

# INTEGRATED REPORT FOR THE YEAR ENDED **31 DECEMBER 2024**



**YEARS OF EXCELLENCE**



**BANK OF AFRICA**

BMCE GROUP



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1 REPORT  
**OVERVIEW**

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# EXECUTIVE SUMMARY

This Integrated Report aims to disclose information about matters that substantively affect the Bank's ability to create value over the short, medium and long term. It has been prepared in accordance with the Integrated Reporting <IR> Framework of the International Integrated Reporting Council (IIRC) and takes into considerations the revisions to the Framework published in January 2021.

The Report presents concise and relevant information on the Bank's operating environment, strategy, performance and value creation, governance, risk management and outlook

## Reporting Scope and Boundary:

The Report covers the operations of BANK OF AFRICA - RWANDA PLC for the period from 1 January 2024 to 31 December 2024.

## Forward-looking statements

This Integrated Report <IR> may contain forward-looking statements with respect to BANK OF AFRICA - RWANDA PLC's future performance and prospects. While these statements represent our objectives, judgements and future expectations at the time of preparing this <IR>, a number of emerging risks, uncertainties and other important factors could cause actual results to differ materially from our expectations. These include changes in the external environment and to prevailing market conditions, that could further unfold in Rwanda and globally.

## Outlook

Outlook information is considered to be all information that outlines the challenges, opportunities and uncertainties we are likely to encounter in pursuing our strategy and the potential implications for our business and operating model and future performance. Outlook information can be found throughout this <IR>; however, the majority of this information is largely contained in the following sections of the <IR>:

➤ **Our chairperson's statement**

➤ **Our external environment**

➤ **Our Chief Executive Officer's review**

➤ **Our risk and opportunity management**

➤ **Our performance**

# OUR VISION, MISSION AND VALUES

## Our Vision

*To be the preferred bank to our chosen market.*

## Our Mission



To serve our customer with efficiency and courtesy.



To contribute to the development of all our stakeholders.



To optimize the growth of Bank of Africa Group through synergies and development plans.



To promote the growth and stability of the economies that we operate in.

## Our Values



**Professionalism:** we attain high standards of customer services, accountability, efficiency, respect and confidentiality. We build long-term relationships that are mutually beneficial.



**Integrity:** we achieve and maintain consistent high levels of honesty, fairness and openness.



**Teamwork:** this enables us to accomplish our shared values. We build trust, strong relationships, encourage creativity and provide a platform for the generation and implementation of new ideas.



**Innovation:** we continuously improve the delivery of our products and services. We leverage technology advances, encourage creativity & provide a platform for the generation & implementation of new ideas.



**Staff Development:** staff are the most valuable asset for achieving our goals. In recognition of this, we provide exceptional opportunities for learning and personal development. We recognize and reward excellent performance.



**Customer-focused:** we anticipate and understand our customer needs so as to offer imaginative solutions. We work with a sense of urgency, vigor commitment whilst seizing opportunities for all us to excel.

# CHAIRPERSON'S STATEMENT



Mrs. Betty SAYINZOGA  
**Chairperson, Board of Directors**

As Chairperson of the Board, I am proud to present our Financial Integrated Report for 2024. This year has seen significant achievements and strategic progress for our bank.

Our commitment to strong governance and ethical practices has been a cornerstone of our success. The Board has worked diligently to provide oversight and guidance, ensuring that our bank remains resilient and well-positioned to deliver long-term value.

Throughout 2024, the primary focus for the board was interrogating how management balances the delivery of short- and medium-term objectives with planning for the longer term. Our focus on sustainability, innovation, and customer-centricity has driven our performance, enabling us to achieve good financial results and make meaningful contributions to our communities. It is essential to mention that in the same year; the board examined and validated a new triennial development plan (2025-2027) to direct the future growth of the bank.

The Board is particularly proud of our efforts in integrating different business categories into our operations. Our commitment to these principles not only strengthens our business but also contributes to a more sustainable and equitable future.

I would like to extend my gratitude to our shareholders, the board, executive team, bank employees, and esteemed customers for their unwavering support and dedication. Together, we have built a strong foundation for continued success. As we move forward, the Board remains committed to guiding our bank through the opportunities and challenges that lie ahead, steadfastly focusing on creating value for all our stakeholders.

Thank you for your trust and confidence in our leadership.

Sincerely,

**Mrs. Betty SAYINZOGA**  
**Chairperson, Board of Directors**

## MANAGING DIRECTOR STATEMENT



Vincent ISTASSE  
Managing Director

I am pleased to present our financial integrated report for 2024, a year marked by growth and resilience. Despite global economic challenges, our bank has remained steadfast in our commitment to delivering value to our customers, shareholders, and our communities.

The increase of activities in both credits and services resulted into net banking income by 12.5% to 1.7 billion. However, an exceptional reduction in risk mainly due to massive recovery of written-off loan and strict monitoring led to improved bank performance with a net result of 4.2 billion compared to 1.8 billion for the year before.

We have made significant strides in our sustainability initiatives, recognizing the importance of integrating environmental, social, and governance considerations into our business strategy. Our commitment to sustainable banking practices is unwavering, and we continue to support initiatives that drive positive change.

I express my gratitude to the visionary leadership of our board, shareholders, our staff and our esteemed clients for their continued trust and support. As we look ahead, we are optimistic about the future. We are positioned to navigate in an evolving financial landscape and seize new opportunities for growth and innovation.

Thank you for your continued confidence in our bank.

Vincent ISTASSE  
Managing Director



# 2 GOVERNANCE

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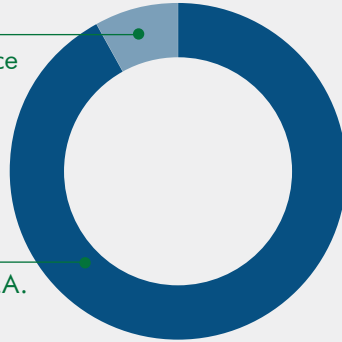
# SHAREHOLDING STRUCTURE

**5%**

**Shareholders:** Radiant Insurance Company Ltd  
**Number of shares:** 100,000  
**Total value:** 1,000,000,000

**95%**

**Shareholders :** B.O.A. GROUP S.A.  
**Number of shares:** 1,900,000  
**Total value:** 19,000,000,000



**100%**

**Shareholders :** All  
**Number of shares:** 2,000,000  
**Total value:** 20,000,000,000

# BOARD OF DIRECTORS

## Providing oversight and guidance during unprecedented times

We are governed by a board of directors, the majority of whom are independent non-executive directors.

Our Chairperson is an independent, non-executive director. Our board is responsible for the strategic direction and ultimate control of the Bank according to the memorandum of incorporation and board charter.

Our board establishes the Bank of Africa Rwanda Plc purpose, values and strategy, and satisfies itself that these core aspects and the organizational culture are aligned. Importantly, the board is also responsible for ensuring that the necessary resources are in place for the Bank to meet our objectives and for measuring performance against them.

The board is accountable for promoting the long-term sustainable success of the Bank, generating value for shareholders and contributing to wider society. Through its oversight and strategic steer, it ensures that Bank of Africa Rwanda Plc capitalizes on our opportunities as an ethical, decisive and responsible corporate citizen.

Against the backdrop of constant and fast-paced changes, board diversity is important to remain agile and sustainable. At the Bank of Africa Rwanda Plc, we consider diversity of race, gender, ethnicity, age, independence and skill sets, to ensure more robust debate and better decision-making. The board numbers below are as at the end of our current reporting period being 31 December 2024.

### Independence

**2**

**Non-Independent**  
DIRECTORS

**3**

**Independent**  
DIRECTORS

### Diversity of gender

**From February 2022 female directors have been introduced in the Board.**

### Diversity of age

**46**



**71**

# INDEPENDENT DIRECTORS



**Betty Sayinzoga**

Appointed in January 2021

### Qualifications

- Master's in Business administration
- A bachelor's degree in Law.

### Expertise and experience

Betty SAYINZOGA is the Business Integration Manager at Sanlam Emerging Market with a dynamic and self-driven spirit and a passion for Talent Management. Before Saham Assurance Vie Rwanda was acquired by Sanlam Emerging Market, she was leading this Insurance company as their Chief Executive Officer. She debuted her career from the Ministry of Rehabilitation and Social Affairs in 1994 as the operations Officer. Her work experience includes:

- Administrative Assistant in USAID Financed project: WIT (Women In Transition) Greenoaks Holdings.
- Paroll Consultant in Partena, Belgium
- HR Professional and later Head of Human Resource at BPR
- People and Change Consultant in PwC Rwanda
- She also worked as the Chief Human Resource Officer for both Prime Insurance Ltd and Prime Life Insurance Ltd when the two were rebranded after the acquisition of COGEAR Ltd and Prime Life assurance Ltd by Greenoaks Holdings.



**Omar Balafrej**

Appointed on 04/06/2020

### Qualifications

University Degrees in Mathematics (Janson de Saily, Ecole Centrale de Lyon)

### Expertise and experience

Omar was Chief of projects for Morocco and Algeria in IFC (World Bank Group).

He was also President of MNF-MITC Capital and the CEO of MITC-Technopark Omar is currently a consultant with a focus to advising start-ups and other organisations on business development and fund raising. He is also an elected member of budget committee in Moroccan Parliament.

His main networks and associative activities include the following:

- Stanford University (Draper Hills Summer Fellow)
- African Innovation Foundation (Board Member)
- Cinémathèque de Tanger (Board Member)
- French Ministry of foreign affairs (Fellowship program)
- Fondation Abderrahim Bouabid (President).



**Vincent Gatete**

Appointed in May 2021

### Qualifications

- Master's in Business administration
- A bachelor's degree in Law.

### Expertise and experience

Vincent GATETE is a Senior Business Executive with advanced and versatile experience leading companies in the private sector and good experience in public sector. He is a transformational leader with focus on turn around and driving and executing change and proven experience in driving growth.

Prior to becoming a private consultant, his path was established by many distinguishable senior management responsibilities including:

- Legal Officer, Senior Legal Officer and Tax State Attorney and International Affairs Manager at RRA
- Group company Secretary at Crystal Ventures Ltd
- Chief Executive Officer in Crystal Telecom Ltd
- Managing Director in ISCO Ltd
- Chief Commercial Officer at Bank of Kigali
- Chief Executive Officer at Karisimbi Business Partners.

During his work experience of 18years now, he served as a non-executive Board member of several companies.

# NON-INDEPENDENT DIRECTORS



**Othmane** Alaoui

Appointed on 24/12/2024

## Qualifications

- Diploma in Advanced Banking Studies issued by the Conservatoire National des Arts et Métiers (CNAM), Paris, France.
- Scientific A-Levels, Casablanca, Morocco.

## Expertise and experience

Othmane Alaoui is the Chief Executive Officer of Bank of Africa Madagascar with over 30 years of experience in the banking industry.

Othmane began his career at BMCE Bank in Morocco, where he rose through various leadership roles including Head of Development and Regional Director. In 2013, he joined Bank of Africa Madagascar, initially serving as Central Director for network development. He was later appointed Deputy General Manager in charge of the Retail Division, before taking the helm as CEO in July 2016. Under his leadership, the bank has focused on network expansion, customer-centric innovation, and operational efficiency in the Madagascar market.

A seasoned leader with deep expertise in retail banking and network development, Othmane is known for his pragmatic approach and strong understanding of African financial markets.



**Marc** RUGENERA

Appointed on 24/12/2024

## Qualifications

- Master's degree in business engineering
- Bachelor's Degree in Commercial and Financial Sciences; specialization in Banking and Finance

## Expertise and experience

Marc RUGENERA, the Board Chair and CEO at Radiant Insurance Company, is an accomplished economist and seasoned executive with over 40 years of experience in finance, government, and insurance.

Marc has held top leadership roles across both public and private sectors including Minister of Finance and Minister of Commerce, Industry and Tourism in Rwanda, during which he played a pivotal role in shaping national economic policy and advancing post-war economic recovery.

His governance experience includes board positions across regional institutions such as PTA Bank, the National Bank of Rwanda, Sulfo Rwanda Industries, and Capital Market Authority.

His expertise in corporate governance, strategic negotiation, and insurance continues to shape financial services in Rwanda and beyond.

# BOARD COMMITTEES

## BOARD AUDIT COMMITTEE

Vincent GATETE	Chairperson
Othmane ALAOUI	Member
Marc RUGENERA	Member

## BOARD RISK COMMITTEE

Omar BALAFREJ	Chairperson
Betty SAYINZOGA	Member
Marc RUGENERA	Member
Vincent GATETE	Member

## BOARD CREDIT COMMITTEE

Othmane ALAOUI	Chairperson
Marc RUGENERA	Member
Vincent GATETE	Member
Omar BALAFREJ	Member

## NOMINATION & REMUNARATION COMMITTEE

Omar BALAFREJ	Chairperson
Betty SAYINZOGA	Member
Othmane ALAOUI	Member
Vincent GATETE	Member

## INFORMATION TECHNOLOGY COMMITTEE

Betty SAYINZOGA	Chairperson
Omar BALAFREJ	Member
Vincent GATETE	Member

## EXECUTIVE COMMITTEE



Vincent Istasse, the Managing Director at Bank of Africa Rwanda is a seasoned banking professional with a distinguished career spanning over three decades. Vincent holds a D.E.S.S. in Corporate Diagnosis from the University of Lyon III and a Master's in Corporate Economy from the University of Reims. A French national with extensive expertise in African markets, Vincent has held senior roles across multiple financial institutions.

Vincent has consistently demonstrated his leadership and strategic acumen across various senior roles in the banking industry. He has previously served as Managing Director at BOA Côte d'Ivoire and Deputy Managing Director at BOA Ghana, where he drove significant growth in corporate, retail, and digital banking. His career includes leadership positions at BOA Red Sea, Financial Bank Chad, B.N.I. Madagascar, and Société Ivoirienne de Banque, focusing on business development, risk management, and strategic planning.

Since 2023, Vincent has been leading growth and transformation initiatives at Bank of Africa Rwanda, and his leadership skills are key to his role at the bank.



Theogene RUZINDANA is the Executive Head of Finance. He has worked for Bank of Africa Rwanda for 7 years coordinating finance activities in relation to financials preparation, financial analysis, budgeting, tax treatment and establishment of financial policies and procedures.

Theogene is experienced in the financial domain, he worked for BPR for 15 years occupying different positions such as Head of MIS, Head of Operations, Head of Accounting and Chief Finance Officer.

He holds a bachelor's degree in Management Sciences and is a certified Public Finance Management accountant (CPFMA), he is also following CPAK courses.



Ephraim MUVALA is an Executive Head, Legal services & Company Secretary at Bank of Africa Rwanda since 2013, with primary mission of ensuring institution compliance with industry Corporate Governance framework and country regulatory environment.

He is a holder of Ms. Science in arts, Post graduate diploma in legal practice and Bachelor's degree in Law, obtained from National University of Rwanda. He is well-seasoned, effective team member & results-driven senior manager with a highly successful background in banking laws, insurance laws and company acts.

Prior to joining BOA Rwanda, Ephraim served in the capacity of Legal advisor at different financial institutions including; Access bank Rwanda, Bank Populaire du Rwanda and in the office of Prosecutor General of Rwanda under Ministry of Justice.



Alice UWINEZA is the Executive Head of Credit and has been serving Bank of Africa Rwanda for over 7 years overseeing all activities in Credit Department related to credit files approvals, credit portfolio monitoring, review of Bank's Credit Policies, procedures, recommend & implement changes where appropriate.

Trained in professional banker course, Alice is also experienced with a great and extensive technical and managerial background. Before joining BOA Rwanda, she worked in COGEBANQUE for over 10 years where she occupied different positions among them, Corporate Relationship Manager, Credit Analyst Supervisor and Deputy Head of Credit.

She holds a Bachelor's degree in Economics/Development Studies, a Masters in Banking sector (ITB), and undergone numerous training in banking and financial services offered by reputable institutions.



Ubald SESONGA is the Executive Head of Risk and Compliance and member of the Executive Committee of Bank of Africa Rwanda responsible for designing and implementing the Bank's risk management, compliance, and AML\_CFT programs as well as loan portfolio monitoring and reporting.

He has accumulated 16 years of work experience in the financial sector particularly 11 years in risk management and compliance functions. He has a vast experience in developing and implementing risk management, compliance, and AML\_CFT programs. He is also specialized in conducting risk assessments in different areas of the bank. In addition, he has experience in establishing remedial action plans for risks identified as well as drafting policies and procedures.

Prior to joining Bank of Africa, he supervised the Risk and Compliance Unit at Cogebanque. He also held different positions at the former Social Security Fund of Rwanda including being a Branch Manager and an Inspector. He holds a bachelor's degree in Business Administration from the former School of Finance and Banking (SFB) and is also a Certified Compliance Professional (ACCPA-Certified) and a Certified AML Specialist (CAMS).



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# STRATEGY

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# STRATEGIC FOCUS AREAS

At the end of the 2022-2024 three-year plan, BANK OF AFRICA Group saw most of its financial indicators improving, notably the balance sheet average growth at 9.6 % and the net income Group share (RNPG) at 11.8 %.

Besides these good financial performances, the 2025-2027 three-year plan allowed to put the foundations of Group BANK OF AFRICA ambitions with a strategy focused on banking activity.

In a context of regulatory strengthening leading to an increasing need of shareholders' equity, the new 2025-2027 Triennial Development Plan has an objective to concretize these ambitions through bold choices:

- A rigorous policy of risks provisioning and continued efforts on recovery;
- A progressive reduction of market activities contribution for the benefit of focusing on classic banking activities;
- A balance-sheet transformation focused on SME and individuals;
- A revisited pricing policy in terms of interest margin and margins on commissions;
- A rigorous financial discipline on the operational costs

## Strategy execution principles

- Diagnosis phase allowed to analyse in detailed way macroeconomic context, achievements of previous strategic plan, level of competition and main weaknesses, strengths, threats and opportunities;
- Strategic construction phase led through several workshops at the Group level and Bank level of the bank to define big orientations, growth hypotheses and strategic initiatives
- Development phase allowed to define the road map of the bank through initiatives prioritization, definition of prerequisites and growth potential and the elaboration of the operational strategic plan, the strategic projects portfolio to be executed over the period.



# IMPLEMENTATION OF OUR FINANCIAL STRATEGY

## Our financial performance against our 3-year 2027 targets

In 2024, we noted a number of risks associated with various events outside of our control that significantly impacted our business, including heightened macroeconomic volatility.

Despite the challenging macro-environment, we made good progress in relation to our financial metrics in some domain against our 2024 targets.

Below is a summary of the progress we have made in relation to our financial targets in the fiscal year under review, measured against our 2024 targets.

	2025 Target	2024 Performance	2023 Performance	2024 against 2023	2024 against 2025 target
Net impairment losses on loans and advances (in millions of Frw)	-1,344	-981	-3,478	-71.8%▲	37.0%▼
Net interest income (in millions of FRW)	13,295	11,467	10,937	4.8%▲	15.9%▲
Net Fees & commissions (in millions of Frw)	5,004	3,856	2,685	43.6%▲	29.8%▲
Cost to income ratio	56.4%	53.2%	50.80%	2.4%▼	3.2%▼
ROA	2.4%	2.4%	1.10%	1.3%▲	0.0%▲
ROE	17.4%	18.3%	9.00%	9.3%▲	-0.8%▼

Our 2024 performance compared to 2023 shows good performances.

