AB BANK RWANDA PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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DIRECTORS

The Directors who served during the twelve months period ended 31 December 2022 and to the date of approval of the financial information statements are indicated below:

Names	Title	Appointment date	Nationality
Albert Kinuma	Director	02-Mar-18	Rwandan
Bernd Zattler	Director	11-Sep-18	German
Gregor Taistra	Director	12-Aug-20	German
Dianne Dusaidi	Chairperson	31-Aug-20	Rwandan
Suzan Mutoni	Director	16-Jun-22	Rwandan

SECRETARY
Maureen Mutoni
Company Secretary and Legal Advisor

AUDITOR
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Certified Public Accountants
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P.O. BOX 6593
Kigali, Rwanda.

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Landmark Advocates Ltd
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BANKERS
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KN3, Ave
P.O Box 3268
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I&M Bank (Rwanda) Plc
KN 03 AVE 9
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I&M Bank Kenya
P.O Box 30238-00100
Nairobi, Kenya

Cogebanque Plc
KN 63 Ave
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Bank of Kigali Plc
KN 4 Ave
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Banque Populaire du Rwanda Plc
KN 67 street, 2
P.O Box 1348
Kigali, Rwanda

The Directors have the pleasure of submitting their report together with the audited financial statements for the year ended 31 December 2022, which disclose the state of affairs of AB Bank Rwanda Plc (the "Bank"). The Bank was incorporated as a company on 2 October 2012 and issued with a microfinance-banking license by the National Bank of Rwanda on 31 December 2013. The Bank started operations on 6 January 2014.

1. Principal activities

The principal activity of AB Bank Rwanda Plc is the provision of micro finance services.

2. Results

The results for the year are set out on page 12.

3. Directors

The Directors who served during the period are set out on page 2.

4. Bank transition to Deposit Taking Microfinance Institution (DTMFI)

The Bank informed the National Bank of Rwanda in its letter dated 02 November 2022 its intention to change status to Deposit Taking Microfinance Institution (DTMFI). This was necessitated by the National Bank's requirement that the bank states its position on the compliance with the Law No. 072/2021 of 05/11/2021 governing deposit-taking microfinance institutions. Accordingly, AB Bank will undergo rebranding and extensive communication with all stakeholders. The Bank continues to make impact assessment and put in the necessary transition measures to comply with the Law No. 072/2021 of 05/11/2021 governing deposit-taking microfinance institutions. As at the date of this report the institution was operating under the Bank license.

5. Auditor

BDO Rwanda Limited was appointed as auditors of the Bank commencing 2022 in accordance with Regulation No 14/2017 of 23/11/2017 on accreditation requirements and other conditions for external auditors for financial institutions and have expressed their willingness to continue in office.

6. Approval of financial statements

The financial statements were approved and authorised for issue by the Directors on 25th March 2023.

BY ORDER OF THE BOARD

Maureen Mutoni
Ag. Secretary

Date: 25th March 2023

The Bank's Directors are responsible for the preparation of financial statements that give a true and fair view of AB Bank Rwanda Plc (The Bank) as set out on pages 12 to 63, which comprise the statement of financial position as at 31 December 2022, 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, comprising a summary of significant accounting policies and other explanatory information, in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by Law No. 007/2021 of 05/02/2021 Governing Companies, and Regulation No. 28/2019 of 09/09/2019 on publication of financial statements and other disclosures by banks, for such internal control as the Directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The Directors have made an assessment of the ability of the Bank to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The independent Auditor is responsible for reporting on whether based on their audit the annual financial statements give a true and fair view in accordance with the International Financial Reporting Standards and the Law No: 007/2021 of 05/02/2021 Governing Companies, and Regulation No. 28/2019 of 09/09/2019 on publication of financial statements and other disclosures by banks.

Approval of financial statements

The financial statements of AB Bank Rwanda Plc were approved and authorised for issue by the Board of Directors on 25th March 2023.

Zach Raymond

DocuSigned by:
Dianne Dusaidi
ACFBE4C8EBCA434...

Chief Executive Officer **Chairperson of the Board of Directors**

Date: 25 March 2023

AB BANK RWANDA PLC
CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

AB Bank Rwanda Plc is committed to corporate governance standards as set by the National Bank of Rwanda and by itself in accordance with international best practice. The Board of Directors (the "Board") is responsible for the long-term strategic direction and for profitable growth of the Bank whilst being accountable to the shareholders for compliance and maintenance of the highest corporate governance standards and business ethics.

The Board was made up of five Directors as at the end of the year, out of whom three are independent Directors including the Chairperson. The Board had principal committees which meet regularly under well-defined and materially delegated terms of reference set by the Board.

The Board has delegated to the Chief Executive Officer the day to day running of the business. The Bank has a Management Committee to ensure that the Bank carries out its obligation efficiently and effectively.

Board Committees

The following principal committees met regularly under well-defined and materially delegated terms of reference set by the Board.

a. Risk Management Committee

The committee was set up to oversee the Bank's mitigation and appreciation of all risks in the business. It meets quarterly to advise the business on all matters pertaining to credit, market, operational, legal, and environmental and other risks. Business continuity issues are also discussed by this committee. Since this committee includes also former ALCO, it was also set up to derive the most appropriate strategy for the Bank in terms of the mix of assets and liabilities given its expectations of the future and the potential consequences of interest-rate movements, liquidity constraints, and foreign exchange exposure and capital adequacy.

b. Audit Committee

The committee deals with all matters relating to the financial statements and internal control systems of the Bank, including dealing with independent auditors and National Bank of Rwanda inspectors. All the audits conducted by this committee are risk-based.

c. Credit Committee

The committee was set up to review and oversee the overall lending policy of the Bank, as well as deliberate and consider loan applications beyond the discretionary limits of the Credit Risk Management Committee, among others.

Board of Directors

As of 31 December 2022, the Board of Directors was comprised of the following members:

Names	**Title**	**Appointment date**	**Nationality**
Albert Kinuma	Director	02-Mar-18	Rwandan
Bernd Zattler	Director	11-Sep-18	German
Gregor Taistra	Director	12-Aug-20	German
Dianne Dusaidi	Chairperson	31-Aug-20	Rwandan
Suzan Mutoni	Director	16-Jun-22	Rwandan

Membership of Board Committees

The tables below give record of the membership of AB Bank's Board committees from 1 January 2022 to 31st December 2022.

Composition of Board Committees from 1st January to 16th June 2022

Directors	Audit Committee	Risk Committee	Credit Committee
Albert Kinuma	✓	✓	-
Dianne Dusaidi	✓	✓	✓
Gregor Taistra	-	✓	✓
Bernd Zattler	✓	✓	✓

Composition of Board Committees from 16th June to 31st December 2022

The board committee was amended on 16th June 2022 to receive Ms. Susan Mutoni as a chairperson of the board audit committee.

Directors	Audit Committee	Risk Committee	Credit Committee
Albert Kinuma	✓	✓	-
Dianne Dusaidi	-	✓	✓
Gregor Taistra	-	✓	✓
Bernd Zattler	✓	✓	✓
Susan Mutoni	✓	✓	-

Ordinary Board, Board Committees and extraordinary Board meetings attendance

The following table gives the record of attendance (in %) to AB Bank Rwanda Plc's Ordinary Board, its committees and Extraordinary Board meetings for the year ended 31 December 2022.

Directors	Ordinary Board	Audit Committee	Risk Committee	Credit Committee
Albert Kinuma	75%	75%	75%	N/A
Dianne Dusaidi	100%	50%	100%	100%
Gregor Taistra	75%	N/A	75%	75%
Bernd Zattler	100%	100%	100%	100%
Susan Mutoni	75%	75%	75%	N/A

Notes
There were four ordinary Board meetings and four Board Audit, Risk and Credit Committees in 2022.

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To the Shareholder of AB Bank Rwanda Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of AB Bank Rwanda Plc (the "Bank"/ "Company") set out on pages 12 to 67, which comprise the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of AB Bank Rwanda Plc as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Law No 007/2021 of 05/02/2021 and Regulation N° 28/2019 of 09/09/2019 relating to publication of financial statements and other disclosures by banks.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Rwanda. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Rwanda. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matter	How the matter was addressed in our audit
IFRS 9 Expected Credit Losses	
— Measurement of expected credit losses ("ECL") on loans and advances involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus are: Economic scenarios – IFRS 9 *Financial Instruments* requires the Bank to measure ECLs on a forward-looking basis reflecting a range of future economic conditions.	Our audit procedures in this area included: — Obtained an understanding of the credit management processes and performing an end-to-end process understanding to identify the key systems, applications and controls used in the determination of ECL processes. This included assessing the design and operating effectiveness of the key controls over the staging criteria such as the review and approval of model inputs and outputs.

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Key audit matter	How the matter was addressed in our audit
IFRS 9 Expected Credit Losses	
Significant management judgment is applied to determining the economic scenarios used and the probability weightings applied to them.	— Used our data and analytics specialists to independently recompute probability of default modelling based on historical days past due reports.
— Significant increase in credit risk ("SICR") – the criteria selected to identify a significant increase in credit risk is a key area of judgement within the Bank's ECL calculation as these criteria determine whether a 12 month or lifetime allowance is recorded. The Bank assesses SICR by incorporating reasonable and supportable qualitative and quantitative information, including forward-looking information. The setting of precise trigger points to move a financial asset from 'Stage 1' to 'Stage 2' or moving from Stage 2' to 'Stage 3' and vice versa respectively requires judgement which may have a material impact upon the size of the ECL allowance; — Model estimations – inherently judgmental modelling is used to estimate ECL which involves determining probabilities of default ("PD"), loss given default ("LGD"), and exposures at default ("EAD"). The PD models used are the key drivers of the Bank's ECL results and are therefore the most significant judgmental aspect of the Bank's ECL modelling approach. We determined that the ECL on loans and advances to customers to be a key audit matter due to the high degree of estimation uncertainty and significant judgement applied by management in the determination of the ECL. Refer to Notes 2.3.1 that describes the Bank's ECL model and underlying	— On a sample basis, we recomputed the loss given default and exposure at default amounts and compared with what management used in the ECL model. — Challenged the accuracy of the key inputs and assumptions into the IFRS 9 impairment models. This was performed by: ▪ Evaluated the appropriateness of the Bank's SICR determination by assessing the qualitative and quantitative factors used by management in their evaluation of the classification into stages 2 and 3; ▪ For a sample of key data inputs and assumptions applied in determination of ECL, assessed the accuracy of economic forecasts and challenging assumptions applied by involving our specialists in the reperformance of the economic forecasts and PDs; ▪ Involved our financial risk management specialists in assessing the appropriateness of the Bank's methodology for determining the economic scenarios used and assessing key economic variables used as well as the overall reasonableness of the economic forecasts by recalculating the macroeconomic factors using the methods applied by management and reviewing the source data;; ▪ Evaluated the accuracy of the key inputs and assumptions into the IFRS 9 impairment model by assessing the accuracy of the model predictions by recalculation the ECL amounts, agreeing, on a sample basis, underlying data such as loan amounts, collateral values and interest rates used in the model to relevant source data, and comparing previous years estimates to actual credit losses in the current year; ▪ Assessed the appropriateness of parameters used in the statistical models in respect of Probability of Default (PDs), Loss Given Default (LGDs), and

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Key audit matter	How the matter was addressed in our audit
IFRS 9 Expected Credit Losses	
assumptions made in determining ECL provision. Refer to Notes 7 and 17 that disclose the summarised workings and output of impairment charge and ECL provision for loans and advances.	Exposure at Default (EADs) by considering local economic conditions, and; — Assessed the adequacy of the disclosures related to the ECL on loans and advances to customers in the financial statements in accordance with IFRS 7 *Financial Instruments: Disclosures*.

