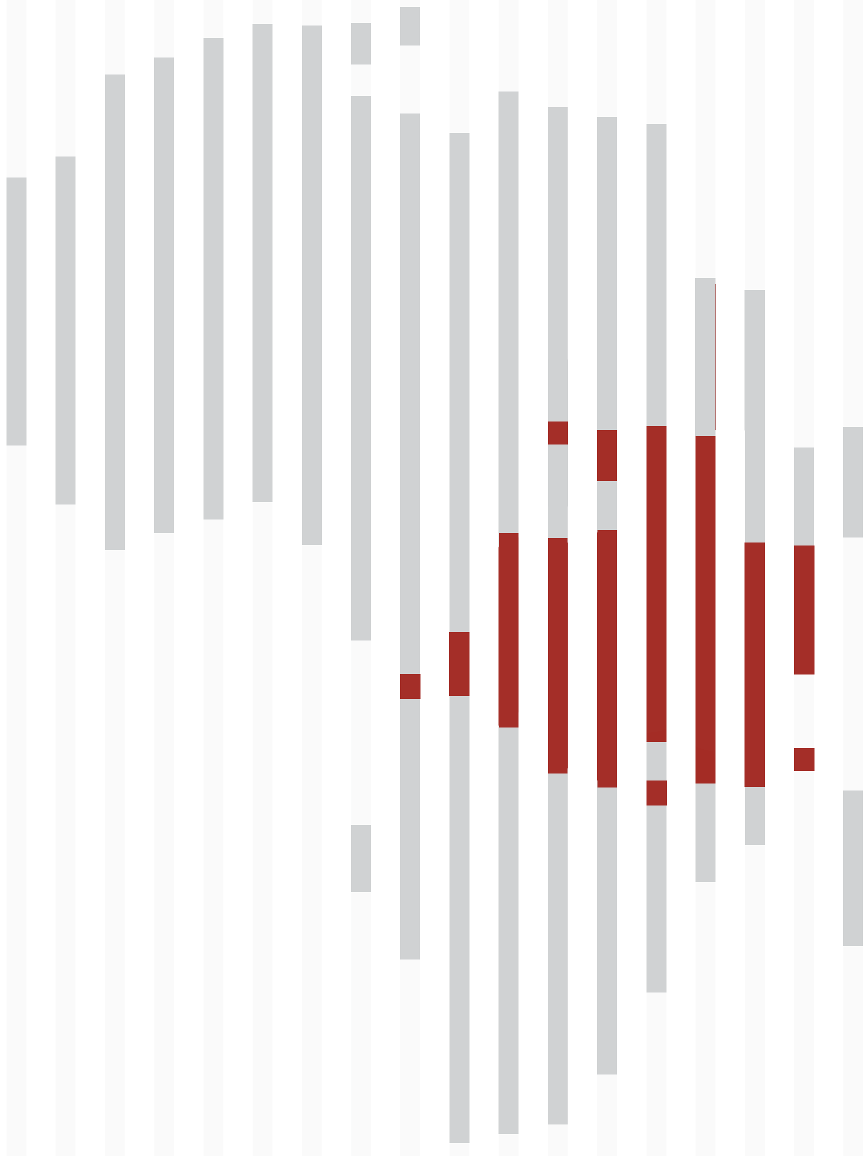
2023 INTEGRATED REPORT AND FINANCIAL STATEMENTS



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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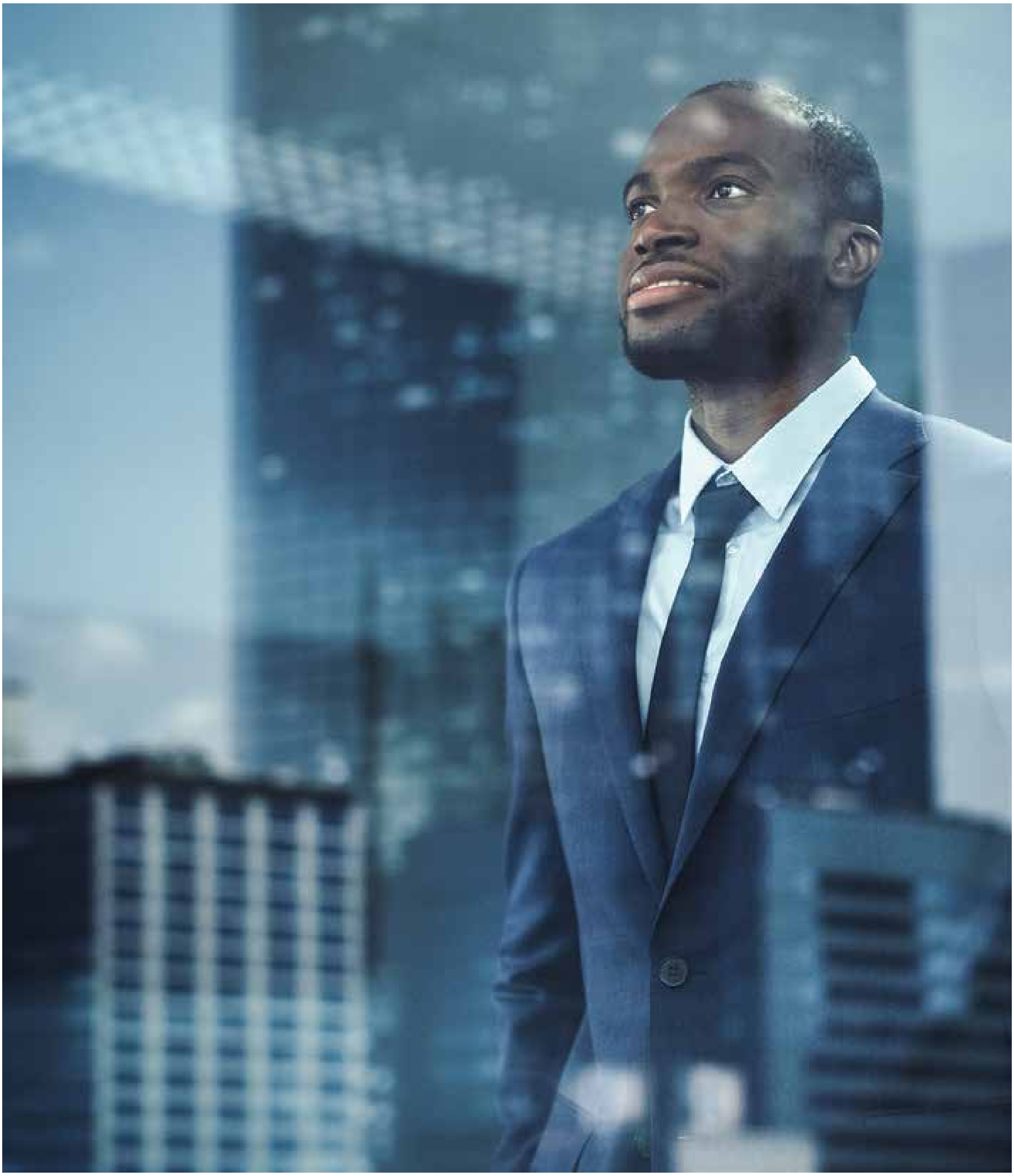


ABOUT THIS REPORT

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 2023 to 31 December 2023. 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.

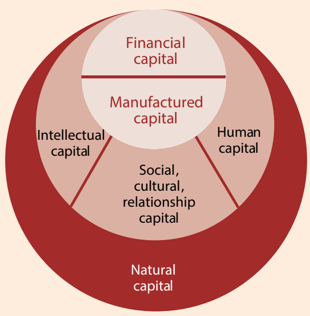
This report therefore outlines matters relating to our operating context, strategy, business model, performance, governance, and the material risks that we have identified in line with our responsible and transparent approach to control, compliance and governance. As such, the report serves as an explanation 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.

The six capitals



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 Group 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.

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
Equity Bank Rwanda Plc

Equity Group Chief Executive Officer and Managing Director, Dr James Mwangi meets the President of Rwanda, Paul Kagame at Village Urugwiro in Kigali, Rwanda.

WHO WE ARE

WHO WE ARE

Overview of Equity

Equity Bank Rwanda Plc began its operations in 2011 and is 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 46 branches and is supported by 4,062 agents, 1,663 POS merchants and a network of 61 ATMs serving a total of over 1.348 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) **780,931bn** 2022: 667,697bn	**Loans (Rwf)** **430,460bn** 2022: 381,592bn	**Total revenue (Rwf)** **128,112bn** 2022: 111,555bn	**Profit Before Tax (Rwf)** **52,010bn** 2022: 48,024bn
Profit After Tax (Rwf) **36,406bn** 2022: 33.276bn	**EPS (Rwf)** **1.6** 2022: 0.9	**Total Assets (Rwf)** **1,028bn** 2022: 867,821bn	**Point of sale (POS) outlets (Rwf)** **1,663** 2022: 1,775
Number of employees **855** 2022: 813	**Number of ATMs/ Agents** **61 /4,062** 2022: 58/4,055	**Branches** **46** 2022: 44	**Number of customers** **1.348m** 2022: 1,089m

WHO WE ARE

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 – 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.

WHO WE ARE

Our twin engine business model

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

IMPACT

Equity Social Impact Investments

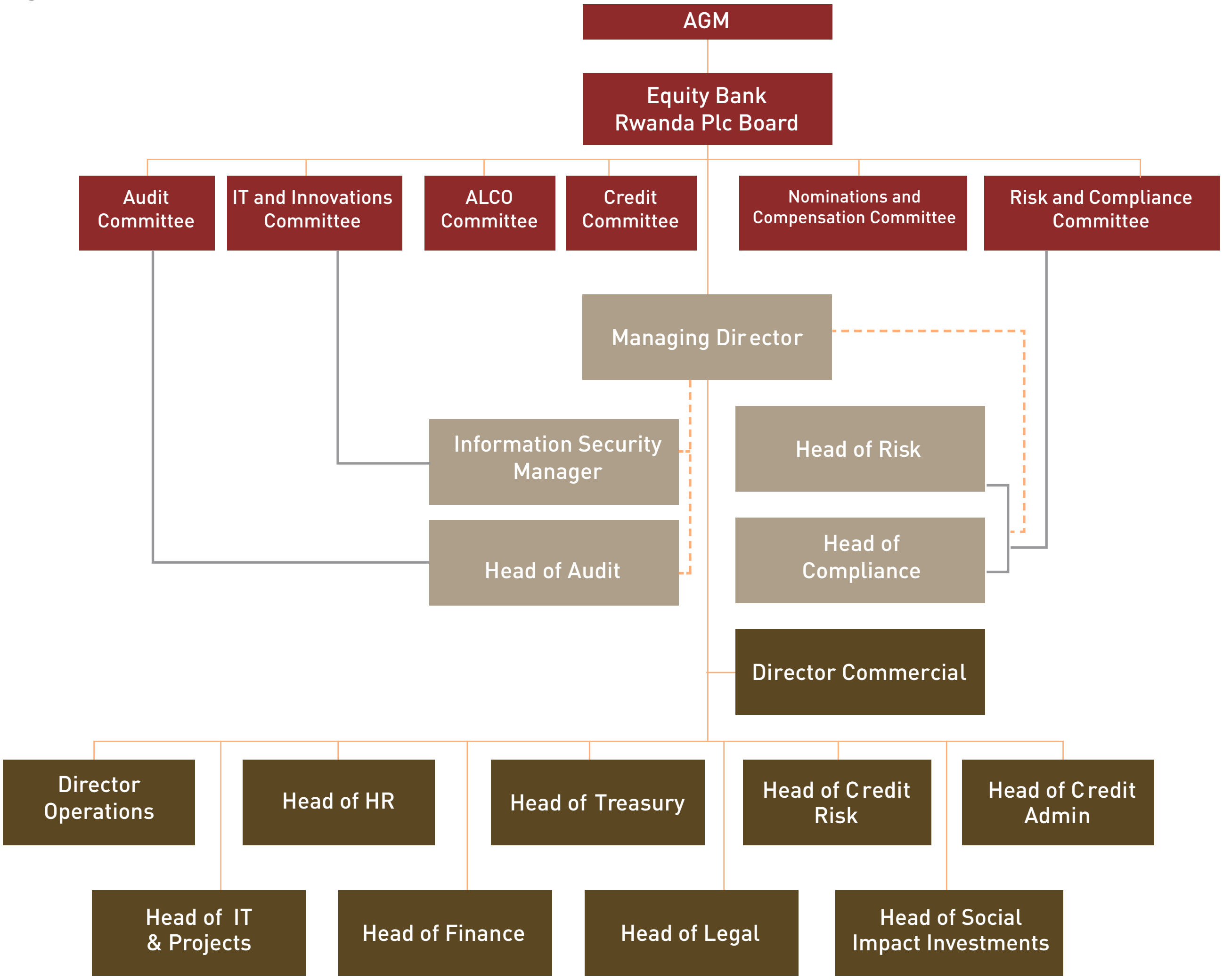
We champion the transformation of lives and livelihoods through the design and implementation of innovative programs that leverage existing infrastructure and partnerships to create shared value for the people of Africa.

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

Residents of Nyamata town in Rwanda's Eastern province gather to enjoy a performance by a local artist amidst the bustling atmosphere of a market day.

WHO WE ARE

Organization structure



WHO WE ARE

Our footprint

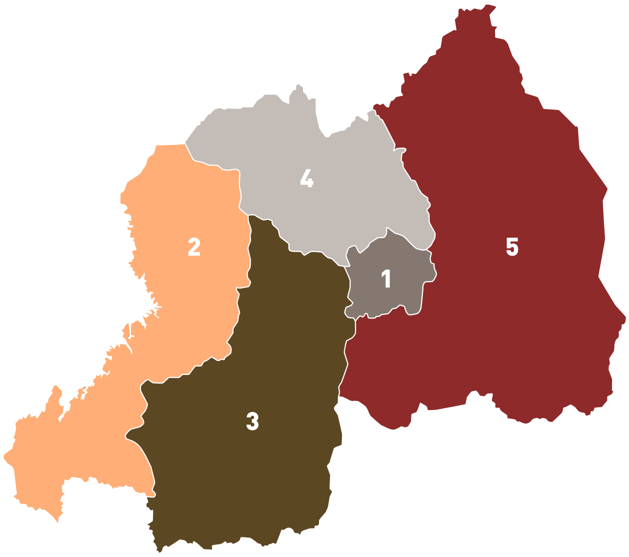
Agents outlets	Point of Sale terminals (POS	No.of ATMs
4,062	1,663	61
2022:4,055	2022:1,775	2022:58

Products & Services

23

2022:22

Rwanda Provinces	Agents Distribution	Distribution of Branches
1. Kigali	2,115	20
2. Western	580	7
3. Southern	482	6
4. Northern	496	5
5. Eastern	389	8



Digital Channels

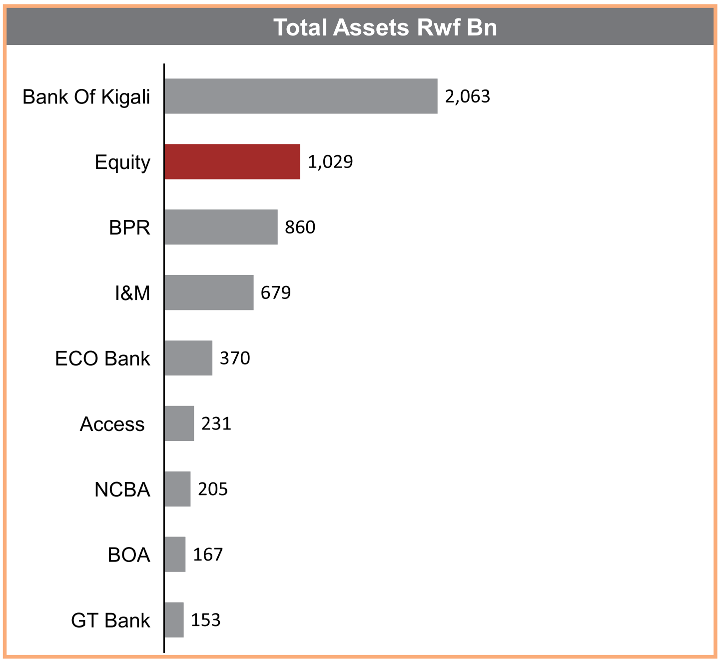
- Equity Mobile App
- Pay With Equity
- *555# EQUITY USSD
- EazzyBiz (Business online)
- Acquiring (PoS)
- Equity Online (Consumer Online)

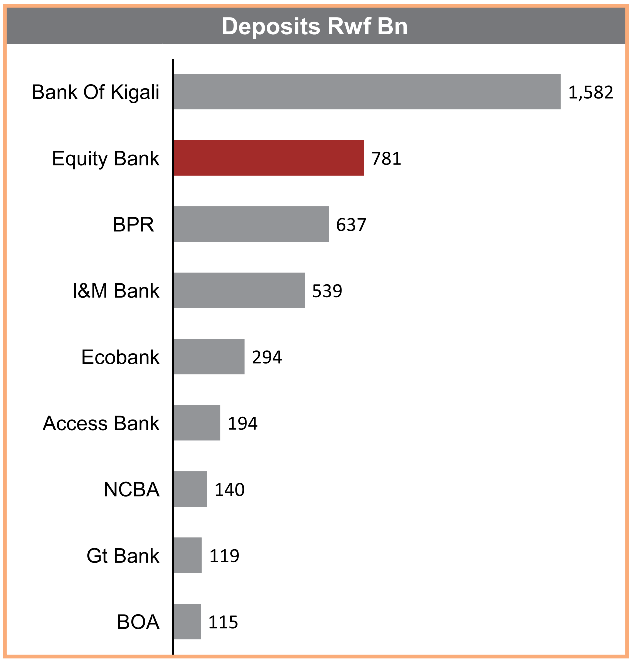
Digital Products

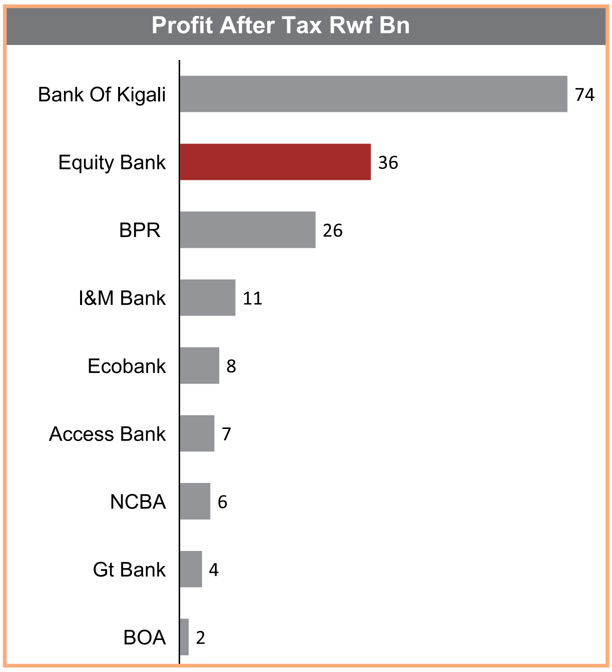
- EazzyLoan
- eCommerce EazzyAPI
- EazzyFX
- EazzyChama
- SchoolGEAR

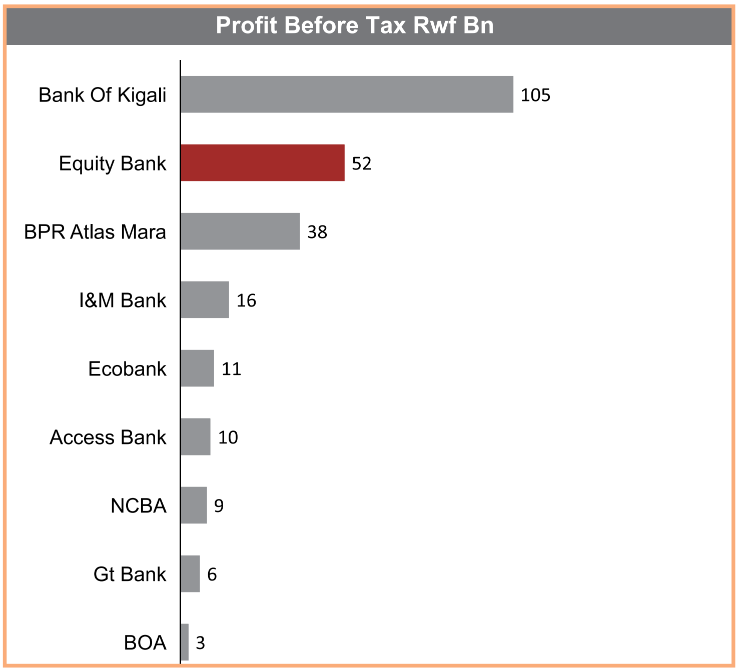
Benchmarking against peers

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.









WHO WE ARE

Global ratings and accolades

In 2023, Equity Brand received recognition validating our strategy,business model and impact as well as leadership competencies.

Banking 500 2024

Brand Finance®
The Most Valuable and Strongest Banking Brands

Equity Group, East and Central Africa's largest financial services Group, has been named the 2nd strongest banking brand in the world. This is the Group's third consecutive appearance in the Brand finance Banking 500 rankings, with an impressive Brand Strength Index (BSI) score of 92.5 out of 100 and an elite AAA+ brand strength rating

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 last year's brand value of USD 428 million to USD 450 million (Kes. 64 billion).

African Business Leadership Awards

- Lifetime achievement award 2023 – Dr James Mwangi
- African CEO of the year 2020 – Dr James Mwangi

Equity Group Managing Director and Chief Executive Officer, Dr. James Mwangi was recognized and awarded the prestigious Lifetime Achievement Award at the All-Africa Business Leaders Awards held at Sun City, South Africa by the Africa Business News, the owners of CNBC Africa and Forbes Africa.

The All-Africa wis awarded to individuals who have made a remarkable impact on their industry, country and the continent over a period of a lifetime.

The award was presented to Dr. Mwangi by the Deputy President of South Africa, His Excellency Paul Mashatile and Dr. Rakesh Wahi, Co-Founder and Chairman of Africa Business News Group.

Dr. Mwangi's remarkable leadership has propelled Equity Group to become the largest bank in East and Central Africa, positively impacting communities and driving economic progress.

(Photo Courtesy of MaruAnele Photografik)

WHO WE ARE

Our twin engine business model and value creation

Our twin-engine model comprises of a commercial arm and social impact arm integrating our business approach to the market. This approach streamlines operational excellence and fosters collaboration among all our stakeholders. Both commercial and social imperatives are integral to our purpose and the objectives we purpose to achieve. We view this as a singular approach that is interrelated and synergistic, working collaboratively to create shared value for stakeholders.

Our commercial engine is focused on five distinct elements:

- Move (Payments);
- Borrow (Lending);
- Save (Deposits);
- Invest (Wealth Management and creation)
- Insure((Life, Health and Wealth Protection),

Our social engine is focused on seven distinct elements:

- Education and Leadership Development
- Energy, environment, and climate change
- Enterprise development and financial inclusion
- Food and agriculture
- Health
- Social Protection
- Innovation and Technology

Equity Group Managing Director and CEO, Dr. James Mwangi (left), Equity Group Chief Strategy Officer, Brent Malahay (centre) and Equity Bank Rwanda Managing Director Hannington Namara (right) during the Quarter One 2023 Investor Briefing event.

WHO WE ARE

Operating environment

Globally, 2023 saw continued recovery from the COVID-19 pandemic. The weaknesses revealed by the pandemic appear to be more persistent, with seemingly short-term discrepancies expected to have a lasting impact on performance .

Policy choices became more problematic during the year, with multidimensional challenges such as supply chain disruption and subdued employment growth, rising inflation, food insecurity, impediments to the accumulation and recruitment of human capital, and climate change presenting themselves – and leaving little room to devise an appropriate response.

Globally, the year was characterised by rising inflation, reflecting the pandemic-related bottlenecks in the global supply chain, with commodity prices higher, compared to their low base in the prior year.

Regional environment

The IMF has projected a continued global recovery in the short- to medium term, although with weakened momentum.

Forecasted GDP growth (%)

Domestic environment

Sub-Saharan Africa (SSA) is an extremely diverse region, composed of low, lower-middle, upper-middle, and high-income countries – 22 of which are fragile or conflict-affected – and 13 small states characterized by a small population, limited human capital, and a confined land area. Boasting rich natural resources and the world's largest free trade area and a 1.2-billion-person market, the continent has the potential to forge a new development path, harnessing the potential of its resources and people. (https://www.worldbank.org/en/region/afr/overview).

In 2023, GDP at current market prices was estimated at Frw 16,355 billion, the services sector accounted for 44% of the GDP, the agriculture sector contributed 27%, and the industry sector contributed 22% while Net indirect taxes accounted for 7%. (NISR: GDP National Accounts, 2023).

Equity Bank Rwanda staff pose for a picture at the 2nd Equity Women Forum.

Twin engine value creation process

Commercial Engine

Banking Services

Move | Borrow | Save | Invest | Insure

EQUITY FOUNDATION'S CORE PROGRAMME PILLARS

Social Engine

Education and Leadership Development

Equity Social Impact investments (ESI) seeks to break the cycle of poverty and develop the nextgeneration of leaders through increased access to secondary and tertiary education.

Energy, Climate Change and Environment

ESI promotes the conservationand smartuse of natural resources by expanding forest cover,improving water securityand promoting the use of renewable energy and energy-efficient technologies.

Enterprise Development and Financial Inclusion

ESI stimulates job creation and economic growth by providing Micro, Small and Medium Enterprises [MSMEs] with advice, mentorship and entrepreneurship training. Additionally, ESI improves financial capability and individual and household financial security by connecting people at the Bottom of Pyramid to expert financial education training as well as expanding access to financial services and products.

Food and Agriculture

ESI helps create jobs,improve market access, andexpand agricultural production by working in partnership with small and medium-sized farmers to increase their production capabilities, business acumen, and access to technology and financial services.ugh cash transfer programs.

Health

ESI increases access to comprehensive health financing and private sector-led, affordable,high-quality, and standardized health services.

Social Protection

ESI committed to reduce social and economicrisk and vulnerability, and to alleviate extremepoverty and deprivation through cash transferprograms.

Innovation

ESI is committed to fostering innovation that leads to new ideas, solutions and technologies that increase impact and scale.

Commercialisation of opportunities identified
Responding to community needs

Monitoring, Evaluation, Reporting, Learning and Finance

WHO WE ARE

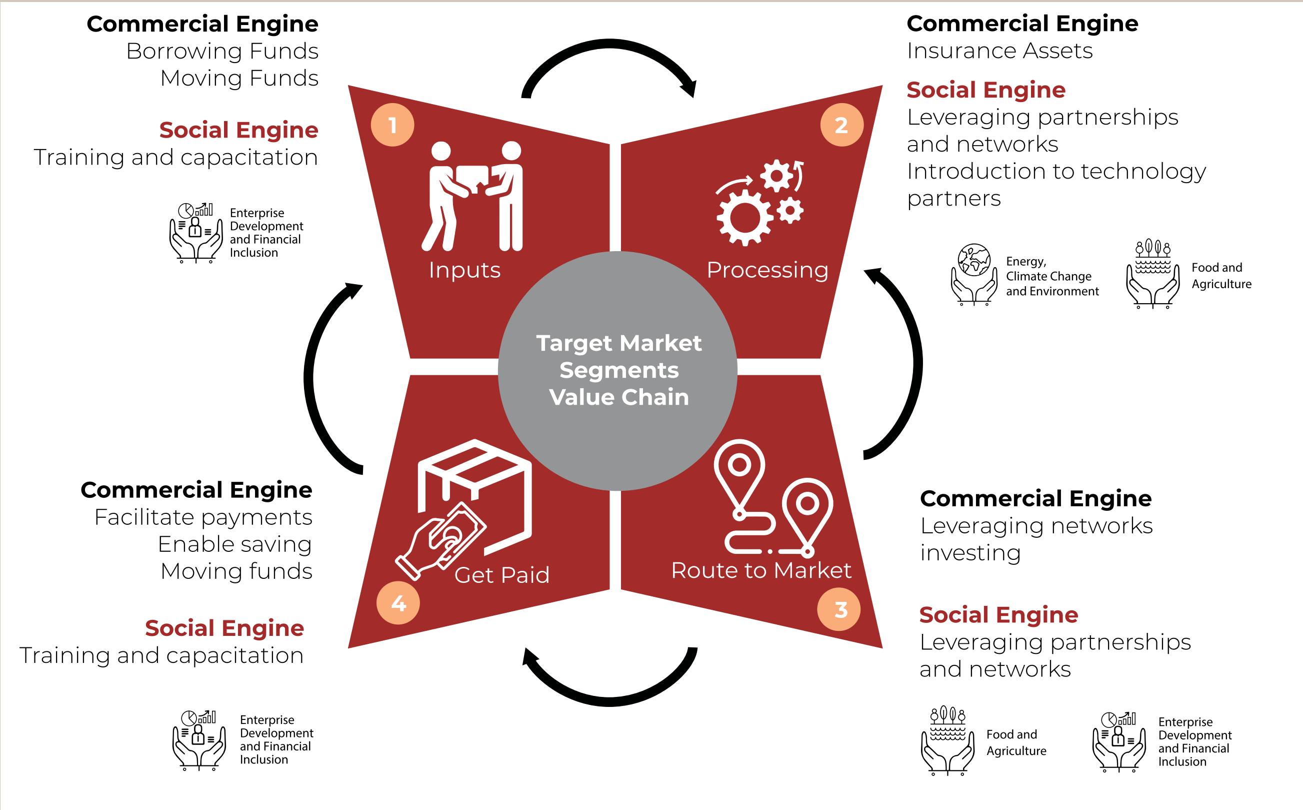
Our value-creating business model

Our twin 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.