We increased significantly our RoA and RoE respectively by 1.3% and 9.3%. The RoA is foreseen to remain stable, with a slight decrease in the RoE in 2025.

In the same way, our performance in net interest income and net fees and commissions (respectively 4.8% and 43.6%) are below the remaining gap of 15.9% and 29.8% we need to cover to achieve the 2025 targets.

However, we can notice increase in our cost-to-income ratio to 53.2% (from 50.8% of 2023) and we are confident to repeat the same performance to achieve the 2025 target of 56.4%.

Net impairment losses on loans and advances decreased consecutive to decrease in non-performing loans as well as recovery of written-off loans. It is projected to go up again in 2025 due to planned loan disbursement.

Whereas we have been conservative in our policy of risks provisioning to cover the effects on the quality of our loan portfolio, moving forward, we will not only maintain but also intensify these recovery strategies to better manage non-performing loans.

## Non-Financial indicators (operational strategic plan)

### Methodology

The operational strategic plan (OSP) represents the road map detailing the initiatives to implement to reach the goals fixed previously. This project portfolio over 3 years articulates around 4 strategic axes:

- Growth
- Productivity
- Profitability
- Risk management

For each initiative, the following elements should be defined:

- Strategic objective defining the target to reach
- Date of the projected end and chronogram
- Macro-evaluation of initiative business impact Business in terms of growth of outstanding amounts, NBI, market share ...
- Financial prerequisites (budget), organizational or technical
- Evaluation of the complexity of implementation allowing prioritization

Once detailed, the initiatives are prioritized according to their business impact, necessary prerequisites and complexity. The prioritization allows to raise a road map over 3 years.

The operational strategic plan is steered by the Project Management Office (PMO) in coordination with the management control to adjust the plan according to the progress of strategic objectives. Governance committees allow to follow regularly the plan progress:

- Bank executive committee with progress review of strategic initiatives portfolio
- Monthly strategic steering committee involving bank executive committee and regional office
- Quarterly board of directors with a synthetic presentation of the plan, main realisations and ongoing actions



# VALUE CREATION THROUGH OUR PEOPLE

This year, the bank’s management recognized elected employees for their exceptional dedication, significantly contributing to the bank’s achievements and success. BANK OF AFRICA – RWANDA expressed appreciation by awarding certificates to the most dedicated staff of 2024 and named the Best Employee of the Year to further motivate others.

To ensure fair, competitive, and transparent remuneration for employees, the bank introduced as well a compensation policy which will also help in building a motivated, loyal, and high-performing workforce.

Strengthening employee capabilities is essential to achieving excellent service delivery. In line with this, the Bank sponsored staff to pursue professional certifications in CPA FM, ACAMS, and RAF. We are proud to have had graduates from each of the first two programs, and four from RAF — with one of them earning top honors as the best performer among all participating bankers nationwide.

## Our beliefs:

The Bank strives to achieve a reputation for conducting its business with integrity and carrying the confidence and trust of its employees, customers and general public. The Bank firmly believes that:

- 1 Human Resources is a strategic input for the Bank’s operations.
- 2 It is the Bank’s responsibility to develop a high quality, committed and flexible work force that meets customers’ requirements and responds quickly to customers’ needs.
- 3 The Bank has to evolve a sustainable “competitive advantage” through its employees to create value for customers and provide high world-class customer service at the most cost-effective rate.



Best Employee of the year 2024



End year staff party 2024

# CORPORATE SOCIAL RESPONSIBILITY

## Environmental Commitment Through Umuganda

In collaboration with other banks, Bank of Africa participated in the Umuganda community work initiative organized by the Rwanda Bankers Association. The bank contributed by planting 300 trees, supporting the City of Kigali’s green initiative and demonstrating its commitment to sustainability.



## International Women’s Day

To mark International Women’s Day 2024, the bank supported and took part in an event arranged by the University of Rwanda in collaboration with the Mastercard Foundation and Kora Coaching. This event focused on mentorship to encourage inclusion among young female scholars, reflecting the bank’s commitment to empowering women.



## #KWIBUKA30

The bank commemorated the 1994 Genocide against the Tutsi by visiting the Kigali Genocide Memorial alongside a staff delegation. We paid tribute to the victims by laying wreaths at the mass grave and contributed a donation to support the preservation of the memorial site.



# STAKEHOLDER ENGAGEMENT APPROACH

We actively manage our various stakeholder engagements; ensuring ongoing clear, transparent and relevant communications.

Our stakeholders include among others the following:



## COLLEAGUES

*Both current Rwandan Bankers and prospective employees*



## CUSTOMERS

*Past, present and future customers*



## BUSINESS PARTNERS

*Our shareholders, funders, debt holders, suppliers, service providers, collaborators, industry associations and strategic business alliances*



## REGULATORS

*Sector and governmental regulators*



## SOCIETY

*Society as a whole including media and financial commentators*

Different commitments are defined toward the CSR in BOA:

<b>COMMITMENT 1: BOA respect our clients' interests and promote ethical behavior by:</b>
1.1 Effective communication for all event such as public holidays; temporally closing of branches; change in working hours and other circumstances.
1.2 Sharing the bank's trend and performance with customer through official communication (local press media etc.);
1.3 Publication of prices on regular basis
1.4 Provide quality customer service and complete and
1.5 Satisfy the needs of our customers, treat their claims with diligence
1.6 Assist our customers in difficulty, by preventing situations of over-indebtedness and mitigating the effects
1.7 Adopt a responsible purchasing approach

<b>COMMITMENT 2: BOA promote Sustainable Finance and Social Entrepreneurship by:</b>
2.1 Collaboration and Working with government institution that provide grants and security;
2.2 Financial advice to our customers depends to their sector of activity;
2.3 Linking our clients, each other for sustaining their business and building strong relationship.

<b>COMMITMENT 3: BOA as a responsible employer listening to employees and accompanying their development by:</b>
3.1 Regular training of its staff and sensitize them on how do customer retention, customer loyalty and customized services and integrity;
3.2 Develop the skills of our employees through
3.3 Support transformations, changes in our businesses and mobility in the Bank
3.4 Prevent occupational health and safety risks and promote employees' well-being and quality of life at work
3.5 Respect freedom of association, the right to bargain collectively and promote social dialogue
3.6 Other Human Rights Objectives

<b>COMMITMENT 4: BOA is diligent in the exercise of governance and risk management by:</b>
4.1 Set a risk champion from each department;
4.2 Regular complying with Central bank and BOA group rules and regulations;
4.3 Perform regular due diligence of our customer and close account which are not complying;
4.4 Provide Key facts statement for each product/service (Loans and account opening);
4.5 Respect our shareholders rights
4.6 Other governance objectives

<b>COMMITMENT 5: Protect the environment by:</b>
5.1 Using Office stationary complying with standards;
5.2 Financing manufacturing and industries in the field of environment protection;
5.3 Committed to switch off lights, air condition in our office

<b>COMMITMENT 6: Act in the interest of the community and support dialogue with our stakeholders by:</b>
6.1 Promote financial education and micro finance
6.2 Promote access to education and support local communities
6.3 Promote financial inclusion
6.4 Promote and respect human rights in our funding decisions and in our activities
6.5 Adopt a sponsorship strategy supporting culture, sport, social & solidarity actions and the environment
6.6 Build a permanent dialogue with our stakeholders to contribute to the achievement of the Sustainable Development Goals

# RISK MANAGEMENT

## OUR RISK MANAGEMENT PROCESS

Bank of Africa Rwanda PLC conducts its risk assessment processes in alignment with its Enterprise Risk Management (ERM) Framework, which is grounded in the three lines of defense principle. These assessments are carried out across all units of the Bank, with dedicated support from the Risk Management Department, ensuring a comprehensive and consistent approach to identifying and managing risks.

The primary goal of this bank-wide risk assessment is to establish a proactive and intelligent risk management culture that not only safeguards the Bank’s value but also facilitates optimal and informed risk-taking in pursuit of strategic objectives.

A key outcome of the risk assessment is the development of the Bank’s Risk Profile, which provides a holistic view of the institution’s exposure to various risk categories. This profile is essential in determining the level of capital required to adequately cover those risks, serving as a protective buffer against potential shocks from the external operating environment.

To establish this Risk Profile and define the corresponding capital requirements, the Bank follows a structured and rigorous set of processes, including risk identification, measurement, evaluation, and aggregation—ensuring resilience and regulatory alignment.

The table below details our identified top risks, our responses / mitigations and each type of capital they are related to:

Risk	Risk Identification, Mitigation and Control	Link to Capital
<p><b>Credit Risk</b></p> <p>Credit Risk is a risk of a counterparty failing to meet its contractual obligations towards the bank and the risk that the pledged collateral does not cover the claims.</p>	<p>The bank identifies credit risk as per its credit risk procedures and guidelines. Credit mitigation techniques are used including collaterals for exposures, guarantees etc. The Bank reduces its Credit risk by collateralizing its credit exposures. The bank value Collateral though the latter is not recognized from a capital adequacy computation perspective. The collateral, its value and its mitigating effects are considered throughout the credit assessment and management processes. The Bank collaterals include Pledges and guarantees. Real Estate is the main type of Pledges. Prudential limits have been set by the Board of Directors and implemented by Management per single obligor, Sector, counterparties etc. Regular portfolio reviews by auditors, compliance teams enhance the control environment of credit.</p>	<p>Financial</p>

## CORE ELEMENTS OF THE RISK MANAGEMENT FRAMEWORK

- The Internal Capital Adequacy/Liquidity Assessment Process (ICAAP&ILAAP)
- Operational Risk Mapping
- Risk appetite statement
- Risk policies and procedures
- Quantitative and qualitative risk metrics
- Risk culture and training programs

### The Internal Capital Adequacy Assessment Process (ICAAP)

The Internal Capital Adequacy Assessment Process (ICAAP) requires the Bank to conduct a comprehensive risk assessment at the end of each financial year.

As part of the 2024 year-end review, the assessment identified eight principal risk categories, divided into two distinct pillars, enabling a systematic and holistic approach to risk and capital management. This segmentation supports effective capital planning, ensures alignment with regulatory expectations, and reinforces the Bank’s commitment to maintaining financial resilience.

- **Pillar I risks comprises:** Credit Risk, Market Risk and Operational Risk,
- **Pillar II risks include:** Liquidity Risk, Concentration Risk, Interest Rate Risk in the banking book, Reputational Risk, Compliance Risk and Strategic Risk.

<p><b>Market Risk</b></p> <p>Market Risk is the risk on the bank’s earnings and or capital due to changes in market factors.</p>	<p>The bank has established market risk policies and procedures and processes to identify, mitigate and control market risks that arise within its banking book bearing in mind that the bank does not maintain a trading book. Business units and functions, in the process of carrying out their daily activities, ensure that the principles and policies for Market risk management are adhered to and business risk managers have the responsibility of reporting immediately any event that could trigger market risk or could breach any market risk limit to Risk management and compliance department for necessary support and risk treatment. The market risk is controlled through its established policies and limits as well as the overall governance structure of the bank.</p>	<p>Financial</p>
<p><b>Operational Risk</b></p> <p>Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.</p>	<p>The operational risk is identified through its operational risk policy and procedure framework. The bank uses the ‘Risk and Control self-assessment (i.e. RCSA)’ to identify any risk inherent to its people, process and systems or any external event. All identified risks are controlled or mitigated by our operational risk and operations procedures in areas of cash management, account opening, payments and processing.</p>	<p>Financial</p>
<p><b>Liquidity risk</b></p> <p>Liquidity risk is the risk of the bank not being able to meet its payments obligations when they fall due and without incurring considerable additional cost for raising funds or the risk of incurring losses because of fire-sale of assets</p>	<p>The bank identifies its liquidity risk through implementation of its policy and daily review of the liquidity position and computation liquidity metrics including but not limited to Liquidity coverage ratio, Net stable funding ratio, Loan to deposit ratio, liquidity mismatch to overall liquidity outflows etc. The Liquidity risk is mitigated by strongly upholding prudential policy limits close monitoring of liquidity by middle office. The bank has an Intraday liquidity governance to ensuring that intraday payment and settlement obligations are met in a timely manner. The bank has established methodologies and systems to ensure that those obligations are fulfilled under normal and stressed conditions during the day.</p> <p>The bank manages intraday liquidity as follows:</p> <ul style="list-style-type: none"> <li>a) Measuring daily liquidity inflow and outflow</li> <li>b) Monitoring intraday liquidity position</li> <li>c) Funding intraday liquidity needs</li> <li>d) Managing the timing of liquidity outflow.</li> </ul>	<p>Financial</p>
<p><b>Concentration risk</b></p> <p>Concentration risk is any exposure that may arise within its different risk categories and that has potential to produce losses that threaten its earnings and or capital</p>	<p>BOA Rwanda has established strategies and processes to manage its IRRBB that arise within its banking book. The interest rate risk management is guided by the market risk policy and risk appetite statement and limits. The Board of directors has delegated to senior management the responsibility of managing IRRB on a daily basis</p>	<p>Financial</p>
<p><b>Interest rate risk in the banking book (IRRBB)</b></p> <p>Interest Rate in the banking book is the current and prospective risk to the bank capital or earnings arising from adverse movements in the interest rates that affect the banking book positions.</p>	<p>and Management ALCO discusses, on The Bank identifies its concentration risks by monitoring exposures limits and through monitoring implementation of strategic risk policies and the competitive environment. The risk is mitigated and controlled through regular reviews of the strategic difference numbers, performance reviews, etc. A monthly basis, the banking positions and risks that may arise from those positions.</p>	<p>Financial</p>

<p><b>Reputational risk</b></p> <p>Reputational risk is any event that could damage stakeholders trust in and respect towards an organization and thus leading to loss that affects its earnings and capital.</p>	<p>The bank proactively protects itself against reputation damaging events and effectively deals with those events whenever they occur. The Bank's reputational risk is guided by the reputational risk management policy and risk appetite both approved by the Board of directors. The Board has delegated its responsibility to senior management for implementing the policy and observing the risk appetite framework.</p>	Financial
<p><b>Compliance risk</b></p> <p>Compliance risk is the current and prospective risk to earnings or capital arising from violations or, or non-conformance with laws, rules, regulations, prescribed practice or ethical standards issued by the regulator from time to time.</p>	<p>The Compliance risk is identified through regular compliance checks which are done through toolkits by the compliance team which identifies warning signs. The risk identified or compliance gaps are assigned action plans to mitigate the risk or remediation of the gap if the risk has materialized. The mitigation mechanisms are done through regular checks and balances and verifications approval process implemented bank wide.</p>	Financial
<p><b>Strategic risk</b></p> <p>Strategic risk is the current and prospective risk on earning or capital arising from adverse business actions, improper implementation of decisions or lack of responsiveness to industry changes. It is also a risk of not meeting business targets and falling behind competition.</p>	<p>Strategic risk is identified through regular review of the bank performance against its business targets, industry competitive indicators.</p> <p>The risk is mitigated and controlled through business targets and performance appraisals and strategic meetings hold to discuss strategic direction of the bank.</p>	Financial
<p><b>Climate &amp; Environmental Financial Risk</b></p> <p>Includes climate-related risks, social impact, and governance practices aligned with TCFD and sustainability risk integration</p>	<p>Climate-related and environmental financial risks are increasingly material for banks, as they can impact credit quality, market exposure, operational continuity, and reputational standing. These risks are typically categorized into physical risks (e.g., natural disasters) and transition risks (e.g., policy or regulatory shifts toward a low-carbon economy). The Bank is in the process of developing a structured approach to identify, mitigate, and control these risks as part of its Enterprise Risk Management and ESG frameworks.</p>	Financial

## RISK APPETITE AND STRESS TESTING

The Bank operates within a defined risk appetite, approved by the Board, which reflects its strategic goals and capacity to absorb risk. Stress testing and scenario analysis are conducted regularly to test resilience under adverse conditions. Recovery and resolution plans are maintained to ensure operational continuity under stress.

## OUTLOOK AND FUTURE RISK FOCUS

- Strengthening the ESG and climate risk assessment procedures
- Review and update of the IFRS 9 Model and improvements to expected credit loss models
- Expanded risk training programs across the Bank
- Operational Risk mapping review for all operations, products and services of the Bank
- Ongoing focus on cybersecurity and digital risks



4

# BUSINESS



# OUR BUSINESS MODEL

We create value and deliver on our strategy by transforming our capitals through our business activities. We seek to operate and grow inclusively, responsibly and sustainably, thereby maximising value creation and minimising any negative impacts.

## Inputs

### FINANCIAL CAPITAL



- Our financial capital consists of the pool of funds that is available to us to produce products, provide services and invest in technology, people and growth
- It is largely obtained through retail funding, financing and generated through our operations

### HUMAN CAPITAL



- Our human capital refers to our people
- Our objective is to create a rewarding place to work by providing a holistic offering to our people that spans a range of services intended to enhance the health, wellness and work-life balance of their lives

### INTELLECTUAL CAPITAL



- Our intellectual capital includes our know-how, digital advancements and brand; ensuring that we remain competitive, sustainable and a strong investment in our proposition; enhancing reporting, decision-making and credit risk management

### MANUFACTURED CAPITAL



- Our manufactured capital includes our business structures and processes, including physical and digital assets, infrastructure, products and services
- It also covers our operational infrastructure (our branches and head office), products, sales and service channels, digital channels and collections
- This blended approach allows us to provide a personalised, efficient experience to advance the lives of our customers; ensuring our long-term sustainability

### NATURAL CAPITAL



- Our natural capital includes our environmental stewardship for both our internal operations and our products and services
- Our internal aspirational targets assist in minimizing our impact on natural resources, enhancing operational resilience against supply constraints (for example, water and power)

### SOCIAL AND RELATIONSHIP CAPITAL



- Our social and relationship capital relates to our interactions with our stakeholders
- Developing and maintaining quality relationships with all our stakeholders is key to our sustainability and is a focus in all our interactions

## Activities shaped by the external drivers of

### Sales and service channels

- Branches
- ATM
- Mobile Bank
- Internet Bank
- Branch Network

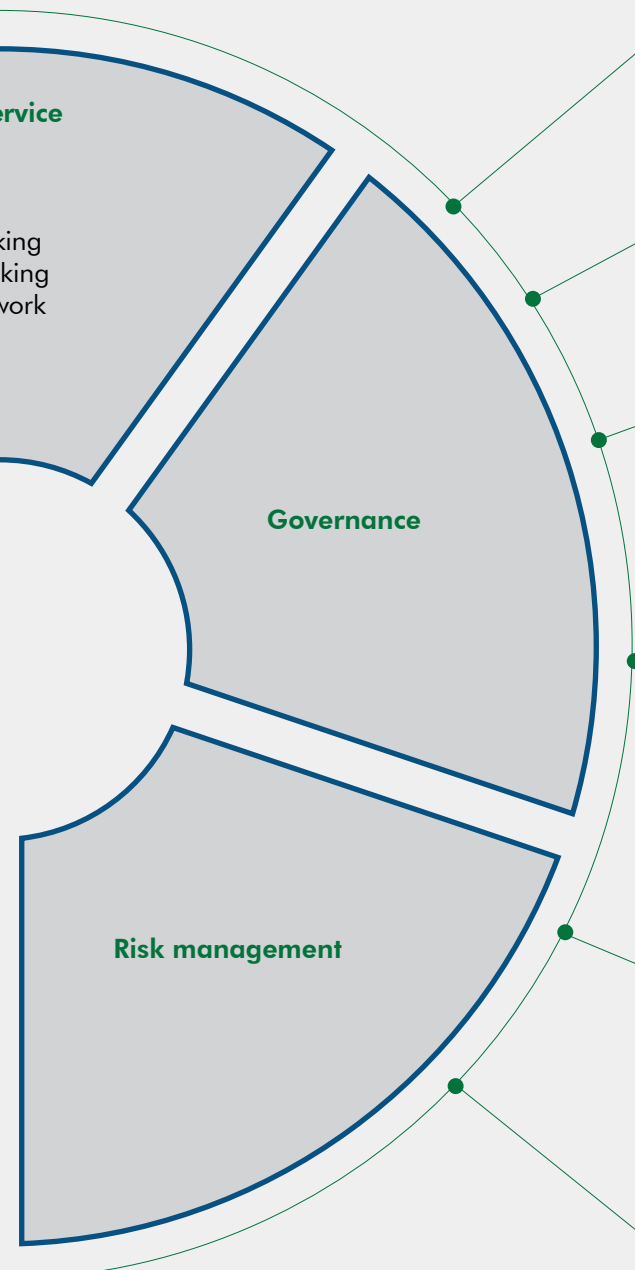
### Products offering

- Loans
- Overdrafts
- Savings
- Current accounts
- Visa cards
- Transactional banking

### Stakeholder engagement approach

- Customer centricity
- Peers
- Business partners
- Regulators
- Society

## Internal environment and key areas of change



## Outcomes

### FINANCIAL CAPITAL



- Profit after tax
- ROE
- Credit loss ratio
- Increase in deposits
- Increase in loans and advance
- Decrease in cost to income ratio; etc.

