ACTIVITY REPORT 2017

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SUMMARY

THE MESSAGE FROM THE STAFF MANAGEMENT

The National Bank of Investment (BNI), 100% state-owned bank accompanies the State in its development policy of Côte d'Ivoire. At a time when the country has resolutely turned towards the future by choosing the path of emergence, the BNI continues to play a decisive role.

Thus, in fiscal 2017, in line with the various policies initiated, which have won numerous national and international awards at the Bank, the governing bodies wanted to go further by putting more customers at the heart of the activity in a healthy environment.

The implementation of a vast strategic plan called 'Excellence 2021' through 11 projects including the redesign of the relational model and retail has imposed in its development a new commercial organization and especially an optimization of animation commercial network.

A strong emphasis was then placed on the quality of services, the development of more in-house procedures and the cleaning up of the client portfolio.

However, to engage in this vast plan to put the Institution in a dynamic of restructuring of the fundamentals returned to a set of choices which could even affect the main aggregates of the Bank.

2017 is therefore the year of overhaul that precedes a new momentum in the growth of the Bank.

The bet has been taken! That of giving the Bank the means to face serenely future challenges with a significant improvement in the information system and a sound basis for a clear consolidation of effective capital and compliance with regulatory requirements.

All of these efforts have focused on one goal: compliance with regulatory standards to better support an increasingly demanding clientele in a highly competitive banking sector.

A lot has been done, but much remains to be done, to continue to play its role as a key player in the financing of the economy of Côte d'Ivoire and a bank focused on SMEs and Individuals customers.

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PART ONE:
PRESENTATION OF THE BANK

I.HISTORICAL BACKGROUND OF BNI

Set up from the desire of the Ivorian authorities desire to establish Cote d'Ivoire's development on a strong and credible institution, the National Bank of Investment (BNI) was created in 1959 (by decree n° 59-209 of October 21, 1959) under the name of Caisse Autonome d'Amortissement (CAA) whose role was to:

- Seek and mobilize internal and external resources to finance the country's development;
- manage the Public Debt;
- manage EPN (National Public Institutions deposits).

Since 1998, new directions was entitled to the Bank. After obtaining a banking license from the WAMU Banking Commission and BCEAO, the Bank became an investment bank with the status of a state-owned company.
Since then, the Bank has been providing the triple function of investment, refinancing and advisory bank. These businesses are divided into six (06) axes that make the institution:

1) A public savings equalization organization;
2) An agricultural sector financing organization;
3) A refinancing organization for banks and financial institutions;
4) A role playerin the public-private partnership in financing profitable public investment and Small and Med size Enterprises;
5) A player in the capital market;
6) An executive agent for contractual public service missions.

To enable the institution to adapt to such new businesses, the name of the former CAA waq transformed into a National Bank of Investment since 2004 and the share capital was raised to 20,500 million FCFA.

Additionally, BNI established two subsidiaries:

- BNI-FINANCES in January 2004, which is a Management and Intermediation Company (SGI), which aimed to support BNI's investment and advisory banking businesses.
- BNI-GESTION in late 2008, which is an asset management institution, whose mission is to launch and manage funds, by collecting savings from investors (including individuals) and then make investments on their behalf.

On December 31, 2017, the bank's governing bodies was composed of the Board of Directors with four committees (Audit Committee, Credit Advisory Committee, Strategic Committee, Human Resources Committee), the General Management supported by ten Committees (Executive Committee, Asset/Liability Management Committee, Restricted Management Committee, Excellence 2021 Committee, Non-Strategy Projects Committee, Human Capital Committee, Banking Risk Committee, Recovery Committee, Commercial and Marketing Committee, Credit Committee).

II. BOARD OF DIRECTORS

On December 31, 2017, the Board of Directors was composed of the following (9) members:

Mr. Souleymane CISSE	*Chairman of the Board*
Mr. Emmanuel AHOUTOU KOFFI	*Director*
Mr. Adama COULIBALY	*Director*
Mr. Antoine Kacounseu MIMBA	*Director*
Mr. Youssouf FADIGA	*Director*
Mr. Thiékoro DOUMBIA	*Director*
Mr. Nicolas DJIBO	*Director*
Mr. Pierre René Magne WOELFELL	*Director*
Mr. Faman TOURE	*Director*

III. MANAGEMENT STAFF

During 2017, the Bank was managed by:

Mr. Eugène KASSI N'DA	*Acting Director General*
Mr. Malick T.TIO-TOURE	*Acting Deputy Director General*

IV. EXECUTIVE COMMITTEE

On December 31, 2017, the Executive Committee consisted of the following members:

Mr. Eugène KASSI N'DA	*Acting Director General*
Mr. Malick T.TIO-TOURE	*Acting Deputy Director General*
Mr. Narcisse Roland ADJET	*Financial Director and Accountant*
Mr. Jean Marc GUEI	*Chief Risk Officer*
Mrs. Léa YAO TANOH	*Legal Affairs and Litigation Director*
Mr. Daniel Douley KOUADIO	*Internal Audit Director*
Mr. Benjamin BAHONTO	*External Audit Director*
Mrs. Marcelle YANGNI	*Human Resources Director*
Mr. Mamadaou SANOGO	*Corporate Clients Director*
Mrs. Oumou Henriette DIALLO	*Private Clients & Network Director*
Mr. Georges N'GUESSAN	*IT Director*
Mrs. Laure ASSAMOI	*Director of Relations with Financial Institutions*
Mrs. Amelie KOLANTRIN	*Director of Organization*
Mr. SEA Raphaël	*Operations Director*
Mrs. Maya AKRE WATANABE	*Head of Communication and Marketing Department*

V. BUSINESS ENVIRONMENT

V.1.International business environment [1]

According to the UN data in 2017, the global economic growth was 3%, which represents a net increase compared to 2.4% in 2016 and corresponds to the highest level since 2011. The labor market indicators have continued to improve in a wide range of countries and about two-thirds of the world's countries experienced stronger growth in 2017 than in the previous year. Globally, growth should remain stable at 3% in 2018 and 2019.

In such context, Africa should experience a recovery in overall GDP growth, with forecasts of growth of 3.5% in 2018 and 3.7% in 2019

V.2.National business environment [2]

The Ivorian economy grew by 8.1% in 2017 despite internal and external shocks, particularly the fall in cocoa prices.

The primary sector recorded a growth of 9.9% against a rate of -1.1% in 2016, thanks to the rebound of export agriculture (14.3%) and the consolidation of food agriculture (7.4%). The growth of export agriculture is supported, on the one hand, by the increase in the production of cocoa (21.4%), pineapple (25.7%), sugar (23.5%) and banana (15.7%) and, on the other hand, by a good rainfall and an improved phytosanitary treatment of plantations.

The secondary sector experience a 7.3% increase after a notable increase of 15.2% recorded in 2016. The sector was supported by the consolidation of civil engineering (12.0%), petroleum products (12.1%) and manufacturing industries (excluding refinery and agribusiness) (13.4%).

The services sector enjoyed good performance from the primary and secondary sectors. Thus, the added value of that sector increased by 9.1%.

Inflation was contained at 1.0% on average (below the community standard of 3%), despite the higher prices of imported products. This control of inflation resulted from the increase of the domestic supply of foodstuffs and the implementation by the Government of strategies for fighting against high cost of living.

(1) : UN World Economic Situation and Prospects 2018, (www.un.org/development/desa/dpad/publication/situation -et -perspectives-de-leconomie-mondiale-2018-resume)
(2) : Presentation report of the budget law of the State of Cote d'Ivoire for the year 2018 page 3 & 4

V. 3. National banking environment

The Ivorian banking network has grown by 5% between 2016 and 2017. In fact, the Ivorian banking network covers the entire territory through 691 branches and 975 automatic cash desks or bank machines. The sector employs 9,093 employees compared to 7,919 a year, with more than 2.5 million of clients for more than 3.2 million accounts opened. The bank rate estimated by the General Directorate of Treasury and Public Accounting of Cote d'Ivoire is 17.57% at the end of December 2017.

The total balance of the sector rose from 9,658.81 billion in 2016 to 10,878.55 billion FCFA in 2017, an increase of 12.63%, reflecting the good performance of the sector. Moreover, the net banking income of credit institutions stood at 596.86 billion FCFA, up 72.28 billion FCFA compared to last year.

With a total balance of more than 1,000 billion CFA francs for each of them, the four (4) leading banks in the sector alone hold 52% of market share and concentrate more than half of the sector's activities.

In addition, portfolio quality has deteriorated by more than 60% compared to last year. This trend is driven by the rise in non-performing loans and provisions.

Evolution of resources and jobs in the banking sector

(In billions FCFA)

	2010	2011	2012	2013	2014	2015	2016	2017	Evolution 2016-2017	
									Value	%
Resources (1)	3 136	3 694	4 037	4 737	5 793	7 250	6 632	9 507	2 875	43%
Jobs	2 672	3 113	3 313	3 785	4 526	5 757	5 302	7 939	2 637	50%

(1) Including interbank resources

Banking sector resources increased by 43% between 2016 and 2017. In addition, jobs experienced greater growth over the same period, rising from 5,302 billion in 2016 to 7,939 billion FCFA in 2017, a performance of + 50%.

BNI's ranking

APBEF-CI market shares at 12/31/2017 (billion FCFA)

Customer Resources					Customer Jobs				
Bank Total	BNI	Market position	Rank	Market position at 31/12/2016	Bank Total	BNI	Market position	Rank	Market position at 31/12/2016
7 474	500,18	6.69%	8	7,02%	6 180	298	4.84%	7	6,22%

BNI market share in customer resources collection recorded a slight decline of 0.33 points, from 7.02% in 2016 to 6.69% in 2017.
With regard to jobs, we observed the same phenomenon. In fact, BN market share decreased from 6.22% in 2016 to 4.84%, a decrease of 1.38 points.

In 2017, the Bank opened six new branches. Thus, the continuation of its investment program for the extension of its network (construction of branches and free ATMs) should allow the Bank to increase its capacities.

VI. BANK ACTIVITIES

Highlights of the year

- Subscription in April 2017 to the 2017-2029 TPCI bond loan for an amount of
- FCFA 10 000 000 000 at a rate of 6.25%.
- Opening of 06 new branches planned for 2017 (Plateau Immeuble Alliance, Iboke, Irobo, Adjamé St Michel, Man, Yopougon 2)
- Launch of BNI ONLINE in June 2017
- Subscription to the 2017-2024 TPCI for an amount of 20 billion at a rate of 5.95% of which 10 billion of debt conversion.
- Reimbursement of a 36 billion FCFA advance on works for PFO.
- Monitoring Mission of the Banking Commission from 05 September to 13 October 2017
- Start of implementation of the Strategic Plan Excellence 2021
- Provision to the Ministry of Economy and Finance of the 12th floor of the SCIAM building, under a lease agreement.
- Signature of a partnership agreement between DGI and BNI on tax e-payments. BNI receives an annual fixed remuneration of 500 million FCFA;
- Signature on July 4, 2018 of a purchase agreement by the State of private debts held by BNI for a gross amount of 8.3 billion and two securitization agreements for a total amount of FCFA 12.8 billion.
- Winding-up demand for SAF-CACAO made by the Conseil Café-Cacao
- Difficulties of customers such as CONDICAF following the bankruptcy of TRANSMAR Commodities

The year 2017 was marked by an increase in the collection of resources at the Bank level mainly on extractive industries accounts as well as on the accounts of insurance and real estate companies.