Other matter

The financial statements of the Bank for the year ended 31 December 2021 were audited by another firm of auditors whose report, dated 31 March 2022, expressed an unmodified opinion on those statements.

Other information

The Directors are responsible for the other information. The other information comprises the Report of the Directors as required by the Law No 007/2021 of 05/02/2021, which we obtained prior to the date of this report and Regulation N° 28/2019 of 09/09/2019 relating to publication of financial statements and other disclosures by banks including appendices or other information forming part of the annual report. Other information does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Law No 007/2021 of 05/02/2021 and Regulation N° 28/2019 of 09/09/2019 relating to publication of financial statements and other disclosures by banks, and for such internal control as the 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, the 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 the Directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

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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 International Standards on Auditing 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 International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 the Directors.

- Conclude on the appropriateness of the 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 the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide 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.

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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.

Report on other legal and regulatory requirements

As required by the Law No. 007/2021 of 05/02/2021 we report to you, based on our audit, that:

- We have no relationship, interest or debt with AB Bank Rwanda Plc. As indicated in our report on the audit of the financial statements, we comply with ethical requirements. These are the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), which includes comprehensive independence and other requirements.

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

- In our opinion, proper books of account have been kept by the Bank, so far as appears from our examination of those books;

- We have communicated with those charged with governance our significant audit findings, and significant deficiencies in internal control that we identified during our audit;

- According to the best of the information and the explanations given to us as auditors, as shown by the accounting and other documents of the Bank, the annual financial statements comply with Article 125 of Law No. 007/2021 of 05/02/2021 Governing Companies.

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Emmanuel Habineza, FCCA, CPA(R)
(PC/CPA0007/0014)
Managing Partner

3/30/2023 **2023**

AB BANK RWANDA PLC
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

in `000 Frw	Note	2022	2021
Interest income	5	4,754,787	4,407,235
Interest expense	6	(816,687)	(1,270,011)
Net interest income before impairment on loans		**3,938,101**	**3,137,224**
Impairment charge for loan losses	7	125,748	(571,456)
Net interest income		**4,063,848**	**2,565,768**
Fee and commission income		222,672	201,721
Fee and commission expense		(3,914)	(8,302)
Net fee and commission income	8	**218,758**	**193,419**
Net result from foreign exchange operations	9	(10,353)	(53,483)
Net other operating income	10	102,981	2,278,746
Net non-interest income		**311,386**	**2,418,682**
Net operating income		**4,375,234**	**4,984,450**
Personnel expenses	11	(2,125,494)	(2,021,941)
Depreciation and amortization expenses	12	(380,883)	(403,739)
Lease expenses	12	(50,446)	(58,216)
Other administrative expenses	12	(855,270)	(1,010,199)
Total operating expenses		**(3,412,093)**	**(3,494,095)**
Profit before tax		**963 142**	**1,490,355**
Income tax (expense)/credit	13	(91,250)	90,844
Profit for the year		**871,891**	**1,581,199**
Other comprehensive income, net of tax		**-**	**-**
Total comprehensive income for the year, net of tax		**871,891**	**1,581,199**

The notes set out on pages 16 to 67 form an integral part of these financial statements.

AB BANK RWANDA PLC
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021
FOR THE YEAR ENDED 31 DECEMBER 2022

in `000 Frw	Note	2022	2021
ASSETS			
Cash and cash equivalents	14	771,965	731,288
Debt securities	15	2,291,815	1,363,785
Loans and advances to banks	16	55,352	1,567,534
Loans and advances to customers	17	9,626,100	8,132,971
Other financial assets	18	116,703	161,316
Other non-financial assets	19	189,564	282,718
Intangible assets	20	44,971	77,350
Property and equipment	21	571,442	673,055
Rights-of-use assets	22	892,208	907,869
Deferred income tax asset	23	841,685	932,935
Total assets		**15,401,804**	**14,830,821**
LIABILITIES			
Loans from banks and other financial institutions	24	300,000	1,019,422
Customer accounts	25	9,097,114	8,646,478
Provisions	26	113, 642	119,406
Lease liabilities	39	963,804	951, 219
Other financial liabilities	27	121,022	153,670
Other non-financial liabilities	28	82,642	88,938
Total liabilities		**10,678,224**	**10,979,133**
EQUITY			
Share capital	29	11,461,300	11,461,300
Accumulated losses		(6,737,720)	(7,609,612)
Total equity		**4,723,580**	**3,851,688**
Total liabilities and equity		**15,401,804**	**14,830,821**

The financial statements were approved and authorised for issue by the Board of Directors on 25th March 2023 and were signed on its behalf by:

Zach Raymond

DocuSigned by:
Dianne Dusaidi
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Chief Executive Officer

Chairperson of Board of Directors

The notes set out on pages 16 to 67 form an integral part of these financial statements.

AB BANK RWANDA PLC
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

in `000 Frw

	Notes	Share capital	Accumulated losses	Total equity
Balance as at 1 January 2021		**11,461,300**	**(7,609,612)**	**3,851,688**
Profit for the year		-	871,891	**871,891**
Total comprehensive income		**-**	**871,891**	**871,891**
Issue of share capital	29	-	-	-
Balance as at 31 December 2022		**11,461,300**	**(6,737,721)**	**4,723,580**

For year ended 31 December 2021
in `000 Frw

	Notes	Share capital	Accumulated losses	Total equity
Balance as at 1 January 2021		**11,336,300**	**(9,190,811)**	**2,145,489**
Profit for the year		-	1,581,199	**1,581,199**
Total comprehensive income		**-**	**1,581,199**	**1,581,199**
Issue of share capital	29	125,000	-	125,000
Balance as at 31 December 2021		**11,461,300**	**(7,609,612)**	**3,851,688**

The notes set out on pages 16 to 67 form an integral part of these financial statements.

AB BANK RWANDA PLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

in `000 Frw	Note	2022	2021
Profit/(loss)			
Profit/ before tax		963,142	1,490,355
Adjustments for non-cash items:			
Impairment charge for loan losses	7	(9,058)	572,259
Unrealised loss from currency revaluation	9	(502)	3,675
Depreciation and amortisation expense	12	380,883	403,739
Gain On Debt Restructuring	10	-	(2,252,764)
Gains and losses from sale of property, plant and equipment and intangible assets		(2,604)	
Interest income	5	(4,754,787)	(4,407,235)
Interest expense	6	816,687	1,270,011
Cash used in operating activities before changes in operating assets and liabilities		**(2,606,239)**	**(2,919,960)**
Changes in operating assets and liabilities			
Changes in operating assets:			
Loans and advances to customers		(1,112,639)	462,045
Other assets		137,767	150,961
Interest received		4,295,674	4,447,155
Changes in operating liabilities			
Loans from banks and other financial institutions		300,000	-
Customer accounts	25	450,636	(28,272)
Other liabilities		(38,944)	66,638
Provisions		(5,764)	44,561
Interest paid		(774,038)	(761,535)
Cash inflow from operating activities before taxation		**646,453**	**1,461,593**
Income tax paid		**-**	**-**
Net cash inflow from operating activities		**646,453**	**1,461,593**
Cash flow from Investment activities			
Purchase of intangible assets		-	-
Purchase of property and equipment		(40,782)	(112,275)
Purchase of debt securities	15	(928,030)	(998,919)
Net cash outflow from investing activities		**(968,812)**	**(1,111,194)**
Cash flow from Financing activities			
Proceeds from issuance of ordinary shares	30	-	125,000
Payment of lease liabilities		(112,329)	(158,583)
Net proceeds from issuance/(net repayments) of debt	24&29	(1,019,422)	(2,323,156)
Net cash used in financing activities		**(1,131,751)**	**(2,356,738)**
Effect of changes in foreign exchange rate on cash and cash equivalents		(17,394)	-
Total Cash flow		**(1,471,504)**	**(2,006,340)**
Cash and cash equivalents, beginning of year		**2,298,822**	**4,305,162**
Cash and cash equivalents, end of year		**827,317**	**2,298,822**

The notes set out on pages 16 to 67 form an integral part of these financial statements.

(1) Reporting Entity

AB Bank Rwanda is a limited liability company incorporated and domiciled in Kigali, Rwanda. Its registered office is at 15 KN 78 Street, P.O. Box 671, Kigali, Rwanda. Its parent and ultimate holding company is Access Microfinance Holding AG. Banking operations started on 6 January 2014. The principal activities of the Bank, as a microfinance bank, is providing financial services to micro, small and medium sized enterprises as well as to the general public.

The financial statements for the year ended 31 December 2022 were authorised for issue by the Bank's Board of Directors on 15 March 2022.

(2) Accounting policies

(2.1) Basis of preparation

The financial statements have been prepared on a historical cost basis, except for financial assets and liabilities that have been measured at amortised cost, or at fair value through profit or loss. The financial statements are presented in Rwandan francs (Frw), which is the presentation currency of the Bank, and all values are rounded to the nearest thousands, except when otherwise indicated. All values below Frw 500 are presented as zero and all "-"represent no value.

Details of the Bank's significant accounting policies, including changes during the year, are included in note 2.3.

Statement of compliance

The financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (IFRS) and the International Financial Reporting Interpretation Committee (IFRIC) interpretations and comply with the Law No: 007/2021 of 05/02/2021 Governing Companies.