### HUMAN CAPITAL



- Enhanced employee motivation, skills and diversity
- A more transformed workplace
- Staff attrition
- Low levels of retrenchments; etc.

### INTELLECTUAL CAPITAL



- Attracted skills in data analytics
- Empowered cross-functional teams
- Using an agile approach; etc.

### MANUFACTURED CAPITAL



- New customers
- New opened accounts
- Increase in logins across banking platforms
- Staff work from home capability; etc.

### NATURAL CAPITAL



- Executive sustainability engagement
- Waste management
- Management of utilities; etc.

### SOCIAL AND RELATIONSHIP CAPITAL



- Consumer financial education
- Decrease of clients' complaints; etc.

# PRODUCTS FOR CUSTOMERS

Current account

TUNGA Savings Account

UMURAGE Savings Account

UMUHIGO Savings Account

INTEGO Savings Account

NYURWA & TUZA Packs

Tontines

Fixed Term Deposit

Isanzure Current Account

Mobile Banking (USSD & App)

Push & Pull

eKash

Internet Banking

VISA Debit cards (Blue & Elite)

SMS & E-alert

Overdraft

Salary advance/ Personal loan

Vehicle Loan

IGA Loan

Tekana Loan

Mortgage Loan

Seasonal Loan

Business Loan

Asset Finance

Construction Loan

Contract Finance

Invoice Discounting

Affordable Housing

Letters of credit, Bonds & Guarantees

Money Remittance

## SALES AND SERVICE CHANNELS



### BRANCHES

We are committed to offering excellent service and sound financial advice at all our branches. We continuously assess the necessity of opening or closing branches to meet customer needs while also renegotiating rental agreements to secure competitive property rates.



### ATM

Our ATMs offer customers the convenience of banking at any time—24/7. As part of our service network, they play a key role in making everyday banking more accessible.



### MOBILE BANKING

Our goal is to have every customer actively using our digital platforms for their banking needs. Mobile Banking includes both our USSD code (\*512#) and the mobile application *MyBOA-Rwanda*, allowing customers to access services quickly and securely. We are continuously enhancing the features of both platforms to provide a seamless and user-friendly experience.



### MOBILE BANKING

Complementing our Mobile Banking services, Internet Banking offers customers another flexible and secure way to manage their accounts, make payments, and access banking services from anywhere, at any time.

## REPORT ON CUSTOMER SATISFACTION

Customer Service Week is an annual event that recognizes the pivotal role played by customer service in the success of any business. This event has a double effect: on one hand, it highlights and celebrates the importance of quality in the work of teams, on the other hand, tells customers how much they are at the heart of our business.

This year, we went above and beyond in celebrating both our clients and staff across all our branches in the country during the entire week dedicated to clients.

The bank's commitment to exceptional service was on full display as we showed appreciation to those who make it all possible.

The bank also conducted trainings on delivering and improving effective customer service to all staff to maximize the quality of service given to the customers.

Below pictures displaying how customers were celebrated and recognized.



# ESSENTIAL ACTIVITIES 2024

## Launch of the Mobile App

As part of our commitment to digital transformation, the Bank unveiled its Mobile App: MyBOA – Rwanda App, available on Android and iOS platforms. The app enables clients to access their accounts seamlessly, perform transactions, monitor their balances, and stay updated on their financial health—all without needing to visit a branch or use a computer.

## 2024 annual Africa CEO Forum

The bank participated in the 2024 annual Africa CEO Forum, the largest international gathering of the African private sector, with the objective of emphasizing the crucial role of the private sector and financial institutions in the continent’s development.

## Leadership Transition

Bank of Africa has appointed Betty Sayinzoga as the new Chairperson of its Board of Directors, succeeding Mr. Emmanuel Ntaganda. Mr. Ntaganda, who has served as Chairperson since 2019, and will be retiring as a board member, leaves behind a legacy of leadership and dedication. Betty SAYINZOGA who has been a valued member of the board since 2021, brings a wealth of experience in the banking industry, drawing on years of in-depth knowledge and experience gained through various leadership roles. She has been instrumental in guiding Bank of Africa through significant growth and innovative initiatives.





# EXTERNAL ENVIRONMENT

Below are some environmental aspects that impact on the Bank's strategies:



Low disposable income



Low saving culture



Majority is made of children, students and unemployed



Concentrated market



Low purchasing power



High number of Retail customers are in informal and not very stable institutions



High labor turnover due to margins and acquisitions



High competition from commercial banks and Telcos affecting pricing

## CONSUMER PROTECTION LAW

At Bank of Africa Rwanda, consumer protection is at the heart of our commitment. We aim to uphold the highest standards of transparency, fairness, and accountability in all interactions with our customers. This aligns with our broader mission to foster financial inclusion, customer trust, and long-term sustainability.



### Regulatory Compliance

The Bank endeavors to ensure compliance with all applicable consumer protection regulations, including those issued by the National Bank of Rwanda. These covers:

- Fair lending practices
- Transparency of terms and conditions
- Customer data privacy and protection
- Complaint handling and grievance redress mechanisms.

Regular internal audits, compliance and regulatory reviews are conducted to ensure full compliance.



### Fair Treatment of Customers

We have embedded the principle of treating customers fairly into our business culture.

This includes:

- Providing clear, timely, and relevant product information
- Ensuring that products and services meet the needs of specific customer segments
- Avoiding mis-selling and unethical marketing practices
- Offering accessible support for all customers, including vulnerable groups



### Customer Complaint Management

We maintain a transparent and responsive grievance redress mechanism, coordinated by our Customer Care and Service Excellence teams.

Key features include:

- Multiple channels for complaint submission (branches, call center, digital platforms)
- Procedures for turnaround time and complaint resolution
- Regular reporting to senior management



### Data Privacy and Cybersecurity

We uphold the highest standards of data privacy and confidentiality, aligned with national regulations and international best practices. Our IT and Cybersecurity teams implement strict controls to safeguard customer data, supported by:

- Data protection policies
- Multi-layered cybersecurity architecture
- Staff training on data handling and ethical conduct



### Digital Inclusion and Accessibility

As part of our digital transformation agenda, we ensure that all platforms and services are user-friendly, inclusive, and accessible, particularly for people with disabilities, the elderly, and rural populations.



### Monitoring and Evaluation

We regularly assess our consumer protection efforts through:

- Customer satisfaction surveys
- Mystery shopping exercises
- Internal monitoring and corrective action reviews



### Forward-looking Focus

Looking ahead, Bank of Africa Rwanda will continue to strengthen its consumer protection strategy through:

- Staff training and awareness on consumer protection
- Financial Literacy and Customer Empowerment
- Enhancing our complaints handling systems
- Enhancing our customer notification and tracking systems

5

# PERFORMANCE

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# BUSINESS AND FINANCIAL PERFORMANCE OVERVIEW

The exercise 2024 has not been an easy year for BANK OF AFRICA RWANDA (BOA – Rwanda) in terms of growth and profitability. The balance sheet showed a slow increase of 8% consecutive to reduction in government securities and loans to corporate clients. This hampered expectations in terms of interest.

On the other hand, the bank managed to increase commission income, especially forex income and revenues from transfers. Moreover, improvement in clients' deposits allowed the bank to reduce the recourse to borrowings with reduction in interest expense.

BOA Rwanda preferred limiting placements with other banks by emphasizing on loans to clients where interest rates were attractive.

As the bank had been heavily impacted by the cost of risk in the previous year, it has been necessary to intensify recovery measures whereby the cost of risk dropped from 4.9% to 1.4%, this mitigated positively the effect of growth in operating expenses on the global profitability since the cost to income ratio had gone up from 50.8% to 53.2%.

The year 2024 was closed with a global net profit which was almost meeting the budget, the ROE has more than doubled compared to 2023.

BANK OF AFRICA – RWANDA keeps its ambition to improve its visibility on the Rwandan banking industry and increase its market share.

Key Figures	2023	2024	Variance
<b>Activity</b>			
Deposits	115,006	121,526	5.7%
Loans	72,698	74,285	2.2%
Number of branches at the end of the financial year	14	15	7.1%
<b>Structure</b>			
Total Assets	167,318	181,121	8.2%
Shareholders' equity	21,116	25,360	20.1%
Number of employees at the end of the financial year	199	204	2.5%
<b>Solvability</b>			
Tier 1	19,916	21,904	
Tier 2	1,587	1,153	
Risk Weighted Asset (RWA)	92,680	92,208	
Tier 1 + Tier 2 / RWA	23.2%	25.0%	
<b>Income</b>			
Operating income	13,035	15,247	17.0%
Operating expenses (including depreciation and amortization)	-6,697	-8,090	20.8%
Net operating profit	6,338	7,158	12.9%
Cost of risk in value	-3,478	-971	-72.1%
Income tax (expense)/credit	-1,041	-1,942	86.5%
Profit after tax	1,819	4,245	133.3%
Operating ratio (%)	50.8%	53.2%	
Cost of credit risk (%)	-4.9%	-1.4%	
Return on Assets (ROA %)	1.1%	2.4%	
Return on Equity (ROE %)	9.0%	18.3%	
<b>Single obligator ratio</b>	<b>90.5%</b>	<b>56.2%</b>	
<b>Liquidity ratio</b>	<b>164.0%</b>	<b>228.5%</b>	

# ANNUAL AUDITED FINANCIAL STATEMENTS, AUDIT REPORT AND NOTES.

## DIRECTORS' REPORT

The Directors submit their report together with the audited financial statements for the year ended 31 December 2024, which disclose the state of affairs of Bank of Africa Rwanda Plc. (the "Bank" or "Company").

## PRINCIPAL ACTIVITIES

The principal activity of Bank of Africa Rwanda Plc is provision of banking services. The bank has a total of 14 branches and one outlet.

## RESULTS AND DIVIDENDS

The Bank reported a profit for the year of Frw 4,244,706,000 (2023: Frw 1,819,343,000) which has been added to retained earnings. The Directors do not recommend the payment of a dividend for the year ended 31 December 2024 (2023: Nil).

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparation of financial statements that give a true and fair view of Bank of Africa Rwanda Plc, as set out on pages 10 to 70 which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and in the manner required by Law no. 007/2021 of 05/02/2021 Governing Companies as amended by Law No. 019/2023 of 30/03/2023 and Regulation No. 28/2019 of 09/09/2019 relating to publication of financial statements and other disclosures by banks.

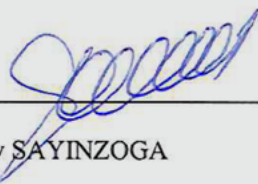
The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with IFRS Accounting Standards and in the manner required by Law no. 007/2021 of 05/02/2021 Governing Companies as amended by Law No. 019/2023 of 30/03/2023 and law n° 28/2019 of 09/09/2019 on publication by banks of financial statements and other disclosures in Rwanda. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Bank and its operating results.

The Directors have made an assessment of the ability of the Bank to continue as going concern and have no reason to believe that the business will not be a going concern in the year ahead. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the financial statements have been prepared on the going concern basis.

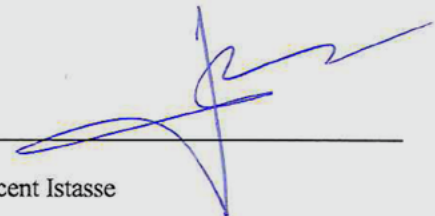
The independent auditor is responsible for expressing an opinion on whether the financial statements give a true and fair view of the Bank's financial position and performance as at and for the year ended 31 December 2024.

### Approval of the financial statements

The financial statements of Bank of Africa Rwanda Plc were approved and authorised for issue by the Board of Directors on 27/03/2025.



Betty SAYINZOGA



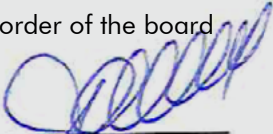
Vincent Istasse

Date: 27/03/.....2025

# AUDITOR

PwC was appointed as auditor of the Bank commencing 2023 in accordance with Regulation No 14/2017 of 23/11/2017 on accreditation requirements, for a 3-year term.

By order of the board



Betty SAYINZOGA  
 24/03/2025

## INDEPENDENT AUDITOR'S REPORT

### TO THE SHAREHOLDERS OF BANK OF AFRICA RWANDA PLC

#### *Report on the Audit of the Financial Statements*

#### Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Bank of Africa Rwanda Plc (the "Bank") as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting 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.

#### What we have audited

The Bank's financial statements on pages 47 to 99 comprise:

- The statement of financial position as at 31 December 2024;
- The statement of profit or loss and other comprehensive income for the year then ended;
- The statement of changes in equity for the year then ended;
- The statement of cash flows for the year then ended; and
- The notes to the financial statements, which include material accounting policies and other explanatory information.

#### 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

#### Key audit matters

Key audit matters are 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.



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Internet: www.pwc.com/rw

### Expected credit losses on loans and advances at amortised cost

#### Expected credit losses on loans and advances at amortised cost

Loans and advances to customers comprise a significant portion of the Bank's total assets. The estimation of expected credit losses (ECL) on loans and advances requires management judgement in the assumptions that are applied in the models used to calculate ECL.

Changes to the assumptions and estimates used by management could generate significant fluctuations in the Bank's financial results and materially impact the valuation of the portfolio of loans and advances.

The policies for estimating ECL are explained in note 3.1 of the financial statements.

The key areas where significant judgement has been exercised and therefore, an increased level of audit focus applied, include:

- Staging of facilities in line with IFRS 9. In particular, the identification of Significant Increase in Credit Risk ("SICR") and Default requires consideration of quantitative and qualitative criteria. This is a key area of judgement as this determines whether 12-month or lifetime probabilities of default ("PDs") are used,
- The assumptions applied in deriving the PDs, loss given defaults ("LGDs") and exposures at default ("EADs") for the various segments of loans and advances, including any adjustments in relation to management overlays,
- The appropriateness of forward-looking information used in the model, and
- The relevance of forward-looking information used in the models.

Due to the significant impact of management judgments applied in calculating the ECL, we designated this as a key audit matter in our audit.

### How matter was addressed in the Audit

Our audit procedures focused on the significant areas of judgement and estimations that could result in material misstatements in the financial statements.

#### These procedures included:

- Evaluating the Bank's IFRS 9 impairment methodology, against the requirements of IFRS 9,
- We tested the staging of facilities by checking how the Bank extracts 'days past due (DPD)' applied in classifying the loan book into the three stages required by IFRS 9. For a sample of loans, we recalculated the DPD applied in the model and compared these to the DPD as per the Bank's IT system and the respective customer files,
- Obtained an understanding of the basis used to determine the PDs, LGDs and EADs, and the impact of management overlays,
- We obtained an understanding of the basis used to determine the probabilities of default. We tested the completeness and accuracy of the historical data used in derivation of PDs and LGDs, and re-calculated the same on a sample basis,
- For LGD, for a sample of loans and advances, we tested the assumptions on the timing of the cash flows based on empirical evidence. In addition, for secured facilities, we agreed the collateral values used in the ECL model to external valuer reports,
- We tested, on a sample basis, the reasonableness of EAD for both on and off balance sheet exposures,
- For forward-looking assumptions, we corroborated the assumptions using publicly available information, and
- We assessed whether the disclosures in the financial statements on the key judgments and assumptions were adequate.



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## Other information

Directors are responsible for the other information. The other information comprises Corporate information, Report of the directors, Statement of directors' responsibilities and the Appendix which we obtained prior to the date of this auditor's report, and the other information that will be included in the intergrated report which is expected to be made available to us after that date, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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.

When we read the other information that will be included in the integrated report, if we conclude that there is material misstatement there in, we are required to communicate the matter to the directors.



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## Responsibilities of the directors with governance for the financial statements

Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting 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, and for such internal control as directors determine 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, directors are responsible for assessing the Bank'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 Bank or to cease operations, or has no realistic alternative but to do so. Directors are also responsible for overseeing the Bank's financial reporting process.

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Directors' 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 Bank'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 Bank 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 those charged with governance 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 those charged with governance 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 those charged with governance, 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.



**PWC Rwanda Limited**  
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35 KG 7 Ave, Kacyiru

P.O Box 1495 Kigali, Rwanda  
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Internet: www.pwc.com/rw

## Report on other legal and regulatory requirements

Law No. 007/2021 of 05/02/2021 Governing Companies as amended by Law No. 019/2023 of 30/03/2023 requires that in carrying out our audit we consider and report to you on the following matters.

We confirm that:

- (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) In our opinion proper books of account have been kept by the Company, so far as appears from our examination of those books;
- (iii) We have communicated to the Company's Board of Directors, through separate management letters, internal control matters identified in the course of our audit including our recommendations in relation to those matters;
- (iv) We have no relationships, no interests and debt in the Company; and
- (v) In our opinion according to the best of the information and explanations given to us as shown by the accounting and other documents of the Company, the financial statements comply with Article 125 of Law No. 007/2021 of 05/02/2021 Governing Companies.

