# 2024

## INTEGRATED REPORT AND FINANCIAL STATEMENTS

EQUITY

# NAVIGATION

## Our core values

- P Professionalism
- I Integrity
- C Creativity and innovation
- T Teamwork
- U Unity of purpose
- R Respect and dignity for the customer
- E Effective corporate governance

## Navigating our report

- Online information
- Linked information
- Supplementary information

## Our Capitals

- HC Human capital
- SRC Social and relationship capital
- MC Manufactured capital
- FC Financial capital
- NC Natural capital
- IC Intellectual capital

## Our strategic focus areas

- FA1 Non-funded income growth
- FA2 Treasury efficiency
- FA3 Geographical expansion and business diversification
- FA4 Balance sheet efficiency, optimisation and agility
- FA5 Business transformation through innovation and digitisation
- FA6 Asset quality, distribution and risk mitigation
- FA7 Efficiency and cost optimisation
- FA8 Impact investment and social brand development

## Our stakeholder groups

- S01 Shareholders and investors
- S02 Our customers
- S03 Our employees
- S04 Society and communities
- S05 Regulators and policy-makers

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# ABOUT THIS REPORT

# ABOUT THIS REPORT

## OUR REPORTING SCOPE AND BOUNDARY

Our integrated report is the primary report to the stakeholders of Equity Bank Rwanda Plc, (the ''Bank'') a subsidiary of the Kenya-domiciled Equity Group Holdings Plc. It covers the financial year from 1 January 2024 to 31 December 2024. Our aim in this report is to inform our stakeholders of both our financial and non-financial activities and performance during the year. The report reflects our commitment to our shareholders, customers, employees, and communities, and it describes our strategy and the way we implement it in order to create value for all our stakeholders.

In presenting the integrated thinking that we apply to our business activities, the report also demonstrates our commitment to the principles of integrated reporting as they align with long-term value creation and the role we play as a financial services organisation in society, in striving to live our purpose of moving Rwanda forward, with adherence to internationally accepted banking standards.

This report therefore outlines matters relating to our operating context, strategy, business model, performance, governance, and the material risks that we have identified in line with our responsible and transparent approach to control, compliance and governance. As such, the report serves as an explanation of the ways in which we create and deliver value in the short-, medium- and long-term, which we define as one year, two years, and five years and beyond, respectively.

## KEY CONCEPTS

**DEFINING VALUE:** Value creation is the consequence of how we apply and leverage the capitals available to our business to deliver financial and non-financial performance (outputs) and value (outcomes and impacts) for stakeholders while making trade-offs. Our value creation process is embedded in our purpose and is described as part of our business model and integrated into the way we think, make and process decisions.

**MATERIALITY AND MATERIAL MATTERS:** We apply the principle of materiality in assessing which information is to be included in our Integrated Report. This report focuses particularly on those issues, opportunities and challenges that impact materially on the Broup and its ability to be a sustainable business that consistently delivers stakeholder value. Our material matters influence the Group's strategy and inform the content of this report.

**THE CAPITALS:** Our relevance as a Bank today and in the future, and our ability to create long-term value is interrelated and fundamentally dependent on the forms of capitals available to us (inputs), how we use these capitals (value-adding activities), our impact on them and the value we deliver (outputs and outcomes). We consider six essential capitals in line with the International Integrated Reporting Council's Framework, namely financial, manufactured, human, social, cultural and relationship, intellectual, and natural capital.

**BUSINESS MODEL:** Our business model is the system through which we transform inputs, through our business activities, into outputs and outcomes to fulfil the Bank's strategic intents and create value over the short, medium, and long term. In considering the business model, we also discuss our ability to adapt to changes in the availability, quality, and affordability of capitals, and how these changes may affect the Group's performance.

# ABOUT THIS REPORT

## MATERIALITY

We consider a material matter to be any issue that has the capacity to affect the Bank's ability to create value. Through both research and analysis, and our engagement with stakeholders, we strive to identify the environmental, social and governance (ESG) issues that present significant risks, and or provide opportunities, to our business, and our ability to create and deliver value for our stakeholders. Our process of determining the material matters that pertain to our activities is thus central in guiding our decision-making, as it provides the basis for a broader understanding of the risks and opportunities inherent in our business while underpinning our strategy.

## OUR APPROACH TO THE PREPARATION OF OUR INTEGRATED REPORT

The intent of our integrated report is to demonstrate to all those impacted by, or with an interest in, who we are and what we do, that we engage in integrated thinking in devising our strategy. We do this in order to enable the realisation of our purpose, inform the quality, relevance and appropriateness of our business decisions, and the creation and delivery of value to our stakeholders.

To this end, regular discussion and prescribed internal reporting among functions, and departments are taken into account, together with the requirements, oversight and approval of the Board. All responsible members of our management team frame and guide the process with drafts, concepts and structures that are systematically reviewed and supported by the ultimate assurance of independent assurance providers.

## OUR REPORTING FRAMEWORKS

Our integrated reporting is guided by the principles and requirements of the International Integrated Reporting Framework, International Financial Reporting Standards.

We are a licensee of the National Bank of Rwanda (BNR), and a subsidiary of a cross-listed Group (Equity Group Holdings Plc) on the Rwanda Stock Exchange (RSE). As such, in drawing up our integrated report, we are also guided by, and comply with Law No. 007/2021 of 05/02/2021 Governing Companies as amended by Law No. 019/2023 of 30 /03/2023 (the Act) governing companies, while non-financial information is presented in accordance with regulation No. 28/2019 of 09/09/2019 (the Regulation), relating to publication of financial statements and other disclosures by banks.

## FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements in respect of our strategy, performance, and operations and most particularly with regard to the challenges of geopolitical or macro-economic conditions and others. These forward-looking statements involve risk and uncertainty as they relate to future events and circumstances which are difficult to predict. They are thus by definition beyond the Bank's control, and could cause our actual results, performance, or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

## ASSURANCE

The Board ensures the integrity of the integrated report through our integrated reporting process, with various approvals and sign-offs by both the management team and the Board, with oversight by the audit committee. These assurances are provided by management and the Board through rigorous internal reporting governed by our enterprise risk management framework (ERMF) and internal audit, with our annual financial statements assured by our external auditors Ernst and Young Rwanda limited.

## DIRECTORS' STATEMENT OF RESPONSIBILITY

Our directors have a statutory duty to promote the success of the Bank for the benefit of its stakeholders. In promoting the success of the Bank, directors must have due regard for the long-term consequences of their decisions, the legitimate interests of employees, the need to foster effective business relationships with suppliers, customers and others, the impact of our operations on the community and the environment, and our desire to maintain our reputation for high standards of business conduct.

The Board is committed to ensuring that the Bank complies with all laws, regulations and standards applicable to it.

The Board ensures high standards and practices in corporate governance, and more specifically, that the principles, practices and recommendations set out under the Act and the Regulation, are adhered to.

The Board has overall responsibility for ensuring that its governance policies and mechanisms are appropriate to its structure, business and risks, and has established internal procedures and monitoring systems to promote compliance with applicable laws, regulations and standards. The Board is also supported by duly qualified legal and compliance professionals to guide and focus the Bank's compliance efforts.

The Board further believes that this report fairly represents the Bank's material matters and that it offers a balanced view of the Bank's strategy, business model and their implementation.

**Col. (Rtd) Eugene Haguma**
Chairman, Board of Directors
Equity Bank Rwanda Plc


*Equity Bank Rwanda management, staff, and customers pose for a group photo at the event to officially launch the revamped operations across the country, following the completion of a merger with Cogebanque Plc.*


WHO
WE
ARE

# THE 2ND STRONGEST BANK BRAND IN THE WORLD (2024)

Brand Finance®

## UNDERSTANDING OUR CONTEXT

### COMPETITION:

The Banking sector in the region is highly competitive including competition from both local and international banks, as well as non-traditional competitors, such as Fintechs, Techfins, mobile money lenders and Telecommunications companies.

### ECONOMIC CONDITIONS:

Economic stability and growth rates significantly influence the performance of the banking sector. Inflation, currency fluctuations, and GDP growth rates affect lending, borrowing, and overall financial health of banks as our performance is strongly linked to that of our customers.

### TECHNOLOGICAL ADVANCEMENTS:

The rise of fintech and digital banking solutions is transforming the banking landscape. Banks continue to invest in technology to remain competitive, which can be both a challenge and an opportunity.

### REGULATORY ENVIRONMENT:

The banking sector is subject to stringent regulatory requirements. These regulations can impact the cost of compliance and operational flexibility. The regulatory environment is highly dynamic evolving to respond to external changes and the need to ensure financial stability..

### POLITICAL STABILITY:

Political and social instability, when it occurs, leads to economic uncertainty, affecting investor confidence and the overall business environment. This impacts on the operations and performance of banks, constrains the performance of customers and results in investor.

### INFRASTRUCTURE:

The level of infrastructure development, including telecommunications and transportation, affects banking operations, especially in rural areas. Countries vary in this account but there is an overall need for improved infrastructure to enable accessibility.

## OVERVIEW OF EQUITY

Equity Bank Rwanda Plc began its operations in 2011 andis registered as a commercial bank by the National Bank of Rwanda. The Bank has its Head Office located in Kigali, with a foot-print of 34 branches and is supported by 4,967 agents, 2,367 POS merchants and a network of 55 ATMs serving a total of over 1.39 million customers.

Equity Bank Rwanda Plc is a subsidiary of Equity Group Holdings Plc, a financial services company listed at the Nairobi Securities Exchange, Uganda Securities Exchange, and Rwanda Stock Exchange. In addition to Equity Bank Rwanda Plc, the Group has banking subsidiaries in, Kenya, South Sudan, Uganda, Tanzania, DRC, and a Commercial Representative Office in Ethiopia; with additional non-banking subsidiaries engaged in the provision of investment banking, custodial, insurance agency, philanthropy, consulting, and infrastructure services.

## OUR PHILOSOPHIES

We exist to transform the lives and livelihoods of our people socially and economically by availing them modern, inclusive financial services that maximize their opportunities.

## SNAPSHOT OF OVERALL PERFORMANCE

| | | |
|---|---|---|
| Deposits (Rwf) | 991,741bn | 2023: 780,931bn |
| Loans (Rwf) | 556,589bn | 2023: 430,460bn |
| Total revenue (Rwf) | 150,573bn | 2023: 128,112bn |
| Profit Before Tax (Rwf) | 76,808bn | 2023: 52,010bn |
| Profit After Tax (Rwf) | 53,953bn | 2023: 36,406bn |
| EPS (Rwf) | 2.32 | 2023: 1.6 |
| Total Assets (Rwf) | 1,330bn | 2023: 1,028bn |
| Point of sale (POS) outlets (Rwf) | 2,367 | 2023: 1,663 |
| Number of employees | 939 | 2023: 855 |
| Number of ATMs/ Agents | 55/4,967 | 2023: 561 /4,062 |
| Branches | 34 | 2023: 46 |
| Number of customers | 1.395m | 2023: 1.348m |

## CORPORATE PHILOSOPHIES

**Purpose**
Transforming lives, giving dignity, and expanding opportunities for wealth creation

**Positioning**
We provide inclusive financial services that transform livelihoods, give dignity, and expand opportunities

**Vision**
To be the champion of the socio-economic prosperity of the people of Africa

**Tagline**
Your Listening, Caring Partner

**Mission**
We offer integrated financial services that socially and economically empower consumers, businesses, and communities

**Motto**
Growing Together in Trust

## OUR CORE VALUES

P I C T U R E

- P — PROFESSIONALISM
- I — INTEGRITY
- C — CREATIVITY AND INNOVATION
- T — TEAMWORK
- U — UNITY OF PURPOSE
- R — RESPECT AND DIGNITY FOR THE CUSTOMER
- E — EFFECTIVE CORPORATE GOVERNANCE

## OUR INSPIRATION

That when years turn our vision dim and grey, we shall still see beauty in the tired wrinkles of our faces and shall take comfort out of the fact and knowledge that when we were given the opportunity, we did all we could to empower our people to exploit opportunities and realise their full potential on the road to economic prosperity.

## EQUITY AT A GLANCE

As an integrated financial services Bank, we provide inclusive financial services that transform livelihoods, give dignity and expand opportunities, for consumers, businesses and communities.

**EQUITY**

**Equity Bank Rwanda Plc (EBR)**

We offer integrated financial services that socially and economically empower consumers, businesses, and communities

Equity Bank Rwanda Plc generated scalable and sustainable financial solutions to drive impact

**Equity Social Impact Investments**

We champion the transformation of lives and livelihoods through the design and implementation of innovative programs that leverage existing infrastructure and partnerships to create shared value for the people of Africa.

Equity Social Impact Investments leverages the Bank infrastructure and resourses for development and inplementation of innovative high impact social programs

**IMPACT**

## Equity Partners

Republic of Rwanda Ministry of Agriculture & Animal Resources

DEVELOPMENT BANK OF RWANDA BRD We empower you

HOSO

HFRO

FUCORIRWA
FEDERATION DES UNIONS DES COOPERATIVES DE RIZICOLES AU RWANDA
FEDERATION OF RICE GROWERS COOPERATIVES IN RWANDA
IMPUZAMAHURIRO Y'AMKOPERATIVE Y'ABAHINZI B'UMUCERI MU RWANDA

Enviroserve Rwanda Green Park
Rwanda E-waste recycling facility

spark

acre AFRICA

D&S DAVIS & SHIRTLIFF know HOw through experience

CERTA FOUNDATION

IFC

money phone

ACELI AFRICA

LAND O'LAKES VENTURE37

WFP World Food Programme

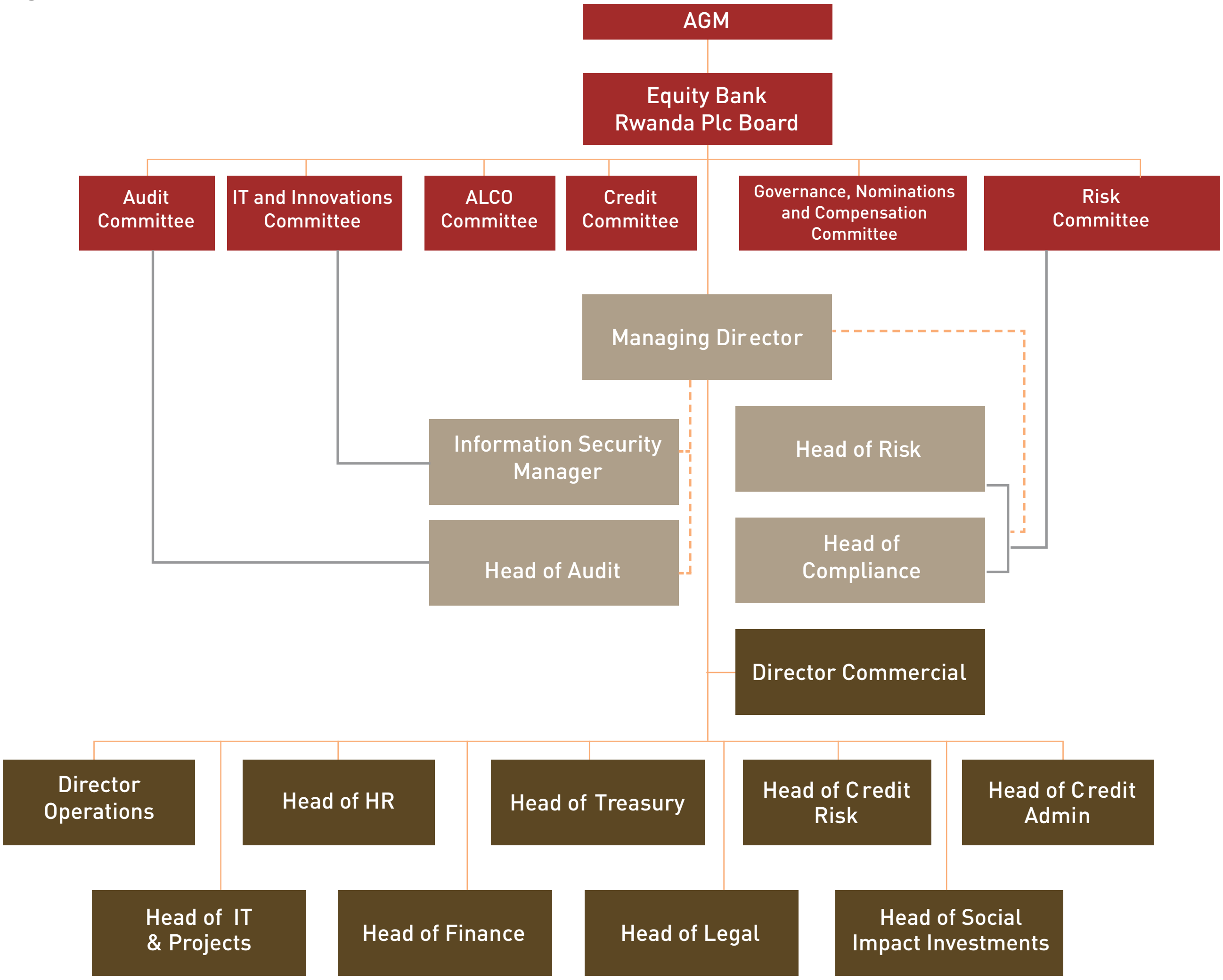
UNCDF Unlocking Public and Private Finance for the Poor

RTI INTERNATIONAL

CGIAR

unicef

## Organization structure





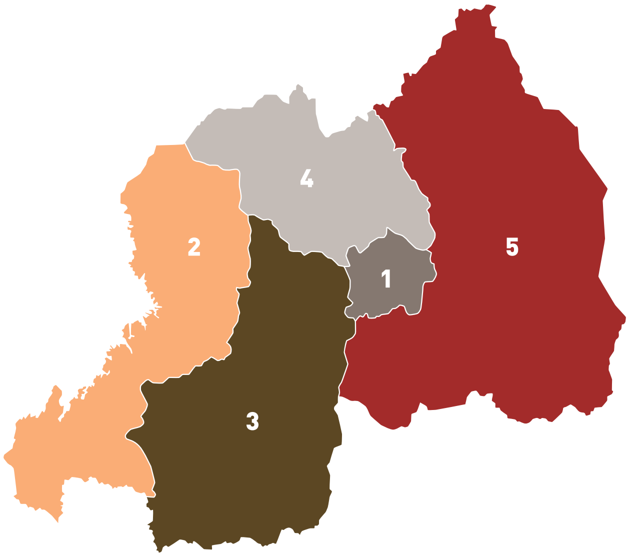
*Equity Bank Rwanda Managing Director Hannington Namara and the Minister of State for the Environment unveiled the Equi-Green Loan product for green financing during the event.*

## Our footprint

| Agents Outlets | Point of Sale terminals (POS | No.of ATMs |
|---|---|---|
| **4,967** | **2,367** | **55** |
| 2023:4,062 | 2023:1,663 | 2023:61 |

| Products & Services |
|---|
| **23** |
| 2023:23 |

| Rwanda Provinces | Agents Distribution | Distribution of Branches |
|---|---:|---:|
| **1. Kigali** | 2,571 | 17 |
| **2. Western** | 695 | 5 |
| **3. Southern** | 589 | 4 |
| **4. Northern** | 552 | 2 |
| **5. Eastern** | 560 | 6 |

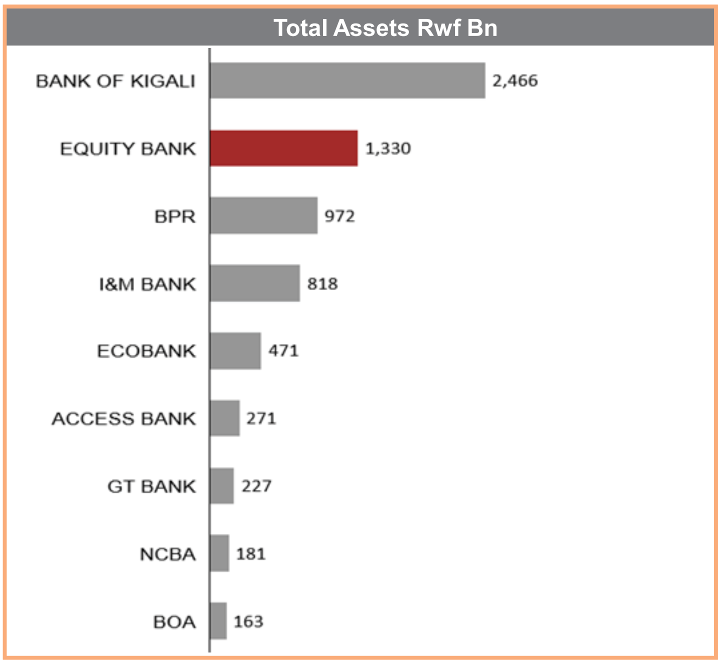


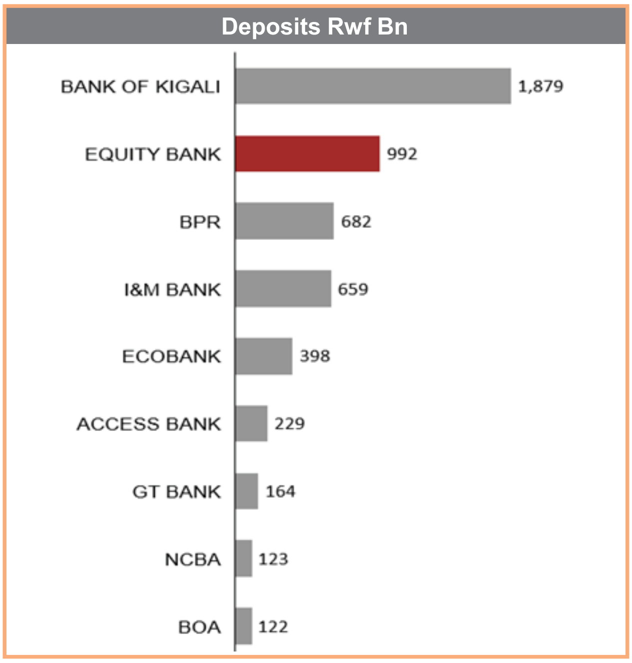

| Digital Channels | | | |
|---|---|---|---|
| | Equity Mobile App | Pay With Equity | *555# EQUITY USSD |
| | EazzyBiz (Business online) | Acquiring (PoS) | Equity Online (Consumer Online) |

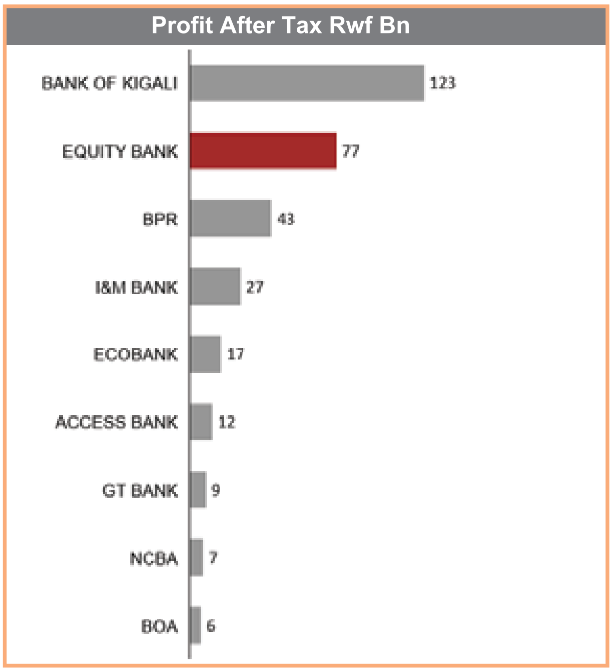
| Digital Products | | | | | |
|---|---|---|---|---|---|
| | EazzyLoan | eCommerce EazzyAPI | EazzyFX | EazzyChama | SchoolGEAR |

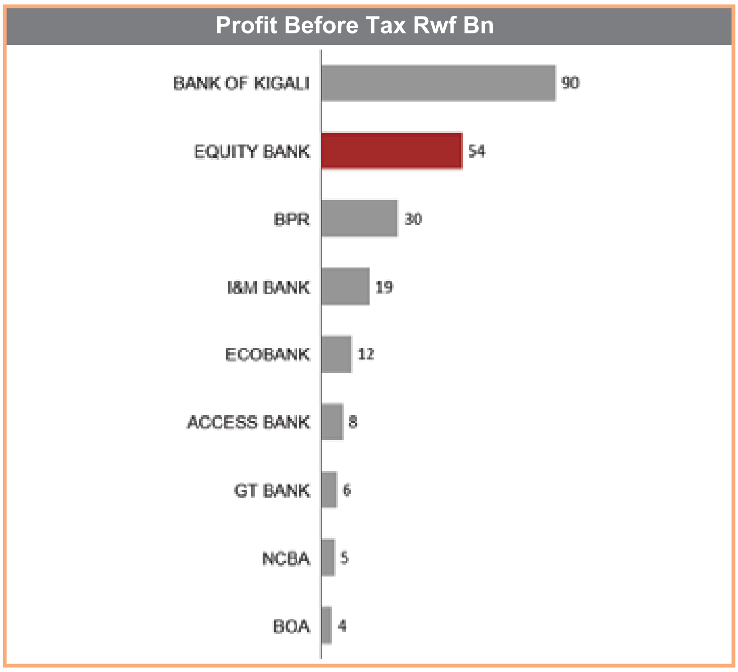
## Benchmarking against peers

We are a systemic bank in the Rwanda market in which we operate. We are the second leading Bank in-terms of total Assets and Profitability.



## Global ratings and accolades

In 2024, Equity Brand received recognition validating our strategy,business model and impact as well as leadership competencies.

### Equity Ranked the 2nd Strongest Banking Brand in the World 2024


World's strongest banking brands 2024

- Position 2 - in the world
- Position 1 - in Africa
- Brand Strength Index (BSI) score of 92.5 out of 100
- Brand Strength Rating (BSR) of AAA+
- 10th most valuable banking brand in Africa
- Brand value rose by USD 22 million from the last year's brand value of USD 428 million to USD 450 million (Shs. 64 billion)

### BRAND AFRICA
### Top 10 Most Admired Brands Financial Services

COL. (RTD). EUGENE HAGUMA,
CHAIRMAN
EQUITY BANK RWANDA PLC

# CHAIRMAN'S REPORT

# LEADERSHIP PERSPECTIVE

## EQUITY BANK RWANDA 2024 PERFORMANCE OVERVIEW AND KEY GROWTH DRIVERS

In 2024, EBR achieved significant financial milestones. Our balance sheet experienced robust growth, with a 28% increase in loans and advances and a 27% rise in customer deposits, resulting in a 28% growth in total assets, surpassing the industry average of 19%. On the income statement, we witnessed a substantial 48% growth in non-interest income, coupled with an 11% reduction in operating costs, culminating in a nearly 50% increase in profit after tax (PAT) compared to the previous year.

In our role as a social transformation enabler, we supported 16,000 farmers with critical training in financial literacy and entrepreneurship, and extended financing to nearly 4,000. We also trained 1,000 micro and small enterprises (MSMEs), facilitated cash transfers to 37,000 individuals under our social protection programs, and planted 8,500 trees.

We owe this stellar performance and impact to four critical factors:

1. Equity Bank Rwanda operates in a strong and resilient environment. Rwanda's economy grew by 8.9% in 2024, and the fundamentals remain strong and on a positive trajectory.
2. The synergies that motivated our acquisition of COGEBANQUE were fully realized in 2024, leading to an expanded footprint, enhanced customer value propositions, stronger market positioning, and a unified, empowered team.
3. Our strong performance was also driven by the deliberate and focused execution of our Africa Recovery and Resilience Strategy (ARRP), which provided clear direction, operational discipline, and alignment across the organization.
4. Our success is deeply rooted in our unwavering commitment to our customers. We prioritize their needs in every decision, solution, and interaction, fostering a culture of customer obsession that sets us apart.

## BOARD'S PERSPECTIVE ON THE BANK'S INFRASTRUCTURE

The Board is encouraged by the current state of both the Bank's infrastructures. On complex infrastructure, the Bank plans to invest approximately Rwf10 billion in 2025 to host its data center within Rwanda, a project expected to be completed by the end of Q4. We are also expanding our footprint through new branches and service centers, while strengthening digital capabilities by integrating AI-driven solutions.

The Bank's soft infrastructure is also showing positive trends. We remain deeply committed to a strong governance culture, with the Board providing strategic oversight, ensuring accountability, and reinforcing ethical leadership. In 2024, we prioritized sustainability, with clear initiatives being developed to ensure the Bank remains a leader in sustainable finance in Rwanda.

Our unwavering commitment to staff is reflected in our workforce growth to nearly 1,000 employees, underscoring our dedication to talent development and inclusive growth. This commitment positions the Bank to confidently face future challenges and sustain its upward momentum.

## TRANSITIONING FROM TWIN ENGINE TO TRI-ENGINE STRATEGY

The 'Twin-engine' operating model has evolved to 'Tri-engine' model to include sustainability, environmental, social and governance arms of business.

No organisation the size of Equity Bank Rwanda Plc would ignore issues of sustainability because they are directly impacting lives and general welfare of the population it serves and the environment where it operates. We are seeing floods, droughts, and all these issues that are affecting the people we serve.

The sustainability arm is key, and it's going to continue being one of the major priorities for many years to come.

## BRANCH RATIONALIZATION, DIGITAL BANKING, AND STRATEGIC RELEVANCE

Post-merger, the decision to rationalize branches followed a strategic review to eliminate duplication, optimize resource allocation, and align our physical presence with evolving customer behavior. This rationalization is expected to cut costs tied to overlapping locations and redeploy resources more strategically in line with opportunity size.

EBR recognizes the rapid shift in customer behavior, driven by mobile wallets, fintech platforms, and other digital solutions. We have taken a proactive approach to remain competitive in this landscape. This builds confidence in our capacity to adapt and continue meeting customer needs.

1. Working with the Group, we expect to launch our own wallet to facilitate client transactions while enabling deeper analytics, ecosystem banking, strategic partnerships, financial inclusion, and growth in non-interest income.
2. The in-country data center will significantly improve uptime for digital platforms, boosting customer trust and enhancing revenue stability and operational efficiency.
3. Finally, strategic partnerships are accelerating innovation, expanding reach, and increasing efficiency. These collaborations are central to our growth strategy, and we are optimistic about the opportunities they bring.

## ADVANCEMENTS IN IT SYSTEMS AND FUTURE OUTLOOK

Hosting our data center locally will create a stable foundation for IT engineering and innovation. The Bank remains committed to delivering a robust core banking environment that supports further innovation and seamless integration.

Looking ahead, we anticipate growth in data analytics, with several performance dashboards going live in H1 2025. We are integrating AI into various operations and strategically migrating parts of our infrastructure to the cloud to reduce costs, improve scalability, and speed up deployment of new digital solutions.

### BALANCING LENDING AND PRICING AMID MARKET SHIFTS

EBR is positioning itself for sustainable growth by focusing on the MSME and retail segments, the backbone of Rwanda's economy, which benefit from relatively stable lending conditions. At the same time, the Bank has initiated strategic repricing of deposits to optimize our cost of funds while continuing to attract and retain quality CASA savings.

### BOARD'S ROLE IN ADVANCING ESG AND CLIMATE ACTION

The Board recognizes the importance of embedding Environmental, Social, and Governance (ESG) principles into the Bank's long-term strategy, especially given the rising impact of climate change. ESG is not a peripheral concern, it is a core driver of resilience, risk management, and sustainable growth.

In alignment with this vision, management will present the Bank's inaugural sustainability strategy later this year, detailing how ESG will be integrated into operations, lending, and performance monitoring.

### OPERATIONAL READINESS AMID GEOPOLITICAL CHALLENGES AND FUNDING CUTS

The Board guides management in responding to emerging challenges with agility and foresight. While we do not control geopolitical events, the Bank actively responds by assessing risks and adapting operations. As these dynamics affect both clients and the Bank, we are focusing on operational efficiencies and repositioning.

EBR remains vigilant to the impact of global funding shifts, particularly in the context of the East DRC crisis. Our response includes deepening focus on resilient sectors such as SMEs, agriculture, and retail trade; strengthening risk management in directly affected regions; and optimizing cost structures to preserve margins amid external shocks.

### STRENGTHENING PEOPLE, SYSTEMS, AND CULTURE

Leadership is investing in staff development, mobility, and wellbeing to build adaptive, skilled teams. At the systems level, we continue to enhance digital infrastructure, cybersecurity, and business continuity to ensure reliability.

Culturally, the Board has directed management to implement annual "culture refresh" programs to foster collaboration, innovation, and accountability throughout the organization.

### FIVE-YEAR VISION FOR GROWTH AND PERFORMANCE

Our growth trajectory remains anchored in the ARRP strategy. We project that 65% of our loan book will target the MSME sector, with 30% of that directed toward agriculture. This focus is expected to enhance net interest margins and ensure long-term profitability.

We also aim to expand our customer base to 5.3 million Rwandans, further solidifying our market leadership. Additionally, we are positioning ourselves to become Rwanda's leading trade finance bank, leveraging our Group's footprint and strategic capabilities.

### WORD OF ACKNOWLEDGEMENT

I cannot conclude without expressing my appreciation to the team—both our local staff and the wider Group. The Group's support has been invaluable to Equity Bank Rwanda.

Management has performed exceptionally well, particularly in navigating the merger process in under a year, something rare in our industry. Typically, such integrations take years to stabilize systems and harmonize cultures, especially when dealing with a bank the size of Cogebanque.

Their achievement deserves recognition. The Board has also played a key role, bringing dedication, knowledge, and critical oversight that has helped shape a strong institution. We deeply value the trust and confidence our customers place in us, it is never taken for granted.

The fact that customers come to us and feel empowered to raise concerns means everything. Without them, we wouldn't exist. Finally, we thank our staff, the Board, the Group, and our partners, government, regulators, and others. This ecosystem is what makes our success possible.

Thank you.

**Col. (Rtd) Eugene Haguma**
Chairman, Board of Directors
Equity Bank Rwanda Plc

**HANNINGTON NAMARA**
**MANAGING DIRECTOR**
**EQUITY BANK RWANDA PLC**

# MANAGING DIRECTOR'S REPORT

IN 2024, RWANDA ECONOMIES REGISTERED POSITIVE GDP GROWTH OF 8.9% IN 2024 FROM 8.25 IN 2023, RWANDA FACE MODERATE RISK.

**EQUITY BANK RWANDA 2024 IN A NUTSHELL**

2024 was a defining year for Equity Bank Rwanda. Following the legal merger of Equity Bank and Cogebanque on December 31st, 2023, we entered the new year with a single objective: to implement the integration plan we had carefully prepared. But as we got into execution, there were quiet some unearthing challenges, we quickly realized that we needed to stabilize the ship. The work of combining cultures, systems, and business models came with its own realities, and we had to respond fast and firmly.

The first half of the year was therefore deeply focused on actual integration. We put significant effort into aligning people, processes, and platforms. That meant getting the right people into the right positions, embedding the Equity culture in former Cogebanque branches, and running intensive training and coaching programs. It also meant adjusting to challenges—especially around cultural adaptation—and making tough decisions when necessary. Throughout, our teams worked hardly to tighten bolts and nuts in ensuring the new institution was structurally sound and operationally ready.

In the second half of the year, the results of that hard work began to show. We shifted into a phase of consolidating synergies, rolling out innovations, and consolidating gains. We onboarded former Cogebanque customers onto our digital platforms, introduced them to self-service banking through One Equity, and extended digital loan products to previously underserved segments.

Our expanded branch network—growing from 18 to 46 branches (and later optimized to 36)—became a powerful tool for reaching new markets and deepening our social impact work, particularly in financial literacy, entrepreneurship training, and inclusion of micro and small enterprises.

This strategic integration and transformation translated into strong performance. By the end of 2024, Equity Bank Rwanda had become:

* 1st in customer base, with over 1.3 million customers,

* 2nd in balance sheet size,

* 2nd in profitability, and

* 3rd in branch network size.

We also realigned our strategy to the Africa Recovery and Resilience Plan (ARRP), strengthening our role in driving inclusive growth and supporting Rwanda's socio-economic transformation. Our ecosystem banking model began to take root capturing value chains across farmers, SMEs, corporates and positioning us to deliver meaningful impact at scale.

In summary, 2024 unfolded in two parts: the first half was about stabilizing the ship and completing the integration, and the second half was about unlocking synergies, driving innovation, and consolidating the gains of the merger. We closed the year with confidence, having completed the integration work, having completed all residual issues, having done all the systems, aligned the processes in renewed purpose to transform lives and livelihoods across Rwanda.

**GLOBAL ECONOMY GROWTH OUTLOOK**

In response to global economic shifts, the bank closely monitored major trends impacting financial markets and adjusted accordingly.

Last year began with changes triggered by the US President Donald Trump's rise and market excitement in the Western world, but the main struggle was inflation mostly imported and driven by rising commodity prices. The U.S. Federal Reserve raised interest rates, pushing up the cost of money. LIBOR began to weaken mid-year and was replaced by SOFR, as it was no longer reliable for determining base rates. Dollar interest rates soared to 12%, even for DFIs—something not seen in years—leading to weakened currencies, including the Rwanda franc, as dollars flowed back to the U.S.

This affected investments like Rwanda's Eurobond, where yields rose and created mark-to-market losses for holders of the papers. So while the global economy was shaping Rwanda's, there were still positives. China's export base costs remained stable. Food supply chains faced pressure from agricultural issues, especially around rice, wheat, and metals. Yet Rwanda had a good agricultural harvest, which kept food inflation in check. Foreign direct investment remained optimistic, with the Qatar investment Bugesera new Airport and real estate projects like the Financial Center Building that Equity is investing in In short, while global movements in exchange and interest rates had an effect, Rwanda had buffers.

**EAC REGIONAL ECONOMY**

Rwanda is connected to the region, particularly for trade flows. Most regional currencies are paid to the dollar, so movements—up, down, or above—are largely caused by changes in the dollar rate. But for cross-border trade, there's been significant activity. When you look at trade between Kenya and Rwanda, Tanzania and Rwanda, Rwanda and DRC, Rwanda and Uganda, there's been a strong pick-up in what the countries trade with each other. For Rwanda, that's a significant market. The region also plays a big role in making sure RwandAir continues to be a good investment.

Consumer goods from regional industries are a big number. Companies that operate across these markets are big drivers of those flows. Rwanda has a big share in the region's economic growth. If you look at foreign direct investment into Rwanda, the majority comes from the region—Equity, KCB, Serena, and others. Without the region, it would be difficult for Rwanda to keep registering the GDP growth we see.

## PERFORMANCE AND DELIVERIES

### Profitability and liquidity

Our income sits in two buckets. One is funded income, that's mainly interest from loans. And that continued to grow, because loans grew. Across all sectors SMEs, individuals because life had to go on, despite the challenges. The second is non-funded income. That's fees and commissions. From currency trade, transaction income, charges here and there. Plus, income from assets we sold— some we had acquired from Cogebanque and sold during the year.

So, when you bring all that together, that's what gave us the performance. Mainly driven by the number of customers. The more customers you have, the more you lend, the more you make something on every transaction. And this was heavily supported by the acquisition of Cogebanque towards the end of 2023. That gave us more customers, more loan book, and allowed us to scale.

We moved from 18 to 46, 48 branches. That scale helped grow revenue in line with the balance sheet. Interest income contributed around 65%, and non-funded income about 35% in the year.

Thus, is in terms of realizing our targets— in a year that was difficult with those macroeconomic challenges and internal weaknesses arising out of the merger— we were almost 100 percent, we only fell off the targets by 2 percent.

Going forward, as a bank I don't see anything that would stop us from sustaining that growth, even in the face of the headwinds we see, geopolitics problems, the trade wars between China and the U.S and other Global economic shocks.

### Countering currency depreciation

The Rwanda franc, like most currencies in the region, is based on the dollar. So whenever there's movement on the dollar side, it reflects quickly in the value of the franc. This is mainly because Rwanda is a net importing country— we export less and import more. And all imports are done using foreign currency, mainly the dollar. That puts pressure on the reserves. During the year, availability of the dollar was a challenge. And even when it was available, the question was—at what cost? Especially since many imports, like petrol, oil, foodstuffs, and capital goods, cannot be postponed.

As a result, the Rwanda franc depreciated up to 13 percent. We had to deal with both depreciation and dollar availability. As a bank, we had to look across our network to source dollars. Remittances were reducing, but we prioritized imports—especially critical ones. Others, we served slowly by slowly.

Our treasury team had to become very agile. We used forward contracts where possible, and for regional imports, we started using regional currencies instead of settling in dollars. It was a difficult time, and it's still not easy. But we are navigating based on criticality. Items like medicine and fuel had to be prioritized.

### Non-Performing Loans and risk management strategy

The Non-Performing Loan (NPL) ratio remained below the industry average at 4.1%, significantly lower than the regulatory limit of 5%. NPL coverage stood at 107%, indicating the Bank's strong asset quality, while loan loss provisions amounted to Frw 22.3 billion by end of 2024.

The bank broadly manages five types of risk: reputational, credit, market, operational, and enterprise risk. Among these, the most elevated is credit risk—because you're giving away money in the hope it will come back, and it's not your money. It's depositors' money. Regulation requires that it must return with cover—in form of interest—which protects depositors' funds from impairment, especially due to inflation.

Because we understand how risky that is, and how managing it well contributes to revenue, we apply the most rigorous framework to credit risk. It starts with how we assess a loan before disbursing—what structures we propose, how we monitor, how we work with the customer to avoid non-lucrative ventures, and how we cushion the bank from shocks. We've gone further to secure risk mitigation, including risk guarantees. We pay for guarantee funds to cover specific segments.

Our credit risk management framework is robust, with tools and capabilities to assess and monitor, ensuring we onboard good risk and avoid bad loans. Poor credit risk management can also lead to reputational risk—when you start selling customer properties, it becomes a perception issue. So, before we onboard, we must be sure the loan is good—at least for the foreseeable future.

### ARRPs 5.3 million customers is an achievable target

The Africa Recovery and Resilience Plan (ARRP) is a strategic intent, a bird's eye view scan. At Equity Bank we brought it down into an operational plan looking at what should guide our annual action plans, our budgets, our Key Performance Indicators (KPIs), and what each staff member, from the strategy team to the cashier, must do incrementally, every day.

Our intent is clear: to economically empower 5.3 million Rwandans by 2030. That's 5.3 million individuals or businesses gaining access to financial services, stepping onto a platform that enables them to create wealth for themselves, their families, and future generations. And we believe that's an achievable target, even before 2030.

What we've done is to look at where the opportunity is, who are the actors, what type of business, what value proposition? We've structured the ARRP into sectors and identified where we intervene directly. At least 65% of our loan book should be SMEs and 30% must be in agriculture. We've defined all of that and designed the 2025 plans accordingly.

You'll see us leading trade missions, taking investors across markets—Europe to Rwanda, Kenya to DRC—creating the rails into tangible investment, jobs, and value creation.

**Products innovation and distribution**

On products and services, I would say it's about evolving expectations. Customers' needs keep shifting, so our research and development team must stay ahead—studying what's changing in their lives, what they're adjusting to. What we've seen is that technology is the fastest-moving piece. The bank has become something people want to do, not a place to go. So our investments are around digitizing all products and services to match that. For instance, all our small and micro loans are digitized—you don't need to go to the branch. You use your phone to transact, borrow, pay for goods and services.

And now we're entering the era of AI which we hope will help us understand the habits, lifestyle, spending of our customers, which in turn will lead us to better serve, advise and empower our customers.

### LEVERAGING ARTIFICIAL INTELLIGENCE

Artificial Intelligence is a journey. But I can say, as a bank, we are not waiting. We are a running organization. We started preparing early—making sure our current systems and applications are AI-ready. And now that AI is here, we're already using it in several areas. In customer insights, our call center, our digital touchpoints, even on social media—we can now learn and respond better using AI. We've done projects on fraud detection using AI. We're now using it to help with credit judgment. Because now, AI can pull from many data sources. It can tell us something about Rodrigo today and even predict who Rodrigo might be in five years. That's the power.

But as I said, it's a journey. Because systems are one part. The bigger part is the people. We must retool and reskill our teams. AI used wrongly can lead you in the wrong direction. So we're training our people to use it responsibly. AI is going to be everywhere. So who decides where we embed it, how we use it? That's people. But we're excited. We've done pilots, we've seen potential. Technology will change us, whether we like it or not. The winners will be those who prepare. And I believe Equity Bank will be one of them.

### SUSTAINABILITY, CLIMATE ACTION AND AGRICULTURE

So we've chosen to focus deliberately on sustainability, climate action, and agriculture—because in our Africa Recovery and Resilience Plan (ARRP), agriculture must grow to 30% of our loan book. Rwanda is agrarian. Over 90% of our people live off the farm. If we're serious about socioeconomic transformation, we must start there. Otherwise, we're not being true to our mission. Now, sustainability isn't just about planting trees—it's about embedding good practices into daily operations: efficient use of water and energy, proper disposal of waste, everything. It's about designing products and strategies with the future in mind.

We've already crafted an internal sustainability strategy, but more importantly, we're using our position as a financial institution to influence market behavior. We've built sustainability incentives into our loan products—use solar, adopt irrigation, switch to clean energy—and we reward you with lower rates. That's how we encourage climate-smart choices. It's good for the customer, it's good for the planet.

But we also recognize the global challenge. We can't tell China or Russia to de-industrialize, but we can incentivize forest protection in DRC and tree planting in Rwanda. We've picked specific areas where we can focus and contribute. In agriculture, that means irrigation, better seeds, improved breeds, and shifting to practices that reduce climate-related risks and preserve soil. Is it a one-year fix? No. But can we afford to delay? Also no. We must work together—banks, governments, farmers—to develop the tools and action plans. It starts with the knowledge base we've already built. The rest is execution.

### ACKNOWLEDGEMENT

As I conclude, I would like to extend my heartfelt gratitude to our esteemed Board of Directors for their unwavering support and strategic guidance. Your leadership has been instrumental in steering Equity Bank Rwanda toward achieving our goals and navigating through challenges.

This year, we bade farewell to Ms. Mary Wamae. I acknowledge and appreciate the immense contribution she made to the Bank.

To our valued customers, thank you for your continued trust and loyalty. Your patronage drives us to innovate and continually improve our services. We are committed to serving you with excellence and ensuring that your holistic needs are met with the highest standards of quality and integrity.

I also want to express my sincere appreciation to our dedicated employees, whose hard work and commitment have been the backbone of our success. Your passion and dedication are truly commendable.

To our regulators, thank you for your oversight and collaboration, which have helped us maintain the highest standards of compliance and governance.

Lastly, to our partners and investors, your support and collaboration have been invaluable in helping us achieve our mission. Together, we have made significant strides, and I look forward to our continued partnership in the future.

Thank you all for being an integral part of the Equity Bank family.