KEY FIGURES

(Amounts in millions of FCFA)

	2010	2011	2012	2013	2014	2015	2016	2017
Total workforce	412	434	483	496	512	517	540	595
Payroll	6 586	6 579	6 762	7 864	7 447	7 695	8 108	8 931
Branches	24	26	29	29	30+1(a)	30+1(a)	30+2(a)	36+2(a)
Capital	20 500	20 500	20 500	20 500	20 500	20 500	20 500	20 500
Turnover	17 834	23 691	31 232	31 794	36 918	37 189	34 175	40 041
Net banking income	12 767	18 894	25 938	25 442	29 250	29 053	24 873	31 396
Other general expenses	9 306	7 893	9 229	8 379	9 133	9 728	10 512	11 096
Operating Coefficient	143%	94%	74%	73%	68%	71,48%	87,08%	75,7%
Net Profit	- 10 623	4 386	8 691	6 407	- 1 405	3 522	1 877	-17 775

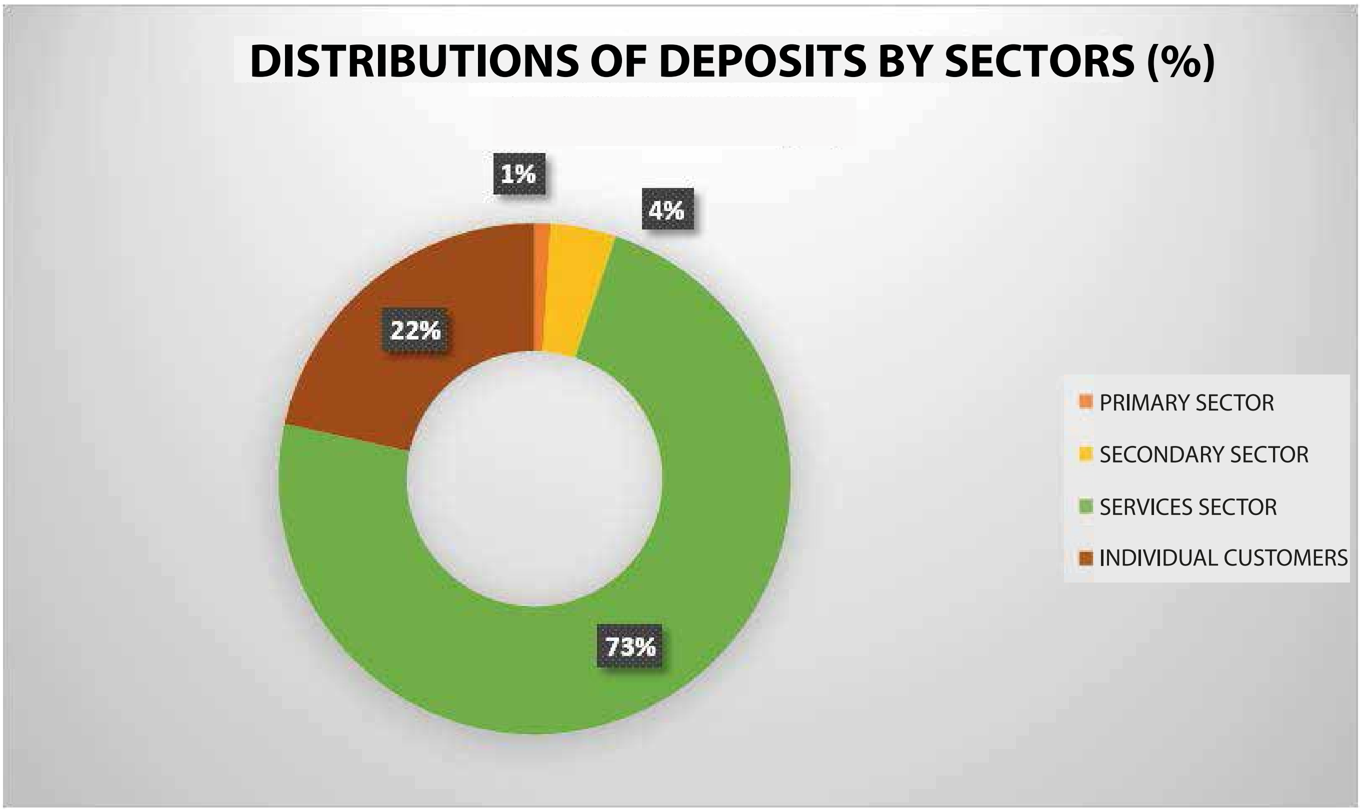
(a) Cash point

VI.1 Savings Collection

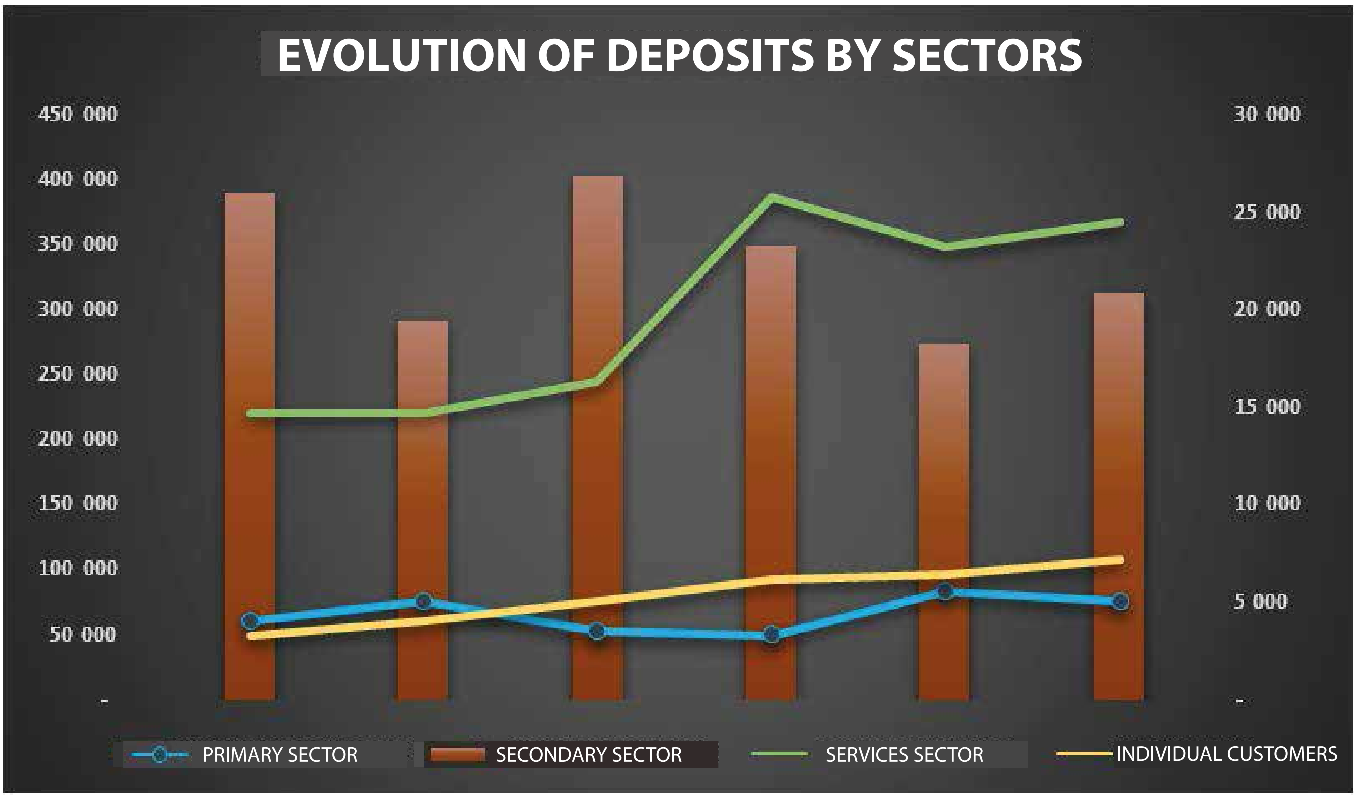
The bank observed an increase in deposits, leading to an increase in resources. In fact, outstanding deposits appreciated from 466,264 million FCFA in 2016 to 500,087 million FCFA at the end of 2017, i.e. a growth of 33,824 million FCFA, representing 7%.

Deposits were as follows:

Sectors	2015	2016	2017	Changes (2016-2017)	
				Value	%
Primary sector	3 317	5 574	5 027	- 547	-16,49%
Secondary sector	23 264	18 198	20 876	2 678	11,51%
Services sector	386 756	347 096	366 617	19 521	5,002%
Private clients	92 070	95 395	107 658	12 263	13,32%
	505 408	**466 264**	**500 178**	**33 914**	**7%**

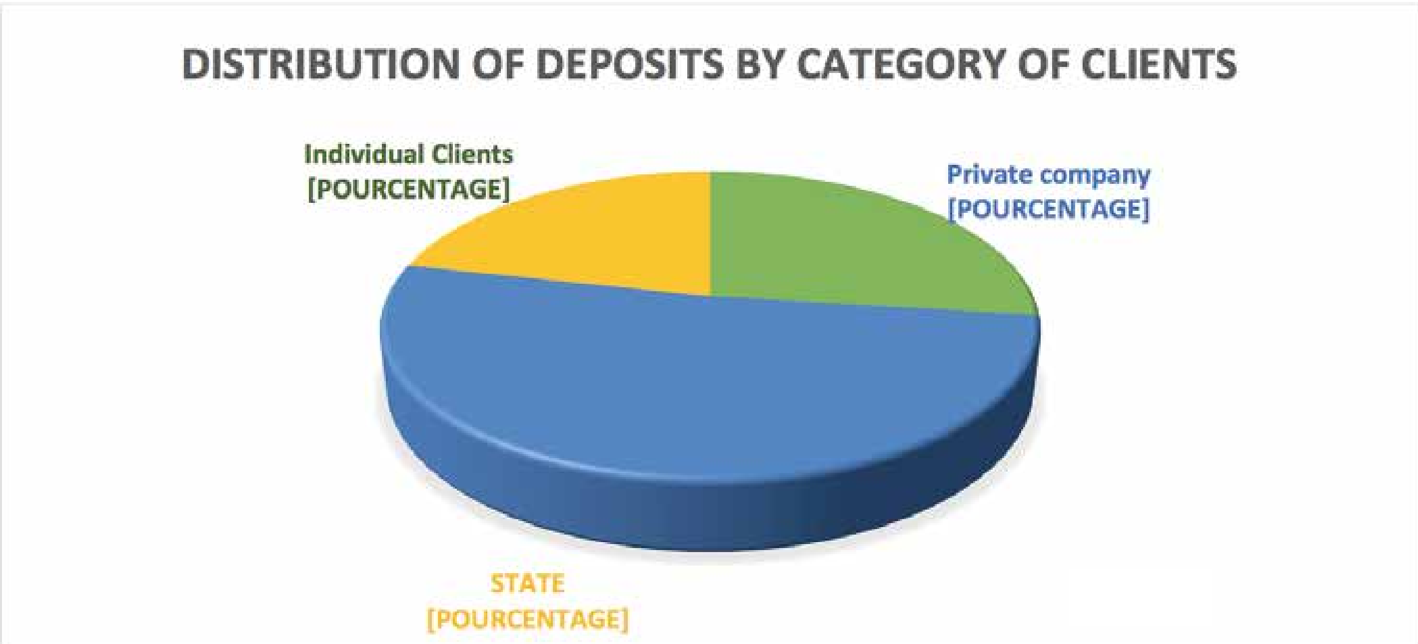


SECTOR	2012	2013	2014	2015	2016	2017	Changes (2016-2017)	
PRIMARY SECTOR	4 033	5 051	3 448	3 317	5 574	5 027	- 547	- 16%
Agriculture Hunting Forestry	4 033	5 051	3 448	3 317	5 574	5 027	- 547	- 16%
SECONDARY SECTOR	25 970	19 393	26 869	23 264	18 198	20 876	2 678	12%
Extractives Industries	2 885	629	108	642	134	61	- 73	- 11%
Manufacturing Industries	-	6 285	8 564	6 805	4 024	5 483	1 458	21%
Electricity Das and Water	11 701	2 607	2 241	2 334	1 212	1 146	- 66	- 3%
Building and Civil Engineering	11 384	9 872	15 956	13 483	12 827	14 185	1 358	10%
TERTIARY SECTOR	221 030	222 601	244 245	386 756	347 096	366 617	19 521	5%
Retail and wholesale	24 436	26 582	15 600	23 849	27 006	18 825	- 8 180	- 34%
Transport Warehouses and communications	50 366	17 122	7 765	11 548	11 650	16 574	4 924	43%
Banks Insurance Real Estate	73 757	92 927	108 068	210 392	165 060	183 357	18 298	9%
Community, Social and Personal Service	72 471	85 970	112 812	140 967	143 381	147 860	4 479	3%
PRIVATE CLIENTS	49 124	59 831	75 210	92 070	95 395	107 658	12 263	13%
TOTAL	309 955	306 847	350 773	505 594	466 264	500 178	33 914	7%



Resources increase by about 34 billion FCFA. That increase derived mainly from banks and insurance (+18 billion FCFA) and private clients (12 billion FCFA).