**For PricewaterhouseCoopers Rwanda Limited,**

Kigali,   1   April 2025

Brian Ngunjiri  
Director

## Statement of profit or loss and other comprehensive income for the year ended 31 December 2024

	Notes	2024 Frw'000	2023 Frw'000
Interest revenue on loan calculated using the effective			
Interest method	4 (a)	19,630,169	19,231,063
Interest income on placements	4 (b)	1,550	31,221
Interest expense	5	(6,950,917)	(7,362,238)
<b>Net interest income</b>		<b>12,680,802</b>	<b>11,900,046</b>
Fee and commission income			
Fee and commission income	6	1,490,276	1,585,035
Fee and commission expense	7	(467,562)	(664,510)
<b>Net fee and commission income</b>		<b>1,022,714</b>	<b>920,525</b>
Trading income			
Trading income	9 (a)	1,408,678	1,142,502
Foreign exchange gain/(loss)	9 (b)	23,734	(557,805)
Other net operating income/(expense)	8	111,561	(370,228)
		<b>1,543,973</b>	<b>214,469</b>
<b>Total operating income</b>		<b>15,247,489</b>	<b>13,035,040</b>
Allowance for expected credit losses			
Allowance for expected credit losses	11 (b)	(971,181)	(3,477,544)
<b>Net operating income</b>		<b>14,276,308</b>	<b>9,557,496</b>
<b>Operating expenses</b>			
Staff cost	10	(4,106,658)	(3,219,288)
Depreciation and amortization	18, 19	(698,781)	(663,126)
Operating expenses	11 (a)	(3,284,415)	(2,814,564)
		<b>(8,089,854)</b>	<b>(6,696,978)</b>
<b>Profit before income tax</b>		<b>6,186,454</b>	<b>2,860,518</b>
Income tax expense			
Income tax expense	12	(1,941,748)	(1,041,175)
<b>Profit and total comprehensive income for the year</b>		<b>4,244,706</b>	<b>1,819,343</b>

The notes on pages 51 to 99 form an integral part of these financial statements

## Statement of financial position as at 31 December 2024

	Notes	2024 Frw'000	2023 Frw'000
<b>ASSETS</b>			
Cash and balances with National Bank of Rwanda	13	24,183,293	10,747,513
Deposits and balances due from other banking institutions	14	639,871	304,839
Deposits due from financial institutions abroad	25	9,965,892	7,999,791
Other assets	16	3,152,487	1,940,552
Government securities	15	63,615,830	69,146,239
Loans and advances to customers	17	74,285,280	72,698,105
Property and equipment	18	1,579,681	1,250,755
Right-of-use assets	29 (a)	1,329,142	1,278,574
Intangible assets	19	1,334,078	1,224,893
Deferred income tax		1,035,746	726,951
<b>Total assets</b>		<b>181,121,303</b>	<b>167,318,212</b>
<b>LIABILITIES</b>			
Balance due to National Bank of Rwanda	20	47,597	52,078
Customer deposits	21	121,526,487	115,005,766
Deposits due to financial institutions	22	73,028	85,422
Current income tax	12 (c)	1,245,889	72,858
Other liabilities	24	2,074,002	2,915,255
Lease liabilities	29 (b)	1,967,076	1,871,777
Borrowings	23	28,826,794	26,199,332
<b>Total liabilities</b>		<b>155,760,873</b>	<b>146,202,488</b>
<b>EQUITY</b>			
Share capital	26	20,000,000	20,000,000
Share premium	26	871,740	871,740
Retained earnings		4,488,690	243,984
<b>Total equity</b>		<b>25,360,430</b>	<b>21,115,724</b>
<b>Total equity and liabilities</b>		<b>181,121,303</b>	<b>167,318,212</b>

The notes on page 51 to 99 form an integral part of these financial statements.

## Statement of changes in equity for the year ended 31 December 2024

	Notes	Share capital Frw'000	Share premium Frw'000	Retained earnings Frw'000	Total equity Frw'000
<b>Year ended 31 December 2023</b>					
At 1 January 2023 (restated)	26	20,000,000	871,740	(1,575,359)	19,296,381
Profit and total comprehensive income for the year		-	-	1,819,343	1,819,343
<b>At 31 December 2023</b>		<b>20,000,000</b>	<b>871,740</b>	<b>243,984</b>	<b>21,115,724</b>
<b>Year ended 31 December 2024</b>					
<b>At 1 January 2024</b>	<b>26</b>	<b>20,000,000</b>	<b>871,740</b>	<b>243,984</b>	<b>21,115,724</b>
Profit and total comprehensive income for the year		-	-	4,244,706	4,244,706
<b>At 31 December 2024</b>		<b>20,000,000</b>	<b>871,740</b>	<b>4,488,690</b>	<b>25,360,430</b>

The notes on pages 51 to 99 are an integral part of these financial statements

## Statement of cash flows for the year ended 31 December 2024

Cash flows from operating activities:	Notes	2024 Frw'000	2023 Restated Frw'000
Profit before income tax		6,186,454	2,860,518
Adjustments for:			
Depreciation on property and equipment	18	448,599	360,420
Depreciation on right-of-use assets	29 (a)	248,932	242,352
Amortisation of intangible assets	19	250,182	302,706
Allowance for expected credit losses	11 (b)	1,839,538	3,554,117
Net movement in fair valuation and modification gain/loss		(219,573)	182,111
Gain/loss on disposal of fixed assets		(1,696)	(3,148)
Remeasurement of right of use asset	29 (a)	(299,500)	228,891
Remeasurement of lease liabilities	29 (b)	530,675	46,126
Finance cost on lease liabilities	29 (b)	217,255	244,395
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>		<b>9,200,866</b>	<b>8,018,488</b>
Changes in operating assets and liabilities:			
Increase in gross loans and advances		(3,731,007)	(7,829,633)
(Increase)/decrease in other assets		(1,211,935)	2,306,708
Increase in customer deposits		6,520,721	27,128,841
(Decrease)/increase in deposits due to other banks		(12,394)	4,594
(Decrease)/increase in balance due to National Bank of Rwanda		(4,481)	2,389
(Decrease)/increase in other liabilities		(841,253)	763,545
		<b>719,651</b>	<b>22,376,444</b>
Tax paid	12 (c)	(1,077,512)	(2,060,081)
<b>Net cash from operating activities</b>		<b>8,843,005</b>	<b>28,334,851</b>
Cash flows from investing activities:			
Purchase of property and equipment	18	(778,310)	(454,383)
Proceeds from disposal of property and equipment		2,478	12,891
Acquisition of government securities	15	-	(4,000,000)
Proceeds from matured government facilities	15	4,953,300	3,192,945
Matured government securities	15	632,600	35,900
Purchase of intangible assets	19	(359,367)	(633,666)
Proceeds from sale of non-current asset held for sale		-	300,000
<b>Net cash from/(used in) investing activities</b>		<b>4,450,701</b>	<b>(1,546,313)</b>
Cash flows used in financing activities:			
Proceeds from borrowings	23	1,505,137,826	2,494,681,813
Borrowing repayments	23	(1,502,568,555)	(2,514,089,376)
Lease payment	29	(652,631)	(569,172)
<b>Net cash from/(used in) financing activities</b>		<b>1,916,640</b>	<b>(19,976,735)</b>
Effects of exchange rates		631,896	(451,018)
<b>Net increase in cash and cash equivalents</b>		<b>15,842,242</b>	<b>6,360,785</b>
Cash and cash equivalents at start of year		19,090,318	12,729,533
<b>Cash and cash equivalents at end of year</b>	<b>28</b>	<b>34,932,560</b>	<b>19,090,318</b>

The notes on pages 51 to 99 are an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. Basis of preparation

### 1.1. Reporting Entity

Bank of Africa Rwanda Plc (the “bank”) is a limited liability company incorporated and domiciled in Rwanda. The Bank’s registered office is at:

KN 2 Nyarugenge  
Nyarugenge, Chic Complex  
P.O Box 265  
Kigali  
Rwanda

Bank of Africa Rwanda Plc is a bank licensed to provide retail banking services to corporate, small and medium size enterprises and retail customers in various parts of Rwanda.

### 1.2. Basis of accounting

The financial statements are prepared in accordance with the IFRS Accounting Standards, in the manner required by Law no. 007/2021 of 05/02/2021 Governing Companies as amended by Law No. 019/2023 of 30/03/2023 and Regulation N° 28/2019 of 09/09/2019 relating to publication of financial statements and other disclosures by banks in Rwanda.

### 1.3. Functional and presentation currency

These financial statements are presented in Rwandan francs, which is the Bank’s functional. And presentation currency. All amounts have been rounded to the nearest thousand (Frw ‘000’) except when otherwise indicated.

### 1.4. Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

## A. Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes.

- Note 2(g) (vii): establishing the criteria for determining whether credit risk on a financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of ECL and selection and approval of models used to measure ECL.

## B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is included in the following notes:

- Notes 2(g) (vii): impairment of financial instruments: determination of inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information.

## 1.5.Changes in accounting policies

### i. New standards, amendments, and interpretations effective and adopted as at 1 Jan 2024

Number	Effective date	Executive summary
Amendments to IAS 1 - Non-current liabilities with covenants	Annual periods beginning on or after 1 January 2024 (Published January 2020 and November 2022)	<p>These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.</p> <p>The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.</p>
Amendment to IFRS 16 – Leases on sale and leaseback	Annual periods beginning on or after 1 January 2024 (Published September 2022)	<p>These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction.</p> <p>Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.</p>
Amendments to Supplier Finance Arrangements (IAS 7 and IFRS 7)	Annual periods beginning on or after 1 January 2024 (Published May 2023)	<p>These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk.</p> <p>The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.</p>

The adoption of these amendments has not had a material impact on the Bank's financial statements.

## ii. New and amended standards issued but not yet effective

Number	Effective date	Executive summary
Amendments to IAS 21 Lack of Exchangeability (Amendments to IAS 21)	Annual periods beginning on or after 1 January 2025 (Published August 2023)	<p>An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose.</p> <p>A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.</p>

The bank does not anticipate material impact upon the adoption of these standards.

## 2. Material accounting policies

### (a) Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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 Statement of Profit or loss.

Translation differences on non-monetary financial assets and liabilities, such as equities held at fair value through profit or loss, are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale financial assets, are included in the available-for-sale reserve in equity.

### (b) Lease

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

#### Bank as the lessee

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Bank leases a number of branches. The lease typically runs for a few years, with option to renew the lease after that date. For some leases, payments are renegotiated every five years to reflect market rentals. In the event the bank leases other equipment's or branch rental with contract terms of one year or less, these leases are short term and of low value. The bank has elected not recognize the right- of-use asset and lease liability for these leases.

The Bank recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the fixed payments per contract, the lease liability is measured at amortised cost using the effective interest method. Where the basis for determining future lease payments changes, the Bank remeasures the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change and a corresponding adjustment is made to the carrying amount of the right-of-use asset.

### (c) Interest income and expense

Interest income and expense for all interest-bearing financial instruments, except for those classified as held for trading or designated at fair value through profit or loss, are recognised within 'interest income' or 'interest expense' respectively in the Statement of profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses.

The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest that was used to discount the future cash flows for the purpose of measuring the impairment loss.

#### **(d) Fees and commission**

Fees and commissions are generally recognised on an accrual basis when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate on the loan.

Loan syndication fees are recognised as revenue when the syndication has been completed and the Bank has retained no part of the loan package for itself or has retained a part at the same effective interest rate as the other participants.

Commission and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party – such as the arrangement of the acquisition of shares or other securities, or the purchase or sale of businesses – are recognised on completion of the underlying transaction.

Other fee and commission income is recognized as the related services are performed. Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

#### **(e) Operating expenses**

Operating expenses include office expenses, travel expenses, professional charges, audit fees, postage and communication, training expenses and other operating expenses. General operating expenses incurred in the current period are recognized in profit or loss. Any payment in excess of the expenses incurred during the period is recorded in the statement of financial position under prepayments. Expenses incurred but not paid for in the current period are accrued in the current year.

### **(f) Financial instruments**

#### **i. Recognition and initial measurement**

The Bank initially recognises loans and advances, deposits, debt securities issued and liabilities on the date on which they are originated. All other financial instruments are recognised on the trade date, which is the date on which the Bank becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. The fair value of a financial instrument at initial recognition is generally its transaction price.

#### **ii. Classification**

##### **(a) Financial assets**

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

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

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

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

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

All other financial assets are classified as 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.

## (b) Business model assessment

The Bank makes an assessment of the objective of a business model in which an 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:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management’s strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- 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 its strategy for 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 its 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.

The Bank’s retail and corporate banking business comprises primarily loans to customers that are held for collecting contractual cash flows. In the retail business the loans comprise mortgages, overdrafts, unsecured personal lending and credit card facilities. Sales of loans from these portfolios are very rare.

### **Assessment of whether contractual cash flows are solely payments of principal and interest**

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and 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 profit margin.

In assessing whether the contractual cash flows are SPPI, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains 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 considers:**

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Group’s claim to cash flows from specified assets (e.g. non-recourse loans); and
- Features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

### **Reclassifications**

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets.

### **iii. Derecognition**

#### **Financial assets**

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Any cumulative gain or loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities.

Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognised as a separate asset or liability.

### **Financial liabilities**

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

#### **iv. Modifications of financial assets and financial liabilities**

##### **Financial assets**

If the terms of a financial asset are modified, then the Bank evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized, and a new financial asset is recognised at fair value plus any eligible transaction costs.

Any fees received as part of the modification are accounted for as follows:

- Fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- Other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms.

If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write-off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Bank first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss.

Any costs or fees incurred and modification fees received adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

##### **Financial liabilities**

The Bank derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value.

The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss.

Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

## v. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank currently has a legally enforceable 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 Standards, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

## vi. Fair value measurement

'Fair value' is 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 in the principal 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.

When one is available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Bank uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Bank determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the difference, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price.

Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

## vii. Impairment

The Bank recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

- Financial assets that are debt instruments;
- Financial guarantee contracts issued; and
- Loan commitments issued.

No impairment loss is recognised on equity investments. The Bank measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- Debt investment securities that are determined to have low credit risk at the reporting date; and
- Other financial instruments on which credit risk has not increased significantly since their initial recognition.

The Bank considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Bank does not apply the low credit risk exemption to any other financial instruments.

12-month ECL are the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which 12-month ECL are recognised are referred to as 'Stage 1 financial instruments'. Financial instruments allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit-impaired.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument or the maximum contractual period of exposure. Financial instruments for which lifetime ECL are recognised but that are not credit-impaired are referred to as 'Stage 2 financial instruments'. Financial instruments allocated to Stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit-impaired.

Financial instruments for which lifetime ECL are recognised and that are credit-impaired are referred to as 'Stage 3 financial instruments'.

## Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. The difference between the cash flows due to the entity in accordance with the contract and the cash flows that the bank expects to receive);
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the bank if the commitment is drawn down and the cash flows that the bank expects to receive; and
- Financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the bank expects to recover.

When discounting future cash flows, the following discount rates are used:

- Financial assets other than purchased or originated credit-impaired (poci) financial assets: the original effective interest rate or an approximation thereof;
- POCL assets: a credit-adjusted effective interest rate;
- Undrawn loan commitments: the effective interest rate, or an approximation thereof, that will be applied to the financial asset resulting from the loan commitment; and
- Financial guarantee contracts issued: the rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows.

## Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.

- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

## Credit-impaired financial assets

At each reporting date, the Bank assesses whether financial assets carried at amortised cost, debt financial assets carried at FVOCI and finance lease receivables are credit impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past-due event;
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or another financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

In addition, a retail loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Bank considers the following factors.

- The market's assessment of creditworthiness.
- The rating agencies' assessments of creditworthiness.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

### **Presentation of allowance for ECL in the statement of financial position**

Loss allowances for ECL are presented in the statement of financial position as follows:

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- Loan commitments and financial guarantee contracts: generally, as a provision;
- Where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- Debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in retained earnings.

### **g) Non-current assets held for sale**

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

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

### **h) Property and equipment**

All property and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of these assets.

Subsequent expenditures are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged to 'operating expenses' during the period in which they are incurred.

Depreciation on assets is calculated on the straight line basis to allocate their cost less their residual values over their estimated useful lives, as follows:

- |   |          |
|---|----------|
| • Refurbishment, Fixtures, fittings and equipment | 10 years |
| • Computers                                       | 4 years  |
| • Motor vehicles                                  | 4 years  |

*The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.*

The Bank assesses at each balance sheet date whether there is any indication that any item of property and equipment is impaired. If any such indication exists, the Bank estimates the recoverable amount of the relevant assets. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These are included in "other income" in the Statement of profit or loss.

#### **(j) Intangible assets**

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (seven years for Group projects and four years for local intangible assets).

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

#### **(k) Income tax**

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### **Current income tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Income tax payable on taxable profits is recognized as an expense for the year in which the profits arise.

Income tax recoverable on tax allowable losses is recognized as a current tax asset only to the extent that it is regarded as recoverable and offset against taxable profits arising in the current or future reporting period.

#### **Deferred income tax**

Deferred income tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences.

Deferred income tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be recognized. Such deferred income tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

#### **(l) Cash and cash equivalents**

Cash and cash equivalents comprise balances with three months or less to maturity from the date of acquisition, including: notes and coins on hand, unrestricted balances deposited with the National Bank of Rwanda and highly liquid assets, subject to insignificant risk of changes in their fair value. The amounts are available on demand.

Cash and cash equivalents are carried at amortized cost in the statement of financial position.

#### **(m) Employee benefits**

##### **(i) Retirement benefit obligations**

The Bank operates a defined contribution retirement benefit scheme for all its permanent confirmed employees. The Bank and all its employees also contribute to the Rwanda Social Security Board, which is a defined contribution scheme.

The Bank's contributions to the defined contribution schemes are charged to the Statement of comprehensive income in the year in which they fall due.

##### **(ii) Other entitlements**

The estimated monetary liability for employees accrued annual leave entitlement at the balance sheet date is recognised as an expense accrual.

**(n) Borrowings**

Borrowings are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds net of transaction costs and the redemption value is recognised in the Statement of comprehensive income over the period of the borrowings using the effective interest method.

**(o) Share capital and share premium**

The bank classifies instruments issued as equity instruments in accordance with the substance of the contractual terms of the instruments. The banks equity instruments are not redeemable by holders and bear entitlement to coupons. Accordingly they are presented within equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity.

**(p) Other operating income**

This includes miscellaneous income such as amounts charged for tenders and fees on account closing not classified as part of the main revenue items.

**3. Financial Risk management**

The Bank's business involves taking on risks in a targeted manner and managing them professionally. The core functions of the Bank's risk management are to identify all key risks for the Bank, measure these risks, manage the risk positions and determine capital allocations. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice.

The Bank's aim is to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Bank's financial performance. The Bank defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors.

**i. Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum credit exposure to credit risk at the reporting date was:

**(r) Accumulated losses/ retained earnings**

This represents the year-on-year profit/loss from operations.

**(s) Financial guarantees**

In the ordinary course of business, the Bank gives financial guarantees, consisting of letters of credit, guarantees and acceptances. Financial guarantees are accounted for as off-balance sheet transactions and disclosed as contingent liabilities.

**(t) Provisions**

Provisions are recognised when the Bank has a present obligation (legal or constructive) as a result of a past event, and 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.

**(u) Deposits**

Customer deposits are a source of funding for the bank. Customer deposits are measured at amortised cost.

**3.1. 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 obligation and arises principally from the Bank's loans and advances to customers and debt security investments. For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure.

The board of Directors, through the Board credit committee have oversight over credit risk. The Bank has a separate credit and risk department that is responsible for managing credit risk and reports to the Board Credit committee.