**Hannington Namara**

Managing Director


*Equity Bank Rwanda Managing Director Hannington Namara and the Minister of State for the Environment unveiled the Equi-Green Loan product for green financing during the event.*


*Equity Bank officials and customers cut a celebratory cake to mark the launch of the annual Customer Service Week, honoring the vital role of customers in the bank's success.*

# LEADERSHIP PERSPECTIVE

## OUR LEADERSHIP TEAM

**Col. (Rtd) Eugene Haguma Murashi**
Non-Executive Chairman

**Hannington Namara**
Managing Director

**Dr. Patrick Uwizeye**
Non-Executive Director

**Amb. George William Kayonga**
Non-Executive Director

**Andrew Rugege**
Non-Executive Director

**Belinda Bwiza**
Non-Executive Director

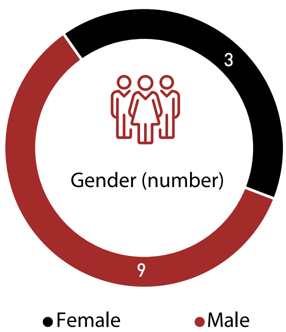
**Camille Karamaga**
Non-Executive Director

**Arlette Rwakazina**
Non-Executive Director

**Jean Claude Nkulikiyimfura**
Non-Executive Director

**Mr Emmanuel Muragijimana**
Non-Executive Director

**Lydia N Ndirangu**
Company Secretary



**BOARD OF DIRECTORS - PROFILES**

| Name | Executive/ Non-Executive | Profile | Gender | Year of appointment | Nationality |
|---|---|---|---|---|---|
| Col. (Rtd) Eugene Haguma Murashi | Non-Executive Chairman, Equity Bank Rwanda Plc | Eugene holds an MSc in Financial Management from the University of London and a B. Com (Marketing) degree from Makerere University-Kampala. He is a Chartered Financial Analyst (CFA) and Advanced Financial Modeler from the Financial Modeling Institute(FMI) and is a Certified Sustainable Investment Professional from John Molson Business School Concordia University, Canada. Eugene has served in leadership positions both in the Public Sector and the Private Sector. He was the Permanent Secretary, Ministry of Defence in Rwanda from 2002-2005 before being posted as Defence Attaché to the Republic of South Africa from 2005- 2010. He joined Horizon Group Rwanda as CEO from 2010 until 2018. Since retiring from the Rwanda Defence Force,Eugene is currently the Chief Executive Officer of Prime Insurance Limited. | Male | 2021 | Rwandan |
| Dr. Patrick Uwizeye | Non -Executive Chairman, Finserve Africa Limited,Non-Executive Director, Equity Bank Rwanda Plc | Patrick holds a Doctorate in Business Administration (DBA) from the Heriot-Watt University, UK, a Master of Science (MSc) in Strategic Planning from the same University, MBA in Financial Management from the University of Hull, UK and master's in communications management (MCM) from Coventry University, UK. He is a Certified Public Accountant (CPA) and a member of both Institutes of CPA Kenya and Rwanda; a Certified Member of the Institute of Risk Management (CMIRM), UK and Associate Member of Kenya Institute of Management. Patrick has over 28 years of working experience in business management and worked for MTN Rwanda and AACC in Nairobi. Dr. Uwizeye is the immediate past President of the Institute of CPA Rwanda, and a board member of Pan Africa Federation of Accountants (PAFA). Patrick currently serves as the Managing Director of BPU Consulting Ltd, a company he founded more than seven years ago. | Male | 2016 | Rwandan |
| Hannington Namara | Managing Director, Equity Bank Rwanda Plc | Hannington is the Managing Director of Equity Bank Rwanda.He holds a degree in Business Administration (Finance option) from Makerere University Business School, a graduate of Advanced Management Programme from Strathmore Business School. He is a Fellow of the Africa Leadership Initiative-East Africa and a member of the Aspen Global Leadership Network. He has over 19 years' work experience in banking and Private Sector Development with extensive knowledge and a track record in Strategic Leadership, Banking and Finance, Management and Communications.<br>He has held various leadership positions while working with different reputable organisations in the past including TradeMark East Africa, Rwanda Private Sector Federation, Commercial Bank of Rwanda (BCR), Rwanda Investment Export Promotion Agency (RIEPA-now known as Rwanda Development Board). He holds several positions of responsibility in Boards of corporates and parastatals. | Male | 2016 | Rwandan |

## BOARD OF DIRECTORS - PROFILES

| Name | Executive/ Non-Executive | Profile | Gender | Year of appointment | Nationality |
|---|---|---|---|---|---|
| Camille Karamaga | Non-Executive Director, Equity Bank Rwanda Plc | Camille holds a Master's Degree in Business Administration (MBA) from Maastricht School of Management MsM of The Netherlands, Undergraduate degree in B Com-Finance option (from Makerere University, Uganda) and Post Graduate Diploma in Tax Administration obtained from the Institute of Finance Management in Dar es Salaam, Tanzania. He is an accomplished executive with over 35 years of economic development and financial governance experience. He has served as a governance and public financial management expert both in the International Monetary Fund (IMF) and in the African Development Bank (AFDB) designing public sector operations including general and sector budget support operations, institutional support projects, technical assistance and training, supporting generation of knowledge products as well portfolio management.<br>Prior to that, he worked as a senior civil servant in the Ministry of Finance & Economic Planning first as Director General, Customs Directorate and later Director General, National Budget of the Government of Rwanda. | Male | 2022 | Rwandan |
| Amb. George William Kayonga | Non-Executive Director, Equity Bank Rwanda Plc | George holds a Master's degree in Diplomacy and International studies and Bachelor of Commerce Degree- Finance. He is an Independent Trade and Development Consultant; Director in the Equity Bank Rwanda Board and Member, Governing Board One Acre Fund. He has had a 16-year career in the Public Service as High Commissioner of Rwanda to Kenya, Non-Resident Ambassador to Somalia, Permanent Representative of Rwanda to UNEP and UNHABITAT, Permanent Secretary Ministry of East African Community and CEO National Agricultural Export Development Board. George has also had a 12-year career in the Private sector managing own supply chain and logistics companies. | Male | 2020 | Rwandan |
| Jean Claude Nkulikiyimfura | Non-Executive Director, Equity Bank Rwanda Plc | Jean-Claude (JC) is a dynamic business professional with over 20 years of expertise in education, marketing, government, and corporate communications. He is recognized for his leadership in team management, innovative fundraising, and strategic budget oversight while forging impactful local and international partnerships.<br>He currently serves as the Chief Executive Officer at Agahozo Shalom Youth Village (ASYV), where he leads a diverse team of educators and care providers dedicated to empowering Rwanda's youth. His passion lies in driving Rwanda's development through education, empowerment, and resilience-building among young people.<br>Jean-Claude holds a degree in journalism and mass communication from the University of Central Arkansas and a master's degree in international relations. His career spans key roles in both the public and private sectors, including serving as a Media and Protocol Officer in the Office of the President. He has provided active contributions to the communication department of the African Development Bank.<br>Before joining ASYV, he was the General Manager at Saatchi & Saatchi Rwanda. In 2011, he joined ASYV as Village Director and was later promoted to Executive Director in 2015, eventually assuming the CEO role in 2024.<br>Jean-Claude's expertise, leadership, and commitment to social impact continue to shape Rwanda's future through education and strategic partnerships. | Male | 2023 | Rwandan |

## BOARD OF DIRECTORS - PROFILES

| Name | Executive/ Non-Executive | Profile | Gender | Year of appointment | Nationality |
|---|---|---|---|---|---|
| Emmanuel Muragijimana | Non-Executive Director, Equity Bank Rwanda Plc | Emmanuel Muragijimana has over 20 year experience in provision of legal advice and supporting organisation to compliance with the legal requirements. He has been occupying different positions: legal officer at the Ministry of Public Service and Labour, Legal Officer and later Head Legal and Company Secretary at Ecobank Rwanda Limited and Advisor to the Speaker. After eight (8) years of working experience in banking sector, he joined the Parliament of Rwanda, where he served in the capacity of Advisor to the Speaker of the Chamber of Deputies. In this role, he was a liaison officer between the Speaker and support staff as well as with other Rwandan and foreign institutions partnering with the Chamber of Deputies.<br>This has allowed him to become familiar with the ways in which Parliament organises itself effectively to carry out its key functions of legislation, representation and oversight. While in Parliament, he got ability in legal advisory and drafting services.<br>After the parliamentary experience, He joined K-Solutions &Partners Law Firm in capacity of Transaction and Corporate Lawyer where he has completed different works in legal due diligence exercise for acquisition and other business combination, project finance, facilitating clients in their relationship with local, regional and international banks, corporate governance, organisation registration and legal compliance and organisation restructuring.<br>Emmanuel's areas of interest are corporate governance and compliance, project finance, business combinations, capital markets, litigation and arbitration. He is highly conversant in offering both legal advisory and drafting services. | Male | 2023 | Rwandan |
| Andrew Rugege | Independent | Andrew is an accomplished executive with over 30 years of global, regional, and national experience in Information Technology business strategy, project planning and risk management for strategic enterprise-wide initiatives. He has a proven success record in directing cross functional, multinational teams of business and technical experts, analyzing systems and business processes. Andrew currently consults for international development partners in the development of Digital Public Infrastructure (DPI) and accompanying African countries in their Digital Transformation Journeys.<br>Until 2021, he served as the Regional Director for Africa, International Telecommunication Union (ITU), and its representative to the African Union and United Nations Economic Commission for Africa (UNECA). Before that, he was the Chief Operating Officer of MTN Rwanda ((2006 – 2011). He also served as the CEO of ARTEL Communications (Rwanda) and the Director of International Business Development for ABS Interactive, Virginia (USA).<br>Passionate about corporate governance, Andrew is the sitting Chairman of the Board of Directors of TransUnion Rwanda LTD as well as Non-Executive Director, Equity Bank Rwanda Plc. He previously served as Board Chair of the Rwanda Civil Aviation Authority and the Rwanda Office for National Transport. He served as a member on the Africa50 Innovation Board (AfDB), Rwanda Commissioner on the NEPAD e-Africa Commission and as the Private Sector Representative on the Rwanda Employment Commission.<br>Andrew holds a Master of Science Degree in Computer Information Systems and Business Administration from Marist College, New York and a Master of Science in Electrical Engineering from the University of Aberdeen in Scotland, UK where he had previously earned a Bachelor of Science degree in Engineering Science. He also holds several certifications including Project Management for Development Professionals as well as Resource Mobilization. | Male | 2022 | Rwandan |

### BOARD OF DIRECTORS - PROFILES

| Name | Executive/ Non-Executive | Profile | Gender | Year of appointment | Nationality |
|---|---|---|---|---|---|
| Belinda Bwiza | Non-Executive Director, Equity Bank Rwanda Plc | Ms. Bwiza is a seasoned professional with experience of over 19 years in financial services, financial policy, strategy and economic development. Ms Bwiza holds a Bachelor of Business Administration, Finance (BBA) from Brock University, St. Catharines, Ontario, an MBA and a Chartered Professional Accountant (CPA) Designation from Wilfrid Laurier University, Toronto, Ontario. She is currently the Chief Executive Officer at One Acre Fund Rwanda, a social enterprise that supports smallholder farmers to increase their income and get on a path to prosperity. One Acre Fund serves over 1 million farmers through its direct farmer services program and serves 2.5 million farmers through partnerships. Prior to this, Ms. Bwiza spearheaded the creation of a retail franchise with 8 outlets across Kigali. Prior to that, she worked for the Ministry of Education in Canada in financial policy. Prior to that, she held various roles in the financial services sector in Ontario, Canada including, investor relations, custodian banking and hedge fund administration. Ms. Bwiza serves on boards such as Women in Finance Rwanda and Rugori Investment Network. | Female | 2021 | Rwandan |
| Arlette Rwakazina | Non-Executive Director, Equity Bank Rwanda Plc | Arlette Rwakazina holds a Master of Science in Communications, Control and Digital Signal Processing from University of Strathclyde, United Kingdom, a Bachelor of Science Degree in Electromechanical Engineering from Kigali Institute of Science and Technology and is a certified Digital Finance Practitioner from the Digital Frontier Institute in collaboration with Tufts University.<br>Arlette is passionate about Digital Finance, Financial Inclusion and Digital Transformation. She is currently the Country Lead of The Rwanda Economy Digitisation Program– Cenfri which is an initiative to support the public and private sector in Rwanda towards a sustained shift to an inclusive digital economy. Arlette has previously worked as General Manager Cybersecurity and Strategic Integrations at Rwanda Utilities Regulatory Authority (RURA) in charge of cybersecurity within the utilities RURA regulates as well as emerging and innovative technologies and big data. Prior to that she worked at Ericsson as the Senior Solution Architect and Business Analyst for Mobile Financial Services where she engaged partners to design mobile money solutions that are commercially and technically viable while also ensuring there is a well operating and complaint mobile money system for telecom operators.<br>Arlette has considerable board experience having served as a Board Member and Chairperson of the Information Technology (IT) Committee at former Cogebanque. | Female | 2021 | Rwandan |
| Lydia Ndirangu | Company Secretary | • Master of Laws (LLM) – Public Finance (University of Nairobi).<br>• Postgraduate Diploma (Law), (Kenya School of Law).<br>• Bachelor of Laws (LLB) (University of Nairobi)<br>• CPA, CS, CISA | Female | 2021 | Kenyan |

# LEADERSHIP PERSPECTIVE

## MANAGEMENT TEAM

**Hannington Namara**
Managing Director

**Adalbert Rutaisire**
Director Operations

**Loyce K. Bamwine**
Head of Legal

**Gaston Nsengimana**
Head of Treasury

**Chantal Mukandoli Kayijamahe**
Head of Credit Administration

**Joseph Mutuma**
Head of Finance

**Jean Nepomuscene Bizimungu**
Head of Risk

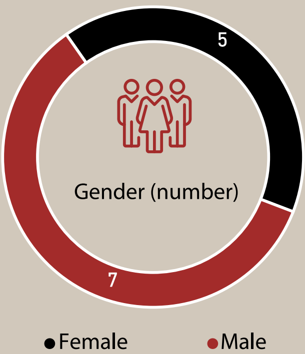
**Dianah Kwarisiima**
Head Of HR

**Sylvio Habineza**
Head of Compliance

**Alice Kirezi**
Head of Strategy, Investment and Social Impact

**Jean Paul Ngabonziza**
Head of Internal Audit

**Carole Karema Jeni**
Head of IT and Business Transformation



**MANAGEMENT TEAM - PROFILES**

| Name | Executive/Non- Executive | Profile |
|---|---|---|
| Hannington Namara | Managing Director | Hannington is the Managing Director of Equity Bank Rwanda Plc. He holds a degree in Business Administration (Finance option) from Makerere University Business School, a graduate of Advanced Management Programme from Strathmore Business School. He is a Fellow of the Africa Leadership Initiative-East Africa and a member of the Aspen Global Leadership Network. He has over 20 years work experience in banking and Private Sector Development with extensive knowledge and a track record in Strategic Leadership, Banking and Finance, Management and Communications. He has held various leadership positions while working with different reputable organizations in the past including TradeMark East Africa, Rwanda Private Sector Federation, Commercial Bank of Rwanda (BCR), Rwanda Investment Export Promotion Agency (RIEPA-now known as Rwanda Development Board). He holds several positions of responsibility in Boards of corporates and parastatals. |
| Adalbert Rutaisire | Director Operations | Adalbert holds a Bachelor of Commerce Degree from Makerere University, MBA from Anglia Ruskin University London and a Post graduate Diploma in Strategic Management and Leadership from London School of International Business. He has received various international training in Banking across different functions including Operations, Corporate, Retail Banking and Operational Risk Management etc. He also went through Management and Leadership training at the INSEAD School of Business of the World (SINGAPORE). He has more than 25 years' experience working within the banking industry in Africa and Middle East.<br><br>He is currently the Director of Operations at Equity Bank Rwanda Plc. Prior to this, he worked with Standard Chartered Bank in Ghana, Uganda, and Kenya and in different capacities. He has a track record in Operations Management, technology and implementing Banks Innovations and digitization strategies at country level, regional level, and Shared Service Centers. He also Managed Operational Risk across Operations functions in Africa and Middle East. |
| Gaston Nsengimana | Head of Treasury | Gaston holds a bachelor's degree in Finance from University of Rwanda former School of Finance and Banking, and He holds an ACI Dealer Certificate, He is a Certified Professional Banker from School of Excellence Nigeria.<br><br>Prior to joining Equity Bank Rwanda PLC in October 2018, Gaston worked in Access Bank Rwanda Ltd for 7 years in various positions including Team member of Treasury from 2014 – October 2018 and Electronic business and Operations 2011 - 2013. |
| Chantal Mukandoli Kayijamahe | Head of Credit Administration | Chantal holds a Master's Degree in Project Management, and a bachelor's degree in business administration, accounting option . Prior to joining Equity Bank Rwanda Plc 12 years ago, Chantal worked at the Commercial Bank of Rwanda (now I&M) in Credit Department for more than 12 years; As an Analyst in SME and Corporate Banking, Security Perfection Manager, Personal Lending and Mortgages Manager. |
| Joseph Mutuma | Head of Finance | Joseph holds a Master of Business Administration (Finance) degree from Jomo Kenyatta University of Agriculture and Technology (JKUAT) and Bachelor of Arts degree in Economics from the University of Nairobi. He is a Certified Public Accountant (Kenya) and member of The Institute of Certified Public Accountants of Rwanda (ICPAR), a Certified Investments and Financial Analysts and a member of The Institute of Certified Investment and Financial Analysts (ICIFA). Prior to joining Equity Bank Rwanda Plc, Joseph worked as a senior accountant at Equity Bank Kenya Limited which he joined in 2009 and has over 13 years' working experience in accounting and financial management within the banking industry, nine (9) of which are in senior management. |

# LEADERSHIP PERSPECTIVE

## MANAGEMENT TEAM - PROFILES

| Name | Executive/Non- Executive | Profile |
|---|---|---|
| Jean Nepomuscene Bizimungu | Head of Risk | Bizimungu Jean Nepomuscene holds a bachelor's degree in Monetary economics from Former National University of Rwanda and holds an international certificate in Enterprise Risk Management from Institute of Risk Management in United Kingdom (IRM) and He is CAMs certified & ACCPA certified. He has a certificate for ICAAP and ILAAP simulation after attending the BIZENIUS ICAAP masterclass in May 2023. Bizimungu has a certificate of competence in Risk management program. He is a member of the Institute of Institute of Risk Management UK and a member of ACAMs. He has 12 years' experience in banking industry specifically in Risk and compliance management. |
| Jean Paul Ngabonziza | Head of Internal Audit | Jean Paul holds a degree in Business Administration-Accounting Sciences from National University of Rwanda (now UR). He is ACCA certified, a member of The Institute of Certified Public Accountants of Rwanda (ICPAR), a member of the Institute of Internal Auditors (IIA) and a BSI certified ISO 27001 Lead Auditor. He has over 15 years of experience in Audit with 13 years spent in Internal audit in Banking Industry. He joined Equity Bank Rwanda Plc in April 2020 as Head of Internal Audit. He has previously worked for BPR Bank (an Atlas Mara subsidiary) for over 2.5 years as Senior Audit Manager; I&M Bank Rwanda Plc as Senior Internal Auditor for over 7 years and Auditors General's Office of Rwanda as an Auditor of Public Business Enterprises for 2 years. |
| Dianah Kwarisiima | Head of HR | Dianah is a holder of a bachelor's degree in education with 18 years of experience in the banking Industry.<br><br>Prior to joining Equity Bank Rwanda Plc in December 2023, she worked with I&M Bank for 16 years as a Training Officer, Employee Relations Manager and Head of HR. She, also worked for Ecobank as Head of HR for a year from November 2021.<br><br>Throughout her career in the banking sector, she gained immense experience in HR Strategic Management. |
| Alice Kirezi | Head of Investment and Social Impact | Ms. Alice Kirezi is currently the Head of Investment, and Social Impact at Equity Bank Rwanda. She holds, a wide range of experience ranging from Aviation to Academia and to Banking sectors. She has previously worked as the Financial Controller for Bugesera Airport Company, a private company responsible for managing and operating Bugesera Airport project.<br><br>Alice also worked as a lecturer and Director of University Operations at the University of Kigali, handling both academic and non-academic operations of the University. Alice's working history also includes National Bank of Rwanda, where she worked as a Commercial Bank's Inspector, and later joined SPENN Rwanda-a finitech company as the Country Manager. Alice worked with Rwandair on different roles where her latest assignment was the Head of Direct Costs in Finance Department.<br><br>Academically, she holds is a BA (Hons) from University of Rwanda, and an MBA from Oklahoma Christian University in the USA, and a Certified Public Accountant of Kenya (CPA-K). She serves on FAWE Rwanda's Board as the Chairperson Audit Committee and she is also a Board Member and a trainer at African Training Centre (ATI) South Africa. |

**MANAGEMENT TEAM - PROFILES**

| Name | Executive/Non- Executive | Profile |
|---|---|---|
| Carole Karema Jeni | Head of IT & Projects | Carole holds an MBA from the University of Nicosia in Cyprus, a Master's degree in IT from the University of Pretoria, a BCOM Honor's in Informatica degree for the same University, and a Bachelor degree in Information system from Adventist University of Central Africa.<br><br>Having lived in different countries, Carole has gained a diverse range of experiences in Banking , Telecoms, Investments, Construction, Security services, Building materials, Insurance brokerage, as well as in Food and Beverage and Agribusiness. She is fluent In English, French, Swahili, and Kinyarwanda. Her IT acumen and leadership make her a great asset of any organization she relates too.<br><br>Carole is a Business and IT specialist with 21 years of experience. She has specialized herself as a Digital transformation and Solution Architect who conceptualizes, designs and implements IT Strategies and Solutions that drive innovation, businesses efficiency and continuity in different areas of operations. She has successfuly achieved automation of different business processes, allowing companies to focus on their core businesses and concentrate on turning companies into profitable business. She also managed and delivered various business and IT projects that require integration of various Vendors and Solutions following IT standards and Processes like PMP, COBIT and ITIL. She is currently working on various digitization projects that embody cybersecurity, mobility, and data analytics. She has done several training and certification in Business, IT ,and leadership areas and that as equipped her for the various roles.<br><br>Carole is currently Head of IT at Equity Bank Rwanda Plc since January 2020 where she oversees the digital transformation of the Bank and runs different Business Digitalization programs. Prior to that she was the Group IT Director of Crystal Ventures for 8 years and IT Project manager and Solution Architect of MTN Rwanda for 5 years and Deputy CEO /Center Coordinator for Electronic and ICT Center for 6 years.<br><br>She also serves in different Boards as a Non-Executive Director. |
| Sylvio Habineza | Head of Compliance | Mr. Sylvio Habineza has 14+ years of financial services experience and worked for 10 years in Senior Compliance, Risk Management and Internal control positions. His knowledge cuts across compliance, fraud, operations, credit, risk management & mitigation and business process. Prior to joining Equity Bank Rwanda Plc, he worked as the Head of Compliance and Ag. Head of Risk & Internal Control in Cogebanque Plc, prior to that as the Ag, Head Conduct & Compliance and Compliance Advisor at Access Bank Rwanda.<br><br>Sylvio holds a Bachelor of Business Administration in Finance from the School of Finance and Banking (SFB). He is a Certified Banker from Lagos School of Excellence, a Certified Compliance Professional by IABFM and has been exposed to several trainings in various fields. |

# LEADERSHIP PERSPECTIVE

## MANAGEMENT TEAM - PROFILES

| Name | Executive/Non- Executive | Profile |
|---|---|---|
| Loyce K. Bamwine | Head of Legal | Loyce K. Bamwine is a senior lawyer, holding a Bachelor of Laws (LLB-Hons) from the National University of Rwanda and a Master of Laws (LLM) from Utrecht University, The Netherlands. She also holds a Post-Graduate Diploma in Legal Practice and Development. She is an Associate Chartered Arbitrator (ACIArb) fully registered with Kigali International Arbitration Center (KIAC). She is also a member of Rwanda Bar Association. She holds a Certificate in Corporate Governance from MARCUSEVANS-Singapore and Black-Bird training centers.<br><br>In terms of career, Loyce has served both in public and private institutions. She currently works as the Head of Legal at Equity Bank Rwanda Plc. In addition, she serves as a Board member of Ngali Holdings Ltd, where she also chairs the HR and Governance Committee, and a Board member of Rwanda Medical Supplies (RMS) Ltd<br><br>She previously worked as a Company Secretary and General Counsel of the Development Bank of Rwanda (BRD) PLC, a position she held for almost four (4) years. She also worked at B&BS Attorneys Ltd as a Partner in charge of Advisory and litigation matters. She also previously served as a Non-Permanent Commissioner at Rwanda National Electoral Commission (5 years), Board member for the Business Development Fund (BDF) and a Board member of Kivu Marina Bay Ltd.<br><br>Prior to joining the financial sector, Loyce served in different government positions including as a Permanent Commissioner at Rwanda Law Reform Commission and as the Legal Research and Reform Division head. She also served as a Commissioner at the Constitutional Review Commission (a Commission that revised the Constitution of the Republic of Rwanda in 2015). |


*Equity Women Forum 2024*

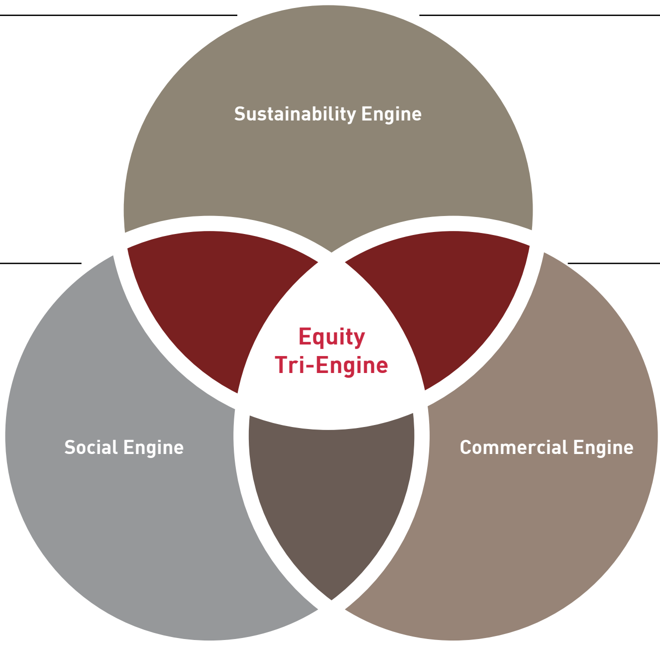
# UNPACKING OUR VALUE CREATION STRATEGY

# TRI-ENGINE STRATEGIC APPROACH

**The twin engine operating model has evolved to Tri-engine mode, based on mutually complementary interconnection between the commercial, social and sustainability engines.**

- Sustainable finance
- E&S risk management
- Sustainable governance

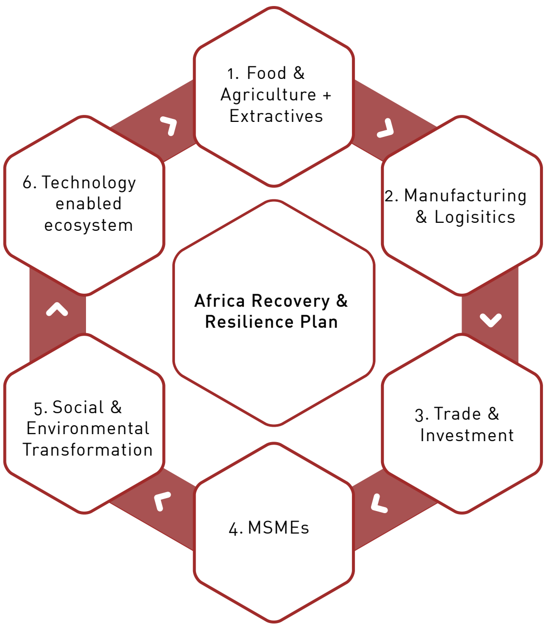
- Sustainable operations
- Climate and nature financing
- Partnership for the goals
- Sustainable supply chain




- Education and leadership development
- Food and agriculture
- Energy, Environment & Climate Change
- Innovation and technology
- Health
- Enterprise development and financial inclusion
- Social protection
- Monitoring, evaluation, reporting and finance
- Advocacy

- Borrow
- Invest
- Insure
- Move
- Save

The Africa Recovery and Resilience Plan (ARRP) is our strategy for the transformation of Africa and is achored on six pillars indicated below.

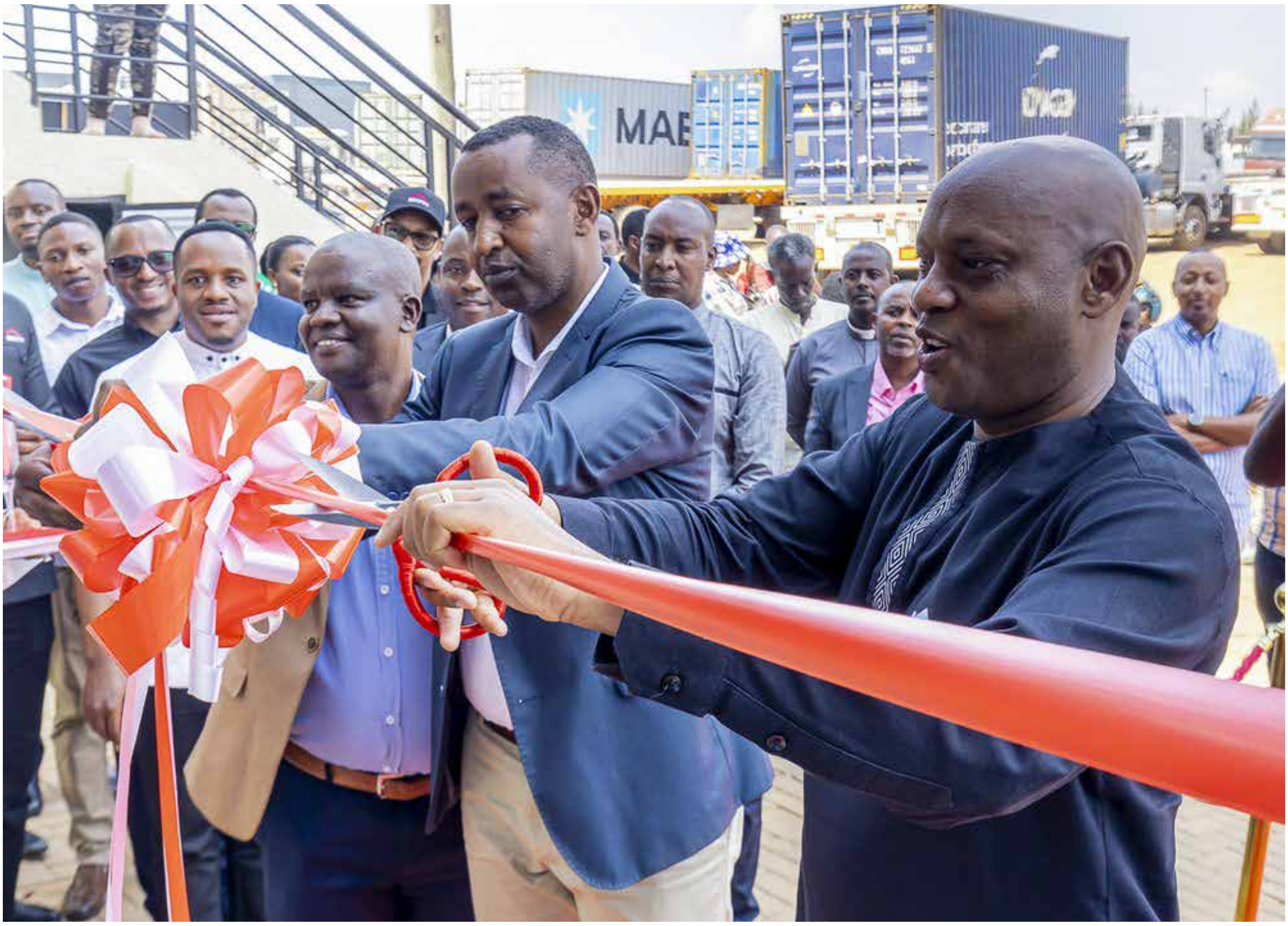



Strategic focus areas that the Bank has prioritised in alignment with its commercial and social aspirations in pursuit of the ARRP.

## Tri- engine business model and value creation

The Tri-engine model is based on mutually complimentary interconnection between the commercial engine, social engine and sustainabilty engine.

| Our commercial engine is focused on five distinct elements: | Our social engine is focused on seven distinct elements: | Our sustainability engine is focused on seven distinct elements: |
|---|---|---|
| • Move (Payments); | • Education and Leadership Development | • Sustainable finance<br>• E&S risk management |
| • Borrow (Lending); | • Energy, environment, and climate change | • Sustainable governance |
| • Save (Deposits); | • Enterprise development and financial inclusion | • Sustainable operations |
| • Invest (Wealth Management and creation) | • Food and agriculture | • Climate and nature financing |
| • Insure (Life, Health and Wealth Protection), | • Health | • Partnership for the goals |
| | • Social Protection | • Sustainable supply chain |
| | • Women and Youth Empowerment | |




*The Managing Director of Equity Bank Rwanda, Hannington Namara, and the Executive Secretary of Masaka Sector, Nizeyimana Etienne, officially opened a new branch of Equity Bank in Kabuga.*

*Hannington Namara, Managing Director of Equity Bank Rwanda (c), along with other bank officials, lay a wreath to pay tribute to the victims of the Genocide Against the Tutsi.*


*Mukobwuteta Speciose, a loyal customer of the new Kabuga branch, shared her positive experience, highlighting the exceptional quality of service she has received from Equity Bank over the years.*

## Our value-creating business model

Our tri- engine business model portrays how we deploy our capitals to create sustainable value for stakeholders in line with our strategy. We operate an inclusive, high volume, low margin, digital and experiential, agile and quality-driven business model.

| Our inputs | |
|---|---|
| **Financial capital**<br><br>Our financial resources including assets and reserve funds as well as diversified sources of deposits and funding from investors, lenders and clients that are used to support our customers and reward shareholders for the capital invested. | • Total assets Rwf 1,330bn<br>• Deposits Rwf 991,741bn<br>• Rwf 175bn shareholders funds |
| **Human capital**<br><br>Our employees, together with their individual and collective competencies, abilities, experience, and expertise and the overall workplace culture that enable innovation and the delivery of value for all stakeholders. | • 939 employees<br>• Highly skilled and experienced leadership<br>• Motivated and competent employees<br>• High performance culture<br>• A highly diversified staff complement |
| **Intellectual capital**<br><br>Our intangible assets including proprietary procedures and intellectual property (IP), knowledge, policies, vision, mission, purpose and the value of our positioning, brand, and reputation. | • Strong and highly recognised brand<br>• Tri-engine engine model<br>• Africa Recovery and Resilience Plan<br>• Deployment of Digital channels<br>• Proprietary technology<br>• Strong governance structure<br>• Management systems |
| **Manufactured Capital**<br><br>Our buildings, properties, vehicles, and physical infrastructure that underpin our operations. | • Presence in all provinces in the country<br>• Representative service centers<br>• 34 branches<br>• 55 ATMs<br>• 2,367 POS machines<br>• 4,967 Agent Outlets<br>• 1.39m customers<br>• 1.5m Customer accounts |
| **Social and relationship capital**<br><br>The partnerships and associations we build with third parties, providers and suppliers, our communities and stakeholders, and the mutual benefit that this brings. Our ability to leverage our brand to create value and enhance levels of financial inclusion. | • 8 new partnerships established in 2024<br>• 102 scholarships through ELP<br>• 1,008 jobs were created<br>• 16,512 MSMEs benefitted from training, mentorship, coaching and access to finance<br>• 29 MSMEs supported with green loans<br>• 36 E-Vehicles flagged off<br>• 8,793 women and youth were trained in financial literacy and entrepreneurship education.<br>• 5 green products launched<br>• 550 clients trained on green products<br>• 16,000 farmers reached through trainings, mentorship, and linked to markets and financial services.<br>• 782 staff have been equipped with ESG Related and Climate Risk Management skills<br>• 12,112 refugees trained in financial services<br>• 4,306 cards issued to refugees for easy access<br>• 6,948 new refugee accounts opened<br>• 3.7 Bn financial support provided to refugees through Cash Based Transfer<br>• 1,500 Women and youth-led MSMEs financially and technically supported |
| **Natural Capital**<br><br>The direct use and impact we have on natural resources through our own operations, including energy and water our focus on reducing our own level of exposure to climate change and biodiversity impacts across our value chain. | • Clean energy products rolled out in 2024. |

## Outcomes of achieving our strategic objectives in 2023

**Financial capital**

- Total revenue Rwf 150,573bn
- Profit Before tax Rwf 76,808bn
- Loans outstanding 556,589bn
- Rwf 113.1Mn spent on social impact interventions
- Rwf 2.50bn spend on procurement

Manufactured Capital

- 1.5m customers 15% growth YoY
- 4,062 agents
- 39 additional ATMs

**Human capital**

- 939 employees
- 82% staff retention rate
- Rwf 16.4bn spend on employees.
- Rwf 169.7m spend on employee training
- 939 employees trained.
- 28,629 cumulative training hours attained.
- Enhanced performance management through ongoing training and development
- Workforce with unharnessed skills capacity

**Social and relationship capital**

- 8 new partnerships established in 2024
- 102 scholarships through ELP
- 1,008 jobs were created
- 16,512 MSMEs benefitted from training, mentorship, coaching and access to finance
- 29 MSMEs supported with green loans
- 14 E-Vehicles flagged off
- 8,793 women and youth were trained in financial literacy and entrepreneurship education.
- 5 green products launched
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- 782 staff have been equipped with ESG Related and Climate Risk Management skills
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- 4,306 cards issued to refugees for easy access
- 6,948 new refugee accounts opened
- 3.7 Bn financial support provided to refugees through Cash Based Transfer
- 1,500 Women and youth-led MSMEs financially and technically supported

**Intellectual capital**

- Rwf 1.98Bn disbursed through digital lending.
- 31,775 digital loanSs issued.
- 32.5% cost-to-income ratio

**Natural capital**

- Clean energy products rolled out in 2024.

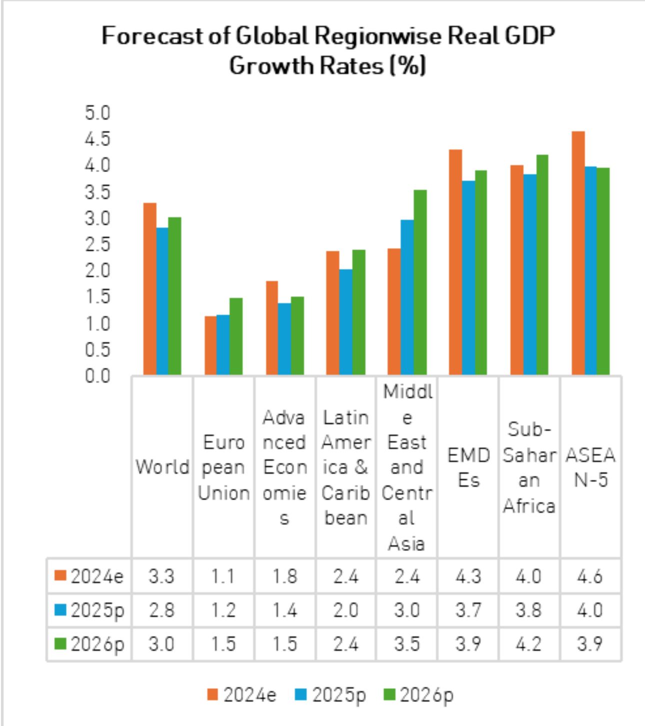
## OPERATING ENVIRONMENT IN 2024

The global economy showed a modest but stable performance in 2024, with GDP growth at 3.3%, which the IMF expects to slow to 2.8% in 2025 and be 3.0% in 2026. Advanced economies grew at a subdued pace of 1.8%, constrained by tighter financial conditions and aging demographics, while emerging markets and developing economies (EMDEs) maintained stronger momentum, growing at around 4.3%, supported by resilient domestic demand and improving external conditions.

Global inflation declined in 2024, continuing a disinflation trend driven by falling energy and food prices, easing supply chain pressures, and the lagged impact of tight monetary policies. Inflation averaged 5.7% globally in 2024, down from 6.6% in 2023, and is projected to ease further to 4.3% in 2025 and 3.6% in 2026. Advanced economies saw more rapid progress, with inflation nearing central bank targets, while emerging and developing economies experienced a slower decline due to lingering food price pressures and currency volatility.

Sub-Saharan Africa (SSA) experienced a modest economic rebound in 2024, with growth estimated by the IMF at 4.0%, up from 3.6% in 2023, but still falling short of earlier projections due to persistent challenges. The region's recovery was constrained by country-specific shocks, including violent conflict (notably in Sudan and DRC), high inflation in some large economies, climate-related disruptions such as droughts and floods, and limited fiscal space.

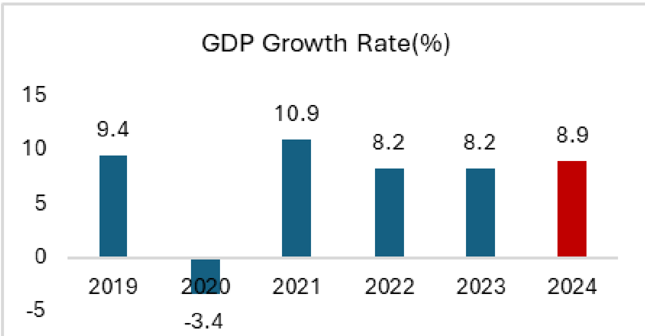
The East African Community (EAC) remained one of the fastest-growing regions in Africa, with aggregate GDP growth estimated at 5.4% in 2024. Regional growth was supported by recovery in tourism, infrastructure investment, and greater integration through the African Continental Free Trade Area (AfCFTA).




| | World | European Union | Advanced Economies | Latin America & Caribbean | Middle East and Central Asia | EMDEs | Sub-Saharan Africa | ASEAN-5 |
|---|---|---|---|---|---|---|---|---|
| 2024e | 3.3 | 1.1 | 1.8 | 2.4 | 2.4 | 4.3 | 4.0 | 4.6 |
| 2025p | 2.8 | 1.2 | 1.4 | 2.0 | 3.0 | 3.7 | 3.8 | 4.0 |
| 2026p | 3.0 | 1.5 | 1.5 | 2.4 | 3.5 | 3.9 | 4.2 | 3.9 |

## RWANDA CONTEXT

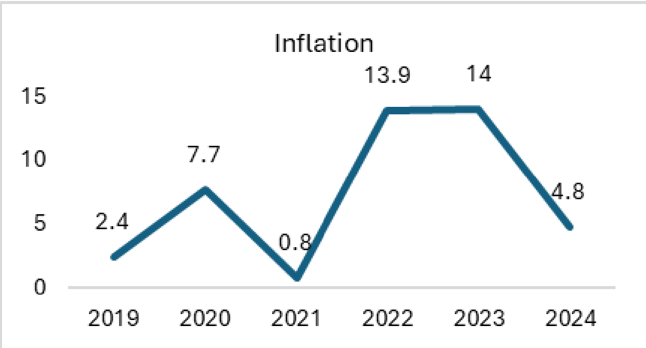
Rwanda's economy grew by 8.9% in 2024, up from 8.2% in 2023, driven by strong performances in the services and industrial sectors, each expanding by 10%, and a 5% growth in agriculture. The services sector remained the largest contributor to GDP at 48%, followed by agriculture at 25% and industry at 21%. Rwanda's GDP growth is projected at 6.1% to 7.1% in 2025 and then up to about 7.5% (IMF) in 2026. Drivers for growth in 2025 include continued public investment; conducive business environment; stable domestic governance; tourism; mining and minerals; and consumption.




Rwanda's inflation significantly eased in 2024, averaging 4.8% compared to 14% in 2023, reflecting improved food supply conditions and the delayed impact of earlier monetary tightening. However, inflationary pressures persisted in certain sectors—particularly transport, where prices surged by 24.7% year-on-year in May 2024 due to the removal of government subsidies. The National

## OPERATING CONTEXT

The National Bank of Rwanda maintained its policy rate at 6.5% to keep inflation within the 2–8% target band. Looking ahead, the BNR expects average inflation to rise slightly to 6.5% in 2025 (IMF 7%), before easing to 4.1% in 2026 (IMF 4.7%), assuming favourable weather and stable agricultural output.




In 2024, the Rwandan franc (RWF) depreciated by approximately 13.6% against the US dollar, averaging around 1,318 RWF/USD. This weakening was largely attributed to a widening current account deficit, driven by strong import demand that outpaced export growth, despite rising tourism earnings and remittances. The National Bank of Rwanda maintained a market-determined exchange rate regime and intervened selectively to prevent excessive volatility. Looking ahead, the RWF is expected to remain under pressure due to persistent structural trade imbalances and declining concessional funding inflows, although efforts to boost exports and attract foreign investment may support medium-term currency stability.


In 2024, Rwanda's current account deficit rose to approximately 12.7% of GDP, up from 11.5% in 2023, reflecting persistent structural imbalances in the country's external sector. International reserves remained adequate, covering about 5.4 months of imports by the end of 2024, bolstered by disbursements from the World Bank and IMF. Looking ahead, the IMF expects the current account deficit to widen to 13.8% of GDP in 2025, but globally lower oil price suggests this may be pessimistic

Rwanda's fiscal performance in 2024 reflected a commitment to fiscal consolidation amid robust economic growth. The fiscal deficit, including grants, narrowed to 6.4% of GDP, down from 7.0% in 2023, due to improved revenue mobilization and spending control.


*In partnership with SanlamAllianz, Equity Bank Rwanda introduced "Impamba," a new savings product designed to help parents save for their children's education.*

## THE AFRICA RECOVERY AND RESILIENCE PLAN (ARRP)

The Equity Bank Rwanda Plc strategy is a multi-pronged and holistic solution to achieve the social and economic transformation of Africa. This unconventional strategy represents our belief that financial services are a critical facilitator of improving livelihoods, safeguarding nature and the environment and enabling social-economic development. The Plan focuses on three key approaches and is anchored on six key pillars, with a clear set of targets to be achieved by 2030.

### THE PLAN

The ARRP aims at catalysing the transformation of Africa through:

- Capacitating and enhancing productivity of raw material producers
- Integrating primary producers to more co-ordinated African productive / manufacturing capacities
- Connecting primary and secondary sectors to global supply chains, capital, skills, and technology


**1. PRIMARY SECTORS**

**DRIVE HIGHER PRODUCTIVITY AND OUTPUT**

- Food and agriculture loan mix of 30%
- Calalyse other natural resource industries

**2. MANUFACTURING & LOGISITICS**

**ENCOURAGE VALUE ADDING ECOSYSTEMS**

- Manufacturing loan mix of 30%
- Drive logistical connectivity

**3. TRADE & INVESTMENT**

**STIMULATE & FACILITATE CONTINENTAL TRADE**

- #1 Trade Finance bank
- Trade facilitation, market access initiatives
- Drive global investment

**4. MSMEs**

**CATALYSE ENTREPRENEURSHIP AND CONNECT THEM TO VALUE CHAINS AND TRADE CORRIDORS**

- MSMEs loan mix of 65%

**5. SOCIAL & ENVIRONMENTAL TRANSFORMATION**

**CHAMPION SOCIAL & ENVIRONMENTAL TRANSORMATION**

- Financially include 100 million customers
- Support and facilitate green industrialisation

**6. TECHNOLOGY ENABLED ECOSYSTEM**

**ACCERELATE WEALTH TRANSFORMATION THROUGH A DIGITAL ENABLED ECONOMY**

- Digitally connect 100 million businesses and consumers

### Strategic objectives (2030)

- Grow to 100 million customers
- Reach 5 million borrowing businesses
- Support 25 million borrowing customers
- Create 25 million direct jobs
- Food and Agriculture loan mix of 30%
- Catalyse other industries with manufacturing loan mix of 15%
- #1 Trade Finance bank
- MSME loan mix of 65%

The Plan builds on Equity's extensive experience and track record as a disruptor and catalyst for financial inclusion and economic stimulus and responds to systemic challenges faced by the targeted sectors and the continent. Solutions selected for deployment by the Bank are targeted to ensure holistic and widespread economic transformation. The plan is anchored on the enabling role of technology, trade and investment and achieving social and environmental impact.

## OUR 2030 STRATEGY

| Pillar | Context | Focus | Support provided |
|---|---|---|---|
| Pillar 1a: Agriculture | One of Africa's primary economic sectors, largely populated by smallholder producers with limited capacity. | Drive natural resource led industrialisation. | • Value chain co-ordination and value addition.<br>• Market access. |
| Pillar 1b: Extractives | One of Africa's primary economic sectors, fragmented and sub-scale and challenged by deficiencies in market structures. | | |
| Pillar 2 Manufacturing & Logistics | Value addition of Africa's resources will drive wealth transformation and create the resultant demand complementarities that will deepen and broaden African value chains. | Support value added ecosystems. | • Scaling value chain anchors and enhancing linkages.<br>• Facilitating manufacturing hubs. |
| | Clustering of manufacturing and services will drive regional economies of scale and competitive advantages. | | |
| Pillar 3 Trade and Investment | African countries have significant potential to complement each other, and regional trade will underpin a coordinated and integrated Africa. | Stimulate intra-continental trade. | • Trade missions and conducive policies.<br>• Champion foreign direct investment. |
| | Wealth transformation of Africa will require significant investment, technological advances, and specialised skills. | | |
| Pillar 4 MSMEs | MSMEs and the informal sector are significant contributors to African economies. | Catalyse entrepreneurship. | • Link MSMEs to formal value chains.<br>• Capacity Building. |
| | African MSMEs disenfranchised due to fragmented and disorganized value chains. | | |
| Pillar 5 Social transformation and the environmentl | African households and businesses productivity levels remain low due to economic and social constraints. | Champion social transformation. | • Capacity Building and Financial Inclusion.<br>• Community Support. |
| | As the world looks towards a more sustainable future, households and businesses will need to adapt and mitigate risks associated with climate change. | | |
| | Many African households continue to be marginalized when it comes to basic necessities adversely impacting productivity. | | |
| Pillar 6 Technology-enabled ecosystems | Technology is a key enabler connecting households, businesses and individuals to critical services cost effectively and with expansive reach. | Use technology for reach and ease of access | • Technology investment<br>• Technology empowerment |

The Group has already committed USD 6 billion towards the Plan and is actively engaging partners and funders to collaborate and co-create the future of a resilient and sustainable Africa. We have extended the strategic horizon from 2025 to 2030, based on the current muted recovery of economies in which we operate a nd continued headwinds in the global and regional context.

## STRATEGY FOCUS

The `Africa Recovery and Resilience Plan' underscores the Group's aspiration to drive significant progress across the continent. This strategy is reinforced by our targeted strategic focus areas, enabling the Group to achieve both commercial and social objectives. These nine Focus Areas are:

**Strategic focus areas**

01 Non-funded income growth

02 Treasury Efficiency

03 Geographical Expansion & Business Diversity

04 Balance Sheet Efficiency, Optimisation and Agility

05 Business Transformation – Innovation and Digitisation

06 Asset Quality, Distribution and Risk Management

07 Efficiency of Cost Optimisation

08 New business lines

09 Impact Investment


*Equity Bank Rwanda unveiled a new savings product with life insurance during a special event held at the bank's headquarters.*

## MATERIAL MATTERS

A matter is considered material if it can substantively affect our ability to create value in the short, medium and long term. Our materiality process identifies our key material matters and the collective themes under which they fall. We apply integrated thinking to identify these matters which in turn informs our strategy as well as our approach to managing risk and maximising opportunities.

We use a three-step materiality process to determine matters that affect our ability to create value:

| Identify | Prioritise | Integrate |
|---|---|---|
| In the identification phase, we evaluate significant issues in our operating environment that may impact our ability to create value and deliver our strategy. These issues could be financial, operational, reputational, environmental, social, strategic, or legislative. Our evaluation considers three key aspects:<br><br>How these issues affect the accessibility, availability, and affordability of our capitals.<br><br>Legitimate stakeholder feedback<br><br>Recent events as well as potential issues that could have a short, medium, or long-term impact on the Bank. | Using the outcomes of this assessment, we prioritize matters that are most important to our ability to generate sustained value over time while considering key risks and opportunities. | We incorporate an approach to managing these identified material matters into our strategic approach. |

*Equity Bank engaged key stakeholders in Musanze to build trust, share insights, and promote the newly merged entity through targeted business interactions.*

## MATERIAL MATTERS

Through identifying material concerns raised by our stakeholders during the year, we can respond to shifts in their needs and expectations to ensure value creation and preservation of embedded value and the avoidance of value erosion. The stakeholder concerns raised during the year and our responses are summarised as follows:

| Stakeholder | Stakeholder concerns raised in 2024 | Our Response |
|---|---|---|
| **Shareholders and investors** | • Board capacity to respond to an evolving landscape and new dynamics created by geographic expansion.<br>• What does the Equity Bank Rwanda Plc and Cogebank merger signify for the Bank?<br>• Is there sound capital allocation to deliver on the Bank strategy<br>• How do you maintain sustainable growth<br>• How do you intend to ensure payment of dividends<br>• What is the impact of rising interest rates on borrowers including linkages to increases in Non-Performing Loans (NPLs)<br>• What is your role in society including managing Environmental and Social risks | • Established Board committees on IT and Sustainability and bolstered the requisite technical and board capabilities in critical skills<br>• The Equity Bank Rwanda Plc and Cogebank merger constitutes part of our geographic expansion strategy through mergers and acquisitions and will enhance our market position for impact and profitability<br>• The Bank has committed USD 6 billion to ARRP and is actively pursuing partners and funders to support the Plan.<br>• Overall, the Bank is well capitalised for sustainable growth and profitability with scope for investment of excess liquidity. Dividend payments are factored in profitability and have been consistently paid except during Covid.<br>• The bank proactively engaged and supported customers impacted by cost of credit increases<br>• The bank has maintained adequate provisions and high coverage ratios to cater for NPLs well beyond statutory requirements<br>• Enhanced our ESG credentials through the development of an environmental and social management plan and key recruits for the function as well as preparing an annual Sustainability Report, specifically to unpack our approach to ESG risks across the organisation<br>• Overall, communication is provided to shareholders on progress made in areas of concern through annual reporting, AGMs, impact and sustainability reporting, quarterly reporting and regular investor briefings and investor calls |

## MATERIAL MATTERS

| Stakeholder | Stakeholder concerns raised in 2024 | Our Response |
|---|---|---|
| **Our Customers** | • There is an increased concern about the management and use of personal data by the Bank<br>• System downtime and technology related issues need to be addressed to enhance customer service provision<br>• How do we protect the customer from interest rate increases<br>• How do you increase the speed at which you achieve resolution of issues raised<br>• How do you improve the turnaround time for loan requests<br>• How do you protect funds in the context of increasing levels of fraud<br>• How can you better promote wealth and lifestyle protection<br>• How can you support business growth<br>• How will Environmental and Social review requirements prior to onboarding affect me | • The bank has a data management framework and clear procedures on how data is handled and used in adherence to best practice and legislation<br>• The bank has invested in technological and digital systems to ensure uptime and clear approaches to speedy resolution of technological concerns. Additional technological innovation has been developed or is in the pipeline while user related issues are being addressed through information sharing<br>• The bank is supporting customers who are impacted by interest rate increases through various mechanisms including changing repayment terms.<br>• We have improved our response time with over 90% of client concerns resolved on first contact. In addition we have strengthened and trained our response teams<br>• We have launched new digital loans that include built-in covenants, based on previous customer behaviour allowing for automatic loan issuance up to a defined limit<br>• We are using technology to deter fraud and safeguard customer accounts in addition to several other fraud prevention mechanisms<br>• We provide ongoing communication to customers to prevent them from being victims of social engineering related activities<br>• We engage and educate customers during the onboarding process<br>• We continuing to provide customer trainings and skills enhancements to better manage their financial resources and businesses<br>• We continue to enhance our offerings especially in payments, investment, and insurance<br>• We run trade missions for customers further offering them platforms to engage with other businesses in the region and globally<br>• Environmental and Social requirements will affect customers differently, so the guiding approach is to work with our customers to ensure they adhere to the required standards.<br>• There is a focus on creating green financial products for our customers to allow them to walk the sustainability journey with us<br>• There is a focus on using business meetings to disseminate information to customers |

## MATERIAL MATTERS

| Stakeholder | Stakeholder concerns raised in 2024 | Our Response |
|---|---|---|
| **Our employees** | • We need a better understanding of the increased deductions on salary and the impact on employees due to the changes in the labour laws in Rwanda.<br>• We need to a better understanding of the changes made in the approved medical cover and first line provider and whether services provided will be on par with what was previous provided<br>• We are adjusting to returning to work in the office and need a better understanding on whether working from home remains an option<br>• We need to have a better understanding of the ARRP and what is required to deliver on it<br>• We need to be upskilled on the changing operational structure and the new products being launched<br>• We need more training on E&S risks and how to engage customers on this aspect | • The bank provided employees with relevant information on the deductions anticipated in changes in the labour laws and expected impacts. Also, maintained personal finance management trainings for employees<br>• We communicated advantages of the new medical cover and provider including cost benefits and access to higher quality care.<br>• We provided for wellness concerns on returning back to office work. It was also communicated that the preference was for staff to working in the office to enable enhanced levels of performance, collaboration, and engagement. An appropriate Remote working/Work from Home/ Hybrid workplace policy has also been developed to guide employees on process.<br>• The bank is utilising the induction process to sensitise employees on our strategy and approach to business and community sustainability.<br>• Ongoing articulation of our strategic intent takes place across the organisation<br>• Make use of regional conventions and Subsidiary Executive Roadshows to engage employees on the strategy, employees can approach the CEO and leadership on these issues during these events.<br>• We have improved our employee performance management processes to include a revamped balanced score card approach. This allows opportunities to identify skills gaps and a roadmap to closing these.<br>• We engage with employee during performance appraisals to ensure a fill understanding of operational changes.<br>• We make use of publications and the intranet to disseminate information.<br>• The bank is also making use of learning platforms to upskill individuals and teams.<br>• The bank regularly communicates ways to contribute and participate in Equity Group Foundation (EGF) activities.<br>• We focus on building the required skills set to ensure we education our customers on the need for E&S screening.<br>• The bank has also rolled out general and targeted training programmes.<br>• A continuous training and development programme is focused on women, especially in management. |

## MATERIAL MATTERS

| Stakeholder | Stakeholder concerns raised in 2024 | Our Response |
|---|---|---|
| **Society and communities** | • Please share information and opportunities to participate in EGF activities<br>• How can you facilitate the empowerment of your supply chain | • We communicate activities through our newsletters, radio / tv shows, face to face meetings in the branch, social media, regular meetings, customer dinners and lunches, various publications<br>• We have a clear mechanism for identifying participants to our projects<br>• We make use of customer testimonials to demonstrate our contribution to society<br>• We have partnered with the UN Global Compact to adopt and roll out a curriculum to empower our supply chain. |
| **Regulators and policymakers** | • Do you have systems in place to manage emerging risks<br>• How are you approaching collaboration to enhance levels of financial inclusion<br>• How are you approaching collaboration to accelerate the businesses contribution to the SDGs | • We updated our Enterprise Risk Management Framework which was cascaded throughout the Bank to identify and respond to emerging and new risks<br>• We regularly and consistently engage with regulators on issues of interest to them<br>• We provide leadership thoughts to the regulator to enhance broader sector performance<br>• We have signed partnerships with the United Nations to accelerate regional governments contributions to achieving the goals set under the SDGs<br>• In supporting the SDGs, we are leveraging our network and broad footprint, and continue to focus on financial inclusion and economic development per country of operation. |

*Equity Bank hosted a customer engagement event in Gicumbi District to celebrate and recognize outstanding entrepreneurs driving local economic development. Delegates and officials posed for a group photo to mark the occasion.*

## STAKEHOLDER

### Ongoing Stakeholder Engagement

Engaging our stakeholders is vital to our strategy's success and the delivery of sustainable value. However, stakeholder concerns differ in material significance and will not influence implementation equally. The importance of a concern is measured on its potential effect on the business's long-term sustainability and the impact on the stakeholder or the natural environment. The Group takes pride in our established tradition of actively engaging with our stakeholders in the following manner:

| Stakeholder definition | Manner of engagement | Frequency of Engagement |
|---|---|---|
| **Shareholders and investors**<br>These constitute the initial providers of financial capital, and we disclose to them relevant information to make informed investment decisions in addition to seeking their perspectives on our financial performance and strategy. | • Through publications<br>• Through reporting<br>• Through AGM<br>• Investor Roadshows<br>• Regular investor briefings<br>• Investor calls. | Quarterly |
| **Our customers**<br>These constitute the largest source of our deposits, which enable us to fund lending activities. We safeguard their deposits through responsible and sustainable banking practices, sound governance and robust risk management. | • Radio / TV Shows<br>• Marketing and campaigns<br>• Through Branch Employees<br>• Through agents<br>• Internet<br>• Social Media<br>• Outreach campaigns by the foundation<br>• During the onboarding process<br>• Relationship management. | Monthly |
| **Our employees**<br>These are the motivated and skilled people, who enable us to offer value to our customers, and who, as part of society, contribute materially to the communities in which they live and work. | • Induction / Orientation<br>• Conventions<br>• Performance appraisals<br>• Publications<br>• Intranet<br>• One on One engagements<br>• Content posts<br>• Learning platforms<br>• Recurring education. | Monthly |
| **Society and communities**<br>Society and communities grant us the license to operate. Mindful of their interests we engage with our various host communities as part of understanding and identifying areas of sustainable social impact that we can invest in to empower them socially and economically. | • Radio and TV Shows<br>• Newsletters<br>• Face to face meetings in the branch and during customer visits<br>• Social media<br>• Regular meetings customer dinners and lunches<br>• Various publications.<br>• Outreach campaigns by the Foundation. | Monthly |
| **Regulators and policymakers**<br>These constitute a wide spectrum of bodies and people who regulate our industry across the various territories in which we operate, with whose laws, rules, and regulations we are committed to comply transparently and openly. | • Through publications<br>• Through reporting<br>• One on One engagements. | Quarterly |

## RISK STATEMENT

Executing on the vision and mission of the Bank to achieve the set objectives entails effective identification and management of a wide range of risks spanning strategic and operational as well as financial and non-financial.