The resources collected in 2017 were divided into 51% of State resources compared to 55% in 2016, 27% for private companies against 25% in 2016 and 22% for private clients against 20% in 2016.



VI. 2 Financing of activities by sectors

In 2017, diverse sectors benefited from BNI assistance, distributed as follows:

Sectors	AMOUNTS (in millions of FCFA)		Changes (2016-2017)	
	2016	2017	En valeur	En %
Primary Sector	2 517	912	- 605	- 63,77%
Secondary Sector	57 871	89 225	31 354	54,18%
Services Sector	139 705	93 476	- 46 229	-33,09%
individual clients	53 137	58 588	5 451	10,26%
	253 230	**242 201**	**- 11 029**	**- 4,36%**

Total financing of 242,201 million CFA francs (excluding off-balance sheet commitments)

A -APPROPRIATIONS

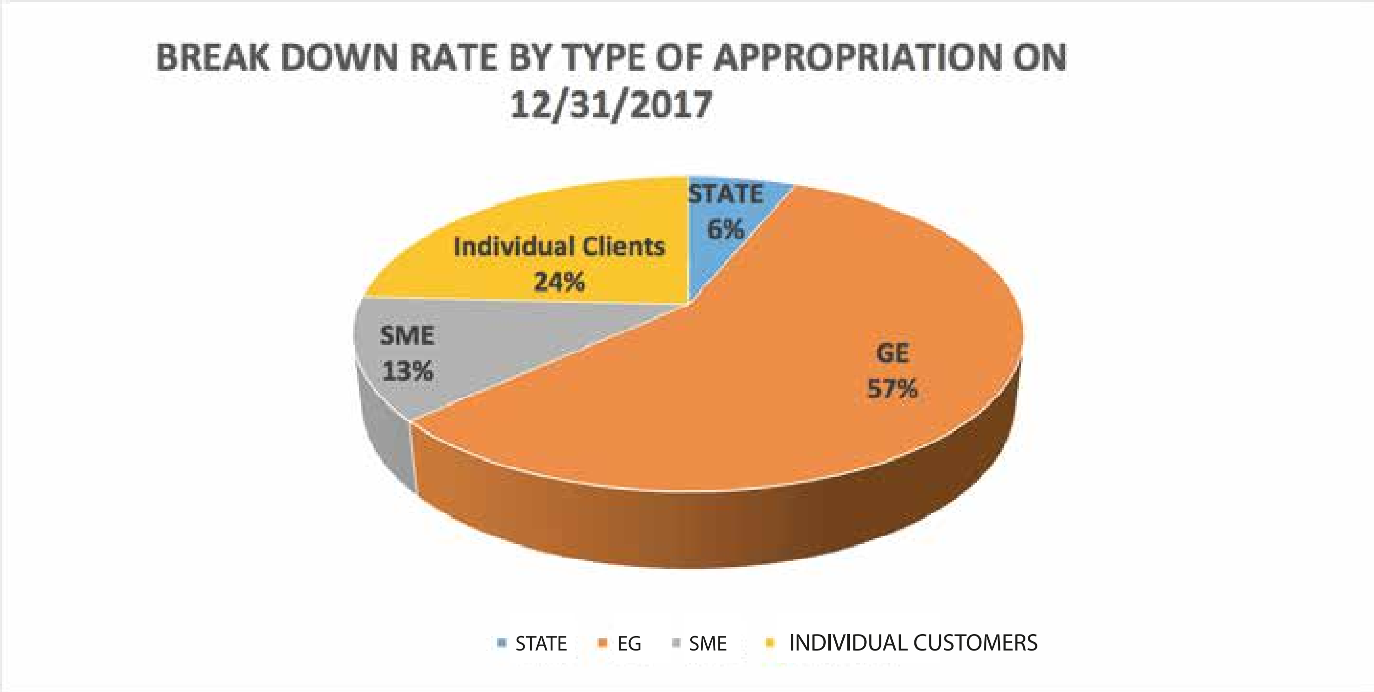
BNI's credit activity in 2017 was marked by a slowdown of 4.36% at 242 billion FCFA in 2017, with fewer loans to large companies, marked by a 15% drop while individuals and SMEs benefited from loans up to 10% and 21%, respectively, which result in the reduction of outstanding loans of about 20 billion FCFA. That decrease resulted in a reduction in the portfolio concentration, which went from 57% in 2016 (50 largest commitments reported to total commitments) to 48% in 2017, under the combined effect of the repayment of large loans to real estate clients and the decline in the use of cocoa coffee exporters' customer lines.

The year 2017 was marked by a significant increase in provisions, for an amount of 19.5 billion FCFA, against 8.2 billion FCFA in 2016. That increase was greater than the net decommissioning of bad debt repayments, which amounted to 12 billion FCFA as a result in additional provisions for clients downgraded in previous years, particularly in 2014.

Large companies had concentrated 70% of the provisions made in 2017, and SMEs 22%.

A-1 APPROPRIATIONS ON DECEMBER 31, 2017 BY TYPE OF CLIENT

(In millions of FCFA)	By end of December 2016			By end of December 2017			Changes		
Distribution by type	Appropriations			Appropriations			Appropriations		
Type of client	Number	Amount	% of Total	Number	Amount	% of Total	Number	Amount	%
STATE	6	12 977	5%	9	15 124	6%	3	2 147	17%
Large Companies	184	161 943	64%	149	138 121	57%	-35	-23 822	-15%
SMEs	604	25 172	10%	542	30 367	13%	-62	5 195	21%
Individual Clients	35 404	53 137	21%	35 169	58 588	24%	-235	5 451	10%
Total	**36 198**	**253 230**	**100%**	**35 869**	**242 201**	**100%**	**-329**	**-11 029**	**-4%**



In 2017, appropriations depreciated by 11,029 million FCFA, i.e. 4% of the loans granted during the year.

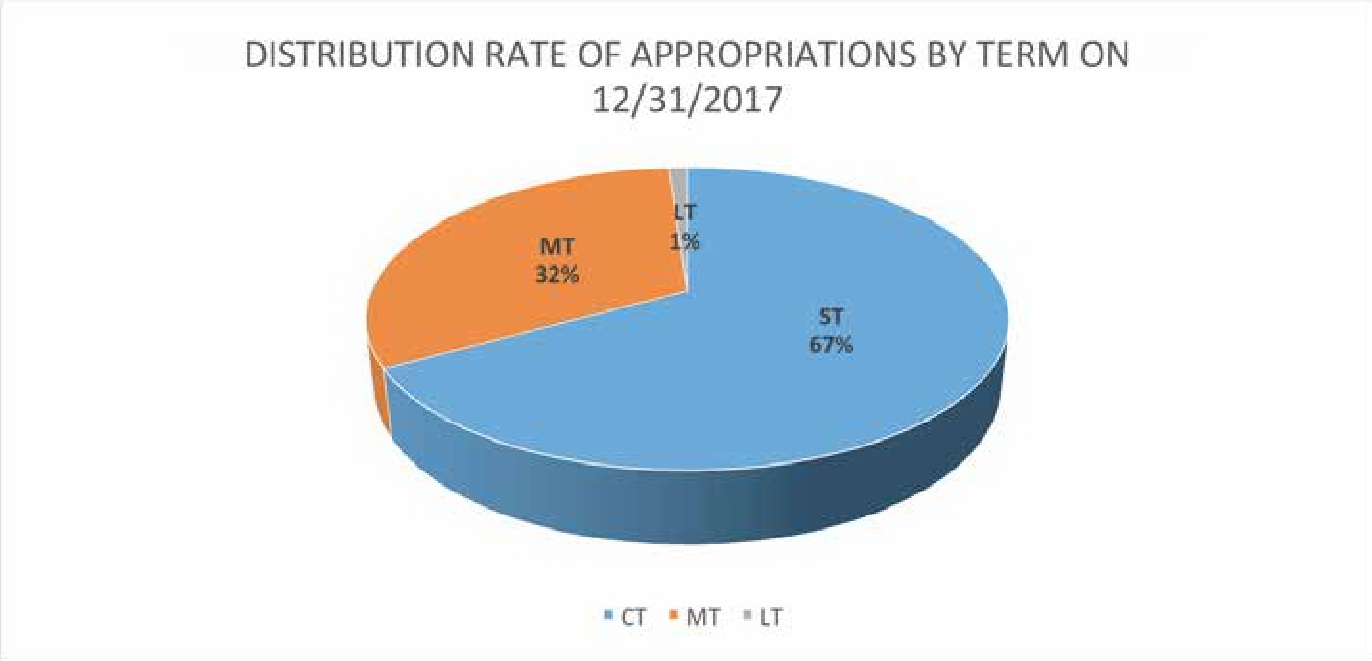
Large corporate loans amounted to 138,121 million FCFA in 2017 compared to 161,943 million FCFA in 2016, a drop of 15%, representing 57% of total appropriations. Included in such appropriations, credits for the agricultural season, especially those of the last quarter of 2016. Secondly, individual clients hold the second place for financing with a total amount of 58,588 million FCFA in 2017, against 53,137 million FCFA in 2016, an increase of 10% representing 24% of 2017 appropriations.

Loans to SMEs (30,367 million FCFA in 2017 against 25,172 million FCFA in 2016) and the State (15,124 million FCFA in 2017, compared to 12,977 million FCFA in 2016) and individual clients (58,888 million FCFA in 2017 against 53,137 million FCFA in 2016) wereare up by 21% and 17% and 10% respectively.

A-2 APPROPRIATIONS ON DECEMBER 31, 2017 BY TERM

(In Millions of FCFA)

Distribution by term	By end of December 2016			By end of December 2017			Changes		
	Appropriations			Appropriations			Appropriations		
Type of clients	Number	Amount	%	Number	Amount	%	Number	Amount	%
ST	24 926	193 990	77%	25 225	162 058	67%	299	-31 932	-16%
MT	11 236	53 968	21%	10 599	77 378	32%	-637	23 410	43%
LT	36	5 272	2%	45	2 765	1%	9	-2 507	-48%
Total	**36 198**	**253 230**	**100%**	**35 869**	**242 201**	**100%**	**-329**	**-11 029**	**-4%**



Estimated at 242,201 million FCFA, appropriations on December 31, 2017 are mainly made up of short-term loans (overdrafts, advances, discounts, depreciable loans), which represent 67% of all loans granted (compared to 77% in 2016), ie 162,058 million FCFA in 2017, compared to 193,990 million FCFA in 2016, followed by medium-term loans with 32% (77,378 million FCFA) and long-term loans which represented only 1% (2,765 million FCFA) of the total.

That break down was almost similar to that observed on December 31, 2016, where appropriations amounted to 253,230 million FCFA were made up to 67% of short-term commitments and 1% of long-term commitments.