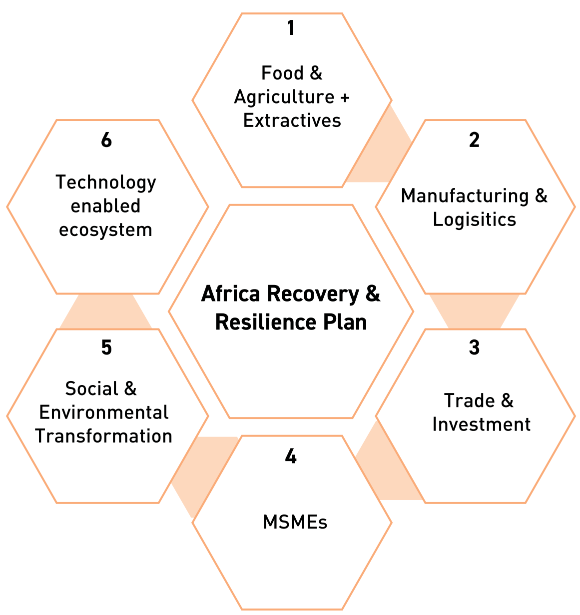
Our inputs	
Financial capital Our financial resources including assets and reserve funds as well as diversified sources of deposits and funding from investors, lenders and clients that are used to support our customers and reward shareholders for the capital invested.	• Total assets Rwf 1,028bn • Deposits Rwf 780,931bn • Rwf 136bn shareholders funds
Human capital 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.	• 855 employees • Highly skilled and experienced leadership • Motivated and competent employees • High performance culture • A highly diversified staff complement
Intellectual capital 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 • Dual engine model • Africa Recovery and Resilience Plan • Deployment of Digital channels • Proprietary technology • Strong governance structure • Management systems
Manufactured Capital Our buildings, properties, vehicles, and physical infrastructure that underpin our operations.	• Presence in all provinces in the country • Representative service centers • 46 branches • 61 ATMs • 1663 POS machines • 4062 Agent Outlets
Social and relationship capital 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.	• 1.3m customers • Leveraging our extensive partnership network • RWF 1.7bn provided by risk partners • Rwf 319.7Mn spent on social impact interventions
Nature capital 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.	• 8,500 trees were planted of which 3,000 were fruit trees. • Clean energy products rolled out in 2023.

WHO WE ARE

The activities we undertake to create sustainable value in the short, medium, and long term, aligned to the needs of our customers along their value chain.



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.

WHO WE ARE

Outcomes of achieving our strategic objectives in 2023

Financial capital

- Total revenue Rwf 128,112bn
- Profit Before tax Rwf 52,010bn
- Loans outstanding 430,460bn
- Rwf 319.7Mn spent on social impact interventions
- Rwf 3.04bn spend on procurement

Manufactured Capital

- 1.3m customers 5.% growth YoY
- 2 additional branches opened (Nyamata and Gicumbi)
- 28 branches added through the Aquisation and merger with Cogebanque
- 4,062 agents
- 39 additional ATMs

Human capital

- 855 employees
- 77% staff retention rate
- Rwf 21,144bn spend on employees.
- Rwf 203.3m spend on employee training
- 855 employees trained.
- 31,442 cumulative training hours attained.
- Enhanced performance management through ongoing training and development
- Workforce with enhanced skills capacity

Social and relationship capital

- 10 new partnerships established in 2023
- 102 scholarships through ELP
- 1,392 jobs were created
- 22,605 MSMEs benefitted from training, mentorship, coaching and access to finance
- 584 MSMEs mentored through the Business Development Services program
- 4,045 ffarmers reached through trainings, mentorship, and linkage to markets and financial services.
- 60,000 beneficiaries reached through social protection (Refugees).

Intellectual capital

- Rwf 13.9Mn disbursed through digital lending.
- 243,432 digital loans issued.
- 47,4% cost-to-income ratio

Nature capital

- 8,500 trees were planted of which 3,000 were fruit trees.
- Clean energy products rolled out in 2023.

DEEPENING
SUSTAINABLE VALUE CREATION

REFLECTIONS OF THE CHAIRMAN

WE BELIEVE THAT THE OUTLOOK FOR THE BANK IS ENCOURAGING AS WE SEE SUPPLY CHAINS BEING RESTORED TO PRE-PANDEMIC LEVELS OF EFFECTIVENESS.

Col. (Rtd). Eugene Haguma, Chairman, Equity Bank Rwanda Plc

REFLECTIONS OF THE CHAIRMAN

On behalf of the Board of Directors, I take the pleasure to present to you the Integrated Annual Report and Financial Statements for the year ended 31 December 2023. It was a year characterized by challenging operational environment, given the ripple effects of COVID-19, but also a year where the Bank remained buoyant, competitive and responsive to internal and external operational needs.

Once again, I feel so much honored and obliged to present to you the annual integrated report for Equity Bank Rwanda Plc for the year ended 31st December 2023.

Exploring and exploiting growth opportunities, to best serve the interests of our esteemed customers occupied much of the Bank's agenda for much of the year 2023. It involved strategic positioning of Equity Bank Rwanda Plc to enhance operational efficiency. It was, I can say with much honor, a mega transactions and transitions-filled year. At the board level we conducted all the quarterly meetings, board meetings, and training sessions for board members and ensured a seamless Equity-CogeBanque acquisition and merger and its associated management, operational and systems intricacies.

The acquisition and merger was therefore the most critical board engagement. It required extra attention and effort to ensure it happened by 31st December 2023. It was epic, but we are glad we did it.

Oversight was crucial during the merger process. The Board was always kept in the loop, advising the executive with careful analysis on every step of the way. The Board was particularly prudent about integrating personnel from both banks, and ensuring we got the best out of both without layoffs. Staff integration was judiciously handled to avoid subjectivity, potential litigation and guaranteeing fairness.

Delivery of a smooth transition of the former customers of CogeBanque was another aspect that had to be handled with utmost efficiency. The clients needed to rightly feel embraced at their new financial home and address without any form of discomfort. The IT integration was critical, and fortunately, we had an IT Committee to oversee it and the Chairman of the Committee who is fully experienced led the task. Compliance with legal and regulatory requirements was also essential, which, we are glad to report, were observed to the dot.

Transition for greater aspirations

The Board can confidently say that all frameworks—legal, business, and regulatory—were completed without a hitch. The merger saw Equity Bank Rwanda Plc, previously in the third place of Rwanda's banking scale, ascending to the second position, doubling its branch network and significantly growing its balance sheet.

The expansion means Equity Bank Rwanda Plc can now handle larger projects independently, which was previously challenging without support from Equity Bank-Kenya Limited.

Besides, the merger has provided the network, capacity, and size, positioning the Bank in a more relevant juncture in Rwanda's economy.

Consumer Protection

When our project of the merger was tabled before the Central Bank of Rwanda, the regulator, consumer protection emerged as one of the most salient issues that had to be handled with highest decorum. Again, we are happy to report, this process was woven well and organically transitioned without any malfunction. Regular discussions with the Central Bank allowed for immediate action for any significant concerns.

Data protection was another crucial area, especially in financial services where a lot of personal data lies in the hands of the Bank. We deemed it important to have multiple layers of protection to prevent data abuse. Data protection laws were strictly complied with.

Both the Central Bank and Equity Bank Rwanda Plc provided substantial support throughout this process.

REFLECTIONS OF THE CHAIRMAN

Learning from Experience

Equity Group Holdings Plc has extensive experience in acquiring banks in the region, leveraging this knowledge for future endeavors. A key strength of Equity Bank Rwanda Plc is its focus on learning from past experiences.

The Bank takes keen interest in keeping its historical records to generate referential archives, aid research and support evidence-based decision making. This partly explains why Equity has the biggest number of case studies, including at Universities of international repute such as Harvard and Stanford.

Customer Empathy

The Board has always been and will continue being explicit in giving advice to the executive and management to fully understand and appreciate the good and bad economic situations of our esteemed customers, and make it part of the Bank's DNA to address customer's concerns in the most dignified ways possible, serving them with empathy, enriching their experiences with us, and building long-term relationships that translate into unwavering loyalty, drawing them into Equity Family members and stakeholders.

Even in the midst of different economic storms, such as inflation and high cost of hard currencies that might be hindering customers' performance, Equity Bank Rwanda Plc staff have always been advised not to lose the human face, but to support the clients until they get back to their feet. That is a noble culture that we shall always uphold.

Bringing SMEs to Fore

The acquisition of Cogebanque came with new energy. Cogebanque was very strong in working with SMEs in rural areas, which gives Equity Bank Rwanda Plc Management big latitude to strategically leverage such acquired strength into business vibrancy and give SMEs more vitality.

How well we realign our strategy around that will define how good we shall satiate our appetite of building competitive Small and Medium Enterprises (MSMEs) in Rwanda.

Boosting Agriculture

Equity Bank Rwanda Plc, as well, is committed to supporting Rwanda's agriculture sector as per pillar 1 of the ARRP. The COVID-19 experience tells us that a nation should be food self-sufficient.

So, the Bank management has been tasked with developing very competitive and practical strategies and packages around agriculture, clearly indicating how our performance in the sector has been over the years, where we want to be, both in the short and long run, how we shall get there, demonstrating the present and prospective partnerships with other stakeholders to give agriculture its deserving boost and growth.

Prioritizing Analytics and Sector-specific Service Enhancement

In terms of products, services, and ambitions, we prioritized broader issues, aiming to serve sectors efficiently and effectively by identifying gaps. Regarding IT, we have experienced personnel focusing on enhancing analytics. Real-time analytics are crucial for understanding customer needs and improving service. Investment in Artificial Intelligence (AI) and similar technologies is essential for achieving this.

We emphasized understanding the clients' needs to enhance service delivery, as analytics are indispensable for addressing various issues. New technologies like AI will play a significant role in improving operations across industries. We seek nuanced visibility into issues, avoiding a generalized approach, particularly when analyzing MSMEs Understanding of businesses and their impacts requires advanced tools. Management is considering strategies to achieve this level of insight, including the addition of new board members as was done in year 2023.

REFLECTIONS OF THE CHAIRMAN

Efficiency

Equity Bank Rwanda Plc is very ambitious. We are more committed than ever before to supporting Rwanda's economy and our clients for who we shall continue developing very competitive products and enrich their experience while making business with us. Efficiency and delivering value to the shareholders will continue occupying a high table position on our performance agenda.

And on this I am delighted to announce that our 'Rwanda Board' was rated the best at the Equity Bank Group level. This is very encouraging and confirms to us we are doing the right things and therefore give us even more confidence.

Thank You

Equity Bank Group deserves immense appreciation for their unwavering support, timely guidance, and consistent presence. Special gratitude to our Group Chairman, Mr. Isaac Macharia for his regular engagement. Kudos to our Group CEO, Dr. James Mwangi, and our Managing Director, Hannington Namara, for their exceptional leadership. Their dedication delivers utmost efficiency, and resolves issues promptly. We extend our thanks to regulators, committed board members, the entire Equity Bank Rwanda Plc staff who particulary worked very hard to see the merger go through succesfull and who welcomed the Cogebanque staff to Equity Bank Rwanda Plc Family and our loyal clients, whose trust and support are invaluable. Stakeholders, including government bodies like Rwanda Development Board (RDB) and Central Bank, have facilitated our growth and merger process, enhancing our success.

Col. (Rtd). Eugene Haguma

Chairman

From left to right: Equity Group Executive Director, Mary Wamae and Minister of State in Charge of National Treasury, Richard Tushabe during the completion of the acquisition of COGEBANQUE in Kigali, Rwanda.

REFLECTIONS OF THE MANAGING DIRECTOR

AS THE GLOBAL ECONOMY BEGINS TO REOPEN, WE BELIEVE THAT INCREASING INVESTMENT WILL LEAD TO THE CREATION OF JOBS, AND THE FULLER RECOVERY OF ECONOMIC ACTIVITY.

Hannington Namara,Managing Director, Equity Bank Rwanda Plc

REFLECTIONS OF THE MANAGING DIRECTOR

The year which we are reviewing in this report was one in which we understood that we would need to maintain our focus on what we had created during the first difficult year of the COVID-19 pandemic.

Moreover, while doing so, we understood that we would need to move strategically with developments as recovery gradually began to make itself felt, while at the same time exploring opportunities for growth.

Global perspective

The year 2023 witnessed much world economic recovery from the ravaging ripple effects of the COVID-19 pandemic, which saw a thrust in supply chains, consolidation of businesses, and stability in governments' fiscal and social lattices. It was a year of regaining lost ground. However, the Ukraine-Russia conflict disrupted this progress, further destabilizing already fragile economic systems, especially supply chains reliant on Ukrainian and Russian resources like wheat, maize, and energy.

The pandemic had already triggered inflation, increased business costs, and goods scarcity, while interest rates soared. U.S. sanctions on Russia exacerbated supply chain gaps, weakening economies further. For Africa, this post-COVID period was a chance to enhance self-sufficiency, but many countries, including Rwanda, still heavily depend on imports from China and the Middle East.

Resilient Rwanda

Year 2023 saw the external environment very volatile. In addition to the global shocks, at regional level things equally took a different turn. DRC became a warzone, yet it was a strong partner, which affected several businesses. However, Rwanda stood the taste of times.

Rwanda's economy, driven by MICE and having sustained shocks from the past three years, the 2023 brought a beacon of hope. God had it on our side the harvest of agriculture season one A was encouraging, and the effects of imported food inflation became neutralized.

Globally, inflation was high, and the Rwandan Franc depreciated by 18%, causing inflation to reach 6.4% at end of December 2023. Interest rates surged, and businesses with external loans struggled with rising exchange rates. Despite these challenges, Rwanda's economy showed resilience, with significant government efforts to manage inflation, exchange,

(L-R) Musoni Celestin, Chief Financial Officer, Sanlam Vie Plc, Hannington Namara, Equity Bank Rwanda Managing Director, Mary Wangari Wamae, Group Executive Director of Equity Group Holdings Plc, Hon Richard Tushabe, Minister of State in charge of National Treasury, Guillaume Habarugira, CEO, COGEBANQUE Plc and Philippe Watrin, Chief Investment Officer, Rwanda Social Security Board during the completion of the acquisition of COGEBANQUE in Kigali, Rwanda. Equity Group now holds 198,250 shares representing 99.1250% of the issued share capital of COGEBANQUE, following receipt of all regulatory and corporate approvals, officially making COGEBANQUE its subsidiary.

REFLECTIONS OF THE MANAGING DIRECTOR

and interest rates, helping the country withstand economic distress.

Implementing the Africa Resilience Plan (ARP)

Before 2023, we began drafting the Africa Resilience Plan (ARP), a 10-year strategy aimed at bolstering African economies, particularly in light of the lessons learned from COVID-19. Apart from pharmaceuticals and agriculture, most sectors suffered severe setbacks, with surviving entities embracing technology.

Many sectors reliant on physical sales shut down, and when they reopened, they did so at a slower pace with a diminished scale because they had lost much of their value. Some regional hotels closed, seeking bailouts upon reopening.

Fortunately, hotels in Rwanda that had partnered with Equity Bank Rwanda Plc, secured a three-year extended period in loan reimbursement which helped to avoid defaulting and other debt recovery interventions such as auctioning. This ushered us into strategically focusing on resilient sectors to minimize vulnerability of future shocks, emphasizing technology, agriculture, and manufacturing to reduce reliance on imports.

Despite our ambitious vision, the balance sheet, then, limited our impact. Therefore, we prioritized building partnerships and expanding our reach to accelerate growth. As a bank, we facilitated financing, bridging demand and supply, operating with dual engines of commercial and sustainability to drive development.

Seamless Cogebanque Plc acquisition

The Cogebanque Plc acquisition by Equity Bank Rwanda Plc brought about four structural secondary mergers: Merger of systems; Merger of structures for people in the organization; Merger of processes and merger of the business model. In each one of those, there was a lot of work to integrate that needed deliberate and delicate action. We gave ourselves a calendar of three months to have finished what we call front-facing and the IT integration because that impacted the customers directly, a process that was completed by 31st March 2024.

We had a second phase of the integration activities that we call BAU (Business As Usual), which involves performance and change clarity; understanding which branches to close and which ones to merge, under repurposing of jobs or branch rationalization. We have given ourselves, end of June 2024, to have completed doing all that.

Equity Bank Rwanda staff perform at the staff event organised after the acquisition of Cogebanque Plc.

REFLECTIONS OF THE MANAGING DIRECTOR

As of now the acquisition and integration of Cogebanque Plc and the Equity Bank Rwanda plc, I would say, is over 95% complete.

Our Thinking Was Right

The aim of acquiring Cogebanque plc and merging it to become one operation is to achieve scale and synergies. And scale, I would say we have achieved. We have 48 running branches countrywide. 95% of our transactions are done digitally where clients don't have to go to the branch. With a smartphone, Equity Bank Rwanda Plc customers can do transactions, pay, be paid, and borrow, all online at the comfort of their homes or offices.

The focus now is on building digital products for each one of our current and potential customers in Rwanda, with needs ranging from purchasing agro-inputs, saving schemes, strengthening operational efficiency, among others.

So, the trajectory is good even if it is early days. It is only four months after the merger but the growth in the number of customers, demand for credit, the increase in the deposits are all evidence that our thinking was right.

Digital promotion and AI prospects

The future of any business in this century is digital. For a bank of our type, we have mainstreamed and embraced technology, not just for our own use, internally, we have digitized all processes. We removed manual interventions so that we can guarantee efficient customer service, time and cost.

We have a program called Pay with Equity that has all the propositions and all of them are digitized. We still have a job to do to educate customers to embrace digital programs, digital products, digital ways of doing things.

Utilization of Artificial Intelligence (AI), we realized it requires a lot of work, including investing in blockchain technologies subject to regulatory approvals and we are outrightly going to do so. The technology is an enabler. If you perceive it as a product for which you are investing X and you get Y, you get disappointed.

The technology itself is a sunk cost but it is an enabler. Without it, even all these things that are profitable would not be there.

Future Plans

Our Africa Resilience and Recovery Plan targets over 5 million customers by 2030, aiming for 2 million by year-end, including 35,000 Micro, Samll and Medium enterprises . Micro-SMEs are vital job creators and that we want to multiply by five times. Nationally, our impact is measured by private sector credit, business volume, and economic injection, targeting Rwf 600 billion in loans by year-end, up from Rwf400 billion.

It will give us much satisfaction if the Bank creates more jobs directly and indirectly through our customers. To give you an idea, we are only 13 years old here in Rwanda. So, from Staff 1 to Staff 800 it has taken us 13 years. Our staff capacity has grown from 500 to 800 since last year with roles diversified, from cashiers, sales personnel, agents and merchants.

We Thank You

The acquisition tested our management's ability to maintain business as usual while integrating the new acquisition, which were both formidable tasks.

REFLECTIONS OF THE MANAGING DIRECTOR

Thanks to the support of our governance and board of directors, what seemed daunting initially was successfully accomplished. Last year was a remarkable journey amidst the usual business challenges, marked by the smooth acquisition and integration, showcasing exceptional management capability.

Collaboration from our team, supportive board, and accommodating regulators ensured a seamless process. Looking ahead, our eagerness for growth persists, with gratitude to stakeholders for their trust. Equity Bank Rwanda Plc and Cogebanque teams are commended for their collaboration during tough times, as we remain dedicated to delivering value.

Special thanks to regulators, the Rwandan government, and policymakers for fostering a conducive business environment crucial for our success, highlighting the importance of good governance and stability.

Hannington Namara
Managing Director

Hannington Namara, Managing Director of Equity Bank Rwanda Plc, addresses attendees after a tree planting ceremony in Bugesera district where over 3,000 trees were planted.

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

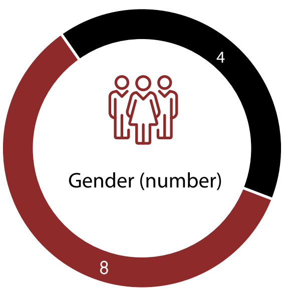
Arlette Rwakazina
Non-Executive Director

Jean Claude Nkulikiyimfura
Non-Executive Director

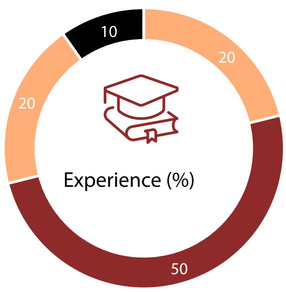
Mr Emmanuel Muragijimana
Non-Executive Director

Mrs. Mary Wamae
Non-Executive Director

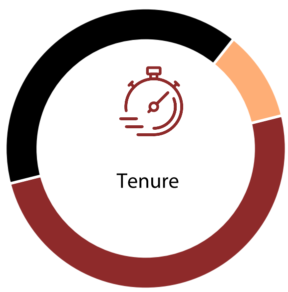
Lydia N Ndirangu
Company Secretary



●Female ●Male



● Law ● Business Administration
● Strategy ● Technology



● 1–2 years ● 5–6 years
● 3–4 years ● 7+ years

BOARD OF DIRECTORS

Name	Executive/ Non-Executive	Skills	Qualifications	Gender	Year of appointment	Nationality
Col. (Rtd) Eugene Haguma Murashi	Independent	• Strategic Leadership • Financial Management • Business development • Public sector management • Consultancy	• MSc in Financial Management (University of London) • B. Com (Marketing) (Makerere University-Kampala) • Chartered Financial Analyst (CFA) charter holder. • Certified Sustainable Investment Professional (John Molson Business School Concordia University, Canada)	Male	2021	Rwandan
Dr. Patrick Uwizeye	Independent	• Accounting and Finance • Risk Management • Leadership • Business management	• Doctor of Business Administration (DBA) (Heriot-Watt University, UK) • Master of Science (MSc) in Strategic Planning (Heriot-Watt University, UK) • MBA in Financial Management (University of Hull, UK) • Masters in communications management (MCM) (Coventry University, UK) • Certified Public Accountant (CPA) • Certified Member of the Institute of Risk Management CMIRM), UK • Associate Member of Kenya Institute of Management	Male	2016	Rwandan
Mary Wamae	Executive Director Non-Independent	• Legal, • Company secretarial • Strategic planning • Leadership • Business development	• Masters in Leading Innovation and Change (York St. John University) • LLB (University of Nairobi) • Diploma in Law (Kenya School of Law) • Graduate of the Advanced Management Programme (Strathmore – IESE Business School, Barcelona, Spain) • Advanced Management Programme (Harvard Business School) • Post-graduate Diploma in Gender and Development	Female	2017	Kenyan
Hannington Namara	Executive Director Non-Independent	• Strategic Leadership • Business development • Banking and Finance, Management and Communications • Public sector management	• Degree in Business Administration (Finance option). Makerere University Business School. • Graduate of the Advanced Management Programme (Strathmore – IESE Business • Fellow of the Africa Leadership Initiative-East Africa • Member of the Aspen Global Leadership Network	Male	2018	Rwandan
Camille Karamaga	Independent	• Leadership • Economic development • Public financial management	• Master's degree in business administration (MBA). Maastricht School of Management (MsM of The Netherlands) • B Com (Makerere University) • Post Graduate Diploma in Tax Administration (the Institute of Finance Management in Dar es Salaam)	Male	2022	Rwandan

BOARD OF DIRECTORS

Name	Executive/ Non-Executive	Skills	Qualifications	Gender	Year of appointment	Nationality
Amb. George William Kayonga	Independent	• Accounting and Finance • Leadership • Business management • Public service • Trade and Development Consultant • Strategic Leadership	• Master's degree in diplomacy and international studies • Bachelor of Commerce Degree-Finance (Makerere University Business School)	Male	2020	Rwandan
Jean Claude Nkulikiyimfura	Independent	• Leadership • Communication • International Relations	• Journalism and Mass Communication from the University of Central Arkansas. • Master's degree in International Relations.	Male	2023	Rwandan
Belinda Bwiza	Independent	• Financial Management • Accounting • Business management • Business strategy	• MBA and a Chartered Professional Accountant Designation (Wilfrid Laurier University, Toronto, Ontario) • Bachelor of Business Administration, Finance (Brock University, St. Catharines, Ontario)	Female	2021	Rwandan
Arlette Rwakazina	Independent	• Business strategy • Project planning • Cyber Security • Leadership	• Master's of Science in Communications, Control and Digital Signal Processing from University of Strathclyde, United Kingdom, • Bachelor of Science Degree in Electromechanical Engineering from Kigali Institute of Science and Technology, • Certified Digital Finance Practitioner from the Digital Frontier Institute in collaboration with Tufts University.	Female	2023	Rwandan
Emmanuel Muragijimana	Independent	• Business strategy • Project planning • Legal • Leadership	• Bachelor's degree in law from the National University of Rwanda • Master's degree in business law from the National University of Rwanda	Male	2023	Rwandan
Andrew Rugege	Independent	• Business strategy • Project planning • Risk management • Strategic enterprise-wide projects • Leadership	• Master of Science Degree in Computer Information Systems and Business Administration from Marist College, Poughkeepsie, New York • Master of Science in Electrical Engineering from University of Aberdeen in Scotland, UK. • Bachelor of Science degree in Engineering Science from Aberdeen University in Scotland, UK.	Male	2022	Rwandan
Lydia Ndirangu	Company Secretary	• Corporate governance regulatory and compliance • Tax • Accounting • Investment • Analysis • Business relationship management	• Master of Laws (LLM) – Public Finance (University of Nairobi). • Postgraduate Diploma (Law), (Kenya School of Law). • Bachelor of Laws (LLB) (University of Nairobi) • CPA, CS, CISA	Female	2021	Kenyan

EXECUTIVE MANAGEMENT

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

Mugisha Shema Xavier
Director of Commercial

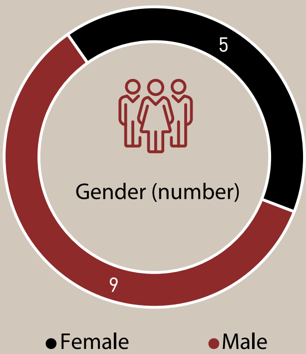
Alice Kirezi
Head of Strategy, Investment and Social Impact

Jean Paul Ngabonziza
Head of Internal Audit

Carole Karema Jeni
Head of IT and Business Transformation

Jean Damascene Mutabazi
Head of Credit Risk

Slyvio Habineza
Head of Compliance



EXECUTIVE MANAGEMENT

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. 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.
Mugisha Shema Xavier	Director of Commercial	Mugisha Shema Xavier is a seasoned banker with over 16 years' experience in banking having served in various positions including several managerial and executive roles in local and regional financial institutions. Shema currently works as a Commercial Director in Equity Bank Rwanda Plc. His overall responsibility is to lead the development, communication, and execution of a fit-for-purpose business development strategy that ensures customer needs are profitably met through appropriately priced solutions underpinned by effective sales, relationship management, risk assessment and control, operational efficiency, and channel optimization. He has previously held positions such as Chief Business Officer, Country Head of Retail banking, and Head of SME banking at BPR Plc, Relationship Manager in I&M bank Rwanda plc among other responsibilities. Shema's capabilities and capacities have been key for the financial institutions in which he has worked especially in aspects such as developing business strategies, digital transformation, channel optimization, developing relationship with customers, negotiation, Balance Scorecard development for staff productivity management, structuring and monitoring of credit facilities. He holds a Master's degree in Business Administration from Jomo Kenyatta university. He also has undergone and holds qualifications from numerous trainings in banking such as trade finance with Citi Bank and Credit Risk assessment with European Investment Bank (EIB) among others.

EXECUTIVE MANAGEMENT

Name	Executive/Non- Executive	Profile
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. 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, eight (9) of which are in senior management.
Jean Nepomuscene Bizimungu	Head of Risk	Bizimungu Jean Nepomuscene holds a bachelor's degree in Monetary economics from Former National University of Rwanda and he 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 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. 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, additionally, worked for Ecobank as Head of HR for a year from November 2021. Throughout her career in the banking sector, she gained immense experience in HR Strategic Management.

EXECUTIVE MANAGEMENT

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. 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. 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 had achieved automation of different business processes, allowing companies to focus on their core businesses and concentrate on turning companies into profitable business. She has 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. 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. She also serves in different Boards as a Non-Executive Director.
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 is 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. 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. 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 the Board of FAWE Rwanda as the Chairperson Audit Committee and she is also a Board Member and a trainer at African Training Centre (ATI) South Africa.

EXECUTIVE MANAGEMENT

Name	Executive/Non- Executive	Profile
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. 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.
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. 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 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. 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).

Dr. James Mwangi, MD & CEO of Equity Group (second from the left), accompanied by Evelyn Rutagwenda (third from the left), Non-Executive Director on the Board of Equity Tanzania, joins Equity Bank Rwanda Plc staff during a staff event in Kigali.

OPERATING CONTEXT[1]

Our material issues

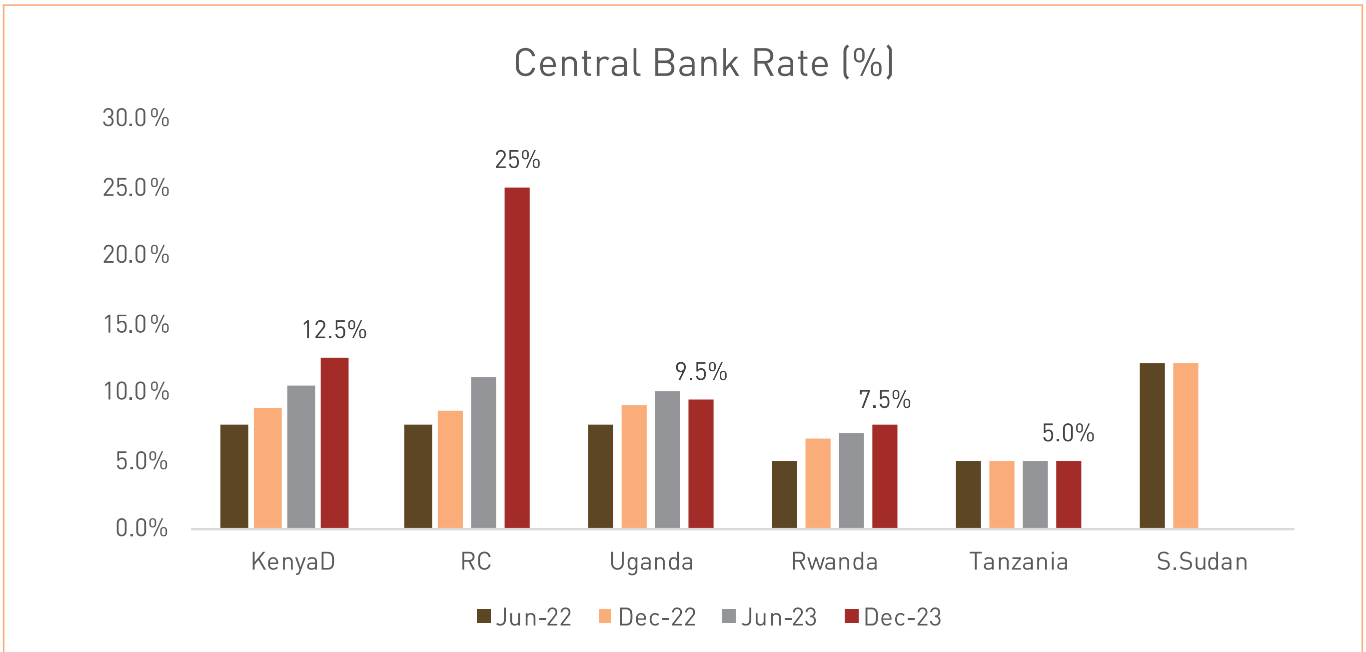
In 2023, the global economy continued to recover and adjust from the shocks created by the COVID-19 pandemic, albeit slowly. Global growth was estimated at 3.1% with economies grappling with the pandemics aftermath, while concurrently facing new challenges such as geo-political tensions in Ukraine and the Middle East, effects of monetary tightening, increased impacts of climate variability, weak economic performance and trade tensions between major economies. On the positive side, the pandemic-forged era of digital transformation continued to thrive with a revamped digital economy increasing opportunities in e-commerce, remote work, and digital payment systems. These opportunities are however measured against having to address new challenges in areas of cybersecurity and digital taxation.