During 2024 we continued to implement the Bank's Enterprise Risk Management Framework to identify, assess and manage risks in every department and business segment. The ERMF sets out the Bank's approach to identification, assessment, monitoring, mitigation, and reporting risks that can positively or negatively impact achievement of the Bank's Strategic Plan and/or the continuing operations. The ERMF enables forward-looking risk management and risk-informed decisions across all levels of the Bank, thereby maximizing gains while avoiding unnecessary losses, and is anchored on a risk culture cultivated by the Board, that encourages open communication and transparency on all aspects of risk management. The Bank applies the Three Lines of Defense model to the day-to-day risk management activities.

The Bank acts in accordance with its risk appetite statement to achieve its strategic goals and objectives in pursuit of its purpose to become "the champion of the socio-economic prosperity of the people of Africa." The Bank strives for a sound risk culture and adherence to its values and principles to effectively manage risks, promote a culture of integrity, high ethical standards and achieve compliance with internal policies and risk appetite as well as laws and regulations.

The ERMF is supported by frameworks covering the risk management approach for individual principal risk types (PRTs), and policies and standards aligned to the PRTs. Policies set out the key control requirements for the management of risks while standards set out the approach for meeting the core requirements in policies. The ERMF, PRT frameworks, policies and procedures together comprise the Bank's control framework.

### Principal Risk Types

The Bank's activities are exposed to various risks of which the principal ones are the following:

- Strategic risks due to ineffective business strategies, improper implementation of business strategies, or a lack of responsiveness to changes in the business environment.
- Capital risks resulting in insufficient capital to carry out the Bank's strategy and satisfy regulatory capital adequacy requirements.
- Liquidity and funding risks resulting in insufficient stable or diverse sources of funding to meet financial obligations as they fall due, without raising funds at unfavorable rates or resorting to distressed sale of assets or central bank support.
- Country risks due to adverse political or economic events in a country.
- Credit and counter party risks due to failure of a borrower or counter party in a transaction to meet its agreed payment obligations to the Bank.
- Market and structural risks caused by adverse movements in market factors such as interest and exchange rates, or other prices affecting activities undertaken by the Bank.
- Operational risks due to inadequate or failed internal processes, people, and systems or from external events including legal risks
- Technology risks relating to failure of the Bank's technology to deliver the expected services due to inadequate or deficient systems/process developments and performance or inadequate resilience or security
- Information and cybersecurity risks relating to the loss of confidentiality, integrity, or availability of information, data, or information (or control) systems.
- Model risks resulting in adverse consequences including financial loss, poor business and strategic decision-making, or damage to the Bank's reputation arising from decisions based on incorrect or misused model outputs and reports.
- Compliance risks resulting in negative impact to business activities, adverse impact to customers and other stakeholders, or regulatory relationships through failure on our part to comply with laws or regulations.

## RISK STATEMENT

- Financial crime risks leading to legal or regulatory penalties, material financial loss or reputational damage due to failure to comply with applicable laws and regulations relating to anti-money laundering, and international and domestic sanctions
- Conduct risks resulting in detriment to the Bank or its customers, investors, shareholders and other stakeholders from inappropriate supply of financial services or through willful or negligent misconduct
- Reputational risk due to negative perceptions on the part of customers, counterparties, investors, debt holders, regulators and other stakeholder, whether justified or not, regarding the Bank's business practices, actions, or inactions, will adversely affect the Bank's ability to maintain existing, or establish new business relationships and continued access to sources of funding leading to a decline in the institution's value, brand, liquidity, or customer base
- ESG/climate risks due to failure to identify and manage climate change risks including extreme weather events, long-term progressive shifts of climate, transition towards a lower-carbon economy and activities having negative environmental impacts
- Fraud risks due to the intentional acts, misstatements, or omissions of internal or external parties, including misrepresentations that knowingly or recklessly mislead or attempt to mislead, with a view to obtaining a financial or other benefit or to avoid an obligation
- Bancassurance risks due to actual experience emerging differently from the expected in insurance product pricing or reserving occasioned by adverse fluctuations in timing, actual size, and/or frequency of claims mortality, morbidity, policyholders' behavior, or associated expenses incurred or other causes

Each of the above-mentioned Principal Risk Types is managed through distinct Risk Type Frameworks (RTFs) that document the overall risk management approach for their respective PRT to ensure resilience to risk events. Senior experienced risk officers appointed and designated as Risk Framework Owners are responsible for maintaining the Risk Type Frameworks and policies and providing second line oversight and challenge of risk management activities performed by the First Line of Defense.


*Managing Director Hannington Namara addresses participants in Gicumbi, highlighting Equity Bank Rwanda's commitment to empowering communities and supporting local entrepreneurs.*

# RISK STATEMENT

## Risk Governance

The Board of Directors has ultimate responsibility for risk management. It is supported and advised by the Risk Committee which oversees the management of current and future risks in line with the risk appetite approved by the Board.

## Key developments in 2024

During 2024 we enhanced our risk management to ensure timely and appropriate responses to the effects of major external events and ensure operational resilience. The events included rising inflation and interest rates, Russia/Ukraine war, global and regional geopolitical tensions, continuing COVID-19 impacts, drought across Eastern Africa and weakening domestic currencies caused by volatility in international financial markets. These challenges look set to continue during 2023 with adverse impact on future economic growth and subsequently on the Bank's customers, especially Israel/Palestine war and M23 vs DRC war, continuing COVID-19 impacts, drought across Eastern Africa and weakening domestic currencies caused by volatility in international financial markets.

Other events registered in 2024 were about merger and acquisition and branch rationalization process where we enhanced our risk culture through introducing risk committee at function level and branch level.

These challenges look set to continue during 2024 with adverse impact on future economic growth and subsequently on the Bank's customers.

1. We enhanced monitoring of financial risks considering the rising inflation and significant volatility in domestic and international financial markets. Stress tests and portfolio reviews were used to identify vulnerable borrowers, industry sectors and segments impacted by the sharp rise in inflation and interest rates, rapid depreciation of local currencies, supply chain disruptions and commodity volatility and foreign exchange shortages. These exposures continue to be tracked through the Watchlists monitoring process. Review of the treasury portfolio led to a revised risk appetite and reduced limits where appropriate, as well as new qualitative and quantitative risk triggers and exposure management strategies. We are focused on diversifying funding sources and further strengthening liquidity buffers. The Bank remains resilient because of these actions as evidenced by the strong asset quality and liquidity and capital buffers.

2. In the face of rapid changes in the cybersecurity landscape globally we increased focus on the security of our technology systems and the data they contain. Furthermore, we continued to improve the stability and availability of IT systems to support the rapid growth in customer transaction volumes as digital products and services continued to be rolled out. The Board approved a new Bank Technology, Information and Cybersecurity (TICS) Risk Framework as well as a multi-year cybersecurity program to strengthen the prevention and protection, monitoring and detection, response and recovery, as well as governance, risk and control. Furthermore, substantial investments were approved to modernize and expand the core IT infrastructure and applications and improve resilience. The Board is regularly updated regarding the progress of this program and other key IT change initiatives as well as the results of cybersecurity testing exercises, internal controls testing, vulnerability assessments and penetration testing. The cybersecurity training and awareness program was enhanced and rolled out for all employees during 2023-2024 including mandatory eLearning and phishing exercises.

3. We strengthened our capacity in the fight against financial crime by increasing the bench of technical experts, rollout of revised risks frameworks and policies as well as procedures, ramping up training and enhancing automated systems for customer and transaction screening, customer risk rating and transaction monitoring. We continue to enhance the safety and security of digital and third-party channels to control risks associated with AML & CFT and sanctions as well as external and internal frauds. Furthermore, we are automating back-office operations and strengthening internal controls.

4. We enhanced conduct risk management and established governance around conduct risk & data protection risk and the Bank committed to comply with the new gazetted consumer protection regulations in November 2023 and data protection law requirement. With that Bank established policies and procedure to identify, assess, control and monitor the risk presented during risk assessment. Furthermore, Bank enhanced governance around consumer protection and data protection and established technical security control towards protecting the subject data information and treatment of all customer fairly.

## RISK STATEMENT

The Bank recruited data protection expert to enhance the data privacy of our customer and other stakeholders and the Bank achieved milestone to get license for Data controller will be after full-filling all requirement.

5. We increased focus on third party risk management and business continuity management. We identify, assess and control the risks presented throughout the lifecycle of the relationship with third parties, in particular the providers of technology and other services necessary to support delivery of the Africa Recovery and Resilience Plan.

6. We enhanced risk culture through introducing non-financial risk committee at branch level and department level as well as training all staff.

7. The Bank ESG & Climate Risk Framework and associated policies were approved by the Board during 2024 and a Head of credit risk was appointed as First Line of Defense on Sustainability to:

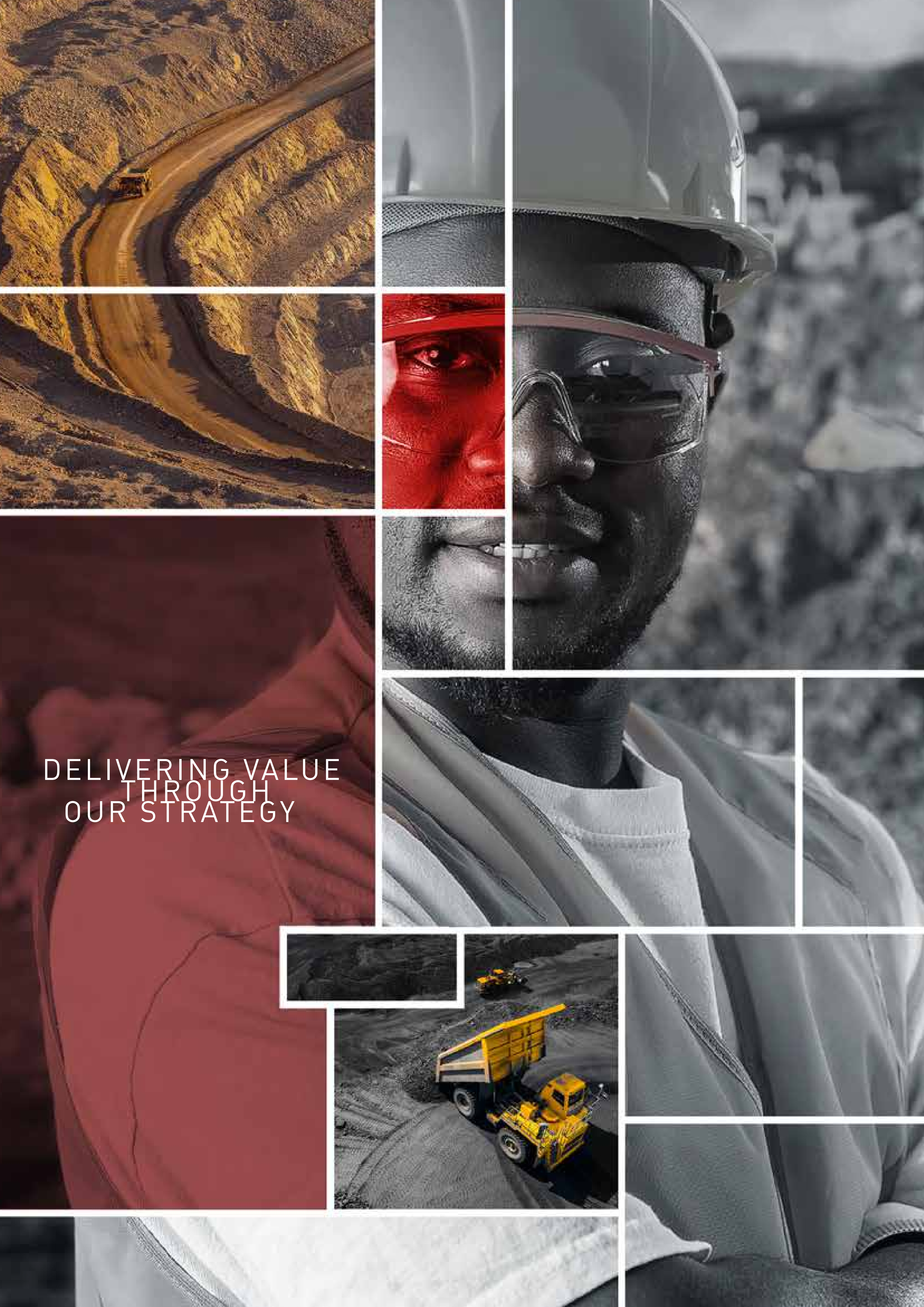
   - Ensure ESG & Climate risk is considered during development of the strategic plan, and formulate strategies for meeting the Bank's strategic goals and objectives ensuring that risks and opportunities are taken into consideration.
   - Provide guidance on change initiatives required to implement the Bank's ESG & Climate risk plans.
   - Provide advice and support on opportunities and options that may be pursued for the Bank's sustainability development and continuous improvement.
   - Support subsidiaries, business divisions and functions in management of ESG & climate risks

   A Head of credit risk has been appointed to oversee First Line of Defense identification and management of ESG and climate risks and ensure appropriate reporting and disclosure. The Bank identifies and manages ESG and climate risks using a risk-based approach. Borrowing customers will be subjected to environmental and social (E&S) risk reviews if their activities and/or transactions fall within the scope of the E&S Risk Policy and Standards. Those presenting increased ESG and climate risks are further assessed to understand the customers' willingness and capacity to manage the risks. Material ESG and climate risks are escalated to the Board for approval prior to permitting transactions. Enterprise risk management function is the second line of defense to ESG risk and It has oversight on ESG risk. The function support the first line of defense to have effective ESG risk identification, assessment, control , monitoring and reporting and ensure all ESG risk are well mitigated within risk appetite. The function on quarterly basis update the Board the ESG risk management progress for Board oversight. Customers are subjected to enhanced monitoring and reporting where their activities present material ESG and climate risks, to ensure the risk is controlled at acceptable levels. Activities assessed to carry very high E&S risk are specifically avoided. The "Exclusion List" is periodically reviewed, updated and communicated internally and relevant controls are in place to ensure compliance. The third line of defense comprises the Bank Internal Audit function, which provides independent assurance to the Board on the effectiveness of risk management controls implemented by the first and second lines of defense.

8. We rolled out the Model Risk Framework and recruited experienced personnel. We have commenced internal validation of existing models with priority being given to material models used for business and regulatory purposes.


*Hannington Namara, Managing Director of Equity Bank Rwanda, praised the Muhanga District community for fostering strong relationships with the bank during client discussions aimed at building lasting partnerships.*

# DELIVERING VALUE THROUGH OUR STRATEGY



## FINANCIAL REVIEW

| | | | |
|---|---|---|---|
| **Deposits (Rwf)** **991,741bn** 2023: 780,931bn | **Loans (Rwf)** **556,589bn** 2023: 430,460bn | **Total revenue (Rwf)** **150,573bn** 2023: 128,112bn | **Profit Before Tax (Rwf)** **76,808bn** 2023: 52,010bn |
| **Profit After Tax (Rwf)** **53,953bn** 2023: 36,406bn | **EPS (Rwf)** **2.32** 2023: 1.6 | **Total Assets (Rwf)** **1,330bn** 2023: 1,028bn | **Revenue Growth** **18%** 2023: 15% |
| **Return on Equity** **34.6%** 2023: 29% | **NPL Coverage** **93%** 2023: 98% | **NPL** **4.07%** 2023: 4.6% | **Cost of funds (Rwf)** **2.67%** 2023: 3.3% |
| **Shareholders' Funds** **175bn** 2023: 136bn | **Cost income ratio** (Without loan loss provisions) **32.5%** 2023: 47.4% | **Core capital/TRWA** **16.86%** 2023: 17.130% | **Total Capital/TRWA** **18.11%** 2023: 18.38% |

### Overview

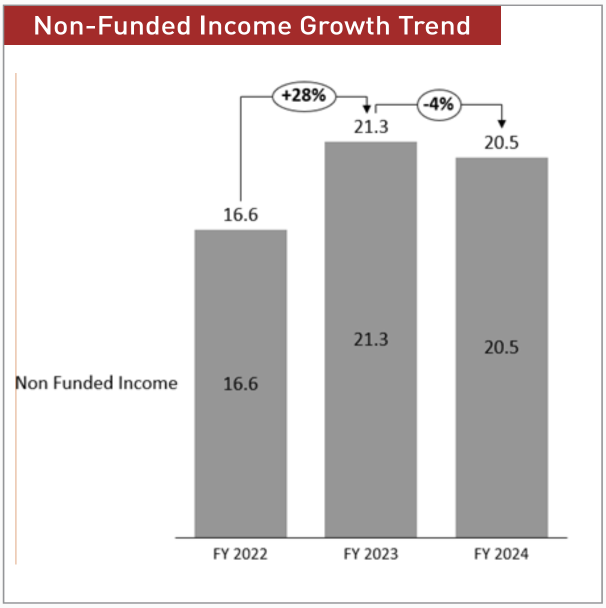
The Bank continues to perform strongly despite headwinds occasioned by a macro-economic environment consisting of high inflation, increased interest rates and local currency depreciation, which have impacted heavily on customers. The Bank's Profit Before Tax (PBT) at Rwf 76,808bn (2023: 52,010bn) showcased continued resilience. Customer deposits increased to Rwf 991,741bn from Rwf 780,931 bn in 2023, while loans issued stood at Rwf 556,589bn (2023:Rwf 430,460bn)

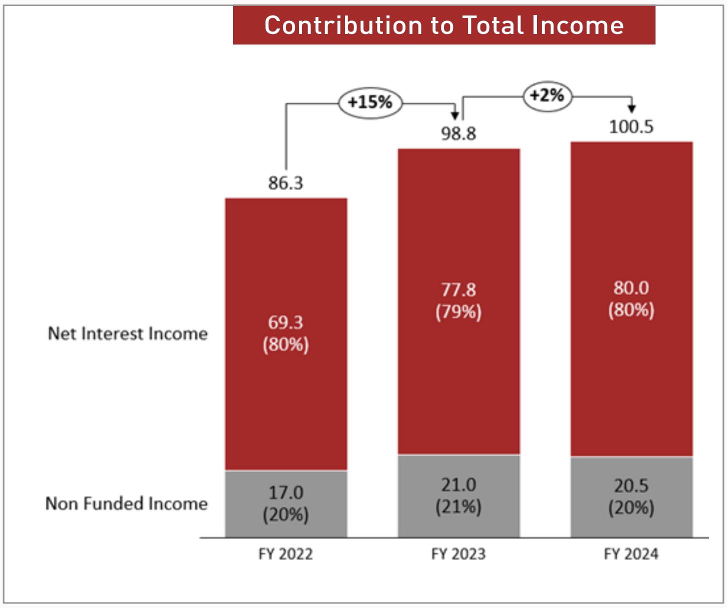
The Bank's financial capital sources, include shareholder funds and revenue reserves. As of 2024, financial capital consisted of paid up and assigned capital (Rwf 23.3 billion), share premium (Rwf 18.4 billion), retained earnings (Rwf 141 billion). The Bank is committed to raising funds from a variety of sources and deploying them in the most efficient and prudent manner to create long-term stakeholder value.

Our Internal Capital Adequacy Assessment Process (ICAAP) enables us to maintain appropriate capital resources, manage risks and meet capital adequacy requirements. It also guides our cost optimisation efforts and where we allocate financial resources. Overall, capital allocation focuses on supporting value creation and ensuring high returns on deployed financial capital.

## FINANCIAL REVIEW

### Focus Area 1: Non-funded income

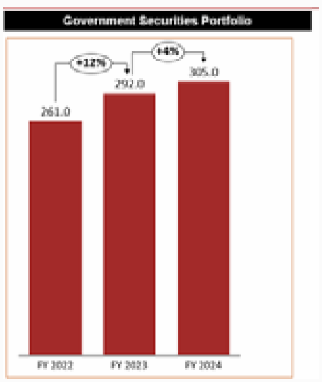


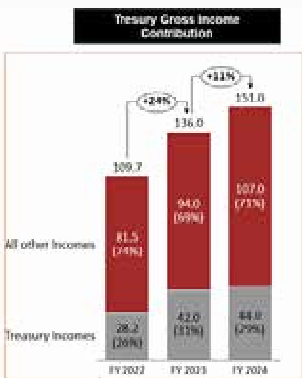

#### Overview

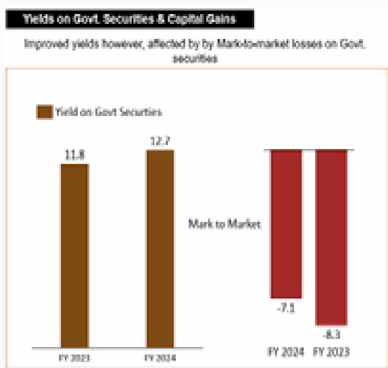
Non-funded income dropped by 4% from RWF 21.3bn for the year 2023 to 20.5bn for the year 2024. These fees include SWIFT income, Trade finance, mobile banking fees, bank transaction fees and bancassurance. For the year 2024, Non-funded income contribution to total income was 20%.

### Focus Area 2: Treasury operations







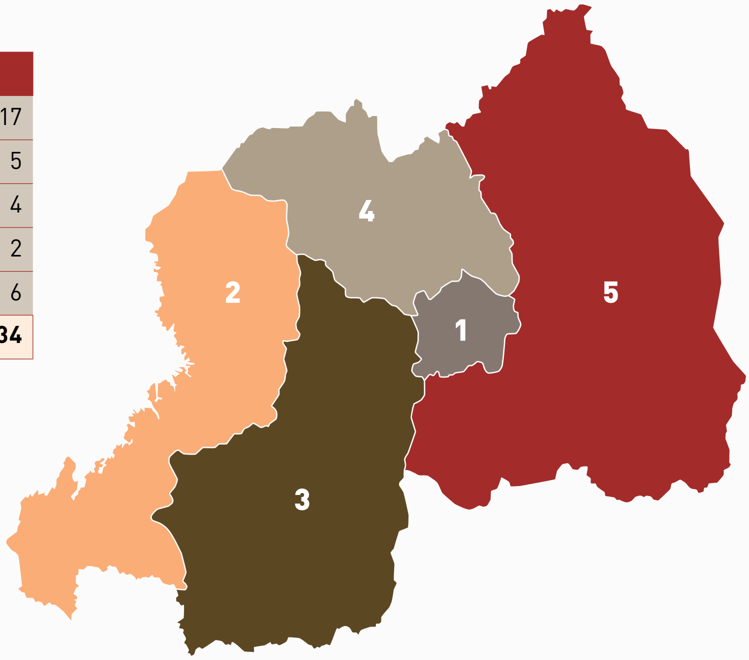

Treasury operations enable the placement of excess liquidity in investment products thus earning income for the Bank. This has primarily been through interest income derived from trading in government securities.

## FINANCIAL REVIEW

### Focus Area 3: Geographic Expansion and Business Diversification

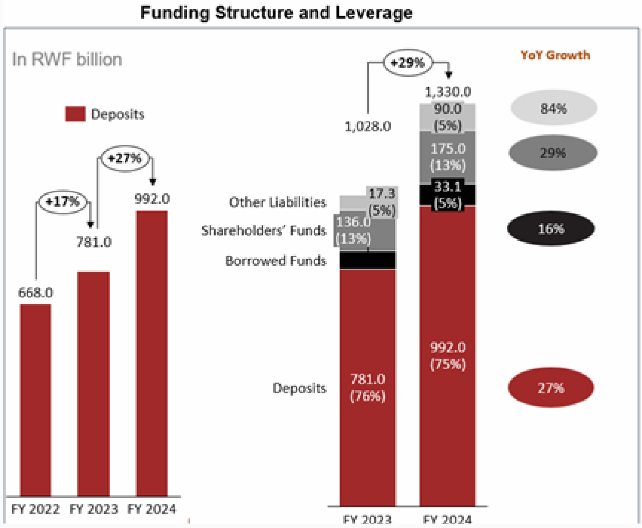
The bank continued to expand using physical and digital tools. During the year 2024, the bank operates with 34 Branches and two sub-branches.

| Branch distribution Per Rwanda Provinces | |
|---|---|
| 1. Kigali | 17 |
| 2. Western | 5 |
| 3. Southern | 4 |
| 4. Northern | 2 |
| 5. Eastern | 6 |
| **Total** | **34** |

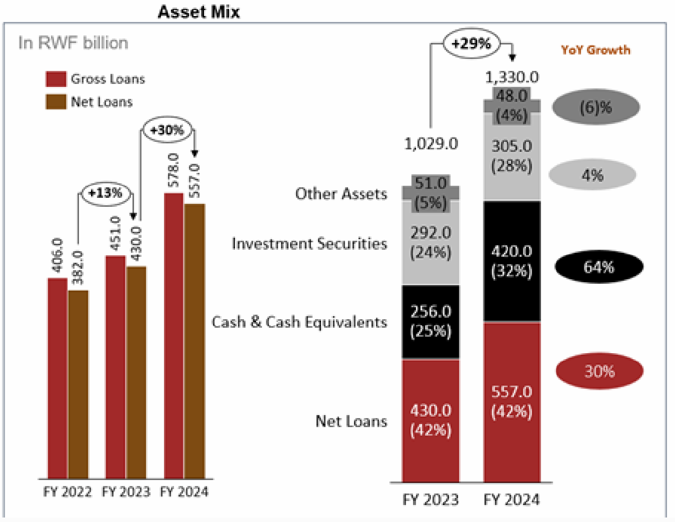



### Focus Area 4: Balance-sheet efficiency, optimisation and agility

Funding Structure and Leverage




Asset Mix



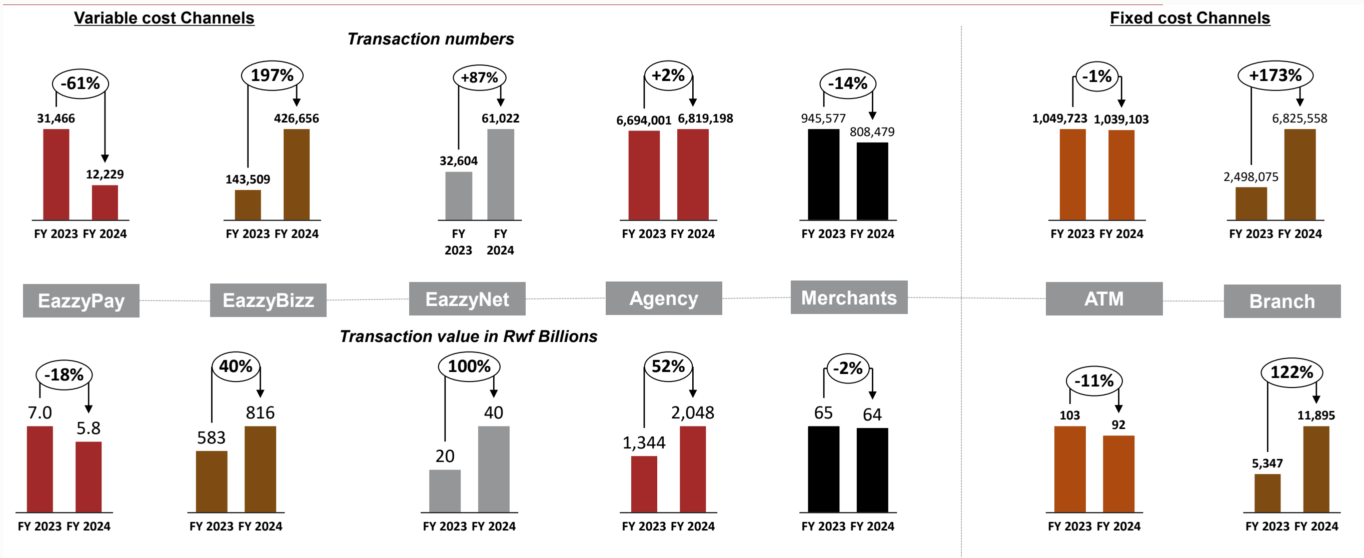

Our balance sheet remains agile, enabling us to invest excess liquidity as opportunities arise. During the year we allocated to government securities Frw 305 billion. Our liquidity coverage ratios averaged 394%.

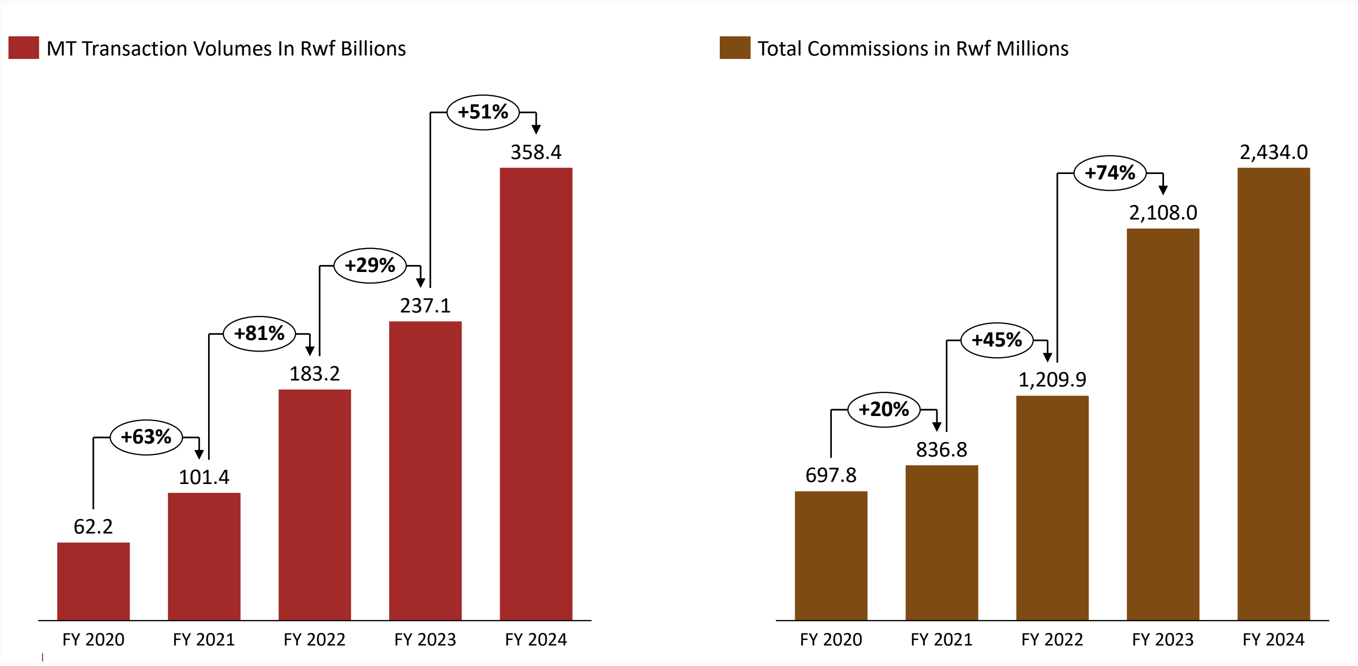
The Bank will therefore focus on growing the loan book as liquidity moves from defensive purposes to a more assertive stance focused on private sector credit.

## FINANCIAL REVIEW

### Focus Area 5: Business transformation through innovation and digitisation

We prioritise technology as a crucial enabler for conducting our business operations and delivering on our strategic objectives in the Africa Recovery and Resilience Plan (ARRP). We are pursuing a level of deepened digital transformation to effectively cater to end consumer needs across our vast territories to deliver on our plan.

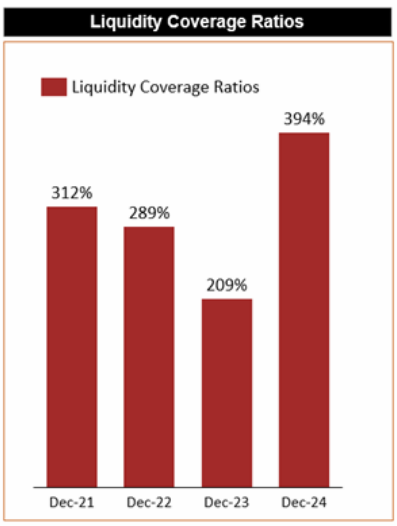


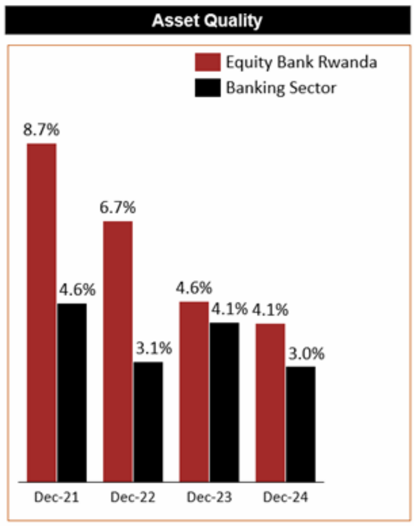



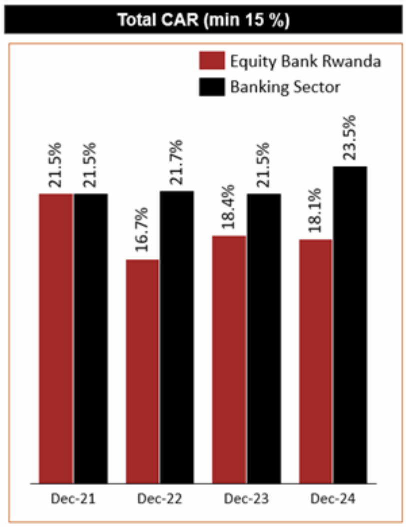
## FINANCIAL REVIEW

### Focus Area 6: Asset quality, distribution and risk mitigation

We closed the year with an NPLs ratio of 4.07% against an industry average of 4.1%. The Bank continues with proactive customer relationships and engagement.

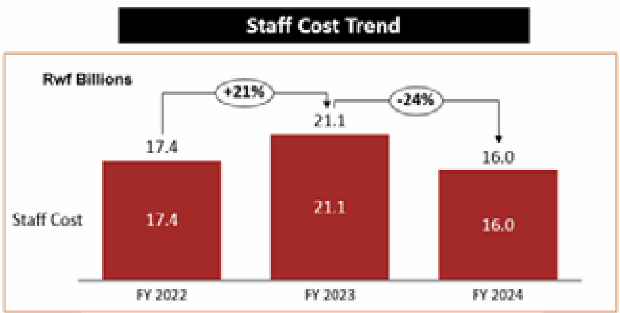


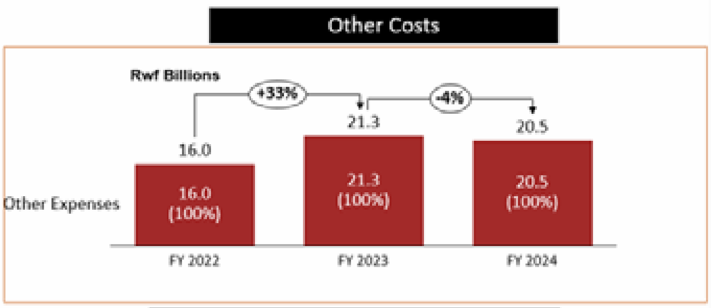



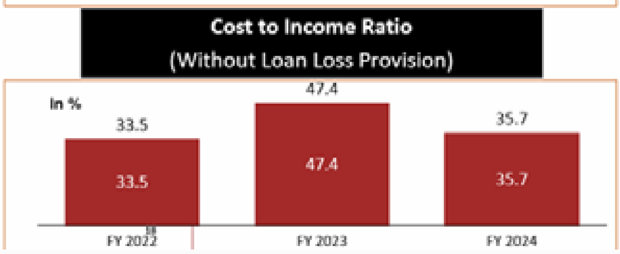



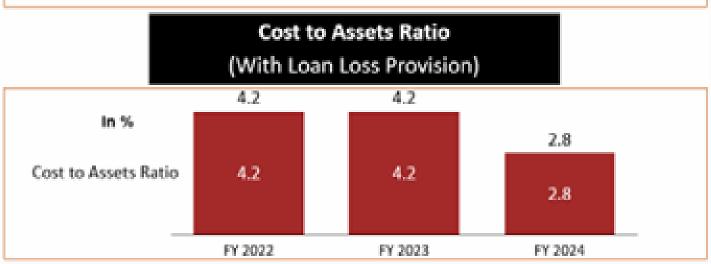

### Focus Area 7: Efficiency and cost optimisation

Cost optimization is aimed at ensuring we deploy our resources in a cost-effective manner while maximizing on value, thus enabling us to allocate our resources effectively, eliminating wastage and enhancing profitability. We regularly monitor our expenses, identifying ways to address cost escalations and eliminate unnecessary expenditure. We also place an emphasis on improving operations and streamlining processes to realize efficiency in our operations. Our cost to income ratio stood at 35.7% (2023: 47.4%).



## OUR APPROACH TO STAKEHOLDER MANAGEMENT

### Managing our stakeholders

We recognise that our key stakeholders are those groups who are materially impacted by our business activities. We acknowledge that for us to determine and respond appropriately to their needs and concerns, their interests require ongoing input, insight, commitment.

Our stakeholders form the core component of our social and relationship capital, and it is our positive and productive relationships with them that enable us to guide and tailor our strategy, benefit from the opportunities and understandings that arise from our engagement with them, provide the services, products and regulatory compliance entailed in the expression of their needs and concerns, and manage the risks and challenges that we face.

### Our approach to engaging with our stakeholders

We are committed to open, transparent, and continuous communication with our stakeholders in order to gain the understandings upon which we depend in order to maximise the mutual knowledge and insight inherent in our relationships, and to enable and incorporate feedback that can be translated into the meaningful strategy and intent that inform our business decisions and actions.

Our engagement with our stakeholders is defined by our values and underpinned by our vision of being the champion of the socio-economic prosperity of the people of Africa, and our mission to offer inclusive integrated financial services that socially and economically empower consumers, businesses, and communities. It is the positive and proactive management of those relationships that enable us to realize our purpose of transforming lives, conferring dignity and expanding opportunities for value and wealth creation.

### Engaging with our stakeholders in 2024

| Key concerns | Communication methods | The value we create |
|---|---|---|
| **Shareholders and investors** | | |
| > Efficient capital allocation as we expand<br>> Sustainable growth and payment of dividends<br>> Sustainability considerations into our business practices<br>> Strong and experienced management team<br>> Transparent reporting and disclosures | > Annual General Meeting<br>> Investor conferences, and meetings<br>> Newspaper publications<br>> Annual financial statements<br>> Investor relations section on the website | > Delivering by increasing net asset value and net earnings<br>> Continuous engagement to ensure full disclosure and open communication to inform their investment decisions<br>> The adherence of management to a disciplined process of capital allocation that ensure we venture into growth markets where our model of shared prosperity will continue to be profitable and sustainable<br>> Payment of dividends, enabled by the growth resulting from our strategic decisions in the prior year<br>> Maintaining a safe balance sheet by holding adequate provisions and keeping a high coverage of non-performing loans |
| **Customers** | | |
| > Simple, intuitive, and time-efficient banking solutions<br>> Excellent customer service<br>> Innovative solutions that address growing customer needs | > Contact Centre, branches and online platforms and apps<br>> EBR plc website > Facebook and Twitter platforms | > Safeguarding deposits, investments, and wealth, while growing returns<br>> Providing credit that enables wealth creation, economic development and job creation<br>> Facilitating transactions that are the backbone of economic value exchange<br>> Enabling financial inclusion by providing access to affordable products for the underbanked |

## OUR APPROACH TO STAKEHOLDER MANAGEMENT

### Engaging with our stakeholders in 2024 (continued)

| **Employees** | | |
|---|---|---|
| > A safe and healthy work environment<br>> Fair remuneration, effective performance management and recognition<br>> Career development and advancement opportunities | > Internal website<br>> Equity newsletter<br>> Employee surveys<br>> Leadership mentorship forums | > >Employing citizens in the jurisdictions in which we operate<br>> Rewarding staff for the value they add<br>> Creating job opportunities as we grow<br>> Developing our staff to further their careers and improve our services and products<br>> Promoting transformation into an inclusive society through employment equity and gender equality<br>> Motivating and energizing our workforce |

| Key concerns | Communication methods | The value we create |
|---|---|---|
| **Society** | | |
| > Ethical and social responsibility<br>> Do good and positively transform the economy and society at large | > Equity Social Impact investments partnering with communities on various initiatives<br>> Investing in communities through flagship projects such as Wings to Fly, Equity Leaders Programme | > Embracing sustainable banking practices and regulatory compliance that enable a safe and stable banking system, and a thriving society<br>> Playing a meaningful part in the broader society as a procurer of goods and services<br>> Making a difference through our corporate social investment activities<br>> Positively transforming economies and society through our activities and lending<br>> Initiating social development initiatives through the Equity Group Foundation with the aim of transforming lives and livelihoods |
| **Regulators and policy makers:**<br>> The Central Banks<br>> The Revenue Authorities<br>> The Capital Markets Authority | | |
| > Compliance with legal and regulatory requirements<br>> Being a responsible taxpayer<br>> Active participation and contribution to industry working groups<br>> Establishment and adherence to good corporate governance practices | > Submission of required returns<br>> Engagement through industry consultative bodies<br>> Partnering on key areas of education, health, and resource conservation | > Complying with set rules and regulations to ensure a stable financial sector<br>> Collaboration to deepen financial inclusion<br>> Contributing meaningfully to government budgets through corporate and personal taxes<br>> The buying of government and public-sector bonds. |

## HUMAN CAPITAL

Equity Bank Rwanda Plc 's Human Resources Strategy has four strategic thrusts over the next two to three years:

1. Organising ourselves for growth through a market-focused target operating model and structure.

2. Delivering superior sustainable value creation for our stakeholders through a robust Productivity and Performance Management Framework.

3. Harnessing high employee engagement and retention through deployment of a competitive employee value proposition (including Total Rewards).

4. Building robust succession plans for key positions and career development pathways for our key talent.

In 2024 we continued to focus on sharpening our productivity and performance management approaches as we adopted the balanced score card to measure and review employee contributions. We now have productivity dashboards for the Bank functions as well the teams. This is in line with our commitment to promote a high-performance culture that focuses on delivering value for stakeholders while ensuring the right employee experience.

We also focused our attention on building talent pools, succession planning and career development for our key talent. Learning for growth and inculcating a high-performance culture are key to our recipe for success.

During the year, we requested all our employees to return to office to align with our customers' needs. A top priority of the human capital function is to have the right organisation and the right talent to deliver on the commitments made under the Africa Recovery and Resilience Strategy. This means organizing employees to deliver and particularly to be market focused on how to create sustainable value for our stakeholders. We ensure that our employees have the right skill sets and right toolsets to deliver on their mandates. Back-office functions also need to enable and partner with the market facing teams to win in the marketplace.

We continue to review and enhance our employee value proposition to ensure superior competitiveness and for talent retention as well as engagement.

## ORGANISATION DESIGN

In 2024 we finalized the re-design of our target operating model, built around 5 key broad categories of job families, namely:

1) Demand – these teams develop and grow our customer base, target agreed to Customer Segments, and link these to specific sectors to customize relevant Customer Value Propositions

2) Supply – these teams are responsible for demand fulfilment, designing and customizing customer solutions, products and experience to specific segments and sectors.

3) Business Partners – These teams provide enabler subject matter expertise in the back-office centers of excellence to enable customer value creation along the organizations value chain. These include Strategy, Governance, Risk, and other technical subject-matter functions.

4) Subsidiaries/Licenses – These teams translate business strategy into customer value operationalization through the regulated jurisdiction of operations across geographies.

5) Shared Capabilities – These job families offer high volume, repetitive, standardized, and harmonized operational services, leveraging efficient, automated processes and policies to minimize duplication of resources and effort across geographies and licenses.

The organizational design follows a matrix reporting structure. In this setup, Bank functional leaders offer strategic guidance, oversee functional risks, build capacity and capabilities across the organization, facilitate best-practice sharing, and standardize policies, processes, and procedures. Meanwhile, the Executive Teams manage the functional teams to ensure daily operations are executed and comply with the agreed periodic operating plans.

## HUMAN CAPITAL

To further optimize our human resources, the HR teams, in collaboration with business leaders, conducted a thorough study of the Work, Workforce, and Workplace to assess alignment with our Strategy. This was followed by CEO-led, organization-wide focus group discussions to facilitate an organizational health diagnostic assessment. These discussions unpacked core capabilities such as Governance, Leadership, Strategy, Structure, Systems and Processes, People, Products, and our value creation for customers. The outcomes of these engagements led to the development of action plans that are strengthening our market leadership and creating sustainable value for stakeholders.

### EMPLOYEE WELLNESS

The Bank adopts a holistic approach to employee wellness through its Wellness Wheel, which includes eight aspects: physical, intellectual, emotional, social, spiritual, financial, and environmental wellbeing. This comprehensive wellness strategy aims to protect and enhance employee wellbeing. The Group provides an employee medical scheme as the primary resource for outpatient medical services. Additionally, the Bank conducted outreach and experiential programs to raise awareness about various aspects of the scheme, including case management, life-threatening diseases, communicable disease management, occupational health and safety, and regular medical check-ups, among other initiatives.

### LEARNING AND DEVELOPMENT

During the year, the Bank provided 28,629 cumulative training hours to employees Apart from the general induction training programs, the Bank delivered training on the following areas:

- Risk & Compliance
- Operational Effectiveness and Efficiency
- Technical Functional Competencies
- Leadership and People Management Fundamentals
- Productivity and Performance Management
- Wellness and Vitality
- Culture and Diversity
- Mentorship

We have intentionally developed succession pipelines for key roles by balancing the cultivation of internal talent pools with the recruitment of mid-career professionals from the market. Our talent review process is overseen by talent committees or councils, which promote individuals from the bottom up across Subsidiaries and Functions. This approach enables us to segment our talent pools and identify our Top Talent (High Potential + High Performers). It also allows us to plan and structure their learning and career pathways across job families and subsidiaries.

## MANUFACTURING AND INTELLECTUAL CAPITAL

Manufactured capital includes equipment, physical facilities, and digital channels like ATMs, applications, and operational systems provided by the organization for use by customers and employees. Intellectual capital encompasses the Bank's intangible assets, broadly defined as the collection of informational resources available to the Group that can be utilized to create value, attract new customers, develop new products, or enhance the business.

### MANUFACTURED CAPITAL

We We offer a variety of channels to deliver products and services, including physical channels like branches, ATMs, agent locations, and point of sales (POS) terminals across the Group's geographic footprint. Digital channels play a leading role in acquiring and servicing customers. Additionally, we are digitizing our physical channels to provide a broader range of self-service options for customers, such as Mobile Banking, Agency Banking, PayPal, Online Banking, Pay with Equity, and Visa Direct.

### DIGITAL BANKING

Leveraging on technology, the Group provides digital offerings to local and diaspora customers. These include cards, payment services and money transfer services for personal, SME, corporate, Groups and diaspora customers.

### AGENCY BANKING

Agency banking brings banking services closer to our customers. It enables financial inclusion by offering services in areas where banking services are unavailable or not easily accessible. It creates business opportunities for service providers allowing them to diversify their revenue.

### CARD AND MERCHANT

We have a widely recognized range of card-based payment products, including debit cards, credit cards and pre-paid cards, as well as cash-free payment solutions. Our debit and credit cards are also enabled for online e-commerce transactions.

### DIASPORA BANKING

Diaspora banking offers a wide range of services to suit the banking needs of our target clientele that ranges from banking services for individuals and groups, payment cards, mobile and online banking, credit facilities, investment solutions and insurance products.

### INTELLECTUAL CAPITAL

Creating value through technology,

Information Technology (IT) supports and enhances the Group's commercial and social operations. With the rapid pace of technological change, IT builds future-proof foundations to enable the business. The strategic goal for IT is to develop systems and processes that ensure current stability and reliability while adapting to future technological advancements. As Equity Group aims to reach 100 million customers by 2030, IT is tasked with delivering excellent digital technology solutions and innovative products and services. These solutions are designed to be consistent, reliable, cost-effective, scalable, and secure. The IT department aligns with the ARRP enabling function and operates as a shared service across the organization, with specialists distributed across product, commercial, and social aspects of the business.

#### OUR IT PLAN 2024: BUILDING FUTURE PROOF FOUNDATIONS

Our short- and medium-term strategic objectives have been established in accordance with the ARRP. The IT Plan 2025 is founded on 8 goals.

**1. Business enablement:**

To empower the Group by leveraging technology as a catalyst for innovation, efficiency and growth for effective IT capabilities required by growing licenses and transactions. Our primary focus for 2025 is to deliver the technology capabilities for the Group's licenses such as the Insurance core systems and the Digital Financial Services facilitated by the PSP license.

## MANUFACTURING AND INTELLECTUAL CAPITAL

**2. IT Stability and reliability:**

To establish and maintain a resilient IT infrastructure that ensures 99.9% availability and reliability of systems, applications, and services.

**3. Enterprise architecture:**

To establish an effective enterprise architecture that aligns business and IT strategies, fosters innovation, and optimizes technology resources for interoperability and integration of diverse systems and applications within the enterprise.

**4. Data and analytics:**

To implement robust data and analytics capabilities that will empower the group to make informed, data driven decisions, driving operational efficiency, enhancing customer experience, and unlocking new avenues for innovation.

**5. Cost optimization:**

To implement a comprehensive cost optimization strategy that maximizes efficiency while reducing the running cost of IT by 10% in 2025.

**6. Information security:**

To establish and maintain a robust cyber security framework that ensures confidentiality, integrity, and availability of the Group's digital assets.

**7. Technology governance:**

To govern the use and management of technology resources while managing risks and ensuring compliance with regulatory requirements and established standards.

**8. IT talent management:**

To build a high performing, competent and motivated IT team that drives innovation, excellence, and business success.

### ENHANCEMENTS AND NEW PRODUCTS

Technology plays a key role in the delivery of our customer propositions as indicated below for products enhanced or developed in 2025.