Presentation of financial statements

The Bank presents its statement of financial position in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in note 36.

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expenses are not offset in the statement of profit or loss unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Bank.

(2.2) Significant accounting judgements, estimates and assumptions (Continued)

The Bank has made various accounting estimates in these financial statements based on forecasts of economic conditions which reflect expectations and assumptions as at 31 December 2022 about future events that the Directors believe are reasonable in the circumstances. The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected credit losses.

The preparation of the Bank's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Bank's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Existing circumstances and assumptions about future developments may change due to circumstances beyond the Bank's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognised in the financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/estimates involved.

Impairment losses on financial assets

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as staff turnover and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios to derive the economic inputs into the ECL models.

For more details, please refer to note 2.3.1 "Impairment of financial assets – Overview of the ECL (Expected-Credit-Loss) principles".

It has been the Bank's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

(2.2) Significant accounting judgements, estimates and assumptions (Continued)

Income taxes

The Bank recognizes deferred income tax assets only to the extent that it is probable that taxable profits will be available against which the tax-reducing effects can be utilized. Judgement is required to determine the amount of deferred income tax assets that can be recognized, based upon the likely timing and level of future taxable profits.

Going concern

The Bank's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Management is not aware of any material uncertainties that may cast significant doubt on the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Accounting for leases

In establishing the lease term for each lease contract that has an option to extend, judgement has been applied to determine the extension period. When it is concluded that it is reasonably certain that the extension option will be utilised, the lease term is extended to include the reasonably certain period of one to five years, depending on the specific lease contract. The Bank assumed that all of the existing leases expiring within the following five years, that have an extension option, will be extended, when determining the lease term.

In addition, IFRS 16 requires lease payments to be discounted using the interest rate implicit in the lease. In case the interest rate implicit in the lease cannot be readily determined, the incremental borrowing rate should be used. That is the rate of interest that a lessee would have to pay to borrow over a similar value to the right-of-use asset in a similar economic environment. Accordingly, the Bank elected to use the local borrowing rates for each operating unit at the commencement date. That is the rate at which local operating units would need to borrow to acquire the asset.

Financial instruments – initial recognition

Date of recognition

Financial assets and liabilities, with the exception of loans and advances to customers and customer accounts, are initially recognised on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognised when funds are transferred to the customers' accounts. The Bank recognises customer accounts when funds are transferred to the Bank.

Initial measurement of financial instruments

As per IFRS 9, the classification of non-equity financial instruments at initial recognition is dependent on two main criteria:

- The business model within which the asset is held (the business model test)
- The contractual Cash flows of the asset (SPPI test); if a non-equity financial asset fails the SPPI test it must be classified at FVTPL (Fair Value Through Profit or Loss); if a non-financial asset passes an SPPI test, then it will be classified at Amortised Cost in case concurrently it passes the 'hold to collect' business model criteria or at Fair Value through Other Comprehensive Income (FVTOCI) if the hold to collect business model is not met.

Financial instruments are initially measured at their fair value, transaction costs are added to, or subtracted from this amount. Trade receivables are measured at the transaction price. However when the fair value of financial instruments at initial recognition differs from the transaction price, the Bank accounts for the Day 1 profit or loss, as described below:

(2.2) Summary of significant accounting policies (continued)

(2.3.1) Accounting policies in accordance with IFRS 9 Financial Instruments (continued)

Treatment of Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Bank recognises the difference between the transaction price and fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised. In 2021 and 2022, there were no transactions with day 1 profits or losses.

Measurement categories of financial assets and liabilities

The Bank classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms. In 2021 and 2022 all financial assets were measured at amortised cost.

As a rule, financial liabilities must be measured at amortised cost. In addition, the possibility exists of applying the fair value option.

Financial assets and liabilities

Loans and advances to banks, Loans and advances to customers and Debt securities

The Bank measures Loans and advances to banks, Loans and advances to customers and Debt securities at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

(2.3) Summary of significant accounting policies

(2.3.1) Accounting policies in accordance with IFRS 9 Financial Instruments (Continued)

Business model assessment

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- Business Model "hold to collect" – receipt of contractual cash flows with only rare or immaterial sales activities.
- Business Model "hold to collect and sell" – receipt of cash flows through holding and also through sales.
- Residual Business Model – all portfolios that are not allocated to the "hold to collect" or "hold to collect and sell" business model. These include primarily trading portfolios and portfolios managed on a fair value basis. The receipt of contractually agreed cash flows is of minor importance; the main objective is instead to maximize cash flows through purchases and sales.

The business model assessment is based on reasonably expected scenarios (taking into account the amount, frequency and the date of sales) without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The Bank holds its financial assets within the "hold to collect" business model.

The SPPI test

As a second step of its classification process, the Bank assesses the contractual terms of debt instruments to identify whether they meet the SPPI test.

For this purpose, the characteristics of cash flows of the financial instrument are examined on an instrument-by-instrument basis. In the assessment, it must be decided whether the cash flows essentially represent interest and principal payments on the outstanding capital. In principle, a financial instrument is SPPI-compliant only if its contractual cash flows are equivalent to those of a simple loan.

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

Impairment of financial assets

Overview of the ECL (Expected-Credit-Loss) principles

The Bank is recording the allowance for expected credit losses for all loans and other debt financial assets, in this section all referred to as "financial instruments".

The Bank segments the loan portfolio according to product type, arrears category and whether or not the loan was disbursed prior or after the COVID pandemic started in March 2020.

(2.3) Summary of significant accounting policies

(2.3.1) Accounting policies in accordance with IFRS 9 Financial Instruments (Continued)

In regard to cash and cash equivalents, loans and advances to banks, debt securities at amortised cost, and other financial assets, the Bank assumes low credit risk and applies the low credit risk exemption according to IFRS 9.5.5.10. The debt securities measured at amortised cost are short-term treasury bills; no defaults have ever been incurred on them; with these considerations in mind, the Bank considers for the above-mentioned instruments that the probability of default is very low and therefore provisioning (12mECL) is insignificant.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL) as outlined in note "The calculation of ECLs".

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on portfolio level (collective basis). Only for those cases, where certain notional thresholds are breached, there is an additional analysis on individual asset level. In any case, collective provisioning rates are applied at least.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Bank groups its loans into Stage 1, Stage 2, Stage 3 and POCI, as described below:

- Stage 1: A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1'. Financial instruments in this stage have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Stage 1 includes all financial instruments, which did not exhibit a "significant increase in credit risk" and for which no signs of impairment have been observed. The reference date is the date of initial recognition. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2. Significant increase in credit risk is defined whether the credit risk of default on a financial instrument has increased significantly since initial recognition (significant increase in credit risk is defined as stage 2 (30 days PD) per the group credit risk policy), 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 Bank's historical experience and expert credit assessment and including forward-looking information.
- Stage 2: Consists of all loans that appear to show a significant increase in credit risk, but is not yet deemed to be credit-impaired. As a general rule, loans between 30-90 days of arrears are classified under Stage 2, unless other signs of impairment are observed. Generally, loans more than 30 days overdue are not moved back to Stage 1 except for individually assessed loans where a discounted cash flow analysis reveals lower risk than the days-past–due information would indicate. Stage 2 loans also include facilities, where the credit risk has improved, and the loan has been reclassified from Stage 3.
- Stage 3: Consists of all loans, for which there is evidence of credit-impairment. As a general rule, loans above 90 days of arrears are classified under Stage 3, unless individual assessment indicates lower likely losses, as evaluated based on analysis of discounted cash flows.

(2.3) Summary of significant accounting policies

(2.3.1) Accounting policies in accordance with IFRS 9 Financial Instruments (Continued)

- POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

The calculation of ECLs

The Bank calculates ECLs to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period if the facility has not been previously derecognised and is still in the portfolio.
- EAD The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- LGD The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarised below:

- Stage 1: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied actual EAD at the end of the reporting period and multiplied by the expected LGD, which is calculated by discounting expected recoveries using an estimation of the EIR.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
- Stage 3: For loans considered credit-impaired, the Bank recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

(2.3) Summary of significant accounting policies

(2.3.1) Accounting policies in accordance with IFRS 9 Financial Instruments (Continued)

• POCI: POCI assets are financial assets that are credit impaired on initial recognition. The Bank only recognises the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting and discounted by the credit-adjusted EIR.

• Individually insignificant (collective):

All on-balance sheet credit exposures (non-restructured and restructured) that at the reporting date have an outstanding balance (principal only) of USD 30,000 or less are treated as individually insignificant unless the Bank explicitly assesses the credit exposure as individually significant upon approval by Access Microfinance Holding.

• Individually significant:

All on-balance sheet credit exposures (non-restructured and restructured), that at the reporting date have an outstanding balance (principal only) of more than USD 30,000, are treated as individually significant. Additionally, the Bank has the possibility to consider credit exposures below this threshold as individually significant in rare circumstances and only upon the written approval of Access Microfinance Holding.

With regards to restructured loans the mechanics of the ECL method are similar to those described above, but with the restriction that restructured loans can't be allocated to Stage 1. Furthermore, the parameters for the ECL model are different compared to the parameters applied for non-restructured loans.

Grouping of instruments for losses measured on a collective basis

Future cash flows in a group of financial assets are collectively evaluated for impairment to be estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

The Bank collects default matrices to capture, in the calculation, the loans disbursed between the periods of analysis. The outstanding principal amount at the beginning of the current period/end of previous period is distributed per product category (Micro, SME, Staff, Other), and within each product category distributed per each arrears category (i.e., 0, 1-30, 31-90, 91-180, > 180 days).

In performing this grouping, there must be sufficient information for the group to be statistically credible. Where sufficient information is not available internally, the Bank has considered benchmarking internal/external supplementary data to use for modelling purposes (see note 37)

Purchased or originated credit impaired financial assets (POCI)

For POCI financial assets, the Bank only recognises the cumulative changes in LTECL since initial recognition in the loss allowance.

Forward looking information

In its ECL models, the Bank relies on a broad range of forward-looking information as economic inputs, such as:

• GDP growth

• Foreign exchange rates

• Staff turnover

• Fuel prices

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments are occasionally made as management judgement to adjustments when such differences are significantly material. The presentation of ECL based on forward looking information is presented in note 36. The Bank applies a set of three internally developed scenarios within the scope of applied ECL model and their respective probabilities. A base scenario, an adverse scenario (downside scenario) and a favourable scenario (upside scenario). As at 31.12.2022 the Bank used one base scenario within the scope of applied ECL model as the effects of different scenarios did not have significant impact on the ECLs.