A-3 APPROPRIATIONS ON DECEMBER 31, 2017 BY SECTOR OF ACTIVITY

(In millions of FCFA)

Distribution by sectors		By end of December 2016			By end of December 2017			Change		
		Appropriations			Appropriations			Appropriations		
Sector of activity	Abbreviation	Number	Amount	%	Number	Amount	%	Number	Amount	%
Agriculture Hunting Forestry	Agriculture…	45	2 515	1%	20	912	0%	-25	-1 605	-12%
Banks Insurance Real Estate	Banques…	109	39 849	16%	91	10 094	4%	-18	-29 755	-75%
Building and Civil Engineering	B.T.P	218	17 707	7%	194	21 259	9%	-24	3 552	20%
Wholesale and Retail	Cce…	205	86 381	34%	172	59 428	25%	-33	-26 953	-31%
Electricity Gas and Water	E.G.E	19	28 789	11%	17	27 593	11%	-2	-1 196	-4%
Manufacturing Industries	Ind. Man.	46	11 375	4%	54	40 373	17%	8	28 998	255%
Private Clients	Part…	35 404	53 137	21%	35 169	58 588	24%	-235	5 451	10%
Community, Social and Personal Services	Svce...	110	8 217	3%	132	23 008	9%	22	14 791	180%
Transport Warehouses and Communications	Transp…	42	5 258	2%	20	946	0%	-22	-4 312	-82%
Total		**36 198**	**253 230**	**100%**	**35 869**	**242 201**	**100%**	**-329**	**-11 029**	**-4%**

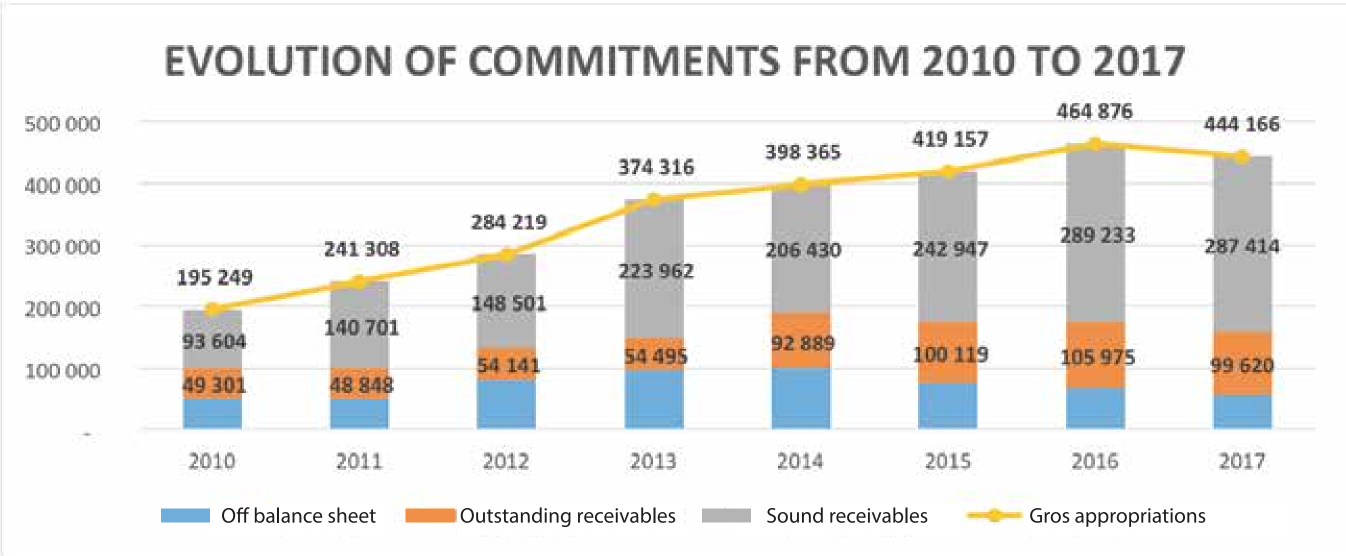
On 242,201 million FCFA appropriated at December 31, 2017, 59,428 million CFA francs, representing 25%, was allocated to the trading sector, including commodity trading, compared to 86,381 million FCFA in 2016. The second sector is the private clients sector for an amount of 58,588 million FCFA, representing 24% of 2017 appropriations, compared to 53,137 million FCFA francs in 2016. The third sector is manufacturing industries for an amount of 40,373 million FCFA, representing 17% of 2017 appropriations, compared to 11,375 million FCFA in 2016 and other sectors representing less than 15% of appropriations; Electricity, gas and water (11%), construction (9%), banks, insurance and real estate (4%) etc.

B. EVOLUTION IN PORTFOLIO QUALITY

SUMMARY TABLE OF PORTFOLIO QUALITY FROM 2010 TO 2017

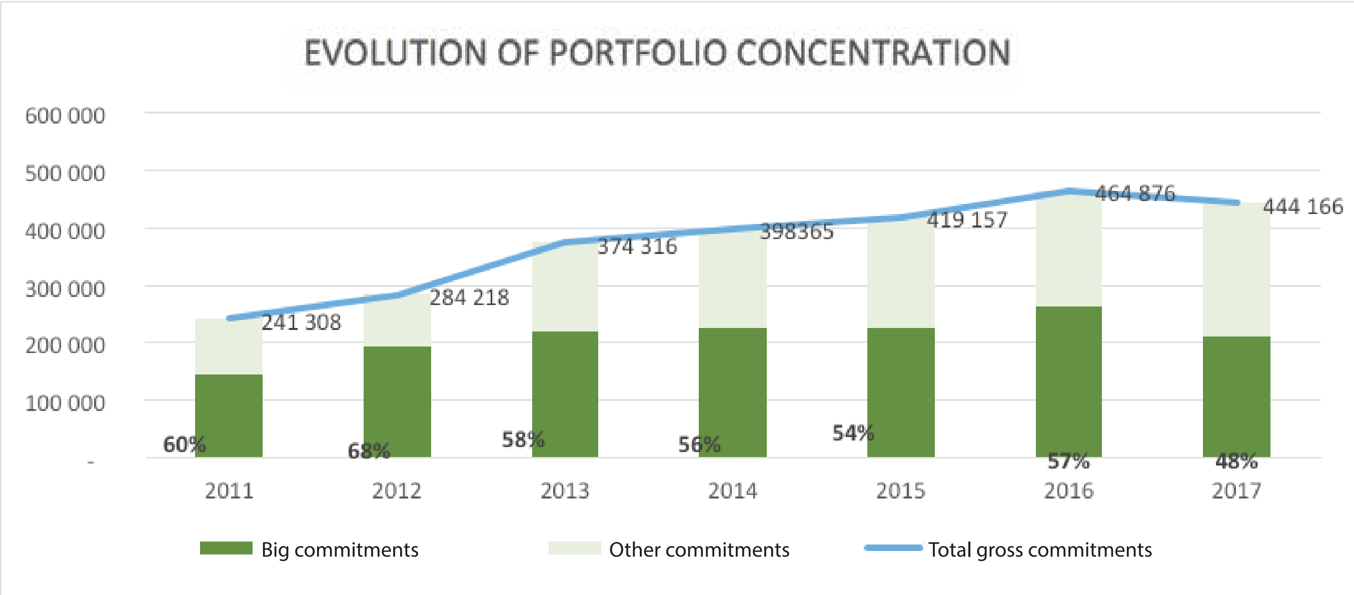
	2010	2011	2012	2013	2014	2015	2016	2017	Changes
Gross employment	195 249	241 308	284 218	374 316	398 365	419 157	464 876	444 166	-20 710
Off-balance-sheet	52 344	51 759	81 577	95 859	99 046	76 091	69 637	57 132	-12 505
Balance sheet	142 905	189 549	202 641	278 457	299 319	343 066	395 239	387 034	-8 205
Outstanding debts	1 752	260	2 988	3 190	4 708	2 657	21 056	7 168	-13 888
Doubtful Clients	47 549	48 588	51 153	51 305	88 181	97 462	87 090	117 226	30 136
Non-performing loans	49 301	48 848	54 141	54 495	92 889	100 119	105 975	124 394	18 419
% of non-performing loans	*25%*	*20%*	*19%*	*15%*	*23%*	*24%*	*23%*	*28%*	*-89%*
Healthy loans	93 604	140 701	148 501	223 962	206 430	242 947	289 264	262 640	-26 624
Cumulative provisions	46 961	47 409	47 235	47 548	60 263	65 079	68 769	89 089	20 320
% of doubtful clients	99%	98%	92%	92%	68%	67%	79%	76%	67%
Jobs	148 288	193 899	236 983	326 768	338 102	354 078	396 107	355 077	-41 030
Allocation for the fiscal year	7 639	1 825	3 859	3 169	13 496	10 228	7 793	34 185	26 392
% of allocation over gross	4%	1%	1%	1%	3%	2%	2%	8%	-127%
Reversal of the fiscal year	2 012	2 086	4 107	1 309	2 387	4 952	4 707	7 602	2 895

B-1 EVOLUTION OF COMMITMENTS



On 12/31/2017, evolution in commitments was marked by a decrease of 20,710 million FCFA, from 464,876 million FCFA in 2016 to 444,166 million FCFA in 2017.

B-1-1 Evolution of portfolio concentration



The level of portfolio concentration is slightly down in 2017 with a rate of 48% against 57% the previous year. The decline in the portfolio concentration was a positive element induced by the reduction of large companies exposure and the increase of individual clients exposure for whom loans were lower. That interruption in improvement observed over the 2012-2015 period, during which the bank's portfolio appeared relatively concentrated; 263,572 million FCFA were held on 50 clients, in which the top 10 account for 34% of the total amount of the commitments. Indeed, after the peak of 68% recorded in 2012, the concentration has decreased in 2014 to 56%, next to 54% in 2015.

B-1-2 Evolution of commitments by type of client

(In millions of F CFA)

I- Evolution by type of client	2010	2011	2012	2013	2014	2015	2016	2017	%	Change 2016-2017	% 2016-2017
Large Companies	118 323	151 259	144 614	201 125	188 693	242 325	277 715	229 778	52%	-47 937	-17%
Private Clients	10 926	18 895	38 612	59 664	68 072	75 990	91 357	108 692	24%	17 335	19%
SMEs	40 113	47 417	52 213	81 979	114 447	71 347	60 667	69 048	16%	8 381	14%
State	25 887	23 737	48 779	31 548	27 153	29 894	34 774	36 651	8%	1 877	5%
TOTAL	195 249	241 308	284 218	374 316	398 365	419 157	464 876	444 166	100%	-20 344	-4%

increase of 17,335 million FCFA, of SMEs for an amount of 8 381 million FCFA. However, it should be noted that increase was not enough to offset the sharp decline in corporate loans.

The increase in SME commitments of 8,381 million FCFA was mainly due to loans granted to ADVANS CI (1,000 million), SCI Vendôme 10 (1,000 million), Djolo Services (850 million), KLASS Commerce Int (790 M) etc.

The increase of 1,877 million FCFA in the State commitments was due to the 12,000 million CFA francs granted to CNPS, offset by the reimbursement of the ACCT's loans for 6,502 million FCFA and the decrease of FNE clients loans by 2,329 million FCFA and DGI by 1,333 million FCFA.

B-1-3 Evolution of commitments by activity sector

(In millions of F CFA)

II-EVOLUTION OF COMMITMENTS BY ACTIVITY SECTOR	2012	2013	2014	2015	2016	2017	%	Change 2016-2017	% 2016-2017
Manufacturing industries	24 749	13 133	18 748	36 440	35 841	34 393	8%	-1 448	-4%
Trade	62 904	78 543	102 074	90 620	109 703	94 538	21%	-15 165	-14%
Construction	66 905	101 748	96 309	77 383	64 001	62 536	14%	-1 465	-2%
Agriculture	6 715	15 717	11 010	1 352	1 284	2 805	1%	1 521	118%
Transport and Communication	21 783	37 831	42 117	42 150	34 350	28 392	6%	-5 958	-17%
Banks, Real Estate, Services	62 097	67 680	60 035	95 622	127 980	112 810	25%	-15 170	-12%
Private Clients	39 065	59 664	68 072	75 990	91 357	108 695	24%	17 338	19%
TOTAL	284 218	374 316	398 365	419 157	464 876	444 166	100%	-20 347	-4%

At the end of the 2017 fiscal year, commitments in the Banking and Real Estate sectors amounted to 112,810 million FCFA, representing 25% of end-of-year loans, compared to 127,980 million FCFA in 2016 (down 12%). Second was the Individual Clients sector for an amount of 108,695 million FCFA, i.e. 24% of commitments compared to 91,357 million FCFA in 2016. Next were commitments in the trade sector for an amount of 94,538 million FCFA, representing 21% of commitments compared to 109,703 million FCFA in 2016 and commitments in construction for an amount of 62,536 million FCFA, down 2%.

B-2 NON-PERFORMING LOANS

B-2-1 Restructured loans on 12/31/2017

	A	B	C	E= (B+C)
Loans	**Restructured Amount**	**Balance Sheet**	**Off-balance-sheet**	**Commitments**
Healthy loans	15 332	-12 650	-18 997	- 31 738
Clients with unpaid loans	2 863	- 3 868	- 777	- 4 645
	2 863	**-16 518**	**-19 774**	**- 36 292**

On 12/31/2017, the main restructured loans concerned 14 customers for a total amount of 18,195 million FCFA, the commitments of such clients as of 31/12/2017 are estimated at 36,292 million FCFA, broken down as follows; commitments by cash 16,518 million FCFA, commitments by signature 19,774 million FCFA.