- Save products introduced to the Equity Mobile App: Call Deposit, Fixed Deposit, Classic Savings, and Goal Account
- Borrow products for digital lending: Salary Advance, Ecosystem Lending and SME Overdraft
- Move initiatives: Host to Host integrations, Biller, and Merchants Integrations to Pay with Equity, and International Money Transfer

### SYSTEM OPTIMISATION

- Our IT system optimization is a crucial process that involves improving and refining the capabilities of an existing IT system. This includes various strategies like enhancing hardware performance, streamlining software operations, improving network performance, data management, and application tuning. Our intent is to increase efficiency and productivity, reduce costs, minimize downtime, and improve the overall performance and reliability of the system. Ongoing optimization efforts help to keep the system up-to-date, competitive, and capable of meeting the ever-changing business and stakeholder needs and technological advancements. In 2024, we focused on the following areas:Core Banking infrastructure modernization
- Enterprise Resource Planning Platform upgrade
- Omnichannel Platform enhancements
- Branch Service Hub enhancements
- Cybersecurity transformation
- Data Centre Energy Efficiency – strategic energy conservation

## MANUFACTURING AND INTELLECTUAL CAPITAL

### IT GOVERNANCE

IT Governance at Equity aligns with industry standards and frameworks, aiding in the definition of policies, procedures, and controls. The frameworks used for benchmarking include IT Infrastructure Library (ITIL for IT Service Management), Control Objectives for Information and Related Technologies (COBIT for IT Governance and Management), National Institute of Standards and Technology (NIST for Information Security), The Open Group Architecture Framework (TOGAF for Enterprise Architecture), and Project Management Body of Knowledge (PMBOK for Project Governance).

The Group also maintains International Organization for Standardization (ISO) certifications and complies with the Payment Card Industry Data Security Standard (PCI-DSS) and SWIFT. Technical competencies and skills are aligned with the Skills Framework for the Information Age (SFIA 8.0) to ensure optimal alignment with industry skill standards.

Governance includes the decision-making processes, regulatory frameworks, and ethical considerations that guide the development, deployment, and use of technology. In an era of rapid technological advancements, it plays a crucial role in addressing issues such as data privacy, cybersecurity, and the ethical implications of emerging technologies like artificial intelligence.

### CERTIFICATIONS

The Group maintains and complies with the following certifications:

- ISO 20000: 2018 – Information Technology Service Management System
- ISO 27001: 2022 – Information Security Management System
- SWIFT CSP 2023 – Customer Security Programme (helps financial institutions ensure their defence against cyberattacks are up to date and effective, to protect the integrity of the wider financial network.)
- PCI – DSS 3.2.1 – Payment Card Industry Data Security Standard (for payments cards data security)


*Partners, speakers, and attendees pose for a group photo at the launch of Equity Bank Rwanda's Healthcare Financing Products*

## SOCIAL AND RELATIONSHIP CAPITAL

### CUSTOMERS

Our customers were estimated at 1.5million at the close of 2024. We have had a steady growth in customer numbers despite the challenging context with our ambition to increase customer numbers. This requires that we invest to ensure that the Bank is able to deliver consistent high-quality value to our customers and maintain a superior customer proposition and customer experience.

### CUSTOMER EXPERIENCE

Equity Bank Rwanda Plc has made substantive investments in improving customer experience. The bulk of these investments have gone into technology and digitization to foster convenience and accessibility for customers. Additionally, investments have gone into parity, ensuring that products that are available in one geographic market are also available in to their markets and expansion aimed at increasing penetration especially in new markets. Recognizing that the Bank cannot offer a "one- shoe-fits all" product and service offering, data is increasingly being used to enable improved propositions for different customer categories enabling the delivery of products that are relevant and suitable to specific customer segments. In addition, the Bank has deployed data to help discern customer behaviors from actively engaged to dormancy. Despite the progress made in data mining and analysis, the Bank is cognizant that more can be achieved especially in supporting SME and corporate clients and this aspect will be a key focus for customer engagement. Further, on a strategic level, customer engagement is being aligned to the ARRP.

On customer experience, the Bank noted a mixed performance and continues to support initiatives to improve outcomes for customers including:

- Quarterly thematic trainings for the branches covering soft skills training on customers experience management.
- Foot fall reduction through floor manager in branches who support and direct customers to use alternative channels.
- Increased uptake of digital products hence reducing the customer visits to branches.

### SUSTAINABILITY: MAXIMIZING OPPORTUNITIES

Investment and Social Impact Department of Equity Bank Rwanda Plc is the social arm of the Bank. It is mandated with transforming the lives and livelihoods of the people where the Bank operates, socially and economically by availing them modern, inclusive financial services that maximize their opportunities.

The social engine of Equity Bank Rwanda strategy is founded on the Bank's social and relationship capital, conception, structure, and activities of the Equity Group Foundation (EGF). The EGF activities are carried out in alignment with all 17 of the United Nations' Sustainable Development Goals (SDGs), and implemented through initiatives, projects and partnerships among the communities where the Bank operates and serves.

The social Engine of the Bank runs its businesses using seven pillars (Education and Leadership Development, Enterprise Development and Financial Inclusion, Food and Agriculture, Health, Energy-Environment and Climate Change,women and youth empowerment and Social Protection).

This report highlights all the activities carried-out from January 2024 up to December 2024.

## SOCIAL AND RELATIONSHIP CAPITAL

### EQUITY BANK RWANDA PLC CSR PILLARS

Equity Bank Rwanda Plc did not reinvent the wheel, but adopted the already EGF-established pillars which were customized to fit in the local context. These are:

- **Education and Leadership development**
- **Food and Agriculture**
- **Social Protection**
- **Energy and Environment**
- **Enterprise Development and Financial Inclusion**
- **Health**
- **Women and Youth Empowerment**

### EDUCATION AND LEADERSHIP DEVELOPMENT

In the quest for pursuing knowledge that empowers the youth to become thought leaders, Investment and Social Impact seeks to break the cycle of poverty and develop the next generation of leaders through increased access to quality education through its Equity Leaders' Program (ELP).

ELP is a comprehensive program that offers scholars academic stability, professional growth, innovation, and entrepreneurship skills, positioning them ahead of their peers in terms of job readiness upon completing University studies.

The program is a merit-based initiative that gives opportunity to all final year students in Rwandan secondary schools; top male and female performers in all districts across the country where Equity Bank branches operate from.

The Bank fully owns and finances the program of which primary goal is to cultivate exceptional young people and nurture them into transformative future leaders. It has a full package that includes a paid internship opportunity with the Bank and college counselling among others to prepare the scholars for Tertiary Quality Education. The Bank collaborates with the Ministry of Education (MINEDUC) and the National Examinations and Schools Inspections Authority (NESA) to ensure transparency in the selection and verification process of qualifying scholars.

*Equity Bank Rwanda airlifted 19 scholars from the 3rd ELP cohort to top global universities after earning scholarships and admission.*

## SOCIAL AND RELATIONSHIP CAPITAL

To support the scholars in this journey of transformation, the Bank utilizes the following milestones:

**Scholars' Selection:**

To ensure transparency, the National Examinations and Schools Inspection Authority (NESA), operating under the Ministry of Education, supports in the selection process of the qualified from every district where Equity Bank's branches operate. In the event where many bank branches operate in one district like it is the case in City of Kigali, two scholars are selected for each branch. In Kigali where we operate 20 branches, there is a girl and boy scholar in each branch.

This is put into consideration because scholars have to be attached to an Equity Bank Branch to ensure that proper training and mentorship is done.

**In-house Induction:**

The selected students are taken for a two-week's boot-camp program where they are inducted and taken through leadership and development trainings and mentorships, facilitated by both internal and external mentors.

All onboarded scholars have been equipped with career development program, Bank's operations and Services, and have been linked with high level leaders of the country who have inspired them with Rwandan History, Role of young generation as future leaders of the country and prerequisites to pre-paring them into young leaders.

**Professional and Paid Internship:**

Equity Bank Rwanda offers both professional and paid internships to scholars as part of its commitment to nurturing young talent and providing them with financial support, practical experience in the banking and financial services sector. The professional internship component is designed to provide scholars with hands-on experience in a professional environment, helping them apply their academic knowledge to real-world scenarios.


*Alice Kirezi, Head of Investments and Social Impact at Equity Bank Rwanda, highlighted the bank's investment of over 8.6 billion Rwandan Francs in its programs supporting secondary school graduates.*

Scholars may rotate through various departments within the Bank, which allows them to gain a broad understanding of the Bank's operations and identify areas of interest. Each intern is paired with a mentor who is an experienced professional within the Bank. Mentors provide guidance, support, and feedback throughout the internship period, helping interns navigate their roles and responsibilities effectively.

The paid internships offered by Equity Bank Rwanda to scholars ensure that scholars are fairly compensated for their contributions and to support them financially during their internship period. Interns receive a monthly stipend to cover their needs and save some portion for the expenditures when they join university. This financial support helps alleviate any financial burden and allows scholars to focus on their learning and development.

The pathway, as well, provides a seamless transition from internship to professional employment within Equity Bank Rwanda. Interns have the opportunity to network with professionals within the Bank and the broader financial services industry. Internships provide scholars with invaluable practical experience that complements their academic studies. By offering these professional and paid internships, Equity Bank Rwanda not only invests in the development of young leaders but also ensures that its scholars are well-prepared for future career success in the financial sector.

**College Counselling Program:**

Equity Bank Rwanda through Investment and Social Impact department which is a subsidiary of Equity Group Foundation (EGF) has offered a College Counselling Program to ELP scholars as a comprehensive support system designed to guide and assist scholars in their pursuit of higher education while for the remaining 36 scholars the college counselling program is ongoing. The program is structured to help scholars navigate the complexities of college applications, make informed decisions about their educational future, and maximize their chances of admission to top universities worldwide. Scholars received both comprehensive college counselling sessions and one-on-one counselling sessions with experienced college Professional Mentors from the region who helped them identify their academic strengths, career interests, and personal goals.

## SOCIAL AND RELATIONSHIP CAPITAL

Based on each scholar's profile, Professional Mentors provide a customized list of colleges and universities that match their interests and aspirations. Professional Mentors helped scholars develop a comprehensive application plan, including timelines and milestones for each stage of the application process and guidance on selecting the most appropriate application rounds (early decision, early action, regular decision) for their chosen schools.

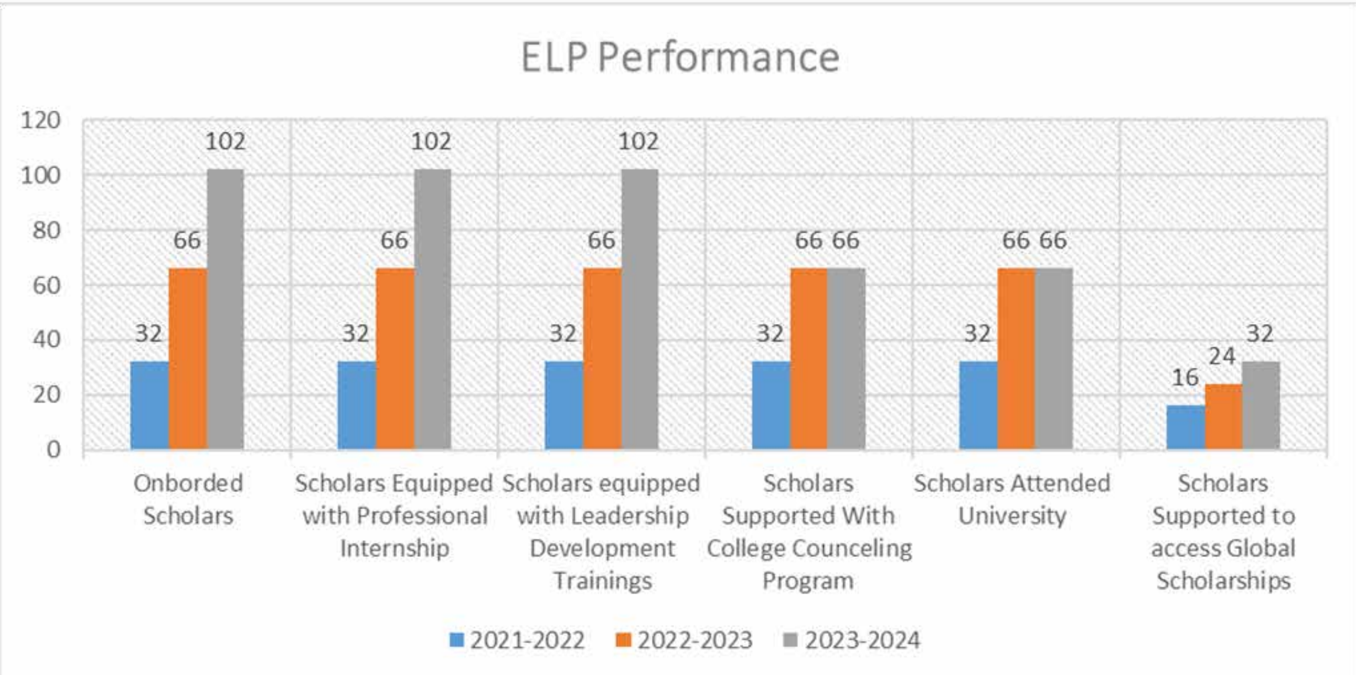
Workshops and individual sessions on crafting compelling personal statements and supplemental essays, review and feedback on essay drafts to ensure clarity, coherence, and impact. They are supported on Mock interviews and interview coaching to help scholars present themselves with utmost confidence and efficiency.

The Bank has equipped scholars with English proficiency and supported them in preparing for standardized tests such as SAT, TOEFL, DUOLINGO and IELTS tests through professional coaching, access to test prep materials, practice tests, and professional test prep courses. Scholars have been assisted with identifying and applying for scholarships and grants, both local, regional and global universities.

**University Chapters' Program:**

The University Chapters' Program of Equity Bank Rwanda for Equity Leaders' Program (ELP) scholars is an initiative aimed at providing ongoing support, fostering a sense of community, and enhancing the leadership skills of scholars who are studying at universities around the

*The scholars at the Global Airlift commissioning event represent the third cohort of the Equity Leaders Program (ELP).*



## SOCIAL AND RELATIONSHIP CAPITAL

world. The program helps scholars stay connected with the ELP network, engage in meaningful activities, and contribute to both their academic communities and their home communities. The Community Giveback Program is an essential component of the ELP, emphasizing the importance of social responsibility and community service. Scholars are encouraged to apply their skills and knowledge to benefit their communities.

**Milestones:**

Through ELPs, a total of 107 high school students were mentored at Groupe Scolaire Butare Catholique Sainte Famille. The focus was mainly on academic excellence tips, leadership skills, and insights and opportunities with them. ELP shared X-mass With orphans at AMARANGI Restaurant Biryogo Car Free Zone. This Session and New Year Celebrations were meant to emphasize belief in the power of collective reflection, sharing, and joyous festivities to strengthen the community bonds.

ELPs have organized different activities at different genocide memorial sites where the participants supported by providing cleaning services and participated in Kwibuka day of Equity Bank. The Scholars organized a meaningful initiative on genocide commemoration day centered on a moving poem. This effort aimed to honor the memory of the victims and raise awareness about the importance of commemorating the genocide. Through the power of poetry, they sought to remind reflection, empathy, and remembrance within their community and emphasizing the need to learn from history and work towards a more just and peaceful world.

### Food and Agriculture

This Pillar aims to accelerate growth by commercializing agriculture to help create jobs, improve market access, and expand agricultural production by working in partnership with farmers and other players to increase sustainable production, improve market access and post-harvest management as well as enhancing business management capacity.

Through the pillar, the Bank also supports efforts expended towards the attainment of the UN Sustainable Development Goals (SDG) to which the Government of Rwanda is committed. The pillar facilitates farmers at all levels to increase production and transitioning small holder farmers from subsistence farming to market-driven farming. To achieve the outcomes of this Food and Agriculture pillar, the Bank supports Agribusiness Ecosystem through Capacity Building, Access to Finance and Market Linkage. The food and Agriculture pillar helps the Bank to be the leading Bank of choice in agribusiness-related and positions the Bank in the achievement of Africa Recovery and Resilience Plan (ARRP) by turning to Bank Portfolio into 30% agribusiness by 2030.

### Capacity Building and Access to Finance

Through Food and Agriculture Pillars, the Bank has been able to provide different training to smallholder farmers, aiming at increasing production, practicing sustainable agriculture, facilitating farmers to access finances and link them to markets. Under this pillar, 15,506 farmers have been trained and financed to boost agricultural production.

### Energy, Environment and Climate Change

Equity Bank through the Energy, Environment and Climate change Pillar supports programs that aim at increasing access, adoption and usage of clean energy technologies and environmental conservation in Africa. The focus is on households, institutions and communities as part of climate change adaption, mitigation and building resilience. The Bank is addressing the environmental and climate risks by in-creasing awareness of the benefits of transitioning to cleaner technologies, facilitating access through innovative financing to acquire the technologies


*As "The Farmer's Go-To Bank," Equity Bank Rwanda sponsored and participated in the 17th Agrishow, showcasing tailored solutions to support and empower farmer*

## SOCIAL AND RELATIONSHIP CAPITAL

that reduce GHG emissions while positively impacting peoples' health and incomes. Our main areas of focus include renewable energy, energy efficiency, climate smart agriculture, water & sanitation, circular economy, waste management and environmental conservation through afforestation, E-mobility and green construction.

**Strategic alignment to sustainability**

To strategically align Equity Bank Rwanda with sustainability, the Energy, Environment, and Climate Change (EECC) Pillar of the Bank has developed a comprehensive EECC Implementation Procedure and designed specific financial products tailored to support sustainable initiatives.

As part of compliance to sustainability management, the Bank is ensuring that all Bank's operations comply with national and international sustainability standards, such as BNR guidelines, IFRS S1 and S2 for reporting climate related risks and opportunities while IFC EHS Guidelines were referred in order to track E&S risks.

In sustainable Governance, Equity Bank has reviewed and updated Environmental and Social Risk Management policy; Environmental, Social, Governance and Climate risks management framework and Environmental and social risks management procedures in order to ensure they align with the latest environmental standards and best practices.

In addition, the Bank has increased the human resources dedicated to sustainability by setting up an ESG structure and team in order to manage the portfolio risks and opportunities and explore other areas of sustainable financing.

To that effect, during Environmental and Social Risk management (ESRM), files for loan underwent due diligence and analysis where mitigants and recommendations were included in the client's file loan.

There has been also an integration of environmental risk assessments into the Bank's credit evaluation process to ensure that financed projects meet sustainability criteria as well as developed a framework for regular sustainability reporting.

For capacity building, 782 staff have been equipped with ESG Related and climate Risk Management Trainings to enhance their understanding of sustainability issues and the Bank's strategy of being transitioned into a Green Bank at 15% by 2030 while 550 clients were trained on green products.

Various partners were onboarded under sustainability, energy environment and climate change, these include Water.Org and CNFA supported in green product development, Rwanda Green Fund was mobilized for de-risking model for green business and we are waiting entrance through IREME Invest and other initiatives and Enviroserve Partnership with scope of facilitating the Bank on Electronic Waste Disposal and management.

The Bank has also designed EECC-Specific Financial Products to ensure commitment to the offering of green products and services.

In green financing,10 green products were developed include Solar System Products, E-Mobility Products, Sustainable Agriculture, Green Construction, Clean Cooking Solutions, Afforestation, and Water, Sanitation, and Hygiene (WASH). All these products were launched and as the green products and loan portfolio opportunities influenced the green loan of 9.8% of our loan portfolio.

In Corporate Social Responsibility, Equity Bank has demonstrated its commitment to environmental conservation and community well-being by implementing a tree-planting initiative that included the planting of 8,500 trees, of which 3,000 are fruit trees. This effort not only contributes to environmental sustainability but also promotes nutritional sensitive agriculture, supporting both ecological and human health.

Through these activities, Equity Bank Rwanda Plc has taken significant steps towards promoting environmental sustainability and enhancing nutritional sensitive agriculture. This initiative not only supports ecological balance but also provides tangible benefits to the local communities, contributing to their health, well-being, and economic resilience.

In partnership for sustainable financing, various partners were onboarded under sustainability, energy and climate change: - EIB: for capacity building, -BRD: Technical Assistance and Access to Finance, -WFP: Cash-based Transfer, -UNHCR: Cash-based Transfer, -IPPC: FOR capacity building in climate change and sustainability.

To reduce its carbon footprint, the Bank distributed 36 e-vehicles to staff members, thereby cutting down on diesel fuel consumption. Additionally, a pilot solar energy project was launched—both initiatives aimed at lowering the Bank's greenhouse gas (GHG) emissions. In addition, E-Systems were initiated to minimize used papers that would contribute to solid waste.

## SOCIAL AND RELATIONSHIP CAPITAL

Annualized Estimate (Prorated)

1. Total (annualized): 893,000Kg $CO_2e$ = 1900 metric tons $CO_2e$/year
2. Per employee (1,050 staff): 1.80 metric tons $CO_2e$ per year

These results fall within the expected range for operational emissions in the African banking sector which is 0.5% to 5%.

### Environmental Conservation

Equity Bank has demonstrated its commitment to environmental conservation and community well-being by implementing a tree-planting initiative that included the planting of 8,500 trees, of which 3,000 are fruit trees. This effort not only contributes to environmental sustainability but also promotes nutritional sensitive agriculture, supporting both ecological and human health.

Through these activities, Equity Bank Rwanda Plc has taken significant steps towards promoting environmental sustainability and enhancing nutritional sensitive agriculture. This initiative not only supports ecological balance but also provides tangible benefits to the local communities, contributing to their health, well-being, and economic resilience.

### Enterprise Development and Financial Inclusion

The Enterprise development and financial inclusion pillar stimulates job creation and economic growth by providing micro and small entrepreneurs with advice, mentorship and entrepreneurship training. The Social business skills training is based on the International Labor Organization (ILO) standards known as Start and Improve Your Business (SIYB) curricula. Digital Literacy training is conducted for Micro, Small and Medium scale enterprises (MSMEs). This pillar provided hand holding or aftercare through


*Electric vehicles, introduced as part of Equity Bank Rwanda's sustainability initiative, were unveiled during the launch of the Equi-Green Loan for green financing. These vehicles will be used by the bank's employees to support and promote environmentally friendly projects.*

## SOCIAL AND RELATIONSHIP CAPITAL

mentoring and business advisory visits, and also Business support and advice through SMS tips. It improves financial access, financial capability, individual and household financial security by connecting low-income populations to bank accounts and expert financial literacy trainings.

**Capacity Building of Bank Members and Access to Finance.**

Equity Bank Rwanda's efforts to support Micro, Small, and Medium Enterprises (MSMEs) encompass financial literacy and entrepreneurship training, facilitating access to formal financial services, and providing direct financial support. The Bank has created a comprehensive curriculum covering essential financial literacy topics such as budgeting, savings, credit management, and basic accounting. The entrepreneurship module included business planning, marketing, and growth strategies.

A total of 16512 MSMEs have been equipped with essential financial and entrepreneurial skills, enhancing their ability to manage and grow their businesses, improved financial literacy to better financial decision-making and business practices.

Through the pillar, . The Bank provided financial support to 5,389 MSMEs through various loan products, enabling them to invest in growth and expansion.

### Social Protection

The Social Protection pillar is designed to provide inclusive financial services to thousands of marginalized and vulnerable households. Through this pillar, Equity bank has trained 12,112 refugees on financial services and provided them with financial support amounting to 3.7 Bn through CBT and has issued 4,306 cards for easy access.

In addition to this, 6948 new refugee accounts were Mobilized.

Social payments demonstrate a cost-effective way of transferring cash to the most vulnerable and exposed demographics, promotes socio-economic integration and increases self-reliance. The intervention targets refugees as a key group of people that are classified as most vulnerable according to the vulnerability indicators. This pillar (SP) is not limited to providing interventions in refugee camps, rather it is open to all policies, programs and projects that are positively responding to vulnerability and socio-economic marginalization in Rwandan society. Social protection pillar encounters vulnerability indicators including but not limited to Extreme poverty, Disability, and other environmental and social shocks that lead people into vulnerability status. The Bank ensures the effective and efficient refugees and host com-munities' inclusion, disability inclusion, and other people who are living in extreme poverty.

**Capacity Building Provision and Cash Based Transfer (CBT)**

Many refugees lack access to formal financial services due to various barriers, including documentation requirements, and financial literacy. Equity Bank's efforts aim to bridge this gap by providing training and access to banking services, thereby promoting financial inclusion among refugees.

Providing banking services to refugees may also align with regulatory requirements or international standards aimed at protecting the rights and well-being of displaced per-sons. Equity Bank may see this as an opportunity to demonstrate compliance with relevant laws and regulations while fulfilling its mission of promoting financial inclusion with leaving no one behind. By empowering refugees with financial knowledge and access to banking services, Equity Bank not only improves their economic prospects but also contributes to broader social and economic development goals. This initiative demonstrates the Bank's commitment to inclusive finance and sustainable business practices.

Equity Bank also Supported refugees by availing its payment infrastructure (Branches, agent network, merchant locations, mobile banking) and digital tools (fully-fledged bank accounts & smart cards to enable ubiquitous access to payments, savings, investments, and insurance products. The use of Biometric Smart Cards (Multi-wallets cards) guarantees convenience, security, accessibility and efficiency as well as accountability. With this model, beneficiaries are able to access their cash allocations, purchase goods and pay for services. Social payments have demonstrated a cost- effective way of transferring cash to the most vulnerable and exposed demographics, promoted socio-economic integration and increased self-reliance.

### Women and Youth Banking

The Youth and Women inclusion Unit of the Bank has the mission of supporting youth and gender inclusion in all the Bank's activities and empowering youth and women clients and non-clients to transform their livelihoods socially and

## SOCIAL AND RELATIONSHIP CAPITAL

economically. The unit developed youth and women specific products that respond to their social economic challenges. All gender gaps (either social gaps and/or eco-nomic gaps) and youth exclusion are addressed under this unit.

The unit partners with different organizations to fasten the achievement of women Banking outcomes. For all products and services of the Bank, this Unit inserts value addition to promote gender & youth inclusion in the Bank. It further drives the women commercial portfolio of the Bank.

### Women and Youth Capacity Building

Through partnerships, women and youth of Kivu belt doing cross-border trade have been supported to access finances, start, improve, and expand their businesses. 1,392 jobs were safeguarded; 1,008 jobs were created, and 8793 women and youth were trained in financial literacy and entrepreneurship education.

Again through partnerships 1500 women and youth-led micro businesses involved in Agriculture, cross border trade, and textile industry have been supported with technical assistance, guarantee covers, and access to finance programs that enhanced their social-economic transformation.

Through partnerships, Women in business have been supported with social insurance products to cover for their maternity and hospital expenses to sustain their business without compromising the beneficiaries' attention to the new baby. This insurance helped a lot for women business' sustainability.

### Strategic Partnerships

Our partnerships vary in nature, and in the scope of their operations, ranging from Government entities, to DFIs, NGOs and UN Agencies. They focus on technical assistance and access to finance and other programs that lead to extensive financial inclusion.In 2024 eight (8) new partnerships were established and will expand in the future

### Equity Bank Rwanda CSR Future Plans

- Conducting College counseling program
- Supporting Community Giveback activities
- Develop specific Health and Education products
- Launch of the Green and Sustainability Products
- Financial inclusion for refugees through group lending.


*Breaking the cycle of poverty and develop the next generation of leaders through increased access to secondary and tertiary education*

## NATURAL CAPITAL

We are committed to having a positive impact on the natural environment. In this regard, we have expanded our internal capacity to handle environmental and social (E&S) aspects of our business. We have established a Sustainability department to provide oversight on the E&S aspects. Internally, we have established a substantive business function to manage Environmental, Social and Governance (ESG) risks and opportunities and recruited suitable experienced persons.

Further, the Bank has made significant progress in assessing environmental and climate aspects and impacts including those that result due to lending processes. Additionally, we have made similar reviews in respect to how we interact with our customers, how we engage with our suppliers and how we run our facilities. These internal interventions are intended to:

- Improve our operations.
- Enhance efficiencies in energy and water usage.
- Assess use of back up energy supplies such as use of generators.
- Change the way we consume services in the Bank.

In terms of externally focused interventions, we are engaged with suppliers to encourage and support them to transition to greener practices and production methods.:

**Deepening sustainability**

We have made marked strides in embedding ESG including the application of a standard ESG and Climate Risk Framework across the Bank. At management level, the Bank established a Sustainability department mirroring a similar committee created at Board level in 2022. Other actions in the year include reviewing, updating and expanding management policies incorporated in the Environmental and Risk Management framework and establishing the three lines of defence model for ESG.

**Tax Sustainability**

**1. Introduction**

Taxation and tax policies play a crucial role in the functioning of organizations, the society and governments across the globe. They are integral components of economic systems and have far-reaching implications for businesses, governments, and society. As a leading financial institution, the Bank recognizes the crucial role it plays in this intricate framework and therefore, sustainability and ESG is always be at the top of its leadership agenda.

The Bank is also aware of the various tax measures that the government has put in place for the collection of revenue, to fuel economic stability, promote investment and build international competitiveness and trade relations. The Bank has therefore taken a socially responsible approach to tax as a way of doing business. Our approach is not only looking at tax compliance as the right thing to do but as a key driver to ensuring sustainable growth.

Our tax policy is a crucial element towards developing sustainability into our operations. It serves as a cornerstone for ethical governance, financial transparency, and societal contribution. By establishing clear guidelines and principles regarding tax compliance, the Bank not only upholds legal obligations but also fosters trust and credibility with its stakeholders. Our tax policy, underpinned by robust controls demonstrates our commitment to ethical business practices, financial integrity, and the holistic well-being of society.

Our tax policy speaks to this through continuous self-reviews, taking advantage of voluntary disclosure programs offered by the various governments, continuous training of our teams to enable them to keep abreast with the ever-changing tax landscape and collaborative approaches with every stakeholder, including the Government. It is this approach to tax transparency and accountability that the Bank intends to use to build trust in its business for both internal and external stakeholders.

In pursuing compliance, in the year ending 31st December 2024, the Bank paid taxes amounting to RWF32.1B comprising of direct taxes amounting of RWF30.3B and indirect taxes of RWF 1.8B accounted for and remitted through 66 tax returns throughout the year.

**Scope and Approach**

As a bank that presents itself as a sustainable business, we approach tax not only from the legal and economic perspective but also from an ethical perspective. In line with our Group Tax Policy and the Global Reporting Initiative (GRI) Standards for Tax (GRI -207), the Bank applies the following approach and initiatives to promote and ensure tax transparency, accountability, and sustainability:

**Compliance:** We are committed to 100% compliance with all relevant tax laws, regulations, and reporting requirements in the jurisdictions where we operate. This is done by meeting our tax obligations through ensuring transparent and ethical practices, continuous engagement with stakeholders and direct engagement with government agencies,

**Transparency:** Embracing a culture of transparency and accountability in tax matters not only supports the Bank's long-term financial health but also reinforces its commitment to ethical business practices and social responsibility. For this reason, the Bank openly discloses relevant information about its tax practices, policies, and contributions to the tax authority, stakeholders, and the public. We have in place a robust transfer pricing document and policy and continue to adhere to the Equity Group country-by-country reporting requirements. Through this report, we disclose our tax affairs and transactions in every country where Equity Group has a presence.

**Planning:** We believe that society has certain expectations for corporations that determine what is appropriate business behaviour. As a Group, we understand that social norms exist over and above mere compliance with laws and regulations. We therefore consider the economic substance of all our transactions and the potential impact on the various key stakeholders and society at large.

**Stakeholder engagement:** The Bank continuously engages the tax authority, investors, and the community to understand concerns and address any business issues that arise. Additionally, we regularly engage with policymakers to support the development of tax rules and regulations based on sound tax policy principles. In this way, we hope to contribute to the development of fair, effective and stable tax systems. This ensures that while we maximize sustainable shareholder value by undertaking responsible tax optimization in line with the existing tax laws, rules, and regulations, we minimize any negative impacts that certain decisions may have on these stakeholders.

**Taking advantage of tax incentives:** Tax incentives are government-provided benefits designed to encourage certain behaviors, investments, or activities that contribute to economic development, job creation, or other societal benefits. We, as a bank, are keen to take advantage of any tax incentives extended by the government, provided they align with the Bank's and the Equity Group's wider sustainability goals. By carefully evaluating incentives, complying with legal and ethical standards, and engaging with stakeholders, the Bank leverages on tax incentives to support sustainable development, economic growth, and social progress.

**Risk management:** We evaluate and monitor our tax risks by carrying out annual tax health checks and reviewing our transfer pricing documentation and policy to ensure that our tax operations are aligned to the tax laws, rules and regulations in line with the respective tax sustainability and ESG strategies.

**Conclusion**

At the Bank, we remain committed to conducting our tax affairs in an accountable, transparent, responsible, and sustainable manner. We understand the impact that such sustainability has on the various stakeholders and the societies that we operate in. We are therefore deliberate in approaching our tax compliance, management, and planning as a moral obligation and not just as a factor to our bottom line.


PROTECTING AND
PRESERVING VALUE

# CORPORATE GOVERNANCE STATEMENT

## OUR GOVERNANCE STRUCTURES

Equity Bank Rwanda Plc is bound by the Rwanda Corporate Governance Framework which sets out a schedule of matters with the objective of ensuring effective governance across the Bank and furthering the value of the common brand.

During the year under review, the Bank complied with all aspects of the various principles and requirements on corporate governance under the National Bank of Rwanda (BNR) Regulation N° 01/ 2018 of 24/01/ 2018 on corporate governance for banks

## BOARD OPERATIONS AND CONTROL

The Bank observes the various principles set out in:

- Law nº 044/2024 of 30/05/2024 governing banks and all prudential guidelines and directions given by the National Bank of Rwanda.
- Law N° 007/2021 of 05/02/202117 governing companies as amended by Law n° 019/2023 of 30/03/2023 and its implementing orders/ directives,
- BNR Regulation N° 01/ 2018 of 24/01/ 2018 on corporate governance for banks

In addition, we adhere to other applicable laws and regulations governing the various lines of businesses in which we are engaged. The Board further ensures compliance of the Bank with all relevant laws, orders, regulations, directives, governance practices, accounting, and auditing standards and that the Bank adheres to its rules, codes and standards, with regard to Board operations and control, with regard to the areas outlined below:

## RISK MANAGEMENT FRAMEWORK

The Bank seeks to transform lives and livelihoods socially and economically by availing modern, inclusive financial services that maximise people's opportunities. It has developed a risk intelligent culture to help manage risks. The Bank's risk culture is founded on:

- The Bank's Core Values
- Risk based incentives
- Bank Risk Governance Structure

## RISK MANAGEMENT TOOLS AND FRAMEWORK AND ACCOUNTABILITY

In the context of the prevailing regulatory and economic environment, the Bank assumes various kinds of risks in its business and support activities in pursuit of attainment of its strategic objectives. The Bank recognises that sound risk management contributes to its long-term financial stability. Moreover, the Bank has an independent risk management function with sufficient authority, stature, independence, resources, and access to the Board.

## INTERNAL CONTROL FUNCTIONS

The Board has set-up an effective internal audit department, staffed with qualified personnel to perform internal audit functions. Additionally, there exists an independent Risk and Compliance Function that, among other things, routinely monitors compliance with laws, regulations, codes, and policies to which the Bank is subject, and ensures that deviations are reported to an appropriate level of management and, in case of material deviations, to the Board.

By the same token, the Board regularly reviews the processes and procedures to ensure the effectiveness of its internal systems of control, so that its decision-making capability and the accuracy of its reporting and financial results are always maintained at a high level.

As part of its broader risk management structure, the Bank has established an independent compliance function that aids the board and management in complying with applicable laws, rules, codes and standards. To ensure independence, the Bank's Heads of Risk and Compliance report functionally to the Board Risk Committee, and administratively to the Bank's Managing Director.

## THE BANK'S OPERATIONAL STRUCTURE

The Board and senior management clearly understand the structure and the organisation of the Bank and the formal and informal links and relationships between Management and the Board. There is a clear distinction between the role of Chairperson and that of the Managing Director.

### THE CHAIRPERSON

The Board is led by an Independent Non-Executive Chairperson to bolster the Board's independent oversight. The Chairperson provides leadership to the Board. It is the role of the Chairperson to ensure that effective corporate governance practices and processes are embedded in the organisation and that the Board is functioning as required and playing its role effectively.

The Board Chairperson has the responsibility for chairing Board meetings and is responsible for ensuring effective succession planning for the Board. The Chairperson is available to provide guidance to the Bank's Managing Director and acts as the liaison between the Board and senior Management. The Chairperson also ensures that there is effective engagement between the Bank and its stakeholders.

### THE MANAGING DIRECTOR

The Bank's Managing Director (MD) is an executive member of the Board and is responsible for the operations and management of day-to-day affairs of the Bank, ensuring that the Bank remains purpose-driven and achieves the strategic objectives set by the Bank Board.

The MD provides leadership to senior Management and staff, implementing the decisions of the Bank Board. The MD ensures the preparation of annual budgets and business plans for approval by the Bank Board and establishes appropriate risk management frameworks and internal controls, ensuring that the Bank's operations are consistent with the Bank's risk appetite.

The MD is tasked with implementing a system of employment that is fair, safe, challenging and rewarding and building a culture of trust, team spirit, integrity, collaboration, excellence, and accountability as well as with implementing appropriate processes for staff succession planning.

### DISCLOSURE REQUIREMENTS

The Bank has maintained timely balanced disclosure of all material information concerning the company. The Bank publishes important company information on its website.

### POLICY ON CONFLICT OF INTEREST

The Bank recognises that it is not possible to foresee every situation that could give rise to real, apparent or potential conflict of interest. Consequently, the Bank Board has established a Conflict-of-Interest Policy ('CIP') to offer guidance on how to mitigate the risk of activities and access to information that may lead to actual or potential conflicts of interest between the interests of the Bank and those of its relevant persons.

The Policy identifies the activities which may compete or conflict with the Bank's interests and outlines the steps to manage conflict of interest, should it arise. As a support to the CIP, the Board has established procedures to address Conflict of Interest situations and ensures that senior management implement policies to identify, prevent or appropriately manage and disclose potential conflict-of-interest situations that may arise.

### SPEAK UP POLICY AND PROCEDURE (WHISTLE-BLOWING POLICY)

The purpose of the Whistle-blowing Policy is to foster an environment and culture of information-sharing, positive or negative, without the fear of retaliation. The policy and procedure manual is designed, among others, to enable stakeholders to speak up on their experiences, observations and opinions on products, service delivery, expectations, and challenges.

It also encourages employees and other relevant stakeholders to report any perceived act of impropriety which should not be based on mere speculation, rumours, and gossip but on knowledge of facts.

### POLICY ON PROCUREMENT

The Board has developed a Bank Procurement Policy to:

- Promote best practice, transparency, and professionalism in all acquisition processes within the Equity Bank Rwanda Plc fraternity
- Ensure that suppliers of goods and services are subjected to a competitive tendering process to achieve quality, price competitiveness and reliability
- Ensure that all expenditure is in accordance with prior approved budget and procurement plans.
- Ensure compliance with applicable regulations and legislation.

## CODE OF ETHICS AND CONDUCT

We have established a Code of Ethics and Conduct, in terms of which the Bank has adopted 12 principles to ensure that business is conducted according to the highest ethical standards, and in compliance with all applicable laws and regulations governing the financial services industry in the jurisdictions within which we operate. We have a zero-tolerance policy for all forms of corruption, bribery, fraudulent conduct, unethical behaviour, and unfair business practices. The Code of Ethics and Conduct is available on the Bank's website.

## ETHICS AND SOCIAL RESPONSIBILITY

We believe that corporate governance is not just about ensuring that the Bank complies with applicable laws, regulations, codes, and the highest standards of corporate governance, but is dependent upon doing so in a transparent and ethical manner.

The Bank is run by an effective and ethical Board that exercises diligence, integrity, and good judgment in directing the Bank's operations. The Bank acts in the best interests of its stakeholders in a manner that is responsible, accountable, honest, fair, and transparent.

The Board thus recognises that it is in the interest of the Bank to operate within the mandate entrusted to it by society and remain socially responsible. For this reason, the Bank undertakes its business in a manner that does not harm, and is respectful to, its beneficiaries and customers.

We ensure that the Bank does not exploit the community's labour, pollute the environment, fail to conserve resources, neglect the needs of the local community, or engage in other anti-social practices.

## BOARD INDUCTION

To uphold governance excellence, the Group provides newly appointed directors with a structured induction program, guided by the Board Induction and Development Policy. This equips them with an understanding of the organization's vision, strategy, governance practices, and regulatory environment aligning them to their core responsibilities at the Bank level. The program fosters ethical leadership and informed decision-making, ensuring directors are well-prepared to contribute effectively to the Bank and support the Group's long-term success.

## TRAINING AND CONTINUOUS SKILLS DEVELOPMENT

The Bank is committed to empowering the Board of directors through ongoing training and development to enhance effective governance. In line with the Board Induction and Development Policy, directors regularly receive training on legal reforms, corporate governance, regulatory obligations, business risks, and other relevant areas. This structured approach ensures the Board remains well-informed and responsive to an evolving corporate landscape.

Training sessions, delivered by industry experts and the Management team, are embedded in the annual Board Work Plan to align with the Bank's operations and strategic priorities.

## BOARD EVALUATION

The Board undertakes an annual assessment of its own performance, the performance of the Chairperson, that of its committees, individual members, the Bank's Managing Director, and the Company Secretary.

Following the evaluation exercise, led by an independent consultant, the Board deliberates on the evaluation results and subsequently implements its recommendations. The FY2024 Board evaluation was conducted, and the results noted for action, and the report filed with the National Bank of Rwanda (BNR) in March 2025.

## BOARD MEETINGS

Board meetings were held on a quarterly basis in the months of March, April, July, and October 2024 and a Special Board Meeting held in November 2024.

## BOARD MEETING ATTENDANCE FY2024.

| Director | Designation/Role | Attendance |
|---|---|---|
| 1. Col. (Rtd) Eugene Haguma Murashi | Non-Executive Chairman | 5/5 |
| 2. Mr. Hannington Namara | Managing Director | 5/5 |
| 3. Dr. Patrick Uwizeye | Non-Executive Director | 5/5 |
| 4. Mrs. Mary Wamae* | Non-Executive Director | 2/5 |
| 5. Amb. George William Kayonga | Non-Executive Director | 5/5 |
| 6. Mr Camille Karamaga | Non-Executive Director | 4/5 |
| 7. Ms. Belinda Bwiza | Non-Executive Director | 5/5 |
| 8. Mr. Andrew Rugege | Non-Executive Director | 5/5 |
| 9. Mrs. Arlette Rwakazina | Non-Executive Director | 5/5 |
| 10.Mr. Emmanuel Muragijimana | Non-Executive Director | 5/5 |
| 11.Mr. Jean Claude Nkulikiyimfura | Non-Executive Member | 5/5 |
| 12. Lydia Ndirangu | Company Secretary | 4/5 |

**Retired from the Board on 28th June 2024*

**Key Focus Areas - FY 2024**

- The macro-economic environment and developments in the banking industry.
- Financial and management performance and approval of accounts.
- The Bank Corporate Governance Framework.
- Business Continuity management in a VUCA environment and post-COVID pandemic.
- The Board Evaluation Report.
- Sustainability
- Post-merger updates
- The Bank's performance; and
- Bank strategy and strategic initiatives.

## OUR BOARD COMMITTEES

The Board has established Board Committees, governed by charters, and aligned with the Bank's vision and mission. The secretary of each Board Committee is the head of the relevant function within the Bank. The Board Committees were reconstituted following changes in the composition of the Board during the year under review.

The Board has appointed six committees which support it in discharging its responsibilities:

- Audit Committee
- Assets and Liabilities Management Committee (ALCO)
- Credit Committee
- Risk Committee
- Governance, Nominations and Compensation Committee
- IT Committee.

## THE AUDIT COMMITTEE

The Committee comprises four (4 independent and non-executive directors, one of whom is a Certified Public Accountant. The Committee met five times during the year under review and attendance was as below:

| Roles and Responsibilities | Membership | Attendance |
|---|---|---|
| • Integrity of the financial statements of the Bank | Mr. Camille Karamaga , Chairperson | 5/5 |
| • Effectiveness of the Bank's financial reporting, internal control, and risk management systems | Dr. Patrick Bugabo Uwizeye, Member | 5/5 |
| • Effectiveness of the Bank internal audit function | Mr. Andrew Rugege, Member | 5/5 |
| • External auditors' qualifications, independence, and performance. | Ms. Arlette Rwakazina, Member | 5/5 |
| | Mr. Jean Paul Ngabonziza, Head of Internal Audit/ Secretary | 5/5 |

| Key Focus Areas - FY 2024 |
|---|
| • Status of issues identified in Previous Internal and External Audit reports |
| • Status of issues identified in BNR on-site and offsite examination reports |
| • Significant Internal Audit findings in Q1 |
| • Board Audit Committee Charter |
| • Consideration and recommendation of audited financial statements for the period ended 31 December 2024 |
| • Banking industry performance comparatives. |
| • Independence of the Auditor. |

## ASSETS AND LIABILITIES MANAGEMENT COMMITTEE (ALCO)

The Committee comprises of three (3) members, two(2) of whom are non-Executive and independent Directors. The Committee met four (4) times during the year and the attendance was as below:

| Roles and Responsibilities | Membership | Attendance |
|---|---|---|
| • Reviewing capital structure and adequacy of the Bank | Ms. Belinda Bwiza, Chairperson | 4/4 |
| • Reviewing and reporting on the risk-weighted assets of the Bank | Mr. Camille Karamaga, Member | 4/4 |
| • Monitoring, reporting, and presenting monthly and quarterly management accounts. | Mr. Hannington Namara, Member | 4/4 |
| • Setting and observing the loans-to-deposit ratio, as well as other key performance ratios | Mr. Gaston Nsengimana, Secretary | 4/4 |
| • Identifying all regulatory requirements governing the capital/funding and investment mix | | |
| • Ensuring adherence to these regulatory requirements | | |
| • Reviewing, reporting, and managing risks associated with assets and liabilities, and conducting stress tests on the key factors of liquidity, interest rate, currency risk and credit risk to evaluate the Bank's exposure to, and ability to respond to, changes in key risk factors. | | |

| Key Focus Areas - FY 2024 |
|---|
| • Update on the macro economy |
| • Assets and Liability Management (ALM) |
| • Securities maturity profile and yield on securities |
| • Capital adequacy of the Bank |
| • Committee Charter |

## CREDIT COMMITTEE

The Committee comprises of four (4) members, three (3) of whom are Independent Non-Executive Directors.The committee met four (4) times during the year and the attendance was as below:

| Roles and Responsibilities | Membership | Attendance |
|---|---|---|
| • Evaluating and reviewing loans and advances, subject to specified approval limits<br>• Serving as a forum for members to discuss credit matters extensively to form the basis for a proper evaluation and consideration of all issues related to loans, thereby providing appropriate safeguards for arriving at credit or credit- related decisions. | Ms. Belinda Bwiza, Chairperson<br>Amb. William Kayonga, Member<br>Mrs. Mary Wamae*, Member<br>Mr. Camille Karamaga, Member<br>Mrs. Chantal Mukandoli, Secretary | 4/4<br>4/4<br>2/4<br>4/4<br>4/4 |

**Retired on 28th June 2024*

| Key Focus Areas - FY 2024 |
|---|
| • Review of credit portfolios<br>• Review of top 20 borrowers<br>• Review of top 20 non-performing borrowers<br>• Challenges facing the credit unit and proposed solutions<br>• Annual strategies progress<br>• Approval of the Credit Committee charter<br>• Approval and or ratification of credit decisions |

## RISK COMMITTEE

The committee is composed of four (4) members, all of whom are Independent Non-Executive Directors. The Committee met 4 times during the year and the attendance was as below:

| Roles and Responsibilities | Membership | Attendance |
|---|---|---|
| • Risk Culture – Set high standards for ethics and integrity and establish a risk culture at all levels across the Bank.<br>• Bank Risk Governance – Review, at least annually, the Bank's risk governance structures and roles and responsibilities.<br>• Enterprise Risk Management – Consider and recommend for Board approval the risk management frameworks and policies.<br>• Risk Appetite – Review and recommend for Board approval the Bank's risk appetite annually, and any other parameters, limits, thresholds, and other key metrics.<br>• Receive and review regular reports from management that identify the size and significance of risks in terms that are clear and meaningful to the Committee and direct necessary actions.<br>• Emerging risks – scan the Bank's operating environment for emerging risks and initiate necessary mitigating actions.<br>• Regulatory Compliance – ensure full compliance with all relevant laws and regulations.<br>• Assets and Liabilities – monitor and ensure optimal composition of assets and liabilities within the Bank.<br>• Liquidity – Review the consolidated liquidity position for the bank against regulatory requirements.<br>• Funding – within the overall Bank' policy, ensure that appropriate levels of liquidity are maintained and that all future commitments are funded in the most appropriate and cost-effective manner.<br>• Loan portfolio/delinquency management – review and ensure that the loan portfolio is well managed in terms of quality<br>• Capital Adequacy – review and ensure that the Bank's capital adequacy is within the regulatory requirements.<br>• Review of the Committee Charter | Dr. Patrick Uwizeye, Committee Chairperson<br>Ms. Belinda Bwiza, Member<br>Mr. Andrew Rugege Member<br>Emmanuel Muragijimana, Member<br>Mr. Jean Nepomucene Bizimungu Secretary | 4/4<br>4/4<br>4/4<br>4/4<br>4/4 |

## RISK COMMITTEE

| Key Focus Areas - FY 2024 |
|---|
| • Enterprise risk report<br>• Compliance risk report<br>• Consideration and approval of policies<br>• ICAAP and ILAAP reports<br>• Bank Recovery Plan |

## GOVERNANCE, NOMINATIONS AND COMPENSATION COMMITTEE

The committee comprises of five (5) members, three(3) of whom are Independent Non-Executive Directors. All Committee members have extensive experience in key positions in business management and have adequate understanding of the impact of compensation practices on the Bank's risk profile.The Committee met four (4) times during the year and the attendance was as below:

| Roles and Responsibilities | Membership | Attendance |
|---|---|---|
| • Recommending to the Board the remuneration packages offered to its Non-Executive Directors<br>• Recommending to the Board the remuneration packages offered to its Executive Directors, including bonuses, deferred awards and long-term incentive awards, pension rights and any compensation arrangements, taking account of the Bank's compensation and risk framework and appraisal structures<br>• Recommending general staff remuneration and human resource related practices<br>• Periodically reviewing the completeness and effectiveness of the Bank's corporate governance initiatives and policies<br>• Regularly reviewing the required mix of skills and experience, so as to determine the effectiveness of the Board and making recommendations to the Board for new appointments | 1. Amb. William Kayonga, Chairperson<br>2. Mrs. Mary Wamae*, Member<br>3. Mr. Jean Claude Nkuliyikimfura, Member<br>4. Mr. Hannington Namara, Member<br>5. Mr. Emmanuel MuragijimanaMember<br>6. Ms. Dianah Kwarisiima, Secretary | 4/4<br>2/4<br>4/4<br>4/4<br>4/4<br>4/4 |

**Retired on 28th June 2024*

| Key Focus Areas - FY 2024 |
|---|
| • Staff Demographics<br>• Staff Productivity<br>• Employee Engagement<br>• Board Nominations<br>• HR initiatives for the year<br>• Succession planning |

## IT COMMITTEE

The Committee comprises of five(5) directors, all of whom are independent non-executive directors . The Chairperson of the Committee is an independent non-executive director with adequate understanding of IT or information security and was appointed by a Board resolution.

| Roles and Responsibilities | Membership | Attendance |
|---|---|---|
| • Reviewing emerging technology innovations, advances and trends which could apply in the Bank, and which are consistent with the Board's approved risk appetite and accordingly advising the Bank<br>• Ensuring that the Bank fosters a culture of innovation<br>• Overseeing appropriate mergers and acquisitions that would introduce new technology and business models to the Bank<br>• Maintaining focus on key strategic issues in relation to IT and innovation<br>• Ensuring that the Bank's IT, information-cybersecurity- and innovation-related activities are adequately governed and that these activities are effectively and efficiently evaluated, directed, monitored, communicated, and assured to provide proper alignment of IT and information security with business strategy and objectives<br>• Assisting the Board in fulfilling its corporate governance and oversight responsibilities for the Bank's investments, operations, and strategy in relation to digital, technology and information systems, as well as cybersecurity and data privacy risk management, to ensure that the Bank remains innovative.<br>• Discuss and advise on the matters related to resources and capacity planning to ensure the Technology enable business to serve customers and achieve its strategy and objectives. | Mr. Andrew Rugege, Chairperson<br>Dr. Patrick Bugabo Uwizeye, Member<br>Amb. William Kayonga, Member<br>Mr. Jean Claude Nkulikiyimfura, Member<br>Ms. Arlette Rwakazina, Member<br>Mrs. Carole Karema, Secretary | 4/4<br>4/4<br>4/4<br>4/4<br>4/4<br>4/4 |

**Key Focus Areas - FY 2024**

- IT performance report
- IT business projects report
- IT risk, compliance, and audit report
- Information security and cybersecurity reports
- IT strategy and Strategic Initiatives and implementation status report
- OPEX and CAPEX need to support IT.