Write-offs

Financial assets are written off either partially or in their entirety only when the Bank has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to Impairment charge for loan losses.

Forborne and modified loans

The Bank sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Bank considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Bank would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department (e.g., fraudulent activities). Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is the Bank's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.

When the loan has been renegotiated or modified but not derecognised, the Bank also reassesses whether there has been a significant increase in credit risk. The Bank also considers whether the assets should be classified as Stage 3. Once an asset has been classified as forborne, it will remain forborne for a minimum 6-month probation period. In order for the loan to be reclassified out of the forborne category, the customer has to meet all of the following criteria:

Principal and interest repayments on the loan have been repaid without any overdue over the six-month period. In case of forbearance, where the client is allowed to service only interest for some months before paying principal instalments, the six-month period will begin from the date the first principal payment is due. If the loan is changed into a bullet repayment loan with the entire outstanding principal amount repayable at the end, then the loan cannot be reclassified out of the forborne category.

At the end of the six-month period, the Bank's Recovery Committee must conduct a further assessment of the client's repayment capacity to determine that no quantitative or qualitative impairment remains.

If modifications are substantial, the loan is derecognised, as explained in section derecognition due to substantial modification of terms and conditions.

(2.3) Summary of significant accounting policies

(2.3.1) Accounting policies in accordance with IFRS 9 Financial Instruments (Continued)

Derecognition of financial assets and liabilities

Derecognition other than for substantial modification

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised:

- When the rights to receive cash flows from the financial asset have expired.
- If it has both transferred the financial asset and the transfer qualifies for derecognition.

Based on the change in cash flows discounted at the original EIR, the Bank records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is:

- Discharged,
- Cancelled or
- Expires.

Where an existing financial liability is replaced by another liability from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

Derecognition due to substantial modification of terms and conditions

The Bank derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes unless the new loan is deemed to be POCI asset.

When assessing whether or not to derecognise a loan to a customer, the Bank considers the following qualitative factors:

- Change in currency of the loan
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion.

If the modification does not result in cash flows that are substantially different (Present value change by <10%), the modification does not result in derecognition.

Recognition of interest income

The effective interest rate method

Interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Bank recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges). Loan disbursement fees for loans are deferred (together with related direct costs) and recognised as part of the effective interest rate of the loan.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit or loss.

Interest income accounted for using the effective interest method

The Bank calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired (as set out in note “Overview of the ECL principles”) and is, therefore, regarded as ‘Stage 3’, the Bank calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Bank reverts to calculating interest income on a gross basis.

For purchased or originated credit-impaired (POCI) financial assets, the Bank calculates interest income by calculating the credit-adjusted EIR and applying that rate to the amortised cost of the asset. The credit-adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI assets.

(2.3.2) Foreign currency translation

In accordance with IAS 21 the bank financial statements are presented in Rwandan Francs (Frw). Items included in the financial statements are measured using the currency of the primary economic environment in which the Bank operates (“the functional currency”).

Transactions in foreign currencies are initially recorded at the spot rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. All differences are recognised in Net result from foreign exchange operations in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the spot exchange rates at the date of recognition. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The following exchange rates were applied in these financial statements.

Foreign currency equals	**Abbreviation**	**31/12/2022**	**31/12/2021**
United States Dollar	USD	1 070,71	1,009.62
Euro	EUR	1 142,45	1,142.89

Please refer to note 36 for currency exchange risk.

(2.3) Summary of significant accounting policies

(2.3.3) Property and equipment

Property and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

(2.3.4) 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 on the basis of the expected useful lives.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

(2.3.5) Depreciation and impairment of non-financial assets

Depreciation on property and equipment and intangible assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Leasehold improvements: 15 years
- Computers :4 years
- Furniture :7 years
- Motor vehicles: 4 years
- Software :2-5 years

The assets' residual carrying values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. The assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the statement of profit or loss.

(2.3.6) Deferred income tax

In terms of IAS 12 Income taxes; deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets including carry-forward tax-losses are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences, tax credits or unused tax losses can be utilised.

(2.3.7) other financial assets, other financial liabilities

Other financial assets and other financial liabilities are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost. Other financial assets and other financial liabilities generally comprise trade receivables and trade payables.

(2.3) Summary of significant accounting policies

(2.3.8) Leases

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. To assess whether a contract conveys the right to control the use of an identified asset, the Bank assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.
- The Bank has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Bank has the right to direct the use of the asset. The Bank has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Bank has the right to direct the use of the asset if either:
    - The Bank has the right to operate the asset; or
    - The Bank designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 January 2019.

As a lessee

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 the underlying asset or to restore the underlying asset, less any lease incentives received.

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 re-measurement 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 Bank' incremental borrowing rate. Lease payments included in the measurement of lease liability comprise the following:

- Fixed payments, including in-substance fixed payments
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable under a residual value guarantee
- The exercise price under a purchase option that the Bank is reasonably certain to exercise
- Lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option
- Penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee, or if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option.

(2.3) Summary of significant accounting policies

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Bank has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value asset (less than USD 5,000). The Bank recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Bank has applied the practical expedient related to Covid-19-related rent concessions to all concessions that meet the conditions in the amendment.

(2.3.9) 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 the statement of profit or loss net of any reimbursement.

(2.3.10) Non-current assets held for sale

Non-current assets and repossessed properties, which the Bank classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and repossessed properties are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal Bank is available for immediate sale in its present condition, management has committed to the sale, and the sale is expected to have been completed within one year from the date of classification.

Property and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

(2.3.11) Share capital

Share capital is recognized at historical costs. Any incremental costs that are directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

(2.3.12) Employee benefits

i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided and recognised as personnel expenses in profit or loss. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(2.3.13) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, including: cash and non-restricted balances with the National Bank of Rwanda, Treasury and other eligible bills, and amounts due from other banks.

(3) Change in significant accounting policies

Changes to IFRS 9 provisioning due to COVID-19 impact

As a fallout of the COVID-19 pandemic and related lockdowns last year in 2021, the financial assets of banks across the world have been negatively impacted. Although widespread, these negative effects were not projected to prolong into the long term. Rather, it is likely that in the long term, banks would benefit from economic stimulus packages and other support measures.

Our customers have also been adversely affected by the health risks and by government-mandated business and travel restrictions. The effect on the loan portfolio in 2021 of the Bank was summarized below:

- The majority of loan payment plans were changed, primarily following mandates from the Central Bank. Such restructuring included payment moratorium (generally less than three months) and / or extension of maturity of loans
- After the expiry of the moratorium period, some clients experienced difficulty repaying their instalments. However, it has been observed that repayment share on the affected portfolio has been improving month-on-month, returning to pre-COVID levels
- The Bank selectively offered further rescheduling assistance to selected clients on a bona fide basis, to help them reduce their financial stress. Thus, there are loans that were restructured more than once, often first at government instruction and second at either additional instruction or in order to accommodate customer constraints
- Fresh disbursement of loans was reduced during the initial periods of lockdown and disbursements resumed in June 2020. We have observed that fresh loans disbursed after the lockdown do not follow the repayment patterns of loans affected by COVID-19 lockdowns.

Nonetheless, the unexpected decline in the quality of financial assets and the current uncertainties posed by the fallout of pandemic have introduced significant challenges to estimating credit losses (ECL) as required under IFRS 9. International accounting bodies have acknowledged these challenges and have suggested that banks make appropriate changes to their models for estimating ECL, including making management overlays where necessary.

Based on available data on performance of loans at different time points, the Bank management considers carving out loans affected by COVID-19 into a separate pool and estimating ECLs on these loans separately would be the best and most scientific approach.

The Bank has been mandated by the government/Central Bank to offer repayment moratoria. Given that the restructuring is a temporary measure under the current extraordinary circumstances, we believe that these modifications per se do not lead to a significant increase in credit risk. There is no other factor that would necessitate such restructuring under the normal course of business.

Further, we expect that over the total extended duration of the modified loans, our clients will be able to repay their dues fully once the current restrictions on businesses are eased. Therefore, considering the maximum contractual period (including extension options), the expected credit losses (ECL) on loans restructured due to the current COVID-19 crisis will not exceed the ECL associated with non-restructured loans.

Accordingly, for loans restructured due to the ongoing COVID-19 crisis, the Bank will continue providing for 12-month expected credit losses at the ECL rates applicable for non-restructured loans.

In addition to the changes described above, it is anticipated that the methodology for adjusting the calculated ECL based on forward-looking information would need to be changed, incorporating inter alia:

- Upside and downside scenarios for macro-economic and internal operational factors that are part of the model

(3) Change in significant accounting policies (Continued)

- Management overlays for the expected impact of government stimulus packages and other support measures
- Management overlays for recovery of local markets and economic recovery post introduction of vaccine.

In accordance with IFRS 9, the changes to the methodology for estimating ECLs will be reviewed periodically, based on progression of COVID-19 affected portfolio and availability of more reliable and consistent data on loan performance.

Following several measures taken by different governments across the world, i.e., mass vaccination campaigns, improved hygiene conditions, lockdowns aiming at containing the pandemic, finally the COVID-19 Pandemic was weakened; as a result, economic life resumed in different countries including Rwanda, in benefit of the loan portfolio; Portfolio at Risk started improving significantly. In November 2022 a decision was made to revise down the LLP rates for performing Covid-restructured loans.

COVID-19-related rent concessions

The Bank has adopted COVID-19-related rent concessions – Amendment to IFRS 16 issued on 28 May 2020. The amendment introduced an optional practical expedient for leases in which the Bank is a lessee – i.e., for leases to which the Bank applies the practical expedient, the Bank is not required to assess whether eligible rent concessions that are a direct consequence of the COVID-19 coronavirus pandemic are lease modifications. The Bank has applied the amendment retrospectively. The amendment had no impact on retained earnings at 1 January 2020.

There are a number of other new standards that were also take place effective from 1 January 2021 but they did not have a material effect on the Bank's financial statements. The details of the accounting policies are disclosed in Note (4).

