EQUITY BANK RWANDA PLC AUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES FOR THE YEAR ENDED 31ST DECEMBER, 2022

EQUITY

STATEMENT OF FINANCIAL POSITION	31st Dec 2022 Frw'000'	31st Dec 2021 Frw'000'
ASSETS		
cash, deposits, and balances due from financial institutions	129,986,860	95,760,367
Restricted cash with Central Bank of Rwanda	21,720,791	14,710,000
Investment securities at amortised cost	64,980,528	6,402,874
Investment securities at FVOCI	95,464,957	100,336,119
Due from related parties	161,225	69,598
Loans and advances to customers	241,683,388	220,998,847
Other assets and prepaid expenses	9,958,078	11,446,062
Current income tax	-	696,499
Property and equipment	3,204,822	2,899,253
Intangible assets	464,345	214,698
Right of use assets	2,781,674	3,433,276
Deferred tax assets	4,221,325	-
TOTAL ASSETS	**574,627,993**	**456,967,593**
LIABILITIES		
Deposits from customers	423,027,467	301,067,056
Deposits from banks	17,158,110	27,967,919
Due to related parties	1,069,595	773,519
Borrowed funds	33,130,582	45,511,581
Other liabilities and deferred income	12,269,605	12,852,680
Lease liabilities	2,989,021	3,557,175
Current income tax	4,768,316	-
Dividend payable	13,979,580	-
Deferred tax liabilities	-	61,457
TOTAL LIABILITIES	**508,392,276**	**391,791,387**
EQUITY		
Share capital	18,175,000	18,175,000
Share premium	2,112,690	2,112,690
FVOCI reserve	(7,714,395)	1,465,408
Regulatory reserve	3,008,558	-
Retained earnings	50,653,864	43,423,108
TOTAL EQUITY	**66,235,717**	**65,176,206**
TOTAL LIABILITIES AND EQUITY	**574,627,993**	**456,967,593**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	31st Dec 2022 Frw'000	31st Dec 2021 Frw'000
Interest income	51,988,162	36,730,654
Interest expense	(9,779,465)	(8,591,529)
NET INTEREST INCOME	**42,208,697**	**28,139,125**
Credit impairment losses	(2,741,263)	(6,403,787)
NET INTEREST INCOME AFTER CREDIT IMPAIRMENT LOSSES	**39,467,434**	**21,735,338**
Fee and commission income	14,813,776	10,385,958
Fee and commission expense	(5,127,706)	(2,909,483)
NET FEE AND COMMISSION INCOME	**9,686,070**	**7,476,475**
Net foreign exchange income	3,606,262	2,481,412
Other operating income	925,673	1,242,850
NET OPERATING INCOME	**53,685,439**	**32,936,075**
Employee benefits	(9,786,400)	(6,142,614)
Depreciation and amortisation	(1,126,302)	(1,132,283)
Depreciation of right of use assets	(840,166)	(862,854)
Short term operating lease expenses	(68,829)	(72,952)
Other operating expenses	(7,085,574)	(6,875,767)
OPERATING EXPENSES	**(18,907,271)**	**(15,086,470)**
PROFIT BEFORE INCOME TAX	**34,778,168**	**17,849,605**
Income tax expense	(10,559,274)	(5,470,364)
PROFIT FOR THE YEAR	**24,218,894**	**12,379,241**
STATEMENT OF OTHER COMPREHENSIVE INCOME		
OTHER COMPREHENSIVE INCOME		
Items that will be reclassified to profit or loss:		
FVOCI investment securities		
Fair value gain(loss)	(13,114,006)	(87,113)
Deferred income tax	3,934,203	26,134
Total other comprehensive income for the year	**(9,179,803)**	**(60,979)**
Total profit after tax and other comprehensive income	**15,039,091**	**12,318,262**

The financial statements of Equity Bank Rwanda Plc were approved by the board of directors and signed on its behalf by:

Hannington Namara
Managing Director

30 March 2023

Belinda Bwiza
Chair of Board Audit Commitee

30 March 2023

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EQUITY BANK RWANDA PLC AUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES FOR THE YEAR ENDED 31ST DECEMBER, 2022