The main commitments restructured in 2016 and downgraded or likely to be downgraded are estimated at 3 for an amount of 14,039 million FCFA (see details below). OLHEOL, downgraded in 2014 without provisioning, was provisioned in 2017 for the amount of 3,535 million FCFA.

Restructured loans on which arrears were recorded amounted to 4,645 million FCFA (for a restructured amount of 2,863 million FCFA), broken down as follows; 3,868 million FCFA in commitments by cash and 777 million FCFA in commitments by signature.

B-2-2 Changes in unpaid loans

Ratio of unpaid loans over depreciable loans from 2011 to 2017

(In millions of FCFA)

Fiscal Year	2011	2012	2013	2014	2015	2016	2017
Unpaid loans – Private Clients	16	6	180	15	51	83	-
Unpaid loans – Corporate	-	1 009	1 129	2 219	2 159	1 974	354
Total unpaid loans	**16**	**1 015**	**1 309**	**2 234**	**2 210**	**2 057**	**354**
Depreciable loans – Private Clients	15 602	32 870	47 249	57 243	66 973	82 086	96 676
Depreciable loans – Corporate	41 443	48 320	62 065	51 332	56 454	47 578	52 632
Total depreciable loans	**57 045**	**81 190**	**109 314**	**108 575**	**123 427**	**129 664**	**149 308**
% unpaid loans – Private Clients	0,10%	0,02%	0,38%	0,03%	0,08%	0,10%	0,00%
% unpaid loans - Corporate	0,00%	2,09%	1,82%	4,32%	3,82%	4,15%	0,67%
% unpaid loans	0,03%	1,25%	1,20%	2,06%	1,79%	1,59%	0,24%

(1) At least 3 unpaid loans

Unpaid loans over depreciable loans have been decreasing since 2014, amounting to 4,708 million FCFA and representing 2.06% and have recorded a first decrease to 354 million FCFA, representing 0.24%, after clients with at least 3 unpaid loans have been downgraded to CDLs.

B-2-3 Changes in provisions

(in millions of F CFA)

CHANGES IN PROVISIONS FROM 2011 TO 2015	2011	2012	2013	2014	2015	2016	2017
Large companies	131	1 140	257	2 933	5 107	3 332	28 052
Private Clients	534	944	1 443	1 689	2 165	1 522	1 283
SMEs	1 160	1 570	1 469	8 787	2 733	2 937	4 847
State	-	205	-	87	223	2	3
TOTAL	**1 825**	**3 859**	**3 169**	**13 496**	**10 228**	**7 793**	**34 185**

Provisions totaled 34,185 million FCFA in 2017 compared to 7,793 million FCFA in 2016 and 10,228 in 2015 (cumulative amount of 52,206 million FCFA over the last 3 years).


VI.3. Managing National Funds at BNI

To mobilize resources allocated to the financing of high-priority sectoral policies or programs, the State, in line with financial partners – the World Bank, created and kept National Funds within Banque Nationale d'Investissement (BNI).
That decision was taken with the purpose of linking such Funds to an existing legal entity to save budget.

Thus, to ensure the management of those Funds, a legal framework was defined by the State through:

- Ordinance No. 87,366 of April 1, 1987, ratified by Law No. 87,805 of July 28, 1987, establishing and managing National Funds within CAA;
- Decree No. 94-194 of July 30, 1994, implementing abovementioned Ordinance specifying the general framework of organization and operation of the Funds;
- The decree of creation of each Fund.

VI.3.1) General presentation

a) Organization of the Funds

National Funds have a Management Committee and a Technical Secretariat composed of members from the different structures linked to the activity of the Fund.
In addition, in accordance with the provisions of Decree No. 94-194 of July 30, 1994, BNI ensures the administrative and accounting management of such Funds as well as the Secretariat of the Management Committee.
In this capacity, BNI draw up budget, financial statements and activity reports that are submitted to the Management Committee.
Each National Fund is managed separately, with its own budget and accounting separate from that of the Bank (reference: SYSCOA OHADA).

Within BNI, the management of National Funds is entrusted to two Departments:
The Department of Sector-based Funds, which manages eight (08) Funds;

The Department of Sustainable Development, which manages four (04) Funds. The Department, in addition to the management of National Funds, supports the Bank in its efforts related to sustainable development.

b) Intervention Areas

The scope of intervention of such Funds covers various areas:

HOUSING

- Mobilization Account for Housing (CDMH) ;
- Urban Lands Account (CTU) ;
- Support Fund for Housing (FSH).

TERRITORIAL DEVELOPMENT AND EQUIPMENT

- National Fund for School (FNEC) ;
- Fund for Loans to Local Authorities (FPCL).

ENVIRONMENT, WATER AND SANITATION

- National Fund for Environment (FNDE) ;
- National Fund for Water (FNE) ;
- National Fund for Sanitation and Drainage (FNAD).

TOURISM AND CINEMA

- Tourism Development Fund (FDT)
- Support Fund for Film Industry (FONSIC).

INDUSTRIAL AND COMMERCIAL COMPANIES

- Restructuring and Upgrading Fund for Industrial Companies (FREMIN) ;
- New Credits Guarantee Fund for Ivorian Companies (NFGCEI)

c) Resources

The resources available to the Funds are human, material and financial.

Human resources

BNI staff members are made available to the two (02) Departments in charge of the management of the Funds and an accounting service of Sector Funds. Thus, the Department of Sector Funds has twenty-two (22) agents and the Department of Sustainable Development has three (03). The fund accounting department has three (03) agents.

Material resources

This is the work equipment (vehicles, computer hardware, management software, etc.) acquired to enable the different Departments to carry out the missions assigned to them.

Financial resources

Financial resources relate to the resources included in the decrees creating such various Funds. This is usually:
- State budget allocations;
- Assigned revenue
- Institutional Grants;
- Loans;
- Donations and legacies;
- Financial investment revenue;
- etc.

VI.3.2) Results

National Funds have enabled the State to build socio-economic housing in both rural and urban areas, to finance income-generating investments in local communities, to provide the rural environment with drinking water supply, to support the development of the tourism, cinema and environment sector.

In total, National Funds financed diverses projects in 2017, for a total amount of 8,786,718,883 FCFA against 7,999,030,640 FCFA in 2016.

2

PART TWO: FINANCIAL STATEMENTS

BALANCE SHEET ON 12 31 2017 (in FCFA)

ASSETS	AMOUNTS	DEPREC. OR PROVISIONS	NETS AMOUNTS 12/31/2017	NETS AMOUNTS 12/31/2016	LIABILITIES	NETS AMOUNTS 12/31/2017	NETS AMOUNTS 12/31/2016
VALUE IN CASH	**15 024 115 372**		**15 024 115 372**	**12 818 449 023**	**INTERBANK PAYABLES**	**3 979 139 003**	**7 965 367 636**
					Other credit Institutions	439 139 002	1 675 221 564
INTERBANK RECEIVABLES	**55 292 446 248**		**55 292 446 248**	**31 493 098 325**	Other payables	3 540 000 001	6 290 146 072
Central Bank	52 386 281 848		52 386 281 848	28 905 624 981	**CUSTOMER PAYABLES**	**500 178 536 828**	**466 263 763 526**
Treasury & PCB					Other payables on demand	392 855 184 803	334 062 953 201
Other credit Inst.	2 906 164 400		2 906 164 400	2 587 473 344	Other term payables	107 323 352 025	132 200 810 325
Term accounts receivable							
					OTHER LIABILITIES	**6 329 001 140**	**6 547 111 426**
CUSTOMER RECEIVABLES	**387 034 454 826**	**89 089 146 219**	**297 945 308 607**	**326 471 074 261**			
Bill of exchange portfolio	1 712 479 746		1 712 479 746	2 304 232 576	**SUSPENSE ACCOUNTS & MISCELLANEOUS**	**8 526 298 879**	**11 708 190 872**
Other customer receivables	354 510 435 485	**89 089 146 219**	265 421 289 266	291 555 867 510			
Debit ordinary accounts	30 811 539 595		30 811 539 595	32 610 974 175	**INVESTMENT GRANTS**		
Investment securities	**28 847 000 000**		**28 847 000 000**	**20 840 337 576**	**PROVIS FOR RISK & LOANS**	**9 334 458 268**	**2 864 421 072**
LONG TERM INVESTMENTS	**104 944 152 171**	**466 841 263**	**104 477 310 908**	**76 529 960 335**	**GEN. BANK RISKS FDS**	**1 901 815 385**	**1 901 815 385**
							6 801 096 731
INTANGIBLE FIXED ASSETS	**9 650 022 514**	**6 948 637 076**	**2 701 385 438**	**2 120 369 343**	**GEN. BANK RISKS FDS**	**7 082 604 704**	
					EQUITY	**20 500 000 000**	**20 500 000 000**
TANGIBLE FIXED ASSETS	**44 033 945 622**	**26 366 696 939**	**17 667 248 683**	**18 385 302 670**			
					CARRIED FORWARD	**5 276 871 905**	**3 681 660 057**
OTHER ASSETS	**22 676 958 927**	**6 288 730 238**	**16 388 228 689**	**35 041 650 789**	**GAIN OR LOSS IN INST APPROB**		
SUSPENSE ACCOUNTS & MISCELLANEOUS	**6 990 644 158**		**6 990 644 158**	**6 409 904 203**	**INCOME**	**(17 775 038 009)**	**1 876 719 821**
TOTAL ASSETS	**674 493 739 838**	**129 160 051 735**	**545 333 688 103**	**530 110 146 526**	**TOTAL LIABILITIES**	**545 333 688 103**	**530 110 146 526**

	NETS AMOUNTS 12/31/2017	NETS AMOUNTS 12/31/2016
LIABILITIES GRANTED	**57 132 170 582**	**69 637 329 003**
SECURITY LIABILITIES	57 029 530 367	69 194 044 662
FUNDING LIABILITIES	102 640 216	443 284 340
LIABILITIES EARNED	**502 525 582 666**	**622 585 413 143**
FUNDING LIABILITIES	136 536 170	136 536 170
SECURITY LIABILITIES	502 389 046 496	622 448 876 973

INTERMEDIARY BALANCES OF MANAGEMENT ON 12 31 2017 (in FCFA)