	31-Dec-2024 Frw'000	31-Dec-2023 Frw'000
<b>ASSETS</b>		
Balances with National Bank of Rwanda	18,117,842	4,279,532
Deposits and balances due from other banking institutions	639,871	304,839
Deposits due from financial institutions abroad	9,965,892	7,999,791
Government securities	63,615,830	69,146,239
Loans and advances to customers	74,285,280	72,698,105
	<b>166,624,715</b>	<b>154,428,506</b>

## ii. Credit quality analysis

The following tables set out information about the credit quality of financial assets measured at amortised cost and debt investments without taking into account collateral or other credit enhancement. Unless specifically indicated, for financial assets the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

Loans and advances	IFRS 9 12-month PD ranges	Stage 1 Frw'000	Stage 2 Frw'000	Stage 3 Frw'000	Total Frw'000
<b>31-Dec-24</b>					
Grades 0-29 days: Normal	0-0.28	69,831,099	-	-	69,831,099
Grades 30-89 days: Watch	0.29-99.99	-	7,800,015	-	7,800,015
Grades >90 days: Default	100	-	-	1,373,908	1,373,908
Gross carrying amount		69,831,099	7,800,015	1,373,908	79,005,022
Loss allowance		(3,126,744)	(363,650)	(1,229,347)	(4,719,741)
<b>Carrying amount</b>		<b>66,704,355</b>	<b>7,436,365</b>	<b>144,561</b>	<b>74,285,281</b>
<b>31-Dec-23</b>					
Grades 0-29: Normal	0-0.28	69,693,681	-	-	69,693,681
Grades 30-89: Watch	0.29-99.99	-	3,509,679	-	3,509,679
Grades >90: Default	100	-	-	5,830,784	5,830,784
Gross carrying amount		69,693,681	3,509,679	5,830,784	79,034,144
Loss allowance		(1,525,733)	(92,647)	(4,717,659)	(6,336,039)
<b>Carrying amount</b>		<b>68,167,948</b>	<b>3,417,032</b>	<b>1,113,125</b>	<b>72,698,105</b>
<b>Government securities movement in gross amount</b>					
		<b>2024 Frw'000</b>	<b>2023 Frw'000</b>		
<b>At 1 January</b>		<b>69,693,541</b>	<b>68,835,450</b>		
Purchased T-Bonds		-	4,000,000		
T-Bonds matured		(632,600)	(35,900)		
Sold T-Bonds		(4,953,300)	(3,166,600)		
Fee amortisation		(25,853)	(26,360)		
Increase/decrease in accrued interest		(108,554)	86,951		
<b>Gross amount</b>		<b>63,973,234</b>	<b>69,693,541</b>		
T-Bonds ECL		(357,403)	(547,301)		
<b>Carrying amount</b>		<b>63,615,830</b>	<b>69,146,239</b>		

The credit ratings for Government bonds and treasury bills held with National Bank of Rwanda stands at B+ with stable outlook.

Other financial assets	2024 Frw'000 Stage 1	2023 Frw'000 Stage 1
Deposits and balances due from other banking institutions	639,871	304,839
Deposits due from financial institutions abroad	10,003,996	8,004,106
<b>Gross carrying amount</b>	<b>10,643,867</b>	<b>8,308,945</b>
Loss allowance	(41,711)	(4,315)
<b>Carrying amount</b>	<b>10,605,763</b>	<b>8,304,630</b>
Guarantees and commitments		
Gross carrying amount	12,488,749	1,086,955
Loss allowance	(124,887)	(62)
<b>Carrying amount</b>	<b>12,363,862</b>	<b>1,086,893</b>

### Internal rating grades and prudential rating grades

The Bank uses the prudential rating gradings as internal grading system to classify its financial assets and below table highlights the correspondent IFRS 9 ratings.

National Bank of Rwanda Guidelines	IFRS 9 rating gradings
Grade 1: Normal	Stage 1
Grade 2: Watch	Stage 2
Grade 3: Substandard	Stage 3
Grade 4: Doubtful	Stage 3
Grade 5: Loss	Stage 3

### Collateral held and other credit enhancements

The Bank employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for funds advanced. The Bank has internal policies on the acceptability of specific classes of collateral or credit risk mitigation.

The Bank prepares a valuation of the collateral obtained as part of the loan origination process. This assessment is reviewed periodically. The principal collateral types for loans and advances are:

- Mortgages over residential and commercial properties;
- Charges over business assets such as premises, inventory and accounts receivable;
- Charges over financial instruments such as debt securities and equities; and
- Commitments and letters of undertaking from the Government of Rwanda.

Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured.

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured. The Bank's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Bank since the prior period.

Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured. Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured.

The Bank's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Bank since the prior period. The Bank closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Bank will take possession of collateral to mitigate potential credit losses.

Financial assets that are credit-impaired and related collateral held in order to mitigate potential losses are shown below:

In Frw'000	2024		2023	
	Carrying amount	Collateral	Carrying amount	Collateral
Stages 1 and 2	75,372,991	137,578,549	71,708,771	115,507,582
Stage 3	1,087,711	2,492,580	989,334	6,145,403

### iii. Write-off policy

The Bank writes off financial assets, in whole or in 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 include (i) ceasing enforcement activity and (ii) where the Bank's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

The Bank may write-off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written off during the period ended 31 December 2023 was Frw 223 million. The Bank still seeks to recover amounts it is legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery.

### iv. Modification of financial assets

The Bank sometimes modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximising recovery. Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue.

These policies are kept under continuous review. Restructuring is most commonly applied to term loans. The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset.

The Bank monitors the subsequent performance of modified assets. The Bank may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for six consecutive months or more.

The following table provides financial information on financial assets that were modified while they had a loss allowance measured at an amount equal to lifetime ECL.

Financial assets modified during the year	31-Dec-24 Frw'000	31-Dec-23 Frw'000
Amortised cost before modification	2,427,552	3,026,155
Net modification gain	45,759	1,982
	<b>2,473,311</b>	<b>3,028,137</b>

### v. Amounts arising from ECL

Inputs, assumptions and techniques used for estimating impairment.

#### Significant increase in credit risk

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

## Credit risk grades

The Bank allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower. Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk grade deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

Each exposure is allocated to a credit risk grade on initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade.

## Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Bank collects performance and default information about its credit risk exposures analysed by jurisdiction or region and by type of product and borrower as well as by credit risk grading. For some portfolios, information purchased from external credit reference agencies is also used.

The Bank employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

## Determining whether credit risk has increased significantly

The Bank assesses whether credit risk has increased significantly since initial recognition at each reporting date. As a general indicator, the credit risk of a particular exposure is deemed to have increased significantly since initial recognition based on whether the client is above 30 days past due and qualitative factors linked to the Bank's credit risk management processes that may not otherwise be fully reflected in its quantitative analysis on a timely basis. This will be the case for exposures that meet certain heightened risk criteria, such as placement on a watch list. Such qualitative factors are based on its expert judgement and relevant historical experiences.

Management overlays may be applied to the model outputs if consistent with the objective of identifying a significant increase in credit risk.

## Definition of default

The Bank considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the bank in full, without recourse by the bank to actions such as realising security (if any is held);
- The borrower is more than 90 days past due on any material credit obligation to the bank.
- Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding; or
- It is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

In assessing whether a borrower is in default, the Bank considers indicators that are:

- Qualitative: e.G. Breaches of covenant;
- Quantitative: e.G. Overdue status and non-payment on another obligation of the same issuer to the bank; and
- Based on data developed internally and obtained from external sources.

## Incorporation of forward-looking information

The Bank incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL.

The Bank formulates three economic scenarios: a base case, which is the central scenario, developed internally based on consensus forecasts, and two less likely scenarios, one upside and one downside scenario.

The central scenario is aligned with information used by the Bank for other purposes such as strategic planning and budgeting. External information considered includes economic data and forecasts published by governmental bodies, monetary authorities and supranational organisations such as the International Monetary Fund.

The macroeconomic variables (MEVs) that were selected for BOA FLI modelling included Nominal GDP, % of global, Lending rate, %, ave, Real rates (AVG) and M3, LCU (which represents short term, liquid securities such as deposits and money market funds. These met the correlation expectations. The weightings assigned to each economic scenario at 31 December were as follows:

<b>31 December 2024</b>	<b>Upside</b>	<b>Central</b>	<b>Downside</b>
Scenario probability weighting	10%	20%	70%
<b>31 December 2023</b>	<b>Upside</b>	<b>Central</b>	<b>Downside</b>
Scenario probability weighting	10%	20%	70%

### Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

<b>2024</b>	<b>Stage I</b>	<b>Stage II</b>	<b>Stage III</b>	<b>Total</b>
<b>Loans and advances to customers</b>	<b>12 Month ECL</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	<b>Frw'000</b>
	<b>Frw'000</b>	<b>Frw'000</b>	<b>Frw'000</b>	
<b>Balance as at 1 January</b>	<b>1,525,733</b>	<b>92,647</b>	<b>4,717,659</b>	<b>6,336,039</b>
<b>Stage transfer</b>				
Stage 1 to stage 2	938,899	448,082		1,386,981
Stage 1 to 3	-	-	90,569	90,569
Stage 2 to stage 3	-	(11,529)	52,270	40,741
Stage 2 to stage 1	(45,243)	-	-	(45,243)
Stage 3 to stage 2	-	(199,255)	-	(199,255)
Stage 3 to stage 1	(3,738)	-	294,047	290,309
Allowance on new loans and advances	417,067	52,112	37,657	506,836
<b>Allowance on off-balance sheet exposures</b>				
Charge during the year	123,864	-	-	123,864
Modification gain/(loss) and staff discount	219,573	-	-	219,573
Write off during the year	-	(7,190)	(3,674,935)	(3,682,125)
Matured loans	(49,411)	(11,217)	(287,920)	(348,548)
<b>Balance as at 31 December</b>	<b>3,126,744</b>	<b>363,650</b>	<b>1,229,347</b>	<b>4,719,741</b>

2023	Stage I	Stage II	Stage III	Total
Loans and advances to customers	12 - Month ECL	Lifetime ECL	Lifetime ECL	Frw'000
	Frw'000	Frw'000	Frw'000	
Balance as at 1 January	1,622,559	77,434	1,562,278	3,262,271
Stage transfer	-	-	-	-
Stage 1 to stage 2	(43,502)	(5,634)	-	(49,136)
Stage 1 to 3	-	-	898,270	898,270
Stage 2 to stage 3	-	-	101,469	101,469
Stage 2 to stage 1	(7,198)	25,371	-	18,173
Stage 3 to stage 2	-	(11,981)	-	(11,981)
Stage 3 to stage 1	(6,748)	-	2,690,605	2,683,857
Allowance on new loans and advances	263,903	40,133	10,238	314,274
Allowance on off-balance sheet exposures	(9,783)	-	-	(9,783)
<b>Charge during the year</b>				
Modification gain/(loss) and staff discount	(182,111)	-	-	(182,111)
Write off during the year	-	-	(112,785)	(112,785)
Matured loans	(111,387)	(32,676)	(432,416)	(576,479)
<b>Balance as at 31 December</b>	<b>1,525,735</b>	<b>92,647</b>	<b>4,717,659</b>	<b>6,336,039</b>

The following tables show reconciliations from the opening to the closing balance of the gross loans.

2024	Stage I	Stage II	Stage III	Total
	Frw'000	Frw'000	Frw'000	Frw'000
<b>Balance as at 1 January</b>	<b>69,693,681</b>	<b>3,509,679</b>	<b>5,830,784</b>	<b>79,034,144</b>
Stage 1 to stage 2	(12,336,789)	6,669,867	-	(5,666,922)
Stage 1 to 3	(300,287)	-	156,644	(143,643)
Stage 2 to stage 3	-	(112,653)	92,246	(20,407)
Stage 2 to stage 1	1,060,532	(1,858,104)	-	(797,572)
Stage 3 to stage 2	-	275,877	(305,590)	(29,713)
Stage 3 to stage 1	140,536	-	(256,146)	(111,610)
New loans	15,853,881	131,466	50,902	16,036,248
Written off loan	-	-	(3,747,791)	(3,747,791)
Matured loans	(4,280,455)	(816,116)	(451,140)	(5,547,711)
<b>Balance as at 31 December</b>	<b>69,831,099</b>	<b>7,800,015</b>	<b>1,373,908</b>	<b>79,005,022</b>

2023	Stage I Frw'000	Stage II Frw'000	Stage III Frw'000	Total Frw'000
<b>Balance as at 1 January</b>	<b>62,686,458</b>	<b>2,758,135</b>	<b>6,224,585</b>	<b>71,669,178</b>
Stage 1 to stage 2	4,948,373	2,159,162	-	7,107,534
Stage 1 to 3	(2,493,888)	-	1,581,929	(911,959)
Stage 2 to stage 3	-	(230,731)	190,934	(39,796)
Stage 2 to stage 1	416,422	(684,746)	-	(268,324)
Stage 3 to stage 2	-	24,525	(50,905)	(26,380)
Stage 3 to stage 1	49,474	-	(796,686)	(747,212)
New loans	13,228,066	516,088	18,672	13,762,826
Written off loan	-	-	(201,911)	(201,911)
Matured loans	(9,141,223)	(1,032,755)	(1,135,833)	(11,309,812)
<b>Balance as at 31 December</b>	<b>69,693,681</b>	<b>3,509,679</b>	<b>5,830,784</b>	<b>79,034,144</b>

## vi. Concentration of credit risk

### Concentration by sector

The Bank's financial instruments do not represent a concentration of credit risk because the Bank deals with a variety of customers and its loans and advances are structured and spread among a number of customers. The Bank monitors concentrations of credit risk by sector.

An analysis of concentrations of credit risk at the reporting date is shown below:

	31-Dec-24		31-Dec-23	
	FRw'000	Percentage	FRw'000	Percentage
Overdraft	15,919,417	20.15%	21,419,799	27.10%
Treasury loan	17,552,975	22.22%	19,052,976	24.11%
Agriculture loans	8,258,020	10.45%	6,752,413	8.54%
Equipment loan	6,881,450	8.71%	5,343,840	6.76%
Consumer loan	5,169,381	6.54%	2,311,205	2.92%
Mortgage loan	25,136,446	31.82%	24,022,258	30.39%
Education Loan	87,332	0.11%	131,652	0.17%
	<b>79,005,021</b>	<b>100%</b>	<b>79,034,143</b>	<b>100%</b>

## Concentration by sector

Branch name	31-Dec-24		31-Dec-23	
	Frw'000	Percentage	Frw'000	Percentage
Business Center	39,358,017	49.82%	-	-
Gikondo	1,509,944	1.91%	1,282,838	1.62%
Gisozi	1,468,694	1.86%	1,742,785	2.21%
Huye	2,764,156	3.50%	3,014,740	3.81%
Kabuga	2,340,361	2.96%	1,692,627	2.14%
Kayonza	1,290,163	1.63%	919,354	1.16%
Kimironko	1,491,472	1.89%	1,902,642	2.41%
Main Branch	10,087,660	12.77%	42,357,791	53.59%
Muhanga	2,024,223	2.56%	1,415,643	1.79%
Musanze	2,492,887	3.16%	2,264,177	2.86%
Nyabugogo	1,910,223	2.42%	4,128,673	5.22%
Nyarugenge	3,583,088	4.54%	3,982,263	5.04%
Remera	3,743,077	4.74%	5,680,689	7.19%
Rubavu	2,311,052	2.93%	2,347,991	2.97%
Rusizi	2,630,004	3.33%	6,301,930	7.97%
	<b>79,005,021</b>	<b>100%</b>	<b>79,034,143</b>	<b>100%</b>

## Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its payment obligations associated with its financial liabilities as they fall due and to replace funds when they are withdrawn.

The Bank is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, and calls on cash settled contingencies. The Bank does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty.

The National Bank of Rwanda requires that the Bank maintains a cash reserve ratio. In addition, the Board sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of inter-bank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

The Treasury department monitors liquidity ratios on a daily basis. Sources of liquidity are regularly reviewed by a separate team in the Treasury department to maintain a wide diversification by provider, product and term.

In addition, the Board sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of inter-bank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand. The Treasury department monitors liquidity ratios on a daily basis.

As part of the short term liquidity management, the bank also has an open line of credit from the Bank of Africa group that can be called upon as and when required.

## Exposure to liquidity risk

The key ratio used by the bank for managing liquidity risk is the Liquidity Coverage Ratio (LCR) which measures the bank's resilience to potential liquidity disruptions over a thirty (30) day horizon, by ensuring that a bank has sufficient unencumbered, high-quality assets to offset the net cash outflows it could encounter under an acute short-term stress scenario.

The bank computes and maintains the Liquidity Coverage Ratio on a monthly basis and ensures the ratio of high-quality liquid assets to its net cash outflows over the 30-day period must never be less than 100 percent.  $(\text{Stock of high-quality liquid assets}) / (\text{Net cash outflows over a 30-day time period}) \geq 100\text{percent}$

Details of the LCR at the reporting date and during the reporting period were as follows:

	31 December 2024	31 December 2023
<b>At 31 December</b>		
Average for the period	177%	182%
Maximum for the period	229%	326%
Minimum for the period	121%	101%

The table below sets out the remaining contractual maturities of the Bank's financial liabilities and financial assets:

At 31 December 2024	1-3 M months Frw '000	3-12 M months Frw '000	1-5 Y years Frw '000	Over 5 years Frw '000	Total Frw '000
<b>Liabilities</b>					
Customer deposits	75,619,941	44,802,115	296,597		120,718,653
Deposits and balances due to banking institutions		73,028	-	-	73,028
Borrowings	28,768,603				28,768,603
Lease liabilities	32,776	11,714	445,065	1,477,521	1,967,076
Other liabilities	2,074,002	-	-	-	2,915,255
	<b>106,495,322</b>	<b>44,886,857</b>	<b>741,662</b>	<b>1,477,521</b>	<b>154,442,616</b>
<b>Assets</b>					
Cash and bank balances with National Bank of Rwanda	24,183,293	-	-		24,183,293
Deposits and balances due from banking institutions	643,464	-	-		643,464
Deposits due from financial institutions abroad	9,965,892	-	-		9,965,892
Loans and advances to customers	23,545,225	9,146,067	25,911,826	17,146,108	75,749,225
Government securities	-	-	1,179,600	60,281,200	61,460,800
Other assets	3,152,487	-	-	-	3,152,487
	<b>61,490,362</b>	<b>9,146,067</b>	<b>27,091,426</b>	<b>77,427,308</b>	<b>175,155,162</b>
<b>Net liquidity position</b>	<b>45,004,960</b>	<b>35,740,790</b>	<b>(26,349,763)</b>	<b>(75,949,786)</b>	<b>(20,712,547)</b>

The bank manages its positive liquidity position by strategically investing in a range of opportunities, such as Treasury Bonds (T-Bonds) and lending to other counterparties.

At 31 December 2023 (restated)	1-3 M months Frw '000	3-12 M months Frw '000	1-5 Y years Frw '000	Over 5 years Frw '000	Total Frw '000
<b>Liabilities</b>					
Customer deposits	52,747,870		56,546,433		109,294,303
Deposits and balances due to banking institutions	-		85,422		85,422
Borrowings	22,166,401		4,032,931		26,199,332
Lease liabilities	32,160	11,494	436,703	1,449,760	1,930,117
Other liabilities	2,915,255				2,915,255
	<b>77,861,686</b>	<b>11,494</b>	<b>61,101,489</b>	<b>1,449,760</b>	<b>140,424,429</b>
<b>Assets</b>					
Cash and bank balances with National Bank of Rwanda	9,020,840				9,020,840
Deposits and balances due from banking institutions	304,839				304,839
Deposits due from financial institutions abroad	7,999,791				7,999,791
Loans and advances to customers	38,442,814		3,318,818		41,761,632
Government securities	38,041		789,916		2,048,368
Other assets	1,940,552				
	<b>57,746,877</b>		<b>4,108,734</b>		<b>61,135,470</b>
<b>Net liquidity position</b>	<b>20,114,809</b>		<b>56,992,755</b>		<b>79,288,959</b>

The bank manages its positive liquidity position by strategically investing in a range of opportunities, such as Treasury Bonds (T-Bonds) and lending to other counterparties.