The continued pressures created by inflationary forces forced regulators to continue with monetary interventions. The US Federal Reserve commenced interest rate hikes in March 2022, the first increase since 2018, saw a rise in rates closing 2023 after ten rate hikes at 5.25 - 5.50%. Regulators in the countries we operate in maintained a similar trend of rate hikes to contain inflation, safeguard livelihoods and protect their economies from recession.

Climate change featured prominently in the global dialogue underpinned by increased severity and frequency of climate disasters. Consideration of the green economy is gradually becoming a key driver of economic growth, with renewable energy, sustainable agriculture, and green technology taking centre stage. Financial institutions and businesses are increasingly incorporating environmental, social, and governance (ESG) factors into their investing and operational considerations, signifying a major shift in global economic paradigms.

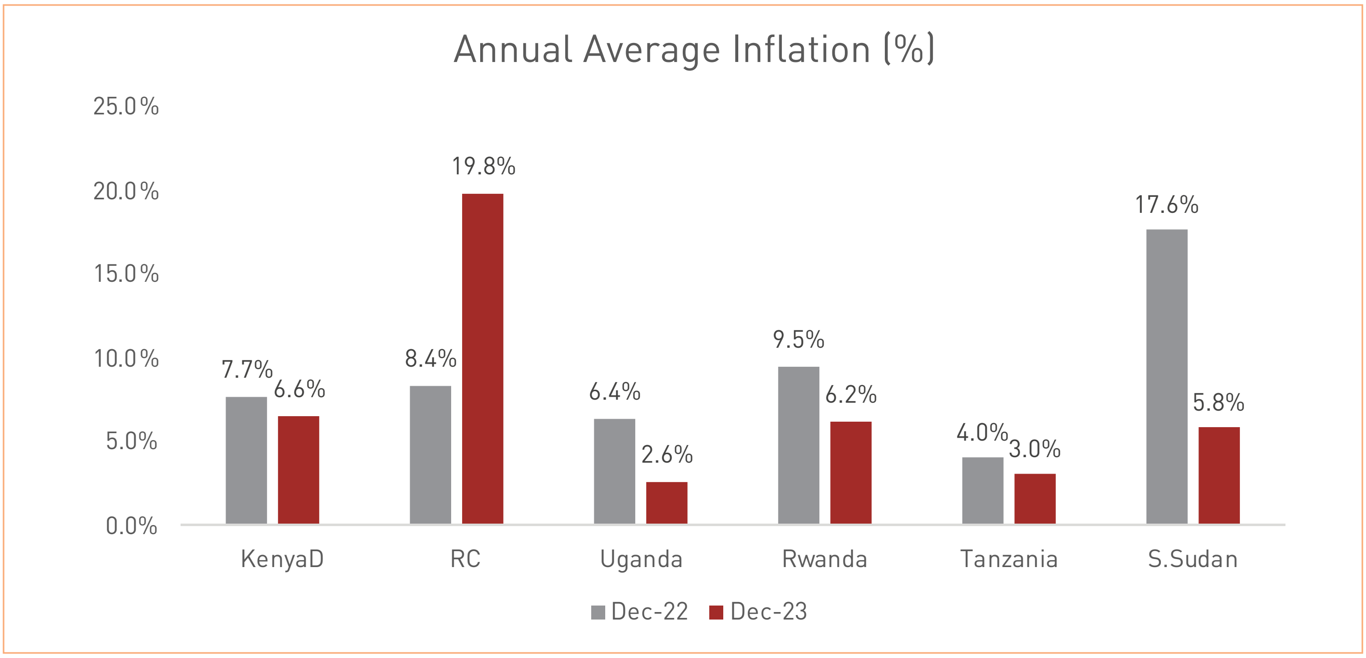
In the year, international trade continued to be reshaped following a rethink of global supply chains created by constraints due to production concentration in specific countries and regions. Countries are leaning towards regionalisation and near-shoring, in a bid to build resilient and diversify supply chains. The shift from globalisation to 'slowbalisation' represents a fundamental restructuring of the global economy.

Global economic growth is projected to be 3.1% in 2024 and 3.2% in 2025, according to the International Monetary Fund with growth in leading economies expected to improve with most economic uplift coming from several large emerging markets and developing economies.



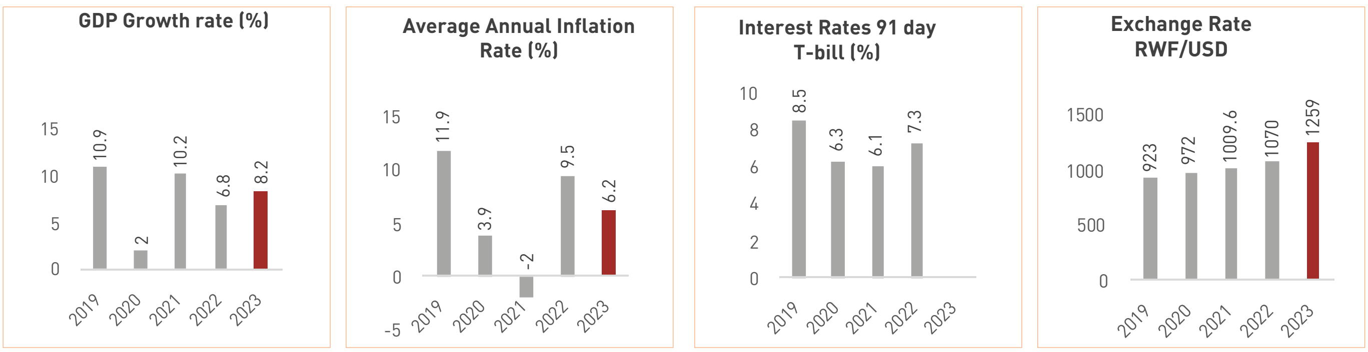
1.Information and data used in the operating context has been sourced from publications by the World Bank, International Monetary Fund, African Development Bank and Trading Economics.

OPERATING CONTEXT



Rwanda Context

Rwanda's economy showcased robust growth in 2022 and 2023 with GDP expanding at an impressive rate of 8.2% and 6.2% respectively. Tourism experienced a resurgence, with a growth rate of 10%, anchored on Rwanda's reputation as a premier destination for conferencing, eco-tourism and wildlife conservation. Manufacturing also experienced growth with increased production in textiles, food processing and construction material while farming modernisation and improved access to markets paid dividend by enabling agricultural sector growth at 6%. The current account deficit widened due to trade deficits and a decline in secondary income, despite a strong tourism sector and remittance inflows. Consequently, the depreciation of the Rwandan franc and a reduction in foreign reserves ensued. The Rwandan Franc experienced marked exchange rate fluctuations against major currencies. At the beginning of the year, the exchange rate was approximately 1068 RWF to the dollar and closed the year at 1259 RWF to the dollar, an18% depreciation. Overall, inflation closed the year within the Central Bank's range of 2%-8% at 6.2%. The economy is projected to grow at 6.6% in 2024.



UNPACKING
OUR VALUE CREATION STRATEGY

OUR 2030 STRATEGY

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 Plan	The Pillars
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	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	• Pillar 1a: Agriculture • Pillar 1b: Extractives • Pillar 2: Manufacturing & Logistics • Pillar 3: Trade and Investment • Pillar 4: MSMEs • Pillar 5: Social transformation and the environment • Pillar 6: Technology-enabled ecosystems

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.

Equity Bank Rwanda's Managing Director, Hannington Namara (center), poses with executive and branch members during the graduation ceremony of scholars from the Equity Leaders Program.

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. • 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. • 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. • 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. • 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. • 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 • 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.

OUR 2030 STRATEGY

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:

1. Non-funded income growth
2. Treasury efficiency
3. Geographical expansion and business diversity
4. Balance sheet efficiency, optimisation and agility
5. Business transformation – innovation and digitisation
6. Asset quality, distribution and risk mitigation
7. Efficiency and cost optimisation
8. Emerging business lines
9. Impact investment and social brand development

Equity Bank Rwanda MD, Hannington Namara delivers his remarks during the Equity Women Forum that brought together women from different sectors to discuss opportunities under Equity women banking.

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: How these issues affect the accessibility, availability, and affordability of our capitals. Legitimate stakeholder feedback 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.

The Equity Bank Rwanda, Managing Director (middle center) is joined by customers and staff in a cake cutting ceremony during an event held to celebrate the merger and unveiling of the former Cogebanque branches to the Equity brand.

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 2023	Our Response
Shareholders and investors	• Board capacity to respond to an evolving landscape and new dynamics created by geographic expansion. • What does the Equity Bank Rwanda Plc and Cogebank merger signify for the Bank? • Is there sound capital allocation to deliver on the Bank strategy • How do you maintain sustainable growth • How do you intend to ensure payment of dividends • What is the impact of rising interest rates on borrowers including linkages to increases in Non-Performing Loans (NPLs) • 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 • 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 • The Bank has committed USD 6 billion to ARRP and is actively pursuing partners and funders to support the Plan. • 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. • The bank proactively engaged and supported customers impacted by cost of credit increases • The bank has maintained adequate provisions and high coverage ratios to cater for NPLs well beyond statutory requirements • 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 • 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 2023	Our Response
Our Customers	• There is an increased concern about the management and use of personal data by the Bank • System downtime and technology related issues need to be addressed to enhance customer service provision • How do we protect the customer from interest rate increases • How do you increase the speed at which you achieve resolution of issues raised • How do you improve the turnaround time for loan requests • How do you protect funds in the context of increasing levels of fraud • How can you better promote wealth and lifestyle protection • How can you support business growth • 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 • 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 • The bank is supporting customers who are impacted by interest rate increases through various mechanisms including changing repayment terms. • 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 • 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 • We are using technology to deter fraud and safeguard customer accounts in addition to several other fraud prevention mechanisms • We provide ongoing communication to customers to prevent them from being victims of social engineering related activities • We engage and educate customers during the onboarding process • We continuing to provide customer trainings and skills enhancements to better manage their financial resources and businesses • We continue to enhance our offerings especially in payments, investment, and insurance • We run trade missions for customers further offering them platforms to engage with other businesses in the region and globally • 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. • There is a focus on creating green financial products for our customers to allow them to walk a sustainability journey with us • There is a focus on using business meetings to disseminate information to customers

MATERIAL MATTERS

Stakeholder	Stakeholder concerns raised in 2023	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. • 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 • We are adjusting to returning to work in the office and need a better understanding on whether working from home remains an option • We need to have a better understanding of the ARRP and what is required to deliver on it • We need to be upskilled on the changing operational structure and the new products being launched • 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 • We communicated advantages of the new medical cover and provider including cost benefits and access to higher quality care. • 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. • The bank is utilising the induction process to sensitise employees on our strategy and approach to business and community sustainability. • Ongoing articulation of our strategic intent takes place across the organisation • 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. • 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. • We engage with employee during performance appraisals to ensure a fill understanding of operational changes. • We make use of publications and the intranet to disseminate information. • The bank is also making use of learning platforms to upskill individuals and teams. • The bank regularly communicates ways to contribute and participate in Equity Group Foundation (EGF) activities. • We focus on building the required skills set to ensure we education our customers on the need for E&S screening. • The bank has also rolled out a specialised ESG training programme. • A continuous training and development programme is focused on women, especially in management.

MATERIAL MATTERS

Stakeholder	Stakeholder concerns raised in 2023	Our Response
Society and communities	• Please share information and opportunities to participate in EGF activities • 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 • We have a clear mechanism for identifying participants to our projects • We make use of customer testimonials to demonstrate our contribution to society • 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 • How are you approaching collaboration to enhance levels of financial inclusion • 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 • We regularly and consistently engage with regulators on issues of interest to them • We provide thought leadership to the regulator to enhance broader sector performance • We have signed partnerships with the United Nations to accelerate regional governments contributions to achieving the goals set under the SDGs • 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

Women participating in various programs run by Equity Bank Rwanda Plc share their stories during a panel discussion at the Equity Women Forum.

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 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 • Through reporting • Through AGM • Investor Roadshows • Regular investor briefings • Investor calls.	Quarterly
Our customers 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 • Marketing and campaigns • Through Branch Employees • Through agents • Internet • Social Media • Outreach campaigns by the foundation • During the onboarding process • Relationship management.	Monthly
Our employees 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 • Conventions • Performance appraisals • Publications • Intranet • One on One engagements • Content posts • Learning platforms • Recurring education.	Monthly
Society and communities 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 • Newsletters • Face to face meetings in the branch • Social media • Regular meetings customer dinners and lunches • Various publications. • Outreach campaigns by the foundation.	Monthly
Regulators and policymakers 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 • Through reporting • 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 2023 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, debtholders, 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.

Dr. James Mwangi, MD & CEO of Equity Group (left), shares a moment with Hannington Namara, Managing Director of Equity Bank Rwanda Plc during the Equity Leadership Program (ELP) event in Kigali.

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 2023

During 2023 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.

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 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 is 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. 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. The Bank ESG & Climate Risk Framework and associated policies were approved by the Board during 2023 and a Head of credit risk was appointed as First Line of Defense on Sustainability to:

RISK STATEMENT

- 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. Significant 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.

7. 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.

Residents of Bugesera district and Equity Bank Rwanda staff celebrate after a tree planting activity.

DEEPENING VALUE CREATION
THROUGH OUR STRATEGY

FINANCIAL REVIEW

Deposits (Rwf) **780,931bn** 2022: 667,697bn	**Loans (Rwf)** **430,460bn** 2022: 381,592bn	**Total revenue (Rwf)** **128,112bn** 2022: 111,555bn	**Profit Before Tax (Rwf)** **52,010bn** 2022: 48,024bn
Profit After Tax (Rwf) **36,406bn** 2022: 33.276bn	**EPS (Rwf)** **1.6** 2022: 0.9	**Total Assets (Rwf)** **1,028bn** 2022: 867,821bn	**Revenue Growth** **15%** 2022: 40%
Return on Equity **29%** 2022: 30.7%	**NPL Coverage** **98%** 2022: 92%	**NPL** **4.6%** 2022: 6.7%	**Cost of funds (Rwf)** **3.3%** 2022: 2.6%
Shareholders' Funds **136bn** 2022: 111bn	**Cost income ratio** (Without loan loss provisions) **47.4%** 2022: 33.5%	**Core capital/TRWA** **17.130%** 2022: 20.05%	**Total Capital/TRWA** **18.38%** 2022: 21.10%

Overview

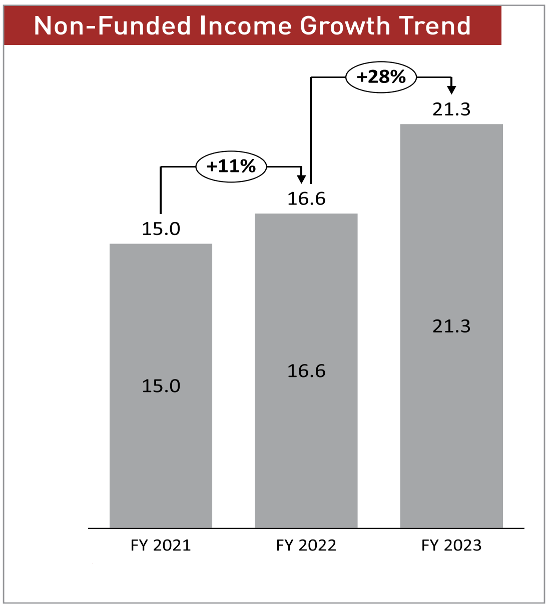
The Bank continues to perform strongly despite headwinds occasioned by a macro-economic environment consisting of high inflation, increased interest rates and local currency depreciation, which have impacted heavily on customers. The Bank's Profit Before Tax (PBT) at Rwf 52,010bn (2022:5 48,024bn) showcased continued resilience. Customer deposits increased to Rwf 780,931bn from Rwf 667,697bn in 2022, while loans issued stood at Rwf 430,460bn (2022:Rwf 381,592bn)

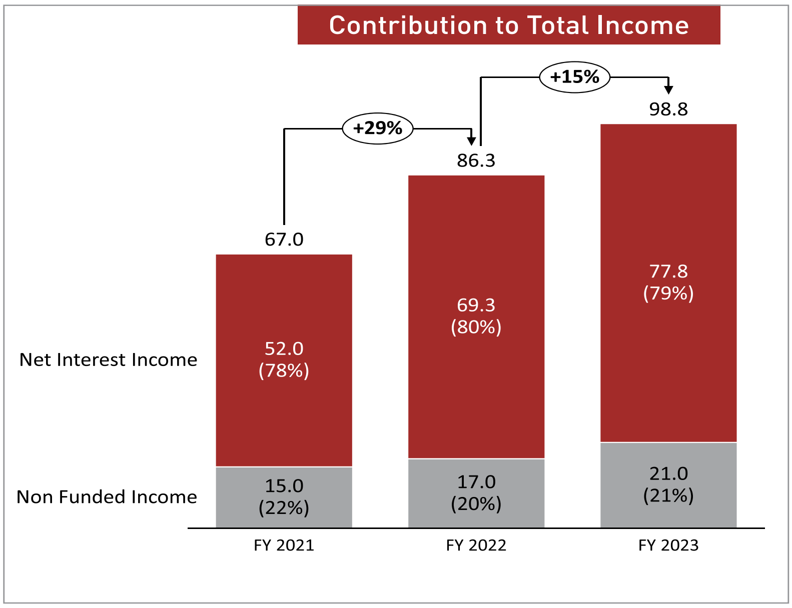
The Bank's financial capital sources, include shareholder funds and revenue reserves. As of 2023, financial capital consisted of paid up and assigned capital (Rwf 23.3 billion), share premium (Rwf 18.4 billion), retained earnings (Rwf 101 billion). The Bank is committed to raising funds from a variety 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

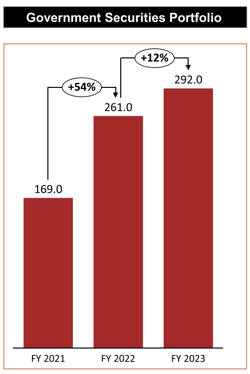


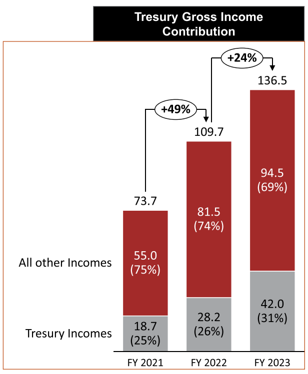


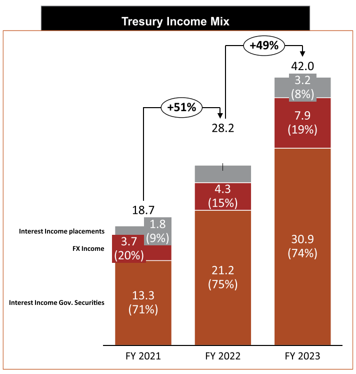
Overview

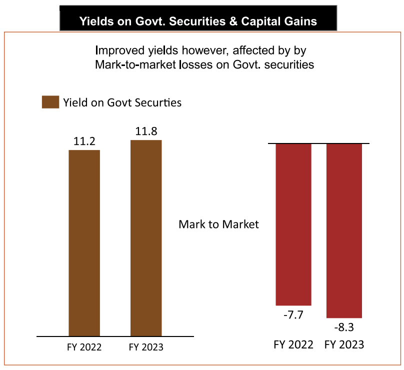
Non-funded income grew by 28% from RWF 16.6bn for the year 2022 to RWF 21.3bn for the year 2023. These fees include SWIFT income, Trade finance, mobile banking fees, bank transaction fees and bancassurance. For the year 2023, Non-funded income contribution to total income was 17%.

Focus Area 2: Treasury operations









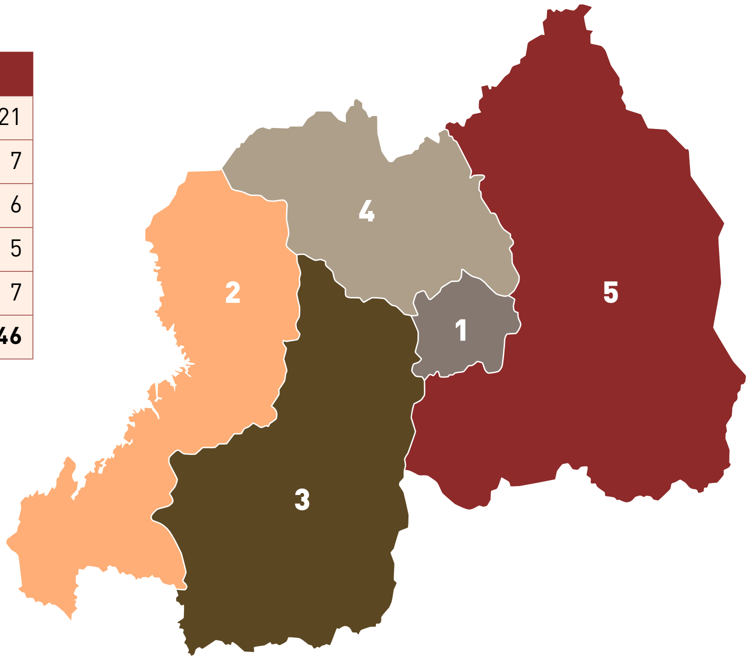
Treasury operations enable the placement of excess liquidity in investment products thus earning income for the Bank. This has primarily been through interest income derived from trading in government securities.

FINANCIAL REVIEW

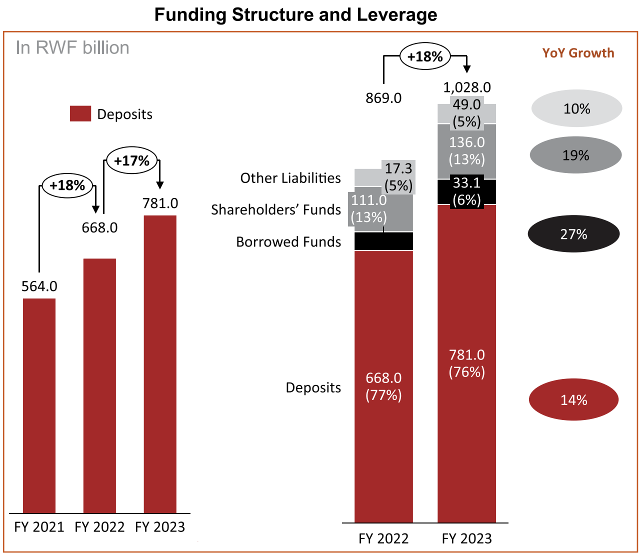
Focus Area 3: Geographic Expansion and Business Diversification

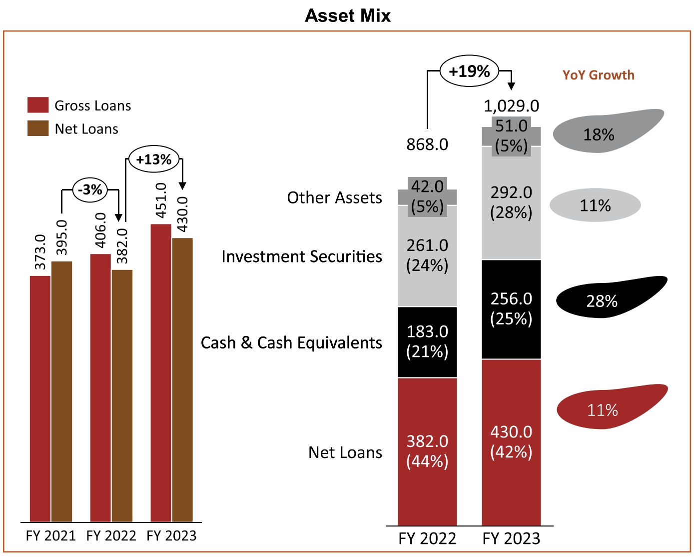
The bank continued to expand using physical and digital tools. During the year 2023, The bank opened its 2 branches in Nyamata- Eastern province and Gicumbi in North province This was supported by additional 6007 agents distributed across the country.

Branch distribution Per Rwanda Provinces	
1. Kigali	21
2. Western	7
3. Southern	6
4. Northern	5
5. Eastern	7
Total	**46**



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





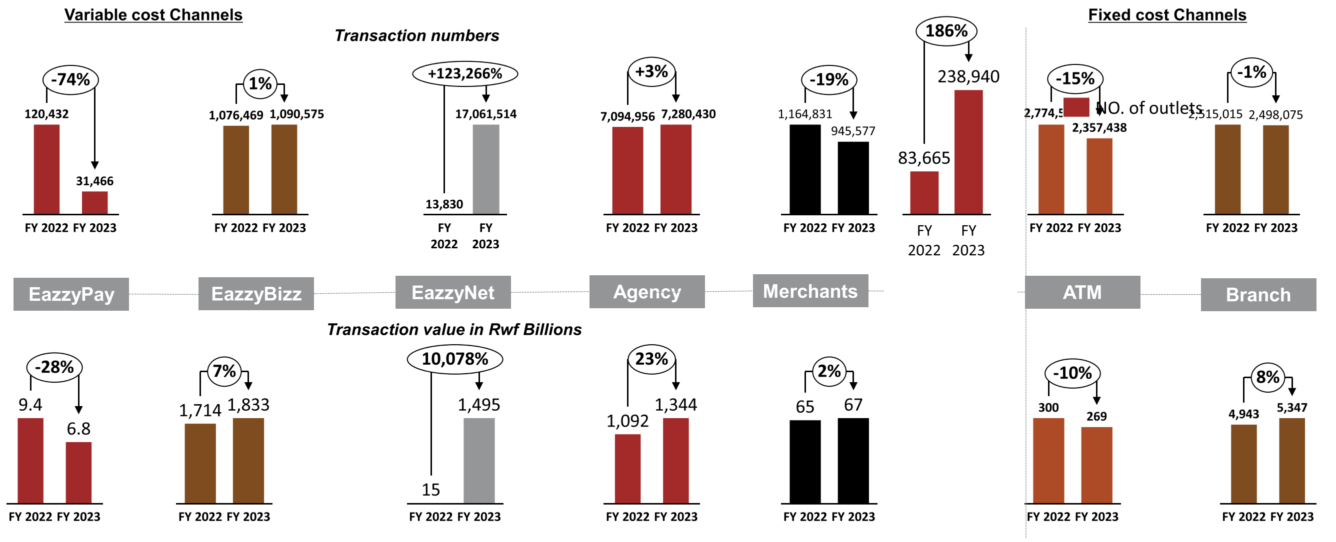
Our balance sheet remains agile, enabling us to invest excess liquidity as opportunities arise. During the year we allocated to government securities Frw 292 billion. Our liquidity coverage ratios averaged 209%.

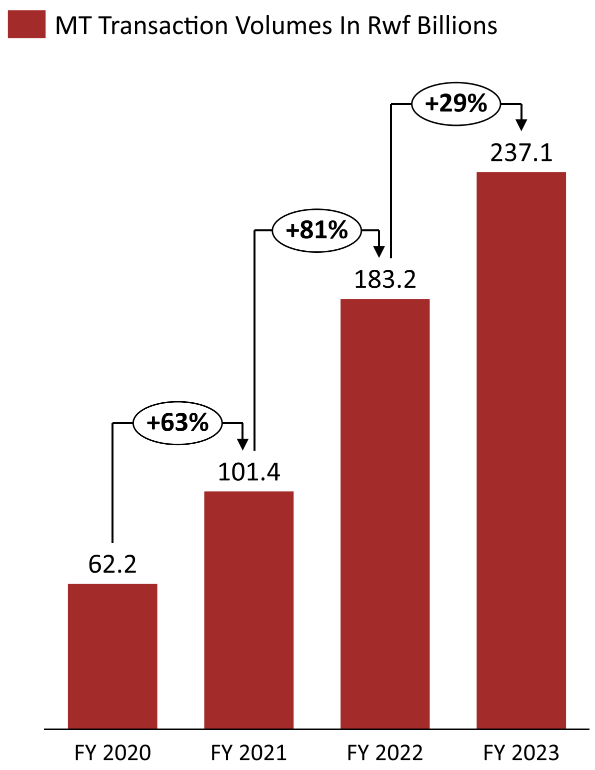
The Bank will therefore focus on growing the loan book as liquidity moves from defensive purposes to a more assertive stance focused on private sector credit.