(4) New and amended standards and interpretations

Standards and Amendments	Application date	Impact
IFRS 17 Insurance Contracts (issued on 18 May 2017); including Amendments to IFRS 17 (issued on 25 June 2020)	1 January 2023	No significant impact expected
Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018-2020 (All issued 14 May 2020)	1 January 2022	No significant impact expected
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021)	1 January 2023	No significant impact expected
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021)	1 January 2023	No significant impact expected
Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021)	1 January 2023	No significant impact expected
Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (issued on 9 December 2021)	1 January 2023	No significant impact expected

Standards issued but not yet effective:

Standards and Amendments	Application date	Impact
Amendments to IAS 1 Presentation of Financial Statements: • Classification of Liabilities as Current or Non-current • Classification of Liabilities as Current or Non-current – Deferral of Effective Date • Non-current Liabilities with Covenants	1 January 2024*	No significant impact expected
Amendments to IFRS 16 *Leases:* Lease Liability in a Sale and Leaseback	1 January 2024*	No significant impact expected

The above new and amended standards are not expected to have a significant impact on the Bank's financial statements.

(5) Interest income accounted for using the effective interest method

in `000 Frw	2022	2021
Interest income from loans and advances to customers	4,455,896	4,084,605
Interest income from loans and advances to banks	106,620	262,941
Interest income from debt securities at amortized cost	192,271	59,689
Total	**4,754,787**	**4,407,235**

(6) Interest expense

in `000 Frw	2022	2021
Interest expense on borrowings	45,687	552,971
Interest expense on term deposits	568,523	482,651
Interest expense on savings accounts	77,562	91,745
Interest expense on lease liabilities	124,915	142,644
Total	**816,687**	**1,270,011**

(7) Impairment charge for loan losses

in `000 Frw	2022	2021
Credit charge/Allowance for the year	9,058	(572,259)
Income from recovery of written-off loans	224,227	92,031
Expense on Loan Recoveries	(107,537)	(91,228)
Total	**125,748**	**(571,456)**

The table below shows the ECL Credit charges on financial instruments for the year recorded in the statement of profit or loss:

2022 in'000 Frw	Stage 1 Individual	Stage 2 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3	Total
Loans and advances to customers	(54,932)	75,574	(99,973)	121,634	597,524	**639,826**
Income from recovery of written-off loans	-	-	-	-	(514,078)	**(514,078)**
Impairment credit charges for loan losses	**(54,932)**	**75,574**	**(99,973)**	**121,634**	**83,445**	**125,748**

The table below shows the ECL Credit charges on financial instruments for the year recorded in the statement of profit or loss during the year 2021:

2021 in '000 Frw	Stage 1 Individual	Stage 2 Collective	Stage 2 Individual	Stage Collective	Stage 3	Total
Loans and advances to customers	(59,610)	20,309	(89,252)	11,972	780,068	**663,487**
Income from recovery of written-off loans	-	-	-	-	(92,031)	**(92,031)**
Impairment charges for loan losses	**(59,610)**	**20,309**	**(89,252)**	**11,972**	**688,037**	**571,456**

(8) Net fee and commission income

Net fee and commission income is broken down as follows:

In '000 Frw	2022	2021
Account maintenance fee	100,341	84,955
Loan application fee	63,047	54,903
Other account service fees	32,667	33,339
Fee and commission income from insurance brokerage	206	5,580
Fees from cash transactions	8,342	7,793
Fees on cheques	3,321	2,732
Fees from money transfer	3,443	1,993
Other fees from customers	11,305	10,426
Total fee and commission income	**222,672**	**201, 721**

In `000 Frw	**2022**	**2021**
Other fees to banks	(3,914)	(8,302)
Net fee and commission income	**218,758**	**193,419**

(9) Net result from foreign exchange operations

Net result from foreign exchange operations is broken down as follows:

in `000 Frw	**2022**	**2021**
Gains/(losses) from foreign exchange operations with customers	1	(617)
Gains/(losses) from currency revaluations	502	(3,675)
Losses from foreign exchanges operations with banks	(10,854)	(49,191)
Total	**(10,353)**	**(53,483)**

(10) Net other operating income

Net other operating income is broken down as follows:

in `000 Frw	**2022**	**2021**
Other operating income	77,185	13,068
Bancassurance income	25,796	16,314
Modification gain from loans from banks and other financial institutions	-	2,252,764
Total other operating income	**102,981**	**2 282 146**
Penalties and surcharges	-	(3,400)
Total other operating expenses	**-**	**(3 400)**
Net result	**102,981**	**2,278,746**

(11) Personnel Expenses

The breakdown of personnel expenses is as follows:

in `000 Frw	**2022**	**2021**
Salary expenses	1,819,839	1,831,451
Social security expenses	90,542	28,652
Other personnel expenses	215,114	161,838
Total	**2,125,494**	**2,021,941**

(12) Other operating expenses (Continued)

(12) Other operating expenses

In’000 Frw	**2022**	**2021**
Short-term lease expenses	27,675	31,162
Expenses for low-value leases	22,770	27,054
Sub-total lease expenses	**50,446**	**58,216**
Depreciation expenses of right of use assets	196,033	209,006
Depreciation expenses of property and equipment	152,471	156,312
Amortization expenses of intangible assets	32,380	38,421
Sub-total depreciation and amortization expenses	**431,329**	**461,955**
Communication expenses	179,074	201,032
Transport expenses	72,908	82,654
Travel expenses	10,548	9,104
IT expenses	44,544	22,936
In’000 Frw	**2022**	**2021**
Utilities expense	48,607	49,998
Printing and office supplies	25,717	54,599
Security expenses	91,056	92,203
Marketing	14,853	14,882
Other consumables	18,073	11,223
Office cleaning expense	-	4,895
Consultancy	51,259	175,772
Legal expenses	38,591	63,653
Insurance expenses	42,145	44,933
Other Tax expenses	4,996	6,114
Repairs and Maintenance	46,059	32,129
Audit fees	29,209	39,072
Professional Membership(AMIR,RBA)	1,800	10,184
Board expenses	23,128	32,096
BNR Supervision Fee	17,599	14,131
Various expenses	95,103	48,589
Sub-total other administrative expenses	**855,270**	**1,010,199**
Total	**1,286,598**	**1,472,154**

(13) Income tax expense

The breakdown of income tax expenses is as follows:

in `000 Frw	2022	2021
Deferred income tax expense/(income)	288,804	(90,844)
Total	**288,804**	**(90,844)**

The following table shows the reconciliation between accounting loss and income tax expense:

Tax reconciliation in `000 Frw	2022	2021
Profit/(Loss) before income tax	963,142	1,490,355
Income tax rate of	30%	30%
Expected income tax expense	288,943	447,107
Tax effects		
+ Effect of write-down of previous year deferred tax assets	(212,997)	(532,544)
+ Effect of tax disallowable expenses	(7,040)	11,722
+/- Effects of tax on leases	-	(17,120)
+/- Other tax effects	22,344	(9)
Income tax expense	**91,250**	**(90,844)**

(13) Income tax expense (Continued)

The various tax effects explain the differences between the expected income tax expense of Frw 288,493 thousand (2021: Frw 447,107 thousand) on the basis of the enacted income tax rate and the actual income tax debit/ credit of Frw 91,250 thousand (2021: expense of Frw 90,844 thousand).

(14) Cash and cash equivalents

Cash and cash equivalents were comprised as follows:

in `000 Frw	2022	2021
Cash on hand	240,008	222,032
Balances with National Bank of Rwanda	531,957	509,256
Total	**771,965**	**731,288**

(15) Debt securities

As at 31.12.2022 the Bank held treasury bonds in the amount of Frw 2,291,815 thousand (2021:1,363,785 thousand)

(16) Loans and advances to banks

in `000 Frw	2022	2021
Short-term balances with other banks (< 90 days maturity)	55,352	1,567,534
Cash and cash equivalents in the statement of cash flows	**827,317**	**2,298,822**

(17) Loans and advances to customers are broken down as follows:

in `000 Frw	2022	2021
Loans and advances to customers (outstanding principal)	11,072,688	10,113,508
Accrued interest on loans and advances to customers	252,859	246,968
Deferred disbursement fees	(382,528)	(270,758)
Total amount outstanding	**10,943,020**	**10,089,718**
Credit impairment losses	(1,316,920)	(1,956,747)
Total net book value	**9,626,100**	**8,132,971**

in `000 Frw	2022	2021
Trade	8,154,173	7,218,852
Services	1,309,383	1,374,945
Manufacturing	230,528	304,718
Agriculture	1,020,625	858,866
Transport	138,522	196,363
Staff	218,990	133,120
Consumer	467	26,644
Total	**11,072,688**	**10,113,508**

The total outstanding principal amount can be split into the following industries:

The development of the gross loan portfolio (excl. deferred fees) in 2022 is shown in the following table:

in `000 FRW	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3	Total
Gross carrying amount As at 01. January 2022	**-**	**8,391,581**	**-**	**349,985**	**1 618 909**	**10 360 476**
New assets originated		9,399,315	-	-	-	9,399,315
Assets derecognised or repaid (excl. write offs)	-	(7,099,843)	-	(222,731)	(480,901)	(7,803,474)
Transfers to Stage 1						
Transfers to Stage 2		(166,917)		166,917		-
Transfers to Stage 3		(343,804)		(57,955)	401,759	-
Amounts written off					(630,769)	(630,769)
At 31 December 2022		**10,180,332**	**-**	**236,216**	**908,998**	**11,325,547**

In `000 Frw	**2022**					
	Stage 1 Individual	**Stage 1 Collective**	**Stage 2 Individual**	**Stage 2 Collective**	**Stage 3**	**Total**
Non-restructured		9,994,341	-	129,112	559,454	**10,682,907**
Restructured	-	6,136	-	83,688	82,546	**172,370**
Standard	-	6,136	-	-	58,644	**64,780**
Watch	-	-	-	83,688	19,501	**103,189**
Impaired	-	-	-	-	4,401	**4,401**
COVID	-	179,855	-	23,416	266,998	**470,269**
TOTAL	**-**	**10,180,332**	**-**	**236,216**	**908,998**	**11,325,547**

in `000 FRW	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL allowance As at 01. January 2022	**357,645**	**142,084**	**1,457,018**	**1,956,747**
New assets originated	400,594	-	-	400,594
Assets derecognised or repaid (excl. write offs)	(302,446)	(91,811)	(432,808)	(827,065)
Transfers to Stage 1	(1,388)	1,388		-
Transfers to Stage 2	(7,114)	7,114		-
Transfer to stage 3	(14,653)	(23,528)	38,181	-
Impact on year end ECL of Exposures Transferred between Stages during the year	1,242	60,650	323,402	385,294
Change to models and inputs used for ECL Calculations	(96,878)	24,526	104,472	32,120
Amounts written off			(630,769)	(630,769)
At 31 December 2022	**337,002**	**120,422**	**859,496**	**1,316,920**