EQUITY

STATEMENT OF CASH FLOWS	31st Dec 2022 Frw'000'	31st Dec 2021 Frw'000'
OPERATING ACTIVITIES		
Profit before income tax	34,778,168	17,849,605
Adjustments for:		
Depreciation on property and equipment	1,011,588	1,039,056
Depreciation on right of use assets	840,166	862,854
Amortisation of intangible assets	114,713	93,227
Interest expense on lease liability	252,258	210,884
Profit/Loss on disposal of property and equipment	11,505	26,577
Interest expense on term borrowings	2,725,654	2,850,087
Provision for impairment losses on loans and advances	4,513,168	6,403,787
Net foreign exchange gain on cash and cash equivalents	(3,606,262)	(2,469,217)
OPERATING PROFIT BEFORE CHANGES IN OPERATING ASSETS AND LIABILITIES	**40,640,958**	**26,866,860**
Loans and advances	(25,197,709)	(37,446,971)
Other assets	1,487,984	(3,314,235)
Right of use assets	(183,418)	(2,067,686)
Tax recoverable	696,499	-
Deposits from customers	121,960,411	85,191,002
Deposit from Banks	(10,809,809)	3,805,853
Due from related party balances	(91,627)	(40,171)
Due to related party balances	296,076	292,260
Other liabilities	(583,079)	(1,634,859)
Lease liabilities	206,007	2,104,851
Deferred tax assets	(4,221,325)	586,877
Deferred tax liabilities	(61,457)	61,457
Movement in restricted cash balances	(7,015,936)	(5,155,884)
CASH GENERATED FROM OPERATIONS	**117,123,575**	**69,249,354**
Income taxes paid	(5,790,959)	(7,745,223)
NET CASH FROM OPERATING ACTIVITIES	**111,332,616**	**61,504,131**
INVESTING ACTIVITIES		
Purchase of property and equipment	(1,328,675)	(1,394,961)
Purchase of intangible assets	(364,360)	(74,629)
Proceeds from sale of property and equipment	-	7,967
Purchase of investment securities	(95,468,468)	(96,686,196)
Sale of investment securities	32,582,173	51,931,962
NET CASH USED IN INVESTING ACTIVITIES	**(64,579,330)**	**(46,215,857)**
FINANCING ACTIVITIES		
Long term borrowings	188,956,663	444,500,559
Repayment of long-term borrowings	(200,927,079)	(432,934,758)
Interest paid on borrowed funds	(3,136,219)	(2,623,270)
Principal elements of lease payments	(1,026,420)	(996,153)
NET CASH USED IN FINANCING ACTIVITIES	**(16,133,055)**	**7,946,378**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**30,620,231**	**23,234,652**
MOVEMENT IN CASH AND CASH EQUIVALENTS		
At start of year	95,760,367	70,056,498
Net foreign exchange gain on cash and cash equivalents	3,606,262	2,469,217
AT END OF YEAR	**129,986,860**	**95,760,367**

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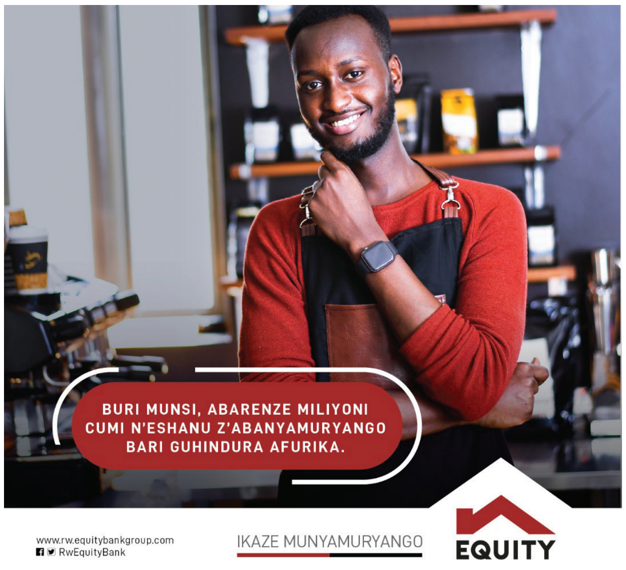
Hannington Namara
Managing Director