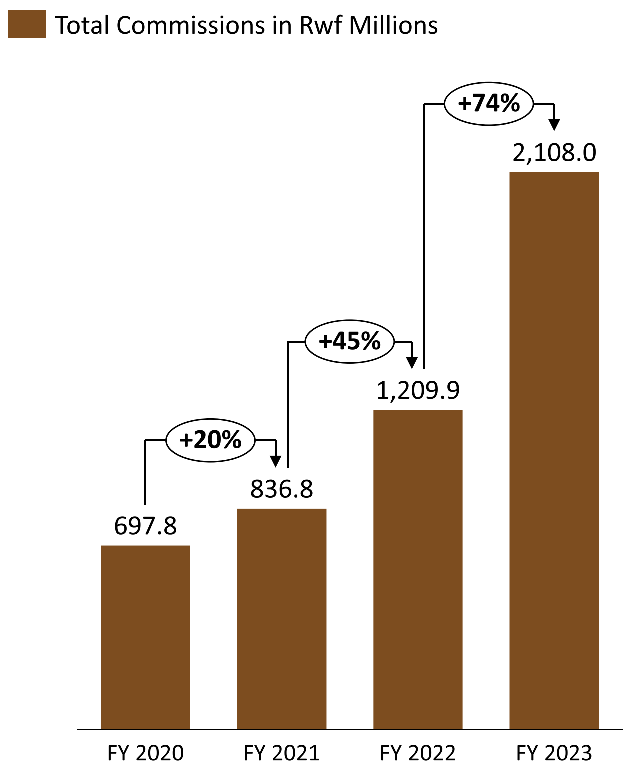
FINANCIAL REVIEW

Focus Area 5: Business transformation through innovation and digitisation

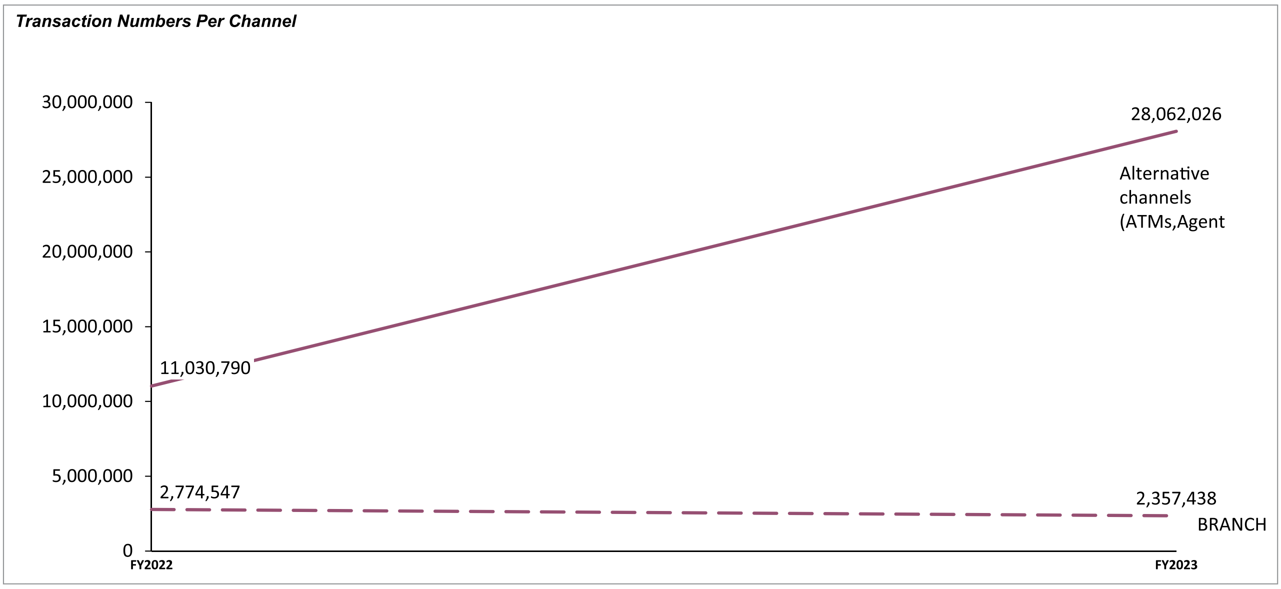
We prioritise technology as a crucial enabler for conducting our business operations and delivering on our strategic objectives in the Africa Recovery and Resilience Plan (ARRP). We are pursuing a level of deepened digital transformation to effectively cater to end consumer needs across our vast territories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

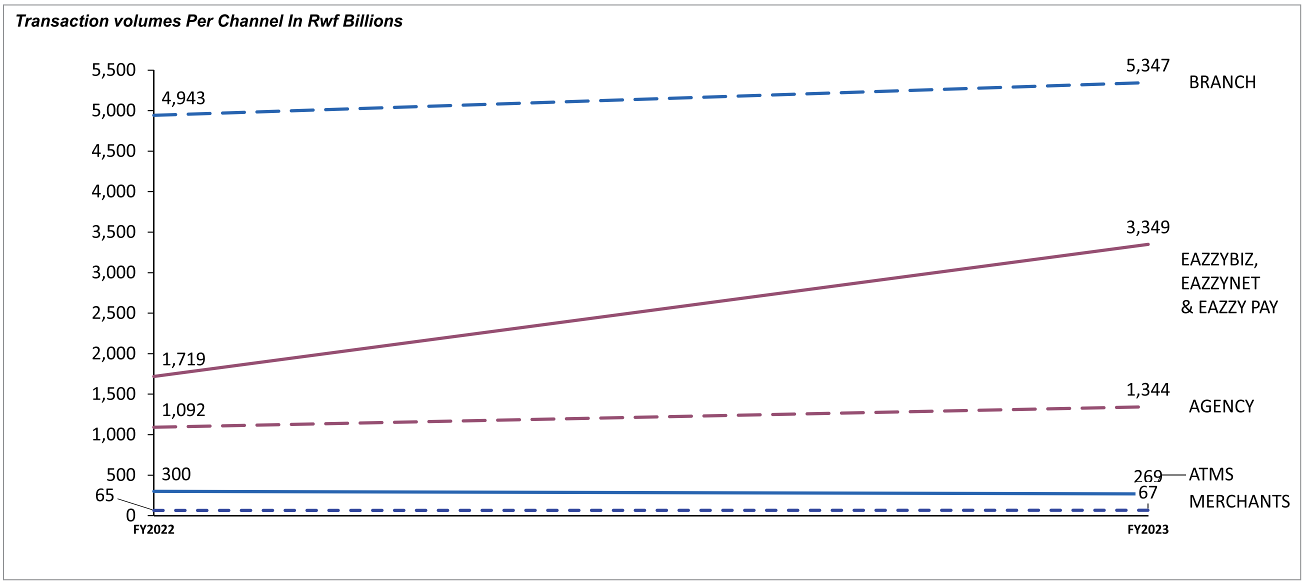






FINANCIAL REVIEW





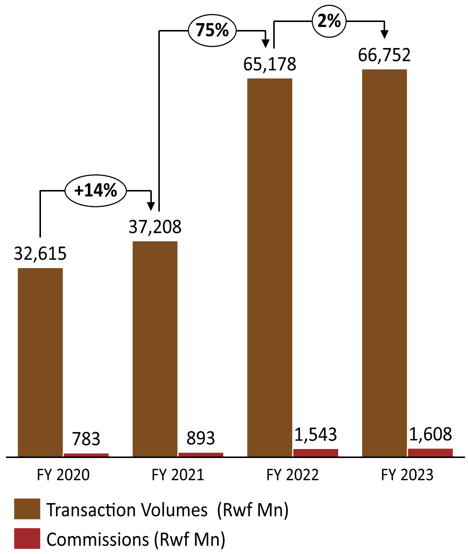
Our digital channels have surpassed legacy banking channels in use by transaction volumes. Mobile banking and internet banking are the most preferred means of transacting for Equity customers. Furthermore, the trend of transactions moving from fixed cost channels such as branches to variable cost channels continues to support the growth of non-funded income.

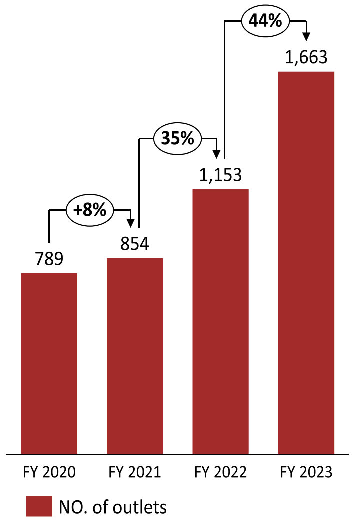
We provide technology and digital tools to facilitate global remittances effectively removing the limitations traditionally imposed by the constraints of geographical location and different time zones. Our system allows for instantaneous transactions, making it possible for customers to send and receive international transfers in real time. We continue to strive for excellence, and are provide our customers with an efficient, secure, and seamless remittance service. This service has seen an enormous value of transactions. In 2023 alone, we oversaw Rwf 183.2 billion being transacted through our remittance service.

FINANCIAL REVIEW

Cards and merchants

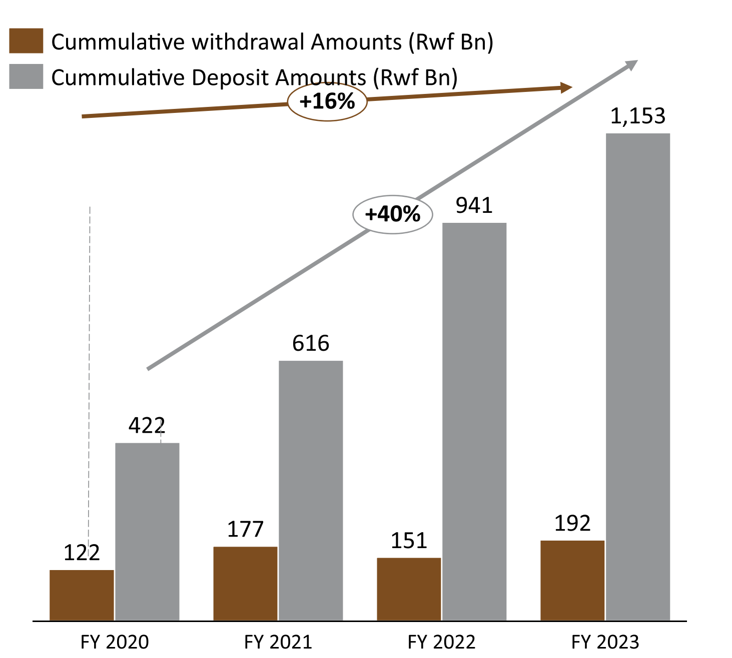
We have a widely recognised range of card-based payment products, including debit cards, credit cards and prepaid cards, as cash-free payment solutions. Our debit and credit cards can also be used for online e-commerce transactions. As an integrated feature of our savings product, the debit card can be used on various channels, including at the branch, or through ATM and POS networks.

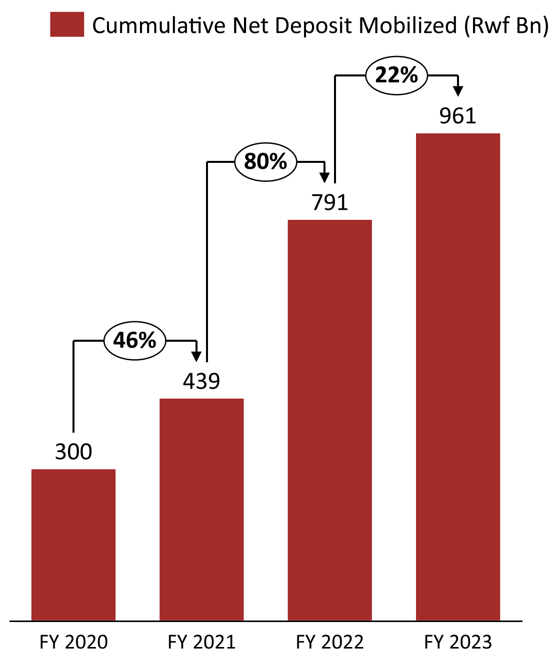




Money Transfer (MT)

Agency Banking Transaction numbers and volumes

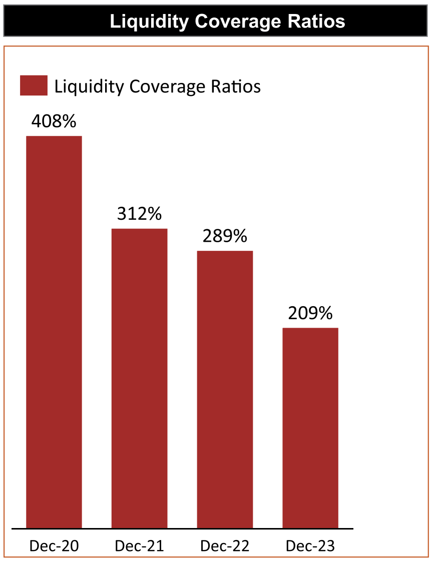


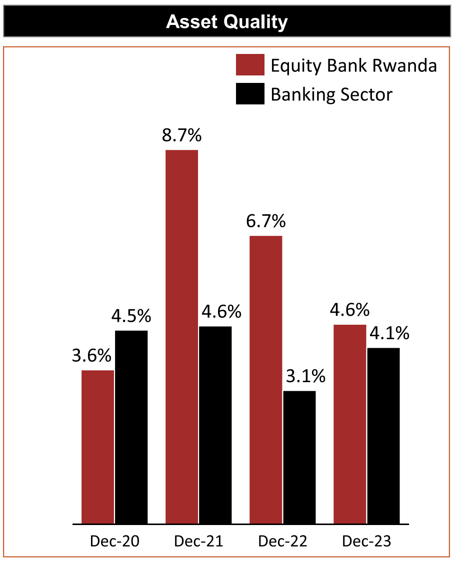


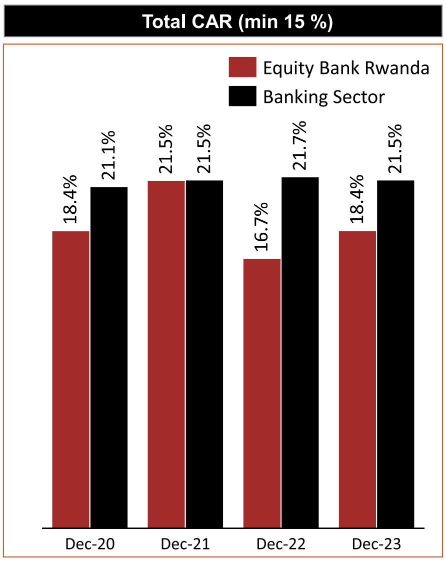
FINANCIAL REVIEW

Focus Area 6: Asset quality, distribution and risk mitigation

We closed the year with an NPLs ratio of 4.6% against an industry average of 4.1%. The Bank continues with proactive customer relationships and engagement.

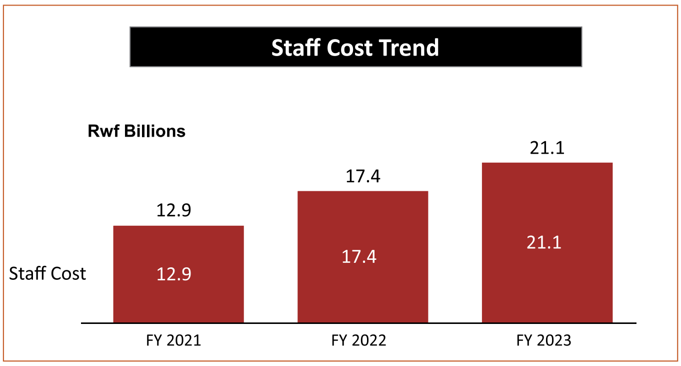


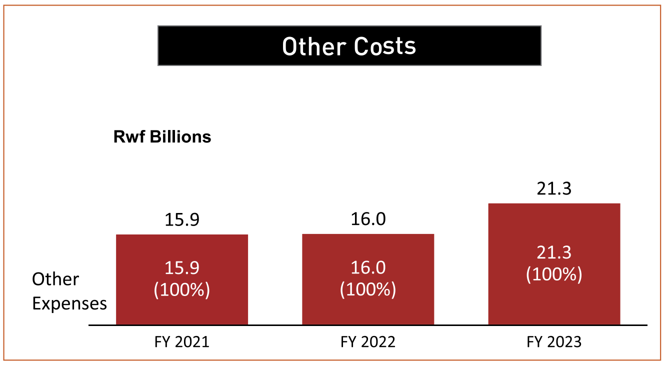


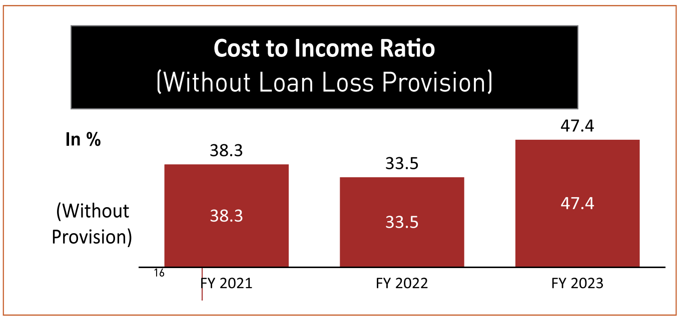


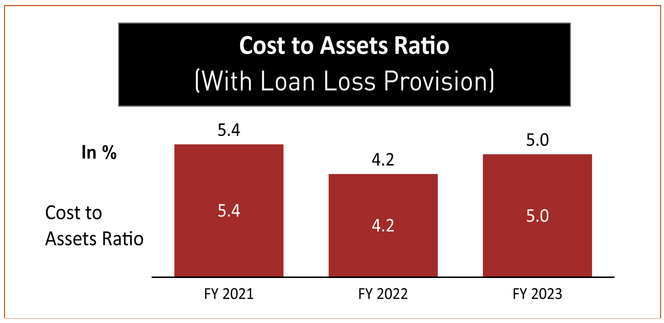
Focus Area 7: Efficiency and cost optimisation

Cost optimisation is aimed at ensuring we deploy our resources in a cost-effective manner while maximising 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 realise efficiency in our operations. Our cost to income ratio stood at 47.4% (2022: 33.5%).









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 realise our purpose of transforming lives, conferring dignity and expanding opportunities for value and wealth creation.

Engaging with our stakeholders in 2023

Key concerns	Communication methods	The value we create
Shareholders and investors		
> Efficient capital allocation as we expand > Sustainable growth and payment of dividends > Sustainability considerations into our business practices > Strong and experienced management team > Transparent reporting and disclosures	> Annual General Meeting > Investor conferences, and meetings > Newspaper publications > Annual financial statements > Investor relations section on the website	> Delivering by increasing net asset value and net earnings > Continuous engagement to ensure full disclosure and open communication to inform their investment decisions > 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 > Payment of dividends, enabled by the growth resulting from our strategic decisions in the prior year > 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 > Excellent customer service > Innovative solutions that address growing customer needs	> Contact Centre, branches and online platforms and apps > EBR plc website > Facebook and Twitter platforms	> Safeguarding deposits, investments, and wealth, while growing returns > Providing credit that enables wealth creation, economic development and job creation > Facilitating transactions that are the backbone of economic value exchange > Enabling financial inclusion by providing access to affordable products for the underbanked

OUR APPROACH TO STAKEHOLDER MANAGEMENT

Engaging with our stakeholders in 2023 (continued)

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

Key concerns	Communication methods	The value we create
Society		
> Ethical and social responsibility > Do good and positively transform the economy and society at large	> Equity Social Impact investments partnering with communities on various initiatives > 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 > Playing a meaningful part in the broader society as a procurer of goods and services > Making a difference through our corporate social investment activities > Positively transforming economies and society through our activities and lending > Initiating social development initiatives through the Equity Group Foundation with the aim of transforming lives and livelihoods
Regulators and policy makers: > The Central Banks > The Revenue Authorities > The Capital Markets Authority		
> Compliance with legal and regulatory requirements > Being a responsible taxpayer > Active participation and contribution to industry working groups > Establishment and adherence to good corporate governance practices	> Submission of required returns > Engagement through industry consultative bodies > Partnering on key areas of education, health, and resource conservation	> Complying with set rules and regulations to ensure a stable financial sector > Collaboration to deepen financial inclusion > Contributing meaningfully to government budgets through corporate and personal taxes > 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 2023 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 2023 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 centres 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 above organisational design operates in a matrix reporting structure, whereby the Bank functional leaders provide the subsidiary functional teams with strategic thought-leadership, functional risk oversight, build organization-wide capacity and capabilities, enable best-practice sharing and ensure standardization of policies, processes, and procedures. The Executive Teams manage the functional teams to ensure the day-to-day execution and compliance to agreed periodic operating plans.

HUMAN CAPITAL

To further optimize our human resources, the HR teams in collaboration with business leaders conducted a comprehensive study of the Work, Workforce and Workplace to understand how our execution is aligned to our Strategy. This was followed by CEO-led organisation-wide conversations in focus groups to facilitate an organisational health diagnostic assessment, including the unpacking of core capabilities such as: Governance, Leadership, Strategy, Structure, Systems and Processes, People, Products and how we create value for our customers. The outcomes of these engagements have led to the development of action plans which are strengthening our market leadership as we create sustainable stakeholder value.

Employee Wellness

The Bank views employee wellness through a holistic Wellness Wheel comprised of eight aspects including physical, intellectual, emotional, social, spiritual, financial, and environmental wellbeing. The wellness approach covers all these aspects striving to enable the protection and enhancement of employee wellbeing. The Group maintains an employee medical scheme designated as the first point of call for outpatient medical services. The Bank conducted employee outreach and experiential programs to create awareness on the different aspects of the scheme which included case management, life-threatening diseases, communicable disease management, occupational health and safety, as well as regular medical check-ups, among other interventions.

Learning and development

During the year, the Bank provided 31,442 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 continued to deliberately build succession pipelines for key roles through a good balance of building internal talent pools and attracting mid-career recruits from the market. Our talent review process is managed through talent committees/ councils promoting individuals from the bottom-up across Subsidiaries and Functions. This allows us to segment our talent pools and identify our Top Talent (High Potential + High Performers). This also allows us to plan and structure their learning and career pathways across job families and subsidiaries.

MANUFACTURING AND INTELLECTUAL CAPITAL

Manufactured capital consists of equipment, physical facilities, and digital channels such as ATMs, applications and operational systems that are made available by the organization for use by customers and employees.

Intellectual capital refers to the Bank's intangible assets and can be broadly defined as the collection of all informational resources the Group has at its disposal that can be used to create value, gain new customers, create new products, or otherwise improve the business.

Manufactured capital

We have a diverse array of channels through which we deliver products and services including physical channels such as branches, ATMs, agent and point of sales (POS) terminals across the Group's geographic footprint. Digital channels therefore have the leading role in the acquisition and servicing of customers. In addition, we are digitising our physical channels to provide a wider range of self-service options for customers. These include, Mobile Banking, Agency Banking, PayPal, Online Banking, Pay with Equity, 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) facilitates and promotes the Group's commercial and social engines. As technology changes rapidly, IT enables the business by building future-proof foundations. The strategic intent for IT is to build systems and processes that provide stability and reliability in the present and adapt to future technological shifts. As Equity Group aims to acquire 100 million customers by 2030, IT is responsible for delivering excellent digital technology solutions, providing innovative products and services to customers fostered by consistent, reliable, cost effective, scalable, and secure IT solutions. The IT department is designed to align with the evident ARRP enabling function and is a shared service across the organization with specialists distributed across the product house, 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 2024 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 2024 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 2024.

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 2023.

- 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 optimisation 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, minimise downtime, and improve the overall performance and reliability of the system. Ongoing optimisation 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 2023, 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 is aligned with industry standards and frameworks and supports with the definition of policies, procedures, and controls. Frameworks benchmarked 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 compliance with Payment Card Industry Data Security Standard (PCI-DSS) and SWIFT. Technical competencies and skills are aligned to Skills Framework for the Information Age (SFIA 8.0) to enable optimal alignment with industry skill standards.

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

A customer receives service at the newly opened Equity Service Center in Batsinda, the inaugural model introduced by Equity Bank Rwanda.

SOCIAL AND RELATIONSHIP CAPITAL

Customers

Our customers were estimated at 1.3 million at the close of 2023. 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 digitisation to foster convenience and accessibility for customers. Additionally investments have gone into parity, ensuring that products that are availble in one geographic market are also availble in toher markets and expansion aimed at increasing penetration especially in new markets. Recognising that the Bank cannot offer a "one-shoe-fits all" product and service offering, data is increasingly being used to enable imporved propositions for different customer categories enabling the delivery of products that are relevant and suitable to specific customer segments. In additon, the Bank has deployed data to help discern customer behaviours from actively engaged to dormancy. Despite the progress made in data mining and analysis, the Bank is cognisant that more can be achived 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 Bank's social investments are hinged on two engines: The Commercial Engine and the Social Engine, which were adopted from the parent Equity Bank, Kenya, with an ultimate goal of socially transforming the lives of the people in Africa.

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 six governing pillars (Education and Leadership Development, Enterprise Development and Financial Inclusion, Food and Agriculture, Health, Energy-Environment and Climate Change, and Social Protection).

In addition to the six pillars, the Bank also facilitates inclusion of women and youth through women Banking Unit which ensures full inclusion of women and youth into operations of the Bank.

This report highlights all the activities carried-out from January 2023 up to March 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 Banking**

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.

SOCIAL AND RELATIONSHIP CAPITAL

The Minister of Youth and Arts in Rwanda, Dr. Abdallah Utumatwishima, hands a certificate to a scholar from the Equity Leaders Program. ʹ

Milka, a scholar from the Rwandan chapter of the Equity Leaders Program, delivers her remarks at the graduation ceremony of the program's second cohort.

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 102 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 102 ELP 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.

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.

SOCIAL AND RELATIONSHIP CAPITAL

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 66 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.

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:

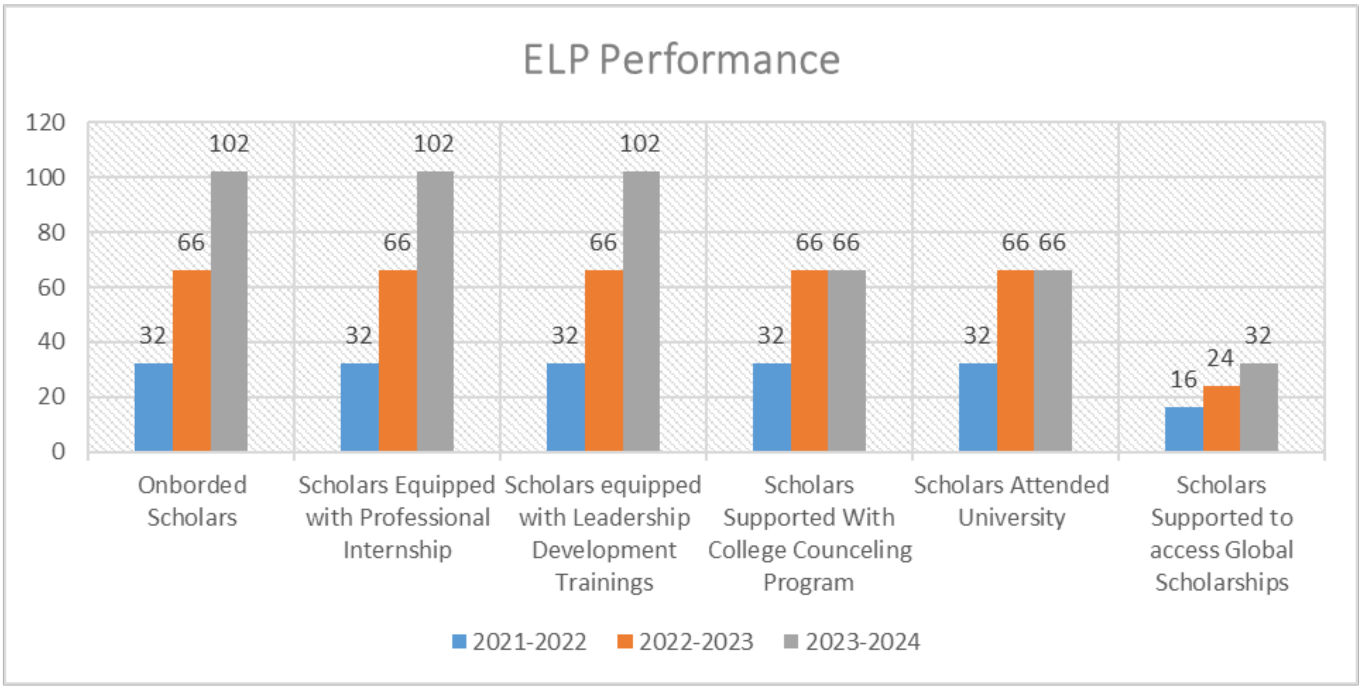
The University Chapters' Program of Equity Bank Rwanda for Equity Leaders' Program (ELP) scholars is an initiative aimed at providing ongoing support, fostering a sense of community, and enhancing the leadership skills of scholars who are studying at universities around the world. The program helps scholars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

SOCIAL AND RELATIONSHIP CAPITAL

Students from Fawa Girls Schools take a picture with the State Minister for Education, Claudine Irere (7th from the left side) during a visit to the school organised by Equity women banking. The event was meant to inspire as they look to pursue various careers in the future.



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.

Scholars of Huye Chapter have supported 14 families of 55 members with medical insurance (Mutuelle). This activity was aiming to improve social inclusion by helping most vulnerable families with access to medical insurance.

SOCIAL AND RELATIONSHIP CAPITAL

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, 4,045 farmers have been trained and financed with Rwf 7.8 Billion to boost agricultural production.

SOCIAL AND RELATIONSHIP CAPITAL

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 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.

Equity Bank Rwanda Plc staff plant a tree during the tree planting activity in Ayabaraya site.

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 the UN Sustainable Development Goals (SDGs) and BNR guidelines.

To that effects therefore, 584 enterprises 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.

SOCIAL AND RELATIONSHIP CAPITAL

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

The green products developed include Solar System Products, E-Mobility Products, Sustainable Agri-culture, Green Construction, Clean Cooking Solutions, Afforestation, and Water, Sanitation, and Hygiene (WASH) Products.

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 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.