### Market risk

Market risk is the risk that changes in market prices, which include currency exchange rates and interest rates, will affect the fair value or future cash flows of a financial instrument.

Market risk arises from open positions in interest rates, foreign currencies, and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility.

The objective of market risk management is to manage and control market risk exposures within acceptable limits, while optimising the return on risk. Overall responsibility for managing market risk rests with the Assets and Liabilities Committee (ALCO).

The Treasury department is responsible for the development of detailed risk management policies (subject to review and approval by the ALCO) and for the day-to-day implementation of those policies.

### Currency risk

The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily.

The table below summarises the Bank's exposure to foreign currency exchange rate risk. Included in the table are the Bank's financial instruments, categorised by foreign currency.

	2024			
	EUR Frw '000'	GBP Frw '000'	USD Frw '000'	Total Frw '000'
<b>Assets</b>				
Cash in hand	257,470	9,529	2,127,776	2,394,775
Due from National Bank of Rwanda	501,387	-	6,056,822	6,558,209
Due from other banking institutions	2,832,008	14,931	7,525,986	10,372,925
Loans and advances	-	-	15,165,829	15,165,829
	<b>3,590,865</b>	<b>24,460</b>	<b>30,876,413</b>	<b>34,491,738</b>
<b>Liabilities</b>				
Customer deposits	3,445,327	1,167	31,889,096	35,335,590
Due to other banking institutions	-	-	70,327	70,327
	<b>3,445,327</b>	<b>1,167</b>	<b>31,959,423</b>	<b>35,405,917</b>
<b>Net Financial Position</b>	<b>145,538</b>	<b>23,293</b>	<b>(1,083,010)</b>	<b>(914,179)</b>

	2023			
	EUR Frw '000'	GBP Frw '000'	USD Frw '000'	Total Frw '000'
<b>Assets</b>				
Cash in hand	84,655	46,209	2,127,776	2,258,640
Due from the National Bank	214,258	-	172,659	386,917
Due from other banking institutions	3,241,346	2,464	5,136,501	8,380,311
Loans and advances	-	-	23,111,435	23,111,435
	<b>3,540,259</b>	<b>48,673</b>	<b>30,548,371</b>	<b>34,137,303</b>
<b>Liabilities</b>				
Customer deposits	2,791,357	12,456	32,015,548	34,819,361
Due to other banking institutions	-	-	79,496	79,496
	<b>2,791,357</b>	<b>12,456</b>	<b>32,095,044</b>	<b>34,898,857</b>
<b>Net Financial Position</b>	<b>748,902</b>	<b>36,217</b>	<b>(1,546,673)</b>	<b>(761,554)</b>

The table below shows the average and year end exchange rates of the Rwanda francs against major currencies:

	2024 USD	2023 USD	2024 EUR	2023 EUR	2024 GBP	2023 GBP
Average	1,318.64	1,160.90	1,426.96	1,255.06	1,686.33	1,443.90
Closing	1,381.09	1,071.70	1,440.98	1,132.36	1,738.92	1,284.48

## Sensitivity analysis

The following table demonstrates the sensitivity, to a reasonable possible change in the USD and EUR, with all other variables held constant, of the Bank's profit before income tax due to changes in fair value of monetary assets and liabilities. The Bank's exposure to foreign currency changes for all other currencies is not material.

The effect on profit before tax and on equity is disclosed below:

	Effect on profit before tax 2024	Effect on profit before tax 2023	Effect on Equity 2024	Effect on Equity 2023
31-Dec	Frw '000	Frw '000	Frw '000	Frw '000
Changes in EUR +/- 10%	+/- 14,554	+/- 74,890	+/- 10,479	+/- 52,423
Changes in GBP +/- 10%	+/- 2,329	+/- 3,622	+/- 77,977	+/- 2,535
Changes in USD +/- 10%	+/- 108,301	+/- 154,667	+/- 1,677	+/- 108,267

### Interest rate risk

Under this, interest sensitive assets and liabilities are classified into various time bands according to their maturity in the case of fixed interest rates, and residual maturity towards next pricing date in the case of floating exchange rates. The size of the gap in a given time band is analysed to study the interest rate exposure and the possible effects on the Bank's earnings.

In order to evaluate the earnings exposure, interest Rate Sensitive Assets (RSA) in each time band are netted off against the interest Rate Sensitive Liabilities (RSL) to produce a repricing gap for that time band. A positive gap indicates that the Bank has more RSA and RSL.

A positive of asset sensitive gap means that an increase in market interest rates could cause an increase in the net interest margin and vice versa. Conversely, a negative or liability sensitive gap implies that the Bank's net interest margin could decline as a result of increase in market rates and vice versa.

At 31 December 2024, if the interest rates on interest bearing assets and liabilities had been 200 basis points higher/lower with all other variables held constant, the pre-tax profit for the year would have been Frw 345 million (2023: Frw 74 million) higher/lower.

The table below summarises the Bank's exposure to interest rate risk. Included in the table are the Bank's assets and liabilities at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

At 31 December 2024	1-3 m months	3-12m months	Over 1 year	Non-interest bearing	Total
<b>Assets</b>					
Cash and bank balances with National Bank of Rwanda	-	-	-	24,183,293	24,183,293
Deposits and balances due from banking institutions	639,871	-	-	-	639,871
Deposits due from financial institutions abroad	9,965,892	-	-	-	9,965,892
Loans and advances to customers	11,832,599	21,427,295	41,025,386	-	74,285,280
Government securities	-	-	63,615,830	-	63,615,830
Other assets	-	-	-	3,152,487	3,152,487
<b>Total assets</b>	<b>22,438,362</b>	<b>21,427,295</b>	<b>104,641,216</b>	<b>3,152,487</b>	<b>151,659,360</b>

<b>Liabilities</b>					
Customer deposits				75,619,941	75,619,941
Deposits and balances due to banking institutions	-	73,028	-	-	73,028
Other borrowed funds	28,768,603		-	-	28,768,603
Other liabilities	-	-	-	2,816,626	2,816,626
<b>Total liabilities</b>	<b>28,768,603</b>	<b>73,028</b>	<b>-</b>	<b>78,436,567</b>	<b>107,278,198</b>
<b>Interest rate sensitivity position</b>	<b>(6,330,241)</b>	<b>21,354,267</b>	<b>104,641,216</b>	<b>(75,284,080)</b>	<b>44,381,162</b>

<b>At 31 December 2023</b>	<b>1-3 m months</b>	<b>3-12m months</b>	<b>Over 1 year</b>	<b>Non-interest bearing</b>	<b>Total</b>
<b>Assets</b>					
Cash and bank balances with National Bank of Rwanda	-	-	-	10,747,513	10,747,513
Deposits and balances due from banking institutions	304,839	-	-	-	304,839
Amounts due from group companies	7,999,791	-	-	-	7,999,791
Loans and advances to customers	18,042,336	23,999,909	31,060,900	-	73,103,145
Government securities	-	-	69,146,239	-	69,146,239
Other assets	-	-	-	1,940,552	1,940,552
<b>Total assets</b>	<b>26,346,966</b>	<b>23,999,909</b>	<b>100,207,139</b>	<b>12,688,065</b>	<b>163,242,079</b>
<b>Liabilities</b>					
Customer deposits	-	-	-	52,747,870	52,747,870
Deposits and balances due to banking institutions	-	85,422	-	-	85,422
Other borrowed funds	26,199,332	-	-	-	26,199,332
Other liabilities	-	-	-	2,816,626	2,816,626
<b>Total liabilities</b>	<b>26,199,332</b>	<b>85,422</b>	<b>-</b>	<b>55,564,496</b>	<b>136,497,039</b>
<b>Interest rate sensitivity position</b>	<b>147,634</b>	<b>23,914,487</b>	<b>100,207,139</b>	<b>(42,975,060)</b>	<b>81,294,200</b>

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Bank.

It is unusual for banks ever to be completely matched since business transacted is often of uncertain terms and of different types.

An unmatched position potentially enhances profitability, but can also increase the risk of losses. The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Bank and its exposure to changes in interest rates and exchange rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Bank’s profit before tax.

Sensitivity analysis:	Effect on profit before tax Frw ‘000’
31 December 2024 (+/-) 2%	(+/-) 1,352,422
31 December 2023 (+/-) 2%	(+/-) 1,013,052

Sensitivity to pre-tax profit is the effect of the assumed change in interest rates on interest bearing assets and liabilities.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Bank’s equity.

Sensitivity analysis:	Effect on equity Frw ‘000’
31 December 2023 (+/-) 2%	(+/-) 1,013,052
31 December 2022 (+/-) 2%	(+/-) 723,717

### Capital management

Sensitivity to pre-tax profit is the effect of the assumed change in interest rates on interest bearing assets and liabilities.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Bank’s equity.

The Bank monitors the adequacy of its capital using ratios established by National Bank of Rwanda. These ratios measure capital adequacy by comparing the Bank’s eligible capital with its balance sheet assets, off balance sheet commitments and market risk positions at weighted amounts to reflect their relative risk.

The market risk approach covers the general market risk and the risk of open positions in currencies and debt, equity securities. Assets are weighted according to the amount of capital deemed necessary to support them. Four categories of risk weights (0%, 20%, 50% and 100%) are applied, for example cash and money market instruments have zero risk weighting which means that no capital is required to support the holding of these assets. Property and equipment carries 100% risk weighting, meaning that it must be supported by capital equal to 12% of the carrying amount. Certain asset categories have intermediate weightings.

The Bank’s objectives when managing capital, which is a broader concept than the ‘equity’ on the balance sheet, are:

- To comply with the capital requirements set by the Central Bank;
- To safeguard the bank’s ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- To maintain a strong capital base to support the development of its business.
- Capital adequacy and use of regulatory capital are monitored regularly by management, employing techniques based on the guidelines developed by the Basel Committee, as implemented by the Central Bank for supervisory purposes. The required information is filed with the Central Bank on a monthly basis.

The Central Bank requires each bank to:

- (a) Maintain a ratio of total regulatory capital to the risk-weighted assets plus risk-weighted off-balance sheet assets (the ‘basel ratio’) at or above the required minimum of 10%; and
- (b) To maintain total capital of not less than 15% of risk-weighted assets plus risk-weighted off-balance sheet items

The Bank’s total regulatory capital is comprised of Tier 1 capital (core capital): share capital, share premium, prior year’s retained profits, net-after tax profits current year – to – date (50% only) less deductions Goodwill and other intangible assets, current year losses, prohibited loans to insiders, Deficiencies in provisions for losses and other deductions as determined by Central Bank.

Tier 2 capital (Supplementary capital) is comprised of 25% of revaluation reserves on fixed assets, subordinated debt, permanent debt instruments and any other capital as may be determined by the Central Bank.

The table below summarises the composition of regulatory capital and the ratios of the Bank as at 31 December 2023 and 2022 determined in accordance with National Bank of Rwanda regulatory returns:

The risk weighted assets are measured by means of a hierarchy of four risk categories classified according to the nature of the asset and reflecting an estimate of the credit risk associated with each asset and counterparty, taking into account any eligible collateral or guarantees.

A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

<b>Tier 1 capital</b>	<b>2024 Frw '000</b>	<b>2023 Frw '000</b>
Ordinary share capital	20,000,000	20,000,000
Share premium	871,740	871,740
<b>Reserves:</b>		
Prior years' accumulated profit/losses	243,984	243,984
Intangible assets	1,334,078	1,224,893
Current year profit	4,244,706	1,819,343
<b>Total</b>	<b>26,694,508</b>	<b>24,159,960</b>
<b>Tier 2 capital</b>		
Regulatory reserve	1,159,937	1,587,459
<b>Total Capital</b>	<b>27,854,445</b>	<b>25,747,419</b>
Risk-weighted assets	92,408,375	92,680,327
<b>Capital ratios</b>		
Total minimum regulatory capital expressed as a % of total risk-weighted assets	<b>15.00%</b>	<b>15.00%</b>
Total capital expressed as a % of risk-weighted assets	<b>24.96%</b>	<b>27.78%</b>

## Risk weighted assets

The table below summarizes the risk weighted assets of the bank at year ended.

	<b>2024 Frw '000</b>	<b>2023 Frw '000</b>
Credit RWA	68,568,348	70,980,698
Market RWA	161,580	868,309
Operational RWA	23,678,447	20,831,320

## Fair values of financial instruments

### Valuation models

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions.

These two types of inputs have created the following fair value hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, Rwanda Stock Exchange).

- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level primarily includes financial investments.

- Level 3: There were no instruments in this category in both 2024 and 2023.

### Valuation framework

#### Loans and advances to banks

Loans and advances to banks include inter-bank placements and items in the course of collection. The carrying amount of floating rate placements and overnight deposits is a reasonable approximation of fair value.

The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity.

### Loans and advances to customers

Loans and advances are net of charges for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

### Investment securities

The fair value for financial investments and amortised cost financial assets is based on market prices or broker/dealer price quotations. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics. The fair value for these assets is based on estimations using market prices and earnings multiples of quoted securities with similar characteristics.

### Deposits from banks and customers

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand. The estimated fair value of fixed interest-bearing deposits not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

### Off-balance sheet financial instruments

The estimated fair values of the off-balance sheet financial instruments are based on markets prices for similar facilities. When this information is not available, fair value is estimated using discounted cash flow analysis.

### Financial instruments not measured at fair value- fair value hierarchy

The following table analyses financial instruments not measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised.

31-Dec-24	(Level 1) Frw '000	(Level 2) Frw '000	(Level 3) Frw '000	Total Frw '000	Carrying amount Frw '000
<b>Assets</b>					
Balances with the National Bank of Rwanda	-	18,219,635	-	18,219,635	18,219,635
Deposits and balances due from other banking institutions	-	639,871	-	639,871	639,871
Deposits due from financial institutions abroad	-	9,965,892	-	9,965,892	9,965,892
Government securities	-	63,615,830	-	63,615,830	63,615,830
Loans and advances to customers	-	74,285,280	-	74,285,280	74,285,280
Other assets	-	-	3,152,487	3,152,487	3,152,487
	-	<b>166,726,508</b>	<b>3,152,487</b>	<b>169,878,995</b>	<b>169,878,995</b>
<b>Liabilities</b>					
Customer deposits	-	121,526,487	-	121,526,487	121,526,487
Deposits due to financial institutions	-	73,028	-	73,028	73,028
Other liabilities	-	-	1,836,132	1,836,132	1,836,132
Other borrowings	-	28,826,794	-	28,826,794	28,826,794
	-	<b>152,262,441</b>	<b>1,836,132</b>	<b>152,262,441</b>	<b>152,262,441</b>

The following table analyses financial instruments not measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised.

<b>31-Dec-23</b>	<b>(Level 1) Frw '000</b>	<b>(Level 2) Frw '000</b>	<b>(Level 3) Frw '000</b>	<b>Total Frw '000</b>	<b>Carrying amount Frw '000</b>
<b>Assets</b>					
Balances with the National Bank of Rwanda	-	5,703,876	-	5,703,876	5,703,876
Deposits and balances due from other banking institutions	-	304,839	-	304,839	304,839
Deposits due from financial institutions abroad	-	7,965,932	-	7,965,932	7,965,932
Government securities	-	69,146,239	-	69,146,239	69,146,239
Loans and advances to customers	-	72,698,105	-	72,698,105	72,698,105
Other assets	-	404,978	-	404,978	404,978
	-	<b>156,223,969</b>	-	<b>156,223,969</b>	<b>156,223,969</b>
<b>Liabilities</b>					
Customer deposits	-	115,005,766	-	115,005,766	115,005,766
Deposits due to financial institutions	-	85,422	-	85,422	85,422
Other liabilities	-	2,915,255	-	2,915,255	2,915,255
Other borrowings	-	26,199,332	-	26,199,332	26,199,332
	-	<b>144,205,775</b>	-	<b>144,205,775</b>	<b>144,205,775</b>

<b>4 (a) Interest revenue calculated using the effective interest method</b>	<b>2024 Frw'000</b>	<b>2023 Frw'000</b>
Interest on loans and advances	9,936,047	9,206,154
Loan commitment fees	1,431,098	1,207,723
Interest income on government securities	8,263,024	8,817,186

	19,630,169	19,231,063
<b>4 (b) Interest income</b>		
Interest on savings	59	59
Interest income on placements	-	1,328
Interest on call money	21	28,364
Grant interest income	1,470	1,470
	<b>1,550</b>	<b>31,221</b>
<b>Total interest income</b>	<b>19,631,719</b>	<b>19,262,284</b>

<b>5 Interest expense</b>	<b>2024</b>	<b>2023</b>
	<b>Frw'000</b>	<b>Frw'000</b>
a) Interest expenses on interbank liabilities		
Interest on short borrowings	1,524,872	2,682,507
Interest on long borrowings	299,677	399,491
	<b>1,824,549</b>	<b>3,081,998</b>
b) Interest expenses on customer deposits		
Interest on demand deposit	37,556	131,928
Interest on saving deposits	203,504	147,404
Interest term & call deposits	4,668,053	3,756,513
	<b>4,909,113</b>	<b>4,035,845</b>
c) Interest on lease liabilities	217,255	244,395
<b>Total interest expense</b>	<b>6,950,917</b>	<b>7,362,238</b>

<b>6 Fees and commission income</b>	<b>2024</b>	<b>2023</b>
	<b>Frw'000</b>	<b>Frw'000</b>
<b>Fees &amp; commissions on operations</b>		
Ledger fees	279,109	278,266
Fees on transfers (domestic and international)	580,416	499,086
Fees on money transfer (WU, MoneyGram)	6,477	7,215
Fees from Bancassurance	103,467	92,803
Other fees & commissions on operations	92,571	300,804
	<b>1,062,040</b>	<b>1,178,174</b>
<b>Income from off-balance sheet operations</b>		
Letter of Credit (LCs)	18,380	42,337
Guarantees	141,818	110,673
	<b>160,198</b>	<b>153,010</b>
<b>Other banking income</b>		
Fee on cheque book	53,928	46,736
Commission on mobile	83,977	80,870
Commission on ATM	58,835	62,473
Commission on internet banking	33,517	27,383
Other income	37,781	36,389
	<b>268,038</b>	<b>253,851</b>
<b>Total commission income</b>	<b>1,490,276</b>	<b>1,585,035</b>

<b>7 Fees and commission expense</b>	<b>2024</b>	<b>2023</b>
	<b>Frw'000</b>	<b>Frw'000</b>
<b>Fees &amp; commissions expense on operations</b>		
Transfer charges	(4,415)	(6,394)
Bank charges	(130,637)	(389,770)
Dealing charges	(40,804)	(33,613)
	<b>(175,856)</b>	<b>(429,777)</b>
<b>Other banking expenses</b>		
Electronic banking	(229,350)	(156,407)
Internet banking	(7,866)	(7,866)
Mobile banking	(18,949)	(23,430)
Other charges	(35,541)	(47,030)
	<b>(291,706)</b>	<b>(234,733)</b>
<b>Total fee and commission expense</b>	<b>(467,562)</b>	<b>(664,510)</b>
<b>8 Other operating income/(expense)</b>		
	<b>2024</b>	<b>2023</b>
	<b>Frw'000</b>	<b>Frw'000</b>
Expense from dealing of securities available for sale	(30,263)	(28,433)
Gain on disposal of fixed assets	1,696	3,148
Other expenses	140,128	(344,943)
<b>Net other income/(expense)</b>	<b>111,561</b>	<b>(370,228)</b>
<b>9 a) Trading income</b>		
	<b>2024</b>	<b>2023</b>
	<b>Frw'000</b>	<b>Frw'000</b>
Net trading income	1,408,678	1,142,502
The Bank recognizes income or loss arising from foreign exchange transactions involving the buying and selling of foreign-denominated currencies as trading income/(loss). This is reflected in the financial statements as net trading income or loss.		
<b>b) Net foreign exchange gain/(loss)</b>		
	<b>2024</b>	<b>2023</b>
	<b>Frw'000</b>	<b>Frw'000</b>
Net foreign exchange gain/(loss)	23,734	(557,805)
Net foreign exchange loss relates to losses arising from the conversion of its foreign-denominated balances into its functional currency at the balance sheet date.		
<b>10 Staff costs</b>		
	<b>2024</b>	<b>2023</b>
	<b>Frw'000</b>	<b>Frw'000</b>
Salaries and wages	3,202,854	2,471,216
RSSB contributions	151,759	124,192
Medical expenses	201,406	191,129
Training	42,557	41,221
Staff life insurance	94,694	75,300
Staff leave provision	67,180	(21,472)
Staff expenses and ERF	83,085	44,625
Other staff costs	263,123	293,077
	<b>4,106,658</b>	<b>3,219,288</b>

**11 a) Operating expenses**

	<b>2024</b>	<b>2023</b>
	<b>Frw'000</b>	<b>Frw'000</b>
Right-of-use assets depreciation (note 29 (a))	257,867	248,714
IT costs	792,003	673,293
Security costs	242,897	177,814
Vehicles insurance	73,687	47,936
Communication fees	52,116	49,367
Board meeting fees	270,042	228,347
Travelling costs	198,507	183,478
Office supplies	106,166	72,308
Marketing expenses	214,530	179,833
Legal fees	84,274	68,988
Membership contributions	90,989	95,872
Trading license expense	5,306	6,585
Consultancy cost	118,668	56,392
BOA Group support fees	391,313	336,116
Audit fees	36,817	41,246
Donation	4,860	950
Deposit Guarantee Fund (DGF) contribution	82,391	70,920
Other operating expenses	261,982	276,405
	<b>3,284,415</b>	<b>2,814,564</b>

Deposit Guarantee Fund (DGF) contribution relates to contributions made by the bank to the central bank. The Fund's aim is to protect depositors against loss of their insured deposits in the event of failure of a bank or microfinance institution.