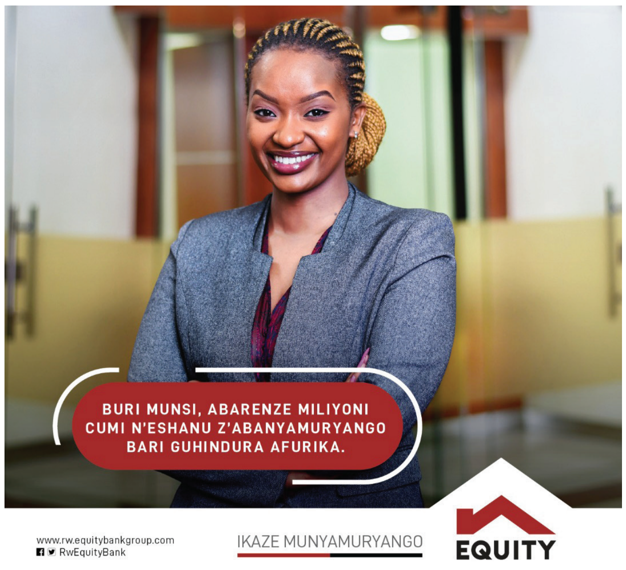
30 March 2023

Belinda Bwiza
Chair of Board Audit Commitee

30 March 2023

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 2021	**18,175,000**	**2,112,690**	**31,043,867**	**1,526,387**	**-**	**52,857,944**
Profit for the year	-	-	12,379,241	-	**-**	**12,379,241**
Fair value gains on FVOCI investments	-	-	-	(87,113)	**-**	**(87,113)**
Deferred tax on fair value gain on FVOCI	-	-	-	26,134	**-**	**26,134**
Total comprehensive income for the year	**-**	**-**	**12,379,241**	**(60,979)**	**-**	**12,318,262**
AT 31 DECEMBER 2021	**18,175,000**	**2,112,690**	**43,423,108**	**1,465,408**	**-**	**65,176,206**
YEAR ENDED 31 DECEMBER 2022						
AT 1 JANUARY 2022	**18,175,000**	**2,112,690**	**43,423,108**	**1,465,408**	**-**	**65,176,206**
Profit for the year	-	-	24,218,894	-	-	24,218,894
Fair value gains on FVOCI investments	-	-	-	(13,114,006)		(13,114,006)
Deferred tax on fair value gain on FVOCI	-	-	-	3,934,203		3,934,203
Total comprehensive income for the year	**-**	**-**	**24,218,894**	**(9,179,803)**	**-**	**15,039,091**
Transactions with the owners						
Dividend declared	-	-	(13,979,580)	-	**-**	**(13,979,580)**
Other transactions						
Transfer of excess provision to statutory reserve	-	-	(3,008,558)	-	3,008,558	**-**
AT 31 DECEMBER 2022	**18,175,000**	**2,112,690**	**50,653,864**	**(7,714,395)**	**3,008,558**	**66,235,717**





