets</u>							
Cash and cash equivalents	46,190,268	8,021,509	10,039	102,084	32,504	-	54,356,404
Foreign Assets	21,282,604	11,269,378	3,917,980	-	3,935,517	19,384,356	59,789,835
Documentary credits provisions	4,225,349	-	-	-	-	-	4,225,349
Loans and receivables	71,698,221	19,290,887	3,928,019	102,084	3,968,021	19,384,356	118,371,588
IMF Quota	-	-	-	-	-	349,307,774	349,307,774
Available-for-sale financial assets	-	-	-	-	-	349,307,774	349,307,774
Total financial assets	71,698,221	19,290,887	3,928,019	102,084	3,968,021	368,692,130	467,679,362

2016 BIF (000)	USD	EUR	GBP	OTHERS	SDR	TOTAL
<u>Financial Liabilities</u>						
Deposit from Government	61,468,781	16,067,714	-	-	-	77,536,495
Deposits from Banks and other financial institutions	10,527,212	3,713,929	30,529	589,245	-	14,860,915
Due to IMF	-	-	-	-	631,364,930	631,364,930
Foreign Liabilities	4,262,845	30,995	407,403	-	19,087	4,720,330
Total Financial Liabilities	76,258,838	19,812,638	437,932	589,245	631,821,949	728,482,670

2015 (BIF 000)	USD	EUR	GBP	SEK	OTHERS	SDR	TOTAL
<u>Financial Assets</u>							
Cash and cash equivalents	18,782,076	4,142,822	2,697	1,207,581	127,969	-	24,263,145
Foreign assets	93,756,606	9,059,396	2,407,184	-	405,667	88,169,648	193,798,501
Documentary provisions	101,176	-	-	-	-	-	101,176
Loans and receivables	112,639,858	13,202,218	2,409,881	1,207,581	553,636	88,169,648	218,162,822
IMF Quota	-	-	-	-	-	172,738,997	172,738,997
Available-for-sale financial assets	-	-	-	-	-	172,738,997	172,738,997
Total financial assets	107,498,748	13,202,218	2,409,881	1,207,581	5,728,305	260,855,086	390,901,819

2015 (BIF 000)	USD	EUR	GBP	OTHERS	SDR	TOTAL
<u>Financial Liabilities</u>						
Deposit from Government	45,439,060	10,688,152	-	-	-	56,127,212
Deposit from Banks and other financial institutions	8,567,209	2,834,407	24,658	2,200	-	11,428,474
Due to IMF	-	-	-	-	524,205,130	524,205,130
Foreign Liabilities	200,408	30,793	-	-	18,878	250,079
Total Financial Liabilities	54,206,677	13,553,352	24,658	2,200	524,224,008	592,010,895

The sensitivity analysis permits to estimate the potential impact of reasonably variation of exchange rates on an annual basis. The details of the sensitivity analysis related to the foreign exchange risk are presented in the below table:

	<u>2015</u> Positive variation	<u>2014</u> Positive variation	Foreign currency positive impact on the net profit and equity	
			<u>2015 (BIF 000)</u>	<u>2016(BIF 000)</u>
USD	4%	1%	2,337,327	302, 910
EUR	6%	1%	(21,068)	5, 218
GBP	1%	13%	23,852	453 ,711
AUD	-	-	-	
SDR	1%	1%	(2,633,154)	419, 353
SEK	4%	3%	48,303	3, 063

Thus, a negative variation of exchange rates will have an opposite effect on the net profit and equity of the Bank. For example, a negative variation of 4% in USD exchange rate will have a negative impact of BIF 302, 910, 000 on the net profit and equity of the 2015 the financial year

Interest rate risk

In terms of interest rate on foreign currencies, the risk exists in the fact that, on one hand, interests rates on placements can decrease and cause losses, and on the other hand, liabilities interest rates can increase.