SOCIAL AND RELATIONSHIP CAPITAL

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 14,605 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 supported 10,939 MSMEs in accessing formal financial services by opening bank accounts and promoting financial inclusion. The Bank provided financial support to 5,404 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 living in Rwanda through Cash Transfer Programs. 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 Job Creation

Equity Bank's initiative to train 6652 refugees and facilitate 6276 of them in accessing bank accounts aligns with several key motivations. 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.

The Bank has achieved an outcome of Job creation by facilitating 77 refugees to be agents of the Bank as part of supporting refugees to create jobs and build their livelihoods.

Social Payments through Cash-Based Transfer (CBT)

Equity Bank Supported 23,000 refugees by availing its payment infrastructure (Branches, agent net-work, 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.

SOCIAL AND RELATIONSHIP CAPITAL

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 trans-form their livelihoods socially and 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 1,088 women and youth were trained in financial literacy and entrepreneurship education.

Again through partnerships 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. This brings a cumulative of 10,838 women and youth equipped with financial literacy and Entrepreneurship Training.

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.

SOCIAL AND RELATIONSHIP CAPITAL

Challenges, recommendations and Lessons learnt

Challenges	Proposed recommendation	Key Lessons Learnt
Limited resources	To have at least two additional staff to support the W&YE pillar	The pillar is not effective and efficient in partnerships handling.
Lack of budget	To approve and avail the budget to support activities of the pillar	Activities planned are not implemented due to the lack of budget, and those activities are the ones that helps us to achieve our targets.
Legal status of the social engine	To register the social engine as foundation	Our core job relies on partnerships, and we are being disqualified by strategic partners due to our legal status because they are not allowed to give funds or to partner with financial institutions.
Delays in the approval of the EECC procedure Manual	Setting System approval with escalation option.	Harmony in team working is key for business performance
Collateral requirement for refugees	Search for credit guarantees or adopt group lending and hold their savings as cash cover.	Lending refugees in groups involved in small businesses works better and would help to financially improve their livelihoods.
Budget constraints	Allocate a fair budget for this program or search for funding from other partners	Planned interventions to refugees are not executed as planned

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.

Equity Bank Rwanda Head of Social Impact & Investment, Alice Kirezi gives her remarks during the Equity Women Forum organised in partnership with UN WOMEN and SPARK.

NATURE CAPITAL

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 derpatment 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 personss.

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

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.

NATURE CAPITAL

Evidencing compliance, the Bank has been awarded among the large taxpayers of the years 2019,2020 consecutively in Rwanda, demonstrating the significant contribution to the economy through the tax system. In the year ending 31st December 2023, the Bank paid taxes amounting to RWF30.3B comprising of direct taxes amounting of RWF29.2B and indirect taxes of RWF 1.1B accounted for and remitted through 222 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.

DEEPENING
VALUE PROTECTION AND PRESERVATION

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 47/2017 of 23/9/2017 governing the organisation of banking and all prudential guidelines and directions given by the National Bank of Rwanda.
- Law N° 007/2021 of 05/02/202117 governing companies 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.

CORPORATE GOVERNANCE STATEMENT

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.

CORPORATE GOVERNANCE STATEMENT

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 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 FY2023 Board evaluation was conducted, and the results noted for action, and the report filed with the National Bank of Rwanda (BNR) in March 2024.

Board meetings

Board meetings were held on a quarterly basis in the months of February, April, July, and October 2023. During the year under review, there various ad hoc meetings held specifically due to the Merger of Equity Bank and Cogebank Plc.

The key areas of focus during the Board meetings were:

- 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
- The merger and integration process
- The Bank's performance; and
- Bank strategy and strategic initiatives.

CORPORATE GOVERNANCE STATEMENT

Board meeting attendance FY2023.

	24th FEB, 2023	28th APR, 2023	28th JUL 2023	27th OCT, 2023
1. Col. (Rtd) Eugene Haguma Murashi, Chairman	√	√	√	√
2. Mr. Hannington Namara, Managing Director	√	√	√	√
3. Dr. Patrick Uwizeye, Member	√	√	√	√
4. Mrs. Mary Wamae, Member	√	√	√	√
5. Amb. George William Kayonga, Member	√	√	√	√
6. Mr Camille Karamaga, Member	x	√	√	x
7. Ms. Belinda Bwiza, Member	√	√	√	√
8. Mr. Andrew Rugege, Member	√	√	√	√
9. Mrs. Arlette Rwakazina*, Member	x	x	x	x
10.Mr. Emmanuel Muragijimana*, Member	x	x	x	x
11.Mr. Jean Claude Nkulikiyimfura*, Member	x	x	x	x
12. Lydia Ndirangu, Company Secretary	√	√	√	√

**Appointed to the Board on 31st December 2023*

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 and Company. 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 and Compliance Committee
- Nominations and Compensation Committee
- IT Committee.

The Audit Committee

The committee derives its mandate from the Board, and is responsible for providing independent oversight on the:

- Integrity of the financial statements of the Bank
- Effectiveness of the Bank's financial reporting, internal control, and risk management systems
- Effectiveness of the Bank internal audit function
- External auditors' qualifications, independence, and performance.

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

Audit Committee meeting attendance

	23rd FEB, 2023	27th APR, 2023	27th JUL 2023	26th OCT, 2023
1. Ms. Belinda Bwiza, Chairperson*	√	x	x	x
2. Mr. Camille Karamaga , Chairperson**	x	√	√	√
3. Dr. Patrick Bugabo Uwizeye, Member	√	√	√	√
4. Mr. Andrew Rugege, Member	√	√	√	√
5. Mr. Jean Paul Ngabonziza, Head of Internal Audit/ Secretary	√	√	√	√

**Retired from the committee within 2023*

*** Appointed to the committee within 2023*

CORPORATE GOVERNANCE STATEMENT

The Audit Committee key areas of focus were:

- 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 2023
- Banking industry performance comparatives.
- Independence of the Auditor.

Assets and Liabilities Management Committee (ALCO)

ALCO derives its authority from the Board and is responsible for:

- Reviewing capital structure and adequacy of the Bank
- Reviewing and reporting on the risk-weighted assets of the Bank
- Monitoring, reporting, and presenting monthly and quarterly management accounts.
- Setting and observing the loans-to-deposit ratio, as well as other key performance ratios
- 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.

The Committee comprises of five (5) members, three(3) of whom are non-Executive and independent Directors.The Committee met four (4) times during the year and the attendance was as below:

ALCO meeting attendance

	23rd FEB, 2023	27th APR, 2023	27th JUL 2023	26th OCT, 2023
1. Ms. Belinda Bwiza, Chairperson	√	√	√	√
2. Col. (Rtd) Eugene Haguma*,Member	√	x	x	x
3. Mr. Camille Karamaga**,Member	x	√	√	√
4.Mrs Mary Wamae,Member	√	√	√	√
5. Mr. Hannington Namara** ,Member	x	√	√	√
6.Mr. Fernand Kamanzi, Secretary*	√	√	x	x
7.Mr. Gaston Nsengimana, Secretary**	x	x	√	√

**Retired from the committee within 2023*

*** Appointed to the committee within 2023*

ALCO key areas of focus were:

- Update on the macro economy
- Assets and Liability Management (ALM)
- Securities maturity profile and yield on securities
- Capital adequacy of the Bank
- Committee Charter

CORPORATE GOVERNANCE STATEMENT

Credit Committee

The Credit Committee derives its authority from the Board, and is responsible for:

- Evaluating and reviewing loans and advances, subject to specified approval limits
- 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.

The Committee comprises of five (5) 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:

Credit Committee meeting attendance

	23rd FEB, 2023	27th APR, 2023	27th JUL 2023	26th OCT, 2023
1. Ms. Belinda Bwiza, Chairperson	√	√	√	√
2. Amb. William Kayonga, Member	√	√	√	√
3. Mrs. Mary Wamae, Member	√	√	√	√
4. Mr. Hannington Namara, Member*	√	x	x	x
5. Mr. Camille Karamaga**,Member	x	√	√	√
6. Mrs. Chantal Mukandoli, Secretary	√	√	√	√

**Retired from the committee within 2023*

*** Appointed to the committee within 2023*

The Credit Committee key areas of focus were:

- Review of credit portfolios
- Review of top 20 borrowers
- Review of top 20 non-performing borrowers
- Challenges facing the credit unit and proposed solutions
- Annual strategies progress
- Approval of the Credit Committee charter
- Approval and or ratification of credit decisions

Risk and Compliance Committee

The Risk and Compliance Committee derives its authority from the Board and is responsible for:

- Risk Culture – Set high standards for ethics and integrity and establish a risk culture at all levels across the Bank.
- Bank Risk Governance – Review, at least annually, the Bank's risk governance structures and roles and responsibilities.
- Enterprise Risk Management – Consider and recommend for Board approval the risk management frameworks and policies.
- Risk Appetite – Review and recommend for Board approval the Bank's risk appetite annually, and any other parameters, limits, thresholds, and other key metrics.
- 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.
- Emerging risks – scan the Bank's operating environment for emerging risks and initiate necessary mitigating actions.
- Regulatory Compliance – ensure full compliance with all relevant laws and regulations.
- Assets and Liabilities – monitor and ensure optimal composition of assets and liabilities within the Bank.
- Liquidity – Review the consolidated liquidity position for the bank against regulatory requirements.
- 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.
- Loan portfolio/delinquency management – review and ensure that the loan portfolio is well managed in terms of quality and provisioning.

CORPORATE GOVERNANCE STATEMENT

- Capital Adequacy – review and ensure that the Bank's capital adequacy is within the regulatory requirements.
- Review of the Committee Charter

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:

Risk and Compliance Committee meeting attendance.

	23rd FEB, 2023	27th APR, 2023	27th JUL 2023	26th OCT, 2023
1. Dr. Patrick Uwizeye, Committee Chairperson	√	√	√	√
2. Ms. Belinda Bwiza, Member	√	√	√	√
3. Mr. Andrew Rugege Member	√	√	√	√
4. Mary Wamae*,Member	√	x	x	x
5. Mr. Jean Nepomucene Bizimungu Secretary	√	√	√	√

**Retired from the committee within 2023*

The Risk and Compliance Committee key areas of focus were:

- Enterprise risk report
- Compliance risk report
- Consideration and approval of policies
- ICAAP and ILAAP reports
- Bank Recovery Plan

Nominations and Compensation Committee

The Committee derives its mandate from the Board is responsible for:

- Recommending to the Board the remuneration packages offered to its Non-Executive Directors
- 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
- Recommending general staff remuneration and human resource related practices
- Periodically reviewing the completeness and effectiveness of the Bank's corporate governance initiatives and policies
- 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

The committee comprises of four (4) members, two(2) 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:

Nominations and Compensation Committee meeting attendance

	24th FEB, 2023	28th APR, 2023	27th JUL 2023	27th OCT, 2023
1. Amb. William Kayonga, Chairperson	√	√	√	√
2. Mrs. Mary Wamae, Member	√	√	√	√
3. Col. (Rtd) Eugene Haguma, Member	√	√	√	√
4. Mr. Hannington Namara, Member	√	√	√	√
5. Ms. Dianah Kwarisiima, Secretary	√	√	√	√

CORPORATE GOVERNANCE STATEMENT

The Nominations and Compensation Committee key areas of focus were:

- Staff Demographics
- Staff Productivity
- Employee Engagement
- Board Nominations
- HR initiatives for the year
- Succession planning

IT Committee

The IT Committee derives its authority from the Board, and is responsible for:

•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

- Ensuring that the Bank fosters a culture of innovation
- Overseeing appropriate mergers and acquisitions that would introduce new technology and business models to the Bank
- Maintaining focus on key strategic issues in relation to IT and innovation
- 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
- 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.
- 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.

The Committee comprises of four(4) directors, three(3) of whom are non-executive directors independent. 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.

IT Committee Attendance

	23rd FEB, 2023	27th APR, 2023	27th JUL 2023	26th OCT, 2023
1. Mr. Andrew Rugege, Chairperson	√	√	√	√
2. Dr. Patrick Bugabo Uwizeye, Member	√	√	√	√
3. Amb. William Kayonga, Member	√	√	√	√
4. Mr. Hannington Namara ,Member	√	√	√	√
5. Mrs. Carole Karema, Secretary	√	√	√	√

The Committee key areas of focus were:

- 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.

CORPORATE GOVERNANCE STATEMENT

Our Company Secretary

Mandate and role

Our Company Secretary is Ms. Lydia Ndirangu, and she assists 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.

The principal duties of the Company Secretary include:

- 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

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
9 Floor, Equity Centre
P.O. Box 75104 - 00200
Nairobi, Kenya

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 2023.

2. PRINCIPAL ACTIVITY

Equity Bank (Rwanda) Plc (the "Bank" / "Company") is engaged in the business of banking and is licenced under the Law Nº 47/2017 of 23/9/2017 governing the organisation of Banking.

3.RESULTS AND RECOMMENDED DIVIDEND

Profit for the year 2023 of Frw 36,406 million (2022: Frw 33,276million) has been added to retained earnings. The directors Authorised dividend payment of Frw 10,000 million for the year 2023. (2022: 16,979 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*

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:02 April 2024

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 from pages 103 to 184 were approved for issue by the Board of directors on 02 April 2024 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, which comprise the statement of financial position as at 31 December 2023, 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 2023 and (of) its financial performance and its cash flows for the year then ended in accordance with IFRS IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirement and the requirements of Law No. 019/2023 of 3%3/2023 governing companies as amended by Law No. 019/2023 of 3%3/2023.

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.

Other matters

The financial statements of Equity Bank Rwanda for the year ended 31 December 2022, were audited by another auditor who expressed an unmodified opinion on those statements on 28 March 2023.

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.

Key audit matters (continued)

Expected credit losses on loans and advances at amortised cost	How key audit matter was addressed in the audit
As disclosed in Note 17, to the financial statements, as at 31 December 2023, the Bank had an allowance for expected credit losses (ECL) of Rwf. 20.97 billion (2022: Billion 24.53) charged on gross loans and advances of Rwf 451.4billion (2022: Rwf. 406.1Billion). The related charge for the year to the income statement was Rwf5.03. billion (2022:3.06 billion) as disclosed in Note 11 to the financial statements. The expected credit losses are based on a forward-looking approach that recognises 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: • Allocation of loans to stages 1, 2 and 3 in accordance with IFRS 9 based on: - 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). - Stratification of the loans and advances to customers under different credit portfolios on the basis of the associated credit risk. • Assessment of the Probability of Default (PD) and the Loss Given Default (LGD). • The application of historical and forward-looking information, including macro-economic factors in the assessment of the PD. • 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, estimating recoverability of the cash flows and collateral realisation. • Consideration of the impact on default rates of correlated forward looking macroeconomic factors. • Application of additional overlay adjustments to reflect factors that are not considered in the applied expected credit loss model. 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.	Our audit procedures included, but were not limited to: • 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. • For non-performing loans (NPLs or Stage 3) ECL models: - 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. - 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. - 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. - 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 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. - 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. - 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. • 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 that 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. • Assessed whether disclosures made in the financial statements agreed to the audited balances and information, and whether they were in accordance with IFRS 9.

Key audit matters (continued)

Amalgamation of Equity Bank Rwanda Plc and Cogebanque Plc	How key audit matter was addressed in the audit
Equity Group Holdings Plc completed the amalgamation of Compagnie Générale De Banque (Cogebanque) Plc and Equity Bank Rwanda Plc with an effective date of 31 December 2023. The business and activities previously conducted by Cogebanque and Equity Bank Rwanda are henceforth to be undertaken by Equity Bank Rwanda Plc. As a result of the amalgamation, Equity Bank Rwanda Plc obtained control of net assets of Rwf. 44.3 billion from the Cogebanque business and these have been recognised in these financial statements. Management has applied significant judgement in determining the appropriate accounting policies and assumptions in recognition and measuring of the identifiable assets received and the liabilities assumed. We have identified the amalgamation of Equity Bank Rwanda and Cogebanque as a key audit matter because of its significance to the Bank's financial statements. Significant auditor effort was also required to review the accounting policies and assumptions as well as the adjustments made in accurately reflecting the Bank's post amalgamation results and financial position. Details of the amalgamation accounting and impacts to the Bank's financial statements are disclosed in Note 31 to the financial statements.	Our audit procedures included, but were not limited to: • Obtained an understanding of the details of the transactions through various discussions with management, the directors and Equity Group Holdings Plc management. • Obtained and inspected the related transaction agreements and related announcements made by the Group in order to assess the accounting implications of the Transactions on the financial statements of the Bank. • Obtained an understanding of the Bank's accounting policies and assumptions adopted in recognition and measuring of the identifiable assets received and the liabilities assumed. • Tested the completeness of the identifiable assets received and liabilities assumed by comparison to the Cogebanque 2022 authorised audited financial statements and the 2023 audited financial results. • Tested the adjustments made to the financial statements to recognise the received assets and assumed liabilities as well as the corresponding components of equity. We evaluated that the adjustments reflected the accounting policies adopted and disclosed in the financial statements. • Evaluated the appropriateness of disclosures made in relation to the transaction in accordance with IFRS.

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 IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements 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

OOur 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF EQUITY BANK (RWANDA) PLC

Report on other legal requirements

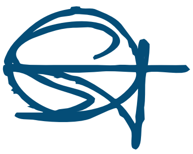
As required by the Law N° 007/2021 of 05/02/2021 governing companies as amended by Law No. 019/2023 of 30 March 2023 we report to you, based on our audit, that:

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

02 April 2024

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2023 Frw'000	2022 Frw'000
Interest income	5	97,459,749	89,646,263
Interest expense	6	(19,640,687)	(20,342,271)
Net interest income		**77,819,062**	**69,303,992**
Credit impairment losses	10	(5,036,515)	(3,067,913)
Net interest income after credit impairment losses		**72,782,548**	**66,236,079**
Fee and commission income	7 (a)	21,288,829	16,581,984
Fee and commission expense	7 (b)	(8,939,625)	(6,680,910)
Net fee and commission income		**12,349,204**	**9,901,074**
Net foreign exchange income	8	7,937,025	4,321,036
Other operating income	9	1,426,598	1,005,788
Net operating income		**94,495,374**	**81,463,976**
Employee benefits	11	(21,144,684)	(17,425,590)
Depreciation and amortisation	13	(2,433,900)	(2,630,109)
Depreciation of right of use assets	13	(1,450,943)	(1,366,592)
Short term operating lease expenses	12	(157,130)	(205,282)
Other operating expenses	14	(17,298,358)	(11,812,472)
Operating expenses		**(42,485,015)**	**(33,440,045)**
Profit before income tax		**52,010,359**	**48,023,931**
Income tax expense	15	(15,604,782)	(14,748,161)
Profit for the year		**36,405,577**	**33,275,770**
Other comprehensive income			
Items that will be reclassified to profit or loss:			
FVOCI investment securities			
Fair value gain(loss)	27 (c)	(832,205)	(13,114,006)
Deferred income tax	23	244,693	3,934,203
Total other comprehensive income for the year		**(587,512)**	**(9,179,803)**
Total profit after tax and other comprehensive income		**35,818,065**	**24,095,967**

The notes on pages 107 to 182 form an integral part of these financial statements.

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STATEMENT OF FINANCIAL POSITION

	Notes	2023 Frw'000'	2022 Frw'000'
Assets			
cash, deposits, and balances due from financial institutions	16	216,911,890	151,655,078
Restricted cash with Central Bank of Rwanda	16	38,726,148	31,631,866
Investment securities at amortised cost	18	97,601,022	87,013,714
Investment securities at FVOCI	18	194,168,707	174,110,249
Due from related parties	29(c)	962,166	161,225
Loans and advances to customers	17	430,460,456	381,591,841
Other assets and prepaid expenses	19(a)	18,499,274	19,152,878
Non-Current assets held for Sale	19(b)	3,981,484	-
Property and equipment	21	13,871,185	14,121,027
Intangible assets	22	495,569	1,549,148
Right of use assets	20	6,114,587	3,284,302
Deferred tax assets	23	6,823,574	3,549,152
Total assets		**1,028,616,062**	**867,820,479**
Liabilities			
Deposits from customers	24	742,562,135	611,345,385
Deposits from banks	24	38,369,053	56,351,280
Due to related parties	29(d)	2,226,356	1,069,595
Borrowed funds	26	62,358,122	45,624,530
Other liabilities and deferred income	25	25,944,685	16,603,891
Lease liabilities	20(b)	6,558,277	3,610,685
Current income tax	15	4,192,476	5,648,636
Dividend payable		10,000,000	16,979,580
Total liabilities		**892,211,104**	**757,233,582**
Equity			
Share capital	27(a)	23,301,283	38,175,000
Share premium	27(a)	18,359,844	3,486,127
FVOCI reserve	27(b)	(8,301,907)	(7,714,395)
Regulatory reserve	27(c)	2,374,504	3,008,558
Retained earnings		100,671,234	73,631,607
Total equity		**136,404,958**	**110,586,897**
Total liabilities and equity		**1,028,616,062**	**867,820,479**

The notes on pages 107 to 182 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 02 April 2024 and signed on its behalf by:

…………………………………
Director

…………………………………
Director

STATEMENT OF CHANGES IN EQUITY

	Note	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 2022		**25,160,000**	**3,486,127**	**73,358,974**	**1,465,408**	**-**	**103,470,509**
Profit for the year		-	-	33,275,770	-	-	33,275,770
Fair value gains on FVOCI investments	27(a)	-	-	-	(13,114,006)	-	(13,114,006)
Deferred tax on fair value gain on FVOCI	23	-	-	-	3,934,203	-	3,934,203
Dividend declared		-	-	(16,979,580)	-	-	(16,979,580)
Share bonus issuing		13,015,000	-	(13,015,000)	-	-	-
Transfer of excess provision to statutory reserve	27 (c)	-	-	(3,008,558)	-	3,008,558	-
At 31 December 2022		**38,175,000**	**3,486,127**	**73,631,606**	**(7,714,395)**	**3,008,558**	**110,586,896**
Year ended 31 December 2023							
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	27(a)	-	-	-	(832,205)	-	(832,205)
Deferred tax on fair value gain on FVOCI	23	-	-	-	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**

The notes on pages 107 to 182 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

	Notes	2023 Frw'000'	2022 Frw'000'
OPERATING ACTIVITIES			
Profit before income tax		52,010,359	48,023,932
Adjustments for:			
Depreciation on property and equipment	21	2,081,533	2,282,464
Depreciation on right of use assets	20	1,450,943	1,366,592
Fair value Gain/Loss	22	769,633	320,213
Impairment on other assets/ operation loss		1,118,639	317,881
Amortisation of intangible		352,367	347,645
Interest expense on lease liability		530,059	360,570
Net Loss / (gain) on disposal		1,345,174	11,505
Impairment on loans and advances		13,415,799	8,086,481
Provision for litigation	26	1,027,948	144,779
Interest expense on term borrowings	10	2,116,482	2,725,654
Net foreign exchange gain on cash and cash equivalents	8	(7,937,025)	(4,321,036)
Operating profit before changes in operating assets and liabilities		**68,281,911**	**59,666,679**
Movement in operating assets and operating liabilities:			
Loans and Advances		(63,054,045)	2,358,733
Other assets		(228,031)	(2,094,488)
Deposits and balances from customers and banks and other Financial Institutions		113,234,523	103,877,801
Balances with related parties		355,820	204,449
Other liabilities		582,457	(290,745)
Cash Reserve Requirement	16(b)	(7,221,055)	(7,058,110)
Cash generated from operations		**111,951,580**	**156,664,319**
Income taxes paid	15	(19,410,879)	(10,201,268)
Interest paid on borrowed funds		(1,967,943)	(3,136,219)
Net cash from operating activities		90,572,758	143,326,832
INVESTING ACTIVITIES			
Purchase of property and equipment	21	(1,935,072)	(1,740,910)
Purchase of intangible assets	22	(537,407)	(617,697)
Net of Purchase/Sale of investment securities	18	(30,645,767)	(101,850,564)
Net cash used in investing activities		**(33,118,246)**	**(104,209,171)**
FINANCING ACTIVITIES			
Dividend Paid		(16,979,580)	-
Borrowings		19,123,826	(10,728,513)
Lease payment		(1,862,509)	(1,715,716)
Net cash used in financing activities		**281,737**	**(12,444,229)**
Net increase / (decrease) in cash and cash equivalents		**57,736,249**	**26,673,432**
Movement in cash and cash equivalents			
At start of year	16(a)	151,655,078	120,805,629
Net foreign exchange gain on cash and cash equivalents	8	7,937,025	4,321,036
At end of year	**16 (a)**	**217,328,352**	**151,800,097**

The notes on pages 107 to 182 form an integral part of these financial statements.

NOTES

1. GENERAL INFORMATION

Equity Bank (Rwanda) PLC (the "Bank") is incorporated in Rwanda in accordance with law 007/2021 of 05/02/2021 governing companies.as a public limited company. 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 SIGNIFICANT ACCOUNTING POLICIES

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 International Financial Reporting Standards ("IFRS"). The measurement basis applied is the historical cost basis, except for fair value through other comprehensive income investments and derivative financial assets which have been measured at fair value.

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) 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

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. Interest income and expense are recognised in profit or loss on the accrual basis. Interest income and expense presented in the statement of profit or loss and other comprehensive income include:

2. SUMMARY OF SIGNIFICANT 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, 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

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 Continued

2. SUMMARY OF SIGNIFICANT 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).

Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset. The extension option has been included in the lease liability, because of the associated significant costs and disruption to business that non-renewal would cause. As at 31 December 2023, all potential future cash outflows have been included in the lease liability because it is reasonably certain that the lease will be extended (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 extension options by 5 years has been included in the lease liability and right of use asset.

2. SUMMARY OF SIGNIFICANT 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 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Income tax expense (continued)

(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 two 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.

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 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 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.

2. SUMMARY OF SIGNIFICANT 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.

2. SUMMARY OF SIGNIFICANT 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. Sales are incidental to the objective of the model. 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 collecting contractual cash flows and sales are integral to achieving the objective of the business model. • This model typically has more sales (in frequency and volume) than the held-to-collect business model.	FVOCI(1)
Other business models, including: Trading managing assets on a fair value basis maximising cash flows through sale	The business model is neither held-to-collect nor held to collect and for sale. 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.

2. SUMMARY OF SIGNIFICANT 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

TThe 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 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 Continued

2. SUMMARY OF SIGNIFICANT 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 applies 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

Notes Continued

2. SUMMARY OF SIGNIFICANT 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 prescribe 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 other 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 exposures:

–– 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. SUMMARY OF SIGNIFICANT 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 shall establish 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 shall align 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.

SICR 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.

2. SUMMARY OF SIGNIFICANT 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 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 over a period of time 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 Central Bank 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 substantially different, the renegotiation or modification does not result in de-recognition, and the Bnak 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.

Notes Continued

2. SUMMARY OF SIGNIFICANT 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 Central Bank risk classifications, management view and DPD. 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.

2. SUMMARY OF SIGNIFICANT 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:

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
10. Treasury Bonds/Bills

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

Notes Continued

2. SUMMARY OF SIGNIFICANT 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 this document, 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 2023 the carrying amount of swaps asset was Rwf 29.5 billion, this was included in Money market placements on Note 16. Swap liability amounted to Rwf 26.1 billion 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 2023, the Bank did not enter into Spots arrangements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand and bank balances held with the Central Bank of Rwanda and 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 Central 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 accumulated depreciation.

(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.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item 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.

Notes Continued

2. SUMMARY OF SIGNIFICANT 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

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 asset's 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.

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 asset's 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.

Notes Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 group are measured as the amount of the loss allowance. The Group 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 Group 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.

Notes Continued

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

(i) New standards, amendments and interpretations adopted by the Bank

The following standards, amendments and interpretations are effective for the first time for annual reporting periods ending on 31 December 2023 and have been applied by the Bank:

Number	Effective date	Executive summary
IFRS 16, 'Leases' COVID-19-Related Rent Concessions Amendment	Annual periods beginning on or after 1 April 2021 (early adoption is permitted) (Published March 2021)	The IASB has provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification, provided that the concession meets certain conditions. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. The March 2021 amendment will only be available if an entity chose to apply the May 2020 optional practical expedient. This has not had a significant impact to the Bank.
Annual improvements cycle 2018 -2020	Annual periods beginning on or after 1 January 2022 (Published May 2020)	• IFRS 1, 'First time adoption of IFRS' has been amended for a subsidiary that becomes a first-time adopter after its parent. The subsidiary may elect to measure cumulative translation differences for foreign operations using the amounts reported by the parent at the date of the parent's transition to IFRS. • IFRS 9, 'Financial Instruments' has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation. • IFRS 16, 'Leases', amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives • IAS 41, 'Agriculture' has been amended to align the requirements for measuring fair value with those of IFRS 13. The amendment removes the requirement for entities to exclude cash flows for taxation when measuring fair value.
Amendments to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract	Annual periods beginning on or after 1 January 2022 (Published May 2020)	The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of 'costs to fulfil a contract'. Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract.

Notes Continued

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

(i) New standards, amendments and interpretations adopted by the Bank (Continued)

Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use	Annual periods beginning on or after 1 January 2022 (Published May 2020)	The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss
Amendment to IFRS 3, 'Business combinations' Asset or liability in a business combination clarity	Annual periods beginning on or after 1 January 2022 (Published May 2020)	The IFRS Board has updated IFRS 3, 'Business combinations', to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. In addition, the Board IFRS added a new exception in IFRS 3 for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', or IFRIC 21, 'Levies', rather than the 2018 Conceptual Framework. The IFRS Board has also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.
Amendments to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Annual periods beginning on or after 1 January 2023. Earlier application is permitted. (Published May 2021)	These amendments have a significant impact on the preparation of financial statements by companies that have substantial balances of right-of-use assets, lease liabilities, decommissioning, restoration, and similar liabilities. The impact for those affected will be the recognition of additional deferred tax assets and liabilities.
Narrow scope amendments to IAS 1 'Presentation of Financial Statements', Practice statement 2 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'	Annual periods beginning on or after 1 January 2023. Earlier application is permitted. (Published February 2021)	These amendments are not expected to have a significant impact on the preparation of financial statements.