The development of the gross loan portfolio (excl. deferred fees) in 2021 is shown in the following table:

in `000 FRW	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3	Total
Gross carrying amount As at 01. January 2021	**112,500**	**8,995,992**	**-**	**651,489**	**1,712,918**	**11,472,899**
New assets originated	-	3,635,995	-	261,549	985,116	4,882,660
Assets derecognised or repaid (excl. write offs)	-	(3,923,614)	-	(636,171)	(791,811)	(5,351,596)
Transfers to Stage 1	10,242	-	78,292	(5,174)	(83,360)	-
Transfers to Stage 2	-	-	-	-	-	-
Transfers to Stage 3	-	(439,533)	-	-	439,533	-
Amounts written off	-	.	-	-	(643,487)	(643,487)
At 31 December 2021	**122,742**	**8,268,840**	**78,292**	**271,693**	**1,618,909**	**10,360,476**

Impairment allowance for loans and advances to customers

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

In `000 Frw	2021					
	Stage 1 Individual	**Stage 1 Collective**	**Stage 2 Individual**	**Stage 2 Collective**	**Stage 3**	**Total**
Non-restructured		7,281,677	-	114,069	338,524	**7,734,270**
Restructured	-	135,121	78,298	93,882	109,878	**653,086**
Standard	-	135,121	-	17,307	83,479	**235,907**
Watch	-	-	78,298	76,575	17,242	**172,115**
Impaired	-	-	-	-	9,157	9,195
COVID	122,742	852,042	-	63,736	1,170,507	**2,209,027**
TOTAL	**122,742**	**8,268,840**	**78,298**	**271,687**	**1,618,909**	**10,360,476**

in `000 FRW	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3	Total
ECL allowance as at 1 January 2021	**4,678**	**392,268**	**-**	**219,364**	**1,411,665**	**2,027,975**
New assets originated or purchased	-	128,547	-	143,875	-	**272,423**
Assets derecognised or repaid (excluding write offs)	-	(195,426)	-	(214,003)	-	**(409,428)**
Transfers to Stage 1	-	56,035	-	-	(56,035)	**-**
Transfers to Stage 2	-	(1,811)	-	75,469	(73,658)	**-**
Transfers to Stage 3	-	(41,113)	-	-	41,113	**-**
Impact on year end ECL of exposures transferred between stages during the year	(59,610)	20,309	(89,252)	11,972	688,840	**572,259**

Changes to models and inputs used for ECL calculations	-	53,766	-	(5,341)	88,580	**137,005**
Amounts written off	-	-	-	-	(643,487)	**(643,487)**
At 31 December 2021	**(54,932)**	**412,576**	**(89,252)**	**231,336**	**1,457,018**	**1,956,747**

The following table shows the corresponding ECL allowance:

Impairment allowance as at 31 December 2022

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is, as follows:

Collateral and other credit enhancements

The principal collateral types for loans and advances of the Bank are as follows:

2022	**Maximum credit exposure**	**Mortgage**	**Cash**	**Inventories**	**Other**	**Total**
in `000 Frw						
Loans and advances to banks and other financial institutions	827,317	-	-	-	-	-
Debt securities	2,291,815	-	-	-	-	-
Loans and advances to customers	11,325,547	1,840,047	1,698,993	884,603	6,901,904	**11,325,547**
Other financial assets	116,703	-	-	-	-	-

2021 **in `000 Frw**	**Maximum credit exposure**	**Mortgage**	**Cash**	**Vehicles**	**Inventories**	**Other**	**Total**
Loans and advances to banks and other financial institutions	**2,076,790**	**-**	-	-	-	-	-
Debt securities	**1,350,881**	-	-	-	-	-	**-**
Loans and advances to customers	**10,669,661**	1,664,767	556,153	**-**	938,477	7,510,264	**10,669,661**
Other financial assets	**161,316**	**-**	-	-	-	-	-

(18) Other financial assets

Other financial assets are distributed as follows:

in `000 Frw	2022	2021
Sundry receivables	111,475	153,385
Receivables against group companies	3,029	6,617
Clearing and internal accounts	2,198	1,313
Total	**116,703**	**161,316**

The carrying amount of other financial assets approximate their fair value.

(19) Other non-financial assets

Other non-financial assets are distributed as follows:

in `000 Frw	2022	2021
Prepayments / advance payments	166,987	103,222
Claims on tax authorities	21,355	142,189
Repossessed property (assets held for sale)	-	35,600
Inventory	1,221	1,707
Total	**189,564**	**282,718**

(20) Intangible assets

The following table shows intangible assets held by the Bank:

in `000 Frw	2022	2021
Software	39,244	71,623
Banking license	5,727	5,727
Total	**44,971**	**77,350**

Licences, rights and other intangible assets in ´000 Frw	2022	2021
Net book value, 1 January	5,727	5,727
Net book value, 31 December	**5,727**	**5,727**

The Bank assessed indefinite useful life for its banking license as the asset has no maturity, the Bank has no plans to sell or redeem the license and as it has no abrasion.

Software in `000 Frw	2022	2021
Net book value, 1 January	**71,623**	**110,044**
Additions	-	-
Amortization	(32,379)	(38,421)
Net book value, 31 December	**39,244**	**71,623**

(21) Property and equipment

The following tables show the composition and development of property and equipment:

in `000 Frw	**2022**	**2021**
Leasehold improvements	377,750	391,183
Furniture, fixtures and equipment	64,813	90,874
IT and computer equipment	86,204	130,922
Motor vehicles	42,674	60,076
Total	**571,442**	**673,055**

(21) Property and equipment (continued)

2022 in `000 Frw	**Leasehold improvements**	**Furniture, fixtures, equipment**	**Computer equipment**	**Motor vehicles**	**Total**
Costs					
1 January	**773,326**	**424,256**	**439,894**	**79,865**	**1,717,340**
Additions	34,550	2,459	11,074	3,094	**51,177**
Disposal	-	(10,395)	**-**	**-**	**(10,395)**
Adjustment		(1,878)	(3,301)		**(5,179)**
31 December	**807,876**	**414,441**	**447,667**	**82,959**	**1,752,943**
Accumulated depreciation					
1 January	**382,143**	**333,382**	**308,972**	**19,789**	**1,044,285**
Charge for the year	47,983	28,242	55,749	20,497	**152,471**
Disposals	-	(10,075)	-	-	**(10,075)**
		(1,880)	(3,300)	-	**(5,180)**
31 December	**430,126**	**349,669**	**361,421**	**40,285**	**1,181,501**
Net book value	**377,750**	**64,772**	**86,246**	**42,674**	**571,442**

2021 in `000 Frw	**Leasehold improvements**	**Furniture, fixtures, equipment**	**Computer equipment**	**Motor vehicles**	**Total**
Costs					
1 January	**775,246**	**437,288**	**425,023**	15,792	**1,653,349**
Additions	-	7,203	43,770	64,073	**115,046**
Disposal	(1,921)	(20,236)	(28,899)	-	**(51,055)**
31 December	**773,326**	**424,256**	**439,894**	**79,865**	**1,717,340**
Accumulated depreciation					
1 January	**336,523**	**318,606**	**280,375**	**753**	**936,257**
Charge for the year	49,403	35,007	55,866	19,036	**156,312**
Disposals	(783)	**(20,233)**	**(27,270)**	**-**	**(48,285)**
31 December	**382,143**	**333,382**	**308,972**	**19,789**	**1,044,285**
Net book value	**391,183**	**90,874**	**130,922**	**60,076**	**673,055**

The impairment loss was due to the closure of a branch and the necessary impairment of the residual book value for the activated leasehold improvements.

(22) Right-of-use assets

The Bank leases a number of office premises for periods between 1.5-12 years, including renewal options.

In `000 Frw	**2022**	**2021**
Acquisition costs		
1 January	**1,524,839**	**1,703,782**
Additions	196,073	42,905
Modifications	83	(208,683)
Derecognition	(14,303)	(13,355)
31 December	**1,706,692**	**1,524,839**
Accumulated depreciation		
1 January	**616,970**	**407,965**
Additions	197,857	209,006
Derecognition	(343)	-
31 December	**814,484**	**616,970**
Net book value 31 December	**892,208**	**907,869**

(23) Deferred tax assets

The deferred tax assets are allocated as follows:

in `000 Frw	**2022**	**2021**
Tax loss carried forward	716,940	785,846
Other provisions	34,093	35,822
Allowance for loan impairment	171,977	227,374
Other temporary differences	33,359	26,835
Accelerated tax depreciation	(114,685)	(142,942)
Total	**841,685**	**932,935**

In 2022 the Bank recognized a total amount of Frw 716,940 thousand (2021: Frw 785,846 thousand) as deferred tax assets for unused tax losses, which are subject to the availability of future taxable profits. The recognized amount was calculated on the basis of the current annual budget. The deferred tax asset recognized for unused tax losses will be reviewed annually by updating the budget.

(24) Loans from banks and other financial institutions

Subordinated debt excluded (note 29)

in `000 Frw	**2022**	**2021**
Balance as at 1 January	1,019,422	4,805,851
Additions	300,000	-
Interest expense	-	514,942
Repayments	(1,019,422)	(2,306,366)
Derecognition	0	(1,091)
Modification	0	(1,993,914)
Total	**300,000**	**1,019,422**

(24). Loans from banks and other financial institutions (continued)

On 31 August 2021, the Bank amended the restructuring agreement with its lenders to provide the Bank with a waiver for its covenant breaches and to modify the payment terms of the agreement which resulted in a modification gain of Frw 2,252,764 thousand (see note 10).

On 31 August 2021 the Bank concluded the restructuring with lenders whereby lenders irrevocably and unconditionally agreed to waive full interest payments from 1 July 2021 to 31 December 2021. In addition, lenders agreed on debt forgiveness in the amount of Frw 1,500,000 thousand in September 2021 and Frw 538,844 thousand in December 2021. As a result, in 2021 the Bank calculated the new debts as present value of expected repayments and existing debt balance which gives as substantial difference of Frw 2,252,764 thousand recognised as gain from restructuring in other operating income which was booked in financials for the year then ended. The Bank derecognized the existing debts and recognized new debt amounting to Frw 1,019,422 thousand. In March 2022, the bank fully repaid the remaining balance; on the other hand the bank closed the year 2022 with a call money amounting 300,000 thousand borrowed on local money market.