HEADINGS	12/31/2017 A	12/31/2016 A	VARIATION A-B	VARIATION %
BANK OPERATING INCOMES	**40 041 087 417**	**34 174 874 473**	**5 866 212 944**	17%
INTERESTS/BANK ORDINARY ACCTS	47 312 161	48 661	47 263 500	0%
INTERESTS ON CUSTOMER RECEIVABLES	22 974 169 212	21 039 725 905	1 934 443 307	9%
COMMISSIONS EARNED	9 724 015 396	8 185 910 518	1 538 104 878	19%
INCOME/VARIOUS OPERATIONS	92 784 830	358 360 934	(265 576 104)	-74%
INCOME ON LONG TERM INVESTMENTS	6 170 203 081	3 507 394 116	2 662 808 965	76%
INCOME ON EXCHANGE/OPERATIONS	38 330 131	288 596 085	(250 265 954)	-87%
INCOME/UNRECORDED OPERATIONS	563 961 979	782 126 390	(218 164 411)	-28%
INCOME ON DELIVERY OF FINANCIAL SERVICES	423 728 809	12 711 864	411 016 945	3233%
BANK OPERATING INCOMES	6 581 818		6 581 818	
BANKING OPERATING COSTS	**8 644 607 131**	**9 302 085 670**	**(657 478 539)**	**-7%**
INTERESTS/OTHER LOANS	236 987 093	628 756 745	(391 769 652)	-62%
COMMISSIONS PAYABLE	259 267 340	247 330 136	11 937 204	5%
INTERESTS/ CUSTOMER TERM DEPOSITS	7 785 612 229	8 044 105 022	(258 492 793)	-3%
COSTS ON VARIOUS OPERATIONS	870 055	23 064 032	(22 193 977)	-96%
CHARGES ON MEANS OF PAYMENT	168 948 784	111 255 481	57 693 303	52%
OTHER BANK OPERATING COSTS	192 921 630	247 574 254	(54 652 624)	-22%
NET BANK INCOME	**31 396 480 286**	**24 872 788 803**	**6 523 691 483**	**26%**
OTHER GENERAL INCOME	2 499 530 158	1 274 392 139	1 225 138 019	96%
OVERHEADS	20 027 251 561	18 620 072 041	1 407 179 520	8%
CASH FLOW	**13 868 758 883**	**7 527 108 901**	**6 341 649 982**	**84%**
DEPRECIATIONS OF TANGIBLE FIXED ASSETS	4 027 997 815	3 038 879 501	989 118 314	33%
REPRISE DEPRECIATIONS OF TANGIBLE FIXED ASSETS	149 058 799		149 058 799	
ALLOCATIONS TO PROVISIONS	34 562 491 948	8 263 635 350	26 298 856 598	318%
LOSSES ON BAD DEBTS	514 308 942	4 976 637	509 332 305	10234%
PROVISIONS REVERSALS/BAD LOANS	7 547 695 027	4 706 708 225	2 840 986 802	60%
PROVISIONS REVERSALS/LOSSES AND COSTS	337 634 013	935 902 918	(598 268 905)	-64%
PROVISIONS REVERSALS ASSET DEPRECIATION	73 981 856	295 000 000	(221 018 144)	-75%
OPERATING GROSS INCOME	**(17 127 670 127)**	**2 157 228 556**	**(19 284 898 683)**	**-894%**
OTHER EXTRAORDINARY INCOME	469 763 706	702 759 857	(232 996 151)	-33%
OTHER EXTRAORDINARY COSTS	1 082 131 588	948 268 592	133 862 996	14%
INCOME BEFORE TAXES	**(17 740 038 009)**	**1 911 719 821**	**(19 651 757 830)**	-1028%
TAXES	35 000 000	35 000 000	0	
PROFIT	**(17 775 038 009)**	**1 876 719 821**	**(19 651 757 830)**	**-1047%**

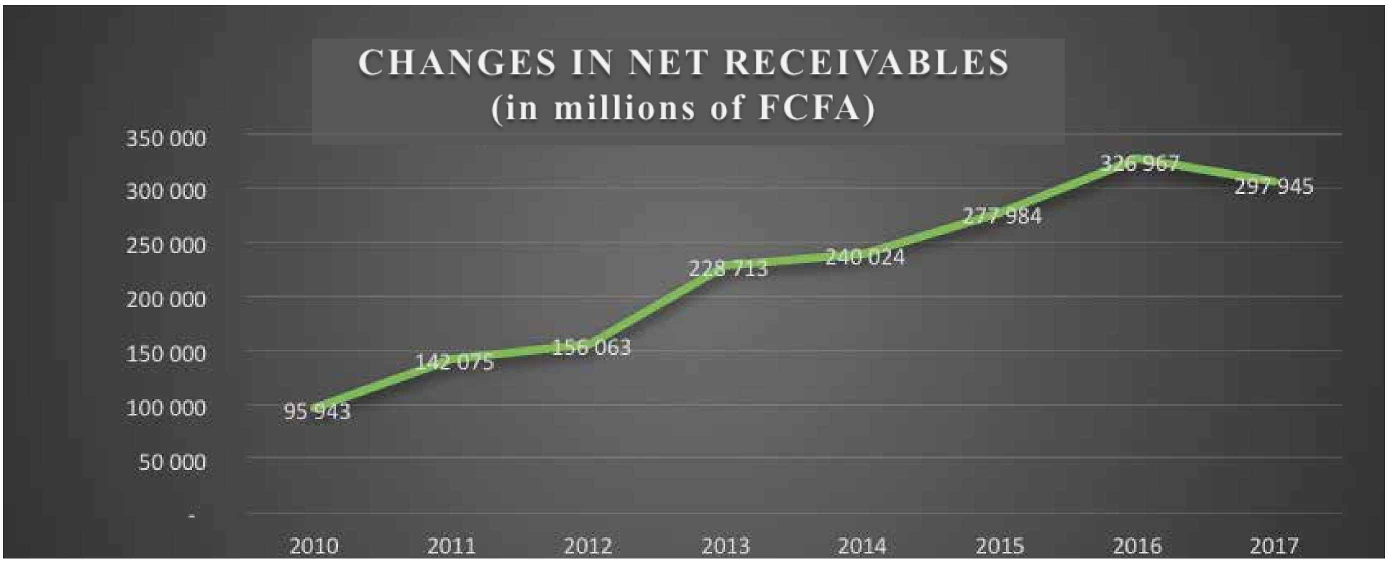
I. CHANGES IN FINANCIAL STRUCTURE

• Total balance sheet

Total balance sheet rose from 530,110 million FCFA at the end of 2016 to 545,333 million FCFA at the end of 2017, an increase of 15,223 million FCFA. This increase is mainly related to the growth of overnight deposits.

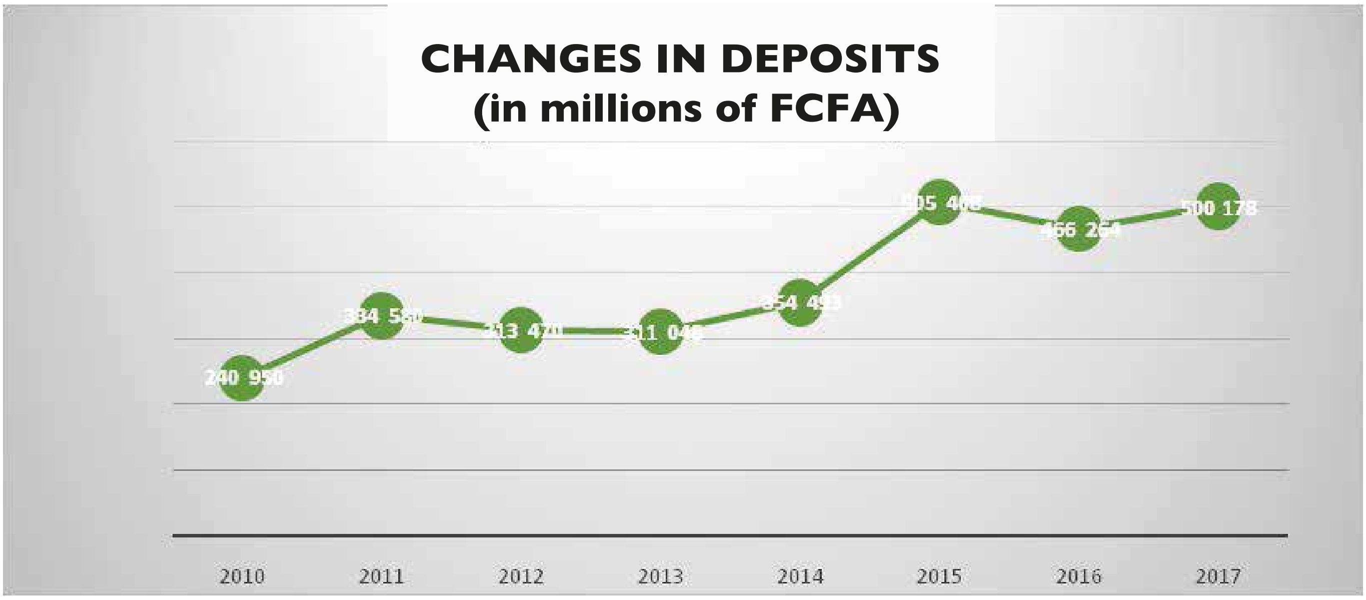
• Clients loans

On December 31, 2017, net receivables from provisions decreased to 297,945 million FCFA from 326,471 million FCFA at the end of 2016, a decrease of 28,526 million FCFA (-8%). Indeed, loans granted (cash advances, spot credits and other medium-term loans) to clients have decreased following the repayment of significant outstandings including the advance granted to PFO.



• Clients deposits

The balance of clients deposits between December 31, 2016 and December 31, 2017 increased by 33,914 million FCFA, from 466,264 million FCFA to 500,178 million FCFA, an increase of 7%.



• Fixed Assets

They rose in net value from 97,034 million FCFA in 2016 to 124,845 million FCFA in 2017, an increase of 27,811 million FCFA, representing 28%.

Fixed assets are composed of (in millions of FCFA):

	2016	2017
- Financial fixed assets	76 529	104 477
- Intangible assets	2 120	2 701
- Tangible assets	18 385	17 667
	97 034	124 845

The change in fixed assets is explained by the subscription in 2017 to two TPCI for a total amount of 30 billion.

