EQUITY

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR YEAR ENDED 31 DECEMBER 2020
(AUDITED BY EXTERNAL AUDITORS)

	2020 Frw '000'	2019 Frw '000'
Interest income	31,525,295	26,301,174
Interest expense	(7,327,907)	(6,537,763)
Net interest income	**24,197,388**	**19,763,411**
Provision for impairment losses on loans and advances	(2,648,710)	(1,479,640)
Net interest income after loan impairment provision	**21,548,678**	**18,283,771**
Fee and commission income	7,963,882	7,205,087
Fee and commission expense	(2,112,118)	(1,760,003)
Net fee and commission income	**5,851,764**	**5,445,084**
Net foreign exchange income	2,458,633	1,583,841
Other operating income	277,414	156,211
Net operating income	**30,136,489**	**25,468,907**
Employee benefits	(6,075,171)	(5,281,142)
Depreciation and amortisation	(1,184,332)	(1,259,171)
Depreciation of right of use assets	(783,845)	(748,541)
Short term operating lease expenses	(92,900)	(94,435)
Other operating expenses	(7,149,835)	(4,827,520)
Operating expenses	**(15,286,083)**	**(12,210,809)**
Profit before income tax	**14,850,406**	**13,258,098**
Income tax expense	(4,562,991)	(4,059,086)
Profit for the year	**10,287,415**	**9,199,012**
STATEMENT OF OTHER COMPREHENSIVE INCOME		
Items that will be reclassified to profit or loss:		
FVOCI investment securities		
Fair value gains	1,213,000	84,776
Deferred income tax	(363,900)	(25,433)
Total other comprehensive income for the year	**849,100**	**59,343**
Total profit after tax and other comprehensive income	**11,136,515**	**9,258,355**

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020
(AUDITED BY EXTERNAL AUDITORS)

	2020 Frw'000'	2019 Frw'000'
ASSETS		
Cash, deposits, and balances due from financial institutions	79,618,456	64,883,075
Investment securities at amortised cost	15,046,737	17,252,625
Investment securities at FVOCI	46,999,001	28,552,058
Due from related parties	29,426	117,504
Loans and advances to customers	189,955,663	156,299,235
Other assets and prepaid expenses	8,131,827	2,955,981
Non-current assets held for sale	-	245,000
Property and equipment	2,577,892	3,021,673
Intangible assets	233,297	274,937
Right of use assets	2,220,602	2,498,711
Deferred Tax Asset	586,877	-
Total assets	**345,399,778**	**276,100,799**
LIABILITIES		
Deposits from customers	215,876,054	184,177,472
Deposits from banks	24,162,066	13,913,744
Due to related parties	481,258	255,093
Borrowed funds	33,718,963	27,782,541
Other liabilities and deferred income	14,487,539	3,468,045
Lease liabilities	2,237,593	2,472,123
Current income tax	1,578,361	2,139,161
Deferred tax liabilities	-	171,191
Total liabilities	**292,541,834**	**234,379,370**
EQUITY		
Share capital	18,175,000	18,175,000
Share premium	2,112,690	2,112,690
FVOCI reserve	1,526,387	677,287
Retained earnings	31,043,867	20,756,452
Total equity	**52,857,944**	**41,721,428**
Total liabilities and equity	**345,399,778**	**276,100,799**

The financial statements of Equity Bank Rwanda Plc were approved by the Board of Directors on 29th March 2021 and signed on its behalf by:

Hannington Namara
Managing Director

Dr. Patrick Uwizeye
Chairperson of the Board Audit Committee

STATEMENT OF CHANGES IN EQUITY

FOR YEAR ENDED 31 DECEMBER 2020
(AUDITED BY EXTERNAL AUDITORS)