## OUR COMPANY SECRETARY

### Mandate and role

Our Company Secretary is Ms. Lydia Ndirangu, and she supports the Board as a suitably qualified, competent, and experienced Company Secretary who is not a member of the Board.

The Company Secretary is appointed by the Board for the term of service, at the remuneration and on the conditions that the Board deems fit. During the year under review, the Company Secretary always remained in good professional standing in accordance with applicable laws, regulations, and professional requirements.

### Principal Duties

- Providing guidance to the Board and Board members individually on their duties, responsibilities, and powers, in particular on compliance with applicable laws and, if applicable, stock exchange requirements, and how these should be exercised in the best interest of the Bank.
- Ensuring that Board procedures are followed and reviewed regularly and that the Board complies with applicable laws, rules, regulations, and government policies.
- Assisting the Chairman and the Managing Director in organising General Meetings and Board activities, including providing information, preparing agenda, issuing notices and preparing for meetings, Board evaluations, governance audits, Board induction and development programmes, Board succession planning, regularly reviewing the Board and the Bank's governance processes with a view to ensuring that they are fit for purpose and recommending or developing initiatives to strengthen the governance of the Bank;
- Providing secretarial services to the Board, including ensuring that the Board Work Plan is prepared and adhered to, circulating Board papers in advance of meetings, keeping a record of attendance at meetings, keeping safe custody of the seal and a record of its usage, ensuring that the minutes of the Board and its Committees are promptly prepared and circulated, updating the Board and Committee charters and ensuring that relevant returns are promptly filed with the relevant authorities;
- Ensuring governance regulatory compliance including the filing of any required returns, the updating of statutory registers and Articles of Association as well as ensuring adherence to continuous listing requirements.
- Facilitating effective communication between the Bank and shareholders and coordinating the publication and distribution of the annual report and financial statements.
- Arranging and managing the process of conducting the AGM or extraordinary general meetings and advising of concerns to be raised at the Board meetings for shareholder's support and vote.
- Monitoring share movements on the Register of Shareholders to identify any apparent 'stake-building' in the Bank's shares, including making appropriate enquiries of shareholders as to the beneficial ownership of holdings.

# FINANCIAL STATEMENTS

# FINANCIAL STATEMENTS

## CORPORATE INFORMATION

### REGISTERED OFFICE

3rd Floor, Grand Pension Plaza Building
KN 4 avenue de la Paix,
P.O. Box 494
Kigali, Rwanda

### LAWYERS

FK Advocates Ltd
Frank Karemera/Manging Partner
KN Ave 65 St, Nyarugenge
Monnie House, 2nd Floor
P. O. Box 6963 Kigali, Rwanda

### BANKERS

National Bank of Rwanda
KN6 Av 4
P.O. Box 531
Kigali-Rwanda

### AUDITOR

Ernst & Young Rwanda Limited
Certified Public Accountants
M Peace Plaza Executive Wing 6th Floor
KN 4 Avenue 72 St
P. O. Box 3638
Kigali
Rwanda

### COMPANY SECRETARY

Lydia N. Ndirangu
3rd Floor, Grand Pension Plaza Building
KN 4 avenue de la Paix,
P.O. Box 494
Kigali, Rwanda

## DIRECTORS' REPORT

### 1. DIRECTORS' REPORT

The directors submit their report together with the audited financial statements of Equity Bank Rwanda PLC for the year ended 31 December 2024.

### 2. PRINCIPAL ACTIVITY

Equity Bank (Rwanda) Plc (the "Bank" / "Company") is engaged in the business of banking and is licenced under the Law nº 044/2024 of 30/05/2024 governing banks.

### 3.RESULTS AND RECOMMENDED DIVIDEND

Profit for the year 2024 of Rwf 53,952,779 (2023: Rwf 36,405,577) has been added to retained earnings. The directors Authorised dividend payment of Rwf 16 billion for the year 2024. (2023: 10,000 million).

### 4. DIRECTORS

The directors who held office during the year and to the date of this report were:

| Names | Title | Nationality |
|---|---|---|
| Col. (Rtd) Eugene Haguma Murashi* | Board Chairperson | Rwandan |
| Mr. Hannington Namara** | Managing Director | Rwandan |
| Dr. Patrick Uwizeye* | Director | Rwandan |
| Mrs. Mary Wamae*** | Director | Kenyan |
| Amb George William Kayonga* | Director | Rwandan |
| Mrs. Belinda Bwiza* | Director | Rwandan |
| Mr. Andrew Rugege* | Director | Rwandan |
| Mr Camille Karamaga* | Director | Rwandan |
| Mrs. Arlette Rwakazina* | Director | Rwandan |
| Mr Emmanuel Muragijimana* | Director | Rwandan |
| Mr Jean Claude Nkulikiyimfura* | Director | Rwandan |

** Non-Executive Director*

*** Executive Director*

**** Non-Executive Director retired on 28th June 2024*

### STATEMENT AS TO DISCLOSURE TO THE BANK'S AUDITORS

With respect to each director at the time this report was approved:

a) There is, so far as the director is aware, no relevant audit information of which the Bank's auditor is unaware; and

b) The director has taken all the steps that the director ought to have taken as a director so as to be aware of any relevant audit information and to establish that the Bank's auditor is aware of that information.

### TERMS OF APPOINTMENT OF THE AUDITOR

The auditors, Ernst & Young Rwanda Limited have expressed their willingness to continue in office in accordance with the Law No. 007/2021 of 05/02/2021 Governing Companies as amended by Law No. 019/2023 of 30/03/2023.

The directors monitor the effectiveness, objectivity, and independence of the auditor. The directors also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees.

**By order of the Board**

Ndirangu

**Lydia N Ndirangu**
**Company Secretary**
Date:28th February 2025

## DIRECTORS' REPORT

Law No. 007/2021 of 05/02/2021 Governing Companies as amended by Law No. 019/2023 of 30/03/2023 requires the directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the Bank as at the end of the financial year and of its profit or loss for that year. The directors are responsible for ensuring that the Bank keeps proper accounting records that are sufficient to show and explain the transactions of the Bank; disclose with reasonable accuracy at any time the financial position of the Bank; and that enables them to prepare financial statements of the Bank that comply with International Financial Reporting Standards and the requirements of Law No. 007/2021 of 05/02/2021 Governing Companies as amended by Law No. 019/2023 of 30 /03/2023. They are also responsible for safeguarding the assets of the Bank and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Law No. 007/2021 of 05/02/2021 Governing Companies as amended by Law No. 019/2023 of 30 /03/2023. They also accept responsibility for:

i. Designing, implementing and maintaining internal controls as they determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

ii. Selecting suitable Summary of material accounting policies and then apply them consistently; and

iii. Making judgements and accounting estimates that are reasonable in the circumstances.

Having made an assessment of the Bank's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Bank's ability to continue as a going concern.

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

## APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the Company were approved for issue by the Board of directors on 26th March 2025 and signed on its behalf by:

**Hannington Namara**
**Managing Director**

**Dr. Patrick Uwizeye**
**Director**

**Camille Karamaga**
**Director**

**INDEPENDENT AUDITOR'S REPORT**
TO THE SHAREHOLDERS OF EQUITY BANK (RWANDA) PLC

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

*Our opinion*

We have audited the financial statements of Equity Bank Rwanda Plc (the "Bank"), which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Equity Bank Rwanda Plc as at 31 December 2024 and (of) its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as issued by international accounting standards Board and the requirements of Law No. 019/2023 of 30 /03/2023 governing companies as amended by Law No. 019/2023 of 30 /03/2023.

*Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Rwanda, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Key audit matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

# INDEPENDENT AUDITOR'S REPORT
## TO THE SHAREHOLDERS OF EQUITY BANK (RWANDA) PLC

*Key audit matters (continued)*

<table>
<tr><th>Expected credit losses on loans and advances at amortised cost</th><th>How key audit matter was addressed in the audit</th></tr>
<tr><td>
As disclosed in Note 17 to the financial statements, as at 31 December 2024, the Bank had an allowance for expected credit losses (ECL) of Rwf 22,372,958 (2023: Rwf 20,969,608) charged on gross loans and advances of Rwf 578,962,058 (2023: Rwf 451,430,064). The related charge for the year to the income statement was Rwf 3,006,019 (2023: Rwf 5,036,515) as disclosed in Note 10 to the financial statements.
The expected credit losses are based on a forward-looking approach that recognizes impairment loss allowances in accordance with IFRS 9 Financial Instruments.
The estimation of expected credit losses requires the Bank to make significant judgements in the consideration of the following variables:
<ul>
<li>Allocation of loans to stages 1, 2 and 3 in accordance with IFRS 9 based on:
<ul>
<li>Credit exposures for which there has been a significant increase in credit risk since initial recognition, and for which a loss allowance is recognised over the remaining life of the exposure (lifetime ECL); and Credit exposures for which there has been no significant increase in credit risk, and for which a loss allowance is recognised for default events that are possible within the next 12-months (12-month ECL).</li>
<li>Stratification of the loans and advances to customers under different credit portfolios on the basis of the associated credit risk.</li>
</ul></li>
<li>Assessment of the Probability of Default (PD) and the Loss Given Default (LGD).</li>
<li>The application of historical and forward-looking information, including macro-economic factors in the assessment of the PD.</li>
<li>Assessment and forecasting of expected future cash flows from impaired (stage 3) loans and advances to customers including assessing the financial condition of the counterparty,</li>
<li>estimating recoverability of the cash flows and collateral realisation.</li>
<li>Consideration of the impact on default rates of orrelated forward looking macroeconomic factors.</li>
<li>Application of additional overlay adjustments to reflect factors that are not considered in the applied expected credit loss model.</li>
</ul>
The policies for estimating ECL are explained in note 2(n) of the financial statements.
Due to the significance of the amounts, and the significant judgements and related estimation uncertainty involved, the assessment of ECLs on loans and advances to customers has been considered a key audit matter.
</td><td>
Our audit procedures included, but were not limited to:
<ul>
<li>Obtaining an understanding of management's process and controls over credit origination, credit monitoring, credit remediation and expected credit loss modelling. This included understanding the governance over the credit models and related management overlay adjustments and evaluating that the ECL models were in accordance with the IFRS 9 principles.</li>
<li>For non-performing loans (NPLs or Stage 3) ECL models:
<ul>
<li>We tested the completeness of the NPLs identified by management by inspecting the loan register that all loans meeting the NPL criteria are included in the schedule of NPLs. For credit classifications based on subjective criteria, we evaluated the appropriateness of the factors considered by management.</li>
<li>We understood the ECL models and the key inputs and selected a sample of ECL models for testing consider both quantitative and qualitative factors. The quantitative factors were primarily based on our performance materiality while the qualitative factors considered aspects such as facilities watch-listed by management and the regulator, nonperforming borrowers known from publicly available information and borrowers in sectors that are not performing as expected.</li>
<li>For the selected sample of NPLs, we inspected the related loan files and evaluated that the inputs in the ECL models agreed to the supporting documentation in the files. Inputs considered included interest rates which are used as the discount factors, outstanding loan balances which are the basis for determining the LGD, value of the collateral held which is the basis for expected cash flows from loans to be recovered through foreclosure.</li>
</ul></li>
</ul>
We evaluated whether the basis for determining the expected net cash flows from the loans was reasonable in the circumstances. This included evaluating that expected cash flows based on foreclosure are based on the collateral
<ul>
<li>Forced Sale Values as determined by the external valuer and as adjusted by appropriate haircuts, or as otherwise justified by management, including reflecting available supportable information which reflects borrower specific and/or current market conditions. For cash flows expected from repayments by the borrowers, we evaluated that they were supported by enforceable commitments and evidence of source of cash to be used by the borrower to repay the loans.</li>
<li>We evaluated whether the expected timing of the cash flows was reasonably supported considering the information available to the Bank without undue cost and effort. This included considering past experience of the time it takes to complete a foreclosure including factors such as the time required to complete relevant legal processes as adjusted for changes in the business environment.</li>
<li>We evaluated whether necessary adjustments to the expected cash flows were considered including a reasonable estimate of the costs expected to be incurred to recover the expected cash flows.</li>
</ul>
<ul>
<li>•For Stage 1 and 2 ECL models, the ECL balances determined by management were evaluated by assessing whether they were within the range of estimates recomputed using available inputs and validated information produced by the Bank. This included evaluating those inputs into the ECL models like the loan balances used agreed to the general ledger and that there were no duplicated or omitted loan facilities and management overlay adjustments like technical arrears were in line with the Bank's policy.</li>
</ul>
Assessed whether disclosures made in the financial statements agreed to the audited balances and information, and whether they were in accordance with IFRS 9.
</td></tr>
</table>

*Other information*

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

***Responsibilities of management and those charged with governance for the financial statements.***

Management and those charged with governance are responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs accounting standards as issued by International accounting standards Board in the manner required by the Law N° 007/2021 of 05/02/2021 governing companies as amended by Law No. 019/2023 of 30 March 2023, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

***Auditor's responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We are also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of Summary of material accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

*Report on other legal requirements*

As required by the Law N° 007/2021 of 05/02/2021 governing companies as amended by Law No. 019/2023 of 30 March 2023 we report to you, based on our audit, that:

i. We have no relationship, interests and debts in the Company;

ii. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

iii. We In our opinion, proper books of account have been kept by the group, so far as appears from our examination of those books;

iv. We have communicated to you through the management letter, internal control weaknesses identified in the course of our audit including our recommendations with regard to those matters.

Stephen K Sang

For Ernst & Young Rwanda Limited

31st March 2025

# FINANCIAL STATEMENTS

## STATEMENT OF COMPREHENSIVE INCOME

| | Notes | 2024 Frw'000 | 2023 Frw'000 |
|---|---|---|---|
| Interest income calculated using the effective interest method | 5 | 104,569,840 | 97,459,749 |
| Interest expense calculated using the effective interest method | 6 | (21,084,530) | (19,640,687) |
| **Net interest income** | | **83,485,310** | **77,819,062** |
| Credit impairment losses | 10 | (3,596,003) | (5,427,541) |
| **Net interest income after loan impairment provision** | | **79,889,307** | **72,391,521** |
| Fee and commission income | 7 (a) | 27,157,152 | 21,288,829 |
| Fee and commission expense | 7 (b) | (12,657,361) | (8,939,625) |
| **Net fee and commission income** | | **14,499,791** | **12,349,204** |
| Net foreign exchange income | 8 | 7,526,408 | 7,937,025 |
| Other operating income | 9 | 11,319,935 | 1,426,598 |
| **Net operating income** | | **113,235,441** | **94,104,348** |
| Employee benefits | 11 | (16,445,742) | (21,144,684) |
| Depreciation and amortisation | 13 | (2,425,748) | (2,433,900) |
| IFRS 16 Depreciation-Right Of Use Of Assets | 13 | (1,515,090) | (1,450,943) |
| Operating lease expenses | 12 | (26,238) | (157,130) |
| Other operating expenses | 14 | (16,014,604) | (16,907,332) |
| **Operating expenses** | | **(36,427,422)** | **(42,093,989)** |
| **Profit before income tax** | | **76,808,019** | **52,010,359** |
| Income tax expense | 15 | (22,855,240) | (15,604,782) |
| **Profit for the year** | | **53,952,779** | **36,405,577** |
| **Other comprehensive income** | | | |
| **Other comprehensive income that will be reclassified to profit or loss** | | | |
| **Fair value changes on investment securities designated at FVOCI** | | | |
| Fair value gain(loss) | 27 (c) | 1,545,002 | (832,205) |
| Deferred income tax | 23 | (299,510) | 244,693 |
| **Total other comprehensive income for the year** | | **1,245,492** | **(587,512)** |
| **Total profit after tax and other comprehensive income** | | **55,198,271** | **35,818,065** |

The notes on pages 102 to 170 form an integral part of these financial statements.

# FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL POSITION

| | Notes | 2024 Frw'000' | 2023 Frw'000' |
|---|---|---|---|
| **Assets** | | | |
| Cash, deposits and balances due from financial institutions | 16 | 370,946,021 | 216,911,890 |
| Restricted cash with Central Bank of Rwanda | 16 | 49,536,929 | 38,726,148 |
| Amortised cost investment securities | 18 | 85,719,964 | 97,601,022 |
| FVOCI investment securities | 18 | 219,609,657 | 194,168,707 |
| Due from related parties | 29(c) | 656,797 | 962,166 |
| Loans and advances to customers | 17 | 556,589,099 | 430,460,456 |
| Other assets and prepaid expenses | 19(a) | 22,821,547 | 18,499,274 |
| Non-current assets held for sale | 19(b) | 2,006,000 | 3,981,484 |
| Property and equipment | 21 | 9,535,429 | 13,871,185 |
| Intangible assets | 22 | 1,438,730 | 495,569 |
| Right Of Use Asset | 20(a) | 4,165,156 | 6,114,587 |
| Deferred tax assets | 23 | 7,038,046 | 6,823,574 |
| **Total assets** | | **1,330,063,375** | **1,028,616,062** |
| | | | |
| **Liabilities** | | | |
| Deposits from customers | 24 | 911,606,918 | 742,562,135 |
| Deposits from Banks | 24 | 80,134,364 | 38,369,053 |
| Due to related parties | 29(d) | 6,145,844 | 2,226,356 |
| Borrowed funds | 26 | 72,533,800 | 62,358,122 |
| Other liabilities and deferred income | 25 | 47,401,283 | 25,944,685 |
| Lease Liabilities | 20(b) | 4,765,696 | 6,558,277 |
| Current Income tax | 15 | 5,872,242 | 4,192,476 |
| Dividend Payable | | 26,128,725 | 10,000,000 |
| **Total liabilities** | | **1,154,588,872** | **892,211,104** |
| | | | |
| **Equity** | | | |
| Share capital | 27(a) | 23,301,283 | 18,175,000 |
| Share premium | 27(a) | 18,359,844 | 2,122,690 |
| Other component of equity | | - | 49,938,470 |
| FVOCI Reserve | 27(b) | (7,056,415) | (8,301,907) |
| Regulatory Reserves | 27(c) | 575,419 | 2,374,504 |
| Retained earnings | | 140,294,372 | 72,096,201 |
| **Total equity** | | **175,474,503** | **136,404,958** |
| **Total liabilities and equity** | | **1,330,063,375** | **1,028,616,062** |

*Deposit from banks include deposits from related parties.

The notes on pages 102 to 170 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 26th March 2025 and signed on its behalf by:

................................... ...................................

Hannington NAMARA
Director

Dr. Patrick Uwizeye
Director

## STATEMENT OF CHANGES IN EQUITY

| | Share capital Frw' 000' | Share premium Frw' 000' | Retained earnings Frw' 000' | FVOCI reserve Frw' 000' | Statutory reserve Frw' 000' | Total equity Frw' 000' |
|---|---|---|---|---|---|---|
| **At 1 January 2023** | **38,175,000** | **3,486,127** | **73,631,606** | **(7,714,395)** | **3,008,558** | **110,586,896** |
| Transfer to share premium | (14,873,717) | 14,873,717 | - | - | - | - |
| Profit for the year | - | - | 36,405,577 | - | - | 36,405,577 |
| Fair value gains on FVOCI investments | - | - | - | (832,205) | - | (832,205) |
| Deferred tax on fair value gain on FVOCI | - | - | - | 244,693 | - | 244,693 |
| Dividend declared | - | - | (10,000,000) | - | - | (10,000,000) |
| Transfer of 2022 excess provision to Retained earnings | - | - | 3,008,558 | - | (3,008,558) | - |
| Transfer of excess provision to statutory reserve | - | - | (2,374,504) | - | 2,374,504 | - |
| **At 31 December 2023** | **23,301,283** | **18,359,844** | **100,671,234** | **(8,301,907)** | **2,374,504** | **136,404,958** |
| **Year ended 31 December 2023** | | | | | | |
| **At 1 January 2024** | **23,301,283** | **18,359,844** | **100,671,234** | **(8,301,907)** | **2,374,504** | **136,404,958** |
| Profit for the year | - | - | 53,952,778 | - | - | 53,952,778 |
| Fair value gains on FVOCI investments | - | - | - | 1,545,002 | - | 1,545,002 |
| Deferred tax on fair value gain on FVOCI | - | - | - | (299,510) | - | (299,510) |
| Dividend declared | - | - | (16,128,725) | - | - | (16,128,725) |
| Transfer of 2023 excess provision to Retained earnings | - | - | 2,374,504 | - | (2,374,504) | - |
| Transfer of 2024 excess provision to statutory reserve | - | - | (575,419) | - | 575,419 | - |
| **At 31 December 2024** | **23,301,283** | **18,359,844** | **140,294,372** | **(7,056,415)** | **575,419** | **175,474,503** |

The notes on pages 102 to 170 form an integral part of these financial statements.

# FINANCIAL STATEMENTS

## STATEMENT OF CASH FLOWS

| | Notes | 2024 Frw'000' | 2023 Frw'000' |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| Profit before income tax | | 76,808,019 | 52,010,359 |
| **Adjustments for:** | | | |
| Depreciation on property and equipment | 21 | 2,115,765 | 2,081,533 |
| Depreciation on right of use assets | 20a | 1,515,090 | 1,450,943 |
| Fair value Gain/Loss | | 528,388 | 769,633 |
| Credit impairment on other financial assets | 10 | 1,479,827 | 1,310,293 |
| Amortisation of intangible | 22 | 309,983 | 352,367 |
| Interest expense on lease liability | 20(b) | 641,686 | 530,059 |
| Gain/(Loss) on disposal of property and equipment | 9 | (4,066,479) | 1,345,174 |
| Credit impairment loss on loans and advances | 10 | 8,235,357 | 13,415,799 |
| Provision for litigation | 14 | 913,347 | 1,027,948 |
| Interest expense on term borrowings | 26 | 3,965,153 | 2,116,482 |
| Unrealised Forex (losses)/gains | 8 | 65,893 | (33,197) |
| **Operating profit before changes in operating assets and liabilities** | | **92,512,029** | **76,377,393** |
| **Movement in operating assets and operating liabilities:** | | | |
| Loans and Advances | | (139,311,031) | (63,054,045) |
| Other assets | | 4,322,273 | (272,697) |
| Deposits and balances from customers and banks and other Financial Institutions | | 210,810,094 | 113,234,523 |
| Balances with related parties | | 4,224,857 | 355,820 |
| Other liabilities | | 21,456,598 | 582,457 |
| Cash Reserve Requirement | 16(b) | (10,810,781) | (7,221,055) |
| **Cash generated from operations** | | **183,204,039** | **120,002,396** |
| Income taxes paid | 15 | (21,175,474) | (19,410,879) |
| Interest Paid on leases | | (641,686) | (530,059) |
| Interest paid on borrowed funds | 26 | (2,761,147) | (1,967,943) |
| **Net cash from operating activities** | | 158,625,732 | 98,093,515 |
| **INVESTING ACTIVITIES** | | | |
| Purchase of property and equipment | 21 | (5,748,770) | (1,935,072) |
| Purchase of intangible assets | 22 | (1,253,145) | (537,407) |
| Proceeds from disposal of assets | | 12,035,246 | - |
| Purchase of investment securities | 18 | (13,159,879) | (28,962,360) |
| NCA Held for sale | | (1,975,484) | (500,728) |
| **Net cash used in investing activities** | | **(10,102,032)** | **(31,935,567)** |
| **FINANCING ACTIVITIES** | | | |
| Dividend Paid | | - | (16,979,580) |
| Proceeds from borrowed funds | 26 | 163,173,432 | 155,222,356 |
| Repayment of borrowed funds | 26 | (154,201,760) | (136,098,530) |
| Lease principal payment | 20(b) | (3,501,196) | (2,807,136) |
| **Net cash used in financing activities** | | **5,470,476** | **(662,890)** |
| **Net increase / (decrease) in cash and cash equivalents** | | **153,994,176** | **65,495,058** |
| **Movement in cash and cash equivalents** | | | |
| At start of year | 16(a) | 217,328,352 | 151,800,097 |
| Net foreign exchange difference | | 39,955 | 33,197 |
| **At end of year** | **16 (a)** | **371,362,483** | **217,328,352** |

The notes on pages 102 to 171 form an integral part of these financial statements.

## 1. GENERAL INFORMATION

Equity Bank (Rwanda) Plc (the "Bank") is incorporated in Rwanda in accordance with Law No. 007/2021 of 05/02/2021 Governing Companies as amended by Law No. 019/2023 of 30/03/2023. The Bank is also licensed under the Law Nº 47/2017 of 23/9/2017 governing the organisation of Banking.

The Bank is domiciled in Rwanda and the address of its registered office is:

3rd Floor, Grand Pension Plaza Building
KN 4 avenue de la Paix,
P.O. Box 494
Kigali, Rwanda

## 2. ACCOUNTING POLICIES

## 2.1 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

The principal Summary of material accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

**(a) Basis of preparation**

The financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB). The measurement basis applied is the historical cost basis, except for financial instruments at fair value through other comprehensive income investments .

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Bank's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3

**(b) Foreign currency translation**

*(i) Functional and Presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "Functional currency"). The financial statements are presented in Rwanda francs in thousands (Frw'000') which is the Bank's Functional Currency.

*(ii) Transactions and balances*

Foreign currency transactions are translated into the Functional Currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within 'other income or expenses.

**(c) Recognition of interest income and interest expense**

Interest income and expense are calculated using the effective interest rate (EIR) method and are recognised within interest income or interest expense in profit or loss. Interest income and expense presented in the statement of profit or loss and other comprehensive income include:

## NOTES

### 2. 1 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

**c) Recognition of interest income and interest expense (continued)**

Interest on financial assets and liabilities measured at amortised cost and debt instruments classified as FVOCI, is calculated using the effective interest rate (EIR). The calculation takes into account all of the contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses. When the recorded value of a financial asset or a group of similar financial assets has been reduced by an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

**(d) Fee and commission income and expense**

The Bank earns fee and commission income from a diverse range of financial services it provides to its customers. Fee and commission income is recognised at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for providing the services.

When the Bank provides a service to its customers, consideration is invoiced and generally due immediately upon satisfaction of a service provided at a point in time or at the end of the contract period for a service provided over time.

**Fee and commission income from services where performance obligations are satisfied over time.**

Performance obligations satisfied over time include asset management, custody and other services, where the customer simultaneously receives and consumes the benefits provided by the Bank's performance as the Bank performs. The Bank's fee and commission income from services where performance obligations are satisfied over time include the following:

**Loan commitment fees**: These are fixed annual fees paid by customers for loan and other credit facilities with the Bank, but where it is unlikely that a specific lending arrangement will be entered into with the customer and the loan commitment is not measured at fair value. The Bank promises to provide a loan facility for a specified period. As the benefit of the services is transferred to the customer evenly over the period of entitlement, the fees are recognised as revenue on a straight-line basis. Payment of the fees is due and received monthly in arrears.

**Interchange fees:** The Bank provides its customers with credit card processing services (i.e., authorisation and settlement of transactions executed with the Bank's credit cards) where it is entitled to an interchange fee for each transaction (i.e., when a credit cardholder purchases goods and services from merchants using the Bank's credit card). The fees vary based on the number of transactions processed and are structured as either a fixed rate per transaction processed or at a fixed percentage of the underlying cardholder transaction. The variable interchange fees are allocated to each distinct day, based on the number and value of transactions processed that day, and the allocated revenue is recognised as the entity performs.

Fee and commission income from providing services where performance obligations are satisfied at a point in time.

Services provided where the Bank's performance obligations are satisfied at a point in time are recognised once control of the services is transferred to the customer. This is typically on completion of the underlying transaction or service or, for fees or components of fees that are linked to a certain performance, after fulfilling the corresponding performance criteria. These include fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement/participation or negotiation of the acquisition of shares or other securities, or the purchase or sale of businesses, brokerage and underwriting fees. The Bank has a single performance obligation with respect to these services, which is to successfully complete the transaction specified in the contract.

**e) Net foreign exchange income**

Net foreign exchange income arises from both the sale and purchase of investment securities, margins which are achieved through market-making and customer business and from changes in fair value caused by movements in interest and exchange rates and other market variables.

Gains or losses on assets or liabilities are included in profit or loss under net foreign exchange income.

## NOTES

### 2. 1 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

**(f) Leases**

The Bank leases various properties. Rental contracts are typically made for fixed periods between 5 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.
Leases are recognised as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Bank.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- variable lease payment that are based on an index or a rate.
- amounts expected to be payable by the lessee under residual value guarantees.
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Bank's incremental borrowing rate.

*Determining the lease term*

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).
For the building lease, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise a renewal option. Renewal options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be renewed (or not terminated).

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising renewal options by 5 years has been included in the lease liability and right of use asset.

## NOTES

### 2.1 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

**(f) Leases (continued)**

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives.
  received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Bank is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Extension and termination options are included in a number of property and equipment leases across the Bank. These are used to maximise operational flexibility in terms of managing the assets used in the Bank's operations. The majority of extension and termination options held are exercisable only by the Bank and not by the respective lessor.

**(g) Income tax expense**

*(i) Current income tax*

The tax expense for the period comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of the tax enacted or substantively enacted at the reporting date. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation.

It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

*(ii)Deferred income tax*

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## 2. 1 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (h) Financial assets and liabilities

*(i) Classification and subsequent measurement*

**Financial assets**

Except for trade receivables that do not have a significant financing component, at initial recognition, the Bank measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Trade receivables that do not have a significant financing component are measured at their transaction price.

The Bank classifies its financial assets into three (3) principal classification categories as at year end based on the cash flow characteristics of the asset and the business model assessment:

- Measured at amortised cost and
- FVOCI
- FVTPL

**Amortised cost**

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The Bank recognises cash, deposits and balances due from financial institutions including items in the course of collection, amounts due from related parties, loans and advances to customers, certain investment securities, and other assets as at amortised cost.

**Fair Value through Other Comprehensive Income (FVOCI) – Debt**

A financial asset which is a debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Bank classifies certain investments it has in government securities at FVOCI.

**Fair Value through Other Comprehensive Income (FVOCI) – Equity**

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by investment basis. The Bank currently has no equity investments held at FVOCI.

**Fair Value through Profit or Loss (FVTPL)**

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. In addition, on initial recognition the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Bank shall classify certain investments in government securities held for trading, derivative financial assets, and loan notes at FVTPL. As at year end, the Bank had not securities at FVTPL.

A financial asset is classified into one of these categories on initial recognition. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of IFRS 9 are not separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

## NOTES

### 2. 1 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

**(h) Financial assets and liabilities (continued)**

*(i) Classification and subsequent measurement (Continued)*

**Assessment whether contractual cash flows are Solely Payments of Principal and Interest (SPPI)**

To determine whether a financial asset should be classified as measured at amortised cost or FVOCI, an entity assesses whether the cash flows from the financial asset represent, on specified dates, solely payments of principal and interest on the principal amount outstanding - i.e. the SPPI criterion. A financial asset that does not meet the SPPI criterion is always measured at FVTPL, unless it is an equity instrument for which an entity may apply the OCI election.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. The definition of principal reflects the economics of the financial asset from the perspective of the current holder. This means that an entity assesses the asset's contractual cash flow characteristics by comparing the contractual cash flows to the amount that it actually invested.

Interest' is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Bank considered the contractual terms of its financial assets. The Bank, through the Credit, Finance and Treasury departments will from time to time review the contractual terms of existing.

instruments and also review contractual terms of new products the Bank develops or invests in going forward. This includes assessing whether the financial asset contained a contractual term

that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making the assessment, the Bank shall consider:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Bank's claim to cash flows from specified assets – e.g. non-recourse asset arrangements; and
- Features that modify consideration for the time value of money – e.g. periodic reset of interest rates.

Contractual features that introduce exposure to risks or volatility in the contractual cash flows that is unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, give rise to contractual cash flows that do not meet the SPPI criterion.

Interest rates on loans made by the Bank are based on the prevailing interest rate which currently are referenced to the National Bank Rate. The prevailing rates are generally based on a National Bank rate and also include a discretionary spread (Margin). In these cases, the Bank will assess

whether the discretionary feature is consistent with the SPPI criterion by considering a number of factors, including whether:

- The borrowers are able to prepay the loans without significant penalties;
- The market competition ensures that interest rates are consistent between banks; and
- Any regulatory or customer protection framework is in place that requires banks to treat customers fairly.

Some of the Bank's loans may contain prepayment features. A prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract.

In addition, a prepayment feature is treated as consistent with this criterion if a financial asset is acquired or originated at a premium or discount to its contractual amount, the prepayment amount substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination), and the fair value of the prepayment feature is insignificant on initial recognition.

## NOTES

### 2. 1 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

**(h) Financial assets and liabilities (continued)**

*(i) Classification and subsequent measurement (Continued)*

**De minimis**

A contractual cash flow characteristic may not affect the classification of a financial asset if it could have only a de minimis effect on the financial asset's contractual cash flows. To make this determination, the Bank considers the possible effect of the contractual cash flow characteristic in each reporting period and cumulatively over the life of the financial asset.

**Business model assessment**

The Bank makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

How the performance of the portfolio is evaluated and reported to the Bank's management.

The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

How managers of the business are compensated – e.g. Whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

The frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading and those that are managed and whose performance is evaluated on a fair value basis will be measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. The table below summarises the key features of each type of business model and the resultant measurement category:

| BUSINESS MODEL | KEY FEATURES | CATEGORY |
|---|---|---|
| Held to collect | The objective of the business model is to hold assets to collect contractual cash flows.<br>Sales are incidental to the objective of the model.<br>This model typically involves the lowest level of sales in comparison with other business models (in frequency and volume). | Amortised cost (1) |
| Both held to collect and for sale | Both held to collect and for sale<br>Both collecting contractual cash flows and sales are integral to achieving the objective of the business model.<br>• This model typically has more sales (in frequency and volume) than the held-to-collect business model. | FVOCI (1) |
| Other business models, including:<br>Trading<br>managing assets on a fair value basis<br>maximising cash flows through sale | The business model is neither held-to-collect nor held to collect and for sale.<br>The collection of contractual cash flows is incidental to the objective of the model. | FVTPL (2) |

Notes

1. Subject to meeting the SPPI criterion.

2. The SPPI criterion is irrelevant - i.e. assets in all business models are measured at FVTPL.

## NOTES

### 2.1 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

**(h) Financial assets and liabilities (continued)**

*(i) Classification and subsequent measurement (Continued)*

**Business model assessment**

*Financial liabilities*

The Bank classifies all financial liabilities as subsequently measured at amortised cost. Deposits from customers/banks, borrowed funds, due to related entities and other liabilities are also classified at amortised cost.

*Reclassification*

The Bank only reclassifies financial assets when management changes the business model for managing the financial assets. In that instance all affected financial assets are reclassified. Such changes are expected to be very infrequent and are determined by the Bank's senior management as a result of external or internal changes.

*De-recognition and contract modification*

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows on the Financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Bank is recognised as a separate asset or liability. However, when the modification of a financial instrument not measured at FVTPL does not result in de-recognition, the Bank will recalculate the gross carrying amount of the financial asset (or the amortised cost of the financial liability) by discounting the modified contractual cash flows at the original effective interest rate and recognise any resulting adjustment as a modification gain or loss in profit or loss.

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Bank enters into transactions whereby it transfers assets recognised on its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the statement of financial position. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

*Write-off*

The Bank write offs financial assets, in whole or part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery including;

- Ceasing enforcement activity where the Company's recovery method is foreclosing on collateral and the value of the collateral is such there is no reasonable expectation of recovering in full.

*Offsetting*

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank has a legal right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

*Modifications*

When the contractual cash flows of a Purchased or Originated Credit-Impaired (POCI) asset are modified, and the modification does not result in de-recognition, the calculation of the modification gain, or loss is the difference between:

- the gross carrying amount of the asset before the modification; and
- the recalculated gross carrying amount.

The recalculated gross carrying amount is the present value of the estimated future cash payments or receipts through the expected life of the modified financial asset discounted using the credit-adjusted effective interest rate before the modification.

## NOTES

### 2.1 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

**(h) Financial assets and liabilities (continued)**

*i) Impairment – financial assets, loan commitments and financial guarantee contracts*

IFRS 9 applies a forward-looking 'expected credit loss' model. The new impairment model applies to the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments – this applies to the Bank's loans and advances to customers, Investment in Government securities measured at amortised cost and FVOCI, balances due to group companies and other assets.

- lease and trade receivables – this apply to the Bank's finance lease and trade receivables; and loan commitments and financial guarantee contracts issued (previously, impairment was measured under IAS 37 Provisions, Contingent Liabilities and Contingent Assets) - this applies to the Bank's off-balance sheet exposures where credit intervention is not required for the counterparty to access the credit facility.

No impairment loss is recognised on equity investments and financial assets measured at FVTPL.

The Bank recognises loss allowance at an amount equal to either 12-month ECLs or lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, whereas 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date. The Bank will recognise loss allowances at an amount equal to lifetime ECLs, except in the following cases, for which the amount recognised will be 12-month ECLs:

Loss allowances for trade and lease receivables will always be measured at an amount equal to lifetime ECLs. The impairment requirements of IFRS 9 are complex and require management judgement, estimates and assumptions, particularly in the following areas, which are discussed in detail below: assessing whether the credit risk of an instrument has increased significantly since initial recognition; and incorporating forward-looking information into the measurement of ECLs.

**Stage 1 -** For credit exposures where there have not been significant increases in credit risk since initial recognition, an entity is required to provide for 12-month ECLs, i.e., the portion of lifetime ECLs that represent the ECLs that result from default events that are possible within the 12-months after the reporting date (12-month ECL as per formula below).

**ECL12m = PD12m x LGD12m x EAD12m x D12m**

**Stage 2 -** For credit exposures where there have been significant increases in credit risk since initial recognition on an individual or collective basis, a loss allowance is required for lifetime (LT) ECLs, i.e., ECLs that result from all possible default events over the expected life of a financial instrument (ECL LT as per formula below).

**ECL LT = LT∑T=1 PDt x LGDt x EADt x Dt**

**Stage 3 –** For credit exposures that are credit impaired and in default. Similar to stage 2 assets a loss allowance is required for lifetime ECLs however the probability of default for these assets is presumed to be 100% less any determined recovery and cure rate.

The table below shows the link between the BNR risk classifications and the IFRS 9 stage allocation for assets.

| BNR Guidelines | Days past due | Stage allocation |
|---|---|---|
| Normal | 0-29 | 1 |
| Watch | 30-89 | 2 |
| Substandard | 90-179 | 3 |
| Doubtful | 180 - 364 | 3 |
| Loss | Over 364 or considered uncollectible | 3 |

## 2. 1 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

**(h) Financial assets and liabilities (continued)**

*i) Impairment – financial assets, loan commitments and financial guarantee contracts (continued)*

*Definition of default*

The Bank will consider a financial asset to be in default when:

- The borrower is unlikely to pay their credit obligations to the Bank in full, without recourse by the Bank to actions such as realising security (if any is held); or
- The borrower is more than 90 days past due on any material credit obligation to the Bank. This will be consistent with the rebuttable criteria set out by IFRS 9 and existing practice of the Bank; or
- if it meets the definition of the local regulator of default, if in the future the local regulator prescribes the criteria of default for IFRS 9 purposes

This definition is largely consistent with the National Bank of Rwanda definition that will be used for regulatory purposes. In assessing whether a borrower is in default, the Bank will consider indicators that are::

- significant financial difficulty of the issuer or the borrower;
- a breach of contract - e.g. a default or past-due event;
- a lender having granted a concession to the borrower - for economic or contractual reasons relating to the borrower's financial difficulty - that the lender would not otherwise consider;
- it becoming probable that the borrower will enter bankruptcy or another financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances. The Bank will not rebut the 90 Days Past Due (DPD) rule for identifying defaults.

*Significant increase in credit risk (SICR)*

The Bank in determining whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition considered reasonable and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis based on the Bank's historical experience, expert credit assessment and forward-looking information.

The Bank identifies a significant increase in credit risk where:

- exposures have a regulatory risk rating of 'WATCH';
- an exposure is greater than 30 days past due – this is in line with the IFRS 9 30 DPD rebuttable presumption;
- an exposure has been restructured in the past due to credit risk related factors or which was NPL and is now regular (subject to the regulatory cooling off period); or
- by comparing an exposure:

- credit risk quality at the date of reporting; with
- the credit risk quality on initial recognition of the exposure.

The assessment of significant deterioration is key in establishing the point of switching between the requirement to measure an allowance based on 12-month expected credit losses and one that is based on lifetime expected credit losses.

*Credit risk classification*

The Bank allocates each exposure to a credit risk classification based on the regulatory requirements of the National Bank which requires the prediction of the risk of default and applying experienced credit judgement. The Bank shall use these classifications in identifying significant increases in credit risk under IFRS 9. The risk classifications are defined using the regulator's guidance, days past due, management assessment, qualitative and quantitative factors that are indicative of the risk of default.

## 2.1 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

**(h) Financial assets and liabilities (continued)**

*i) Impairment – financial assets, loan commitments and financial guarantee contracts (continued)*

*Credit risk classification (continued)*

These factors may vary depending on the nature of the exposure and the type of borrower. The Bank shall undertake a thorough credit appraisal process and determine the credit quality of each exposure on initial recognition based on available information about the borrower. Exposures will be subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk classification.

*Determining whether credit risk has increased significantly*

The Bank has established a framework that incorporates both quantitative and qualitative information to determine whether the credit risk on a particular financial instrument has increased significantly since initial recognition. The framework aligns with the Bank's internal credit risk management process. The criteria for determining whether credit risk has increased significantly will vary by portfolio and will include a backstop based on delinquency (30 DPD presumption).

*Quantitative factors*

The Bank deems the credit risk of a particular exposure to have increased significantly since initial recognition based on a loan being in arrears for a period of 31 to 90 days in accordance with IFRS 9 paragraph 5.5.11. The Bank will develop an internal rating model going forward and movement in rating grades between the reporting period and initial recognition date/ the date of initial application of IFRS 9 of the loan will form the basis of significant increase in credit risk.

*Qualitative factors*

In certain instances, using its expert credit judgement and, where possible, relevant historical experience, the Bank may determine that an exposure has undergone a significant increase in credit risk if particular qualitative factors indicate so and those indicators may not be fully captured by its quantitative analysis on a timely basis. The management view and judgement will include the following assessments:

- Uncollateralized bullet loan: Any uncollateralized bullet repayment loan should be classified as a Stage 2 exposure.
- Classification of exposures by any other Banks and Financial institutions or local Credit Reference Bureau (CRB).
- Unavailable/inadequate financial information/financial statements.
- Qualified report by external auditors.
- Significant contingent liabilities.
- Loss of key staff in the organization.
- Increase in operational risk and higher occurrence of fraudulent activities.
- Continued delay and non-cooperation by the borrower in providing key relevant documentation.
- Deterioration in credit worthiness due to factors other than those listed above.

As a backstop, and as required by IFRS 9, the Bank will presumptively consider that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. The Bank will determine days past due by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received.

*Significant increase in credit risk at transition to IFRS 9*

Under IFRS 9, assessment of SIICR requires comparison of default risk at the reporting date with the risk at origination or initial recognition of the asset. However the standard also states that if the Bank cannot measure default risk at initial recognition for SIICR purposes without undue cost or effort, then it should recognize lifetime ECL on that instrument. The Bank at transition will use past due information to determine whether there have been significant increases in credit risk since initial recognition.

## NOTES

### 2. 1 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

**(h) Financial assets and liabilities (continued)**

*i) Impairment – financial assets, loan commitments and financial guarantee contracts (continued)*

*Backward transitions*

Backward transitions define the criteria for moving a financial asset back from Stage 2 to Stage 1 or Stage 3 to Stage 2. The Bank applies the considerations of the National Bank of Rwanda prudential guidelines to determine whether a financial asset should be upgraded from Stage 3 to Stage 2 and then Stage 1. Where an account in Stage 3 is regularised (i.e., all past due principal and interest is repaid in full) it may be upgraded to Stage 2 subject to observation of the cooling off period as defined by the Prudential Guidelines. A facility which meets the above condition and has been classified as Stage 2 may be reclassified to Stage 1 if a sustained record of performance is maintained for a period of six (6) months.

*Modified financial assets*

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be.

Derecognised and the renegotiated loan recognised as a new loan at fair value. Under IFRS 9, when the terms of a financial asset are modified and the modification does not result in de-recognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of the borrower's initial credit risk assessment and the current assessment at the point of modification.

*Restructuring*

The Bank renegotiates loans to customers in financial difficulties (referred to as 'restructuring') to maximise collection opportunities and minimise the risk of default. Under the Bank's restructuring policy, loan restructuring is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms. The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. The Bank's Credit Committee regularly reviews reports on restructuring activities.

Generally, restructuring is a qualitative indicator of default and credit impairment, and expectations of restructuring are relevant to assessing whether there is a significant increase in credit risk. Following restructuring, a customer needs to demonstrate consistently good payment behaviour for at least 12 months from restructuring date before the exposure is no longer considered to be in default/credit-impaired or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to 12-month ECLs.

The Bank applies the requirements of the National Bank of Rwanda prudential guidelines where an account in Doubtful or Sub-standard category (Stage 3) will be upgraded to Watch if principal and interest payments are fully regularised at the point of restructure, the account is re-classified to Watch (Stage 2) and observed for six (6) months. Where the account continues to perform appropriately for an additional six (6) months the account is upgraded to normal, and the Bank reverts to measuring 12-month ECLs. Where the account is restructured with the customer having not regularized overdue principal and interest, the account shall remain in Substandard for six (6) months or if in Doubtful category, twelve (12) months for observation. If the restructured account performs as per the new contract during the observation period, the account can be then upgraded to Watch (stage 2) and observed for another six (6) months where it can be further upgraded to Normal (stage 1) if good performance is sustained. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for determining whether a significant increase in credit risk has occurred. However, the Bank also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on de-recognition. If the terms are not substantiallydifferent, the renegotiation or modification does not result in de-recognition, and the Bank recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original EIR.

## 2.1 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

**(h) Financial assets and liabilities (continued)**

*i) Impairment – financial assets, loan commitments and financial guarantee contracts (continued)*

*ECL model*

*Segmentation*

In order to determine the ECL by modelling the PD, LGD and EAD for different loan accounts, the Bank has segmented the loan book into 13 segments namely Building and construction, Energy and water, Financial services, Food and agriculture, ICT and telecommunication, Manufacturing, Mining & quarrying, Personal household, Real estate, Tourism and hospitality, Trade, Transport and logistics.The PDs are determined at segment level, LGD at customer or segment level (based on collateral and collections respectively) and EAD at account level. Where a borrower has been in several segments historically the Bank uses the borrower's current segmentation.

In addition to the on-balance sheet facilities, the Bank considered treasury products (investment securities and placements with other banking institutions) and the off-balance sheet facilities offered by the Bank such as guarantees, letters of credit, overdrafts and credit cards where an exposure is present. The EAD for these facilities is based on whether there is a commitment by the Bank to fund a customer and the rate of conversion of such facilities (Credit Conversion Factor – CCF).

*Risk parameters in measurement of ECLs*

The key inputs into the measurement of ECLs are likely to be the term structures of the following variables:

- PD;
- Loss Given Default (LGD); and
- Exposure at Default (EAD).

These parameters will be derived from internally developed statistical models and other historical data that leverage regulatory models. They will be adjusted to reflect forward-looking information as described below.

*Probability of default*

Probability of Default ("PD") refers to the likelihood of a default occurring and is a measure of the risk of default. In order to calculate IFRS 9 PD, there is a need to develop a PD term structure for calculating ECL (forward looking and lifetime PDs). PD estimates for loans and advances are estimates at a certain date, which will be calculated based on statistical migration matrices that model the chance of an exposure transitioning to default over time and will be assessed at portfolio level for portfolios of assets that have similar characteristics. PDs will be estimated based on the theory of Markov Chain process.

The method requires information regarding transitions among credit states. Credit states are defined by rating classes. The Bank reviews and updates the portfolio PDs on an annual basis. The Bank draws a yearly transition matrix of ratings to compute a value or transaction-based PD over the one-year horizon for the past 3-5 years. (The Bank builds data to 5 years and updates every year thereafter for new data). The PDs are approved by the relevant Board committees for them to take effect. Transition probabilities are determined from the actually observed number of transitions over the observed period of time. These PDs are classified as per stage 1 and 2 which is driven by the National Bank risk classifications, management view and Days Past Due. This rating migration captures the movement of obligors into default at yearly intervals. An average default rate of 5 years is used. Based on the transitions of counterparties within the stages in value terms, the default estimation is done by the transition matrix.

PD estimates for other exposures are estimates at a certain date, which are calculated based on statistical rating tools and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD for large corporate counterparties. If a counterparty or exposure migrates between ratings classes, then this leads to a change in the estimate of the associated PD. Lifetime PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates. Lifetime PDs are calculated using the Matrix Multiplication method utilising the Markov Chain method.

For industries with insufficient data, the S&P Emerging market table has been used to determine probabilities of default for these industries as a proxy. These industries are Information & Communication; Manufacturing; Real Estate Activities; and Hotel, Rest & Tourism.

Rating of 'BB' was assigned to stage 1 and 'B' to stage 2 for the facilities within information & communication and Manufacturing. For real estate S&P rating 'B' was assigned to stage 1 loans and 'CCC' to stage 2. Hotel, Rest & tourism had 'BB' rating for stage 1 loans and 'B' for stage 2.

## NOTES

### 2.1 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

**(h) Financial assets and liabilities (continued)**

*i) Impairment – financial assets, loan commitments and financial guarantee contracts (continued)*

*ECL model (continued)*

*Loss Given Default*

LGD is the forecast of the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based on collateral available for secured debt instruments against exposures and the history of recovery rates of claims against defaulted counterparties for unsecured portfolios.

LGD by collateral. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. The Bank considers the eligibility of collateral. Collateral is eligible if the following can be demonstrated:

- Legal certainty and enforceability
- History of enforceability and recovery

LGD estimates are calibrated for different collateral types. To reflect possible changes in property prices, the forced sale value (FSV) is considered for all collateral types.

No Haircuts are applied to the FSV. The collateral values to consider are calculated on a discounted cash flow basis using the effective interest. The table below highlights the Bank's acceptable collateral types;

| No. | Collateral Type |
|---|---|
| 1. | Cash Under Lien |
| 2. | Corporate Guarantees |
| 3. | Debenture/Land |
| 4. | Government Guarantee |
| 5. | Hire Purchase Agreement |
| 6. | Land & Buildings-Commercial |
| 7. | Land & Buildings-Residential |
| 8. | Logbooks |
| 9. | Shares |

*LGD by Collections*

For the purpose of LGD estimation on its non-collateralized portfolio, the Bank computes LGD based on actual recoveries on its defaulted portfolio over a period of at least 3- 5 years prior to the assessment date. To determine this recovery rate, the Bank identifies the point in time when accounts first go into default in half year periods, filter out any non-performing loan (NPL) accounts that cure and for the remaining accounts obtain data on amounts collected. The difference between the value of the NPL accounts that do not cure and the collections from these accounts as a percentage of the original NPL accounts (NPL accounts that cured and did not cure) is determined as the LGD.

*Exposure at default (EAD)*

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortisation, and prepayments. The EAD of a financial asset is measured as:

*EAD = Outstanding exposure + (CCF*Undrawn portion)*

For lending commitments and financial guarantees, the EAD considers the amount drawn, as well as potential future amounts that may be drawn or repaid under the contract, which are estimated based on behavioural study of historical patterns and forward-looking forecasts.

For revolving off-balance sheet positions, the CCF to be applied to the undrawn commitments is derived from a behavioural study of historical patterns. In the case of undrawn commitments (i.e. undrawn portions of the Bank's commitments for off-balance sheet items), if the terms of the contract clearly state that the commitment is unconditionally cancellable for any reason, the committed amounts for such arrangements ware not considered as EAD.

## 2.1 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

**(h) Financial assets and liabilities (continued)**

*i) Impairment – financial assets, loan commitments and financial guarantee contracts (continued)*

*ECL model (continued)*

*Term of loan in calculating Lifetime ECL and determining the EAD*

As described previously in these financial statements and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Bank measures ECLs considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Bank will consider a longer period. The maximum contractual period extends to the date at which the Bank has the right to require repayment of an advance or terminate a loan commitment or guarantee. For overdrafts, guarantee facilities and other revolving facilities that include both a loan and an undrawn commitment component, the Bank measures ECLs over a period of one year unless the expected life of the exposure can be reasonably determined.