(25) Customer accounts

Total customer accounts are distributed as follows:

in `000 Frw	2022	2021
Term deposit accounts	5,219,304	5,938,918
Savings accounts	2,132,017	1,980,409
Current accounts	1,502,989	525,296
Pending Client transfers	-	1,701
Accrued interest on customer accounts	242,804	200,155
Total	**9,097,114**	**8,646,478**

(26) Provisions

Provisions are distributed as follows:

in `000 Frw	2022	2021
Provision for untaken vacation	64,726	53,220
Clearing Accounts	48,916	-
Provision for legal obligations	-	66,186
Total	**113,642**	**119,406**

The bank closed the year with no pending legal obligations, the movements occurred on the legal provision accounts in 2022:

in `000 Frw	Legal obligations	Untaken vacation
Opening balance	**66,186**	**53,220**
Amounts used	(34,264)	(4,978)
Reclassification	(48,916)	-
Additions	16,994	16,484
Closing balance	**-**	**64,726**

(26) Provisions (Continued)

The movements for 2021 are shown below:

in `000 Frw	Legal obligations	Untaken vacation
Opening balance	**32,000**	**42,845**
Amounts used	(32,000)	-
Additions	66,186	10,375 15,247
Closing balance	**66,186**	**53,220**

(27) Other financial liabilities

Other financial liabilities are distributed as follows:

in `000 Frw	2022	2021
Accrued expenses	68,121	115,936
Clearing accounts	-	1,747
Social security contributions payables	12,493	12,755
Liabilities for goods and services	40,408	23,232
Total	**121,022**	**153,670**

All liabilities are due within 12 months and equal their carrying balances as the impact of discounting is not significant.

(28) Other non-financial liabilities

Other non-financial liabilities are distributed as follows:

in `000 Frw	2022	2021
Non-income tax liabilities	59,193	55,780
Grant liabilities	23,449	33,158
Total	**82,642**	**88,938**

The Bank received a grant from MasterCard Foundation for IT equipment in the amount of Frw 31,385 thousand in 2021, and 7,450 thousands in 2020; being treated as per IAS 20 requirements.

(29) Share capital

As at 31 December 2022 the authorized share capital is Frw 11,461,300,046 (2021: Frw 11,461,300,046) which have been fully paid in by the shareholders of the Bank with the following shareholder structure:

Shareholder	Subscribed shares 2022	Paid shares 2022	Subscribed shares 2021	Paid shares 2021	% total 2022
Access Microfinance Holding AG	75,690,363	75,690,363	75,690,363	75,690,363	67.88%
International Finance Corporation	16,731,963	16,731,963	16,731,963	16,731,963	15.01%
Kreditanstalt für Wiederaufbau	19,081,629	19,081,629	19,081,629	19,081,629	17.11%
Total	**111,503,955**	**111,503,955**	**111,503,955**	**111,503,955**	**100%**

The subscribed and unpaid additional shares of 1,470,588 paid in 2021 from IFC. In 2021 IFC paid for subscribed and not paid shares in 2020 amounting 1,470,588 at Frw 85, allowing the total number of shares to move from 110,033,367 in Dec-2020 to 111,503,955 shares by end of Dec-2021; No shares have been neither subscribed nor paid in 2022. The shares are not grouped into classes, and there are no different rights, preferences and restrictions, including restrictions on the distribution of dividends and the repayment of capital. However, shares were bought at different par value as follows: 5,000,000 shares at Frw 1,000, 5,242,863 shares at Frw 381.47, 4,672,857 shares at Frw 210, 86,000,000 shares at Frw 30 and 12,058,824 shares at Frw 85.

Number of shares	2022	2021	2020
Opening 1. January	111 503 955	110 033 367	110 033 367
Addition capital increase in cash		1 470 588	
31.December	**111 503 955**	**111 503 955**	**110 033 367**

(30) Net Result according to financial categories

2022 in `000 Frw	Interest	Subsequent measurement Fair value	Impairment	Total
Loans and advances to customers	4,455,896	-	(125,748)	4,581,644
Cash and cash equivalents, loans and advances to banks	106,620	-	-	106,620
Debt securities	192,271	-	-	192,271
Loans from borrowings	(45,687)	-	-	(45,687)
Customer accounts	(646,086)	-	-	(646,086)
Lease liabilities	(124,915)	-	-	(124,915)
	3,938,099	-	**(125,748)**	**4,063,847**

2021 in `000 Frw	Interest	Subsequent measurement Fair value	Impairment	Total
Loans and advances to customers	4,084,181	-	(571,456)	3,512,725
Cash and cash equivalents, loans and advances to banks	262,941	-	-	262,941
Debt securities	59,689	-	-	59,689
Loans from borrowings	(524,688)	-	-	(524,688)
Customer accounts	(574,396)	-	-	(574,396)
Lease liabilities	(142,644)	-	-	(142,644)
Subordinated debt	(28,283)	-	-	(28,283)
	3,136,800	-	**(571,456)**	**2,565,344**

(31) Financial instruments classes

Carrying amounts as at 31 December 2022 and 31 December 2021 in ‘000 Frw

Classes of financial assets	Category	Carrying amount 31.12.2022 in`000 Frw	Carrying amount 31.12.2021 in`000 Frw
Cash and cash equivalents	Amortised cost	771,965	731,287
Debt securities	Amortised cost	2,291,815	1,350,881
Loans and advances to banks	Amortised cost	55,352	1,567,534
Loans and advances to customers	Amortised cost	9,626,100	8,132,944
Other financial assets	Amortised cost	116,706	456,938
Classes of financial liabilities			
Loans from banks and other financial	Amortised cost	300,000	1,019,422
Customer accounts	Amortised cost	9,097,114	8,644,777
Lease liabilities	Amortised cost	963,804	951,219
Other financial liabilities	Amortised cost	121,022	175,251

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The fair values for loans and advances to customers have been determined according to level 3 of the fair value hierarchy. The fair values for all other financial instruments have been determined using level 2 of the fair value hierarchy.

(31) Financial instruments: classes (Continued)

To determine the fair value for any financial assets or liabilities the following guidelines are applied within the Bank. There are different key indicators to determine the fair value. One is the remaining maturity, if it is less than six months the fair value equals the balance sheet amount. The fair value remains the balance sheet amount too, if the remaining maturity is more than six month and has still the same effective interest rate for newly disbursed loans at measurement date, as it can be assumed to be a market rate. The interest rate is another indicator and if the interest rate is variable the fair value is equal to the balance sheet amount. A different effective interest rate at measurement date would lead to application of discounted cash flow method in order to determine the fair value.

The fair value calculations have been determined using a discounted cash flow method. The valuation techniques use observable current market transactions and market rates for similar market transactions.

The Bank considers that the carrying amounts of all classes of financial assets and financial liabilities carried at amortized cost approximate their fair values, while short-term treasury bills, financial assets available-for-sale and financial assets and liabilities at fair value through profit or loss are carried at fair value in the financial statements.

There were no transfers between the different levels in 2022 and 2021.

(32) Financial instruments: Offsetting

As at year-end there were no transactions with netting arrangements outstanding, which had not been offset in the statement of financial position.

(33) Contingent liabilities

Litigation is a common occurrence in the banking industry due to the nature of the business undertaken. The Bank has formal controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Bank makes adjustments to account for any adverse effects which the claims may have on its financial standing.

No commitments taken that would result into litigation case against the bank during the year 2022 therefore no provision was made for litigation cases during the year 2022.

(34) Capital Management

The Bank’s objectives when managing capital, which is a broader concept than the ‘equity’ on the face of the statement of financial position, are:

- To comply with the capital requirements set by the regulators of the banking markets where the Bank operates; and
- To maintain a strong capital base to support the development of its business

Capital adequacy will be monitored on a minimum monthly basis. As a recommendation the Bank aims at a capital adequacy ratio of 15% relating to the ratio of total capital to risk weighted assets. Total capital comprises of share capital, retained earnings and subordinated debt. The book value of intangible assets and deferred income tax assets are generally deducted in arriving at total capital. The capital adequacy requirements for the Bank were met in 2022 and 2021.

(35) Capital Management

The Bank's regulatory capital position at 31 December 2022 was as follows:

Description	**2022 Frw'000**	**2021 Frw'000**
Core Capital (Tier 1):		
Ordinary share capital	11,461,300	11,336,300
Retained earnings and reserves	(6,737,720)	(7,609,612)
Less intangible assets	(44,971)	(77,350)
Less deferred income tax asset	(841,685)	(932,935)
Total	**3,836,924**	**2,841,403**
Additional Tier 2 Capital (Tier 2):	134,026	111,788
Total qualifying capital	**3,970,950**	**2,953,191**
Risk weighted assets	**10,722,094**	**8,943,063**
Capital Ratios:		
Total capital expressed as a percentage of total risk-weighted assets	**37.04%**	**33.02%**
Minimum capital required %	15%	15%

(36) Risk Management

Management of individual risks

Credit Risk

Credit risk is the risk that the party to a credit transaction will be unable to meet its contractually agreed obligations towards the Bank. In the Bank's case, credit risk arises mainly from customer credit exposures and to a lesser extent from interbank or other short-term placements. As more than 95% of the Bank's lending is to micro, small and medium-sized businesses this section concentrates on business lending.

The economy where the Bank operates in is characterised by a relatively high degree of informal transactions. Moreover, the Bank's typical borrowers (especially in the micro loan segment) often do not possess significant assets that could be pledged as collateral. Having operated for almost 9 years in Rwanda the Bank has developed an approach to lending under these conditions that has allowed the Bank to preserve a good portfolio quality.

The core principle of this technology is that credit decisions are primarily based on a thorough analysis of the borrowers' credit worthiness, i.e., the capacity and willingness of the credit applicant to pay.

The debt capacity is reflected in a cash flow projection of the last 12 months, forming the basis for the decision on the loan conditions and the payment plan, which in almost all cases is an instalment loan with monthly payments of interest and principal. By conducting an in-depth analysis of the borrower's financial status, the Bank avoids overburdening its customers and thus control the danger of over indebtedness. In addition to the financial analysis, other indicators for his/her willingness to pay are assessed, including credit history, credit reference checks, statements of guarantors, suppliers, neighbours or employers through cross-check from local leader's/market leaders and neighbours. Bank has a centralised credit decision taking unit in order to avoid conflict of interest from branches (target achievement vs risk mitigation); in 2022 the bank acquired a credit scoring application that assesses creditworthiness for borrowers, the application provides for detailed data on historical performance of the borrowers and other valuable inputs assessing the borrowers' credit worthiness before a borrower gets a loan. We strongly believe that together with our centralized credit decision taking unit which operates independently, a combination of these two factors will significantly improve the quality of our loans.