	Share capital Frw' 000'	Share premium Frw' 000'	Retained earnings Frw' 000'	FVOCI reserve* Frw' 000'	Total equity Frw' 000'
At 1 January 2019	**18,175,000**	**2,112,690**	**11,557,440**	**617,944**	**32,463,074**
Profit for the year	-	-	9,199,012	-	9,199,012
Fair value gains on FVOCI investments	-	-	-	84,776	84,776
Deferred tax on fair value gain on FVOCI investments	-	-	-	(25,433)	(25,433)
Total comprehensive income for the year	**-**	**-**	**9,199,012**	**59,343**	**9,258,355**
At 31 December 2019	**18,175,000**	**2,112,690**	**20,756,452**	**677,287**	**41,721,429**
YEAR ENDED 31 DECEMBER 2020					
At 1 January 2020	**18,175,000**	**2,112,690**	**20,756,452**	**677,287**	**41,721,429**
Profit for the year	-	-	**10,287,415**	**-**	**10,287,415**
Fair value gains on FVOCI investments	-	-	**-**	**1,213,000**	**1,213,000**
Deferred tax on fair value gain on FVOCI investments	-	-	**-**	**(363,900)**	**(363,900)**
Total comprehensive income for the year	**-**	**-**	**10,287,415**	**849,100**	**11,136,515**
At 31 December 2020	**18,175,000**	**2,112,690**	**31,043,867**	**1,526,387**	**52,857,944**

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EQUITY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020
(AUDITED BY EXTERNAL AUDITORS)

	2020 Frw'000'	2019 Frw'000'
OPERATING ACTIVITIES		
Profit before income tax	14,850,406	13,258,098
Adjustments for:		
Depreciation on property and equipment	1,098,792	1,179,241
Depreciation on right of use assets	783,845	748,541
Amortisation of intangible assets	85,540	79,930
Unrealised exchange gains	-	-
Profit/Loss on disposal of property & equipment and intangible assets	7,418	(527)
Provision for impairment losses on loans and advances	2,825,329	1,578,229
Operating profit before changes in operating assets and liabilities	**19,651,330**	**16,843,512**
Loans and advances	(36,481,757)	(25,741,148)
Other assets	(5,175,847)	8,538,317
Right of use assets	(505,736)	(3,247,252)
Non-current assets held for sale	245,000	(245,000)
Deposits from customers	31,698,582	24,599,435
Deposit from Banks	10,248,321	(596,389)
Due from related party balances	88,078	134,468
Due to related party balances	226,166	(33,302)
Other liabilities	11,019,496	759,154
Lease liabilities	427,197	3,198,112
Prepaid operating lease rentals	-	111,204
Deferred tax assets	(586,877)	-
Deferred tax liabilities	(171,192)	(349,273)
Movement in restricted cash balances	1,878,484	(4,426,910)
Cash generated from operations	**32,561,245**	**19,544,928**
Income taxes paid	(5,123,791)	(3,071,499)
Net cash from operating activities	**27,437,454**	**16,473,428**
INVESTING ACTIVITIES		
Purchase of property and equipment	(662,431)	(1,198,904)
Purchase of intangible assets	(43,900)	(46,322)
Proceeds from sale of property, equipment, and intangible assets	-	5,208
Purchase of investment securities	(57,900,890)	(39,454,915)
Sale of investment securities	42,508,936	25,307,664
Net cash used in investing activities	**(16,098,285)**	**(15,387,269)**
FINANCING ACTIVITIES		
Borrowed funds	5,936,422	5,866,704
Interest expense on lease liability	179,316	226,201
Principal elements of lease payments	(841,043)	(952,190)
Net cash used in financing activities	**5,274,695**	**5,140,715**
Net increase / (decrease) in cash and cash equivalents	**16,613,865**	**6,226,875**
Movement in cash and cash equivalents		
At start of year	53,442,633	47,215,758
At end of year	**70,056,498**	**53,442,633**

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Hannington Namara
Managing Director