*Forward-looking information*

Under IFRS 9, the Bank incorporates forward-looking information in its measurement of ECLs. The Bank formulates a 'base case' view of the future direction of relevant economic variables and a representative range of other possible forecast scenarios based on advice from the Bank's Executive Risk Committees and economic experts and consideration of a variety of external actual and forecast information. This process involves developing two or more additional economic Scenarios and considering the relative probabilities of each outcome. External information may include economic data and forecasts published by governmental bodies and monetary authorities in East Africa, supranational organisations such as the World Bank and the International Monetary Fund and selected private sector and academic forecasters. The base case represents a most-likely outcome and be aligned with information used by the Bank for other purposes, such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. These key drivers include, among others, inflation rates, GDP forecasts, balance of trade, unemployment rates and interest rates. Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets are developed based on analysing historical data over the previous 5 years. The economic scenarios used are approved by the Bank's Credit and Risk Committees.

*Derivative financial assets and liabilities*

*The Bank uses the following derivative instruments:*

*Currency forwards*

Forward contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forwards are customised contracts transacted in the over–the–counter market. The Bank has credit exposure to the counterparties of forward contracts. Forward contracts are settled gross and result in market risk exposure. During the period ending 31 December 2023, the Bank did not enter into currency forwards arrangements.

*Swaps (continued)*

The Bank accounts for these transactions at amortized cost where USD amounts are recorded as swap assets while the USD amount is recorded as a swap liability.

As at 31 December 2024 the carrying amount of swaps asset was Rwf 42,085,218,000 this was included in Money market placements on Note 16. Swap liability amounted to Rwf 39,440,535,000 as disclosed on Note 26 under term borrowings.

*Spots*

Spot contracts are contractual agreements between two parties to exchange streams with immediate settlement (payment and delivery) on the spot date, which is normally two business days after the trade date. During the period ending 31 December 2024, the Bank did not enter into Spots arrangements.

## NOTES

### 2.1 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

**(i) Cash and cash equivalents**

Cash and cash equivalents include notes and coins on hand, bank balances held with the National Bank of Rwanda and Balances with other banking institutions are highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value and are used by the Bank in the management of its short-term commitments.

Cash and cash equivalents are classified as loans and receivables and carried at amortised cost in the statement of financial position.

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash and balances with banks, unrestricted balances with National Bank of Rwanda and money market placements.

**(j) Property and equipment**

***(i) Recognition and measurement***

Items of property and equipment are initially recognised at cost. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost includes any other costs directly attributable to bringing the asset to a working condition for its intended use and the present value of the estimated costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. After initial recognition, property and equipment is measured at cost less.

***(ii) Subsequent costs***

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred accumulated depreciation.

***(iii) Depreciation***

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of property and equipment in order to write down the carrying amount over its useful life to its residual value. Freehold land is not depreciated.

The annual rates of depreciation (2.5% - 33.3%) in use are as follows: -

| | Period | Rate |
|---|---|---|
| Freehold land | | Nil |
| Leasehold improvements | Shorter of the lease term or estimated useful lives | |
| Motor vehicles | 4 | 25% |
| Office equipment, furniture and fittings | 8 | 12.5% |
| Computer hardware | 3 | 33.3% |
| Software | 5 | 20% |
| ATM machines and core banking hardware | 5 | 20% |

Leasehold improvements are written off over their estimated useful life or the lease period, whichever is shorter.

The assets' residual values, useful lives and methods of depreciation are reassessed at each financial year end and adjusted prospectively, as a change in an estimate, if appropriate.

Property and equipment are derecognised on disposal or when no future economic benefits are expected from its use.

Any gain or loss arising on de-recognition of an asset is recognised in other operating income in profit or loss in the year the asset is derecognised.

## 2.1 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

**(k) Intangible assets**

The Bank's intangible assets include the value of computer software. Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Bank are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use.
- management intends to complete the software and use or sell it.
- there is an ability to use or sell the software.
- It can be demonstrated how the software will generate probable future economic benefits.
- adequate technical, financial, and other resources to complete the development and to use or sell the software are available, and
- The expenditure attributable to the software during its development can be reliably measured.

**(k) Intangible assets**

The Bank's intangible assets include the value of computer software. Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Bank are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use.
- management intends to complete the software and use or sell it.
- there is an ability to use or sell the software.
- It can be demonstrated how the software will generate probable future economic benefits.
- adequate technical, financial, and other resources to complete the development and to use or sell the software are available, and
- The expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be finite or indefinite. Intangible assets with finite lives are amortised over the useful lives. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset. The intangible assets have a maximum useful life of ten years.

**(l) Impairment of non-financial assets**

The carrying amounts of the Bank's non-financial assets, are reviewed at each reporting date to determine whether there is any indication that an asset may be impaired. If any such indication exists, then the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of an assets or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, an appropriate valuation model is used.

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

## NOTES

### 2.1 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

**(l) Impairment of non-financial assets (Continued)**

For all assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Bank estimates the assets or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss

**(m) Provisions**

Provisions are recognised when the Bank has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in profit or loss net of any reimbursement.

*(i) Defined contribution plans.*

The Bank contributes to the Rwanda Social Security Board (RSSB), a statutory defined contribution scheme. Contributions to the RSSB are as per statutory requirements per employee. The Bank's obligations to the staff retirement schemes are charged to profit or loss as they fall due. Unpaid contributions are recorded as a liability. The Bank does not operate a defined benefit plan.

*(ii) Short-term benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus and leave if the Bank has a present obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**(n) Sale and repurchase agreements**

Securities purchased from the National Bank of Rwanda under agreement to resell (reverse repos), are disclosed as treasury bills as they are held to maturity after which they are resold and are not negotiable or discounted during the tenure.

**(o) Deposits from customers**

Deposits from customers are recognized and accounted for on receipt basis as liabilities. Interest expense is accrued on the deposits on a daily basis.

**(p) Comparatives**

Except otherwise required, all amounts are reported or disclosed with comparative information. Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

**(q) Financial guarantee contracts and loan commitments**

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given banks, financial institutions, and others on behalf of customers to secure loans, overdrafts, and other banking facilities.

Financial guarantees contracts are initially measured at fair value and subsequently measured at the higher of:

The amount of loss allowance and;

The premium received on initial recognition less recognition in accordance with the principles of IFRS 15

Loan commitments provided by the Equity Bank Rwanda Plc are measured as the amount of the loss allowance.

## 2.1 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

**(q) Financial guarantee contracts and loan commitments (Continued)**

The Equity Bank Rwanda Plc has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and undrawn commitment and the Equity Bank Rwanda Plc cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

**(s) Non-current assets held for sale**

The entity classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

## 2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

*New and amended standards and interpretations*

*Standards that became effective during the year*

The Bank applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024. The Bank has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The following new and amended standards were effective during the year but did not have an impact on the financial statements.

- Classification of liabilities as current or non-current and non-current liabilities with covenants - Amendments to IAS 1
- Lease liability in a sale and leaseback – Amendments to IFRS 16
- Disclosures: Supplier finance arrangements - Amendments to IAS 7 and IFRS 7

*New and amended standards and interpretations issued but not yet effective*

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of these financial statements are disclosed below.

*Standards issued but not yet effective that are expected to have a material impact on the Bank's financial statements*

IFRS 18 – Presentation and Disclosure in Financial Statements (Effective for annual periods on or after 1 January 2027)

In April 2024, the Board issued IFRS 18 Presentation and Disclosure in Financial Statements which replaces IAS 1. IFRS 18 introduces new categories and subtotals in the statement of profit or loss. It also requires disclosure of management-defined performance measures (as defined) and includes new requirements for the location, aggregation and disaggregation of financial information.

IFRS 18, and the consequential amendments to the other accounting standards, is effective for reporting periods beginning on or after 1 January 2027 and must be applied retrospectively. Early adoption is permitted and must be disclosed.

The Bank is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

## NOTES

### 2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

*New and amended standards and interpretations (Continued)*

*Standards issued but not yet effective that are not expected to have a material impact on the Bank's financial statements*

- Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 (Effective for annual periods beginning on or after 1 January 2026)
- Annual improvements to IFRS Accounting Standards Volume 11 (Effective for annual periods beginning on or after 1 January 2026)
- Power Purchase Agreements – Amendments to IFRS 9 and IFRS 7 (Effective for annual periods beginning on or after 1 January 2026)
- IFRS19 – Subsidiaries without Public Accountability: Disclosures (Effective for annual periods beginning on or after 1 January 2027)
- IFRS 18 – Presentation and Disclosure in Financial Statements- Effective for annual reporting periods beginning on or after 1 January 2027 and must be applied retrospectively
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28 (Effective date postponed indefinitely pending the outcome of IASB's research project on the equity method of accounting)

The Bank intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. However, these pronouncements are not expected to have a material impact on the Bank's financial statements.

**NOTES**

## 3. CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

Accounting estimates, Judgements and assumptions are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

The Bank makes accounting estimates, Judgements and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The accounting estimates, Judgements and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

### (a) Measurement of expected credit loss allowance

The measurement of expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g., the likelihood of customers defaulting and the resulting losses).

The impairment requirements of IFRS 9 require management judgement, estimates and assumptions, particularly in the following areas:

- Determining the criteria for significant increase in credit risk
- Choosing appropriate models and assumptions for the measurement of ECL
- Establishing the number and relative weightings for a forward-looking scenario for each type of product / market and associated ECL
- Establishing groups of similar assets for the purposes of measuring ECL

The expected credit loss allowance on loans and advances is disclosed in more detail in Notes 4,10 and 17 (b).

### (b) Valuation of financial assets held at fair value

As per IFRS 13, where the Bank measures a financial instrument at fair value, the fair value should represent the price that would be received to sell an asset in an orderly transaction in the principal (or most advantageous) market between market participants at the measurement date. Fair value is a market-based measurement, which uses the assumptions that market participants would use when pricing an asset or liability under current market conditions.

The Bank holds government securities that are measured at fair value through other comprehensive income. For these, fair value is determined using estimates from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs existing at the dates of the statement of financial position.

## NOTES

### 4. FINANCIAL RISK MANAGEMENT

#### (a) Introduction and overview

The Bank has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risks

This note presents information about the Bank's exposure to each of the above risks, the Bank's objectives, policies, and processes for measuring and managing risk, and the Bank's management of capital. There were no changes in the risk and capital management policies during the current financial period.

#### Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board has established the Board Risk Management Committee,

which is responsible for developing and monitoring the Bank's risk management policies in their specified areas. All Board committees have both executive and non-executive members and report regularly to the Board of Directors on their activities. The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Risk Management Committee is responsible for monitoring compliance with the Bank's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank. The Board Risk Management Committee is assisted in these functions by Risk Management Department. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Board Risk Management Committee.

#### (b) Credit risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Bank's loans and advances to customers and other banks and investment securities. For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure.

#### Management of credit risk

The Board of Directors has delegated responsibility for the management of credit risk to the Bank's management through the Managing Director. Management has delegated this responsibility to head office and branch credit committees as prescribed in the Bank's Credit Charter. A separate Bank credit committee, reporting to the Managing Director, is responsible for oversight of the Bank's credit risk, including:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to head office and branch credit committees as stipulated in the Bank's Credit Charter.
- Reviewing and assessing credit risk. The Bank Credit Committee assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the branch concerned. Renewals and reviews of facilities are subject to the same review process.
- Limiting concentrations of exposure to counterparties, geographies, and industries (for loans and advances) and by issuer, credit rating band, market liquidity and country (for investment securities).
- Developing and maintaining the Bank's risk grading in order to categorise exposures according to the degree of risk of financial

## NOTES

### 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

*(b) Credit risk (Continued)*

loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures. The current risk grading framework consists of five grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation. The responsibility for setting risk grades lies with the final approving executive / committee as appropriate. Risk grades are subject to regular reviews by Bank's credit risk department.

- Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports are provided to the Bank's Credit department on the credit quality of local portfolios and appropriate corrective action is taken.
- Providing advice, guidance and specialist skills to branches to promote best practice throughout the Bank in the management of credit risk.

Each branch is required to implement Bank's credit policies and procedures, with credit approval authorities delegated from the Bank's credit committee. Each branch has a credit risk manager who reports on all credit related matters to local management and the Bank' credit committee.

Each business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios, including those subjects to central approval.

Regular audits of branches and Bank's credit processes are undertaken by internal audit.

The Bank's maximum exposure to credit risk for the components of the statement of financial position at 31 December is their carrying amount as illustrated in the table below:

| | | 2024 | | 2023 | |
|---|---|---|---|---|---|
| | Note | Frw'000' | % | Frw'000' | % |
| **Credit exposures** | | | | | |
| **On – balance sheet items** | | | | | |
| Balances and deposits due from financial institutions | 16 | 420,482,950 | 32.20% | 255,638,038 | 25.63% |
| Investment securities | 18 | 305,329,621 | 23.38% | 291,769,729 | 29.26% |
| Due from related parties | 29(c) | 656,797 | 0.05% | 962,166 | 0.10% |
| Loans and advances to customers at amortized cost | 17 | 556,589,099 | 42.62% | 430,460,456 | 43.16% |
| Other assets | 19(a) | 22,821,547 | 1.75% | 18,499,274 | 1.85% |
| | | **1,305,880,014** | | **997,329,663** | |
| **Off-balance sheet items** | | | | | |
| Guarantees and standby letters of credit | 28 | 168,168,095 | 89.04% | 126,706,862 | 87% |
| Letters of credit, acceptances and other credits | 28 | 20,704,504 | 10.96% | 18,158,179 | 13% |
| | | 188, 872,599 | | 144,865,041 | |
| | | **1,494,752,613** | | **1,142,194,704** | |

Balances and deposits due from financial institutions excludes cash at hand as disclosed under Note 16 as this does not pose a credit risk.

The credit risk on balances and deposits due from financial institutions, investment securities and derivative financial assets is limited as the counterparties are all recognised financial institutions with good reputation.

Other assets are made up of settlement and clearing accounts, refundable deposits and other receivable balances. The balances are settled no more than 12 months after the reporting date. All the balances are non-interest bearing and no impairment has been recognised against them at 31 December 2023.

None of the other assets and balances due from related parties are past due or impaired. Management has established a related entity risk management framework including mandatory credit checks with counter parties.

## NOTES

### 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

*(b) Credit risk (Continued)*

Letters of credit, acceptances, guarantees and performance bonds are issued by the Bank, on behalf of customers, to guarantee performance by customers to third parties. The Bank will only be required to meet these obligations in the event of default by the customers.

| Exposure to credit risk | 2024 Stage 1 12-month ECL Frw'000' | Stage 2 Lifetime ECL Frw'000' | Stage 3 Lifetime ECL Frw'000' | Total Frw'000' |
|---|---|---|---|---|
| **Amortised cost** | | | | |
| **Individually and collectively impaired** | | | | |
| Grade 3: Substandard | - | - | 7,022,259 | 7,022,259 |
| Grade 4: Doubtful | - | - | 5,776,504 | 5,776,504 |
| Grade 5: Loss | - | - | 7,024,882 | 7,024,882 |
| **Gross amount** | **-** | **-** | **19,823,645** | **19,823,645** |
| Expected credit losses | - | - | (14,845,700) | (14,845,700) |
| **Carrying amount** | **-** | **-** | **4,977,944** | **4,977,944** |
| Grade 1: Normal | 520,002,960 | - | - | 520,002,960 |
| Grade 2: Watch | - | 51,617,552 | - | 51,617,552 |
| **Gross amount** | **520,002,960** | **51,617,552** | **-** | **571,620,512** |
| | - | - | - | - |
| Expected credit losses | (2,267,874) | (5,259,384) | - | (7,527,258) |
| **Carrying amount** | **517,735,086** | **46,358,168** | **-** | **564,093,254** |
| **Total gross loans** | **520,002,960** | **51,617,552** | **19,823,645** | **591,444,157** |
| | - | - | - | - |
| **Total provision** | **(2,267,874)** | **(5,259,384)** | **(14,845,700)** | **(22,372,958)** |
| Fair value adjustments on Low interest Loans | (12,482,099) | - | - | (12,482,099) |
| | - | - | - | - |
| **Total carrying amount** | **505,252,987** | **46,358,168** | **4,977,944** | **556,589,099** |

Grade 1 and grade 2, represent loans and advances that are not impaired. Grade 3, grade 4 and grade 5 refer to the impaired loans and advances that have been impaired as per the Bank's credit policy and internal model. These represent the loans and advances that the Bank cannot collect according to contractual terms of the loan agreements.

### Impaired loans

Impaired loans are loans for which the Bank determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan agreements. These loans are graded 3, 4 and 5 in the Bank's internal credit risk grading system.

## NOTES

### 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

*(b) Credit risk (Continued)*

**Past due but not impaired loans**

These are loans where contractual interest or principal payments are past due, but the Bank believes that impairment is not appropriate on the basis of the level of security / collateral available and / or the stage of collection of amounts owed to the Bank.

| Exposure to credit risk | 2023 | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| | 12-month ECL | Lifetime ECL | Lifetime ECL | |
| | Frw'000' | Frw'000' | Frw'000' | Frw'000' |
| **Amortised cost** | | | | |
| **Individually and collectively impaired** | | | | |
| Grade 3: Substandard | - | - | 6,686,933 | 6,686,933 |
| Grade 4: Doubtful | - | - | 8,416,084 | 8,416,084 |
| Grade 5: Loss | - | - | 4,514,484 | 4,514,484 |
| **Gross amount** | **-** | **-** | **19,617,501** | **19,617,501** |
| Expected credit losses | - | - | (9,278,357) | **(9,278,357)** |
| **Carrying amount** | **-** | **-** | **10,339,144** | **10,339,144** |
| Grade 1: Normal | 374,555,181 | - | - | 374,555,181 |
| Grade 2: Watch | - | 57,310,938 | - | 57,310,938 |
| **Gross amount** | **374,555,181** | **57,310,938** | **-** | **431,866,119** |
| Expected credit losses | (6,453,164) | (5,238,087) | - | (11,691,250) |
| **Carrying amount** | **368,102,017** | **52,072,851** | **-** | **420,174,869** |
| **Total gross loans** | **374,555,181** | **57,257,382** | **19,617,501** | **451,430,064** |
| **Total provision** | (6,453,164) | (5,238,087) | (9,278,357) | (20,969,608) |
| **Total carrying amount** | **368,102,017** | **52,019,295** | **10,339,144** | **430,460,456** |

## NOTES

### 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

*(b) Credit risk (Continued)*

| Exposure to credit risk LCs and Guarantees | 2024 | | | |
|---|---|---|---|---|
| | Stage 1 12-month ECL Frw'000' | Stage 2 Lifetime ECL Frw'000' | Stage 3 Lifetime ECL Frw'000' | Total Frw'000' |
| Amortised cost | | | | |
| **Individually and collectively impaired** | | | | |
| Grade 3: Substandard | - | - | - | - |
| Grade 4: Doubtful | - | - | - | - |
| Grade 5: Loss | - | - | - | - |
| **Gross amount** | - | - | - | - |
| Provision for impairment losses | - | - | - | - |
| **Carrying amount** | - | - | - | - |
| Grade 1: Normal | **188,872,599** | | - | **188,872,599** |
| Grade 2: Watch | - | - | - | - |
| **Gross amount** | **188,872,599** | - | - | **188,872,599** |
| Expected credit losses | (1,503,033) | - | - | (1,503,033) |
| **Carrying amount** | **187,369,566** | - | - | 187,369,566 |
| | | | | |
| **Total off balance sheet items** | **188,872,599** | - | - | **188,872,599** |
| | | | | |
| **Total provision** | (1,503,033) | - | - | (1,503,033) |
| | | | | |
| **Total Carrying amount** | **187,369,566** | - | - | **187,369,566** |

| | 2023 | | | |
|---|---|---|---|---|
| | Stage 1 12-month ECL Frw'000' | Stage 2 Lifetime ECL Frw'000' | Stage 3 Lifetime ECL Frw'000' | Total Frw'000' |
| **Amortised cost** | | | | |
| **Individually and collectively impaired** | | | | |
| Grade 3: Substandard | - | - | - | - |
| Grade 4: Doubtful | - | - | - | - |
| Grade 5: Loss | - | - | - | - |
| **Gross amount** | - | - | - | - |
| Provision for impairment losses | - | - | - | - |
| **Carrying amount** | - | - | - | - |
| Grade 1: Normal | **144,865,041** | | - | **144,865,041** |
| Grade 2: Watch | - | - | - | - |
| **Gross amount** | **144,865,041** | - | - | **144,865,041** |
| Expected credit losses | (1,364,731) | - | - | (1,364,731) |
| **Carrying amount** | **143,500,310** | - | - | **143,500,310** |
| | | | | |
| **Total off balance sheet items** | **144,865,041** | - | - | **144,865,041** |
| | | | | |
| **Total provision** | **(1,364,731)** | - | - | **(1,364,731)** |
| | | | | |
| **Total Carrying amount** | **143,500,310** | - | - | **143,500,310** |

## NOTES

### 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

*(b) Credit risk (continued)*

#### Allowances for impairment

The Bank establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

#### Write-off policy

The Bank writes off a loan balance when the credit department determines that the loans are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer pay the obligation or that proceeds from collateral have failed to cover the entire facility outstanding. For smaller balance standardised loans, write-off decisions are generally based on a product specific past due default history.

#### Collateral on loans and advances

The Bank routinely obtains collateral and security to mitigate credit risk. The Bank ensures that any collateral held is sufficiently liquid, legally effective, enforceable and regularly reassessed.

Before attaching value to collateral, business holding approved collateral must ensure that they are legally perfected devoid of any encumbrances. Security structures and legal covenants are subject to regular review, to ensure that they remain fit for purpose and remain consistent with accepted local market practice.

The principal collateral types held by the Bank for loans and advances are:

- Mortgages over residential properties.
- Charges over business assets such as premises, inventory and accounts receivable.
- Charges over financial instruments such as debt securities and equities.

Valuation of collateral taken will be within agreed parameters and will be conservative in value. The valuation is performed only on origination or in the course of enforcement actions. Collateral for impaired loans is reviewed regularly to ensure that it is still enforceable and that the impairment allowance remains appropriate given the current valuation.

The Bank will consider all relevant factors, including local market conditions and practices, before any collateral is realized.

The collateral held by the Bank against loans and advances is as below.

| | 2024 | | | | 2023 |
|---|---|---|---|---|---|
| | Collateral value Frw'000 | Carrying Amount Frw'000 | ECL allowance Frw'000 | Excess/ Deficit Frw'000 | Collateral value Frw'000 |
| Against stage 1 Loans | | | | | |
| Property | 838,355,178 | 276,504,986 | 1,347,346 | 561,850,192 | 360,501,598 |
| Other | 78,054,190 | 71,279,199 | 351,912 | 6,774,991 | 38,444,732 |
| | **916,409,368** | **347,784,185** | **1,699,258** | **568,625,183** | **398,946,330** |
| Against stage 2 loans | | | | | |
| Property | 94,485,741 | 37,957,752 | 332,394 | 56,527,989 | 82,068,638 |
| Other | 6,011,118 | 5,487,713 | 4,659,281 | 523,405 | 577,880 |
| | **100,496,859** | **43,445,465** | **4,991,675** | **57,051,394** | **82,646,518** |
| Against past due but not impaired | | | | | |
| Property | 47,983,825 | 9,695,829 | 5,199,083 | 38,287,996 | 17,254,392 |
| Other | 7,193,845 | 7,800,557 | 2,812,752 | (606,712) | 2,363,978 |
| | **55,177,670** | **17,496,386** | **8,011,835** | **37,681,284** | **19,618,370** |
| **Total** | **1,072,083,897** | **408,726,036** | **14,702,768** | **663,357,861** | **501,211,218** |

## NOTES

### 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

*(b) Credit risk (continued)*

Other includes logbooks, cash cover, letter of comfort and government guarantees or corporate guarantees.

The Bank monitors concentration of credit risk by sector. An analysis of concentration of credit risk at the reporting date is shown below:

| Concentration by sector | | 2023 |
|---|---|---|
| | | Frw'000' |
| Building and construction | 32,887,064 | 43,767,081 |
| Energy and water | 29,038,797 | 11,463,624 |
| Financial services | 190,964 | 385,487 |
| Food and agriculture | 17,355,325 | 11,416,533 |
| ICT and telecommunication | 24,090,502 | 10,673,528 |
| Manufacturing | 26,304,345 | 16,504,949 |
| Mining & quarrying | 323,556 | 461,435 |
| Personal household | 143, 491,652 | 105,771,199 |
| Real estate | 82,046,016 | 59,346,196 |
| Tourism and hospitality | 52,959,324 | 44,321,313 |
| Trade | 155,522,807 | 118,796,509 |
| Transport and logistics | 26,530,743 | 28,575,766 |
| | **590,741,095** | **451,483,620** |

### (c) Liquidity risk

The definition of liquidity risk is the risk that the Bank is unable to meet its obligations as they fall due as a result of a sudden, and potentially protracted, increase in net cash outflows. Such outflows would deplete available cash resources for client lending, trading activities and investments. These outflows could be principally through customer withdrawals, wholesale counterparties removing financing, collateral posting requirements or loan drawdowns. This risk is inherent in all banking operations and can be affected by a range of Bank-specific and market-wide events which can result in: – an inability to support normal business activity; and – a failure to meet liquidity regulatory requirements.

During periods of market dislocation, the Bank's ability to manage liquidity requirements may be impacted by a reduction in the availability of wholesale term funding as well as an increase in the cost of raising wholesale funds. Asset sales, balance sheet reductions and the increasing costs of raising funding will affect the earnings of the Bank. In illiquid markets, the Bank may decide to hold assets rather than securitising, syndicating or disposing of them. This could affect the Bank's ability to originate new loans or support other customer transactions as both capital and liquidity are consumed by existing or legacy assets.

The efficient management of liquidity is essential to the Bank in retaining the confidence of the financial markets and ensuring that the business is sustainable. Liquidity risk is managed through the Liquidity Risk Framework, which is designed to meet the following objectives:

- Maintain liquidity resources that are sufficient in amount and quality and a funding profile that is appropriate to meet the liquidity risk framework as expressed by the Board;
- maintain market confidence in the Bank's name;
- set limits to control liquidity risk within and across lines of business;
- accurately price liquidity costs, benefits and risks and incorporate those into product pricing and performance measurement;
- set early warning indicators to identify immediately the emergence of increased liquidity risk or vulnerabilities including events that would impair access to liquidity resources.
- project fully over an appropriate set of time horizons cash flows arising from assets, liabilities and off-balance sheet items; and

Maintain a contingency funding plan ("CFP") that is comprehensive and proportionate to the nature, scale and complexity of the business and that is regularly tested to ensure that it is operationally robust.

## NOTES

### 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

*(b) Credit risk (Continued)*

**Management of liquidity risk**

The Bank's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Bank's reputation.

To limit this risk, management has arranged for diversified funding sources in addition to its core deposit base and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis. The Bank has developed internal control processes and contingency plans for managing liquidity risk.

This incorporates an assessment of expected cash flows and the availability of high-grade collateral which could be used to secure additional funding if required. The Bank maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption in cash flow. The Bank also has lines of credit that it can access to meet liquidity needs.

In accordance with the Bank's policy, the liquidity position is assessed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Bank. Net liquid assets consist of cash, short–term bank deposits and liquid debt securities available for immediate sale, less deposit for banks and other issued securities and borrowings due to mature within the next month.

The Bank stresses the importance of current accounts and savings accounts as sources of funds to finance lending to customers. They are monitored using the advances to deposit ratio, which compares loans and advances to customers as a percentage of core customer current and savings accounts, together with term funding with a remaining term to maturity in excess of one year.

Treasury maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the bank as a whole. The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by Board Risk Management Committee.

**Exposure to liquidity risk**

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers.

Details of the reported Bank ratios of net liquid assets to deposits at the reporting date and during the reporting period were as follows:

| | 2024 | 2023 |
|---|---|---|
| As At 31st December | | |
| Average for the year | 323% | 282% |
| Maximum for the year | 520% | 374% |
| Minimum for the year | 201% | 209% |
| Minimum statutory requirement | 100% | 100% |

**4. FINANCIAL RISK MANAGEMENT (CONTINUED)**

*(c) Liquidity risk (Continued)*

Analysis of financial assets and liabilities by remaining contractual maturities

The table below summarises the maturity profile of the undiscounted cash flows of the Bank's financial assets and liabilities as at 31 December.

| | Less than 3 Months Frw'000' | 3-6 Months | 6-12 Months Frw'000' | 1-5 Years Frw'000' | More than 5 years Frw'000' | Total Frw'000' |
|---|---|---|---|---|---|---|
| **31-Dec-24** | | | | | | |
| Financial assets | | | | | | |
| Cash balances and deposits in financial institutions | 370,946,021 | - | - | - | - | 370,946,021 |
| Loans and advances to customers | 84,474,547 | 33,053,042 | 35,446,530 | 263,704,990 | 139,909,990 | 556,589,099 |
| Investment securities | 1,500,000 | 1,300,000 | 11,773,300 | 61,752,500 | 229,003,821 | 305,329,621 |
| Due from related parties | 656,797 | - | - | - | - | 656,797 |
| Other assets | 8,565,605 | - | - | - | - | 8,565,605 |
| **Total financial assets** | **466,142,970** | **34,353,042** | **47,219,830** | **325,457,490** | **368,913,811** | **1,242,087,143** |
| Financial liabilities | | | | | | |
| Deposits from customers and banks | 853,178,764 | 819,581 | 10,224,368 | 154,401,378 | - | 1,018,624,091 |
| Borrowed funds | 1,627,255 | - | 27,375,635 | 29,305,834 | 34,648,389 | 92,957,113 |
| Balance due to related parties | 6,145,844 | - | - | - | - | 6,145,844 |
| Other liabilities | 28,116,173 | - | - | - | - | 28,116,173 |
| Lease liabilities | - | - | 909,309 | 2,389,931 | 3,538,476 | 6,837,716 |
| Total financial liabilities | **889,068,036** | **819,581** | **38,509,312** | **186,097,143** | **38,186,865** | **1,152,680,937** |
| **Liquidity gap 31 December 2024** | **(422,925,066)** | **33,533,461** | **8,710,518** | **139,360,347** | **330,726,946** | **89,406,206** |

## 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

*(c) Liquidity risk (continued)*

Analysis of financial assets and liabilities by remaining contractual maturities

The table below summarises the maturity profile of the undiscounted cash flows of the Bank's financial assets and liabilities as at 31 December.

| | Less than 3 Months Frw'000' | 3-6 Months | 6-12 Months Frw'000' | 1-5 Years Frw'000' | More than 5 years Frw'000' | Total Frw'000' |
|---|---|---|---|---|---|---|
| **31 December 2023** | | | | | | |
| Financial assets | | | | | | |
| Cash balances and deposits in financial institutions | 187,590,232 | - | 29,321,658 | - | - | 216,911,890 |
| Loans and advances to customers | 83,407,759 | 17,902,244 | 22,119,405 | 146,821,832 | 160,209,216 | 430,460,456 |
| Investment securities | 15,016,733 | 6,636,301 | 11,461,820 | 52,202,709 | 206,452,166 | 291,769,729 |
| Due from related parties | 962,166 | - | - | - | - | 962,166 |
| Other assets | 6,695,665 | - | - | - | - | 6,695,665 |
| **Total financial assets** | **293,672,555** | **24,538,545** | **62,902,883** | **199,024,541** | **366,661,382** | **946,799,906** |
| Financial liabilities | | | | | | |
| Deposits from customers and banks | 671,822,297 | 645,366 | 8,051,019 | 121,580,954 | - | 802,099,636 |
| Borrowed funds | 1,398,969 | - | 23,535,140 | 25,194,554 | 29,787,609 | 79,916,272 |
| Balance due to related parties | 2,226,356 | - | - | - | - | 2,226,356 |
| Other liabilities | 8,681,239 | - | - | - | - | 8,681,239 |
| Lease liabilities | - | - | 1,251,339 | 3,288,887 | 4,869,446 | 9,409,672 |
| **Total financial liabilities** | **684,128,861** | **645,366** | **32,837,498** | **150,064,395** | **34,657,055** | **902,333,175** |
| **Liquidity gap 31 December 2023** | **(390,456,306)** | **23,893,179** | **30,065,385** | **48,960,146** | **332,004,327** | **44,466,731** |

## 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

*(c) Liquidity risk (Continued)*

| 31 December 2024 | 0 – 3 months Frw'000' | 3 – 6 months Frw'000' | 6 – 12 months Frw'000' | 1 – 5 Years Frw'000' | Total Frw'000' |
|---|---|---|---|---|---|
| Guarantees and standby LCs | 15,801 | 1,397,697 | 19,909,261 | 146,845,336 | 168,168,095 |
| LCs, acceptances and other documentary credits | 16,389,216 | 482,541 | 3,569,353 | 263,394 | 20,704,504 |
| Loans approved but not disbursed | - | - | 833,863 | 1,883,138 | 2,717,001 |
| **Total commitments and guarantees** | **16,405,017** | **1,880,238** | **24,312,477** | **148,991,868** | **191,589,600** |

| 31 December 2023 | 0 - 3 months Frw'000' | 3 - 6 months Frw'000' | 6 - 12 months Frw'000' | 1 – 5 Years Frw'000' | Total Frw'000' |
|---|---|---|---|---|---|
| Guarantees and standby letters of credit | 11,927 | 1,055,019 | 15,028,042 | 110,611,874 | 126,706,862 |
| LCs, acceptances and other documentary credits | 14,373,603 | 423,197 | 3,130,379 | 231,000 | 18,158,179 |
| Capital commitments | 150,791 | - | 2,400,016 | - | 2,550,807 |
| Loans approved but not disbursed | - | - | 659,650 | 1,489,707 | 2,149,357 |
| **Total commitments and guarantees** | **14,536,321** | **1,478,216** | **21,218,087** | **112,332,581** | **149,565,205** |

The Bank has developed internal control processes and contingency plans for managing liquidity risk including maturity gaps that incorporates an assessment of expected cash flows. The Bank maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption in cash flow. In accordance with the Bank's policy, the liquidity position is assessed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Bank.

### (d) Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the Bank's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Market risk comprises of:

**Non-traded market risk**

The risk of the Bank being unable to hedge the interest rate risk in the banking book, primarily in retail, business banking and corporate portfolios.

## 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

*(d) Market risk (Continued)*

**Non-traded market risk:** The risk of the Bank being exposed to interest rate risk arising from loans, deposits and similar instruments held for longer term strategic purposes rather than for the purpose of profiting from changes in interest rates. Non-trading portfolios also consist of foreign exchange and price risks arising from the Bank's held-to-maturity and available-for-sale financial assets.

### Management of market risk

The objective of market risk measurement is to manage and control market risk exposures within acceptable limits while optimising the return on risk. The Bank's Treasury is responsible for the development of detailed risk management policies and for day-to-day implementation of those policies.

Furthermore, it includes the protection and enhancement of the statement of financial position and statement of comprehensive income and facilitating business growth within a controlled and transparent risk management framework.

All foreign exchange risk within the Bank is managed by the treasury department. Accordingly, the foreign exchange position is treated as part of the Bank's trading portfolios for risk management purposes.

Overall authority for market risk management is vested in the Board Risk Management Committee. The finance and treasury departments in collaboration with the Risk Management department are responsible for the development of detailed risk management policies (subject to review and approval by Board Risk Management Committee) and for the day-to-day review of their implementation. The Bank does not bear any interest rate risk on off balance sheet items.

### Exposure to interest rate risk – non-trading portfolios

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for re-pricing bands. The Board Risk Management Committee is the monitoring body for compliance with these limits and is assisted by treasury back office and finance department in the day-to-day monitoring activities, while Risk Management Department carries out regular reviews. A summary of the Bank's interest rate gap position on non-trading portfolios is as follows:

## 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

*(d) Market risk (Continued)*

### Interest rate risk table

| 31-Dec-24 | Carrying amount Frw'000' | Non-interest bearing Frw'000' | Less than 3 Months Frw'000' | 3-6 Months Frw'000' | 6-12 Months Frw'000' | 1-5 Years Frw'000' | More than 5 years Frw'000' | Total Frw'000' |
|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | |
| Cash and cash equivalents | 370,946,021 | 57,163,394 | 370,946,021 | - | - | - | - | 370,946,021 |
| Restricted cash with National Bank of Rwanda | 49,536,929 | 49,536,929 | - | - | - | - | - | - |
| Loans and advances to customers | 556,589,099 | - | 84,474,547 | 33,053,042 | 35,446,530 | 263,704,990 | 139,909,990 | 556,589,099 |
| Investment securities | 305,329,621 | - | 1,500,000 | 1,300,000 | 11,773,300 | 61,752,500 | 229,003,821 | 305,329,621 |
| Due from related parties | 656,797 | 656,797 | - | - | - | - | - | - |
| Other assets | 8,565,605 | 8,565,605 | - | - | - | - | - | - |
| | **1,291,624,072** | **115,922,725** | **456,920,568** | **34,353,042** | **47,219,830** | **325,457,490** | **368,913,811** | **1,232,864,741** |
| **Liabilities** | | | | | | | | |
| Deposits from customers and banks | 991,741,282 | - | 906,238,305 | 24,721,477 | 60,517,375 | 264,125 | - | 991,741,282 |
| Lease liabilities | 4,765,696 | - | - | - | 909,309 | 1,626,547 | 2,229,840 | 4,765,696 |
| Borrowed funds | 72,533,800 | - | 1,627,255 | - | 27,375,635 | 20,700,468 | 22,830,442 | 72,533,800 |
| Balance due to related parties | 6,145,844 | - | 6,145,844 | - | - | - | - | 6,145,844 |
| Other liabilities | 28,116,173 | - | 28,116,173 | - | - | - | - | 28,116,173 |
| | **1,103,302,795** | **-** | **942,127,577** | **24,721,477** | **88,802,319** | **22,591,140** | **25,060,282** | **1,103,302,795** |
| | | | | | | | | |
| **Interest sensitivity gap** | **188,321,277** | **115,922,725** | **(485,207,009)** | **9,631,565** | **(41,582,489)** | **302,866,350** | **343,853,529** | **129,561,946** |

All financial instruments entered into by Equity bank Rwanda Plc are at fixed rates and therefore, not prone to interest rate fluctuations.

## 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

*(d) Market risk (Continued)*

**Interest rate risk table**

| 31 December 2023 | Carrying amount Frw'000' | Non-interest bearing Frw'000' | Less than 3 Months Frw'000' | 3-6 Months Frw'000' | 6-12 Months Frw'000' | 1-5 Years Frw'000' | More than 5 years Frw'000' | Total Frw'000' |
|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | |
| Cash and cash equivalents | 216,911,890 | 36,434,077 | 216,911,890 | - | - | - | - | 216,911,890 |
| Restricted cash with National Bank of Rwanda | 38,726,148 | 38,556,082 | - | - | - | - | - | - |
| Loans and advances to customers | 430,460,456 | - | 83,407,759 | 17,902,244 | 22,119,405 | 146,821,832 | 160,209,216 | 430,460,456 |
| Investment securities | 291,769,729 | - | 15,016,733 | 6,636,300 | 11,461,820 | 52,202,709 | 206,452,167 | 291,769,729 |
| Due from related parties | 962,166 | 962,166 | - | - | - | - | - | - |
| Other assets | 6,695,665 | 6,695,665 | - | - | - | - | - | - |
| | **985,526,054** | **82,647,990** | **315,336,382** | **24,538,544** | **33,581,225** | **199,024,541** | **366,661,383** | 939,142,075 |
| **Liabilities** | | | | | | | | |
| Deposits from customers and banks | 780,931,189 | 670,887,949 | 671,822,297 | 645,366 | 8,051,019 | 100,412,507 | - | 780,931,189 |
| Lease liabilities | 6,558,276 | - | - | - | 1,251,339 | 2,238,361 | 3,068,577 | 6,558,277 |
| Borrowed funds | 62,358,122 | - | 1,398,969 | - | 23,535,140 | 17,796,424 | 19,627,589 | 62,358,122 |
| Balance due to related parties | 2,226,356 | - | 2,226,356 | - | - | - | - | 2,226,356 |
| Other liabilities | 8,681,239 | - | 8,681,239 | - | - | - | - | 8,681,239 |
| | **860,755,182** | **670,887,949** | **684,128,861** | **645,366** | **32,837,498** | **120,447,292** | **22,696,166** | **860,755,183** |
| **Interest sensitivity gap** | **124,770,872** | **(588,239,959)** | **(368,792,479)** | **23,893,178** | **743,727** | **78,577,249** | **343,965,217** | **78,386,892** |

Sensitivity to profit or loss is the effect of the assumed change in interest rates on interest bearing assets and liabilities. The below sensitivity analysis is unrepresentative of the interest rate risk exposure for the Bank as interest bearing liabilities are fixed within the next one year.

## 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

*(d) Market risk (Continued)*

During the year, a 2% increase / decrease (2023: 2%) of the annual interest rate with all other variables held constant, would have the following effect on the profit or loss and equity:

| Period | Sensitivity | Impact on profit or loss | Impact on equity Frw'000' |
|---|---|---|---|
| | Increase /Decrease | Increase /Decrease | Increase /Decrease |
| 2024 | +/-2% | +/-5.43% | +/-4,751,150 |
| 2023 | +/-2% | +/- 4.48% | +/-2,093,087 |

**Exposure to other market risks – non-trading portfolios**

Credit spread risk (not relating to changes in the obligor / issuer's credit standing) on debt securities held by Treasury and price risk is subject to regular monitoring by Board Risk Management Committee. Currently, the exposure to other market risks on non-trading portfolio is not significant in relation to the overall results and financial position of the Bank.

**(e) Foreign currency exposure**

| 31-Dec-24 | US$ Frw'000' | GBP Frw'000' | Euro Frw'000' | Others Frw'000' | Total Frw'000' |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and cash equivalents | 112,152,337 | 210,993 | 15,217,253 | 288,770 | 127,869,353 |
| Loans and advances to customers | 54,275,887 | - | - | - | 54,275,887 |
| Investment securities | 105,314,895 | - | - | - | 105,314,895 |
| Due from group companies | 648,902 | - | - | 3,742 | 652,644 |
| Other assets | 5,974,706 | 160,234 | 215,026 | 5,310,187 | 11,660,153 |
| **Total assets** | **278,366,727** | **371,227** | **15,432,279** | **5,602,699** | **299,772,932** |
| | | | | | |
| **Liabilities** | | | | | |
| Customer deposits | 422,057,706 | 624,525 | 17,288,593 | - | 439,970,824 |
| Due to group companies | 5,685,245 | - | - | 407,383 | 6,092,628 |
| Other liabilities | 1,886,776 | 158,739 | 16,044 | 43,975 | 2,105,535 |
| **Total liabilities** | **429,629,727** | **783,264** | **17,304,637** | **451,358** | **448,168,986** |
| **Net financial position** | **(151,263,000)** | **(412,037)** | **(1,872,358)** | **5,151,341** | **(148,396,054)** |

## NOTES

### 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

*(e) Foreign currency exposure (continued)*

| 31 December 2023 | US$ | GBP | Euro | Others | Total |
|---|---|---|---|---|---|
| | Frw'000' | Frw'000' | Frw'000' | Frw'000' | Frw'000' |
| **Assets** | | | | | |
| Cash and cash equivalents | 175,067,056 | 425,691 | 14,497,203 | 284,128 | 190,274,078 |
| Loans and advances to customers | 44,867,760 | 295 | 1,705 | - | 44,869,760 |
| Investment securities | 55,099,641 | - | - | - | 55,099,641 |
| Due from group companies | 956,773 | - | - | 4,166 | 960,939 |
| Other assets | 365,423 | 101,919 | 97,150 | 81,384 | 645,876 |
| **Total assets** | **276,356,653** | **527,905** | **14,596,058** | **369,678** | **291,850,294** |
| **Liabilities** | | | | | |
| Customer deposits | 273,161,096 | 364,241 | 14,251,150 | - | 287,776,487 |
| Due to group companies | 2,144,433 | - | - | 48,308 | 2,192,741 |
| Other liabilities | - | 147,486 | 26,016 | - | 173,502 |
| **Total liabilities** | **275,305,529** | **511,727** | **14,277,166** | **48,308** | **290,142,730** |
| **Net financial position** | **1,051,124** | **16,178** | **318,892** | **321,370** | **1,707,564** |

The analysis below calculates the effect of a reasonably possible movement of the foreign currency rates against the Rwandan Francs (all other variables being constant) on the Bank's profit or loss and equity.  The Bank takes on exposure to the effects of fluctuations in the prevailing foreign exchange rates on its financial position and cash flows. The Board of directors sets limit on the level of exposure by currency and in aggregate for both overnight and intraday positions trough treasury department, which are monitored daily. The table indicates the extent to which the bank was exposed to currency risk as at 31 December on its monetary assets and liabilities denominated in foreign currency. It shows the sensitivity analysis for each currency to which the bank has significant exposure and the effect of the change in exchange rate on the income statement. Percentage exchange rate changes represent the average change of the 12 months of the year. The sources of sensitivity drivers are derived from monthly publications. The National Bank of Rwanda publishes monthly exchange rates and yearly average historical rates for each currency. Sensitivity has been calculated using historical monthly rates from the National Bank of Rwanda

Changes in foreign currencies will result to the below exposure.

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | Increase / Decrease in exchange Rate | Effect on profit before income tax | Effect on equity | Increase / Decrease in exchange Rate | Effect on profit before tax | Effect on equity |
| | | Frw'000 | Frw'000' | | Frw'000' | Frw'000' |
| USD | + / - 14% | (20,599,783) | (14,831,844) | + / - 17% | 173,964 | 125,254 |
| GBP | + / - 17% | (68,947) | (49,642) | + / - 20% | 3,315 | 2,387 |
| EUR | + / - 14% | (255,598) | (184,031) | + / - 18% | 56,834 | 40,920 |
| Others | + / - 11% | 587,530 | 423,021 | + / - 5% | 17,157 | 12,353 |

**NOTES**

## 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (f) Capital management

Capital risk is the risk that the Bank is unable to maintain adequate levels of capital which could lead to an inability to:

- support business activity.
- a failure to meet regulatory requirements; and
- changes to credit ratings, which could also result in increased costs or reduced capacity to raise funding.

The primary objectives of the Bank's capital management policy are to ensure that the Bank complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value. This is done by the Board of Directors. The Bank's Board manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Bank Board may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities.

Primary objectives are:

- Meet minimum regulatory requirements;
- The National Bank of Rwanda sets and monitors capital requirements for the banking industry as a whole.
- In implementing current capital requirements, The National Bank of Rwanda requires the Bank to maintain a prescribed ratio of total capital to total risk-weighted assets.
- The Bank's regulatory capital is analysed into two tiers:
- Tier 1 capital, which includes ordinary share capital, share premium, retained earnings, after deductions for goodwill and intangible assets, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.
- Tier 2 capital, which includes qualifying subordinated liabilities, collective impairment allowances and the element of the fair value reserve relating to unrealised gains on equity instruments classified as available-for-sale.
- Various limits are applied to elements of the capital base; qualifying tier 2 capital cannot exceed tier 1 capital; there are also restrictions on the amount of collective impairment allowances that may be included as part of tier 2 capital.
- The Bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.
- The Bank has complied with all externally imposed capital requirements throughout the year.
- The Bank's regulatory capital position at 31 December was as follows:
- Provide a viable and sustainable business offering by maintaining adequate capital to cover the Bank's current and forecast business needs and associated risks;

Core practices are:

- Ensure the Bank maintains adequate capital to withstand the impact of the risks that may arise under the stressed conditions.
- Perform internal and regulatory stress tests;
- Maintain capital buffers over regulatory minimum;
- Develop contingency plans for severe (stress management actions) to support the Bank's growth and strategic options; and
- Maintain a capital plan on a short-term and medium-term basis aligned with strategic objectives

## NOTES

### 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

*((f) Capital management (Continued)*

| | 2024 Frw'000' | 2023 Frw'000' |
|---|---|---|
| Tier 1 capital | | |
| Ordinary share capital (Note 27) | 23,301,283 | 18,175,000 |
| Share premium (note 27) | 18,359,844 | 2,122,690 |
| Retained earnings | 140,294,372 | 72,096,201 |
| Other component of equity | - | 49,938,470 |
| Statutory Reserve | 575,419 | 2,374,504 |
| Unrealized loss on financial assets at FVOCI | (7,056,415) | (8, 301,907) |
| **Total** | **175,474,503** | **136,404,958** |
| | | |
| Collective impairment provisions and regulatory reserves (include Max 1.25% of RWA) | 12, 419,618 | 9,420,936 |
| **Total regulatory capital** | **179,417,345** | **141,567,298** |
| **Total risk-weighted assets** | **993,569,480** | **753,674,910** |

| | Minimum regulatory requirement | 2024 | 2023 |
|---|---|---|---|
| Total tier 1 capital expressed as a percentage of total risk-weighted assets | 12.50% | 16.81% | 17.24% |
| Total tier 2 capital expressed as a percentage of total risk-weighted assets | 15.00% | 18.06% | 18.49% |

#### (g) Financial assets and liabilities

The fair value of financial instruments is included at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, or in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk. The fair value of cash and cash equivalents, loans and advances, customer deposits and borrowed funds are evaluated by the Bank based on parameters such as interest rates, specific country factors and individual creditworthiness of the customer. The valuation is performed on a discounted cash flow basis. Based on this evaluation, allowances are taken to account for the expected losses of the receivables.

#### (e) Valuation methods and assumptions

The following methods and assumptions were used to estimate the fair values. The fair values of the quoted notes and bonds are based on price quotations at the reporting date. The fair values of loans and advances, borrowings and other financial liabilities, are estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. The fair values of remaining available for sale financial assets are derived from quoted market prices in active markets. There have been no transfers between Level 1 and Level 2 during the year ended 31 December 2024 (2023: Nil). The table below shows certain financial assets and financial liabilities that have been measured at either fair value, or for which fair value has been disclosed in the financial statements, analysed by the level of valuation method.

## NOTES

### 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

*(e) Valuation methods and assumptions (continued)*

| | Valuation technique | Significant observable inputs | Range (Weighted average) |
|---|---|---|---|
| **Level 2** | | | |
| Investment securities - FVOCI | Fair value at closing rate | Quoted yields | 7.2%-8.8% |
| Investment securities - amortised cost | Fair value at closing rate | Quoted yields | 10.95%-13.25% |

| | Valuation technique | Significant observable inputs | Range (Weighted average) |
|---|---|---|---|
| **Level 3** | | | |
| Currency swaps and forwards | Forward pricing model | Interest curve | 2% |
| Financial liabilities | | | |
| Deposits from customers-fixed deposits | Discounted cash flow | Fixed rate and fixed time | 2.67%-12% |
| Borrowed funds | Discounted cash flow | Expected cash flows | 2%- 8% |

| | Level 1 Frw'000' | Level 2 Frw'000' | Level 3 Frw'000' | Total Frw'000' |
|---|---|---|---|---|
| **At 31 December 2024** | | | | |
| FVOCI investment securities | - | 219,609,657 | - | 219,609,657 |
| **Total financial assets at fair value** | **-** | **219,609,657** | **--** | **219,609,657** |

| | Level 1 Frw'000' | Level 2 Frw'000' | Level 3 Frw'000' | Total Frw'000' |
|---|---|---|---|---|
| **At 31 December 2023** | | | | |
| FVOCI investment securities | - | 194,168,707 | - | 194,168,707 |
| **Total financial assets at fair value** | **-** | **194,168,707** | **-** | **194,168,707** |

The following summarises the fair value hierarchy of those assets and liabilities not held at fair value.

| At 31 December 2024 | Carrying amount Frw'000' | Fair Value Frw'000' | Level 1 Frw'000' | Level 2 Frw'000' | Level 3 Frw'000' |
|---|---|---|---|---|---|
| Cash, balances and deposits in financial institutions | 371,362,483 | 371,362,483 | 371,362,483 | - | - |
| Restricted cash with National Bank of Rwanda | 49,681,472 | 49,681,472 | 49,681,472 | - | - |
| Amortised investment securities | 85,719,964 | 85,719,964 | - | 85,719,964 | - |
| Loans and advances at amortised cost | 556,589,099 | 556,589,099 | - | - | 556,589,099 |
| Due from related parties | 656,797 | 656,797 | - | - | 656,797 |
| Other assets | 22,821,547 | 22,821,547 | - | - | 22,821,547 |
| **Total financial assets** | **1,086,831,362** | **1,086,831,362** | **421,043,955** | **85,719,964** | **580,067,443** |
| | | | | | |
| Deposits from customers | 991,741,282 | 991,741,282 | 991,741,282 | - | 991,741,282 |
| Borrowed funds | 72,533,800 | 72,533,800 | 72,533,801 | - | 72,533,801 |
| Due to related parties | 6,145,844 | 6,145,844 | - | - | 6,145,844 |
| Other liabilities | 47,401,283 | 47,401,283 | - | - | 47,401,283 |
| **Total liabilities** | **1,117,822,209** | **1,117,822,209** | **1,064,275,083** | **-** | **1,117,822,210** |

## NOTES

### 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

*Fair value measurement (continued)*

| At 31 December 2023 | Carrying amount Frw'000' | Fair value Frw'000' | Level 1 Frw'000' | Level 2 Frw'000' | Level 3 Frw'000' |
|---|---|---|---|---|---|
| Cash, balances and deposits in financial institutions | 217,081,955 | 217,081,955 | 217,081,955 | - | - |
| Restricted cash with National Bank of Rwanda | 38,556,082 | 38,556,082 | 38,556,082 | - | - |
| Amortised investment securities | 97,601,022 | 97,601,022 | - | 97,601,022 | - |
| Loans and advances at amortised cost | 430,460,456 | 430,460,456 | - | - | 430,460,456 |
| Due from related parties | 962,166 | 962,166 | - | - | 962,166 |
| Other assets | 18,499,274 | 18,499,274 | - | - | 18,499,274 |
| **Total financial assets** | **803,160,955** | **803,160,955** | **255,638,037** | **97,601,022** | **449,921,896** |
| | | | | | |
| Deposits from customers | 780,931,189 | 780,931,189 | 780,931,189 | - | 780,931,189 |
| Borrowed funds | 62,358,122 | 62,358,122 | 62,358,122 | - | 62,358,122 |
| Due to related parties | 2,226,356 | 2,226,356 | - | - | 2,226,356 |
| Other liabilities | 29,354,038 | 29,354,038 | - | - | 29,354,038 |
| **Total liabilities** | **874,869,705** | **874,869,705** | **843,289,311** | **-** | **874,869,705** |

Gains or losses on valuation of FVOCI assets are recognised in other comprehensive income.