**b) Allowance for expected credit losses**

Impairment charges on loans to customers	4,186,755	4,096,766
Write-back of provisions on loans to customers	(2,262,496)	(542,550)
Recoveries on amounts written off	(868,357)	(76,573)
Impairment on government securities	(189,898)	(100)
Write back of provision on other financial instruments	105,177	1
	<b>971,181</b>	<b>3,477,544</b>

<b>12 Income taxes</b>	<b>2024</b>	<b>2023</b>			
	<b>Frw'000</b>	<b>Frw'000</b>			
<b>a) Income tax (charge)/credit</b>					
Current income tax charge	(2,250,543)	(1,234,726)			
Deferred income tax credit	308,795	193,551			
<b>Total income tax charge</b>	<b>(1,941,748)</b>	<b>(1,041,175)</b>			
<b>Reconciliation of effective tax rate</b>					
Profit before income tax	6,186,454	2,860,518			
Tax calculated at the statutory income tax rate of 28.0% (2023: 29.4%)	1,732,207	838,990			
<b>Tax effects of:</b>					
Expenses not deductible for tax purposes	518,336	395,736			
<b>Expenses deductible for tax purposes</b>					
Prior year under provision	1,164	2,114			
Deferred income tax charge	(344,640)	(207,578)			
Adjustment to deferred tax due to change in tax rate	34,681	11,913			
<b>Income tax expense</b>	<b>1,941,748</b>	<b>1,041,175</b>			
<b>b) Deferred income tax asset</b>					
	<b>Opening balance</b>	<b>Rate change</b>	<b>PY under provision</b>	<b>Current year credit</b>	<b>Closing balance</b>
	<b>Frw'000</b>	<b>Frw'000</b>	<b>Frw'000</b>	<b>Frw'000</b>	<b>Frw'000</b>
Year ended 31 December 2024					
Property and equipment	<b>(78,067)</b>	3,724	(2,081)	(22,902)	<b>(99,326)</b>
Other temporary differences	<b>(648,884)</b>	30,957	3,245	(321,738)	<b>(936,420)</b>
	<b>(726,951)</b>	<b>34,681</b>	<b>1,164</b>	<b>(344,640)</b>	<b>(1,035,746)</b>
Year ended 31 December 2023					
Property and equipment	(50,440)	1,126	-	(28,753)	<b>(78,067)</b>
Other temporary differences	(482,960)	10,787	2,114	(178,825)	<b>(648,884)</b>
	<b>(533,400)</b>	<b>11,913</b>	<b>2,114</b>	<b>(207,578)</b>	<b>(726,951)</b>
<b>c) Current income tax liabilities</b>					
	<b>2024</b>	<b>2023</b>			
	<b>Frw'000</b>	<b>Frw'000</b>			
Opening current income tax payable	72,858	898,213			
Current income tax charge	2,250,543	1,234,726			
Payments made during the year	(1,077,512)	(2,060,081)			
Closing current income tax payable	<b>1,245,889</b>	<b>72,858</b>			

**13 Cash and balances with National Bank of Rwanda**

Cash in hand	6,065,451	6,467,981
Balances with National Bank of Rwanda	18,219,635	4,313,392
Expected credit losses	(101,793)	(33,860)
	<b>24,183,293</b>	<b>10,747,513</b>

**The reserve requirement for 2023 and 2024 is as follows**

Reserve requirement	6,082,248	5,077,497
Expected Credit losses movement		
At 1 January	(33,860)	-
Addition/write back on expected credit losses	(67,933)	(33,860)
Balance 31 December	(101,793)	(33,860)

**Cash in hand**

Cash in foreign currencies	3,163,798	3,502,184
Cash in local currency	2,901,653	2,965,797
	<b>6,065,451</b>	<b>6,467,981</b>

**14 Deposits and balances due from other banking institutions**

	2024 Frw'000	2023 Frw'000
Current accounts with other banks	643,464	304,839
Expected credit losses	(3,593)	-
	<b>639,871</b>	<b>304,839</b>
<b>Expected Credit losses movement</b>		
At 1 January	-	-
Addition/write back on expected credit losses	(3,593)	-
Balance 31 December	(3,593)	-

The contractual interest rate approximates the effective interest rate. There are no significant fees and other administrative costs in relation to origination of the placements. Consequently, interest has been computed based on the contractual interest rate which is representative of the effective interest rate. The weighted average effective interest rate on government security was 2% and % for 2023 and 2022 respectively.

**15 Government securities**

<b>Government securities movement in gross amount</b>	<b>2024 Frw'000</b>	<b>2023 Frw'000</b>
At 1 January	69,693,541	68,835,450
Purchased T-Bond	-	4,000,000
T-Bond matured	(632,600)	(35,900)
Sold T-Bond	(4,953,300)	(3,166,600)
Fee amortisation	(25,853)	(26,360)
Increase/decrease in accrued interest	(108,554)	86951
<b>Gross amount</b>	<b>63,973,234</b>	<b>69,693,541</b>
<b>T-Bond ECL</b>	<b>(357,403)</b>	<b>(547,301)</b>
<b>Carrying amount</b>	<b>63,615,830</b>	<b>69,146,239</b>

The contractual interest rate approximates the effective interest rate. There are no significant fees and other administrative costs in relation to origination of the government securities. Consequently, interest has been computed based on the contractual interest rate which is representative of the effective interest rate. The weighted average effective interest rate on government security was 12.6% and 10.8% for 2024 and 2023 respectively.

<b>16 Other assets</b>	<b>2024</b>	<b>2023</b>
	<b>Frw'000</b>	<b>Frw'000</b>
Prepayments	219,945	133,581
Stationery	42,052	29,315
Staff prepaid benefit	624,551	404,978
Withholding tax receivable	888,308	327,094
Clearing /transitory accounts	5,439	7,617
Other receivables	1,372,192	1,037,967
	<b>3,152,487</b>	<b>1,940,552</b>

The clearing account consists of items in transit to/from other banks through the Central Bank clearing system. These items generally clear by end of the next business day.

<b>17 Loans and advances to customers</b>	<b>2024</b>	<b>2023</b>
	<b>Frw'000</b>	<b>Frw'000</b>
Term loans	63,085,603	57,614,344
Overdrafts	15,919,418	21,419,799
<b>Gross loans and advances</b>	<b>79,005,021</b>	<b>79,034,143</b>
Less: modification gain/(loss) and staff discount	(624,551)	(404,978)
Less: provisions for impairment of loans and advances	(4,095,190)	(5,931,060)
	<b>(4,719,741)</b>	<b>(6,336,038)</b>
<b>Movements in impairment loss allowance</b>	<b>74,285,280</b>	<b>72,698,105</b>
At 1 January	6,336,038	2,675,182
Additional provision for the year	4,186,755	4,096,766
Staff loan revaluation	219,574	404,978
Recoveries on provisions	(2,262,496)	(542,550)
Loans written off during the year as uncollectible	(3,736,673)	(222,624)
Overdrawn written off account	(23,457)	(75,714)
<b>At 31 December</b>	<b>4,719,741</b>	<b>6,336,038</b>

The weighted average effective interest rate on loans and advances as at 31 December 2024 was 15.2% (2023 – 15.1%).

**Analysis of loan advances to customers by category:**

	<b>Gross carrying amount Frw'000</b>	<b>ECL allowance Frw'000</b>	<b>Modification gain/(loss) and staff discount Frw'000</b>	<b>Carrying amount Frw'000</b>
<b>31-Dec-24</b>				
Overdraft	15,831,587	(104,103)		15,727,484
Treasury loan	21,971,777	(1,293,391)	(207,210)	20,471,176
Agriculture loans	8,258,020	(477,654)	(73,080)	7,707,286
Equipment loan	6,881,450	(318,957)	(57,835)	6,504,658
Consumer loan	925,739	(48,445)	(26,438)	850,856
Mortgage loan	25,136,447	(1,852,639)	(259,988)	23,023,820
	<b>79,005,020</b>	<b>(4,095,189)</b>	<b>(624,551)</b>	<b>74,285,280</b>
<b>31-Dec-23</b>				
Overdraft	21,326,928	(537,282)		20,789,646
Treasury loan	19,145,846	(3,015,300)	(134,362)	15,996,184
Agriculture loans	6,752,413	(744,110)	(47,387)	5,960,916
Equipment loan	5,343,840	(220,161)	(37,502)	5,086,177
Consumer loan	2,442,857	(177,957)	(17,143)	2,247,757
Mortgage loan	24,022,259	(1,236,250)	(168,584)	22,617,425
	<b>79,034,143</b>	<b>(5,931,060)</b>	<b>(404,978)</b>	<b>72,698,105</b>

**18. Property and equipment**

<b>Year ended 31 December 2024</b>	<b>Computers Frw'000</b>	<b>Motor vehicles Frw'000</b>	<b>Refurbishment Frw'000</b>	<b>Office equipment Frw'000</b>	<b>Other equipment Frw'000</b>	<b>Total Frw'000</b>
<b>Cost</b>						
At 1 Jan 2024	1,248,433	437,319	1,723,138	359,836	204,870	3,973,596
Additions	117,580	134,803	50,617	63,448	71,434	437,882
Additions WIP	340,428					340,428
Disposals	(12,864)	-	-	-	-	(12,864)
<b>At 31 Dec 2024</b>	<b>1,693,577</b>	<b>572,122</b>	<b>1,773,755</b>	<b>423,284</b>	<b>276,304</b>	<b>4,739,042</b>
<b>Depreciation</b>						
At 1 January 2024	1,026,473	219,041	1,106,253	242,672	128,402	2,722,841
Charge for the year	103,291	93,275	174,423	47,044	30,566	448,599
Disposals	(12,082)	-	-	-	-	(12,082)
<b>At 31 Dec 2024</b>	<b>1,117,682</b>	<b>312,316</b>	<b>1,280,676</b>	<b>289,716</b>	<b>158,968</b>	<b>3,159,358</b>
<b>Net carrying amount</b>	<b>575,895</b>	<b>259,806</b>	<b>493,079</b>	<b>133,568</b>	<b>117,336</b>	<b>1,579,684</b>

As at 31 December 2024, none of the property and equipment of the Bank had been pledged as collateral (2023: nil).

Year ended 31 December 2023	Computers Frw'000	Motor vehicles Frw'000	Office fittings Frw'000	Office equipment Frw'000	Other equipment Frw'000	Total Frw'000
<b>Cost</b>						
At 1 Jan 2023	1,175,293	224,919	1,723,138	281,345	143,990	3,548,685
Additions	102,612	212,400	-	78,491	60,880	454,383
Disposals	(29,472)	-	-	-	-	(29,472)
At 31 Dec 2023	<b>1,248,433</b>	<b>437,319</b>	<b>1,723,138</b>	<b>359,836</b>	<b>204,870</b>	<b>3,973,596</b>
<b>Depreciation</b>						
At 1 January 2023	954,443	170,231	933,939	211,176	115,487	2,385,276
Charge for the year	94,885	48,810	172,314	31,496	12,915	360,420
Disposals	(21,292)	-	-	-	-	(21,292)
Adjustment	(1,563)	-	-	-	-	(1,563)
At 31 Dec 2023	<b>1,026,473</b>	<b>219,041</b>	<b>1,106,253</b>	<b>242,672</b>	<b>128,402</b>	<b>2,722,841</b>
<b>Net carrying amount</b>	<b>221,960</b>	<b>218,278</b>	<b>616,885</b>	<b>117,164</b>	<b>76,468</b>	<b>1,250,755</b>

## 19 Intangible asset-purchased software

	Purchased software Frw'000	Software-WIP Frw'000	Total Frw'000
<b>Year ended 31 December 2024</b>			
<b>Cost</b>			
Balance at 1 January	2,407,706	136,983	2,544,689
Additions	299,722	59,645	359,367
Transfers	85,805	(85,805)	-
Balance at 31 December	<b>2,793,233</b>	<b>110,823</b>	<b>2,904,056</b>
<b>Amortization</b>			
Balance at 1 January	1,319,796	-	1,319,796
Adjustment	522	-	522
Charge for the year	249,660	-	249,660
Balance at 31 December	<b>1,569,978</b>	<b>-</b>	<b>1,569,978</b>
Balance at 31 Dec 2024	<b>1,223,255</b>	<b>110,823</b>	<b>1,334,078</b>
<b>Year ended 31 December 2023</b>			
<b>Cost</b>			
Balance at 1 January	1,651,326	259,582	1,910,908
Adjustments	-	115	115
Additions	625,614	8,052	633,666
Transfers	130,766	(130,766)	-
Balance at 31 December	<b>2,407,706</b>	<b>136,983</b>	<b>2,544,689</b>

<b>Amortization</b>			
Balance at 1 January	1,017,090	-	1,017,090
Charge for the year	302,706	-	302,706
Balance at 31 December	<b>1,319,796</b>	-	<b>1,319,796</b>
<b>Balance at 31 Dec 2023</b>	<b>1,087,910</b>	<b>136,983</b>	<b>1,224,893</b>

<b>20 Balance due to National Bank of Rwanda</b>			
		<b>2024</b>	<b>2023</b>
		<b>Frw'000</b>	<b>Frw'000</b>
Balance at 1 January		52,078	49,689
Interest payable		-	2,389
Repayments		(4,481)	-
<b>Balance at 31 December</b>		<b>47,597</b>	<b>52,078</b>

The amount relates to the Economic recovery fund from the National Bank of Rwanda for onward lending. The facility is unsecured and at Nil interest rate.

<b>21 Customer deposits</b>			
		<b>2024</b>	<b>2023</b>
		<b>Frw'000</b>	<b>Frw'000</b>
Demand deposits		75,619,941	52,747,870
Saving Deposits		3,489,791	3,888,592
Fixed term deposits		41,524,823	57,114,629
Collateral deposits		891,932	1,254,675
		<b>121,526,487</b>	<b>115,005,766</b>

The contractual interest rate approximates the effective interest rate. There are no significant fees and other administrative costs in relation to origination of the deposits. Consequently, interest has been computed based on the contractual interest rate which is representative of the effective interest rate.

The weighted average effective interest rates on interest bearing customers' deposits at 31 December 2024 was 3.9% (2023– 4.5%).

<b>22 Deposits due to financial institutions</b>			
		<b>2024</b>	<b>2023</b>
		<b>Frw'000</b>	<b>Frw'000</b>
Bank of Africa Uganda		69,577	63,785
Bank of Africa DRC		631	15,800
Bank of Africa Kenya		2,492	5,524
Bank of Africa Tanzania		328	313
		<b>73,028</b>	<b>85,422</b>

**23 Borrowings**

	<b>2024</b> <b>Frw'000</b>	<b>2023</b> <b>Frw'000</b>
Balance at 1 January	26,199,332	45,752,131
Accrued interest during the year	58,191	42,042
Additional receipts	1,505,137,826	2,494,681,813
Payments	(1,502,568,555)	(2,514,276,654)
<b>Balance at 31 December</b>	<b>28,826,794</b>	<b>26,199,332</b>

All borrowings contain both short- and long-term period.

**Terms and repayment schedule**

The terms and conditions of outstanding borrowings are as follows:

**Balances at 31 December 2024**

<b>Borrowings with a tenure within 3 months</b>						
<b>Bank</b>	<b>Face value</b> <b>Frw'000'</b>	<b>Value</b> <b>date</b>	<b>Maturity</b> <b>date</b>	<b>Interest</b> <b>rate</b>	<b>Accrued</b> <b>payable</b> <b>interest</b>	<b>Carrying</b> <b>amount</b> <b>Frw'000'</b>
ACCESS BANK	2,000,000	27-Dec-24	3-Jan-25	6.70%	1,836	2,001,836
NCBA	2,500,000	27-Dec-24	3-Jan-25	6.70%	2,295	2,502,295
BK	10,000,000	31-Dec-24	3-Jan-25	7.00%	1,574	10,001,574
ACCESS BANK	1,000,000	31-Dec-24	7-Jan-25	6.70%	184	1,000,184
	<b>15,500,000</b>				<b>5,889</b>	<b>15,505,889</b>
<b>Borrowings with a tenure more than 3 months</b>						
<b>Bank</b>	<b>Amount</b> <b>Frw'000'</b>	<b>Value</b> <b>date</b>	<b>Maturity</b> <b>date</b>	<b>Interest</b> <b>rate</b>	<b>Accrued</b> <b>pay. int</b>	<b>Total</b> <b>Frw'000'</b>
BRD (EGF)	972,051	31-Oct-24	31-Jan-25	4.00%	6,605	978,656
BRD	5,000,000	31-Oct-24	31-Jan-25	3.50%	29,726	5,029,726
BRD (EGF)	2,000,000	31-Oct-24	04-May-31	4.00%	13,589	2,013,589
BRD	296,552	30-Nov-24	28-Feb-25	6.00%	1,560	298,112
BRD	5,000,000	31-Dec-24	31-Mar-25	6.00%	822	5,000,822
	<b>13,268,603</b>				<b>52,302</b>	<b>13,320,905</b>
<b>Total borrowings</b>	<b>28,768,603</b>				<b>58,191</b>	<b>28,826,794</b>

As at 31 December 2024, the Bank's borrowings were secured against treasury bonds.