Notes Continued

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

(ii) Standards issued but not yet effective

New and amended standards and interpretations that are issued but not yet effective will not have a material impact on the Equity bank Rwanda Plc.'s financial statements..

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted, and that fact must be disclosed.

The amendments are not expected to have a material impact on the Company's financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed.

The amendments are not expected to have a material impact on the Company's financial statements.

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.

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,

Notes Continued

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Risk management framework (Continued)

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 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.

Notes Continued

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Management of credit risk (Continued)

- 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:

		2023		2022	
	Note	Frw'000'	%	Frw'000'	%
Credit exposures					
On – balance sheet items					
Balances and deposits due from financial institutions	16	255,638,038	26%	183,286,943	22%
Investment securities	18	291,769,729	29%	261,123,963	31%
Due from related parties	30	962,166	0.1%	161,225	0.0%
Loans and advances to customers at amortized cost	17	430,460,456	43%	381,591,841	45%
Other assets	19	18,499,274	1.9%	19,152,878	2%
		997,329,663		**845,316,850**	
Off-balance sheet items					
Guarantees and standby letters of credit	28	126,706,862	87%	47,369,677	71%
Letters of credit, acceptances and other credits	28	18,158,179	13%	19,660,595	29%
		144,865,041		**67,030,272**	
		1,142,194,704		**912,347,122**	

Balances and deposits due from financial institutions excludes cash at hand as disclosed under Note 16 (a) 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.

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.

Notes Continued

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Management of credit risk (Continued)

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	-	-	(10,984,338)	**(10,984,338)**
Carrying amount	**-**	**-**	**8,633,162**	**8,633,162**
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	(4,800,739)	(5,238,087)	-	(10,038,826)
Carrying amount	**368,102,017**	**52,072,851**	**-**	**420,174,869**
Total gross loans	**374,555,181**	**57,310,938**	**19,617,501**	**451,483,620**
Total provision	**(4,800,739)**	**(5,238,087)**	**(10,984,338)**	**(21,023,164)**
Total carrying amount	**369,754,442**	**52,072,851**	**8,633,163**	**430,460,456**

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.

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.

Notes Continued

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

	2022			
	Stage 1	Stage 2	Stage 3	Total
Exposure to credit risk	12-month ECL	Lifetime ECL	Lifetime ECL	
	Frw'000'	Frw'000'	Frw'000'	Frw'000'
Amortised cost				
Individually and collectively impaired				
Grade 3: Substandard	-	-	5,359,638	5,359,638
Grade 4: Doubtful	-	-	10,382,633	10,382,633
Grade 5: Loss	-	-	10,439,114	10,439,114
Gross amount	**-**	**-**	**26,181,385**	**26,181,385**
Expected credit losses	-	-	(14,970,893)	(14,970,893)
Carrying amount	**-**	**-**	**11,210,492**	**11,210,492**
Grade 1: Normal	313,147,222	-	-	313,147,222
Grade 2: Watch	-	66,798,117	-	66,798,117
Gross amount	**313,147,222**	**66,798,117**	**-**	**379,945,339**
Expected credit losses	(6,676,283)	(2,887,706)	-	(9,563,989)
Carrying amount	**306,470,939**	**63,910,411**	**-**	**370,381,350**
Total gross loans	**313,147,222**	**66,798,117**	**26,181,385**	**406,126,724**
Total provision	**(6,676,283)**	**(2,887,706)**	**(14,970,893)**	**(24,534,882)**
Total carrying amount	**306,470,939**	**63,910,411**	**11,210,492**	**381,591,841**

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.

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.

Notes Continued

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Past due but not impaired loans (Continued)

	2023			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	Frw'000'	Frw'000'	Frw'000'	Frw'000'
Amortised cost				
Individually and collectively impaired				
Grade 3: Substandard	-	-	-	-
Grade 4: Doubtful	-	-	-	-
Grade 5: Loss	-	-	-	-
Gross amount	**-**	**-**	**-**	-
Expected credit 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 gross loans	**144,865,041**	**-**	**-**	**144,865,041**
Total provision	(1,364,731)	**-**	**-**	**(1,364,731)**
Total Carrying amount	**143,500,310**	**-**	**-**	**143,500,310**

Exposure to credit risk LCs and Guarantees

	2022			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	Frw'000'	Frw'000'	Frw'000'	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	79,508,825		-	79,508,825
Grade 2: Watch	-	426,809	-	426,809
Gross amount	**79,508,825**	**426,809**	**-**	**79,935,634**
Provision for impairment losses	(706,919)	(1,150)	**-**	(708,069)
Carrying amount	78,801,906	425,659	-	79,227,565
Total gross loans	**79,508,825**	**426,809**	**-**	**79,935,634**
Total provision	(706,919)	(1,150)	**-**	(708,069)
Total Carrying amount	**78,801,906**	**425,659**	**-**	**79,227,565**

Notes Continued

4. FINANCIAL RISK MANAGEMENT (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.

Loans and advances to customers

The Bank has considered all relevant factors, including local market conditions and practices, before any collateral is realized.

Notes Continued

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Collateral on loans and advances (Continued)

The collateral held by the Bank against loans and advances is as below.

	2023 Frw'000'	2022 Frw'000'
Against stage 1 Loans		
Property	360,501,598	161,825,382
Other	38,444,732	15,976,871
	398,946,330	**177,802,253**
Against stage 2 loans		
Property	82,068,638	120,094,600
Other	577,880	63,923
	82,646,518	**120,158,523**
Against past due but not impaired		
Property	17,254,392	15,809,124
Other	**2,363,978**	**177,448**
	19,618,370	15,986,572
Total	**501,211,217**	**313,947,348**

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'	2022 Frw'000'
Building and construction	43,767,081	18,340,049
Energy and water	11,463,624	4,258,602
Financial services	385,487	160,225
Food and agriculture	11,416,533	9,234,849
ICT and telecommunication	10,673,528	12,989,255
Manufacturing	16,504,949	20,580,905
Mining & quarrying	461,435	437,035
Personal household	105,771,199	81,117,064
Real estate	59,346,196	24,278,699
Tourism and hospitality	44,321,313	32,746,319
Trade	118,796,509	35,232,400
Transport and logistics	28,575,766	14,824,910
	451,483,620	**254,200,313**

(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

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (Continued)

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.

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.

Notes Continued

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Management of liquidity risk (Continued)

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:

	2023	2022
At 31 December		
Average for the year	282%	262%
Maximum for the year	374%	411%
Minimum for the year	209%	139%
Minimum statutory requirement	100%	100%

NOTES CONTINUED

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (Continued)

(c) Liquidity risk

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	3-6 Months	6-12 Months	1-5 Years	More than 5 years	Total
	Frw'000'		Frw'000'	Frw'000'	Frw'000'	Frw'000'
31 December 2023						
Financial assets						
Cash balances and deposits in financial institutions	187,590,232	-	29,491,723	-	38,556,082	255,638,038
Loans and advances to customers	83,407,759	17,902,244	22,119,405	146,821,832	160,209,215	430,460,456
Investment securities	15,016,733	6,636,301	11,461,820	52,202,709	206,452,167	291,769,730
Due from related parties	962,166	-	-	-	-	962,166
Other assets	22,480,758	-	-	-	-	22,480,758
Total financial assets	**309,457,648**	**24,538,545**	**63,072,948**	**199,024,541**	**405,217,464**	**1,001,311,148**
Financial liabilities						
Deposits from customers and banks	671,822,297	645,366	8,051,019	100,412,507	-	780,931,189
Borrowed funds	1,398,969	-	23,535,140	17,796,424	19,627,588	62,358,122
Balance due to related parties	2,226,356	-	-	-	-	2,226,356
Other liabilities	25,944,685	-	-	-	-	25,944,685
Lease liabilities	-	-	1,251,339	2,238,361	3,068,577	6,558,277
Total financial liabilities	**701,392,307**	**645,366**	**32,837,498**	**120,447,292**	**22,696,165**	**878,018,628**
Liquidity gap 31 December 2023	**(391,934,658)**	**23,893,179**	**30,235,451**	**78,577,249**	**382,521,299**	**123,292,520**

The weighted average effective interest rate on investment securities at 31 December was 12% (2022: 12%)

NOTES CONTINUED

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	3-6 Months	6-12 Months	1-5 Years	More than 5 years	Total
	Frw'000'		Frw'000'	Frw'000'	Frw'000'	Frw'000'
31 December 2022						
Financial assets						
Cash balances and deposits in financial institutions	136,582,863	-	7,138,083	17,845,207	21,738,561	183,304,714
Loans and advances to customers	33,611,017	13,121,563	45,465,968	146,030,534	167,897,643	406,126,725
Investment securities	2,110,000	3,000,000	8,046,543	35,378,542	212,847,824	261,382,909
Due from related parties	161,225	-	-	-	-	161,225
Other assets	8,244,779	-	2,169,844	8,679,375	5,424,609	24,518,607
Total financial assets	**180,709,884**	**16,121,563**	**62,820,438**	**207,933,658**	**407,908,637**	**875,494,180**
Financial liabilities						
Deposits from customers and banks	532,985,046	41,262,547	61,658,817	37,802,674	14,113,412	687,822,496
Borrowed funds	-	-	6,947,647	16,577,710	15,064,037	38,589,394
Balance due to related parties	1,069,595	-	-	-	-	1,069,595
Other liabilities	18,414,164	-	3,090,410	3,090,410	-	24,594,984
Lease liabilities	852,491	-	873,718	1,974,262	921,551	4,622,022
Total financial liabilities	**553,321,296**	**41,262,547**	**72,570,592**	**59,445,056**	**30,099,000**	**756,698,491**
Liquidity gap 31 December 2022	**(372,611,412)**	**(25,140,984)**	**(9,750,154)**	**148,488,602**	**377,809,637**	**118,795,689**

NOTES CONTINUED

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (Continued)

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	110,611,873	126,706,862
Letters of credit, acceptances and other documentary credits	14,373,603	423,196	3,130,379	231,000	18,158,179
Capital commitments	150,791	-	2,400,017	-	2,550,807
Loans approved but not disbursed	-	-	659,650	1,489,707	2,149,357
Total commitments and guarantees	**14,536,321**	**1,478,215**	**21,218,089**	**112,332,580**	**149,565,205**

31 December 2022	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	9,085,256	8,370,764	5,700,279	24,213,378	47,369,677
Letters of credit, acceptances and other documentary credits	19,149,235	280,360	231,000	-	19,660,595
Capital commitments	150,790	-	2,400,017	-	2,550,807
Loans approved but not disbursed	-	-	230,000	1,142,100	1,372,100
Total commitments and guarantees	**28,385,281**	**8,651,124**	**8,561,296**	**25,355,478**	**70,953,179**

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.

Notes Continued

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(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.

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:

NOTES CONTINUED

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risk (Continued)

Interest rate risk table

	Carrying amount	Non-interest bearing*	Less than 3 Months	3-6 Months	6-12 Months	1-5 Years	More than 5 years	Total
31 December 2023	**Frw'000'**	**Frw'000'**	**Frw'000'**	**Frw'000'**	**Frw'000'**	**Frw'000'**	**Frw'000'**	**Frw'000'**
Assets								
Cash and cash equivalents	217,081,956	36,434,077	187,590,232	-	29,491,723	-	-	217,081,956
Restricted cash with National Bank of Rwanda	38,556,082	38,556,082	-	-		-	38,556,082	38,556,082
Loans and advances to customers	430,460,456		83,407,759	17,902,244	22,119,405	146,821,832	160,209,215	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
	977,868,223	**74,990,159**	**286,014,724**	**24,538,544**	**63,072,948**	**199,024,541**	**405,217,464**	**977,868,223**
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	-	0	-	1,251,339	2,238,361	3,068,577	6,558,276
Borrowed funds	62,358,122	-	1,398,969	-	23,535,140	17,796,424	19,627,588	62,358,122
	849,847,587	**670,887,949**	**673,221,266**	**645,366**	**32,837,498**	**120,447,292**	**22,696,165**	**849,847,587**
Interest sensitivity gap	**128,020,636**	**(595,897,790)**	**(387,206,541)**	**23,893,178**	**30,235,451**	**78,577,249**	**382,521,299**	**128,020,636**

All financial instruments entered into by Equity bank Rwanda Plc are at fixed rates and therefore, not prone to interest rate fluctuations. The impact of fluctuations in the LIBOR (London Interbank Rate) is not expected to have a significant effect on the results of Equity Bank Rwanda Plc.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risk (Continued)

Interest rate risk table

31 December 2022	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	129,986,860	18,774,569	105,003,570	-	7,138,083	17,845,207	-	**129,986,860**
Restricted cash with National Bank of Rwanda	21,738,561	21,738,561	-	-	-	-	21,738,561	**21,738,561**
Loans and advances to customers	241,683,388	-	22,456,445	13,121,563	5,052,104	114,797,885	109,236,552	**264,664,549**
Investment securities	158,008,651	-	2,110,000	3,000,000	1,000,000	9,909,000	149,599,352	**165,618,352**
	551,417,460	**40,513,130**	**129,570,015**	**16,121,563**	**13,190,187**	**142,552,092**	**280,574,465**	**582,008,322**
Liabilities								
Deposits from customers and banks	440,185,577	370,574,256	382,049,835	42,967,881	15,115,027	52,835	-	**440,185,578**
Lease liabilities	2,989,021	-	-`	-	873,718	1,974,262	921,551	**3,769,531**
Borrowed funds	33,130,582	-	-	-	6,947,647	16,577,710	15,064,037	**38,589,394**
	476,305,180	**370,574,256**	**382,049,835**	**42,967,881**	**22,936,392**	**18,604,807**	**15,985,588**	**482,544,503**
Interest sensitivity gap	**75,112,280**	**(330,061,126)**	**(252,479,820)**	**(26,846,318)**	**(9,746,205)**	**123,947,285**	**264,588,877**	**99,463,819**

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.

Notes Continued

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risk (Continued)

During the year, a 2% increase / decrease (2022: 2%) of the annual interest rate 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
2023	+/-2%	+/- 4.48%	+/-2,093,087
2022	+/-2%	+/- 5.43%	+/-4,751,150

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

	US$	GBP	Euro	Others	Total
31 December 2023	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	-	**44,869,76**
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**	**291,851,252**
Liabilities					
Customer deposits	273,161,096	364,241	14,251,150	-	**298,460,770**
Due to group companies	2,144,433	-	-	48,308	**2,192,741**
Other liabilities	-	147,486	20,783	(5,233)	**2,192,741**
Total liabilities	**275,305,529**	**511,727**	**14,271,933**	**43,075**	**302,846,252**
Net financial position	**1,051,121**	**16,178**	**324,125**	**326,603**	**(10,995,000)**

Notes Continued

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Foreign currency exposure (Continued)

31 December 2022	US$ Frw'000'	GBP Frw'000'	Euro Frw'000'	Others Frw'000'	Total Frw'000'
Assets					
Cash and cash equivalents	102,582,623	517,576	6,269,026	276,394	109,645,619
Loans and advances to customers	29,643,142	-	-	-	29,643,142
Investment securities	44,466,031	-	-	-	44,466,031
Due from group companies	150,628	1,494	2,924	3,445	158,491
Other assets	1,375,373	10,271	95,593	308,773	1,790,010
Total assets	**178,217,797**	**529,341**	**6,367,543**	**588,612**	**185,703,293**
Liabilities					
Customer deposits	191,871,275	341,944	6,313,694	-	198,526,913
Due to group companies	1,003,159	-	-	28,099	1,031,258
Other liabilities		180,897	-	-	180,897
Total liabilities	**192,874,434**	**522,841**	**6,313,694**	**28,099**	**199,739,068**
Net financial position	**(14,656,637)**	**6,500**	**53,849**	**560,513**	**(14,035,755)**

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. Changes in foreign currencies will result to the below exposure.

	2023			2022		
	Change in currency	Effect on profit before income tax	Effect on equity	Change in currency	Effect on profit before tax	Effect on equity
		Frw'000'	Frw'000'		Frw'000'	Frw'000'
USD	+ / - 4%	41,923	13,160	+ / - 4%	132,261	616,746
GBP	+ / - 5%	1,294	406	+ / - 5%	326	165
EUR	+ / - 5%	9,088	2,853	+ / - 5%	2,692	1,154
Others	+ / - 4%	13,025.82	4,089	+ / - 4%	22,421	7,038

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The board of directors has set limits on foreign currency positions. The foreign currency positions are monitored on daily basis and strategies used to ensure that positions are maintained within the established limits.

(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

Notes Continued

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Foreign currency exposure (Continued)

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.

	2023	2022
	Frw'000'	Frw'000'
Tier 1 capital		
Ordinary share capital (Note 27)	23,301,276	23,301,276
Share premium (Note 27)	18,359,844	18,359,851
Retained earnings	103,045,738	79,640,165
Regulatory adjustments	(7,319,136)	(4,685,669)
Unrealized loss on financial assets at FVOCI	(8,301,907)	(7,714,395)
Total	**129,085,815**	**108,901,228**
Collective impairment provisions and regulatory reserves (include Max 1.25% of RWA)	9,420,936	5,668,758
Total regulatory capital	**138,506,751**	**114,569,986**
Total risk-weighted assets	**753,575,517**	**543,036,385**

Notes Continued

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Foreign currency exposure (Continued)

	2023	2022
Total tier 1 capital expressed as a percentage of total risk-weighted assets	17.130%	20.05%
Total minimum regulatory capital expressed as a percentage of total risk-weighted assets	13%	12.50%
Total tier 2 capital expressed as a percentage of total risk-weighted assets	18.38%	21.10%
Total minimum regulatory capital expressed as a percentage of total risk-weighted assets	15.5%	15.00%

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.

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 2023 (2022: 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.

Level 2	Valuation technique	Significant observable inputs	Range (Weighted average)
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%

Level 3	Valuation technique	Significant unobservable inputs	Range (Weighted average)
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 2023				
FVOCI investment securities	-	194,168,707	-	194,168,707
Total financial assets at fair value	**-**	**194,168,707**	**--**	**194,168,707**

Notes Continued

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Foreign currency exposure (Continued)

	Level 1	Level 2	Level 3	Total
	Frw'000'	Frw'000'	Frw'000'	Frw'000'
At 31 December 2022				
FVOCI investment securities	-	95,464,957	-	95,464,957
Total financial assets at fair value	**-**	**95,464,957**	**-**	**95,464,957**

The following summarises the fair value hierarchy of those assets and liabilities not held at fair value.

	Carrying amount	Fair value	Level 1	Level 2	Level 3
At 31 December 2023	Frw'000'	Frw'000'	Frw'000'	Frw'000'	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	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	742,562,135	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**

	Carrying amount	Fair value	Level 1	Level 2	Level 3
At 31 December 2022	Frw'000'	Frw'000'	Frw'000'	Frw'000'	Frw'000'
Cash, balances and deposits in financial institutions	129,986,860	129,986,860	129,986,860	-	-
Restricted cash with National Bank of Rwanda	21,720,791	21,720,791	21,720,791	-	-
Amortised investment securities	64,980,528	64,980,528	-	64,980,528	-
Loans and advances at amortised cost	241,683,388	241,683,388	-	-	241,683,388
Due from related parties	161,225	161,225	-	-	161,225
Other assets	9,958,078	9,958,078	-	-	9,958,078
Total financial assets	468,490,870	468,490,870	151,707,651	64,980,528	251,802,691
Deposits from customers	440,185,577	440,185,577	440,185,577	-	-
Borrowed funds	33,130,582	33,130,582	-	-	33,130,582
Due to related parties	1,069,595	1,069,595	-	-	1,069,595
Other liabilities	33,493,761	33,493,761	-	-	33,493,761
Total liabilities	**507,879,515**	**507,879,515**	**440,185,577**	-	**67,693,938**

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.

Notes Continued

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Foreign currency exposure (Continued)

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. The table below shows the various asset classes.

5. INTEREST INCOME	2023	2022
	Frw'000'	Frw'000'
Loans and advances to customers	63,324,866	65,728,889
Deposits and balances due from financial institutions	3,217,813	2,740,330
Amortised investment securities	1,706,682	11,455,158
FVOCI investment securities	29,210,388	9,721,886
	97,459,749	**89,646,263**
6. INTEREST EXPENSE		
Deposit from customers	16,547,484	12,970,071
Borrowed funds	2,563,144	7,011,630
Interest expense on lease liabilities	530,059	360,570
	19,640,687	**20,342,271**
Net interest income	**77,819,062**	**69,303,992**

Interest income and expenses are calculated using effective interest rate (EIR) method.

7. NET FEES AND COMMISSION INCOME

(a) Fees and commission income	2023	2022
	Frw'000'	Frw'000'
Commissions on financing commitments to customers	5,038,181	2,628,257
Commissions on account keeping	2,157,654	2,233,150
Commissions on payment facilities	13,375,032	11,239,972
Other fees on rendered services	717,962	480,605
	21,288,829	**16,581,984**
(b) Fee and commission expense		
Fee and commission expense	8,939,625	6,680,910
Net fee and commission income	**12,349,204**	**9,901,074**

8. NET FOREIGN EXCHANGE INCOME	2023	2022
	Frw'000'	Frw'000'
Realised foreign exchange gain	7,903,828	4,320,202
Unrealised foreign exchange gain	33,198	834
	7,937,025	**4,321,036**

9. OTHER OPERATING INCOME	2023	2022
	Frw'000'	Frw'000'
Realized securities trading gain/(loss)	31,094	388,645
Profit on disposal of property and equipment	6,000	126,904
Gain/(loss) on fair value on restructured loans	-	(492,152)
Insurance brokerage income	369,888	203,589
Rental Income	601,793	418,194
Other	1,019,616	360,608
	1,426,598	**1,005,788**

Notes Continued

10. CREDIT IMPAIRMENT LOSSES

	2023 Frw'000'	2022 Frw'000'
Loans and advances:		
Increase / (decrease) in stage 1 & 2	9,947,507	853,141
Increase in stage 3	2,811,630	6,424,053
Increase /Decrease in off-balance sheet	656,662	241,313
Loan written off recoveries	(9,298,551)	(5,160,227)
Subtotal	**4,117,248**	**2,358,280**
Investment securities, cash and placements and other assets		
Increase/ (decrease) in money market (Note 16)	398,216	104,865
Increase/ (decrease) in investment securities (Note 18)	521,051	604,768
Subtotal	**919,267**	**709,633**
Credit impairment loss charged to P/L	**5,036,515**	**3,067,913**

11. EMPLOYEE BENEFITS

	2023 Frw'000'	2022 Frw'000'
Salaries and wages	15,906,799	13,332,330
Pension scheme contribution	816,995	882,046
Other benefits	4,420,890	3,211,214
	21,144,684	**17,425,590**

*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 855 (2022:499)

12. SHORT TERM OPERATING LEASE EXPENSES

	2023 Frw'000'	2022 Frw'000'
Short term leases and Low value leases	**157,130**	**205,282**

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

	2023 Frw'000'	2022 Frw'000'
Depreciation on property and equipment (Note 21)	2,081,533	2,282,464
Amortisation of intangible assets (Note 22)	352,367	347,645
Depreciation of right-of-use assets (Note 20)	1,450,943	1,366,592
	3,884,843	**3,996,701**

Notes Continued

14. OTHER OPERATING EXPENSES

	2023 Frw'000'	2022 Frw'000'
Software and other IT related costs	473,750	886,222
Electricity, water and repairs and maintenance	1,539,469	1,399,090
Marketing, advertising, and sponsorship	765,816	766,346
Travel and accommodation	902,237	793,622
Consultancy, legal and professional fees	2,383,291	1,522,064
Publications, stationery, and communications	2,363,458	1,741,758
Auditor's remuneration	145,783	129,127
Shared services recharge	1,543,214	1,445,487
Provison for ligations	1,098,158	317,642
Impairment charge for Intangibles and other assets	2,863,636	123,295
Other expenses*	3,219,545	2,479,919
	17,298,358	**11,812,472**

*Other expenses include other various costs include field officer , director emoluments, board and office expenses, insurance, security, parking, subscriptions, banking charges, losses, penalties, and credit guarantee fees.

15. INCOME TAX EXPENSE

	2023 Frw'000'	2022 Frw'000'
Recognised in profit or loss:		
Current income tax charge	19,632,610	15,345,074
Deferred income tax/(credit) (Note 23)	(4,027,828)	(596,913)
	15,604,782	**14,748,161**

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:

	2023 Frw'000'	2022 Frw'000'
Profit before income tax	52,010,359	48,023,931
Income tax using the enacted corporation tax rate 29.403%*	15,292,606	14,407,179
Income not subject to tax	-	340,982
Overprovision from previous years	312,176	-
Profit before income tax	**15,604,782**	**14,748,161**

*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.

Recognised in the statement of financial position	2023	2022
Current income tax asset/(liability) at end of year	Frw'000'	Frw'000'
At start of year	(5,648,636)	270,875
Current year income tax expense	(15,604,782)	(25,307,435)
Paid during the year	25,445,894	19,387,922
At end of year – recoverable / (payable)	**(4,192,476)**	**(5,648,636)**

Income tax recoverable relates to the tax instalments and withholding tax that has been paid in advance during the year.

Notes Continued

16. CASH, DEPOSITS, AND BALANCES DUE FROM FINANCIAL INSTITUTIONS

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 December:

	2023	2022
	Frw'000'	Frw'000'
Cash in hand	36,434,077	25,180,573
Unrestricted cash with National Bank of Rwanda	79,056,039	16,372,646
Money market placements	29,744,949	70,310,362
Other balances with banks	72,093,286	39,936,518
	217,328,352	**151,800,097**
12-month ECL:		
At 1 January	**(145,020)**	**(45,300)**
Additional Charge for the year	(271,442)	(99,720)
At 31 December	**(416,462)**	**(145,020)**
Cash, deposits, and balances due from financial institutions	**216,911,890**	**151,655,078**
Restricted cash with National Bank of Rwanda	38,870,691	31,649,636
12-month ECL:		
At 1 January	**(17,770)**	(12,625)
Additional Charge for the year	(126,773)	(5,145)
At 31 December	**(144,543)**	**(17,770)**
Net Restricted cash with National Bank of Rwanda	**38,726,148**	**31,631,866**
Movement in restricted balances:		
At 1 January	31,631,866	24,596,995
Movement during the year	7,094,282	7,034,871
At 31 December	**38,726,148**	**31,631,866**
Total Cash and Bank Balances	**255,638,038**	**183,286,943**

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.

	2023	2022
	Frw'000'	Frw'000'
Cash and cash equivalents (Notes 16a)	217,328,352	151,800,097
Liquid investments:		
FVOCI investment securities	194,168,707	174,110,249
Borrowed funds	(62,358,121)	(45,624,530)
Net debt	**349,138,938**	**280,285,816**
Cash and liquid investments	411,497,059	325,910,346
Gross debt - fixed interest rates	(62,358,121)	(45,624,530)
Net debt	**349,138,938**	**280,285,816**

Notes Continued

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 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**

	Frw'000'	Frw'000'	Frw'000's	Frw'000'	Frw'000'
		Liquid assets	Borrowed funds		Total
	Cash and cash equivalents	FVOCI investment securities	Due within 1 year	Due after 1 year	
Year ended 31 December 2022					
Net debt as at start of year	95,760,368	100,336,119	(1,047,983)	(44,463,598)	150,584,906
Cash flows	56,039,729	73,774,130	410,565	(523,514)	129,700,910
Net debt at end of year	151,800,097	174,110,249	(637,418)	(44,987,112)	**280,285,816**

17. A) LOANS AND ADVANCES TO CUSTOMERS

	2023	2022
	Frw'000'	Frw'000'
Gross loans and advances to customers	451,430,064	406,126,723
Stage 1&2 impairment	7,475,405	7,334,176
Stage 2 impairment	2,365,186	2,154,450
Stage 3 impairment	11,129,017	15,046,256
	20,969,608	**24,534,882**
Current portion	123,429,408	92,198,548
Non-current portion	307,031,048	289,393,293
Net loans and advances to customers	**430,460,456**	**381,591,841**

(b) Provision for impairment of loans and advances

	Stage 1	Stage 2	Stage 3	Total
	12 month ECL	Lifetime ECL	Lifetime ECL	
Year ended 31 December 2023	Frw'000'	Frw'000'	Frw'000'	Frw'000'
Balance at 1 January	2,166,361	881,182	10,666,674	13,714,218
Movements during the year:				
Transfer to 12 months ECL	508,119	(372,315)	(135,803)	-
Transfer to lifetime ECL not credit impaired	(98,761)	1,101,455	(1,002,694)	-
Transfer to lifetime ECL credit impaired	(31,425)	(376,527)	407,952	-
Net re-measurements of loss allowance	(480,054)	(776,023)	901,983	(354,095)
Net financial assets originated	3,697,185	1,146,549	7,230,329	12,074,064
Financial assets derecognized	(446,964)	(103,613)	(3,914,000)	(4,464,577)
	5,314,460	**1,500,709**	**14,154,440**	**20,969,611**
Loss allowance as at 31 December	**5,314,460**	**1,500,709**	**14,154,440**	**20,969,611**

Notes Continued

17. A) LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(b) Provision for impairment of loans and advances (Continued)

Year ended 31 December 2022	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	**1,110,356**	**2,340,041**	**6,014,683**	**9,465,080**
Movements during the year:				
Transfer to 12 months ECL	287,392	(212,188)	(75,204)	**-**
Transfer to lifetime ECL not credit	(22,532)	124,681	(102,149)	**-**
Transfer to lifetime ECL credit	(333,999)	(1,369,923)	1,703,922	**-**
Net re-measurements of loss	492,200	361,060	2,925,662	**3,778,922**
Net financial assets originated	869,126	468,277	803,618	**2,141,021**
Financial assets derecognised	(236,182)	(830,766)	(603,857)	**(1,670,805)**
	2,166,361	**881,182**	**10,666,674**	**13,714,218**
Write offs	-	-	(1,197,293)	(1,197,293)
Loss allowance as at 31 December	**2,166,361**	**881,182**	**9,469,382**	**12,516,925**

(c) Provision for impairment for off balance sheet facilities.