Compared to the liquidity supply and overnight lending rates, the latter does not expose the Bank to the interest rate risk. However, in a situation of excess of bank liquidity, the Bank bears monetary policy cost by compensating liquidity withdraw operations in order to achieve its objectives of price stabilization according to its main mission.

d. Equity management

Article 78 of the Central Bank Statutes stipulates that: The minimum ratio of the Central Bank equity to its total assets is fixed at 5% as of 31 December 2008, the date of entry into force of its statutes. It is increased by one percentage point each year until it reaches the 10% target provided in Articles 4 and 73.

When the total equity and the general reserve is less than the minimum ratio as defined in the previous paragraph, the insufficiency of Central Bank equity is covered by the Government by transfers to the latter.

In case the Government Treasury situation does not permit it, the latter shall, by way of derogation to Article 33, issue additional bonds subscribed by the Central Bank at market conditions.

With reference to Article 78, the Central Bank minimum equity ratio should reach 10% at 31 December 2016 (10% at 31 December 2014). However, at December 31, 2016, this ratio stood at 6.4% (7.75% at December 31, 2015).

e. Order Accounts Risk Management

The order accounts refer mainly to advances to the Government and other governmental institutions by foreign Governments and international institutions. The others relate to the effects received from commercial banks as collaterals for credits refinancing as well as the Bank's collaterals for the issuance of treasury certificates to the public.

f. Effects received from commercial banks of financing collaterals

The credit risk related to the effects received from commercial banks is minimized by the fact that these effects are currently constituted by negotiable treasury securities (bills and bonds) that carry less risk than promissory notes drawn on private companies.

g. Central Bank collaterals for treasury securities issuance

At this level, there is indeed a counterparty risk in the case that the Treasury general account may not be sufficiently provisioned to meet the maturities of Treasury securities at a given date, leading to advances from the Central Bank to the Government. However, this risk is low because these advances are capped at a percentage of the previous year's revenues.

5.26 Fair value measurement

Fair value is defined as the price that would be received for the sale of an asset or paid for the transfer of a liability in a normal transaction between market participants on the evaluation date, whether directly observable or estimated using another assessment technique. When estimating assets or liabilities fair value, the Bank considers the assets or liabilities characteristics as it would be done by market participants to determine the price of the asset or liabilities at the evaluation date.

For financial information reporting purposes, fair value evaluation are classified following a hierarchy (Level 1, 2 or 3) based on the level at which inputs to fair value evaluation are observable and the significance of a specific input in the fair value measurement in its integrality. This hierarchy is described below:

Level 1: Level 1 inputs data are the prices (unadjusted) on active markets for identical assets or liabilities that the entity can have access on the evaluation date.

Level 2: Level 2 input data are data concerning the asset or liability, other than the market prices included in level 1 inputs data that are directly or indirectly observable.

Level 3: Level 3 inputs data are unobservable inputs on assets or liabilities.

The following table presents fair value details of the bank's non-financial assets and liabilities and information on fair value hierarchy

<u>31 December 2016</u>	<u>Notes</u>	<u>Level 1</u> BIF'000	<u>Level 2</u> BIF'000	<u>Level 3</u> BIF'000	<u>Fair value</u> BIF'000
Assets					
Gold Holdings	(i)	1,893,065	-	-	1,893,065
Land and buildings	(ii)	-	-	42,546,284	42,546,284
Total		1,893,065	-	42,546,284	44,439,349
<u>31 December 2015</u>	<u>Notes</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair value</u>
Assets					
Gold Holdings	(i)	1,660,327	-	-	1,660,327
Land and buildings	(ii)	-	-	36,729,250	36,729,250
Total		1,660,327	-	36,729,250	38,389,577

a. Fair value Evaluation of non-financial assets and liabilities.

(i) Gold Holdings

Technical Evaluation

Gold is evaluated based on Reuter's gold world price (in U.S. Dollar per ounce).

(ii) Land and buildings

Technical Evaluation

The Bank's land and buildings are recorded at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The Bank's land and buildings fair value evaluations have been performed during 2014 financial year by experts in construction from the Ministry of Transport, Public Works and Equipment.