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison to similar instruments for which market observable prices exist, options pricing models, credit models and other relevant valuation models.

For the purpose of fair value disclosures, the Bank has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. For the financials assets and liabilities measured at amortized costs, their carrying amount approximate their fair value.

| 5. Interest income | 2024 Frw'000' | 2023 Frw'000' |
|---|---|---|
| Loans and advances to customers | 68,486,773 | 63,324,866 |
| Deposits and balances due from financial institutions | 4,772,801 | 3,217,813 |
| Amortised investment securities | 1,402,509 | 1,706,682 |
| FVOCI investment securities | 29,907,757 | 29,210,388 |
| | **104,569,840** | **97,459,749** |

| 6. Interest expense | 2024 Frw'000' | 2023 Frw'000' |
|---|---|---|
| Deposit from customers | 16,477,691 | 16,547,484 |
| Borrowed funds | 3,965,153 | 2,563,144 |
| Interest expense on lease liabilities | 641,686 | 530,059 |
| | **21,084,530** | **19,640,687** |

Interest income and expenses are calculated using effective interest rate (EIR) method.

## NOTES

### 7. NET FEES AND COMMISSION INCOME

*(a) Fees and commission income*

**7. Net fees and commission income**

| (a) Fees and commission income | 2024 Frw'000' | 2023 Frw'000' |
|---|---|---|
| Commissions on financing commitments to customers | 1,954,891 | 5,038,181 |
| Commissions on account keeping | 2,511,182 | 2,157,654 |
| Commissions on payment facilities | 21,847,776 | 13,375,032 |
| Other fees on rendered services | 843,303 | 717,962 |
| | **27,157,152** | **21,288,829** |
| **(b) Fee and commission expense** | | |
| Fee and commission expense | 12,657,361 | 8,939,625 |
| **Net fee and commission income** | **14,499,791** | **12,349,204** |

| 8. Net foreign exchange income | 2024 Frw'000' | 2023 Frw'000' |
|---|---|---|
| Realised foreign exchange gain from trading | 7,592,301 | 7,903,828 |
| Unrealised foreign exchange (loss)/gain | (65,893) | 33,197 |
| | **7,526,408** | **7,937,025** |

| 9. Other operating income | 2024 Frw'000' | 2023 Frw'000' |
|---|---|---|
| Realized securities trading gain/(loss) | 13,891 | 31,094 |
| Profit on disposal of property and equipment* | 4,066,479 | 6,000 |
| Insurance brokerage income | - | 369,888 |
| Rental Income | 659,833 | 601,793 |
| Other* | 6,579,732 | 417,823 |
| | **11,319,935** | **1,426,598** |

In 2023, for cash flow purposes, the former Cogebanque Intangible assets were written off at loss of Frw 1,351,174,000 before amalgamation (classified as other operating expenses; see note 14). This amount was netted against a Frw 6,000,000 gain from the former EBR, resulting in a Frw 1,345,174,000 loss on disposal

*Other income relates to income earned from fair value of staff loans and creditors written back

## NOTES

### 10. CREDIT IMPAIRMENT LOSSES

#### 10. Credit impairment losses

| Loans and advances: | 2024 Frw'000' | 2023 Frw'000' |
|---|---|---|
| Increase / (decrease) in stage 1 & 2 | 4,380,370 | 9,952,150 |
| Increase in stage 3 | 3,716,685 | 2,811,630 |
| Increase /Decrease in off-balance sheet | 138,302 | 652,019 |
| Total ECL charge | **8,235,357** | **13,415,799** |
| Loan written off recoveries | (6,119,181) | (9,298,551) |
| **Subtotal** | **2,116,176** | **4,117,248** |
| Investment securities, cash and placements and other assets | | |
| Increase in money market (Note 16) | 385,470 | 398,216 |
| Increase in investment securities (Note 18) | 504,373 | 521,051 |
| Increase in other financial assets | 589984 | 391,026 |
| Subtotal* | 1,479,827 | 1,310,293 |
| **Credit impairment loss charged to P/L** | **3,596,003** | **5,427,541** |

For the purposes of the statement of cash flows the total ECL amount adjusted excludes the impact of the recoveries since these were actual cash flows during the period.

#### 11. Employee benefits

| | 2024 Frw'000' | 2023 Frw'000' |
|---|---|---|
| Salaries and wages | 15,171,604 | 15,906,799 |
| Pension scheme contribution | 374,388 | 816,995 |
| Other benefits | 899,750 | 4,420,890 |
| | **16,445,742** | **21,144,684** |

*Other staff costs include staff medical costs, staff training, staff bonus, staff welfare and staff insurance and pension.
The average number of staff in the Bank for the year was 910 (2023:855)

#### 12. Short term operating lease expenses

| | 2024 Frw'000' | 2023 Frw'000' |
|---|---|---|
| Short term leases and Low value leases | 26,238 | 157,130 |

The Bank leases a number of branch and office premises under operating lease. The leases typically run for a period of one to ten years, with an option to renew the lease after that period. Lease payments are increased accordingly to reflect market. From 1 January 2023, the Bank has recognised right-of-use assets for leases except for short-term and low-value leases.
The Short-term lease is related to lease for ATM space outside of branch premises, lease for marketing space and rent for expatriates.

#### 13. Depreciation and amortisation

| | 2024 Frw'000' | 2023 Frw'000' |
|---|---|---|
| Depreciation on property and equipment (Note 21) | 2,115,765 | 2,081,533 |
| Amortisation of intangible assets (Note 22) | 309,983 | 352,367 |
| Depreciation of right-of-use assets (Note 20) | 1,515,090 | 1,450,943 |
| | 3,940,838 | 3,884,843 |

## NOTES

### 14. OTHER OPERATING EXPENSES

**14. Other operating expenses**

| | 2024 Frw'000' | 2023 Frw'000' |
|---|---|---|
| Software and other IT related costs | 570,728 | 473,750 |
| Electricity, water and repairs and maintenance | 1,669,215 | 1,539,469 |
| Marketing, advertising, and sponsorship | 1,382,421 | 765,816 |
| Travel and accommodation | 1,346,166 | 902,237 |
| Consultancy, legal and professional fees | 809,780 | 2,383,292 |
| Publications, stationery, and communications | 2,559,030 | 2,363,458 |
| Auditor's remuneration | 160,931 | 145,783 |
| Shared services recharge | 3,305,072 | 1,543,214 |
| Provision for ligations | 913,347 | 1,027,948 |
| Impairment charge for Intangibles and other assets | - | 2,863,636 |
| Intangible assets write offs | - | 1,351,174 |
| Other expenses* | 3,297,914 | 1,547,555 |
| | **16,014,604** | **16,907,332** |

*Other expenses are various costs which include field officers costs , director emoluments, board and office expenses, insurance, security, parking, subscriptions, banking charges, penalties, and credit guarantee fees.

**15. Income tax expense**

| Recognised in profit or loss: | 2024 Frw'000' | 2023 Frw'000' |
|---|---|---|
| Current income tax charge | 23,369,222 | 19,632,610 |
| Deferred income tax/(credit) (Note 23) | (513,982) | (4,027,828) |
| | **22,855,240** | **15,604,782** |

The tax on the Bank's profit before income tax differs from the theoretical amount that would arise using the basic tax rate of 29.403% as follows:

| **Income tax expense** | 2024 Frw'000' | 2023 Frw'000' |
|---|---|---|
| Profit before income tax | 76,808,019 | 52,010,359 |
| Income tax using the enacted corporation tax rate 28%* | 21,506,245 | 15,292,606 |
| Income not subject to tax | - | - |
| Overprovision from previous years | 1,348,995 | 312,176 |
| | **22,855,240** | **15,604,782** |

*Law No. 051/2023, which amends provisions in the existing Income Tax Law No 027/2022, was gazetted on 14 September 2023 and immediately came into effect. Therefore, a 28% rate applied for the period ending 31 December 2024.

**Recognised in the statement of financial position**

| | 2024 Frw'000' | 2023 Frw'000' |
|---|---|---|
| Current income tax asset/(liability) at end of year | | |
| At start of year | (4,192,476) | (7,998,573) |
| Current year income tax expense | (22,855,240) | (15,604,782) |
| Paid during the year | 21,175,474 | 19,410,879 |
| At end of year – recoverable / (payable) | **(5,872,242)** | **(4,192,476)** |

Income tax recoverable relates to the tax instalments and withholding tax that has been paid in advance during the year.

## NOTES

### 16 CASH, DEPOSITS, AND BALANCES DUE FROM FINANCIAL INSTITUTIONS

**16 Cash, deposits, and balances due from financial institutions**

| | 2024 Frw'000' | 2023 Frw'000' |
|---|---|---|
| Cash in hand | 57,163,394 | 36,434,077 |
| Unrestricted cash with National Bank of Rwanda | 115,464,479 | 79,056,039 |
| Other balances with banks | 156,649,392 | 72,093,287 |
| | **329,277,265** | **187,583,403** |
| | | |
| Money market placements | 42,085,218 | 29,744,949 |
| | **371,362,483** | **217,328,352** |
| 12-month ECL: | | |
| At 1 January | (416,462) | (145,020) |
| Additional Charge for the year | - | (271,442) |
| At 31 December | (416,462) | (416,462) |
| **Cash, deposits, and balances due from financial institutions** | **370,946,021** | **216,911,890** |
| | | |
| **(b) Restricted cash with National Bank of Rwanda** | 49,681,472 | 38,870,691 |
| 12-month ECL: | | |
| At 1 January | (144,543) | (17,769) |
| Additional Charge for the year | - | (126,774) |
| At 31 December | (144,543) | (144,543) |
| **Net Restricted cash with National Bank of Rwanda** | **49,536,929** | **38,726,148** |
| | | |
| Movement in restricted balances: | | |
| At 1 January | 38,726,148 | 31,631,866 |
| Movement during the year | 10,810,781 | 7,094,282 |
| At 31 December | 49,536,929 | 38,726,148 |
| **Total Cash and Bank Balances** | **420,482,950** | **255,638,038** |

The cash reserve ratio (relating to restricted funds with the National Bank of Rwanda) is non-interest earning and is based on a percentage of value of deposits as periodically adjusted by National Bank of Rwanda. These funds (cash reserve ratio) are not available for use by the Bank in its day-to-day operations.

**(a) Net debt reconciliation**

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

| | 2024 Frw'000' | 2023 Frw'000' |
|---|---|---|
| Cash and cash equivalents (Notes 16a) | 421,043,955 | 217,328,352 |
| Liquid investments: | | |
| FVOCI investment securities | 219,609,657 | 194,168,707 |
| Borrowed funds | (72,533,800) | (62,358,121) |
| Net debt | **568,119,812** | **349,138,938** |
| Cash and liquid investments | 640,653,611 | 411,497,059 |
| Gross debt - fixed interest rates | (72,533,801) | (62,358,121) |
| Net debt | **568,119,810** | **349,138,938** |

## NOTES

### 16 CASH, DEPOSITS, AND BALANCES DUE FROM FINANCIAL INSTITUTIONS (CONTINUED)

| | Liquid assets | | Borrowed funds | | Total |
|---|---|---|---|---|---|
| | Cash and cash equivalents | FVOCI investment securities | Due within 1 year | Due after 1 year | |
| | Frw'000' | Frw'000' | Frw'000's | Frw'000' | Frw'000 |
| **Year ended 31 December 2024** | | | | | |
| Net debt as at start of year | 349,138,938 | 194,168,707 | (1,398,969) | (60,959,153) | 480,949,523 |
| Cash flows | 218,980,872 | 25,440,950 | (228,286) | (9,947,392) | 87,170,287 |
| **Net debt at end of year** | **568,119,810** | **219,609,657** | **(1,627,255)** | **(70,906,545)** | **568,119,810** |

| | Liquid assets | | Borrowed funds | | Total |
|---|---|---|---|---|---|
| | Cash and cash equivalents | FVOCI investment securities | Due within 1 year | Due after 1 year | |
| | Frw'000' | Frw'000' | Frw'000's | Frw'000' | Frw'000' |
| **Year ended 31 December 2023** | | | | | |
| Net debt as at start of year | 151,800,097 | 174,110,249 | (637,418) | (44,987,112) | 280,285,816 |
| Cash flows | 197,338,841 | 20,058,458 | (761,551) | (15,972,041) | 68,853,122 |
| **Net debt at end of year** | **349,138,938** | **194,168,707** | **(1,398,969)** | **(60,959,153)** | **349,138,938** |

### 17. a) Loans and advances to customers

| | 2024<br>Frw'000' | 2023<br>Frw'000' |
|---|---|---|
| Gross loans and advances to customers | 578,962,058 | 451,430,064 |
| Stage 1 impairment | 2,267,874 | 7,475,405 |
| Stage 2 impairment | 5,259,384 | 2,365,186 |
| Stage 3 impairment | 14,845,700 | 11,129,017 |
| | **22,372,958** | **20,969,608** |
| Current portion | 160,224,124 | 123,429,408 |
| Non-current portion | 396,364,975 | 307,031,048 |
| **Net loans and advances to customers** | **556,589,099** | **430,460,456** |

## NOTES

### 17. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

*(b) Provision for impairment of loans and advances (Continued)*

**(b) Provision for impairment of loans and advances**

| Year ended 31 December 2024 | Stage 1 12 month ECL Frw'000' | Stage 2 Lifetime ECL Frw'000' | Stage 3 Lifetime ECL Frw'000' | Total Frw'000' |
|---|---|---|---|---|
| Balance at 1 January | 5,314,460 | 1,500,709 | 14,154,440 | 20,969,609 |
| Movements during the year: | | | | - |
| Transfer to 12 months ECL | 1,158,755 | (751,147) | (407,608) | - |
| Transfer to lifetime ECL not credit impaired | (1,034,983) | 1,381,505 | (346,522) | - |
| Transfer to lifetime ECL credit impaired | (58,679) | (512,987) | 571,666 | - |
| Net re-measurements of loss allowance | (4,429,500) | 354,154 | 1,912,821 | (2,162,525) |
| Net financial assets originated | 566,702 | 1,668,252 | 2,841,385 | 5,076,339 |
| Financial assets derecognized | (1,409,826) | 754,420 | (855,059) | (1,510,465) |
| | **106,929** | **4,394,906** | **17,871,123** | **22,372,958** |
| **Loss allowance as at 31 December** | **106,929** | **4,394,906** | **17,871,123** | **22,372,958** |

| Year ended 31 December 2023 | Stage 1 12 month ECL Frw'000' | Stage 2 Lifetime ECL Frw'000' | Stage 3 Lifetime ECL Frw'000' | Total Frw'000' |
|---|---|---|---|---|
| Balance at 1 January | 2,166,361 | 881,182 | 10,666,674 | 13,714,217 |
| Movements during the year: | | | | |
| Transfer to 12 months ECL | 508,118 | (372,315) | (135,803) | - |
| Transfer to lifetime ECL not credit | (98,761) | 1,101,455 | (1,002,694) | - |
| Transfer to lifetime ECL credit | (31,425) | (376,527) | 407,952 | - |
| Net re-measurements of loss | (480,054) | (655,321) | 781,280 | (354,095) |
| Net financial assets originated | 3,697,185 | 1,146,549 | 7,230,329 | 12,074,063 |
| Financial assets derecognised | (446,964) | (103,613) | (3,914,000) | (4,464,577) |
| | **5,314,460** | **1,621,410** | **14,033,738** | **20,969,608** |
| **Loss allowance as at 31 December** | **5,314,460** | **1,621,410** | **14,033,738** | **20,969,608** |

**(c) Provision for impairment for off balance sheet facilities.**

| Year ended 31 December 2024 | Stage 1 12 month ECL Frw'000' | Stage 2 Lifetime ECL Frw'000' | Stage 3 Lifetime ECL Frw'000' | Total Frw'000' |
|---|---|---|---|---|
| Loss allowance as at 1 January | 1,364,731 | - | - | 1,364,731 |
| Transfer to 12 months ECL | | - | - | - |
| Transfer to lifetime ECL not credit | | - | - | - |
| Net re-measurement of Loss allowance | 59,873 | - | - | 59,873 |
| Net financial assets originated | 589,638 | - | - | 589,638 |
| Financial assets derecognised | (511,209) | - | - | (511,209) |
| **Loss allowance as at 31 December** | **1,503,033** | **-** | **-** | **1,503,033** |

## NOTES

### 17. A) LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

*(c) Provision for impairment for off balance sheet facilities.*

| Year ended 31 December 2023 | Stage 1<br>12 month ECL<br>Frw'000' | Stage 2<br>Lifetime ECL<br>Frw'000' | Stage 3<br>Lifetime ECL<br>Frw'000' | Total<br><br>Frw'000' |
|---|---|---|---|---|
| Loss allowance as at 1 January | 735,988 | 26,596 | 3,320 | 712,712 |
| Transfer to 12 months ECL | - | - | - | - |
| Transfer to Lifetime ECL not credit | - | - | - | - |
| Net re-measurement of Loss allowance | 66,893 | - | - | 66,893 |
| Net financial assets originated | 982,730 | - | - | 982,730 |
| Financial assets derecognised | (420,880) | (26,596) | (3,320) | (397,604) |
| Loss allowance as at 31 December | **1,364,731** | **-** | **-** | **1,364,731** |

The following table further explains changes in gross carrying amount of the portfolio to help explain their significance to the changes in the loss allowance:

| Year ended 31 December 2024 | Stage 1<br>12 month ECL<br>Frw'000' | Stage 2<br>Lifetime ECL<br>Frw'000' | Stage 3<br>Lifetime ECL<br>Frw'000' | Total<br><br>Frw'000' |
|---|---|---|---|---|
| Gross carrying amount as at 1 January | 373,078,281 | 57,102,081 | 21,249,702 | 451,430,064 |
| Movements during the year | | | | |
| Transfer to 12 months ECL | 29,007,352 | (28,095,363) | (911,989) | - |
| Transfer to lifetime ECL not credit | (38,999,498) | 40,380,666 | (1,381,168) | - |
| Transfer to lifetime ECL credit impaired | (6,005,033) | (6,333,304) | 12,338,337 | - |
| Net re-measurements of loss allowance | (26,499,100) | (8,805,512) | (3,475,470) | (38,780,082) |
| Net financial assets originate | 321,820,390 | 10,448,897 | 5,002,304 | 337,271,591 |
| Financial assets derecognised | (136,908,644) | (13,321,425) | (8,950,409) | (159,180,478) |
| **Gross amount as at 31 December** | **515,493,748** | **51,376,040** | **23,871,307** | **590,741,095** |

The amount of Frw 590.7 billion includes the fair value of economic recovery fund loans and the fair value of staff loans. The gross loans and advances net of fair value, amount to 578,962,058 (FRW 000) as stated in Note 17 (a).

| Year ended 31 December 2023 | Stage 1<br>12 month ECL<br>Frw'000' | Stage 2<br>Lifetime ECL<br>Frw'000' | Stage 3<br>Lifetime ECL<br>Frw'000' | Total<br><br>Frw'000' |
|---|---|---|---|---|
| Gross carrying amount as at 1 January | 206,215,613 | 33,241,818 | 14,742,882 | 254,200,313 |
| Movements during the year | | | | |
| Transfer to 12 months ECL | 6,717,400 | (5,875,901) | (841,499) | - |
| Transfer to lifetime ECL not credit | (7,597,069) | 12,801,538 | (5,204,469) | - |
| Transfer to lifetime ECL credit impaired | (3,625,960) | (2,183,725) | 5,809,685 | - |
| Net remeasurements of loss allowance | (20,166,803) | (776,024) | 2,734,538 | (18,208,289) |
| Net financial assets originated or purchased | 242,180,435 | 22,370,846 | 13,004,309 | 277,555,590 |
| Financial assets derecognised | (50,645,335) | (2,597,172) | (8,875,043) | (62,117,550) |
| Gross amount as at 31 December | **373,078,281** | **56,981,380** | **21,370,403** | **451,430,064** |

## NOTES

### 17. A) LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

*(c) Provision for impairment for off balance sheet facilities.*

The terms and conditions normally provided for the loans and advances to customers are as follows:

**Digital/Eazzy loans** - These are interest bearing term loans given to the customers through the mobile phone, online platform or such other mode as shall from time to time be made available by the Bank and in such amounts as shall be determined by the Bank in its absolute discretion after an Account holder makes a formal application. There is no collateral requirement however These loans are charged processing fees.

**Consumer, agriculture and micro enterprises** - These are interest bearing facilities to retail customers. The loans are designed to meet requirements for customers in employment, in agriculture and those running Micro- Enterprises. These facilities are secured by salary and chattels. These loans are charged processing fees.

**Small and medium enterprises -** These are loans to small and medium customers, and they are all interest bearing. Collateral is a requirement for all facilities. These loans are charged processing fees.

Corporate enterprises- These are interest bearing facilities to businesses specifically to a buy building, working capital, equipment etc, rather than to a person. Collateral is a requirement for all facilities. These loans are charged processing fees.

**Mortgage loans-** These are interest bearing facilities for commercial and personal purposes. These facilities are secured against the borrower's property.

| Concentration by sector | Gross carrying amount as at 31 December 2024 | Movements during the year | Gross carrying amount as at 31 December 2023 |
|---|---|---|---|
| Building and construction | 32,887,064 | (4,277,521) | 37,164,585 |
| Energy and water | 29,038,797 | 17,575,173 | 11,463,624 |
| Financial services | 190,964 | 190,964 | - |
| Food and agriculture | 17,355,325 | 5,874,601 | 11,480,724 |
| ICT and telecommunication | 24,090,502 | 13,416,974 | 10,673,528 |
| Manufacturing | 26,304,345 | 9,799,396 | 16,504,949 |
| Mining & quarrying | 323,556 | (139,904) | 463,460 |
| Personal household | 143,491,652 | 17,106,510 | 126,385,142 |
| Real estate | 82,046,016 | 36,327,003 | 45,719,013 |
| Tourism and hospitality | 52,959,324 | 8,611,573 | 44,347,751 |
| Trade | 155,522,807 | 36,877,163 | 118,645,644 |
| Transport and logistics | 26,530,743 | (2,050,903) | 28,581,646 |
| | **590,741,095** | **139,311,029** | **451,430,064** |

| Expected Credit loss by sector | Loss allowance as at 31-Dec-24 | Movements during the year | Loss allowance as at 31-Dec-23 |
|---|---|---|---|
| Building and construction | 387,645 | (1,125,014) | 1,512,659 |
| Energy and water | 17,522 | 9,750 | 7,772 |
| Financial services | 376 | 376 | - |
| Food and agriculture | 2,006,014 | 1,306,499 | 699,515 |
| ICT and telecommunication | 13,548 | 9,280 | 4,268 |
| Manufacturing | 296,118 | 52,943 | 243,175 |
| Mining & quarrying | 9,187 | 4,501 | 4,686 |
| Personal household | 11,489,556 | 3,626,550 | 7,863,006 |
| Real estate | 1,354,763 | (755,313) | 2,110,076 |
| Tourism and hospitality | 253,300 | (411,446) | 664,746 |
| Trade | 5,653,368 | 1,666,983 | 3,986,385 |
| Transport and logistics | 891,560 | (2,981,760) | 3,873,320 |
| | **22,372,958** | **1,403,349** | **20,969,608** |

## 17. A) LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

*(c) Provision for impairment for off balance sheet facilities.*

**Movements per sector:**

| | BUILDING AND CONSTRUCTION | | | | ENERGY AND WATER | | | | FINANCIAL SERVICES | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Year ended 31 December 2024** | Stage1 12month ECL Frw'000' | Stage2 Lifetime ECL Frw'000' | Stage3 Lifetime ECL Frw'000' | Total Frw'000' | Stage1 12month ECL Frw'000' | Stage2 Lifetime ECL Frw'000' | Stage3 Lifetime ECL Frw'000' | Total Frw'000' | Stage1 12month ECL Frw'000' | Stage2 Lifetime ECL Frw'000' | Stage3 Lifetime ECL Frw'000' | Total Frw'000' |
| Opening Balance Gross carrying amount as at 1 January | 34,548,263 | 901,005 | 1,715,317 | 37,164,585 | 11,458,227 | 5,397 | - | 11,463,624 | - | - | - | - |
| Transfer to 12 months ECL | 377,925 | (377,925) | - | - | - | - | - | - | - | - | - | - |
| Transfer to Lifetime ECL not credit impaired | (7,272,417) | 7,428,305 | (155,888) | - | (51,529) | 51,529 | - | - | - | - | - | - |
| Transfer to Lifetime ECL credit impaired | - | (226,877) | 226,877 | - | (99,581) | - | 99,581 | - | - | - | - | - |
| Net remeasurement of Loss allowance | (1,174,795) | (2,376,946) | 46,534 | (3,505,207) | (4,648,010) | (25,452) | (43,404) | (4,716,867) | - | - | - | - |
| New financial assets originated or purchased | 15,332,275 | 1,125,341 | 41,013 | 16,498,630 | 21,831,571 | 465,930 | - | 22,297,501 | 190,964 | - | - | 190,964 |
| Financial assets derecognised | (12,834,532) | (2,868,231) | (1,568,180) | (17,270,944) | (65) | (5,397) | - | (5,461) | - | - | - | - |
| **Gross carrying amount as at 31 December 2024** | **28,976,718** | **3,604,672** | **305,674** | **32,887,064** | **28,490,613** | **492,007** | **56,177** | **29,038,797** | **190,964** | **-** | **-** | **190,964** |
| | | | | | | | | | | | | |
| Loss allowance as at 1 January | 1,163,804 | 7,320 | 341,535 | 1,512,659 | 7,729 | 43 | - | 7,772 | - | - | - | - |
| Transfer to 12 months ECL | 1,494 | (1,494) | - | - | - | - | - | - | - | - | - | - |
| Transfer to Lifetime ECL not credit impaired | (272,849) | 272,849 | - | - | (8) | 8 | - | - | - | - | - | - |
| Transfer to Lifetime ECL credit impaired | - | (1,344) | 1,344 | - | (16) | - | 16 | - | - | - | - | - |
| Net remeasurement of Loss allowance | (524,857) | 4,131 | 65,194 | (455,532) | (4,226) | 2,878 | (16) | (1,364) | 376 | - | - | 376 |
| New financial assets originated or pur-chased | 19,629 | 6,362 | 2,532 | 28,523 | 9,448 | 1,708 | - | 11,156 | - | - | - | - |
| Financial assets derecognised | (352,524) | (9,409) | (336,073) | (698,006) | - | (43) | - | (43) | - | - | - | - |
| Write-Offs | - | - | - | - | - | - | - | - | - | - | - | - |
| **Loss allowance as at 31 December 2024** | **34,697** | **278,415** | **74,532** | **387,644** | **12,927** | **4,594** | **-** | **17,521** | **376** | **-** | **-** | **376** |
| **Net loans and advances** | **28,942,021** | **3,326,257** | **231,142** | **32,499,420** | **28,477,686** | **487,413** | **56,177** | **29,021,276** | **190,588** | **-** | **-** | **190,588** |

## 17. A) LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

*(c) Provision for impairment for off balance sheet facilities.*

| Movements per sector: | FOOD AND AGRICULTURE | | | | INFORMATION AND COMMUNICATION | | | | MANUFACTURING | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Year ended 31 December 2024** | Stage1 12month ECL Frw'000' | Stage2 Lifetime ECL Frw'000' | Stage3 Lifetime ECL Frw'000' | Total Frw'000' | Stage1 12month ECL Frw'000' | Stage2 Lifetime ECL Frw'000' | Stage3 Lifetime ECL Frw'000' | Total Frw'000' | Stage1 12month ECL Frw'000' | Stage2 Lifetime ECL Frw'000' | Stage3 Lifetime ECL Frw'000' | Total Frw'000' |
| Opening Balance Gross carrying amount as at 1 January | 5,528,624 | 5,406,354 | 545,745 | 11,480,723 | 10,640,333 | 33,195 | - | 10,673,528 | 13,237,164 | 3,267,711 | 74 | 16,504,949 |
| Transfer to 12 months ECL | 444,125 | (444,039) | (86) | - | - | - | - | - | - | - | - | - |
| Transfer to Lifetime ECL not credit impaired | (371,919) | 398,655 | (26,736) | - | (173,768) | 173,768 | - | - | (495,380) | 495,380 | - | - |
| Transfer to Lifetime ECL credit impaired | (262,314) | (366,567) | 628,881 | - | - | - | - | - | - | (2,511,359) | 2,511,359 | - |
| Net remeasurement of Loss allowance | (1,019,905) | (96,119) | (54,858) | (1,170,881) | (3,060,942) | (24,666) | - | (3,085,608) | (4,594,369) | (81,311) | (2,228,028) | (6,903,708) |
| New financial assets originated or purchased | 8,635,594 | 816,490 | 2,345 | 9,454,429 | 16,792,843 | 111,872 | - | 16,904,714 | 21,427,919 | 649,870 | 358,047 | 22,435,836 |
| Financial assets derecognised | (1,845,535) | (229,866) | (333,545) | (2,408,945) | (402,133) | - | - | (402,133) | (4,976,320) | (756,352) | (60) | (5,732,732) |
| **Gross carrying amount as at 31 December** | **11,108,671** | **5,484,907** | **761,748** | **17,355,325** | **23,796,333** | **294,169** | **-** | **24,090,502** | **24,599,014** | **1,063,940** | **641,392** | **26,304,345** |
| | | | | | | | | | | | | |
| Loss allowance as at 1 January | 64,521 | 518,333 | 116,661 | 699,515 | 3,323 | 946 | - | 4,269 | 135,078 | 108,023 | 74 | 243,175 |
| Transfer to 12 months ECL | 69,771 | (69,771) | - | - | - | - | - | - | - | - | - | - |
| Transfer to Lifetime ECL not credit impaired | (1,805) | 10,834 | (9,029) | - | (88) | 88 | - | - | (1,458) | 1,458 | - | - |
| Transfer to Lifetime ECL credit impaired | (1,355) | (116,575) | 117,930 | - | - | - | - | - | - | (82,501) | 82,501 | - |
| Net remeasurement of Loss allowance | (103,034) | 338,927 | (6,359) | 229,534 | 692 | 1,349 | - | 2,041 | (96,201) | (623) | (81,893) | (178,717) |
| New financial assets originated or purchased | 47,564 | 1,142,234 | 162,711 | 1,352,509 | 2,284 | 5,079 | - | 7,363 | 6,739 | 3,363 | 260,206 | 270,308 |
| Financial assets derecognised | (17,688) | (32,849) | (62,723) | (113,260) | (124) | - | - | (124) | (19,476) | (18,944) | (60) | (38,480) |
| Write-Offs | - | - | (161,027) | (161,027) | - | - | - | - | - | - | (168) | (168) |
| **Loss allowance as at 31 December 2024** | **57,974** | **1,791,133** | **158,164** | **2,007,271** | **6,087** | **7,462** | **-** | **13,548** | **24,682** | **10,776** | **260,660** | **296,118** |
| **Net loans and advances** | **11,050,697** | **3,693,774** | **603,584** | **15,348,054** | **23,790,246** | **286,707** | **-** | **24,076,953** | **24,574,332** | **1,053,164** | **380,732** | **26,008,227** |

## 17. A) LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

*(c) Provision for impairment for off balance sheet facilities.*

**Movements per sector:**

| | MINING & QUARRYING | | | | PERSONAL HOUSEHOLD | | | | REAL ESTATE ACTIVITIES | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Year ended 31 December 2024** | Stage1 12month ECL Frw'000' | Stage2 Lifetime ECL Frw'000' | Stage3 Lifetime ECL Frw'000' | Total Frw'000' | Stage1 12month ECL Frw'000' | Stage2 Lifetime ECL Frw'000' | Stage3 Lifetime ECL Frw'000' | Total Frw'000' | Stage1 12month ECL Frw'000' | Stage2 Lifetime ECL Frw'000' | Stage3 Lifetime ECL Frw'000' | Total Frw'000' |
| Opening Balance Gross carrying amount as at 1 January | 371,307 | 78,376 | 13,777 | 463,460 | 114,530,392 | 5,936,725 | 5,918,025 | 126,385,142 | 40,331,772 | 4,368,695 | 1,018,546 | 45,719,013 |
| Transfer to 12 months ECL | - | - | - | - | 1,132,817 | (854,822) | (277,996) | - | 4,002,529 | (3,697,294) | (305,235) | - |
| Transfer to Lifetime ECL not credit impaired | (23,634) | 23,634 | - | - | (4,198,527) | 4,540,627 | (342,100) | - | (19,559,647) | 19,799,007 | (239,361) | - |
| Transfer to Lifetime ECL credit impaired | - | - | - | - | (2,983,614) | (1,063,103) | 4,046,717 | - | (68,750) | - | 68,750 | - |
| Net remeasurement of Loss allowance | (82,889) | (4,176) | 1,975 | (85,090) | (12,933,865) | (975,875) | 42,429 | (13,867,312) | 11,301,972 | (1,492,189) | 8,419 | 9,818,202 |
| New financial assets originated or purchased | 220,685 | 39,371 | - | 260,056 | 70,125,131 | 1,850,500 | 1,854,777 | 73,830,408 | 39,935,110 | 643,136 | 194,177 | 40,772,424 |
| Financial assets derecognised | (236,494) | (78,376) | - | (314,871) | (38,980,294) | (1,184,723) | (2,691,569) | (42,856,586) | (13,613,551) | (234,206) | (415,866) | (14,263,623) |
| **Gross carrying amount as at 31 December 2024** | **248,975** | **58,829** | **15,752** | **323,556** | **126,559,676** | **8,249,329** | **8,550,283** | **143,491,652** | **62,329,435** | **19,387,150** | **329,431** | **82,046,016** |
| Loss allowance as at 1 January | 2,523 | 1,803 | 360 | 4,686 | 3,824,207 | 276,120 | 3,762,678 | 7,863,005 | 1,260,001 | 379,635 | 470,440 | 2,110,076 |
| Transfer to 12 months ECL | - | - | - | - | 258,108 | (65,859) | (192,249) | - | 501,671 | (363,076) | (138,595) | - |
| Transfer to Lifetime ECL not credit impaired | (24) | 24 | - | - | (39,020) | 192,215 | (153,195) | - | (676,987) | 682,384 | (5,397) | - |
| Transfer to Lifetime ECL credit impaired | - | - | - | - | (29,801) | (110,393) | 140,194 | - | (450) | - | 450 | - |
| Net remeasurement of Loss allowance | (150) | 191 | (360) | (318) | (2,511,770) | (61,775) | 4,468,219 | 1,894,674 | (837,303) | 321,623 | 1,558,279 | 1,042,599 |
| New financial assets originated or purchased | 388 | 8,438 | - | 8,826 | 220,578 | 13,118 | 1,392,249 | 1,625,945 | 36,812 | 16,244 | 178,626 | 231,682 |
| Financial assets derecognised | (2,202) | (1,803) | - | (4,005) | (267,032) | (65,218) | 499,656 | 167,406 | (222,654) | (8,962) | (242,066) | (473,682) |
| Write-Offs | - | - | - | - | - | - | (2,275,404) | (2,275,404) | - | - | (1,554,196) | (1,554,196) |
| **Loss allowance as at 31 December 2024** | **535** | **8,653** | **-** | **9,189** | **1,455,270** | **178,208** | **7,642,148** | **9,275,626** | **61,090** | **1,027,848** | **267,541** | **1,356,479** |
| **Net loans and advances** | **248,440** | **50,176** | **15,751** | **314,367** | **125,104,406** | **8,071,121** | **908,135** | **134,216,026** | **62,268,345** | **18,359,302** | **61,890** | **80,689,537** |

## 17. A) LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

*(c) Provision for impairment for off balance sheet facilities. (Continued)*

**Movements per sector:**

| | TOURISM & HOSPITALITY | | | | TRADE | | | | TRANSPORT & LOGISTICS | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Year ended 31 December 2024** | Stage1 12month ECL Frw'000' | Stage2 Lifetime ECL Frw'000' | Stage3 Lifetime ECL Frw'000' | Total Frw'000' | Stage1 12month ECL Frw'000' | Stage2 Lifetime ECL Frw'000' | Stage3 Lifetime ECL Frw'000' | Total Frw'000' | Stage1 12month ECL Frw'000' | Stage2 Lifetime ECL Frw'000' | Stage3 Lifetime ECL Frw'000' | Total Frw'000' |
| Opening Balance Gross carrying amount as at 1 January | 19,560,899 | 23,776,836 | 1,010,016 | 44,347,751 | 105,263,988 | 7,466,922 | 5,914,734 | 118,645,644 | 17,607,312 | 5,860,865 | 5,113,469 | 28,581,646 |
| Transfer to 12 months ECL | 21,246,386 | (21,231,058) | (15,328) | - | 1,181,770 | (897,461) | (284,309) | - | 621,801 | (592,765) | (29,036) | - |
| Transfer to Lifetime ECL not credit impaired | (1,024,386) | 1,062,563 | (38,177) | - | (4,978,853) | 5,557,760 | (578,907) | - | (849,440) | 849,440 | - | - |
| Transfer to Lifetime ECL credit impaired | (15,353) | (103,765) | 119,118 | - | (2,520,923) | (1,626,665) | 4,147,587 | - | (54,500) | (434,967) | 489,467 | - |
| Net remeasurement of Loss allowance | (2,501,183) | (156,245) | (64,761) | (2,722,189) | (8,420,122) | (2,705,290) | (839,395) | (11,964,806) | 635,009 | (867,244) | (344,381) | (576,616) |
| New financial assets originated or purchased | 19,540,707 | 14,112 | 358,775 | 19,913,594 | 99,346,458 | 4,732,190 | 2,192,595 | 106,271,243 | 8,441,133 | 85 | 573 | 8,441,791 |
| Financial assets derecognised | (5,317,088) | (2,407,512) | (855,232) | (8,579,832) | (51,936,626) | (2,471,497) | (3,021,151) | (57,429,274) | (6,766,007) | (3,085,265) | (64,806) | (9,916,078) |
| **Gross carrying amount as at 31 December 2024** | **51,489,982** | **954,930** | **514,411** | **52,959,324** | **137,935,693** | **10,055,960** | **7,531,154** | **155,522,807** | **19,635,308** | **1,730,149** | **5,165,286** | **26,530,743** |
| Loss allowance as at 1 January | 33,090 | 156,301 | 475,355 | 664,746 | 964,875 | 768,583 | 2,252,926 | 3,986,384 | 16,255 | 148,080 | 3,708,986 | 3,873,321 |
| Transfer to 12 months ECL | 154,036 | (154,036) | - | - | 168,438 | (91,675) | (76,764) | - | 5,237 | (5,237) | - | - |
| Transfer to Lifetime ECL not credit impaired | (1,558) | 1,558 | - | - | (40,171) | 219,072 | (178,900) | - | (1,014) | 1,014 | - | - |
| Transfer to Lifetime ECL credit impaired | (15) | (135) | 150 | - | (27,001) | (189,389) | 216,390 | - | (42) | (12,650) | 12,692 | - |
| Net remeasurement of Loss allowance | 52,072 | 10,748 | (37,990) | 24,830 | (430,064) | (261,217) | 2,753,658 | 2,062,377 | 24,964 | (2,077) | (1,204,476) | (1,181,589) |
| New financial assets originated or purchased | (46,287) | 19,777 | 10,313 | (16,197) | 249,222 | 451,928 | 834,253 | 1,535,403 | 20,325 | - | 494 | 20,819 |
| Financial assets derecognised | (8,298) | (1,927) | (403,192) | (413,417) | (480,316) | 1,008,864 | (277,207) | 251,341 | (39,510) | (115,289) | (33,391) | (188,190) |
| Write-Offs | - | - | (6,663) | (6,663) | - | - | (1,575,375) | (1,575,375) | - | - | (28,603) | (28,603) |
| **Loss allowance as at 31 December** | **183,040** | **32,286** | **37,973** | **253,300** | **404,983** | **1,906,166** | **3,948,981** | **6,260,130** | **26,215** | **13,841** | **2,455,702** | **2,495,758** |
| **Net loans and advances** | **51,306,942** | **922,644** | **476,438** | **52,706,025** | **137,530,710** | **8,149,794** | **3,582,173** | **149,262,677** | **19,609,093** | **1,716,308** | **2,709,584** | **24,034,985** |

## 17. A) LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

*(c) Provision for impairment for off balance sheet facilities. (Continued)*

**Movements per sector:**

| | BUILDING AND CONSTRUCTION | | | | ENERGY AND WATER | | | | FINANCIAL SERVICES | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Stage1 | Stage2 | Stage3 | Total | Stage1 | Stage2 | Stage3 | Total | Stage1 | Stage2 | Stage3 | Total |
| | 12month ECL | Lifetime ECL | Lifetime ECL | | 12month ECL | Lifetime ECL | Lifetime ECL | | 12month ECL | Lifetime ECL | Lifetime ECL | |
| **Year ended 31 December 2023** | Frw'000' | Frw'000' | Frw'000' | Frw'000' | Frw'000' | Frw'000' | Frw'000' | Frw'000' | Frw'000' | Frw'000' | Frw'000' | Frw'000' |
| Gross carrying amount as at 1 January | 4,942,059 | 1,392,960 | 258,939 | 6,593,958 | 4,121,110 | 13,776 | - | 4,134,885 | - | - | - | - |
| Movements during the year: | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfer to 12 months ECL | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfer lifetime ECL not credit impaired | 252,188 | (252,188) | - | - | - | - | - | - | - | - | - | - |
| Transfer to lifetime ECL credit impaired | (301,371) | - | 301,371 | - | - | - | - | - | - | - | - | - |
| Net remeasurement | 221,897 | 54,853 | 21,655 | 298,405 | (582,726) | (8,379) | - | (591,105) | - | - | - | - |
| Net financial assets originated | 32,993,121 | 901,005 | 1,263,403 | 35,157,530 | 8,123,349 | - | - | 8,123,349 | - | - | - | - |
| Financial assets derecognised | (3,559,632) | (1,195,625) | (130,052) | (4,885,309) | (203,505 | - | - | (203,505) | - | - | - | - |
| **Gross carrying amount as at 31 December** | **34,548,263** | **901,005** | **1,715,317** | **37,164,585** | **11,458,227** | **5,397** | **-** | **11,463,624** | **-** | **-** | **-** | **-** |
| Loss allowance as at 1 January | 10,094 | 5,505 | - | 3,701 | 5,761 | 144 | - | 2,204 | - | - | - | - |
| Movements during the year | - | - | - | - | - | - | - | - | - | - | - | - |
| Transferto12monthsECL | 797 | (797) | - | - | - | - | - | - | - | - | - | - |
| Transfer lifetime ECL not credit impaired | (383) | - | 383 | - | - | - | - | - | - | - | - | - |
| Remeasurement of loss allowance | 29,536 | (414) | (383) | 28,739 | (1,460) | (101) | - | (1,561) | - | - | - | - |
| Net financial assets originated or purchased | 1,125,916 | 7,320 | 341,535 | 1,474,771 | 7,193 | - | - | 7,193 | - | - | - | - |
| **Loss allowance as at 31 December** | **1,163,804** | **7,320** | **341,535** | **1,512,659** | **7,729** | **43** | **-** | **7,772** | **-** | **-** | **-** | **-** |
| **Net loans and advances** | **33,384,459** | **893,686** | **1,373,782** | **35,651,926** | **11,450,498** | **5,353** | **-** | **11,455,851** | **-** | **-** | **-** | **-** |

## 17. A) LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

*(c) Provision for impairment for off balance sheet facilities. (Continued)*

**Movements per sector:**

| | FOOD AND AGRICULTURE | | | | ICT AND TELECOMMUNICATION | | | | MANUFACTURING | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Year ended 31 December 2023** | Stage 1 12 month ECL Frw'000' | Stage 2 Lifetime ECL Frw'000' | Stage 3 Lifetime ECL Frw'000' | Total Frw'000' | Stage 1 12 month ECL Frw'000' | Stage 2 Lifetime ECL Frw'000' | Stage 3 Lifetime ECL Frw'000' | Total Frw'000' | Stage 1 12 month ECL Frw'000' | Stage 2 Lifetime ECL Frw'000' | Stage 3 Lifetime ECL Frw'000' | Total Frw'000' |
| Gross carrying amount as at 1 January | 3,229,934 | 530,917 | 4,452,937 | 8,213,788 | 12,490,392 | 120,786 | - | 12,611,178 | 12,839,870 | 2,267,897 | 4,156,586 | 19,264,353 |
| **Movements during the year:** | | | | | | | | | | | | |
| Transfer to 12 months ECL | - | - | - | - | - | - | - | - | 153,007 | - | (153,007) | - |
| Transfer to lifetime ECL not credit impaired | (97,383) | 5,027,386 | (4,930,003) | - | - | - | - | - | - | - | - | - |
| Transfer to lifetime ECL credit impaired | (206,939) | (481,032) | 687,971 | - | - | - | - | - | - | - | - | - |
| Net remeasurement | (787,969) | (697,038) | 534,372 | (950,635) | (1,438,943) | (11,111) | - | (1,450,055) | (5,087,574) | (604,356) | 843,479 | (4,848,451) |
| Net financial assets originated | 4,231,567 | 1,052,004 | 212,484 | 5,496,054 | 401,773 | - | - | 401,773 | 9,078,257 | 1,604,282 | 74 | 10,682,613 |
| Financial assets derecognised | (840,586) | (25,882) | (412,015) | (1,278,483) | (812,888) | (76,480) | - | (889,368) | (3,746,396) | (112) | (4,847,058) | (8,593,566) |
| **Gross carrying amount as at 31 December 2023** | **5,528,624** | **5,406,354** | **545,745** | **11,480,724** | **10,640,333** | **33,195** | **-** | **10,673,528** | **13,237,164** | **3,267,711** | **74** | **16,504,949** |
| Loss allowance as at 1 January | **13,943** | **225,510** | **1,127,872** | **1,367,344** | **107,075** | **3,821** | **-** | **110,896** | **30,755** | **12,731** | **2,790,264** | **2,833,750** |
| Movements during the year | | | | | | | | | | | | |
| Transfer to 12 months ECL | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfer to lifetime ECL not credit impaired | (294) | 876,321 | (876,028) | - | - | - | - | - | - | - | - | - |
| Transfer to lifetime ECL credit impaired | (438) | (202,984) | 203,421 | - | - | - | - | - | - | - | - | - |
| Net remeasurements of loss allowance | (4,542) | (593,551) | (355,156) | (953,249) | (101,651) | (1,049) | - | (102,700) | (12,026) | 43,842 | (437,200) | (405,383) |
| Net financial assets originated or purchased | 57,236 | 215,085 | 83,459 | 355,781 | 124 | - | - | 124 | 122,525 | 51,450 | 74 | 174,049 |
| Financial assets derecognised | (1,385) | (2,049) | (66,908) | (70,342) | (2,225) | (1,827) | - | (4,052) | (6,177) | - | (2,353,063) | (2,359,241) |
| **Loss allowance as at 31 December 2023** | **64,521** | **518,333** | **116,661** | **699,515** | **3,323** | **946** | **-** | **4,268** | **135,078** | **108,023** | **74** | **243,175** |
| **Net loans and advances** | **5,464,104** | **4,888,021** | **429,084** | **10,781,209** | **10,637,011** | **32,249** | **-** | **10,669,260** | **13,102,086** | **3,159,688** | **-** | **16,261,774** |

## 17. A) LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

*(c) Provision for impairment for off balance sheet facilities. (Continued)*

**Movements per sector:**

| | MINING QUARRYING | | | | PERSONAL HOUSEHOLD | | | | REAL ESTATE | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Stage1 | Stage2 | Stage3 | Total | Stage1 | Stage2 | Stage3 | Total | Stage1 | Stage2 | Stage3 | Total |
| | 12month ECL | Lifetime ECL | Lifetime ECL | | 12month ECL | Lifetime ECL | Lifetime ECL | | 12month ECL | Lifetime ECL | Lifetime ECL | |
| Gross carrying amount as at 1 January | Frw'000' | Frw'000' | Frw'000' | Frw'000' | Frw'000' | Frw'000' | Frw'000' | Frw'000' | Frw'000' | Frw'000' | Frw'000' | Frw'000' |
| Movements during the year: | | | | | | | | | | | | |
| Transfer to 12 months ECL | 380,803 | - | 37,284 | 418,088 | 93,398,128 | 2,241,426 | 3,918,102 | 99,557,656 | 22,406,422 | 913,964 | 210,010 | 23,530,395 |
| Transfer to lifetime ECL not credit impaired | | | | | | | | | | | | |
| Transfer to lifetime ECL credit impaired | 29,142 | - | (29,142) | - | 1,180,481 | (840,399) | (340,082) | - | 949,955 | (949,955) | - | - |
| Net remeasurement | (161,297) | 161,297 | - | - | (2,472,913) | 2,520,858 | (47,945) | - | (678,599) | 678,599 | - | - |
| **Net financial assets originated** | **-** | **-** | **-** | **-** | **(1,883,648)** | **(714,683)** | **2,598,331** | **-** | **(444,154)** | **-** | **444,154** | **-** |
| **Financial assets derecognised** | **(79,399)** | **(82,920)** | **5,221** | **(157,099)** | **(8,810,364)** | **(482,639)** | **931,767** | **(8,361,236)** | **711,287** | **(13,417)** | **88,707** | **786,577** |
| **Gross carrying amount as at 1 January** | **202,058** | **-** | **413** | **202,471** | **56,161,094** | **3,507,461** | **1,136,763** | **60,805,318** | **19,458,450** | **3,739,504** | **400,808** | **23,598,762** |
| **Movements during the year:** | **-** | **-** | **-** | **-** | **(23,042,348)** | **(295,298)** | **(2,278,911)** | **(25,616,557)** | **(2,071,589)** | **-** | **(125,133)** | **(2,196,723)** |
| **Gross carrying amount as at 31 December 2023** | **371,307** | **78,376** | **13,777** | **463,460** | **114,530,392** | **5,936,725** | **5,918,025** | **126,385,142** | **40,331,772** | **4,368,695** | **1,018,546** | **45,719,013** |
| Lossallowanceasat1January | 5,702 | - | 16,817 | 22,518 | 2,628,064 | 229,242 | 2,918,605 | 5,152,266 | 76,582 | 216,312 | 186,924 | 469,231 |
| Movements during the year | | | | | | | | | | | | |
| Transfer to 12 months ECL | 5,702 | - | 16,817 | 22,518 | 2,628,064 | 229,242 | 2,918,605 | 5,775,912 | 76,582 | 216,312 | 186,924 | 479,818 |
| Transfer to lifetime ECL not credit impaired | | | | | | | | | | | | |
| Transfer to lifetime ECL credit impaired | - | - | - | - | 180,846 | (68,368) | (112,479) | - | 200,052 | (200,052) | - | - |
| Net remeasurements of loss allowance | (386) | 386 | - | - | (20,135) | 119,255 | (99,120) | - | (960) | 960 | - | - |
| Net financial assets originated or pur-chased | - | - | - | - | (20,087) | (75,508) | 95,595 | - | (1,301) | - | 1,301 | - |
| Financial assets derecognised | (4,727) | 1,417 | (16,817) | (20,127) | 782,978 | 13,507 | 1,245,626 | 2,042,110 | 19,538 | (6,119) | 233,885 | 247,304 |
| **Loss allowance as at 31 December 2023** | **2,523** | **1,803** | **360** | **4,686** | **3,824,207** | **276,120** | **3,762,678** | **7,863,006** | **1,260,001** | **379,635** | **470,440** | **2,110,076** |
| **Net loans and advances** | **368,784** | **76,573** | **13,417** | **458,774** | **110,706,185** | **5,660,604** | **2,155,346** | **118,522,136** | **39,071,771** | **3,989,060** | **548,106** | **43,608,937** |

## 17. A) LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

*(c) Provision for impairment for off balance sheet facilities. (Continued)*

**Movements per sector**

| | TOURISM AND HOSPITALITY | | | | TRADE | | | | TRANSPORT AND LOGISTICS | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Year ended 31 December 2023** | Stage 1 12 month ECL Frw'000' | Stage 2 Lifetime ECL Frw'000' | Stage 3 Lifetime ECL Frw'000' | Total Frw'000' | Stage 1 12 month ECL Frw'000' | Stage 2 Lifetime ECL Frw'000' | Stage 3 Lifetime ECL Frw'000' | Total Frw'000' | Stage 1 12 month ECL Frw'000' | Stage 2 Lifetime ECL Frw'000' | Stage 3 Lifetime ECL Frw'000' | Total Frw'000' |
| Gross carrying amount as at 1 January | 10,355,770 | 20,550,039 | 599,997 | 31,505,807 | 31,933,624 | 1,153,676 | 952,027 | 34,039,327 | 10,117,541 | 4,056,376 | 156,999 | 14,330,916 |
| Movements during the year: | | | | | | | | | | | | |
| Transfer to 12 months ECL | 4,142,825 | (3,969,598) | (173,227) | (0) | 175,210 | (112,683) | (62,526) | - | 86,780 | (3,266) | (83,514) | - |
| Transfer to lifetime ECL not credit impaired | (474,158) | 690,084 | (215,926) | - | (3,460,935) | 3,471,529 | (10,595) | - | (503,974) | 503,974 | - | - |
| Transfer to lifetime ECL credit impaired | (94,290) | (246,489) | 340,779 | - | (695,558) | (715,850) | 1,411,408 | - | - | (25,672) | 25,672 | - |
| Net remeasurement | (2,273,566) | 2,195,519 | 104,683 | 26,636 | (1,695,403) | (285,889) | 68,882 | (1,912,410) | (344,043) | (719,943) | 15,070 | (1,048,917) |
| Net financial assets originated | 8,572,915 | 4,557,607 | 620,879 | 13,751,401 | 94,431,954 | 4,330,416 | 4,280,000 | 103,042,370 | 8,525,898 | 2,678,566 | 5,089,484 | 16,293,949 |
| Financial assets derecognised | (668,597) | (327) | (267,169) | (936,093) | (15,424,904) | (374,277) | (724,462) | (16,523,643) | (274,891) | (629,170) | (90,242) | (994,303) |
| **Gross carrying amount as at 31 December 2023** | **19,560,899** | **23,776,836** | **1,010,016** | **44,347,751** | **105,263,988** | **7,466,922** | **5,914,734** | **118,645,644** | **17,607,312** | **5,860,865** | **5,113,469** | **28,581,646** |
| Loss allowance as at 1 January | 150,431 | 656,415 | 236,373 | 871,286 | 1,243,693 | 109,832 | 350,102 | 1,324,418 | 58,907 | 286,147 | 14,293 | 359,347 |
| Movements during the year | | | | | | | | | | | | |
| Transfer to 12 months ECL | 96,232 | (96,232) | - | - | 25,337 | (6,848) | (18,489) | 0 | 4,855 | (18) | (4,836) | - |
| Transfer to lifetime ECL not credit impaired | (3,495) | 30,634 | (27,139) | - | (71,694) | 71,694 | - | - | (2,205) | 2,205 | - | - |
| Transfer to lifetime ECL credit impaired | (761) | (40,882) | 41,643 | - | (8,049) | (56,826) | 64,875 | (0) | - | (328) | 328 | - |
| Net remeasurements of loss allowance | (225,575) | (405,074) | 71,165 | (559,484) | (907,001) | 315,308 | 163,430 | (428,263) | (55,124) | (143,790) | (2,567) | (201,481) |
| Net financial assets originated or purchased | 20,752 | 11,474 | 325,511 | 357,738 | 864,084 | 373,335 | 1,843,359 | 3,080,778 | 10,840 | 37,339 | 3,708,986 | 3,757,166 |
| Financial assets derecognised | (4,495) | (35) | (172,198) | (176,727) | (181,495) | (37,911) | (150,351) | (369,757) | (1,018) | (33,476) | (7,217) | (41,711) |
| Loss allowance as at 31 December 2023 | 33,090 | 156,301 | 475,355 | 664,746 | 964,875 | 768,583 | 2,252,926 | 3,986,385 | 16,255 | 148,080 | 3,708,986 | 3,873,320 |
| **Net loans and advances** | **19,527,809** | **23,620,535** | **534,660** | **43,683,005** | **104,299,113** | **6,698,339** | **3,661,808** | **114,659,259** | **17,591,057** | **5,712,786** | **1,404,483** | **24,708,325** |

## NOTES

### 18. INVESTMENT SECURITIES

#### 18. Investment securities

| | 2024 Frw'000' | 2023 Frw'000' |
|---|---|---|
| **Amortised cost** | | |
| At start of year | 97,817,184 | 87,170,863 |
| New investment securities | 91,346,300 | 72,305,926 |
| Maturity of securities | (103,186,421) | (61,659,605) |
| **At end of year** | **85,977,063** | **97,817,184** |
| | | |
| 12-month ECL: | | |
| At 1 January – Initial re-measurement | (216,162) | (157,149) |
| Re-measurement during the year | (40,936) | (59,012) |
| **At 31 December** | (257,099) | (216,162) |
| Net carrying amount | **85,719,964** | **97,601,022** |
| | | |
| **FVOCI** | | |
| At start of year | 195,487,969 | 174,754,239 |
| New investment securities | 25,000,000 | 22,926,039 |
| Sale of investment securities | - | (4,610,000) |
| Gain/ (loss)on fair valuation | 499,961 | 2,417,691 |
| | **220,987,930** | **195,487,969** |
| | | |
| At 1 January – Initial re-measurement | (1,319,262) | (643,990) |
| Re-measurement during the year | (59,012) | (675,272) |
| **At 31 December** | **(1,378,274)** | **(1,319,262)** |
| **At end of year** | **219,609,657** | **194,168,707** |
| | **305,329,621** | **291,769,729** |

The weighted average effective interest rate on investment securities at 31 December was 12% (2023: 12%)

#### 19.(a) Other assets and prepaid expenses

| **Financial assets** | 2024 Frw'000' | 2023 Frw'000' |
|---|---|---|
| Settlement and clearing accounts | 6,354,678 | 2,619,960 |
| Refundable deposits | 469,314 | 325,384 |
| Accounts receivable and sundry debtors | 980,333 | 2,541,076 |
| Other assets* | 2,493,375 | 2,207,426 |
| | 10,297,700 | 7,693,846 |
| | | |
| Expected credit loss for other assets | (1,262,781) | (672,797) |
| | 9,034,919 | 7,021,049 |
| Non-Financial assets | | |
| Prepaid expenses and other prepayments | 13,786,628 | 11,478,225 |
| | **22,821,547** | **18,499,274** |

*Other assets namely MTN money float, commission receivable are settled no more than 12 months after the reporting date. All the balances are non-interest bearing.

| **(b) Non-Current assets Held for sale** | 2024 Frw'000' | 2023 Frw'000' |
|---|---|---|
| As at 1st January | 3,981,484 | 4,482,212 |
| Disposal | (875,984) | - |
| Expected credit loss for assets held for sales | (1,099,500) | (500,728) |
| | **2,006,000** | **3,981,484** |

The assets held as non-current assets held for sale are; plot in Rubavu, Umurage enterprise building, Metafoam & Apex Biotech ltd. The bank has identified all non-current assets as non-essential to its operations. Therefore, management has decided to sell these assets and it plans to engage a bailiff and execute the sale through a public auction within the next 12 months.