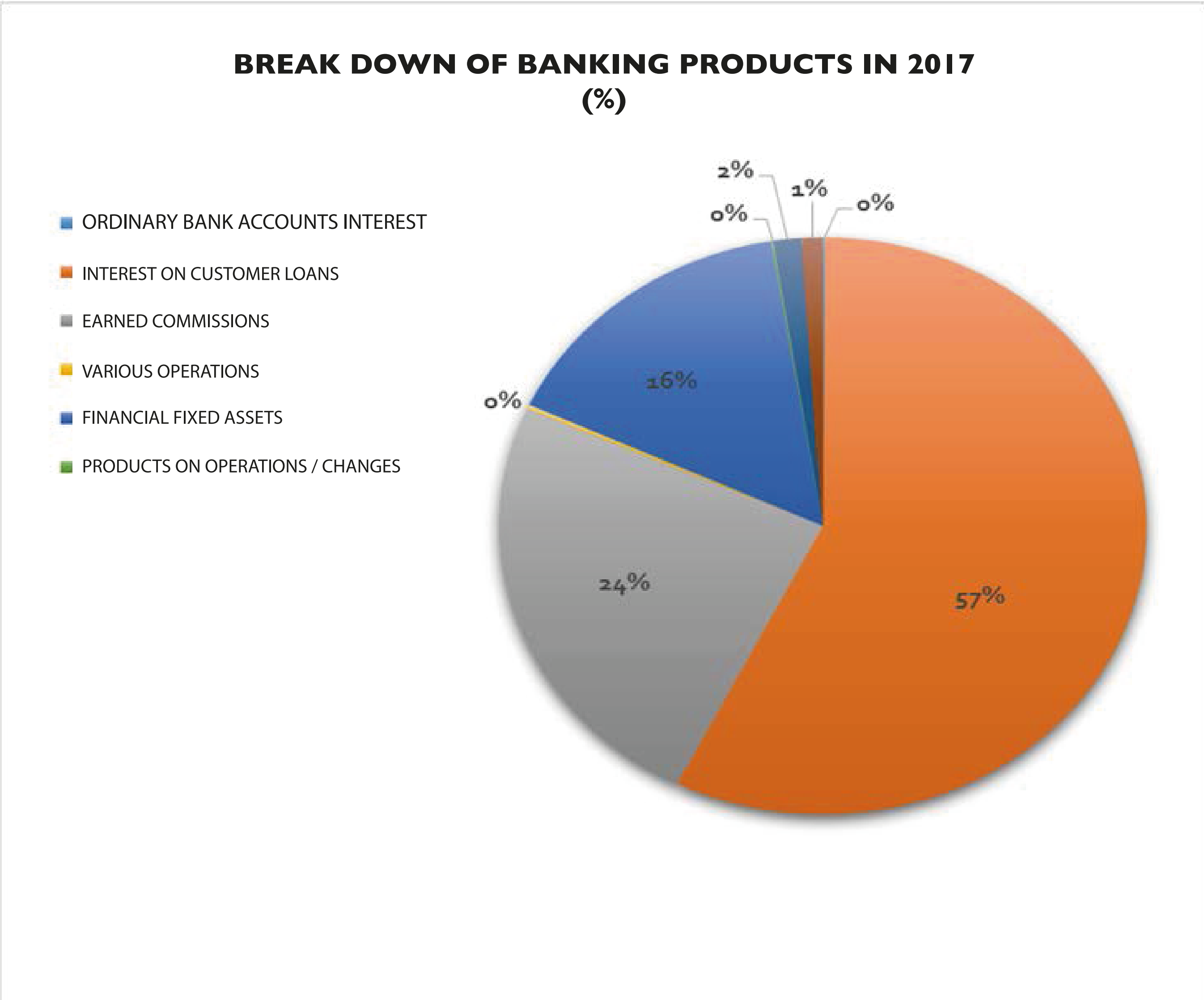
• Suspense accounts

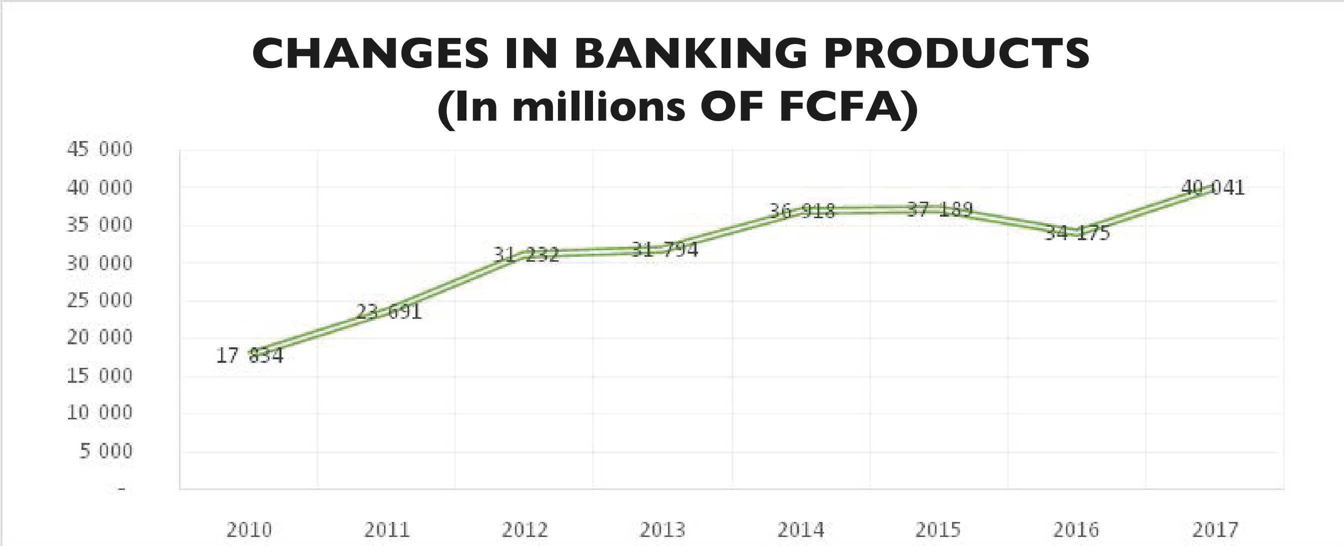
The balance increases from 6,409 million FCFA in 2016 to 6,992 million FCFA in 2017, an increase of 582 million FCFA (+ 9%).

II. CHANGES IN MANAGEMENT DATA

• Banking products

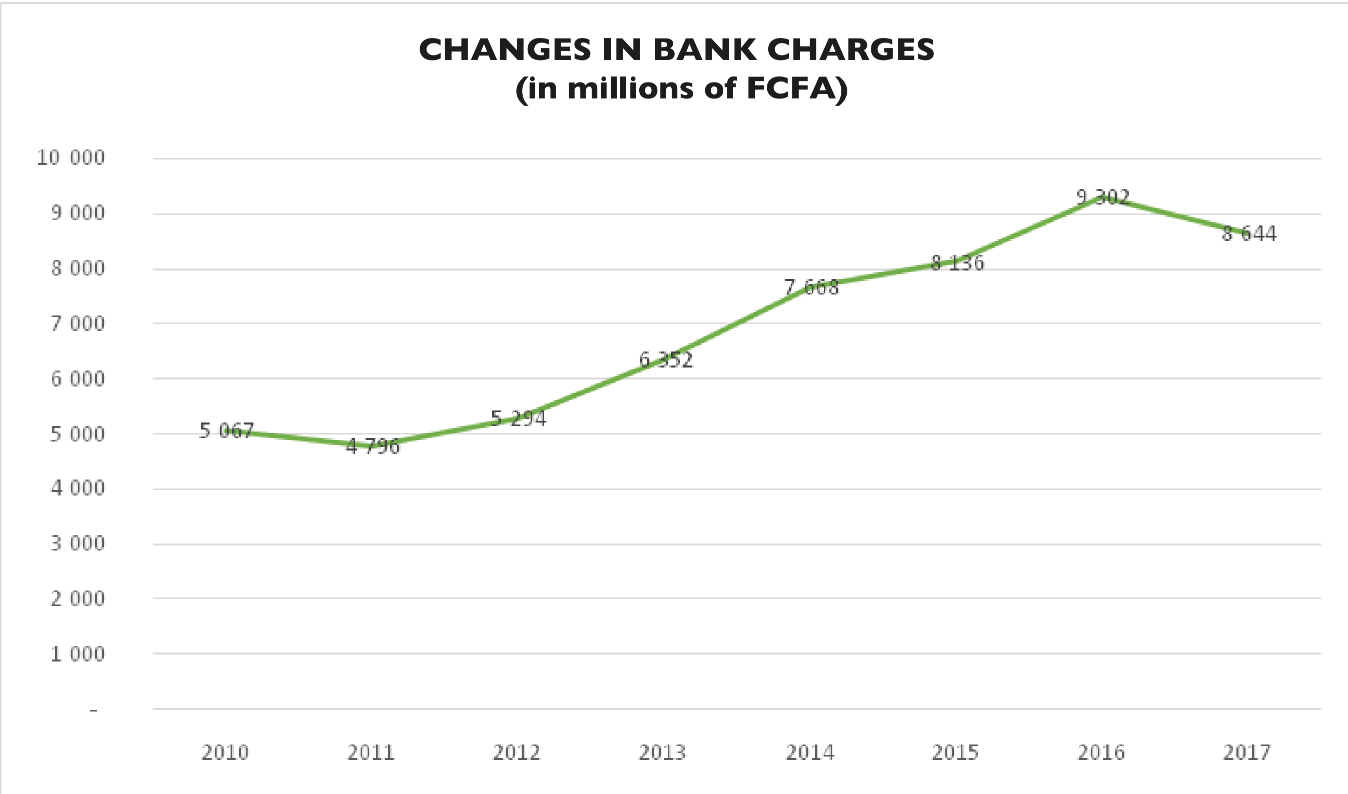
Between 2016 and 2017, banking products increased from 34,175 million FCFA to 40,041 million FCFA, an increase of 5,866 million FCFA (+ 17.16%). This growth is mainly due to the performance of the TPCIs.



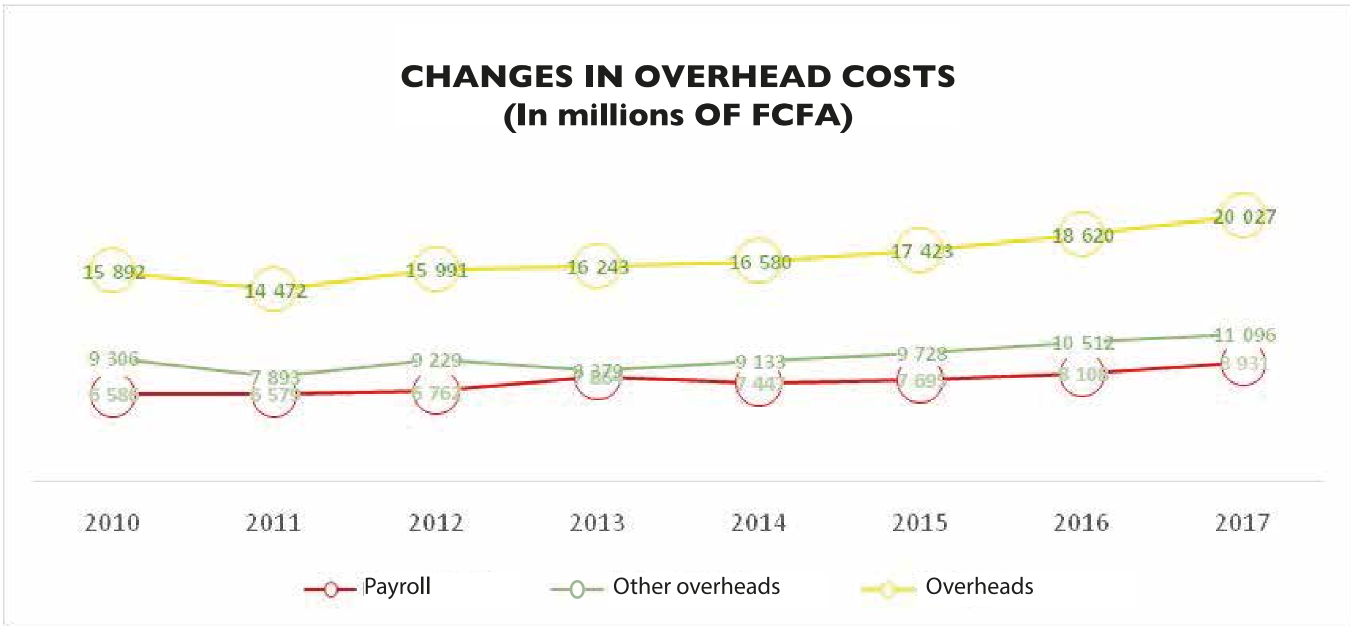


• Bank charges

They decreased from FCFA 9,302 million FCFA in 2016 to 8,644 million FCFA in 2017, a drop of 658 million FCFA (-7.07%).



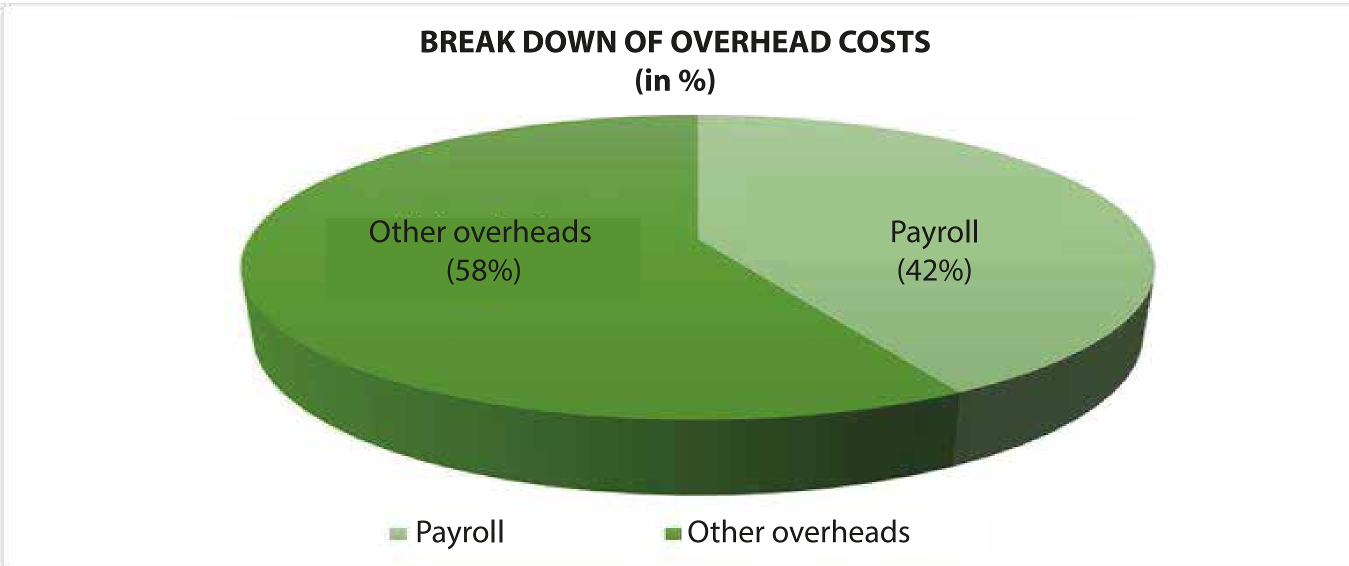
• **Overhead Costs**



Overhead costs increased by 1,407 million FCFA (+ 7.56%) between 2016 and 2017. They amount respectively to 18,620 million FCFA and 20,027 million FCFA. The overhead costs for 2017 are broken down as follows:

- **Wage bill:** **8,931 million FCFA compared to 8,108 million FCFA in 2016.**
- **Other overheads:** **11,096 million FCFA compared to 10,512 million FCFA in 2016.**

Increase was due to the hiring process for the 6 new branches. However, the operating ratio (operating expenses reported in the GNP) dropped significantly from 87.08% to 75.7%.