The buildings fair value was determined according to the Ministerial Ordinance No 720/CAB/304/2008 dated 20 March 2008 concerning the tariffs updates of land compensation and construction in case of expropriation for public use purposes.

The land fair value was determined based on market to market approach that reflects the land market value.

b. Fair value measurement of other non-financial assets and liabilities

Other non-financial assets include orders down-payments, suspense accounts, immobilized fees for notes and coins manufacturing, other receivables for which fair value is not applicable since these are not evaluated using fair value on a recurring or non-recurring basis.

The Bank does not have any non-financial liabilities at the end of financial year.

c. Fair value evaluation of financial assets and liabilities

Except for staff loans and advances, the Executive Management considers that the financial assets and liabilities book value in the financial statements approximate their fair values.

	31 December 2016	
	Book Value	Fair Value
	BIF'000	BIF'000
Financial assets		
Cash and cash equivalents	54,356,404	54,356,404
Foreign Assets	59,789,835	59,789,835
Documentary credits provisions	4,225,349	4,225,349
IMF Quota	349,307,774	349,307,774
Loans and advances to Government	752,299,748	752,299,748
Loans to banks and other financial institutions	89,000,000	89,000,000
Staff loans and advances	15,774,160	14,924,518
	<u>1,324,753,270</u>	<u>1,323,903,628</u>
Financial Liabilities		
Currency in circulation	267,512,459	267,512,459
Deposits from the Government Sector	249,591,126	249,591,126
Banks and other financial institutions	143,874,328	143,874,328
Other deposits	15,055,371	15,055,371
Due to IMF	631,364,930	631,364,930
Foreign Liabilities	1,770,756	1,770,756
Other liabilities	10,528,618	10,528,618
	<u>1,319,697,588</u>	<u>1,319,697,588</u>

	Book Value BIF'000	Fair Value BIF'000
Financial assets		
Cash and cash equivalents	24,263,145	24,263,145
Foreign Assets	193,798,501	193,798,501
Documentary credits provisions	101,176,101,&	101,176
IMF Quota	172,738,997	172,738,997
Loans and advances to Government	641,724,669	641,724,669
Loan to Banks other financial institutions	21,800,000	21,800,000
Staff loans and advances	14,924,518	16,327,893
	<u>1,069,351,006</u>	<u>1,070,754,381</u>
Financial liabilities		
Currency in circulation	230,723,055	230,723,055
Deposits from the Government Sector	193,555,972	193,555,972
Banks and other financial institutions	88,171,694	88,171,694
Other deposits	8,032,936	8,032,936
Due to IMF	524,205,130	524,205,130
Foreign Liabilities	2,541,062	2,541,062
Other liabilities	4,792,767	4,792,767
	<u>1,052,022,616</u>	<u>1,052,022,616</u>

5.27 Contingent liabilities and commitment

Several lawsuit cases had been brought against the Bank. Unless recorded as provisions, the Executive Management considers these lawsuit cases as unjustified and their settlement against the Bank unlikely. This evaluation complies with external independent legal opinions.

5.28 Related parties transactions

The following transactions concern related parties' transactions:

(i) Government

Refer to Note 5.9 of this report "Loans and advances to Government".

(ii) Employees

Refer to Note 5.12 of this report "Other assets" – Staff loans and advances.