EQUITY BANK RWANDA PLC AUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES FOR THE YEAR ENDED 31ST DECEMBER, 2022

EQUITY

APPENDIX: OTHER INFORMATION	31st Dec 2022 Frw 000 Amount/ Ratio/Number
I. CAPITAL STRENGTH	
1.Core Capital (Tier 1)	58,243,878
2.Supplementary Capital (Tier 2)	4,475,893
3.Total Capital	62,719,771
4.Total Risk Weighted Assets	376,335,553
5.Core Capital/ Total Risk Weighted Assets Ratio (Tier 1 Ratio)	15.48%
6.Tier 2 Ratio	1.19%
7.Total Capital/Total Risk Weighted Assets Ratio	16.67%
8.Leverage Ratio	10.00%
II.CREDIT RISK	
1.Total gross credit risk exposures: after accounting offsets and without taking into account credit risk mitigation;	254,200,313
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	8,116,586
• Building and construction	6,804,353
• Education	10,614,900
• Energy and water	6,208,448
• Financial intermediation	160,225
• Information and communication	12,863,796
• Manufacturing	19,100,032
• Mining & quarrying	435,508
• Other service activities	23,701,045
• Personal/household	76,931,282
• Real estate	24,271,686
• Tourism, rest & hotels	29,992,648
• Trade	20,229,694
• Transport and communication	14,770,110
b) Debt securities;	160,445,485
c) OTC derivatives;	-
3. Regional or geographic distribution of gross exposures, broken down in significant areas by major types of credit exposure:	
a) Kigali	209,022,819
b) Southern	13,039,385
c) Western	14,629,392
d) Northern	8,434,082
e) Eastern	9,074,635
4.Sector distribution of exposures, broken down by major types of credit exposure and aggregated in the following areas:	
a) Government	11,189,722
b) Financial	160,225
c) Manufacturing	19,129,823
d) Infrastructure and construction	34,466,201
e) Services and commerce	105,524,923
f) Others	83,729,419
5. OFF- BALANCE SHEET ITEMS	
a) Guarantees issued outward	47,369,677
b) Outward letter of credit contra	19,660,595
6. NON-PERFORMING LOANS INDICATORS	
a) Non-performing loans (NPL)	17,734,596
b) NPL ratio	6.70%
7. RELATED PARTIES	
a) Loans to directors, shareholders, and subsidiaries	130,275
b) Loan to employees	6,468,979
8. RESTRUCTURED LOANS	
a. No. of borrowers	485
b. Amount outstanding	44,947,005
c. Regulatory Provision thereon	5,398,788
d. Restructured loans as % of gross loans	16.98%

APPENDIX: OTHER INFORMATION	31st Dec 2022 Frw 000 Amount/ Ratio/Number
III. LIQUIDITY RISK	
1) Liquidity Coverage Ratio (LCR)	289%
2) Net Stable Funding Ratio (NSFR)	154%
IV. OPERATIONAL RISK	
Number and types of frauds and their corresponding amount	Type: - / Number: - / Amount (000): -
V. MARKET RISK	
1. Interest rate risk	1,878,161
2. Equity position risk	-
3. Foreign exchange risk % of Core Capital (NOP)	(6.66%)
VI. COUNTRY RISK	
1. Credit exposures abroad	-
2. Other assets held abroad	87,800,668
3. Liabilities to abroad	22,608,258
VII. MANAGEMENT AND BOARD COMPOSITION	
1. Number of Board members	8
2. Number of independent directors	6
3. Number of non-independent directors	2
4. Number of female directors	2
5. Number of male directors	6
6. Number of Senior Managers	12
7. Number of females senior managers	5
8. Number of males senior managers	7

EXPLANATORY NOTES TO THE FINANCIALS

1. **Interest Income increased by 42%**
   The increase is mainly attributed to growth in loan and advances, investments in government securities and Placements during the year.
2. **Interest expense increased by 14%**
   Interest expenses grew by 14% in line with increased deposits as well as short term borrowings during the year.
3. **Net fees and commissions income increased by 30%**
   The increase is mainly attributed to more customers transactions backed by growth in customer numbers and convenient access to banking through digital platforms.
4. **Foreign exchange income increased by 45%**
   The increase was mainly supported by both foreign exchange margins and sale of foreign currency mainly USD.
5. **Net loans and advances increased by 9%**
   The increase was supported by new deals booked during the year in line with market opportunities.
6. **Investment securities increased by 50%**
   The increase was attributed by additional investments during the year mainly on Government Treasury Bonds and Bills.
7. **Deposits from customers increased by 34%**
   The increase is mainly attributed to new clients acquired during the year as well growth on existing clients.
8. **Borrowed funds decreased by 27%**
   These include short-term borrowings necessary to support local currency liquidity for investments in loans and securities as well as the Economic recovery funds to support the businesses affected by COVID19.

These financial statements and other disclosures can be accessed on the institutions website **www.equitygroupholdings.com/rw.** They may also be accessed at the institution's head office located at **Grand Pension Plaza, 3rd Floor, Kigali, Rwanda**,
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