<b>31 December 2023</b>						
Borrowings with a tenure within 3 months						
Bank	Face value Frw'000	Value date	Maturity date	Interest rate	Accrued pay. Int Frw'000	Carrying amount Frw'000
BNR (REPO)	7,150,000	28-Dec-23	3-Jan-24	7.50%	5,893	7,155,893
BNR	15,000,000	29-Dec-23	3-Jan-24	8.50%	10,508	15,010,508
	<b>22,150,000</b>				<b>16,401</b>	<b>22,166,401</b>
Borrowings with a tenure more than 3 months						
Bank	Amount Frw'000	Value date	Maturity date	Interest rate	Accrued pay. Int	Total Frw'000
BRD	2,000,000	31-Oct-22	04-May-31	4.00%	13,590	2,013,590
BRD (RHFP)	800,000	30-Nov-23	29-Feb-24	6.00%	4,208	804,208
BRD (EGF)	1,154,427	31-Oct-23	31-Jan-24	4.00%	7,836	1,162,263
BRD	52,863	31-Dec-23	31-Mar-24	5.00%	7	52,870
<b>Total Borrowings</b>	<b>4,007,290</b>				<b>25,640</b>	<b>4,032,931</b>
<b>Total Borrowings</b>	<b>26,157,290</b>				<b>42,042</b>	<b>26,199,332</b>

As at 31 December 2024 and 31 December 2023, the security held on the Bank's borrowings was the investment in treasury bonds.

<b>24. Other liabilities</b>		
	<b>2024 Frw'000</b>	<b>2023 Frw'000</b>
Transitory accounts	30,313	102,152
Social security and taxes	239,365	182,184
Amount to employees	129,560	130,201
Staff leave provision	93,477	71,441
Deferred loan commission	52,647	35,681
Clearing account	397,824	469,676
Transfers in transit	1,130,816	1,923,920
	<b>2,074,002</b>	<b>2,915,255</b>
<b>Movement in provision for staff leave</b>		
	<b>2024 Frw'000</b>	<b>2023 Frw'000</b>
At start of the period	96,352	96,352
Additional provision	4,207	3,439
Release during the period	(7,082)	(28,350)
At end of the period	<b>93,477</b>	<b>71,441</b>

**25. Amounts due from financial institution abroad**

	<b>2024</b> <b>Frw'000</b>	<b>2023</b> <b>Frw'000</b>
Bank of Africa-Uganda	1,576,608	413,321
Citibank - New York	4,519,041	3,571,765
Bank of Africa –DRC	148,027	135,284
Bank of Africa Kenya	177,803	149,158
Bank of Africa –France	3,004,062	2,752,014
Bank of Africa-Tanzania	451,473	412,608
AKTIF Bank	126,996	545,757
BGFI	-	24,199
Less impairment loss allowance	(38,118)	(4,315)
	<b>9,965,892</b>	<b>7,999,791</b>

**26. Share capital and share premium**

	<b>Number of shares issued &amp; fully paid (thousands)</b>	<b>Share capital Frw'000</b>	<b>Share premium Frw'000</b>
At 1 January 2023, 31 December 2023 and 31 December 2024	2,000,000	20,000,000	871,740

The total authorised number of ordinary shares is 2,000,000 with a par value of Frw 10,000 per share. All issued shares are fully paid off. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at annual general meetings of the Bank.

All ordinary shares rank equally with regard to the Bank's residual assets. The share premium arose from the issuance of shares at a premium on acquisition of the bank by Bank of Africa Group SA in 2015.

**The Bank's shareholders are as follows:**

<b>Shareholder</b>	<b>Shares</b>	<b>Nominal value Frw</b>	<b>Total Frw'000</b>	<b>%</b>	<b>Country of incorporation</b>
Bank of Africa Group SA	1,900,000	10,000	19,000,000	95%	Senegal
Radiant Insurance	100,000	10,000	1,000,000	5%	Rwanda
	<b>2,000,000</b>	<b>20,000</b>	<b>20,000,000</b>	<b>100%</b>	

## 27. Related party transactions

Bank of Africa Rwanda Plc is a subsidiary of BOA Group S.A owned by BANK OF AFRICA BMCE GROUP whose ownership is 95%.

### a) Transactions with Directors

	2024 Frw'000	2023 Frw'000
1) Loan to Directors		
Carrying amount of loans to directors at year end	-	135,759
Interest income on loans to directors	56,618	46,618
2) Directors' remuneration		
<b>Fees for services as directors</b>	<b>70,096</b>	<b>60,096</b>

All the transactions with the related parties are entered into in the normal course of business. No impairment losses have been recorded against balances outstanding during the year and no specific allowance has been made for impairment losses on balances at the year-end.

Key management includes directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

### b) Key management compensation

	2024 Frw'000	2023 Frw'000
Salaries and wages	612,303	471,002
Other benefits	293,537	195,691
Contribution for staff Insurance	18,788	12,525
Contribution to Rwanda Social Security Board	35,720	23,813
	<b>960,346</b>	<b>703,031</b>

### c) Loan to Senior Managers

	2024 Frw'000	2023 Frw'000
Senior management loan	503,641	452,503
Expected Credit loss	(8,119)	(3,739)
<b>Carrying amount</b>	<b>495,522</b>	<b>448,764</b>

### d) Balance with BOA subsidiaries

Bank of Africa-Uganda	1,576,608	413,321
Bank of Africa –DRC	148,027	135,284
Bank of Africa Kenya	177,803	149,158
Bank of Africa –France	3,004,062	2,752,014
Bank of Africa-Tanzania	451,473	412,608
	<b>5,357,973</b>	<b>3,862,385</b>
Expected credit loss	(13,152)	-
	<b>5,344,821</b>	<b>3,862,385</b>

### e) Transactions with BOA Group

BOA Group IT fees (license for the core banking software)	391,313	336,116
	<b>391,313</b>	<b>336,116</b>

The IT fees are recharged to the subsidiaries based on number of users

**28 Analysis of cash and cash equivalents**

	<b>31-Dec-24</b> <b>Frw'000</b>	<b>31-Dec-23</b> <b>Frw'000</b>
Cash in hand (note 13)	6,065,451	6,467,981
Balances with National Bank of Rwanda (note 13)	18,219,635	4,313,392
Current accounts with other banks (note 14)	643,464	304,839
Deposits with other banks (note 25)	10,004,010	8,004,106
	<b>34,392,560</b>	<b>19,090,318</b>

For the purpose of statement of cash flows, cash and cash equivalents comprise cash on hand, current accounts with National Bank of Rwanda and amounts due from banks and government securities with an original maturity of three months or less (T-Bonds coupons).

Banks are required to maintain a prescribed minimum cash balances with the National Bank of Rwanda that is not available to finance day to day activities and is excluded from the computation. The amount is determined as 4% of the average outstanding customer deposits over a cash reserve cycle period of one month.

**29. Leases****(a) Right of use of assets**

	<b>2024</b> <b>Frw'000</b>	<b>2023</b> <b>Frw'000</b>
<b>Cost</b>		
At 1 January	3,063,313	3,292,204
Re-measurement	299,500	(228,891)
As at 31 December	<b>3,362,813</b>	<b>3,063,313</b>
<b>Depreciation</b>		
At 1 January	1,784,739	1,542,387
Re-measurement	(8,935)	(6,362)
Charge for the year	257,867	248,714
As at 31 December	<b>2,033,671</b>	<b>1,784,739</b>
<b>Balance at 31 December</b>	<b>1,329,142</b>	<b>1,278,574</b>

Right of use assets relates to leased office and branch premises. Some leases of the office premises contain extension options exercisable by the Bank.

**(b) Lease liabilities**

	<b>2024</b> <b>Frw'000</b>	<b>2023</b> <b>Frw'000</b>
At 1 January	1,871,777	2,150,428
Finance cost for the year	217,255	244,395
Remeasurement	530,675	46,126
Rent payment	(76,110)	(59,022)
Principal and interest payment	(576,521)	(510,150)
At 31 December	<b>1,967,076</b>	<b>1,871,777</b>

**30 Non-current assets held for sale**

	2024 Frw'000	2023 Frw'000
At 1 January	-	480,000
Disposal	-	(300,000)
Loss on disposal	-	(180,000)
At 31 December	-	-

**31 Reconciliation of movement from equity and liabilities to cashflows arising from financing activities**

	Borrowings Frw '000	Due to central bank Frw '000	Share capital Frw '000	Lease payments Frw '000	Total
Balances at 1 January 2024	<b>26,344,505</b>	<b>49,689</b>	<b>20,000,000</b>	-	-
<b>Changes in financing activities</b>					
Capital increase	-	-	-	-	-
Borrowings	1,505,137,826	-	-	-	1,505,137,826
Lease repayment	-	-	-	(576,521)	(576,521)
Repayments of borrowed funds	(1,502,510,348)	-	-	-	(1,502,510,348)
<b>Cash flows from financing activities</b>	<b>28,971,983</b>	<b>49,689</b>	<b>20,000,000</b>	(537,293)	<b>2,050,957</b>
<b>Other changes</b>					
Accrued interest/ interest payable	58,191	-	-	-	58,191
<b>Balances at 31 December 2024</b>	<b>31,657,652</b>	<b>49,689</b>	<b>20,000,000</b>	-	-
Balances at 1 January 2023	54,125,249	50,441	20,000,000		
<b>Changes in financing activities</b>					
Borrowings	2,494,681,813	-	-	-	2,494,681,813
Lease repayment	-	-	-	(510,150)	(510,150)
Repayments of borrowed funds	(2,514,131,481)	-	-	-	(2,514,131,481)
<b>Cash flows from financing activities</b>	<b>26,302,463</b>	<b>49,689</b>	<b>20,000,000</b>	<b>(510,150)</b>	<b>(19,959,818)</b>
<b>Other changes</b>					
Accrued interest/ interest payable	42,042	-	-	-	42,042
<b>Balances at 31 December 2023</b>	<b>26,344,505</b>	<b>49,689</b>	<b>20,000,000</b>	-	-

## 32. Classification of financial assets and financial liabilities

The following table below provides a reconciliation between line items in the statement of financial position and categories of financial instruments.

At 31 December 2024	Mandatorily at FVTPL Frw '000	Designated at FVTPL Frw '000	FVOCI-debt instruments Frw '000	FVOCI-equity instruments Frw '000	Amortised cost Frw '000	Total carrying amount Frw '000
<b>Assets</b>						
Bank balances with National Bank of Rwanda	-	-	-	-	18,219,635	18,219,635
Deposits and balances due from banking institutions	-	-	-	-	643,464	643,464
Deposits due from financial institutions abroad	-	-	-	-	9,949,659	9,949,659
Loans and advances to customers	-	-	-	-	74,285,280	74,285,280
Government securities	-	-	-	-	63,490,782	63,490,782
Other assets	-	-	-	-	3,156,965	3,156,965
	-	-	-	-	<b>169,745,785</b>	<b>169,745,785</b>
<b>Liabilities</b>						
Customer deposits	-	-	-	-	121,526,487	121,526,487
Deposits and balances due to banking institutions	-	-	-	-	73,028	73,028
Borrowings	-	-	-	-	28,826,794	28,826,794
Lease liabilities	-	-	-	-	1,539,032	1,539,032
Other liabilities	-	-	-	-	1,836,132	1,836,132
	-	-	-	-	<b>153,801,473</b>	<b>153,801,473</b>
<b>At 31 December 2023</b>						
<b>Assets</b>						
Bank balances with National Bank of Rwanda	-	-	-	-	5,703,876	5,703,876
Deposits and balances due from banking institutions	-	-	-	-	304,839	304,839
Deposits due from financial institutions abroad	-	-	-	-	7,965,932	7,965,932
Loans and advances to customers	-	-	-	-	72,698,105	72,698,105
Government securities	-	-	-	-	69,146,239	69,146,239
Other assets	-	-	-	-	1,940,552	1,940,552
	-	-	-	-	<b>157,759,543</b>	<b>157,759,543</b>

<b>Liabilities</b>						
Customer deposits	-	-	-	-	115,005,766	115,005,766
Deposits and balances due to banking institutions	-	-	-	-	85,422	85,422
Borrowings	-	-	-	-	26,199,332	26,199,332
Lease liabilities	-	-	-	-	1,871,777	1,871,777
Other liabilities	-	-	-	-	2,915,255	2,915,255
	-	-	-	-	<b>146,077,552</b>	<b>146,077,552</b>

### 33. Contingent liabilities, Contingent assets and commitments

The bank conducts businesses involving acceptances, letters of credit, guarantees, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties.

	<b>31-Dec-24 Frw '000</b>	<b>31-Dec-23 Frw'000</b>
Guarantees and commitments to customers	11,765,906	775,233
Letter of credit	722,844	311,722
Guarantees received	184,237,917	150,790,200
	<b>196,726,666</b>	<b>151,877,155</b>

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. The bank expects most acceptances to be presented, and reimbursement by the customer is normally immediate. Letters of credit commit the bank to make payments to third parties, on production of documents, which are subsequently reimbursed by customers.

Guarantees are generally written by a bank to support performance by a customer to third parties. The bank will only be required to meet these obligations in the event of the customer's default.

## Litigations

The bank is involved in a number of litigations in the normal course of business. The directors believe reported provisions are adequate to cover any expected future cash outflows.

Item	31-Dec-24 Amount/ Ratio/ Number	31-Dec-23 Amount/ Ratio/ Number
<b>I. Capital Strength</b>		
1. Core capital (Tier 1)	21,903,999	19,915,673
2. Supplementary capital (Tier 2)	1,152,606	1,587,459
3. Total capital	23,056,605	21,503,132
4. Total risk weighted assets	92,208,446	92,680,327
5. Core capital/ Total risk weighted assets ratio (Tier 1 ratio)	23.70%	21.49%
6. Tier 2 ratio	1.25%	1.71%
7. Total capital/total risk weighted assets ratio	25.01%	23.20%
8. Leverage ratio	11.35%	11.48%
<b>II. Credit Risk</b>		
1. Total gross credit risk exposures: after accounting offsets and without taking into account credit risk mitigation;	155,109,601	149,267,338
2. Average gross credit exposures, broken down by major types of credit exposure:		
a. Loans, commitments and other non-derivative off-balance sheet exposures;	91,493,771	80,121,099
b. Debt securities;	63,615,830	69,146,239
c. OTC derivatives		-
		<b>149,267,337</b>

<b>3. Regional or geographic distribution/ types of credit exposure</b>		
<b>Geographic distribution</b>	<b>31-Dec-24</b>	<b>31-Dec-23</b>
	<b>Amount/ Ratio/ Number</b>	<b>Amount/ Ratio/ Number</b>
	<b>Total exposure (Frw' 000')</b>	<b>Total exposure (Frw' 000')</b>
Kigali City	141,508,985	133,026,432
Muhanga	2,024,223	1,413,719
Huye	2,764,156	3,011,942
Rusizi	2,630,002	6,299,428
Rubavu	2,341,298	2,342,993
Musanze	2,497,387	2,255,542
Kayonza	1,343,550	917,281
	<b>155,109,601</b>	<b>149,267,337</b>

#### **4. Sector distribution of exposures, broken down by major types of credit exposure and aggregated in the following areas:**

<b>Sector distribution</b>	<b>31-Dec-24</b>	<b>31-Dec-23</b>
	<b>Amount/ Ratio/ Number</b>	<b>Amount/ Ratio/ Number</b>
	<b>Total exposure (Frw' 000')</b>	<b>Total exposure (Frw' 000')</b>
a) Government	83,066,418	79,990,601
b) Financial;	0	
c) Manufacturing;	257,646	248,480
d) Infrastructure and construction;	1,550,993	1,495,814
e) Services and commerce.	30,940,188	29,839,443
f) Others	39,294,356	37,692,999
Total	<b>155,109,601</b>	<b>149,267,337</b>

**5. Off- balance sheet items** **12,488,749** **1,086,955**

#### **6. Non-performing loans indicators**

a) Non-performing loans (NPL)	1,373,908	5,578,002
b) NPL ratio	1.74%	7.06%

#### **7. Related parties**

a) Loans to directors, shareholders and subsidiaries	0	1,577,039
b) Loan to employees	2,274,399	135,759

#### **8. Restructured loans as at 31 December 2023** **1,086,955**

a. No. of borrowers	59	95
b. Amount outstanding (Frw '000)	2,473,311	3,328,834
c. Provision thereon (Frw '000) (regulatory):	59,027	224,055
d. Provision IFRS P (Frw '000)	214,688	680,570
e. Restructured loans as % of gross loans	3.12%	0.0416

**III. LIQUIDITY RISK**

a) Liquidity Coverage Ratio (LCR)	228.52%	164.03%
b) Net Stable Funding Ratio (NSFR)	182.40%	208.33%

**IV. OPERATIONAL RISK**

Number and types of frauds and their corresponding amount

Type	Number	Amount (Frw '000')	Amount (Frw '000')
Thefts	-	-	

**V. MARKET RISK**

1. Interest rate risk		
2. Equity position risk	-	
3. Foreign exchange risk	12,926	69,465

**VI. COUNTRY RISK**

1. Credit exposures abroad		24,982
2. Other assets held abroad	9,949,659	7,965,932
3. Liabilities to abroad	73,028	85,422

**VII. Management and board composition**

1. Number of Board members	6	6
2. Number of independent Directors	4	4
3. Number of non-independent Directors	2	2
4. Number of female Directors	1	1
5. Number of male Directors	5	5
6. Number of Senior Managers	11	12
7. Number of female Senior Managers	3	4
8. Number of male Senior Managers	8	8

# CORPORATE INFORMATION

## Registered office

Bank of Africa Rwanda PLC  
KN 2, Nyarugenge, Chic Complex  
P.O Box 265  
Kigali - Rwanda

## Auditor

PWC Rwanda Limited  
5th Floor, Blue Star House,  
35 KG 7 Ave, Kacyiru  
P.O Box 1495 Kigali, Rwanda  
Telephone+250 (252) 588203/4/5/6  
Internet: [www.pwc.com/rw](http://www.pwc.com/rw)

## NATIONAL BANK OF RWANDA

P.O. Box 531  
Kigali-Rwanda

## BANK OF KIGALI PLC

P.O. Box 175  
Kigali-Rwanda

## EQUITY BANK RWANDA PLC

P.O. Box 5230  
Kigali-Rwanda

## I&M BANK RWANDA PLC

KN 3 AV/9  
P.O. Box 354  
Kigali-Rwanda

## BANK OF AFRICA FRANCE

6, Rue Cambacérès  
75008 Paris, France

## BANK OF AFRICA UGANDA

Plot 45 Jinja Road  
P. O. Box 2750 Kampala-Uganda

## BANK OF AFRICA (DRC)

22, Avenue des Aviateurs - BP 7119  
Kin16, Rue Kinshasa-Gombe  
République Démocratique du Congo

## BANK OF AFRICA (KENYA)

BOA House, Karuna Close, Off Waiyaki  
Way, Westlands  
P.O. Box 69562-00400, Nairobi - Kenya

## AKTIF BANK

Head Office Esentepe District Kore  
Şehitleri Street No: 8/1  
Şişli /İstanbul 34394

## CITIBANK

New York  
Postal code: 10013  
388 Greenwich Street

## BGFI

(Banque Gabonaise et Française  
Internationale)  
10/12 Rue du Général Foy,75008 Paris