a) SALARIED EXECUTIVE MANAGERS

Executive management remuneration

	<u>31/12/2015</u> BIF'000	<u>31/12/2016</u> BIF'000
Annual salary	494,102	638,354
Salary advances		
	<u>31 /12/2015</u> BIF'000	<u>31/12/2016</u> BIF'000
Opening balance	-	-
Advances during the year	50,000	-
Reimbursement	(50,000)	-
Closing balance	<u>-</u>	<u>-</u>
Housing loans		
	<u>31 /12/2015</u> BIF'000	<u>31/12/2016</u> BIF'000
Opening balance	1,010,657	1,130,515
Loans during the year	37,877	47,602
Reimbursement	(64,406)	(117,153)
Closing balance	<u>984,128</u>	<u>1,060,964</u>
Vehicles Loans		
	<u>31 /12/2015</u> BIF'000	<u>31/12/2016</u> BIF'000
Opening balance		101,247
Loans during the year	110,000	
Reimbursement	(8,753)	(21,306)
Closing balance	<u>101,247</u>	<u>79,941</u>
Other Loans		
	<u>31 /12/2015</u> BIF'000	<u>31/12/2016</u> BIF'000
Opening balance	5,269	410
Loans during the year		20,000
Reimbursement	(4,859)	(6,894)
Closing balance	<u>410</u>	<u>13,516</u>

(iii)Off-balance sheet

OFF-BALANCE SHEET ITEMS 2016

BIF 000.000

ASSETS		LIABILITIES	
Collection bills	3	Payable Collection bills	3
IDA Loans	113	Regideso/IDA Liabilities	113
Overdraft securities deposit	1,216	BIRD securities deposits	302
		IDA Depositors securities	76
		OTBU Depositors securities	15
		CADEBU Depositors securities	465
		AFDB Depositors securities	325
		MIGA Depositors securities	33
Chinese loans to the Government	41,005	Burundi liabilities to China	41,005
URSS loan to the Government	2,125	Burundi liabilities to the URSS	2,125
Equipment loans effects	11 250	Equipment loans	11 250
Credit cash	1,690	credit cash effects	1,690
Korean loans to the Government	28	Burundi liabilities to Korea	28
Belgium loans to the Government	928	Burundi liabilities to Belgium	928
Act of guarantee on goods	232	Depositors guarantees acts	232
Registered Government DC orders	2,638	Government DC provisions	2,638
Registration of Import guarantees orders	23	Importers guarantees	23
Vehicles guarantees deposits	5	Credit guarantee vehicles	5
Treasury bills	444, 950	Treasury Bills accounts	444 950
Treasury bonds	149 ,200	Treasury Bonds accounts	149,200
Pledge Treasury Bills	202 ,297.83	Registered Treasury Bills pledge	202,297.8
Treasury Bonds Pledge	52, 800	Registered Treasury Bonds Pledge	52, 800
Claim on B.E.R.B	1,003	Claim on B.E.R.B	1,003
TOTAL	<u>917,5</u>	TOTAL	<u>917,5</u>

OFF-BALANCE SHEET ITEMS 2015

BIF 000.000

ASSETS		LIABILITIES	
Collection bills	3	Payable Collection bills	3
IDA Loans	113	Regideso/IDA Liabilities	113
Overdraft securities deposit	1,216	BIRD securities deposits	302
		IDA Depositors securities	76
		OTBU Depositors securities	15
		CADEBU Depositors securities	465
		AFDB Depositors securities	325
		MIGA Depositors securities	33
Chinese loans to the Government	41,005	Burundi liabilities to China	41,005
URSS loan to the Government	2,125	Burundi liabilities to the URSS	2,125
Equipment loans effects	16,546	Equipment loans	16,546
Credit cash	1,690	credit cash effects	1,690
Korean loans to the Government	28	Burundi liabilities to Korea	28
Belgium loans to the Government	929	Burundi liabilities to Belgium	929
Act of guarantee on goods	232	Depositors guarantees acts	232
Registered Government DC orders	2,638	Government DC provisions	2,638
Registration of Import guarantees orders	23	Importers guarantees	23
Vehicles guarantees deposits	5	Credit guarantee vehicles	5
Treasury bills	311,100	Treasury Bills accounts	311,100
Treasury bonds	77,200	Treasury Bonds accounts	77,200
Pledge Treasury Bills	67,415	Registered Treasury Bills pledge	67,415
Treasury Bonds Pledge	28,000	Registered Treasury Bonds Pledge	28,000
Claim on B.E.R.B	1,003	Claim on B.E.R.B	1,003
TOTAL	<u>551,271</u>	TOTAL	<u>551,271</u>