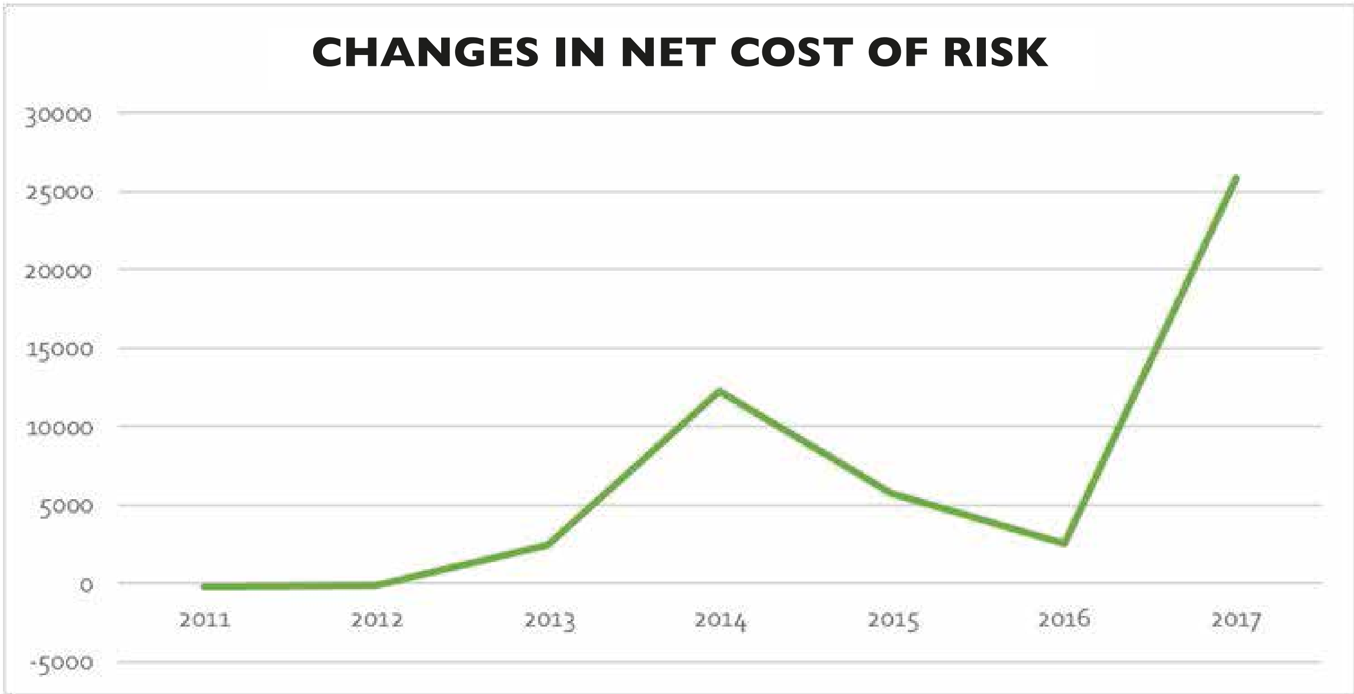


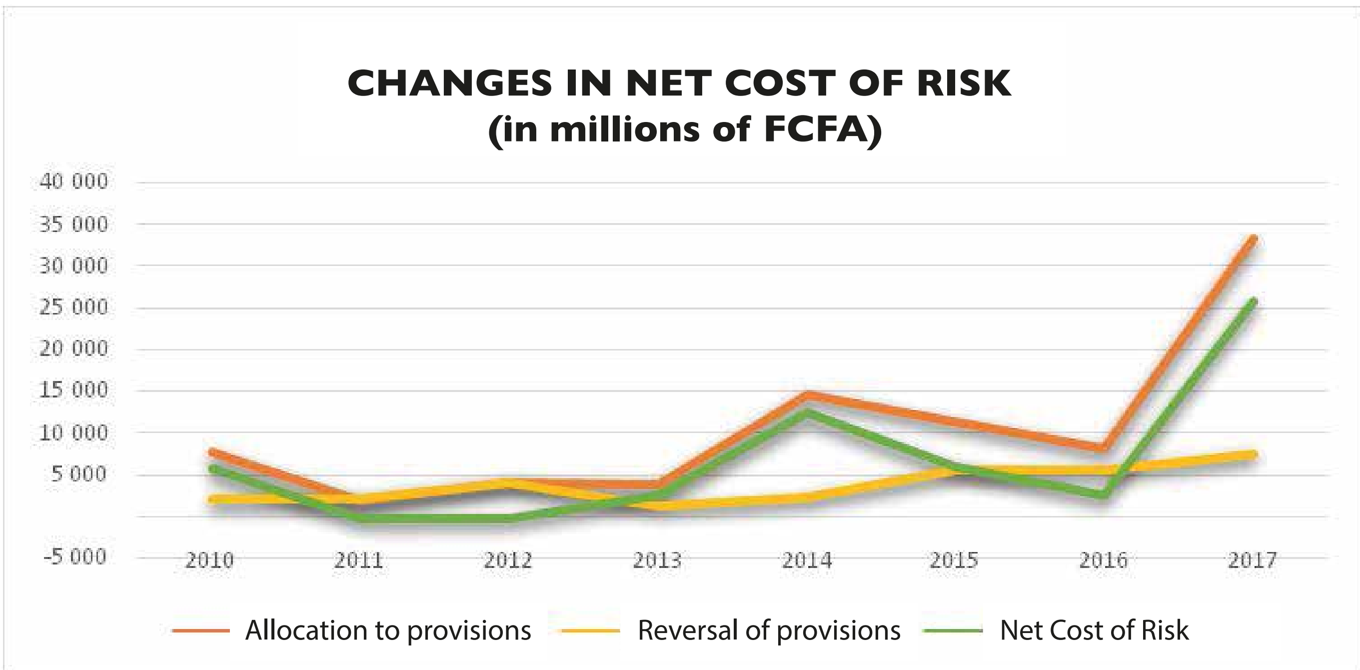
• **Net cost of risk**

We noted a significant increase in the net cost of risk from 2,522 million FCFA in 2016 to 26,583 million FCFA in 2017.

	2010	2011	2012	2013	2014	2015	2016	2017
Allocation of provision	7 639	1 881	3 995	3 799	14 648	11 367	8 165	34 185
Reversal of provisions	2 012	2 086	4 107	1 309	2 387	5 479	5 643	7 602
Net Cost of Risk	**5 627**	**-205**	**-112**	**2 490**	**12 261**	**5 888**	**2 522**	**26 583**

That increase in the net cost of risk was a consequence of bad debts level of provisioning.

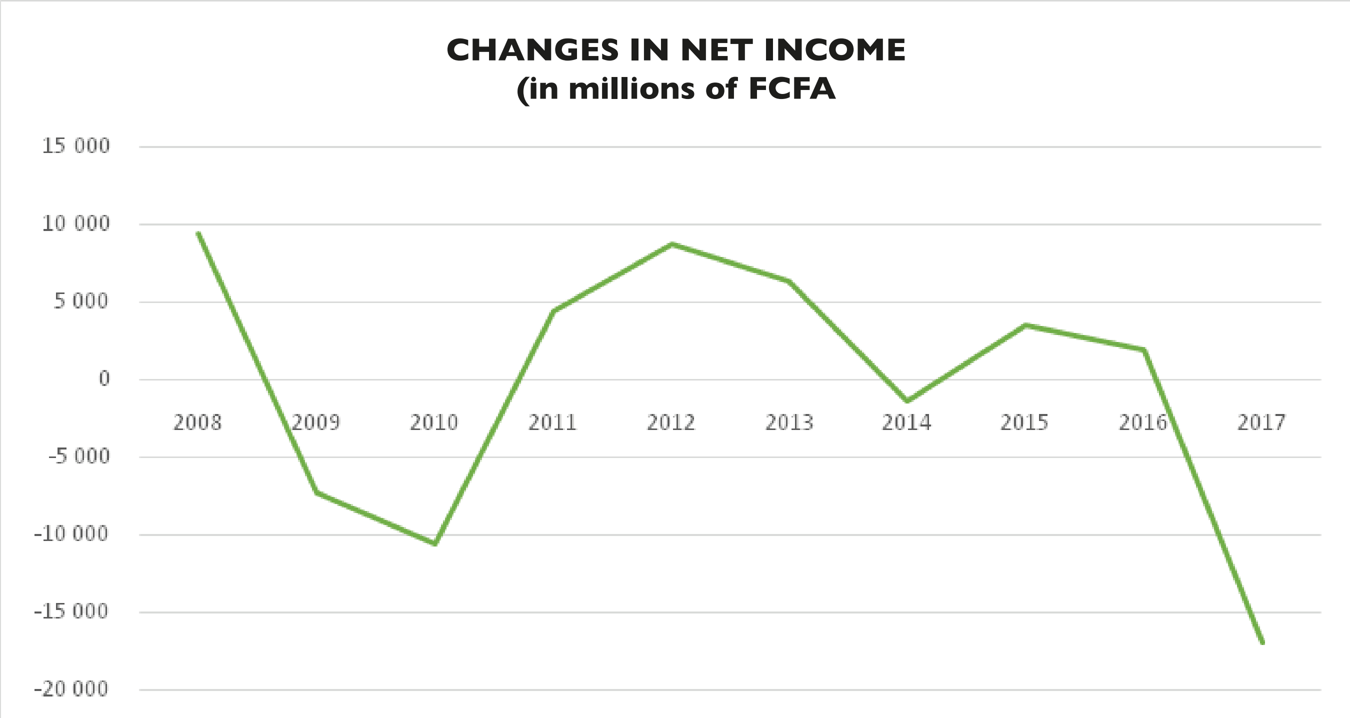




• Net Income

Net income for the year 2017 amounted to a loss of - 17,775 million FCFA compared to a profit of 1,877 million FCFA in 2016, a decrease of 19,651 million FCFA.

The fiscal year was strongly influenced by the weight of provisions on the portfolio.



• Changes in regulatory ratios

RATIOS	Standard	Dec.-12	Dec.-13	Dec.-14	Dec.-15	Dec.-16	Dec.-17
EPF	10000 MFCFA	10 469	20 437	24455	34 659	25 620	11 731
PF/Risks	> ou = 8%	5%	8%	11%	13%	9%	4%
Non operating & investment in real estate companies	> ou = 50%	11%	54%	58%	67%	89%	67%
Liquidity ratio	> ou = 75%	45%	84%	86%	110%	98%	103%
List of the Bank investments		5 242	5 355	5 396	5 381	5 242	5 372
Controls of investments in Co. other than banks & financial inst. & real estate Co	<15% FPB	22%	11%	9%	9%	9%	19%
Controls of fixed assets Non Operating & investments in real estate companies.	<15% FPB	22%	33%	25%	24%	22%	29%
Control of fixed assets and investments	max 100%FPB	274%	130%	101%	73%	91%	209%
Controls of loans to shareholders, managers and staff with the State	<20% FPE	51%	30%	26%	13%	24%	50%
Controls of loans to managers and staff	<20% FPE	281%	185%	258%	170%	222%	601%
Coefficient of risks division (major risk limitation)	max 8 x FPE	13	4	2	5	6	12
Coefficient of risks division (Individuals risks limitation)	max 75%						72
Declaration of the 50 largest commitments		172 272	218 732	218 936	225 293	265 230	199 034
Declaration of bad and doubtful debts		47 502	52 198	54 678	58 742	92 514	116 769
Follow-up of the additional provisions requested by the C.B		1 548	3	3	3	3	224

III. EXPECTATIONS

The Bank's activity should experience a significant increase through the implementation of Chantiers d'Excellence 2021, which essentially results in extension of the network, diversification of products to customers and improvement of the information system.

The strategic plan should also be followed by enhanced portfolio monitoring.

Bank's efforts to be made are supported by the State which purchased and securitized credit claims.

In regulatory matters, the Bank has taken all the necessary measures to comply with Basel 2 & 3 and the revised Banking Chart of Accounts.

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