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'
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**

Year ended 31 December 2022	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	**468,138**	**1,324**	**3,320**	**472,782**
Transfer to 12 months ECL	6	-6	-	**-**
Transfer to Lifetime ECL not credit	-	-	-	**-**
Transfer to Lifetime ECL credit impaired	-3	3	-	**-**
Net re-measurement of Loss allowance	11,226	125	-	**11,351**
Net financial assets originated	403,498	27	-	**403,525**
Financial assets derecognised	(146,877)	(28,069)	-	**(174,946)**
Loss allowance as at 31 December	**735,988**	**(26,596)**	**3,320**	**712,712**

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:

Notes Continued

17. A) LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(c) Provision for impairment for off balance sheet facilities. (Continued)

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'
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 re-measurements of loss allowance	(20,166,803)	(655,321)	2,613,835	(18,208,289)
Net financial assets originate	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**	**57,102,081**	**21,249,701**	**451,430,064**

Year ended 31 December 2022	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	163,894,604	48,931,559	17,637,764	230,463,927
Movements during the year				-
Transfer to 12 months ECL	5,591,996	(5,118,917)	(473,079)	-
Transfer to lifetime ECL not credit	(3,677,984)	4,115,232	(437,248)	-
Transfer to lifetime ECL credit impaired	(2,308,382)	(6,129,524)	8,437,906	-
Net remeasurements of loss allowance	(23,639,690)	1,308,064	(7,007,924)	(29,339,550)
Net financial assets originated or purchased	96,218,364	7,587,675	1,739,257	105,545,296
Financial assets derecognised	(29,863,295)	(17,452,271)	(5,153,794)	**(52,469,360)**
Gross amount as at 31 December	**206,215,613**	**33,241,818**	**14,742,882**	**254,200,313**

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.

Notes Continued

17. A) LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(b) Provision for impairment of loans and advances (Continued)

Concentration by sector	Gross carrying amount as at 31 December 2023	Movements during the year	Gross carrying amount as at 31 December 2022
Building and construction	43,713,525	23,774,607	18,340,049
Energy and water	11,463,624	7,205,022	4,258,602
Financial services	385,487	225,262	160,225
Food and agriculture	11,416,533	2,181,684	9,234,849
ICT and telecommunication	10,673,528	(2,315,727)	12,989,255
Manufacturing	16,504,949	(4,075,956)	20,580,905
Mining & quarrying	461,435	24,400	437,035
Personal household	105,771,199	24,654,134	81,117,065
Real estate	59,346,196	35,067,497	24,278,699
Tourism and hospitality	44,321,313	11,574,994	32,746,319
Trade	118,796,509	83,564,109	35,232,400
Transport and logistics	28,575,766	13,750,856	14,824,910
	451,430,064	195,630,882	254,200,313

17. A) LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(c) Provision for impairment for off balance sheet facilities. (Continued)

	Building and construction				Energy and water				Financial services			
	Stage1	Stage2	Stage3	Total	Stage1	Stage2	Stage3	Total	Stage1	Stage2	Stage3	Total
	12 month ECL	Lifetime ECL	Lifetime ECL		12 month ECL	Lifetime ECL	Lifetime ECL		12 month 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 31December	**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**	**-**	**-**	**-**	**-**

NOTES CONTINUED

17. A) LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(b) Provision for impairment of loans and advances (Continued)

	Food and agriculture				ICT and Telecommunication				Manufacturing			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	12 month ECL	Lifetime ECL	Lifetime ECL		12 month ECL	Lifetime ECL	Lifetime ECL		12 month 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	**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)

	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	
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												
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 purchased	-	-	-	-	(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**

NOTES CONTINUED

17. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

© Movements per sector

	Tourism and Hospitality				Trade				Transport and logistics			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	12 month ECL	Lifetime ECL	Lifetime ECL		12 month ECL	Lifetime ECL	Lifetime ECL		12 month 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	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	3,873,321
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 Continued

18. INVESTMENT SECURITIES	2023 Frw'000'	2022 Frw'000'
Amortised cost		
At start of year	87,170,863	13,493,231
New investment securities	72,305,926	89,259,310
Maturity of securities	(61,659,605)	(15,581,679)
At end of year	**97,817,184**	**87,170,862**
12-month ECL:		
At 1 January – Initial re-measurement	(157,149)	(2,955)
Re-measurement during the year	(59,012)	(154,194)
At 31 December	(216,161)	(157,149)
Net carrying amount	**97,601,022**	**87,013,714**
FVOCI		
At start of year	174,754,239	155,326,136
New investment securities	22,926,039	49,595,401
Sale of investment securities	(4,610,000)	(17,053,292)
Gain/ (loss)on fair valuation	2,417,691	(13,114,006)
	195,487,969	**174,754,239**
At 1 January – Initial re-measurement	(643,990)	(222,113)
Re-measurement during the year	(675,272)	(421,877)
At 31 December	**(1,319,262)**	**(643,990)**
At end of year	**194,168,707**	**174,110,249**
	291,769,730	**261,123,962**

The weighted average effective interest rate on investment securities at 31 December was 12% (2022: 12%)

19. OTHER ASSETS AND PREPAID EXPENSES	2023 Frw'000'	2022 Frw'000'
Settlement and clearing accounts	2,619,960	2,833,599
Prepaid expenses and other prepayments	11,478,225	11,911,958
Refundable deposits	325,384	16,739
Accounts receivable and sundry debtors	2,541,076	3,051,956
Other assets	2,207,426	1,620,395
	19,172,071	**19,434,647**
Expected credit loss for other assets	(672,797)	(281,771)
	18,499,274	**19,152,878**
(b) Non-Current assets Held for sale	4,482,212	-
Expected credit loss for assets held for sales	(500,728)	-
	3,981,484	**-**

Other assets are settled no more than 12 months after the reporting date. All the balances are non-interest bearing.

Notes Continued

20. RIGHT OF USE ASSETS (ROUA)

Right of use assets are made up of the following:

	2023	2022
Cost	Frw'000'	Frw'000'
Initial cost as at 1 Jan	7,168,750	7,080,755
Additions& re-measurement of ROUA	-	188,564
Disposals	4,281,227	(100,570)
Total	**11,449,977**	**7,168,750**
Accumulated depreciation		
Beginning balance at 1st January	3,884,447	2,618,425
Current period depreciation	1,450,943	1,366,592
Disposals	-	(100,570)
Ending balance 31st December	**5,335,390**	**3,884,447**
Net book value	**6,114,587**	**3,284,302**

During 2023, 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.

Movement in lease liabilities is as follows:	2023	2022
	Frw'000'	Frw'000'
Balance as at 1 January	3,610,685	4,759,638
Additions (new and lease modifications accounted for as a separate lease)	4,280,042	206,193
Principal settlements during the period	(1,862,509)	(1,715,716)
Finance expenses during the period	530,059	360,570
Balance as at 31 December	**6,558,277**	**3,610,685**

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

	2023	2022
	Frw'000'	Frw'000'
Amounts recognised in the statement of profit or loss		
Depreciation charge of right-of-use assets - buildings	1,450,943	1,366,592
Interest expense	530,059	360,570

Notes Continued

21. PROPERTY AND EQUIPMENT

	Building Investment Property	Leasehold improvements	Motor vehicles	Equipment, furniture & fittings	Computers	ATM	Total
	Frw'000'	Frw'000'	Frw'000'	Frw'000'	Frw'000's	Frw'000's	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**	**8,322,222**	**5,412,413**	**793,136**	**34,721,191**
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	-	-	-	-	(99,538)	-	(99,538)
At end of year	**3,981,237**	**4,115,029**	**1,232,658**	**6,924,569**	**3,901,714**	**694,800**	**20,850,006**
Net book value at end of year	**9,520,381**	**1,299,497**	**44,618**	**1,397,654**	**1,510,699**	**98,336**	**13,871,185**

	Building Investment Property	Leasehold improvements	Motor vehicles	Equipment, furniture & fittings	Computers	ATM	Total
	Frw'000'	Frw'000'	Frw'000'	Frw'000'	Frw'000's	Frw'000's	Frw'000'
Year ended 31 December 2022							
Cost							
At start of year	13,449,698	4,845,141	1,334,445	7,677,211	3,901,867	764,777	31,973,139
Additions	89,681	270,994	-	635,295	705,409	78,938	1,780,317
Transfers	-	-	-	(171,334.00)	171,334.00	-	-
Disposals	-	(102,644)	(64,867)	(251,890)	(218,305)	(89,472)	(727,178)
At end of year	**13,539,379**	**5,013,491**	**1,269,578**	**7,889,282**	**4,560,305**	**754,243**	**33,026,278**
Accumulated depreciation							
At start of year	2,939,680	3,594,243	1,162,517	6,705,350	2,846,685	50,566	17,299,041
Charge for the year	568,915	353,232	85,097	687,970	586,798	38,212	2,320,224
Disposals	-	(103,667)	(64,867)	(243,665)	(212,343)	(89,472)	(714,014)
At end of year	**3,508,595**	**3,843,808**	**1,182,747**	**7,149,655**	**3,221,140**	**(694)**	**18,905,251**
Net book value at end of year	**10,030,784**	**1,169,683**	**86,831**	**739,627**	**1,339,165**	**754,937**	**14,121,027**

Notes Continued

22. INTANGIBLES

	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
Amortisation	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**
Year ended 31 December 2022		
Cost		
At start of year	4,190,175	4,190,175
Acquisitions	579,435	579,435
At end of year	**4,769,610**	**4,769,610**
Amortisation and impairment losses		
At start of year	2,872,817	2,872,817
Amortisation	347,645	347,645
At end of year	**3,220,462**	**3,220,462**
Net book value at end of year	**1,549,148**	**1,549,148**

The Bank's intangible assets include the value of computer software. The work-in-progress is composed of software in development. Costs directly attributable to the development of computer software are capitalised as intangible assets only when technical feasibility of the project is demonstrated, the Bank has the intention and ability to complete and use the software and the costs can be measured reliably. The transfers relate to projects completed in the course of the year.

23. DEFERRED INCOME TAX

The net deferred tax movement computed at the enacted rate of 29.403% (2022:30%), is attributable to the following items:

23. Deferred income tax	At 1 January	Recognised in profit or loss	Recognised in OCI	At 31 December
	Frw'000'	Frw'000'	Frw'000'	Frw'000'
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)	-	(4,919,536)
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	(132,203)	-	-	(132,203)
FVOCI investment securities	(3,395,245)	-	(244,693)	(3,639,938)
31 December 2023	**(3,549,152)**	**(4,027,828)**	**(244,693)**	**6,823,574**
Property, equipment, software and Right of use assets	1,237,298	(167,838)	-	1,069,460
Allowances for credit losses	(886,409)	(437,820)	-	(1,324,229)
bad debts recoveries	271,972	29,842	-	301,814
Provision for accrued bonus	-	-	-	-
Provision for accrued leave	(51,310)	(24,735)	-	(76,045)
Unrealised foreign exchange Gains and Losses	3,658	3,638	-	7,296
Prior year understatement	(132,203)	-	-	(132,203)
FVOCI investment securities	538,958	-	(3,934,203)	(3,395,245)
31 December 2022	**981,964**	**(596,913)**	**(3,934,203)**	**(3,549,152)**

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

	2023 Frw'000'	2022 Frw'000'
Term deposits	110,043,240	105,840,579
Current deposits	504,431,433	466,726,815
Savings deposit	166,456,516	95,129,271
	780,931,189	**667,696,665**
Deposits from customers	742,562,135	611,345,385
Deposits from Banks	38,369,053	56,351,280
	780,931,188	**667,696,665**

Deposits from related parties banks	2023 Frw'000'	2022 Frw'000'
Equity Bank Kenya Limited	777,043	305,042
Equity Bank Uganda Limited	2,905	630,347
Equity Bank Tanzania Limited	735,490	63,592
	1,515,439	**998,981**

The weighted average effective interest rate on interest bearing customer deposits at 31 December 2023 was 3% (2022: 5.06 %). 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 ACCRUED EXPENSES

	2023 Frw'000'	2022 Frw'000'
Settlement and clearing accounts.	2,842,114	2,826,780
Accounts payable and sundry creditors	2,516,354	1,803,763
Accrued expenses	6,462,307	3,205,047
Deferred income	10,801,139	7,294,126
Other liabilities	3,322,771	1,146,550
Provision for Litigation	-	327,626
	25,944,685	**16,603,891**

Other liabilities and accrued expenses are current and non-interest bearing.

Notes Continued

26. BORROWED FUNDS

	2023 Frw'000'	2022 Frw'000'
National Bank of Rwanda (Term borrowings)	39,485,278	22,887,939
National Bank of Rwanda (economic recovery fund)	19,190,776	21,486,161
Access Bank	2,000,000	-
Interest payable	1,682,068	1,250,430
	62,358,122	**45,624,530**

Movement during the year		
At 1 January	45,624,530	54,716,799
Proceeds from borrowed funds	152,683,583	193,210,920
Repayment of borrowed funds	(136,098,530)	(201,892,624)
Interest charged on borrowed funds	2,116,482	2,725,654
Interest paid on borrowed funds	(1,967,943)	(3,136,219)
	62,358,122	**45,624,530**

31 December 2023

Lender	Loan balance Frw'000	Currency	Interest rate	Maturity date	Finance cost recognised in the year Frw'000
National Bank of Rwanda	4,955,346	RWF	8%	12-Aug-24	396,428
National Bank of Rwanda	3,333,509	RWF	8%	13-Oct-24	266,681
National Bank of Rwanda	17,796,424	RWF	8%	17-Aug-26	1,423,714
National Bank of Rwanda	8,950,000	RWF	8%	4-Jan-24	671,250
Access bank Rwanda Plc	2,000,000	RWF	8%	5-Jan-24	333,750
National Bank of Rwanda	4,450,000	RWF	8%	3-Jan-24	166,000
BNR-Economic recovery funds	6,223,402	RWF	0%	2-Nov-35	-
BNR-Economic recovery funds	102,500	RWF	2%	5-Nov-25	4,100
BNR-Economic recovery funds	126,979	RWF	2%	23-Oct-25	5,300
BNR-Economic recovery funds	56,875	RWF	2%	11-Jan-26	2,100
BNR-Economic recovery funds	27,976	RWF	0%	23-Apr-26	-
BNR-Economic recovery funds	23,222	RWF	2%	6-Sep-25	760
BNR-Economic recovery funds	26,000	RWF	2%	17-Feb-26	1,200
BNR-Economic recovery funds	48,438	RWF	2%	4-Jun-26	1,500
BNR-Economic recovery funds	4,445,699	RWF	2%	7-Dec-36	88,914
BNR-Economic recovery funds	-	RWF	0%	29-Mar-23	-
BNR-Economic recovery funds	77,313	RWF	0%	29-Dec-29	-
BNR-Economic recovery funds	402,952	RWF	0%	29-Dec-27	-
BNR-Economic recovery funds	1,514,497	RWF	0%	29-Dec-36	-
BNR-Economic recovery funds	76,589	RWF	0%	29-Dec-31	-
BNR-Economic recovery funds	910,000	RWF	0%	29-Dec-31	-
BNR-Economic recovery funds	110,000	RWF	0%	29-Dec-31	-
Development Bank of Rwanda	1,000,000	RWF	4%	17-May-28	40,000
Development Bank of Rwanda	1,000,000	RWF	4%	2-Jul-29	32,000
Development Bank of Rwanda	800,000	RWF	4%	19-Aug-31	57,295
AFIR	1,637,000	RWF	4%	31-Jan-38	18,330

Notes Continued

26. BORROWED FUNDS (CONTINUED)

31 December 2023

Lender	Loan balance Frw'000	Currency	Interest rate	Maturity date	Finance cost recognised in the year Frw'000
BNR-Economic recovery funds	523,700	RWF	4%	30-Sep-38	14,244
BNR-Economic recovery funds	406,957	RWF	4%	30-Nov-33	-
BNR-Economic recovery funds	67,247	RWF	0%	16-Dec-25	-
BNR-Economic recovery funds	20,625	RWF	2%	30-Aug-26	-
BNR-Economic recovery funds	402,311	RWF	0%	16-Dec-25	-
BNR-Economic recovery funds	29,167	RWF	2%	12-Jan-26	-
BNR-Economic recovery funds	191,642	RWF	0%	16-Dec-25	-
BNR-Economic recovery funds	27,563	RWF	2%	17-Mar-26	401
BNR-Economic recovery funds	20,042	RWF	2%	17-Mar-26	781
BNR-Economic recovery funds	39,063	RWF	2%	16-Feb-26	100
BNR-Economic recovery funds	5,000	RWF	2%	27-May-24	-
BNR-Economic recovery funds	34,942	RWF	0%	16-Dec-25	-
BNR-Economic recovery funds	25,000	RWF	2%	21-Dec-24	-
BNR-Economic recovery funds	176,550	RWF	0%	16-Dec-25	-
BNR-Economic recovery funds	143,750	RWF	2%	11-Nov-25	-
BNR-Economic recovery funds	64,206	RWF	0%	16-Dec-25	-
BNR-Economic recovery funds	293,033	RWF	0%	16-Dec-25	-
BNR-Economic recovery funds	7,875	RWF	0%	16-Dec-25	-
BNR-Economic recovery funds	33,750	RWF	2%	1-Mar-26	3,125
BNR-Economic recovery funds	156,250	RWF	2%	18-Jan-26	729
BNR-Economic recovery funds	36,458	RWF	2%	15-Oct-26	-
BNR-Economic recovery funds	551,348	RWF	0%	16-Oct-35	-
BNR-Economic recovery funds	142,583	RWF	2%	30-Apr-26	2,750
BNR-Economic recovery funds	137,500	RWF	2%	23-Oct-25	-
BNR-Economic recovery funds	208	RWF	0%	4-Nov-23	-
BNR-Economic recovery funds	7,933	RWF	0%	16-Nov-25	-

Notes Continued

26. BORROWED FUNDS (CONTINUED)

31 December 2023

Lender	Loan balance Frw'000	Currency	Interest rate	Maturity date	Finance cost recognised in the year Frw'000
BNR-Economic recovery funds	58,343	RWF	0%	16-Oct-35	-
BNR-Economic recovery funds	9,420	RWF	0%	14-Oct-35	-
BNR-Economic recovery funds	73,380	RWF	0%	23-Apr-26	-
BNR-Economic recovery funds	201,701	RWF	0%	16-Oct-35	-
BNR-Economic recovery funds	752,332	RWF	0%	23-Apr-26	-
BNR-Economic recovery funds	212,812	RWF	0%	23-Apr-26	-
BNR-Economic recovery funds	564,946	RWF	0%	16-Oct-35	-
BNR-Economic recovery funds	44,194	RWF	0%	16-Oct-35	-
BNR-Economic recovery funds	64,875	RWF	0%	16-Oct-35	-
BNR-Economic recovery funds	266,453	RWF	0%	16-Oct-35	-
BNR-Economic recovery funds	9,401	RWF	0%	16-Oct-35	-
BNR-Economic recovery funds	574,936	RWF	0%	23-Apr-26	-
BNR-Economic recovery funds	18,750	RWF	2%	15-Jun-26	-
BNR-Economic recovery funds	1,073,881	RWF	0%	15-Jun-26	-
BNR-Economic recovery funds	25,536	RWF	0%	16-Oct-35	-
BNR-Economic recovery funds	92,751	RWF	0%	16-Oct-35	-
BNR-Economic recovery funds	181,228	RWF	0%	16-Oct-35	-
BNR-Economic recovery funds	37,060	RWF	0%	16-Oct-35	-
Fair value adjustment ERF Borrowing	(5,543,302)	RWF	0%		-
Total	**62,358,122**				**3,531,451**

27. SHARE CAPITAL AND RESERVES

(a) Share capital	Share capital Frw'000'	Share premium Frw'000'	Total Frw'000
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**

	Share capital Frw'000'	Share premium Frw'000'	Total Frw'000
Balance as at 1 January 2022	25,160,000	3,486,127	28,646,127
Share bonus issuing	13,015,000	-	13,015,000
At 31 December 2022	**38,175,000**	**3,486,127**	**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.

27. SHARE CAPITAL AND RESERVES (CONTINUED)

Share premium arose from the issue of shares at a price higher than the par value of the shares.

(b) FVOCI reserve	Balance as at 1 January 2023	Movement during the year	Deferred tax	Balance as 31 December 2023
	Frw'000'	Frw'000'	Frw'000'	Frw'000
	(7,714,395)	**(832,205)**	**244,693**	**(8,301,907)**

(c) FVOCI reserve	Balance as at 1 January 2021	Movement during the year	Deferred tax	Balance as 31 December 2022
	Frw'000'	Frw'000'	Frw'000'	Frw'000
	1,465,408	**(13,114,006)**	**3,934,203**	**(7,714,395)**

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.

(e) 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:

For the year ended December 2023

Provisions held	IFRS's provisions Frw'000'	Regulatory provisions Frw'000'	Appropriation to regulatory reserve 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)**

For the year ended December 2022

Provisions held	IFRS's provisions Frw'000'	Regulatory provisions Frw'000'	Appropriation to regulatory reserve Frw'000'
Stage 1	1,508,468	2,166,361	(657,893)
Stage 2	1,618,188	881,182	737,006
Stage 2	6,443,960	9,469,382	(3,025,422)
Total	**9,570,616**	**12,516,925**	**(2,946,309)**
Off balance sheet	645,820	708,069	(62,249)
Totals	**10,216,436**	**13,224,994**	**(3,008,558)**

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:

	2023	2022
	Frw'000'	Frw'000'
Guarantees and standby letters of credit	126,706,862	47,369,677
Letters of credit, acceptances, and other credits	18,158,179	19,660,595
	144,865,041	**67,030,272**

	2023	2022
	Frw'000'	Frw'000'
Capital commitments	2,550,807	2,550,807
Loans approved but not disbursed	2,149,357	1,372,100
	4,700,164	**3,922,907**

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.

	0 - 3 months	3 - 6 months	6 - 12 months	1 - 5 Years	Total
31 December 2023	Frw'000'	Frw'000'	Frw'000'	Frw'000'	Frw'000'
Guarantees and standby LCs	11,927	1,055,019	15,028,042	110,611,873	126,706,862
LCs, acceptances and other documentary credits	14,373,603	423,196	3,130,379	231,000	18,158,179
Capital commitments	150,791	-	2,400,017	-	2,550,807
Loans approved but not disbursed	-	-	659,650	1,489,707	2,149,357
Total commitments and guarantees	14,536,321	1,478,215	21,218,089	112,332,580	149,565,205
31 December 2022					
Guarantees and standby LCs	9,085,256	8,370,764	5,700,279	24,213,378	47,369,677
LCs, acceptances, and other documentary credits	19,149,235	280,360	231,000	-	19,660,595
Capital commitments	150,790	-	2,400,017	-	2,550,807
Loans approved but not disbursed	-	-	230,000	1,142,100	1,372,100
Total commitments and guarantees	28,385,281	8,651,124	8,561,296	25,355,478	70,953,179

Notes Continued

29.RELATED PARTIES 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**	**2023**	**2022**
	Frw'000'	**Frw'000'**
At 1 January	622,313	629,432
Interest charged	37,713	45,594
Loans disbursed	265,919	129,826
Repayments	(175,803)	(188,249)
At 31 December	**750,142**	**616,603**

(b) **Loans to employees**		
At 1 January	**11,117,701**	**5,215,797**
Interest charged	441,993	346,731
Loans disbursed	2,653,504	2,464,062
Repayments	(2,478,362)	(1,557,611)
At 31 December	**11,734,837**	**6,468,979**

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. No specific impairment losses has been recorded against balances outstanding during the year and no specific allowance has been made for impairment losses on balances at the year-end.

(c) Amount due from related parties	**2023**	**2022**
	Frw'000'	**Frw'000'**
Equity Bank Kenya Limited	552,042	43,946
Equity Bank Uganda Limited	43,727	95,491
Equity Bank Tanzania Limited	37,137	14,299
Equity Bank DRC Limited	313,576	3,470
Equity Bank South Sudan Limited	15,685	4,019
	962,166	**161,225**

(d) Amounts due to related parties		
Equity Bank Kenya Limited	749,040	499,070
Equity Bank Uganda Limited	692,102	363,909
Equity Bank Sudan Limited	975	975
Equity Bank Tanzania Limited	772,224	205,641
	2,226,356	**1,069,595**

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 2023, Equity bank Rwanda Plc has not recorded any impairment of receivables relating to amounts owed by related parties (2022: 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.

Notes Continued

29.RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Amounts due to related parties (Continued)

(e)Deposits from related parties	**2023**	**2022**
	Frw'000'	**Frw'000'**
Equity Bank Kenya Limited	777,043	305,042
Equity Bank Uganda Limited	2,905	630,347
Equity Bank Tanzania Limited	735,490	63,592
	1,515,439	**998,981**
(f) Placements within other related parties		
Equity Bank Kenya Limited	-	-
Interest income earned	-	32,792
	-	**32,792**
Interest earned on transactions with banking subsidiaries	706,199	568,145
Interest paid on borrowing with banking subsidiaries	4,014	11,944
Other balances mainly relate to expenses paid on behalf of the other entities by the Bank.		
Key management personnel compensation		
Remuneration to key management	3,336,796	1,412,782
Pensions	154,586	67,276
	3,491,382	**1,480,058**
Directors' emoluments		
Directors' emoluments	319,003	198,960
	319,003	**198,960**

30. EVENTS AFTER REPORTING PERIOD.

On 11 January 2024,the bank filed a special resolution with Rwanda Development Board for an increase in authorised share capital. as summarised below:

	Shares before Amalgamation			Share after Amalgamation		
Member	**Share capital Rwf."000"**	**Number of shares**	**Percentage of shares owned (%)**	**Share capital Rwf."000"**	**Number of shares**	**Percentage of shares owned**
EGH PLC	18,170,000	18,170,000	99.97%	23,258,399	23,258,399	99.8%
Other		5,000	0.03	42,884	42,884	0 .2
Total	**18,175,000**	**18,175,000**	**-**	**23,301,283**	**23,301,283**	**100%**

The authorised share capital increased from 18,175,000 shares to 23,301,283 shares.

There are no events after the reporting date that require adjustment to, or disclosure in, these financial statements as at the date of this report.

Notes Continued

31. AMALGAMATION OF EQUITY BANK RWANDA PLC AND COMPAGNIE GÉNÉRALE DE BANQUE (COGEBANQUE) PLC

a) Background of the Amalgamation

Equity Group Holdings PLC (EGH) the majority shareholder in Equity Bank Rwanda Plc acquired 91.93% in Compagnie Générale De Banque (Cogebanque) Plc on 30 November 2023.

EGH obtained all corporate and regulatory approval for the amalgamation of Cogebanque and Equity Bank Rwanda, effective 31 December 2023. In accordance with Rwandan law, the business and activities previously conducted by Cogebanque and Equity Bank Rwanda Plc would now be undertaken by Equity Bank Rwanda Plc which acquired all property, rights, privileges, and liabilities of Cogebanque. Cogebanque will be deregistered in accordance with the law governing companies in Rwanda and, hence, will no longer be a subsidiary of EGH. Post-amalgamation, EGH continues to be the majority shareholder of the surviving subsidiary Equity Bank Rwanda Plc.

b) The rationale for the amalgamation

i. The amalgamation of Cogebanque had the objective to shore and transform Equity Bank Rwanda's economies of scale with the resulting over 50% growth in balance sheet, positioning it to play a more meaningful role across the Rwanda economy and the region in line with Equity Group's Africa Recovery and Resilience Plan.
ii. The larger balance sheet with an enhanced single lending obligor limit is expected to better support the financing needs and requirements of businesses in the high growth sectors further enhancing capacity for syndicated lending with other large banks in Rwanda to support economic growth of Rwanda as envisioned under Vision 2050 and facilitate growth in key sectors of Tourism, MICE and manufacturing.
iii. Through combining Cogebanque's existing network of 28 branches with that of Equity Rwanda, the combined bank is expected to achieve countrywide distribution and coverage while acquiring and strengthening its Micro-, Small- and Medium-sized Enterprise (MSME) franchise, which is its core strength. The MSME segment of the Rwanda economy will greatly benefit from Equity's strong product offering and innovative technology solutions for the segment.
iv. The amalgamation of Cogebanque with Equity Bank Rwanda is also expected to result in a strengthened National and Regional Commercial bank in line with, and underpinning Rwanda's aspirations of being an international financial and business centre.

(c) Accounting Policies and Assumptions used in Amalgamation.

The Bank has accounted for the amalgamation by applying the modified pooling of interests method of accounting. In applying the modified pooling of interests method of accounting the Bank considered items below;

i. Identifying the resulting entity;

A resulting entity is the entity that is the result of two or more operations combining in an amalgamation. The resulting entity is thereafter identified as the entity that obtains control of the combining operations as a result of the amalgamation.

As indicated in note 31(a) Equity Bank Rwanda Plc obtained control of 100% of the net assets of Cogebanque. Equity Rwanda Bank and Cogebanque are the combining operations and referred to as such subsequently. Cogebanque will be deregistered in accordance with the law governing companies in Rwanda and, hence, will no longer be a subsidiary of EGH.

ii. Determining the amalgamation date;

The Bank determined the amalgamation date as the date on which it obtains control of the combining operations. EGH obtained all corporate and regulatory approval for the amalgamation of Cogebanque and Equity Bank Rwanda, effective 31 December 2023.

31 December 2023 was therefore considered as the effective amalgamation date on which the Bank obtains control of the combining operations and was also the date on which the Bank received the assets and assumed the liabilities of the combining operations.

Notes Continued

31. AMALGAMATION OF EQUITY BANK RWANDA PLC AND COGEBANQUE PLC (CONTINUED)

iii.Recognizing and measuring the identifiable assets received, the liabilities assumed in the combining operations, consistent with the requirements in IFRSs;

Recognition Principle

As of the amalgamation date, the Bank recognized the identifiable assets and liabilities that are recognized in the financial statements of the combining operations as of the amalgamation date.

The bank has also restated the comparative information as if the combining operations had always been combined to ensure comparability of the resulting entity's financial statements.