Dr. Patrick Uwizeye
Chairperson of the Board Audit Committee

OTHER DISCLOSURES

AS AT 31 DECEMBER 2020
APPENDIX: OTHER INFORMATION

	31-Dec-20 Frw '000' Amount/ Ratio/Number
I. CAPITAL STRENGTH	
1. Core Capital (Tier 1)	46,211,990
2. Supplementary Capital (Tier 2)	2,878,213
3. Total Capital	49,090,203
4. Total Risk Weighted Assets	267,301,343
5. Core Capital/ Total Risk Weighted Assets Ratio (Tier 1 Ratio)	17.29%
6. Tier 2 Ratio	1.08%
7. Total Capital/Total Risk Weighted Assets Ratio	18.37%
8. Leverage Ratio	12.00%
II.CREDIT RISK	
1. **Total gross credit risk exposures: after accounting offsets and without taking into account credit risk mitigation;**	195,708,530
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	7,776,486
• Building and construction	8,669,975
• Education	11,934,716
• Energy and water	5,679,068
• Financial intermediation	353,630
• Health and other	6,712,742
• Manufacturing	12,176,844
• Mining & quarrying	645,979
• Other service activities	3,233,484
• Personal/household	37,143,804
• Real estate	40,837,305
• Tourism, rest & hotels	33,417,106
• Trade	11,433,428
• Transport and communication	15,693,963
b) Debt securities;	62,045,738
c) OTC derivatives;	-
3. **Regional or geographic distribution of gross exposures, broken down in significant areas by major types of credit exposure;**	
a) Kigali	168,237,205
b) Southern	7,043,406
c) Western	9,242,514
d) Northern	6,138,570
e) Eastern	6,138,570

OTHER DISCLOSURES [CONTINUED]

AS AT 31 DECEMBER 2020
APPENDIX: OTHER INFORMATION

	31-Dec-20 Frw '000' Amount/ Ratio/Number
4. **Sector distribution of exposures, broken down by major types of credit exposure and aggregated in the following areas:**	
a) Government	11,975,992
b) Financial	353,630
c) Manufacturing	12,176,844
d) Infrastructure and construction	52,040,486
e) Services and commerce	73,577,156
f) Others	45,584,422
5. **Off- balance sheet items**	
a) Guarantees issued outward	46,788,545
b) Outward letter of credit contra	5,090,423
6. **Non-performing loans indicators**	
a) Non-performing loans (NPL)	7,000,861
b) NPL ratio	3.58%
7. **Related parties**	
a) Loans to directors, shareholders and subsidiaries	183,204
b) Loan to employees	4,997,636
8. **Restructured loans**	
a) No. of borrowers	951
b) Amount outstanding	89,319,890
c) Regulatory provision thereon	2,155,133
d) Restructured loans as % of gross loans	44%

III. LIQUIDITY RISK

a) Liquidity Coverage Ratio (LCR)	408%
b) Net Stable Funding Ratio (NSFR)	155%

IV. OPERATIONAL RISK

	Type	Number	Amount(000)
Number and types of frauds and their corresponding amount	Identity theft	1	5,200

V. MARKET RISK

1. Interest rate risk	59,249,225
2. Equity position risk	-
3. Foreign exchange risk % of Core Capital (NOP)	(6.08%)

VI. COUNTRY RISK

1. Credit exposures abroad	1,431,588
2. Other assets held abroad	34,078,332
3. Liabilities to abroad	22,895,364

VII. MANAGEMENT AND BOARD COMPOSITION

1. Number of Board members	10
2. Number of independent directors	7
3. Number of non-independent directors	3
4. Number of female directors	2
5. Number of male directors	8
6. Number of Senior Managers	10
7. Number of females senior managers	4
8. Number of males senior managers	6

These financial statements and other disclosures can be accessed on the institutions website **www.rw.equitybankgroup.com.** They may also be accessed at the institutions head office located at **Grand Pension Plaza, 2nd floor Kigali Rwanda.**

EXPLANATORY NOTES TO THE FINANCIALS

1. **Interest Income increased by 20%**
   The increase is mainly attributed to growth in loan and advances, investments in government securities and Placements during the year.
2. **Interest expense increased by 12%**
   Interest expenses grew by 12% in line with increased deposits as well as short term borrowings during the year.
3. **Net fees and commissions income increased by 7%**
   The increase is mainly attributed to more customers transactions backed by growth in customer numbers and convenient access to banking through digital platforms.
4. **Foreign exchange income increased by 55%**
   The increase was mainly supported by both foreign exchange margins and sale of foreign currency mainly USD.
5. **Net loans and advances increased by 22%**
   The increase was supported by new deals booked during the year in line with market opportunities.
6. **Investment securities increased by 35%**
   The increase was attributed by additional investments during the year mainly on Government Treasury Bonds and Bills.
7. **Deposits from customers increased by 21%**
   The increase is mainly attributed to new clients acquired during the year as well growth on existing clients.
8. **Borrowed funds increased by 21%**
   These include short-term borrowings necessary to support local currency liquidity for investments in loans and securities as well as the Economic recovery funds to support the businesses affected by COVID19.

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