## NOTES

### 20. (A) RIGHT OF USE ASSETS (ROUA)

### 20. (a) Right of use assets (ROUA)

| Right of use assets are made up of the following: | 2024 | 2023 |
|---|---|---|
| **Cost** | **Frw"000"** | **Frw"000"** |
| Initial cost as at 1 Jan | 11,449,977 | 7,168,750 |
| Additions& re-measurement of ROUA | 1,570,848 | 4,281,227 |
| Disposals | (3,536,430) | - |
| **Total** | **9,484,395** | **11,449,977** |

| | 2024 | 2023 |
|---|---|---|
| Accumulated depreciation | Frw"000" | Frw"000" |
| Beginning balance at 1st January | 5,335,390 | 3,884,447 |
| Current period depreciation | 1,515,090 | 1,450,943 |
| Disposals | (1,531,241) | - |
| Ending balance 31st December | **5,319,239** | **5,335,390** |
| **Net book value** | **4,165,156** | **6,114,587** |

During 2024, the Bank did not have any right-of-use assets that would meet the definition of investment property

Extension and termination options:
Extension and termination options are included in a number of property and equipment leases. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Bank and not by the respective lessor.

### 20. (b) Lease liabilities

| **Movement in lease liabilities is as follows:** | 2024<br>Frw"000" | 2023<br>Frw"000" |
|---|---|---|
| Balance as at 1 January | 6,558,277 | 3,610,685 |
| Additions (new and lease modifications accounted For as a separate lease) | 1,708,615 | 4,280,042 |
| Payment during the period | (4,142,882) | (1,862,509) |
| Finance expenses during the period | 641,686 | 530,059 |
| **Balance as at 31 December** | **4,765,696** | **6,558,277** |

Interest expense on lease liabilities paid during the period was amounting Frw 530,059,474 for all assets qualifying for IFRS 16. Include interest expense on provision for restoration cost.

| **Amounts recognised in the statement of profit or loss** | 2024<br>Frw"000" | 2023<br>Frw"000" |
|---|---|---|
| Depreciation charge of right-of-use assets - buildings | 1,515,090 | 1,450,943 |
| Interest expense | 641,686 | 530,059 |

## 21. (A) PROPERTY AND EQUIPMENT

### 21. (a) Property and equipment

| | BUILDING INVESTMENT PROPERTY FRW'000' | LEASEHOLD FRW'000' | MOTOR VEHICLES FRW'000' | EQUIPMENT, FURNITURE & FITTINGS FRW'000' | COMPUTERS FRW'000' | ATM FRW'000' | TOTAL FRW'000' |
|---|---|---|---|---|---|---|---|
| **Year ended 31 December 2024** | | | | | | | |
| **Cost** | | | | | | | |
| At start of year | 13,501,618 | 5,414,526 | 1,277,275 | 8,322,222 | 5,410,253 | 793,137 | 34,719,031 |
| Additions | 600,000 | 1,083,380 | 309 | 1,092,714 | 2,510,134 | 462,234 | 5,748,770 |
| Transfers | (3,628,078) | 3,629,611 | - | 42,730 | (616,422) | 571,768 | |
| Adjustment* | - | - | - | (69,375) | 69,375 | - | - |
| Disposals | (8,940,161) | (1,115,125) | (849,717) | (669,173) | (402,635) | (5,301) | (11,982,112) |
| **At end of year** | **1,533,379** | **9,012,392** | **427,867** | **8,719,118** | **6,970,703** | **1,821,838** | **28,485,688** |
| **Accumulated depreciation** | | | | | | | |
| At start of year | 3,981,237 | 4,115,029 | 1,232,658 | 6,924,569 | 3,899,546 | 694,800 | 20,847,839 |
| Charge for the year | 82,586 | 743,214 | 41,698 | 389,086 | 840,309 | 103,733 | 2,200,626 |
| Depreciation adjustment* | (2,736,338) | 2,700,729 | (1,847) | (236,524) | (368,241) | 557,360 | (84,861) |
| Disposals | (1,064,597) | (1,032,159) | (845,651) | (664,044) | (401,593) | (5,301) | (4,013,345) |
| **At end of year** | **262,888** | **6,526,813** | **426,858** | **6,413,087** | **3,970,021** | **1,350,592** | **18,950,259** |
| **Net book value at end of year** | **1,270,491** | **2,485,579** | **1,009** | **2,306,031** | **3,000,682** | **471,246** | **9,535,429** |

*Note: The transfers and depreciation adjustments are following merger with Ex-Cogebanque Fixed assets in the books of Equity Bank Rwanda Plc to align the financial records of the amalgamated entity.

On 15th November 2024, the Government of Rwanda recognized the repurchase agreement for the former Cogebanque building at the agreed amount of FRW 11.48 billion, and Equity Bank received the amount according to the payment modalities. In addition, the Board approved the disposal of motor vehicles, IT equipment, and other assets acquired through the merger with Cogebanque. The total proceeds from all assets amounted to FRW 12 billion

## 21. PROPERTY AND EQUIPMENT

### 21. Property and equipment

| | BUILDING INVESTMENT PROPERTY FRW'000' | LEASEHOLD IMPROVEMENTS FRW'000' | MOTOR VEHICLES FRW'000' | EQUIPMENT, FURNITURE & FITTINGS FRW'000' | COMPUTERS FRW'000 | ATM FRW'000' | TOTAL FRW'000' |
|---|---|---|---|---|---|---|---|
| **Year ended 31 December 2023** | | | | | | | |
| **Cost** | | | | | | | |
| At start of year | 13,501,618 | 5,013,491 | 1,269,578 | 7,887,594 | 4,560,348 | 754,242 | 32,986,871 |
| Additions | - | 401,035 | 7,697 | 434,629 | 1,052,817 | 38,894 | 1,935,072 |
| Transfers | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | (200,751) | - | (200,751) |
| **At end of year** | **13,501,618** | **5,414,526** | **1,277,275** | **8,322,223** | **5,412,414** | **793,136** | **34,721,192** |
| | | | | | | | |
| Accumulated depreciation | | | | | | | |
| At start of year | 3,470,834 | 3,814,417 | 1,182,748 | 6,406,163 | 3,334,346 | 657,336 | 18,865,844 |
| Charge for the year | 510,403 | 300,612 | 49,910 | 518,405 | 664,739 | 37,464 | 2,081,533 |
| Disposals | - | - | - | - | (97,370) | - | (97,370) |
| **At end of year** | **3,981,237** | **4,115,029** | **1,232,658** | **6,924,568** | **3,901,715** | **694,800** | **20,850,007** |
| | | | | | | | |
| **Net book value at end of year** | **9,520,381** | **1,299,497** | **44,617** | **1,397,655** | **1,510,699** | **98,336** | **13,871,185** |

## NOTES

### 22. INTANGIBLES

**22. Intangibles**

| | Software Frw'000' | Total Frw'000' |
|---|---|---|
| **Year ended 31 December 2024** | | |
| **Cost** | | |
| At start of year | 1,251,700 | 1,251,700 |
| Acquisitions | 1,253,145 | 1,253,145 |
| **At end of year** | **2,504,845** | **2,504,845** |
| | | |
| Amortisation and impairment losses | | |
| At start of year | 756,132 | 756,132 |
| Charge for the period | 309,983 | 309,983 |
| **At end of year** | **1,066,115** | **1,066,115** |
| | | |
| **Net book value at end of year** | **1,438,730** | **1,438,730** |

| | Software Frw'000' | Total Frw'000' |
|---|---|---|
| **Year ended 31 December 2023** | | |
| **Cost** | | |
| At start of year | 4,769,668 | 4,769,668 |
| Acquisitions | 537,407 | 537,407 |
| Disposal | (4,055,375) | (4,055,375) |
| **At end of year** | **1,251,700** | **1,251,700** |
| | | |
| Amortisation and impairment losses | | |
| At start of year | 3,220,520 | 3,220,520 |
| Charge for the period | 352,367 | 352,367 |
| Disposal | (2,816,755) | (2,816,755) |
| **At end of year** | **756,132** | **756,132** |
| | | |
| **Net book value at end of year** | **495,569** | **495,569** |

The Bank's intangible assets include the value of acquired computer software. Costs incurred for the purchase and implementation of software are capitalised as intangible assets when it is probable that future economic benefits will flow to the Bank and the costs can be reliably measured. Amortisation is applied over the estimated useful life of the software. Acquisitions relate to software addition during the year.

**23. Deferred income tax**

The net deferred tax movement computed at the enacted rate of 28% (2023:29.40%), is attributable to the following items:
Law No. 051/2023, which amends provisions in the existing Income Tax Law No 027/2022, was gazetted on 14 September 2023 and immediately came into effect. Therefore, a 30% rate applied for the first 256 days, and a 28% rate for the last 109 days, resulting in an average rate of 29.403% for the period ending 31 December 2023.

## NOTES

### 23. DEFERRED INCOME TAX (CONTINUED)

| | At 1 January Frw'000' | Recognised in profit or loss Frw'000' | Recognised in OCI Frw'000' | At 31 December Frw'000' |
|---|---|---|---|---|
| **31 December 2024** | | | | |
| Property, equipment, software and right of use assets | (634,198) | 646,732 | - | 12,534 |
| Allowances for credit losses | 2,938,684 | 235,098 | - | 3,173,782 |
| bad debts recoveries | 1,599,666 | 47,106 | - | 1,646,772 |
| Provision for accrued bonus | 201,256 | (201,256) | - | - |
| Provision for accrued leave | 306,702 | (51,488) | - | 255,214 |
| Unrealised foreign exchange Gains and Losses | 220,021 | (162,210) | - | 57,811 |
| FVOCI investment securities | 2,191,443 | - | (299,510) | 1,891,933 |
| **31 December 24** | **6,823,574** | **513,982** | **(299,510)** | **7,038,046** |
| | | | | |
| **31 December 2023** | | | | |
| Property, equipment, software and right of use assets | 1,069,460 | (247,878) | - | 821,582 |
| Allowances for credit losses | (1,324,229) | (3,595,306) | - | (4,919,535) |
| bad debts recoveries | 301,814 | 23,005 | - | 324,819 |
| Provision for accrued bonus | - | - | - | - |
| Provision for accrued leave | (76,045) | (218,031) | - | (294,076) |
| Unrealised foreign exchange Gains and Losses | 7,296 | 10,382 | - | 17,678 |
| Prior year understatement | 14,023,658 | - | - | 14,023,658 |
| FVOCI investment securities | (3,395,245) | - | 244,693 | (3,150,552) |
| **31 December 2023** | **10,606,709** | **(4,027,828)** | **244,693** | **6,823,574** |

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on either the same entity or different taxable entities where there is an intention to settle the balances on a net basis.

The Bank has concluded that the deferred income tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the Bank. The Bank is expected to continue generating taxable income.

### 24. Deposits from customers and banks

| | 2024 Frw'000' | 2023 Frw'000' |
|---|---|---|
| Term deposits | 110,513,478 | 110,043,240 |
| Current deposits | 668,101,602 | 504,431,433 |
| Savings deposit | 213,126,202 | 166,456,516 |
| | **991,741,282** | **780,931,189** |
| | | |
| Deposits from customers | 911,606,918 | 742,562,135 |
| Deposits from Banks | 80,134,364 | 38,369,053 |
| | **991,741,282** | **780,931,188** |

## NOTES

### 24. DEPOSITS FROM CUSTOMERS AND BANKS (CONTINUED)

| Deposits from related parties banks | 2024 Frw'000' | 2023 Frw'000' |
|---|---|---|
| Equity Bank Kenya Limited | 624,005 | 777,043 |
| Equity Bank Uganda Limited | 1,236,637 | 2,905 |
| Equity Bank Tanzania Limited | 21,234 | 735,491 |
| Equity Group Holding Plc escrow | **1,898,494** | **1,515,439** |

The weighted average effective interest rate on interest bearing customer deposits at 31 December 2024 was 3.9% (2023: 3 %). The carrying value of customer deposits approximates their fair value.

The summary of terms and conditions for the various categories of deposits are below:

(a) Term deposits - These are high interest-bearing accounts that are opened for a specific period of time at a fixed rate of interest. Funds are fixed on the account for specified term periods of time. Interest is calculated daily and paid only on maturity of the deposits. Interest rates are offered at competitive and attractive rates.

(b) Current accounts – These are non-interest-bearing accounts that are due on demand. They are operated by both individuals and institutions with the use of a cheque book. They are subject to transaction activity fees and/or monthly maintenance charges.

(c) Savings deposits - This is a deposit account designed for the average income earner that enables one to save some money and earn interest. The more one saves, the higher the interest. Interest on minimum monthly balances is paid into the account bi-annually.

(d) Transaction deposits - These are non-interest-bearing accounts that can be used directly as cash without withdrawal limits or restrictions.

### 25. Other liabilities and Deferred income

| | 2024 Frw'000' | 2023 Frw'000' |
|---|---|---|
| Settlement and clearing accounts. | 4,612,318 | 2,842,114 |
| Accounts payable and sundry creditors | 20,315,566 | 2,516,354 |
| Accrued expenses | 8,777,970 | 6,462,307 |
| Deferred income | 10,507,139 | 10,801,139 |
| Other liabilities | 3,188,290 | 3,322,771 |
| | **47,401,283** | **25,944,685** |

Other liabilities and accrued expenses are current and non-interest bearing.

### 26. Borrowed funds

| | 2024 Frw'000' | 2023 Frw'000' |
|---|---|---|
| National Bank of Rwanda (Term borrowings) | 45,016,822 | 39,485,278 |
| National Bank of Rwanda (economic recovery fund) | 22,293,265 | 19,190,776 |
| Access Bank | 3,800,000 | 2,000,000 |
| Interest payable | 1,423,713 | 1,682,068 |
| | **72,533,800** | **62,358,122** |
| Movement during the year | | |
| At 1 January | 62,358,122 | 43,085,757 |
| Proceeds from borrowed funds | 163,173,432 | 155,222,356 |
| Repayment of borrowed funds | (154,201,760) | (136,098,530) |
| Interest charged on borrowed funds | 3,965,153 | 2,116,482 |
| Interest paid on borrowed funds | (2,761,147) | (1,967,943) |
| | **72,533,800** | **62,358,122** |

## NOTES

### 26. BORROWED FUNDS

#### 26. Borrowed funds (Continued)

| Year ended 31 December 2024 | | | | | | |
|---|---|---|---|---|---|---|
| Lender | Type of loan | Loan balance Frw '000 | Currency | Interest rate | Maturity date | Finance cost recognised in the year Frw '000 |
| ACCESSBANK | OVERNIGHT | 3,800,000 | RWF | 8% | 03/01/2025 | 420,438.79 |
| GT Bank | OVERNIGHT | 4,000,000 | RWF | 8% | 03/01/2025 | 290,691.82 |
| GT Bank | OVERNIGHT | 3,000,000 | RWF | 8% | 03/01/2025 | 1,305,161.08 |
| NCBA | SWAP | 2,000,000 | RWF | 8% | 03/01/2025 | 695,261.11 |
| BNR | SWAP | 11,864,282 | RWF | 8% | 17/08/2026 | 357,761.11 |
| BNR | SWAP | 25,576,253 | RWF | 8% | 21/02/2027 | 190,011.11 |
| BRD | OVERNIGHT | 1,000,000.00 | RWF | 0% | 17/05/2028 | 0.00 |
| BRD | OVERNIGHT | 1,000,000.00 | RWF | 2% | 02/07/2029 | 28,111.11 |
| BRD | OVERNIGHT | 800,000.00 | RWF | 2% | 19/08/2031 | 29,311.11 |
| BNR | COVID 19 ERF | 8,333.34 | RWF | 2% | 21/01/2025 | 26,111.11 |
| BNR | COVID 19 ERF | 9,499.99 | RWF | 0% | 06/09/2025 | 0.00 |
| BNR | COVID 19 ERF | 55,208.35 | RWF | 2% | 23/10/2025 | 24,771.11 |
| BNR | COVID 19 ERF | 62,500.00 | RWF | 2% | 23/10/2025 | 25,211.11 |
| BNR | COVID 19 ERF | 46,979.18 | RWF | 2% | 05/11/2025 | 25,511.11 |
| BNR | COVID 19 ERF | 68,750.00 | RWF | 2% | 11/11/2025 | 112,925.09 |
| BNR | COVID 19 ERF | 3,966.26 | RWF | 0% | 16/12/2025 | 0.00 |
| BNR | COVID 19 ERF | 28,437.50 | RWF | 0% | 11/01/2026 | 0.00 |
| BNR | COVID 19 ERF | 16,666.66 | RWF | 0% | 12/01/2026 | 0.00 |
| BNR | COVID 19 ERF | 81,250.00 | RWF | 0% | 18/01/2026 | 0.00 |
| BNR | COVID 19 ERF | 21,875.00 | RWF | 0% | 16/02/2026 | 0.00 |
| BNR | COVID 19 ERF | 14,000.00 | RWF | 0% | 17/02/2026 | 0.00 |
| BNR | COVID 19 ERF | 18,750.00 | RWF | 0% | 01/03/2026 | 0.00 |
| BNR | COVID 19 ERF | 15,312.51 | RWF | 4% | 17/03/2026 | 64,011.11 |
| BNR | COVID 19 ERF | 15,435.30 | RWF | 4% | 23/04/2026 | 56,011.11 |
| BNR | COVID 19 ERF | 921,977.37 | RWF | 4% | 23/04/2026 | 81,306.11 |
| BNR | COVID 19 ERF | 78,666.65 | RWF | 4% | 30/04/2026 | 42,340.61 |
| BNR | COVID 19 ERF | 28,125.00 | RWF | 4% | 04/06/2026 | 38,254.62 |
| BNR | COVID 19 ERF | 11,250.00 | RWF | 4% | 15/06/2026 | 0.00 |
| BNR | COVID 19 ERF | 12,500.00 | RWF | 0% | 30/08/2026 | 0.00 |
| BNR | COVID 19 ERF | 22,916.66 | RWF | 2% | 15/10/2026 | 0.00 |
| BNR | COVID 19 ERF | 13,541.66 | RWF | 0% | 25/01/2027 | 0.00 |
| BNR | COVID 19 ERF | 40,406.21 | RWF | 2% | 13/08/2035 | 0.00 |
| BNR | COVID 19 ERF | 271,702.60 | RWF | 0% | 14/08/2035 | 0.00 |
| BNR | COVID 19 ERF | 390,154.37 | RWF | 2% | 21/08/2035 | 24,411.94 |
| BNR | COVID 19 ERF | 504,089.79 | RWF | 2% | 26/08/2035 | 24,792.36 |
| BNR | COVID 19 ERF | 193,279.43 | RWF | 2% | 14/10/2035 | 24,111.11 |
| BNR | COVID 19 ERF | 1,508,941.15 | RWF | 2% | 16/10/2035 | 0.00 |

## NOTES

### 26. BORROWED FUNDS (CONTINUED)

| Year ended 31 December 2024 Lender | Type of loan | Loan balance Frw '000 | Currency | Interest rate | Maturity date | Finance cost recognised in the year Frw '000 |
|---|---|---|---|---|---|---|
| BNR | **COVID 19 ERF** | 5,957,637.44 | RWF | 0% | 02/11/2035 | 0.00 |
| BNR | **COVID 19 ERF** | 4,291,334.37 | RWF | 2% | 12/07/2036 | 0.00 |
| BNR | **COVID 19 ERF** | 1,173,600.92 | RWF | 0% | 16/12/2036 | 0.00 |
| BNR | **COVID 19 ERF** | 64,206.25 | RWF | 2% | 17/03/2037 | 0.00 |
| BNR | **COVID 19 ERF** | 2,066,681.46 | RWF | 0% | 17/03/2037 | 0.00 |
| BNR | **COVID 19 ERF** | 3,506,483.54 | RWF | 0% | 16/12/2025 | 0.00 |
| AFIRR | **COVID 19 ERF** | 1,637,000.00 | RWF | 0% | 24/10/2025 | 0.00 |
| AFIRR | **COVID 19 ERF** | 523,700.00 | RWF | 2% | 15/12/2025 | 27,136.11 |
| AFIRR | **COVID 19 ERF** | 406,957.46 | RWF | 2% | 28/02/2025 | 24,740.28 |
| AFIRR | **COVID 19 ERF** | 737,398.90 | RWF | 2% | 28/02/2025 | 0.00 |
| AFIRR | **COVID 19 ERF** | 110,000.00 | RWF | 0% | 16/10/2035 | 0.00 |
| Fair value adjustment ERF Borrowing | **COVID 19 ERF** | (5,446,250.39) | RWF | 2% | 30/04/2026 | 26,761.11 |
| | | **72,533,800** | | | | **3,965,153** |

** BNR: Banque Nationale Du Rwanda (National Bank of Rwanda), AFIRR: Access to Finance for Recovery & Resilience project, BRD: Banque Rwandaise Du Development (Development Bank of Rwanda).

### 27. Share capital and reserves

| (a) Share capital | Share capital Frw'000' | Share premium Frw'000' | Total Frw'000 |
|---|---|---|---|
| Balance as at 1 January 2024 | 23,301,283 | 18,359,844 | 41,661,127 |
| **At 31 December 2024** | **23,301,283** | **18,359,844** | **41,661,127** |
| Balance as at 1 January 2023 | 38,175,000 | 3,486,127 | 41,661,127 |
| Transfer to share premium after Amalgamation | (14,873,717) | 14,873,717 | - |
| **At 31 December 2023** | **23,301,283** | **18,359,844** | **41,661,127** |

As at 31 December 2023, the authorised share capital comprised of 23,301,283 million ordinary shares with a par value of Frw 1,000. All issued shares are fully paid.

#### (b) FVOCI reserve

| Balance as at 1 January 2024 Frw'000' | Movement during the year Frw'000' | Deferred tax Frw'000' | Balance as 31 December 2024 Frw'000 |
|---|---|---|---|
| **(8,301,907)** | **1,545,002** | **(229,510)** | **(7,056,415)** |

| Balance as at 1 January 2023 Frw'000' | Movement during the year Frw'000' | Deferred tax Frw'000' | Balance as 31 December 2023 Frw'000 |
|---|---|---|---|
| **(7,714,395)** | **(832,205)** | **244,693** | **(8,301,907)** |

The fair value through other comprehensive income (FVOCI) is attributable to marking to market of investment securities classified under the FVOCI category. All unrealised gains and losses are recognised in other comprehensive income and credited to FVOCI reserve until the investment is derecognised at which time the cumulative gain or loss is recognised in profit or loss, or the investment is determined to be impaired, when the cumulative loss is reclassified from the FVOCI reserve to profit or loss.

## NOTES

### 27.SHARE CAPITAL AND RESERVES (CONTINUED)

**a) Regulatory reserve**

National Bank of Rwanda regulation on credit classification and Provisioning Article 26 requires creation of statutory reserve where loan loss provisions determined using IFRS's are lower than provisions determined using this regulation, the difference is to be treated as an appropriation from retained earnings and placed in a non-distributable reserve.

Statutory reserve was created during the period with the following balances appropriated from retained earnings:

**Regulatory reserve**

| For the year ended December 2024<br>Provisions held | IFRS's provisions<br>Frw'000' | Regulatory provisions<br>Frw'000' | Appropriation to regulatory reserve<br>Frw'000' |
|---|---|---|---|
| Stage 1 | 2,267,874 | 11,068,679 | (8,800,805) |
| Stage 2 | 5,259,384 | - | 5,259,384 |
| Stage 3 | 14,845,700 | 11,497,065 | 3,348,636 |
| **Total** | **22,372,958** | **22,565,744** | **(192,785)** |
| | | | |
| Off balance sheet | 1,503,033 | 1,885,667 | (382,634) |
| **Totals** | **23,875,991** | **24,451,411** | **(575,419)** |

| For the year ended December 2023<br>Provisions held | IFRS's provisions<br>Frw'000' | Regulatory provisions<br>Frw'000' | Appropriation to regulatory reserve<br>Frw'000' |
|---|---|---|---|
| Stage 1 | 4,592,908 | 3,833,464 | 759,443 |
| Stage 2 | 2,365,643 | 4,072,597 | (1,706,954) |
| Stage 2 | 11,334,610 | 13,063,547 | (1,728,937) |
| **Total** | **18,293,161** | **20,969,608** | **(2,676,447)** |
| | | | |
| Off balance sheet | 1,666,674 | 1,364,731 | 301,943 |
| **Totals** | **19,959,835** | **22,334,339** | **(2,374,504)** |

### 28. Off-balance sheet contingent liabilities and commitments

In the ordinary course of business, the Bank conducts business involving guarantees, acceptances and performance bonds. These facilities are offset by corresponding obligations of third parties. At the year-end, the contingent liabilities were as follows:

| | 2024<br>Frw'000' | 2023<br>Frw'000' |
|---|---|---|
| Guarantees and standby letters of credit | 168,168,095 | 126,706,862 |
| Letters of credit, acceptances, and other credits | 20,704,504 | 18,158,179 |
| | **188,872,599** | **144,865,041** |
| Capital commitments | - | 2,550,807 |
| Loans approved but not disbursed | 2,717,001 | 2,149,357 |
| | **2,717,001** | **4,700,164** |

**Commitments**

Commitments contracted for at the reporting date but not recognised in the financial statements were as follows:

The table below shows the contractual expiry by maturity of the Bank's contingent liabilities and commitments. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down.

## 28. OFF-BALANCE SHEET CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

| 31 December 2024 | 0 – 3 months Frw'000' | 3 – 6 months Frw'000' | 6 – 12 months Frw'000' | 1 – 5 Years Frw'000' | Total Frw'000' |
|---|---|---|---|---|---|
| Guarantees and standby LCs | 15,801 | 1,397,697 | 19,909,261 | 146,845,336 | 168,168,095 |
| LCs, acceptances and other documentary credits | 16,389,216 | 482,541 | 3,569,353 | 263,394 | 20,704,504 |
| Loans approved but not disbursed | - | - | 833,862 | 1,883,139 | 2,717,001 |
| **Total commitments and guarantees** | **16,405,017** | **1,880,238** | **24,312,476** | **148,991,869** | **191,589,600** |
| **31 December 2023** | | | | | |
| Guarantees and standby LCs | 11,927 | 1,055,019 | 15,028,042 | 110,611,874 | 126,706,862 |
| LCs, acceptances, and other documentary credits | 14,373,603 | 423,197 | 3,130,379 | 231,000 | 18,158,179 |
| Capital commitments | 150,791 | - | 2,400,016 | - | 2,550,807 |
| Loans approved but not disbursed | - | - | 659,650 | 1,489,707 | 2,149,357 |
| **Total commitments and guarantees** | **14,536,321** | **1,478,216** | **21,218,087** | **112,332,581** | **149,565,205** |

## 29. Related parties balances and related party transactions

The Bank enters transactions, arrangements and agreements involving directors, senior management and their related concerns in the ordinary course of business.

| (a) Loans to key management personnel | 2024 Frw'000' | 2023 Frw'000' |
|---|---|---|
| At 1 January | 663,688 | 622,313 |
| Interest charged | 62,983 | 37,713 |
| Loans disbursed | 358,946 | 265,919 |
| Repayments | (175,804) | (175,803) |
| **At 31 December** | **909,813** | **750,142** |

| (b) Loans to employees | 2024 | 2023 |
|---|---|---|
| At 1 January | 7,309,015 | 11,117,701 |
| Interest charged | 441,993 | 441,993 |
| Loans disbursed | 6,134,074 | 2,653,505 |
| Repayments | (2,255,462) | (2,478,362) |
| **At 31 December** | **11,629,620** | **11,734,837** |

# FINANCIAL STATEMENTS

## NOTES

### 29. RELATED PARTIES BALANCES AND RELATED PARTY TRANSACTIONS (CONTINUED)

Key management loans with security are secured by property mortgage while the unsecured have no security against them and all the loans are repayable in a period less than 20 years at an average interest rate of 8% per annum.

| | | |
|---|---|---|
| Interest earned on transactions with banking subsidiaries | | 706,199 |
| Interest paid on borrowing with banking subsidiaries | | 4,014 |
| Other balances mainly relate to expenses paid on behalf of the other entities by the Bank. | | |
| Key management personnel compensation | | |
| Remuneration to key management | 2,107,724 | 3,336,796 |
| Post-employment benefits | 100,087 | 154,586 |
| | **2,207,811** | **3,491,382** |
| **Directors' emoluments** | | |
| Directors' emoluments | 551,998 | 319,003 |
| | **551,998** | **319,003** |

The following is the Breakdown of the directors' emoluments during at the year ended 31st December 2024

**(a)** These are companies which are related to Equity Bank Rwanda Plc are through common shareholding of Equity Group holding Plc. A number of banking transactions are entered into with related parties in the normal course of business. These include deposits and foreign currency transactions. The related party transactions and outstanding balances at the year-end are as follows:

| **(b) Deposits from related parties' banks** | **2024 Frw'000'** | **2023 Frw'000'** |
|---|---|---|
| Equity Bank Kenya Limited | 624,005 | 777,043 |
| Equity Bank Uganda Limited | 1,236,637 | 2,905 |
| Equity Bank Tanzania Limited | 21,234 | 735,491 |
| Equity Group Holding Plc escrow | **1,898,494** | **1,515,439** |
| **(c) Amount due from related parties** | | |
| Equity Bank Kenya Limited | 288,444 | 552,042 |
| Equity Bank Uganda Limited | 1,955 | 43,727 |
| Equity Bank Tanzania Limited | 313,576 | 37,137 |
| Equity Bank DRC Limited | 15,685 | 313,576 |
| Equity Bank South Sudan Limited | 37,137 | 15,684 |
| | **656,797** | **962,166** |
| **(d) Amounts due to related parties** | | |
| Equity Bank Kenya Limited | 6,087,211 | 749,040 |
| Equity Bank Uganda Limited | 3,139 | 692,102 |
| Equity Bank Sudan Limited | 975 | 975 |
| Equity Bank Tanzania Limited | 1,303 | 784,239 |
| Equity Bank DRC Limited | 53,216 | - |
| | **6,145,844** | **2,226,356** |

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2024, Equity bank Rwanda Plc has not recorded any impairment of receivables relating to amounts owed by related parties (2023: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. As at the reporting date, Equity Group Holdings Plc was the ultimate holding company, controlled the Bank. The other companies are related by virtue of common shareholding and directorship.

## OTHER DISCLOSURES

### As at 31 December 2024

### Appendix: Other information

| | 31st Dec 2024<br>Frw 000<br>Amount/ Ratio/Number |
|---|---|
| **I. CAPITAL STRENGTH** | |
| 1.Core Capital (Tier 1) | 166,997,727 |
| 2.Supplementary Capital (Tier 2) | 12,378,958 |
| 3.Total Capital | 179,376,685 |
| 4.Total Risk Weighted Assets | 993,569,480 |
| 5.Core Capital/ Total Risk Weighted Assets Ratio (Tier 1 Ratio) | 16.81% |
| 6.Tier 2 Ratio | 1.25% |
| 7.Total Capital/Total Risk Weighted Assets Ratio | 18.11% |
| 8.Leverage Ratio | 11% |
| **II.CREDIT RISK** | |
| **1.Total gross credit risk exposures: after accounting offsets and without taking into account credit risk mitigation;** | 590,741,096 |
| **2. Average gross credit exposures, broken down by major types of credit exposure:** | |
| a) Loans, commitments and other non-derivative off-balance sheet exposures; | |
| • Agriculture | 17,355,325 |
| • Building and construction | 32,887,064 |
| • Education | 17,617,184 |
| • Energy and water | 29,038,797 |
| • Financial intermediation | 190,964 |
| • Information and communication | 24,090,502 |
| • Manufacturing | 8,084,078 |
| • Mining & quarrying | 323,556 |
| • Other service activities | 18,220,266 |
| • Personal/household | 125,874,470 |
| • Real estate | 82,046,016 |
| • Tourism, rest & hotels | 52,959,324 |
| • Trade | 155,522,807 |
| • Transport and communication | 26,530,743 |
| **b) Debt securities;** | 305,329,621 |
| **c) OTC derivatives;** | - |
| **3. Regional or geographic distribution of gross exposures, broken down in significant areas by major types of credit exposure:** | |
| *a)* Kigali | 500,939,927 |
| *b)* Southern | 29,628,871 |
| *c)* Western | 23,809,080 |
| *d)* Northern | 15,311,682 |
| *e)* Eastern | 21,051,536 |
| **4.Sector distribution of exposures, broken down by major types of credit exposure and aggregated in the following areas:** | |
| a) Government | 29,038,797 |
| b) Financial | 190,964 |
| c) Manufacturing | 8,084,078 |
| d) Infrastructure and construction | 114,933,080 |
| e) Services and commerce | 226,702,398 |
| f) Others | 211,791,779 |

**As at 31 December 2024**

**Appendix: Other information**

| | 31st Dec 2024 Frw 000 Amount/ Ratio/Number | | |
|---|---|---|---|
| **5. OFF- BALANCE SHEET ITEMS** | | | |
| a) Guarantees issued outward | 168,168,095 | | |
| b) Outward letter of credit contra | 20,704,504 | | |
| **6. NON-PERFORMING LOANS INDICATORS** | | | |
| a) Non-performing loans (NPL) | 24,059,738 | | |
| b) NPL ratio | 4.07% | | |
| **7. RELATED PARTIES** | | | |
| a) Loans to directors, shareholders, and subsidiaries | 909,813 | | |
| b) Loan to employees | 11,629,620 | | |
| **8. RESTRUCTURED LOANS** | | | |
| a. No. of borrowers | 320 | | |
| b. Amount outstanding | 66,262,918 | | |
| c. Regulatory Provision thereon | 7,050,733 | | |
| d. Restructured loans as % of gross loans | 11% | | |
| **III. LIQUIDITY RISK** | | | |
| 1) Liquidity Coverage Ratio (LCR) | 394% | | |
| 2) Net Stable Funding Ratio (NSFR) | 182% | | |
| **IV. OPERATIONAL RISK** | | | |
| Number and types of frauds and their corresponding amount | Type | Number | Amount (000) |
| | - | - | - |
| **V. MARKET RISK** | | | |
| 1. Interest rate risk | 237,927,895 | | |
| 2. Equity position risk | - | | |
| 3. Foreign exchange risk % of Core Capital (NOP) | 2.54% | | |
| **VI. COUNTRY RISK** | | | |
| 1. Credit exposures abroad | - | | |
| 2. Other assets held abroad | 156,649,392 | | |
| 3. Liabilities to abroad | 6,145,844 | | |
| **VII. MANAGEMENT AND BOARD COMPOSITION** | | | |
| 1. Number of Board members | 11 | | |
| 2. Number of independent directors | 9 | | |
| 3. Number of non-independent directors | 2 | | |
| 4. Number of female directors | 4 | | |
| 5. Number of male directors | 7 | | |
| 6. Number of Senior Managers | 12 | | |
| 7. Number of females senior managers | 5 | | |
| 8. Number of males senior managers | 7 | | |

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These financial statements and other disclosures can be accessed on the institution's website **www.rw.equitybankgroup.com**. They may also be accessed at the institutions head office located at Grand pension plaza 2nd floor Kigali Rwanda.

# BOARD OF DIRECTORS

## CONSOLIDATED PROFILES

### COL (RTD) EUGENE HAGUMA MURASHI

*Non-Executive Chairman, Equity Bank Rwanda Plc*

Eugene holds an MSc in Financial Management from the University of London and a B. Com (Marketing) degree from Makerere University-Kampala. He is a Chartered Financial Analyst (CFA) charter holder,an Advanced Financial Modeler from the Financial Modeling Institute(FMI) and is a Certified Sustainable Investment Professional from John Molson Business School Concordia University, Canada. Eugene has served in leadership positions both in the Public Sector and the Private Sector. He was the Permanent Secretary, Ministry of Defence in Rwanda from 2002-2005 before being posted as Defence Attaché to the Republic of South Africa from 2005-2010. He joined Horizon Group Rwanda as CEO from 2010 until 2018. Since retiring from the Rwanda Defence Force,Eugene is currently the Chief Executive Officer of Prime Insurance Limited.

### HANNINGTON NAMARA

*Managing Director, Equity Bank Rwanda Plc*

Hannington is the Managing Director of Equity Bank Rwanda. He holds a degree in Business Administration (Finance option)

from Makerere University Business School, a graduate of Advanced Management Programme from Strathmore Business School. He is a Fellow of the Africa Leadership Initiative-East Africa and a member of the Aspen Global Leadership Network. He has over 19 years' work experience in banking and Private Sector Development with extensive knowledge and a track record in Strategic Leadership, Banking and Finance, Management and Communications.

He has held various leadership positions while working with different reputable organisations in the past including TradeMark East Africa, Rwanda Private Sector Federation, Commercial Bank of Rwanda (BCR), Rwanda Investment Export Promotion Agency (RIEPA-now known as Rwanda Development Board). He holds several positions of responsibility in Boards of corporates and parastatals.

### DR. PATRICK UWIZEYE

*Non -Executive Chairman, Finserve Africa Limited,*
*Non-Executive Director, Equity Bank Rwanda Plc*

Patrick holds a degree of Doctor of Business Administration (DBA) from the Heriot-Watt University, UK, a Master of Science (MSc) in Strategic Planning from the same University, MBA in Financial Management from the University of Hull, UK and master's in communications management (MCM) from Coventry University, UK. He is a Certified Public Accountant (CPA) and a member of both Institutes of CPA Kenya and Rwanda; a Certified Member of the Institute of Risk Management (CMIRM), UK and Associate Member of Kenya Institute of Management. Patrick has over 28 years of working experience in business management and worked for MTN Rwanda and AACC in Nairobi. Dr. Uwizeye is the immediate past President of the Institute of CPA Rwanda, and a board member of Pan Africa Federation of Accountants (PAFA). Patrick currently serves as the Managing Director of BPU Consulting Ltd, a company he founded more than seven years ago.

### AMB. GEORGE WILLIAM KAYONGA

*Non-Executive Director, Equity Bank Rwanda Plc*

George holds a Master's degree in Diplomacy and International studies and Bachelor of Commerce Degree- Finance. He is an Independent Trade and Development Consultant; Director in the Equity Bank Rwanda Board and Member, Governing Board One Acre Fund. He has had a 16-year career in the Public Service as High Commissioner of Rwanda to Kenya, Non-Resident Ambassador to Somalia, Permanent Representative of Rwanda to UNEP and UNHABITAT, Permanent Secretary Ministry of East African Community and CEO National Agricultural Export Development Board. George has also had a 12-year career in the Private sector managing own supply chain and logistics companies.

### BELINDA BWIZA

*Non-Executive Director, Equity Bank Rwanda Plc*

Ms. Bwiza is a seasoned professional with experience of over 19 years in financial services, financial policy, strategy and economic development. Ms Bwiza holds a Bachelor of Business Administration, Finance (BBA) from Brock University, St. Catharines, Ontario, an MBA and a Chartered Professional Accountant (CPA) Designation from Wilfrid Laurier University, Toronto, Ontario. She is currently the Chief Executive Officer at One Acre Fund Rwanda, a social enterprise that supports smallholder farmers to increase their income and get on a path to prosperity. One Acre Fund serves over 1 million farmers through its direct farmer services program and serves 2.5 million farmers through partnerships. Prior to this, Ms. Bwiza spearheaded the creation of a retail franchise with 8 outlets across Kigali. Prior to that, she worked for the Ministry of Education in Canada in financial policy. Prior to that, she held various roles in the financial services sector in Ontario, Canada including, investor relations, custodian banking and hedge fund administration. Ms. Bwiza serves on boards such as Women in Finance Rwanda and Rugori Investment Network.

### ANDREW RUGEGE

*Non-Executive Director, Equity Bank Rwanda Plc*

Andrew is an accomplished executive with over 30 years of global, regional, and national experience in Information Technology business strategy, project planning and risk management for strategic enterprise-wide initiatives. He has a proven success record in directing cross functional, multinational teams of business and technical experts, analyzing systems and business processes. Andrew currently consults for international development partners in the development of Digital Public Infrastructure (DPI) and accompanying African countries in their Digital Transformation Journeys.

Until 2021, he served as the Regional Director for Africa, International Telecommunication Union (ITU), and its representative to the African Union and United Nations Economic Commission for Africa (UNECA). Before that, he was the Chief Operating Officer of MTN Rwanda ((2006 – 2011). He also served as the CEO of ARTEL Communications (Rwanda) and the Director of International Business Development for ABS Interactive, Virginia (USA).

Passionate about corporate governance, Andrew is the sitting Chairman of the Board of Directors of TransUnion Rwanda LTD as well as Non-Executive Director, Equity Bank Rwanda Plc. He previously served as Board Chair of the Rwanda Civil Aviation Authority and the Rwanda Office for National Transport. He served as a member on the Africa50 Innovation Board (AfDB), Rwanda Commissioner on the NEPAD e-Africa Commission and as the Private Sector Representative on the Rwanda Employment Commission.

Andrew holds a Master of Science Degree in Computer Information Systems and Business Administration from Marist College, New York and a Master of Science in Electrical Engineering from the University of Aberdeen in Scotland, UK where he had previously earned a Bachelor of Science degree in Engineering Science. He also holds several certifications including Project Management for Development Professionals as well as Resource Mobilization.

### CAMILLE KARAMAGA

*Boards: Non-Executive Director, Equity Bank Rwanda Plc*

Camille holds a Master's Degree in Business Administration (MBA) from Maastricht School of Management MsM of The Netherlands, Undergraduate degree in B Com-Finance option (from Makerere University, Uganda) and Post Graduate Diploma in Tax Administration obtained from the Institute of Finance Management in Dar es Salaam, Tanzania. He is an accomplished executive with over 35 years of economic development and financial governance experience. He has served as a governance and public financial management expert both in the International Monetary Fund (IMF) and in the African Development Bank (AFDB) designing public sector operations including general and sector budget support operations, institutional support projects, technical assistance and training, supporting generation of knowledge products as well portfolio management.

Prior to that, he worked as a senior civil servant in the Ministry of Finance & Economic Planning first as Director General, Customs Directorate and later Director General, National Budget of the Government of Rwanda.

### ARLETTE RWAKAZINA

*Non-Executive Director, Equity Bank Rwanda Plc*

Arlette Rwakazina holds a Master of Science in Communications, Control and Digital Signal Processing from University of Strathclyde, United Kingdom, a Bachelor of Science Degree in Electromechanical Engineering from Kigali Institute of Science and Technology and is a certified Digital Finance Practitioner from the Digital Frontier Institute in collaboration with Tufts University.

Arlette is passionate about Digital Finance, Financial Inclusion and Digital Transformation. She is currently the Country Lead of The Rwanda Economy Digitisation Program– Cenfri which is an initiative to support the public and private sector in Rwanda towards a sustained shift to an inclusive digital economy. Arlette has previously worked as General Manager Cybersecurity and Strategic Integrations at Rwanda Utilities Regulatory Authority (RURA) in charge of cybersecurity within the utilities RURA regulates as well as emerging and innovative technologies and big data. Prior to that she worked at Ericsson as the Senior Solution Architect and Business Analyst for Mobile Financial Services where she engaged partners to design mobile money solutions that are commercially and technically viable while also ensuring there is a well operating and complaint mobile money system for telecom operators.

Arlette has considerable board experience having served as a Board Member and Chairperson of the Information Technology (IT) Committee at former Cogebanque.

### JEAN CLAUDE NKULIKIYIMFURA

*Non-Executive Director, Equity Bank Rwanda Plc*

Jean-Claude (JC) Nkulikiyimfura is a dynamic business professional with over 20 years of expertise in education, marketing, government, and corporate communications. He is recognized for his leadership in team management, innovative fundraising, and strategic budget oversight while forging impactful local and international partnerships.

He currently serves as the Chief Executive Officer at Agahozo Shalom Youth Village (ASYV), where he leads a diverse team of educators and care providers dedicated to empowering Rwanda's youth. His passion lies in driving Rwanda's development through education, empowerment, and resilience-building among young people.

Jean-Claude holds a degree in journalism and mass communication from the University of Central Arkansas and a master's degree in international relations. His career spans key roles in both the public and private sectors, including serving as a Media and Protocol Officer in the Office of the President. He has provided active contributions to the communication department of the African Development Bank.

Before joining ASYV, he was the General Manager at Saatchi & Saatchi Rwanda. In 2011, he joined ASYV as Village Director and was later promoted to Executive Director in 2015, eventually assuming the CEO role in 2024.

Jean-Claude's expertise, leadership, and commitment to social impact continue to shape Rwanda's future through education and strategic partnerships.

### MR EMMANUEL MURAGIJIMANA

*Non-Executive Director, Equity Bank Rwanda Plc*

Emmanuel MURAGIJIMANA has over 20 year experience in provision of legal advice and supporting organisation to compliance with the legal requirements. He has been occupying different positions: legal officer at the Ministry of Public Service and Labour, Legal Officer and later Head Legal and Company Secretary at Ecobank Rwanda Limited and Advisor to the Speaker. After eight (8) years of working experience in banking sector, he joined the Parliament of Rwanda, where he served in the capacity of Advisor to the Speaker of the Chamber of Deputies. In this role, he was a liaison officer between the Speaker and support staff as well as with other Rwandan and foreign institutions partnering with the Chamber of Deputies. This has allowed him to become familiar with the ways in which Parliament organises itself effectively to carry out its key functions of legislation, representation and oversight. While in Parliament, he got ability in legal advisory and drafting services.

After the parliamentary experience, He joined K-Solutions &Partners Law Firm in capacity of Transaction and Corporate Lawyer where he has completed different works in legal due diligence exercise for acquisition and other business combination, project finance, facilitating clients in their relationship with local, regional and international banks, corporate governance, organisation registration and legal compliance and organisation restructuring.

Emmanuel's areas of interest are corporate governance and compliance, project finance, business combinations, capital

markets, litigation and arbitration. He is highly conversant in offering both legal advisory and drafting services.


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