Recognition Conditions

The effects of all transactions between the combining operations are eliminated in preparing the financial statements of the resulting entity

The identifiable assets and liabilities were evaluated in line with the definitions of assets and liabilities under IFRS at the amalgamation date. Costs that the Bank expects, but is not obliged, to incur in the future to effect its plan to exit an activity of the combining operation or to terminate the employment of or relocate the combining operation's employees are not liabilities at the amalgamation date. Therefore, the resulting entity does not recognize those costs as part of applying the modified pooling of interests method. Instead, the Bank recognizes those costs in its post-combination financial statements in accordance with other IFRSs.

Classifying or Designating Assets and Liabilities in an Amalgamation

At the amalgamation date, the Bank classified or designated the assets and liabilities received in the amalgamation using the classifications or designations previously applied by the combining operations. The Bank has not adopted different classifications or designations on initial recognition, even if this is permitted by other IFRSs.

Measurement Principle

The Bank measured the identifiable assets and liabilities of the combining operations at their carrying amounts in the financial statements of the combining operations as of the amalgamation date. As of the amalgamation date, the Bank reviewed the amounts recognised for any need to adjust the carrying amounts of the identifiable assets and liabilities of the combining operations were required to conform to the resulting entity's accounting policies. There were no adjustments required to align the accounting policies.

iv. Recognizing and measuring the components of net assets/equity and other adjustments from an amalgamation.

The amalgamation did not give rise to goodwill.

The Bank recognized within net assets/equity amounts equal and opposite to the following items:

(a) The carrying amounts of the Cogebanque assets;

(b) The carrying amounts of the Cogebanque liabilities

The Bank presents the amounts recognized within net assets/equity as separate components of net assets/equity.

v. Subsequent Measurement and Accounting

The Bank shall subsequently measure and account for assets and liabilities received and equity instruments issued in an amalgamation in accordance with other applicable IFRSs for those items, depending on their nature

d) Presentation of financial statements including comparatives

The Bank has disclosed below details of ;

(i) The amounts recognized of each major class of assets and liabilities, and components of net assets/equity from combining operations included in the Bank.

(j) Any adjustments made to components of net assets/equity where required to conform the accounting policies of the combining operations with those of the Bank.

Notes Continued

31. AMALGAMATION OF EQUITY BANK RWANDA PLC AND COGEBANQUE PLC (CONTINUED)

STATEMENT OF FINANCIAL POSITION

	Equity Bank Rwanda (Pre-amalgamation)	Cogebanque Adjustments for effect of amalgamation	Adjustments for effect of amalgamation	Equity Bank Rwanda (Post-amalgamation)
	2022	2022		2022
	Frw '000	Frw'000'		Frw '000
Assets				
Cash, deposits and balances due from financial institutions	151,707,650	31,579,293	-	183,286,943
Amortised cost investment securities	64,980,528	22,033,185	-	87,013,714
FVOCI investment securities	95,464,957	78,645,293	-	174,110,249
Due from related parties	161,225	-	-	161,225
Loans and advances to customers	241,683,388	139,908,453	-	381,591,841
Other assets and prepaid expenses	9,958,078	9,194,801	-	19,152,879
Property and equipment	3,204,822	10,916,205	-	14,121,027
Intangible assets	464,345	1,084,803	-	1,549,148
Right Of Use Asset-Ifrs 16	2,781,674	502,628	-	3,284,302
Deferred tax assets	4,221,325	(672,173)	-	3,549,152
Total assets	**574,627,991**	**293,192,488**	**-**	**867,820,479**
LIABILITIES				
Deposits from customers	423,027,467	188,317,918	-	611,345,385
Deposits from Banks	17,158,110	39,193,170	-	56,351,280
Due to related parties	1,069,595	-	-	1,069,595
Borrowed funds	33,130,582	12,493,948	-	45,624,530
Other liabilities and accrued expenses	12,269,604	4,334,287	-	16,603,891
Lease Liabilities -ifrs16	2,989,021	621,664	-	3,610,685
Current Income tax	4,768,315	880,321	-	5,648,636
Dividend Payable	13,979,580	3,000,000	-	16,979,580
Total liabilities	**508,392,274**	**248,841,308**	**-**	**757,233,582**
EQUITY				
Share capital	18,175,000	20,000,000	(20,000,000)	18,175,000
Share premium	2,112,690	1,373,437	(1,373,437)	2,112,690
FVOCI Reserve	(7,714,395)	-	-	(7,714,395)
Regulatory reserve	3,008,558	-	-	3,008,558
Retained earnings	50,653,865	22,977,742	(22,977,742)	50,563,865
Other Component of Equity			44,341,179	44,341,179
Total equity	66,235,717	44,341,179	-	110,586,897
Total liabilities and equity	**574,627,991**	**293,192,488**	**-**	**867,820,479**

31. AMALGAMATION OF EQUITY BANK RWANDA PLC AND COGEBANQUE PLC (CONTINUED)

iii) Presentation of financial statements including comparatives (Continued)

STATEMENT OF COMPREHENSIVE INCOME

	Equity Bank Rwanda (Pre-amalgamation)	Cogebanque Adjustments for effect of amalgamation	Equity Bank Rwanda (Post-amalgamation)
	2022	2022	2022
	Frw '000	Frw'000'	Frw '000
Interest income	51,988,162	37,658,101	89,646,263
Interest expense	(9,779,465)	(10,562,806)	(20,342,271)
Net interest income	**42,208,697**	**27,095,295**	**69,303,992**
Credit impairment losses	(2,741,263)	(326,650)	(3,067,913)
Net interest income after loan impairment provision	**39,467,434**	**26,768,645**	**66,236,079**
Fee and commission income	14,813,776	1,768,208	16,581,984
Fee and commission expense	(5,127,706)	(1,553,204)	(6,680,910)
Net fee and commission income	**9,686,070**	**215,004**	**9,901,074**
Net foreign exchange income	3,606,262	714,774	4,321,036
Other operating income	925,673	80,115	1,005,788
Net operating income	**53,685,439**	**27,778,538**	**81,463,976**
Employee benefits	(9,786,400)	(7,639,190)	(17,425,590)
Depreciation and amortisation	(1,126,302)	(1,503,807)	(2,630,109)
IFRS 16 Depreciation-Right Of Use Of Assets	(840,166)	(526,426)	(1,366,592)
Operating lease expenses	(68,829)	(136,453)	(205,282)
Other operating expenses	(7,085,574)	(4,726,898)	(11,812,472)
Operating expenses	**(18,907,271)**	**(14,532,774)**	**(33,440,045)**
Profit before income tax	**34,778,168**	**13,245,764**	**48,023,932**
Income tax expense	**(10,559,274)**	**(4,188,887)**	**(14,748,161)**
Profit for the year	**24,218,894**	**9,056,877**	**33,275,770**

Notes Continued

31. AMALGAMATION OF EQUITY BANK RWANDA PLC AND COGEBANQUE PLC (CONTINUED)

iii) Presentation of financial statements including comparatives (Continued)

STATEMENT OF CASHFLOW

	Equity Bank Rwanda (Pre-amalgamation)	Cogebanque Adjustments for effect of amalgamation	Equity Bank Rwanda (Post-amalgamation)
	2022	2022	2022
	Frw '000	Frw '000	Frw'000'
OPERATING ACTIVITIES			
Profit before income tax	34,778,169	13,245,763	48,023,932
Adjustments for:			
Depreciation on property and equipment	1,011,588	1,270,876	2,282,464
Depreciation on right of use assets	840,166	526,426	1,366,592
Fair value Gain/Loss	-	320,213	320,213
Impairment on other assets/ operation loss	239	317,642	317,881
Amortisation of intangible	114,713	232,932	347,645
Interest expense on lease liability	252,258	108,312	360,570
Net Loss / (gain) on disposal	11,505	-	11,505
Impairment on loans and advances	4,513,168	3,573,313	8,086,481
Provision for litigation	144,779	-	144,779
Interest expense on term borrowings	2,725,654	-	2,725,654
Net foreign exchange gain on cash and cash equivalents	(4,321,036)	-	(4,321,036)
Operating profit before changes in operating assets and liabilities	**40,071,203**	**19,595,477**	**59,666,680**
Movement in operating assets and operating liabilities:			
Loans and Advances	(25,197,709)	27,556,442	2,358,733
Other assets	(2,220,260)	125,772	(2,094,488)
Deposits and balances from customers and banks and other Financial Institutions	111,286,478	(7,408,677)	103,877,801
Balances with related parties	204,449	-	204,449
Other liabilities	(438,528)	147,783	(290,745)
Cash Reserve Requirement	(7,015,936)	(42,174)	(7,058,110)
Cash generated from operations	**116,689,697**	**39,974,623**	**156,664,319**
Income taxes paid	(5,790,959)	(4,410,309)	(10,201,268)
Interest paid on borrowed funds	(3,136,219)	-	(3,136,219)
Net cash from operating activities	**107,762,519**	**35,564,314**	**143,326,832**
INVESTING ACTIVITIES			
Purchase of property and equipment	37,223,386	(38,964,296)	(1,740,910)
Purchase of intangible assets	(205,462)	(412,235)	(617,697)
Proceeds from sale of property and equipment	253,337	(253,337)	-
Net of Purchase/Sale of investment securities	(101,850,564)	-	(101,850,564)
Net cash used in investing activities	**(64,579,303)**	**(39,629,868)**	**(104,209,171)**
FINANCING ACTIVITIES			
Borrowings	(10,728,513)	-	(10,728,513)
Interest paid on borrowed funds	(1,241,903)	1,241,903	-
Lease payment	(1,026,420)	(689,296)	(1,715,716)
Net cash used in financing activities	**(12,996,836)**	**552,607**	**(12,444,229)**
Net increase / (decrease) in cash and cash equivalents	**30,186,380**	**(3,512,947)**	**26,673,432**
Movement in cash and cash equivalents			
At start of year	**100,479,048**	**20,326,581**	**120,805,629**
Net foreign exchange gain on cash and cash equivalents	**4,321,036**	**-**	**4,321,036**
At end of year	**134,986,463**	**16,813,634**	**151,800,097**

Notes Continued

31. AMALGAMATION OF EQUITY BANK RWANDA PLC AND COGEBANQUE PLC (CONTINUED)

iii) Presentation of financial statements including comparatives (Continued)

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Equity Bank Rwanda (Pre-amalgamation)	Cogebanque	Equity Bank Rwanda (Post-amalgamation)
	2023	2023	2023
	Frw '000	Frw '000	Frw'000'
Interest income	62,658,280	34,801,470	97,459,749
Interest expense	(10,631,574)	(9,009,112)	(19,640,687)
Net interest income	**52,026,705**	**25,792,357**	**77,819,063**
Credit impairment losses	(3,587,363)	(1,449,152)	(5,036,515)
Net interest income after loan impairment provision	**48,439,343**	**24,343,205**	**72,782,548**
Fee and commission income	18,241,537	3,047,292	21,288,829
Fee and commission expense	(6,838,057)	(2,101,567)	(8,939,625)
Net fee and commission income	**11,403,479**	**945,725**	**12,349,204**
Net foreign exchange income	6,735,921	1,201,105	7,937,025
Other operating income	255,629	1,170,968	1,426,597
Net operating income	**6,991,550**	**2,372,073**	**9,363,622**
Employee benefits	(11,992,411)	(9,152,273)	(21,144,684)
Depreciation and amortisation	(694,273)	(1,739,627)	(2,433,900)
IFRS 16 Depreciation-Right Of Use Of Assets	(1,450,943)	-	(1,450,943)
Operating lease expenses	(157,130)	-	(157,130)
Other operating expenses	(7,949,959)	(9,348,399)	(17,298,358)
Operating expenses	**(22,244,715)**	**(20,240,300)**	**(42,485,015)**
Profit before income tax	**44,589,657**	**7,420,703**	**52,010,359**
Income tax expense	**(13,781,375)**	**(1,823,407)**	**(15,604,782)**
Profit for the year	**30,808,282**	**5,597,295**	**36,405,577**

Notes Continued

31. AMALGAMATION OF EQUITY BANK RWANDA PLC AND COGEBANQUE PLC (CONTINUED)

iii) Presentation of financial statements including comparatives (Continued)

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Equity Bank Rwanda (Pre-amalgamation) 2023	Cogebanque 2023	Adjustments for effect of amalgamation	Equity Bank Rwanda (Post-amalgamation) 2023
ASSETS	Frw '000	Frw '000		Frw'000'
Cash, deposits and balances due from financial institutions	216,206,490	39,431,548		255,638,038
Amortised cost investment securities	77,644,110	19,956,913		97,601,022
FVOCI investment securities	103,404,627	90,764,080		194,168,707
Due from related parties	962,166	-		962,166
Loans and advances to customers	305,413,052	125,047,404		430,460,456
Other assets and prepaid expenses	12,366,733	6,132,541		18,499,274
Non-current assets held for sale	1,104,212	2,877,272		3,981,484
Property and equipment	3,299,647	10,571,538		13,871,185
Intangible assets	495,569	-		495,569
Right Of Use Asset-Ifrs 16	6,114,587	-		6,114,587
Deferred tax assets	5,914,172	909,402		6,823,574
TOTAL ASSETS	**732,925,365**	**295,690,697**		**1,028,616,062**
LIABILITIES				
Deposits from customers	521,485,495	221,076,640		742,562,135
Deposits from Banks	33,118,090	5,250,964		38,369,053
Due to related parties	2,226,356	-		2,226,356
Borrowed funds	51,059,291	11,298,831		62,358,122
Other liabilities and accrued expenses	19,663,477	6,281,208		25,944,685
Lease Liabilities -ifrs16	6,558,277	-		6,558,277
Current Income tax	3,409,353	783,123		4,192,476
Dividend Payable	10,000,000	-		10,000,000
TOTAL LIABILITIES	**647,520,339**	**244,690,765**		**892,211,104**
CAPITAL AND RESERVES				
Share capital	18,175,000	20,000,000	(20,000,00)	18,175,000
Share premium	2,112,690	1,373,435	(1,373,435)	2,122,690
FVOCI Reserve	(10,139,829)	1,837,922		(8 ,301,907)
Regulatory reserve	2,374,504	-		2,374,504
Retained earnings	72,099,538	28,571,695	(28,571,695)	72,096,201
Other Component	-	-	49,938,470	49,938,470
TOTAL EQUITY	**84,621,903**	**51,783,055**		**136,404,958**
TOTAL LIABILITIES AND EQUITY	**732,545,217**	**295,690,697**		**1,028,235,914**

Notes Continued

31. AMALGAMATION OF EQUITY BANK RWANDA PLC AND COGEBANQUE PLC (CONTINUED)

iii) Presentation of financial statements including comparatives (Continued)

STATEMENT OF CASHFLOW

FOR THE YEAR ENDED 31 DECEMBER 2023

	Equity Bank Rwanda (Pre-amalgamation)	Cogebanque Adjustments for effect of amalgamation	Equity Bank Rwanda (Post-amalgamation)
	2022	2022	2022
	Frw '000	Frw '000	Frw'000'
OPERATING ACTIVITIES			
Profit before income tax	34,778,169	13,245,763	48,023,932
Adjustments for:			
Depreciation on property and equipment	1,011,588	1,270,876	2,282,464
Depreciation on right of use assets	840,166	526,426	1,366,592
Fair value Gain/Loss	-	320,213	320,213
Impairment on other assets/ operation loss	239	317,642	317,881
Amortisation of intangible	114,713	232,932	347,645
Interest expense on lease liability	252,258	108,312	360,570
Net Loss / (gain) on disposal	11,505	-	11,505
Impairment on loans and advances	4,513,168	3,573,313	8,086,481
Provision for litigation	144,779	-	144,779
Interest expense on term borrowings	2,725,654	-	2,725,654
Net foreign exchange gain on cash and cash equivalents	(4,321,036)	-	(4,321,036)
Operating profit before changes in operating assets and liabilities	**40,071,203**	**19,595,477**	**59,666,680**
Movement in operating assets and operating liabilities:			
Loans and Advances	(25,197,709)	27,556,442	2,358,733
Other assets	(2,220,260)	125,772	(2,094,488)
Deposits and balances from customers and banks and other Financial Institutions	111,286,478	(7,408,677)	103,877,801
Balances with related parties	204,449	-	204,449
Other liabilities	(438,528)	147,783	(290,745)
Cash Reserve Requirement	(7,015,936)	(42,174)	(7,058,110)
Cash generated from operations	**116,689,697**	**39,974,623**	**156,664,319**
Income taxes paid	(5,790,959)	(4,410,309)	(10,201,268)
Interest paid on borrowed funds	(3,136,219)	-	(3,136,219)
Net cash from operating activities	**107,762,519**	**35,564,314**	**143,326,832**
INVESTING ACTIVITIES			
Purchase of property and equipment	37,223,386	(38,964,296)	(1,740,910)
Purchase of intangible assets	(205,462)	(412,235)	(617,697)
Proceeds from sale of property and equipment	253,337	(253,337)	-
Net of Purchase/Sale of investment securities	(101,850,564)	-	(101,850,564)
Net cash used in investing activities	**(64,579,303)**	**(39,629,868)**	**(104,209,171)**
FINANCING ACTIVITIES			
Borrowings	(10,728,513)	-	(10,728,513)
Interest paid on borrowed funds	(1,241,903)	1,241,903	-
Lease payment	(1,026,420)	(689,296)	(1,715,716)
Net cash used in financing activities	**(12,996,836)**	**552,607**	**(12,444,229)**
Net increase / (decrease) in cash and cash equivalents	**30,186,380**	**(3,512,947)**	**26,673,432**
Movement in cash and cash equivalents			
At start of year	**100,479,048**	**20,326,581**	**120,805,629**
Net foreign exchange gain on cash and cash equivalents	**4,321,036**	**-**	**4,321,036**
At end of year	**134,986,463**	**16,813,634**	**151,800,097**

Notes Continued

31. AMALGAMATION OF EQUITY BANK RWANDA PLC AND COGEBANQUE PLC (CONTINUED)

iii) Presentation of financial statements including comparatives (Continued)

STATEMENT OF CASHFLOW FOR THE YEAR ENDED 31 DECEMBER 2023	Equity Bank Rwanda (Pre-amalgamation)	Cogebanque	Equity Bank Rwanda (Post-amalgamation)
	2023	2023	2023
	Frw '000	Frw '000	Frw'000'
Profit before income tax	**44,589,657**	**7,420,703**	**52,010,359**
Adjustments for:			
Depreciation on property and equipment	1,096,120	985,413	2,081,533
Depreciation on right of use assets	1,450,943	-	1,450,943
Fair value Gain/Loss	107,797	661,836	769,633
Impairment on other assets/ operation loss	3,465,682	(2,347,043)	1,118,639
Amortisation on intangible assets	100,781	251,586	352,367
Interest expense on lease liability	491,084	38,975	530,059
Net Gain/loss on disposal of fixed assets	6,279	1,338,895	1,345,174
Impairment on loans and advances	11,292,850	2,122,949	13,415,799
Provision for litigation	(1,117,206)	2,145,154	1,027,948
Interest expense on term borrowings	2,116,482	-	2,116,482
Net foreign exchange gain on cash and cash equivalents	7,937,025)	-	7,937,025)
Cash flows from operating activities before changes in operating assets and liabilities	**55,663,443**	**12,618,469**	**68,281,911**
Movement in operating assets and operating liabilities:			
Loans and advances	76,477,665)	13,423,620	63,054,045)
Other assets	(3,132,913)	2,904,882	(228,031)
Deposits and balances from customers and banks and other Financial Institutions	114,814,413	(1,579,890)	113,234,523
Balances with related parties	355,820	-	355,820
Other liabilities	4,890,742	(4,308,285)	582,457
Cash Reserve Requirement	(5,942,381)	(1,278,674)	(7,221,055)
Cash generated from operations	**90,171,458**	**21,780,123**	**111,951,580**
Income taxes paid	(14,589,293)	(4,821,586)	(19,410,879)
Interest paid on borrowed funds	(3,163,060)	1,195,117	(1,967,943)
Net cash from/ (used in) operations	**72,419,105**	**18,153,654**	**90,572,758**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	6,021,770	(7,956,842)	(1,935,072)
Purchase of intangible assets	(326,729)	(210,678)	(537,407)
Purchase of investment securities	(30,281,272)	(364,495)	(30,645,767)
Net cash used in investing activities	**(24,586,230)**	**(8,532,016)**	**(33,118,246)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend Paid	(13,979,580)	(3,000,000)	(16,979,580)
Borrowings	19,123,826	-	19,123,826
Lease payment	(1,053,242)	(809,267)	(1,862,509)
Net cash flows from financing activities	**4,091,004**	**(3,809,267)**	**281,737**
Net increase / (decrease) in cash and cash equivalents	51,923,879	5,812,371	57,736,249
Movement in cash and cash equivalents			
At start of year	134,841,444	16,813,634	151,655,078
Net foreign exchange gain on cash and cash equivalents	7,937,025	-	7,937,025
Cash and cash equivalents at end of year	**194,702,348**	**22,626,005**	**217,328,352**

OTHER DISCLOSURES

As at 31 December 2023

Appendix: Other information

	31st Dec 2023 Frw 000 Amount/ Ratio/Number
I. CAPITAL STRENGTH	
1.Core Capital (Tier 1)	129,085,815
2.Supplementary Capital (Tier 2)	9,420,936
3.Total Capital	138,505,509
4.Total Risk Weighted Assets	753,575,517
5.Core Capital/ Total Risk Weighted Assets Ratio (Tier 1 Ratio)	17.130%
6.Tier 2 Ratio	1.25%
7.Total Capital/Total Risk Weighted Assets Ratio	18.380%
8.Leverage Ratio	13.00%
II.CREDIT RISK	
1.Total gross credit risk exposures: after accounting offsets and without taking into account credit risk mitigation;	465,688,268
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	13,080,975
• Building and construction	37,164,585
• Education	10,827,516
• Energy and water	11,463,624
• Financial intermediation	385,487
• Information and communication	10,673,528
• Manufacturing	14,904,652
• Mining & quarrying	463,460
• Other service activities	19,161,940
• Personal/household	99,006,146
• Real estate	59,347,612
• Tourism, rest & hotels	44,363,440
• Trade	116,266,526
• Transport and communication	28,578,777
b) Debt securities;	291,769,730
c) OTC derivatives;	-
3. Regional or geographic distribution of gross exposures, broken down in significant areas by major types of credit exposure:	
a) Kigali	394,881,068
b) Southern	23,362,028
c) Western	18,773,189
d) Northern	12,073,087
e) Eastern	16,598,897
4.Sector distribution of exposures, broken down by major types of credit exposure and aggregated in the following areas:	
a) Government	27,135,064
b) Financial	414,179
c) Manufacturing	16,539,246
d) Infrastructure and construction	83,949,532
e) Services and commerce	228,150,839
f) Others	109,499,407

OTHER DISCLOSURES CONTINUED

As at 31 December 2023

Appendix: Other information

	31st Dec 2023 Frw 000 Amount/ Ratio/Number		
5. OFF- BALANCE SHEET ITEMS			
a) Guarantees issued outward	126,706,862		
b) Outward letter of credit contra	18,158,179		
6. NON-PERFORMING LOANS INDICATORS			
a) Non-performing loans (NPL)	21,610,957		
b) NPL ratio	4.64%		
7. RELATED PARTIES			
a) Loans to directors, shareholders, and subsidiaries	102,102		
b) Loan to employees	11,771,085		
8. RESTRUCTURED LOANS			
a. No. of borrowers	566		
b. Amount outstanding	43,660,530		
c. Regulatory Provision thereon	4,873,786		
d. Restructured loans as % of gross loans	9.38%		
III. LIQUIDITY RISK			
1) Liquidity Coverage Ratio (LCR)	209%		
2) Net Stable Funding Ratio (NSFR)	161%		
IV. OPERATIONAL RISK			
Number and types of frauds and their corresponding amount	Type	Number	Amount (000)
	-	-	-
V. MARKET RISK			
1. Interest rate risk	129,629,560		
2. Equity position risk	-		
3. Foreign exchange risk % of Core Capital (NOP)	3.09%		
VI. COUNTRY RISK			
1. Credit exposures abroad	-		
2. Other assets held abroad	152,932,049		
3. Liabilities to abroad	3,741,795		
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	14		
7. Number of females senior managers	5		
8. Number of males senior managers	9		

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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
PROFILES

CONSOLIDATED PROFILES OF THE BOARD OF DIRECTORS

COL (RTD) EUGENE HAGUMA MURASHI

Non-Executive Chairman, Equity Bank Rwanda Plc

Eugene holds a 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 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 working as a private consultant.

HANNINGTON NAMARA

Managing Director, Equity Bank Rwanda Plc

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.

MARY WAMAE

Non-Executive Director, Equity Bank Rwanda Plc

Mary holds a Masters degree in Leading Innovation and Change from York St. John University, UK, a Bachelor of Laws degree from the University of Nairobi and a Diploma in Law from the Kenya School of Law. She is a graduate of the Advanced Management Programme (Strathmore - IESE Business School, Barcelona Spain) and the Advanced Management Programme at Harvard Business School. She is a Certified Public Secretary (Kenya) and member of The Institute of Certified Secretaries of Kenya (ICPSK), Law Society of Kenya, Women Corporate Directors and the Kenya Section of International Commission of Jurists. She is an Advocate of the High Court of Kenya and holds a Post Graduate Diploma in Gender and Development and has over 15 years' experience in private legal practice. She is the overall winner of the 2021 Angaza Award: Women to Watch in Banking & Finance as well as overall winner of the 2021 Women on Board Award held by the Women on Board Network (WOBN). She was recognized for her efforts in demonstrating purpose, authenticity, resilience, innovation, and sustainable contribution in economic and social-impact initiatives.

DR. PATRICK UWIZEYE

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 currently the President of the Institute of CPA Rwanda, and a former 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 Plc 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.

CONSOLIDATED PROFILES OF THE BOARD OF DIRECTORS CONTINUED

BELINDA BWIZA

Non-Executive Director, Equity Bank Rwanda Plc

Belinda Bwiza holds a Bachelor of Business Administration, Finance from Brock University, St. Catharines, Ontario, an MBA and a Chartered Professional Accountant Designation from Wilfrid Laurier University, Toronto, Ontario.

Belinda Bwiza is currently the Managing Director of Tubura by One Acre Fund, an organisation that serves over 750,000 smallholder farmers across all rural districts in Rwanda. Prior to this, Ms. Bwiza spearheaded the creation of a retail franchise with 8 outlets across Kigali. Prior to that, Ms. Bwiza worked for the Ministry of Education in Canada in financial policy. Prior to that, Ms. Bwiza held various roles in the financial services sector in Ontario, Canada including, investor relations, custodian banking and hedge fund administration. Ms. Bwiza has served on boards such as Rwanda National Investment Trust and Earthenable.

ANDREW RUGEGE

Non-Executive Director, Equity Bank Rwanda Plc

Andrew Rugege holds a Master of Science Degree in Computer Information Systems and Business Administration from Marist College, Poughkeepsie, New York and Master of Science in Electrical Engineering from University of Aberdeen in Scotland, UK. He also holds a Bachelor of Science degree in Engineering Science from Aberdeen University in Scotland, UK. He is an accomplished executive with over 30 years of global, regional, and national experience in business strategy, project planning, risk management, and definition of scope for strategic enterprise-wide projects.

He has a proven success record in directing cross functional, multi-national teams of business and technical experts analyzing systems and business processes. Until 2021, he served as the Regional Director for Africa, International Telecommunication Union (ITU), and its representative to African Union and United Nations Economic Commission (UNECA). He was also the Chief Operating Officer of MTN Rwanda ((2006 – 2011) responsible for planning, budgeting, and implementation of initiatives to contain costs and he was also in charge of direct operations strategies for marketing, branding, sales and distribution. He has also served as the CEO of ARTEL Rwanda and the Director of International Business Development for ABS Interactive, Virginia (USA).

CAMILLE KARAMAGA

Boards: Non-Executive Director, Equity Bank Rwanda Plc

Camille holds holds a Master's Degree in Business Administration (MBA) from Maastricht School of Management MsM of The Netherlands, Undergraduate degree in B Com (from Makerere University, and Post Graduate Diploma in Tax Administration obtained from the Institute of Finance Management in Dar es Salaam. 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 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.

ARLETTE RWAKAZINA

Non-Executive Director, Equity Bank Rwanda Plc

Arlette Rwakazina holds a Masterâ€™s 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 Digitization Program â€" 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.

CONSOLIDATED PROFILES OF THE BOARD OF DIRECTORS

JEAN CLAUDE NKULIKIYIMFURA

Non-Executive Director, Equity Bank Rwanda Plc

Jean-Claude (JC) has over 18 years of experience in education, marketing, government, and corporate communication. He is currently the Executive Director at Agahozo Shalom Youth Village (ASYV). At ASYV, he manages a diverse team of educators and care providers while building successful local and international partnerships. His passion lies in Rwanda's development and the belief that Rwanda's success will be achieved through educated, empowered, and resilient youth.

He has a degree in Journalism and Mass Communication from the University of Central Arkansas and a He has a Master's degree in International Relations.

He worked as a media and protocol officer in the Office of the President and is the founder of XLcom, a communications agency that provides communication services to organizations including the African Development Bank.

Prior to joining ASYV, he served as the General Manager for Saatchi & Saatchi Rwanda. In 2011, he joined the ASYV staff as Village Director and was later promoted to Executive Director in 2015.

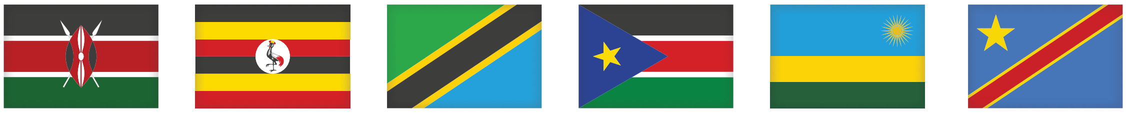
MR EMMANUEL MURAGIJIMANA

Non-Executive Director, Equity Bank Rwanda Plc

Emmanuel MURAGIJIMANA has over 20 year experience in provision of legal advice and supporting organization 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 organizes 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, organization registration and legal compliance and Organization restructuring.



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