(36) Risk Management (Continued)

One common feature in Rwanda is that official information concerning the economic situation of the micro and small borrowers is incomplete and often not reliable. In order to mitigate this risk, the Bank's loan officers' collect and cross-check relevant primary data, in particular through visits in the applicant's enterprise(s) and household. The economic situation of the applicants' household and other related parties is included in the credit analysis.

As loans are primarily backed by information instead of collateral, credit risk (as well as operational cost) crucially depends on the efficiency of gathering and processing information. To prevent any loss of information, a high degree of responsibility is assigned to the loan officer as opposed to the delegating of work commonly seen in the traditional bank business. In microfinance this includes all aspects from screening to contract enforcement. Loan officers receive a performance-based salary that includes rewards for productivity and portfolio quality.

All loans have to be approved by a committee comprised of at least two responsible managers (four-eye principle). Various competency levels are established depending on the loan size and the individual experience of the manager.

The Bank intends to build up a long-term client relationship with the borrower, which is based on mutual respect and trust, and implies the promise of access to follow-up loans with better terms and conditions if the client repays the loan without delay. The long-run client relationship creates incentives for repayment and full disclosure of relevant information. At the same time, the Bank continuously increases its knowledge on the borrower, which reduces the Bank operational costs over time. In consequence loan conditions and access to loans is differentiated according to the clients' records which reflect their individual risk profile (graduation principle) where client can even get an automatic loan depending on the payment history with bank.

The use of the loan and its repayment are closely monitored by regular visits to the client and immediate action if the client falls into arrears. This is supported by a strong MIS system and a culture of strict adherence to procedures and rules.

While the principles outlined above are relevant to all of the Bank's business lending, the Bank applies them in a differentiated way for the segments of micro and Super Micro business lending. While in micro lending the Bank puts a strong focus on standardisation and efficiency, in the Super Micro / SME segment loan analysis goes deeper and contains more elements of prospective analysis. Furthermore, traditional collateral plays a much larger role in our Super Micro/ SME lending.

Business officers, middle managers, Recovery Officers and head offices have access to online information about any loans in arrears, and are prepared to take immediate action. If a Business officer or individual branch is not able to cope with specific cases, or a general deterioration of the loan portfolio, they are supported by specialised recovery units, credit management and the Bank's legal department.

Based on the Bank's experience, the level of credit risk is measured mainly in the Portfolio at Risk (meaning the total outstanding exposure to parties that are in arrears with any part of their obligations) 1 and 30 days. Overall PAR 30 for the Bank was 9.3% as of 31 December 2022, moving from 17.9 % in 2021). Write-offs during the year totalled Frw 630,769 thousand or 5.6% of the total portfolio, last year, 2021 the amount written off was amounting Frw 406,506.

The following table shows the current quality of the loan portfolio. The risk coverage ratio puts loan loss provisions in relation to the PAR 30 portfolio.

(36) Risk Management (Continued)

As of 31 December 2022, the quality of the loan portfolio is as follows:

Outstanding Portfolio	**PAR>30**		**PAR>90**		**Risk Coverage**
`000 Frw	`000 Frw	%	`000 Frw	%	%
11,072,688	1,105,441	10%	909,000	8%	83.9%

As of 31 December 2021, the quality of the loan portfolio is as follows:

Outstanding Portfolio	**PAR>30**		**PAR>90**		**Risk Coverage**
`000 Frw	`000 Frw	%	`000 Frw	%	%
10,113,508	1,810,037	17.9%	1,615,264	15.97%	81.93%

Portfolio concentration

Portfolio concentration arises when the Bank has significant credit exposures focussed on limited number of counterparties. The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and by monitoring exposures in relation to such limits. Following table shows the amount of the loan portfolio concentrated on the 10 largest client exposures.

	2022	**2021**
Outstanding Portfolio	11,072,688	10,113,508
10 largest client exposures	368,353	490,442
Percentage (%)	3.3%	4.8%

The maximum exposure to credit risk for loans and advances to customers at the end of the reporting period equal the total amount outstanding in note 17. The total amount of collateral held as security for loans and advances to customers was split as follows:

	2022	2021
Real estate	1,840,047	1,664,767
Cash collateral	1,698,993	556,153
Others	7,786,507	8,448,741
Total	**11,325,547**	**10,669,661**

The Bank additionally held substantive amounts of inventory, guarantees and equipment as collateral. The fair values of these items cannot be reliably measured.

Non-business loans consist of retail loans and staff loans all taken together make up less than 2% of the total portfolio. In retail lending, the bank applies very conservative standards to avoid over indebtedness and resulting high risk levels.

Credit quality based on default rates:

In 2022 the following table shows the maximum credit risk and the impairment of Gross Loan Portfolio (excluding deferred disbursement fees):

Loans to customers	**Total gross carrying**	**Stage 1**	**Stage 2**	**Stage 3**
Not overdue	9,805,095	9,805,095	-	-
1 to 30 days overdue	189,246	189,246	-	-
31 to 90 days overdue	129,112	-	129,112	-
Restructured loans overdue less than 90 days	293,095	185,991	107,104	-
Loans overdue more than 90 days; defaulted loans	559,454	-	-	559,454
Restructured loans overdue more than 90 days	349,545	-	-	349,545
Total loans to customers	**11,325,547**	**10,180,332**	**236,216**	**909,000**

In 2021 the following table shows the maximum credit risk and the impairment of Gross Loan Portfolio (excluding deferred disbursement fees):

(36) Risk Management (Continued)

Loans to customers	Total gross carrying	Stage 1	Stage 2	Stage 3
Not overdue	8,257,012	8,257,012	-	-
1 to 30 days overdue	130,969	130,969	-	-
31 to 90 days overdue	114,069	-	114,069	-
Restructured loans overdue less than 90 days	243,161	148,623	94,538	-
Loans overdue more than 90 days; defaulted loans	338,524	-	-	338,524
Restructured loans overdue more than 90 days	1,276,740	-	-	1,276,740
Total loans to customers	**10,360,475**	**8,536,604**	**208,607**	**1,615,264**

The following table shows key forward-looking economic variables/assumptions used for the ECL calculations.

In 2022 the Bank applied more simplified forward-looking variables:

31 December 2022	
Staff turnover in %	3.6%
FX-rate in %	4.1%
GDP Growth (annual %)	6%
Oil Price	42%

The following table was showing key forward-looking economic variables/assumptions used for the ECL calculations in 2021.

31 December 2021	**Upside**	**Base**	**Downside**
Staff turnover in %	10%	7%	20%
FX-rate against USD in %	20%	3.3%	7%
GDP Growth (annual %)	20%	7%	0%
Copper price	20%	2%	-10%
COVID recovery	good markets, liquidity normal	partial market & liquidity recovery	limited markets & liquidity recovery
Government intervention	good stimulus, good liquidity boosting measures	stimulus as expected, normal liquidity boosting measures	limited stimulus, limited liquidity boosting measures

(36) Risk Management (Continued)

Currency risk

Currency risk in the narrow sense arises when assets and liabilities of the entity are denominated in more than one currency and the assets and liabilities in one currency do not match in amount and maturity (open foreign currency positions, OCP).

In 2022 the bank operations were dominated by local currency transactions at more than 99%, after analysing the business model of the bank, the core business of ABR bank which consists in raising local currency deposits and lend to retail customers; the management judged holding foreign currency and liabilities positions as adding much risks to the core capital of the bank, therefore a strategic decision was taken by the management to stop transacting in foreign currencies; No liabilities of the Bank in foreign currency are hedged and the bank did not have any outstanding forward contracts as at 31 December 2022 (2021: nil).

The following table shows the currency distribution in the Bank in Frw equivalent. Financial assets /liabilities are split according to their currencies.

Financial assets 2022 (in `000 Frw)	**Local currency**	**USD**	**EUR**	**Total**
Cash and cash equivalents	770,871	1,094		771,965
Debt securities	2,291,815			2,291,815
Loans and advances to banks	52,381	2,971		55,352
Loans and advances to customers	9,626,100			9,626,100
Other financial assets	116,701	2		116 703
Total financial assets	**12,857,868**	**4,068**	**0**	**12,861,935**
Loans from banks	300,000			300,000
Customer accounts	9,094,961	2,153		9,097,114
Other financial liabilities	118,627	2,395		121,022
Provisions	113,642			113,642
Lease liabilities	963,804			963,804
Total financial liabilities	**10,591,034**	**4,548**	**-**	**10,595,582**
Open currency position	**2,266,834**	**(481)**	**-**	**2,266,353**

Financial assets 2021 (in `000 Frw)	**Local currency**	**USD**	**EUR**	**Total**
Cash and cash equivalents	682,865	48,183	240	731,288
Debt securities	1,363,785	-	-	1,363,785
Loans and advances to banks	1,527,834	39,348	352	1,567,534
Loans and advances to customers	8,132,971	-	-	8,132,971
Other financial assets	403,954	60,080		464,034
Total financial assets	**12,111,444**	**147,611**	**592**	**12,259,647**
Loans from banks and other financial institutions	1,019,422	-	-	1,019,422
Customer accounts	8,591,661	53,116	-	8,644,777
Other financial liabilities	181,440	-	-	181,440
Provisions	84,470	-	-	84,470
Lease liabilities	951,041	-	-	951,041
Subordinated debt	-	-	-	-
Total financial liabilities	**10,828,034**	**53,116**	-	**10,881,150**
Open currency position	**1,283,410**	**94,495**	**592**	**1,378,497**

The Bank did not have outstanding forward contracts as at 31 December 2022 (2021: nil)

Liquidity risk

Liquidity risk in the strict sense of the word is the danger that a bank will no longer be able to meet its payment obligations in full, or in a timely manner. In a wider sense, it is the danger that additional funding can no longer be obtained, or can only be obtained at significantly increased costs.

The Bank concentrates on lending to micro, small and medium sized enterprises as well as individuals – Excluding lending to farmers which is a different loan product the portfolio of small and medium sized loans makes up 64% of the total assets in 2022 moving from 44% in 2021. The portfolio is highly diversified to a large number of customers, and almost exclusively consists of instalment loans with monthly annuity repayments of interest and principal.

The main sources of refinancing are customer deposits 60% (2021: 58%); borrowings from financial institutions 0.002% (2021: 7%) of total assets and equity of 30% (2021: 26%).

As a result, the Bank has a structurally positive liquidity mismatch and a strong liquidity position. In the event of a liquidity shortage, the Bank could react by reducing the speed of growth of the loan portfolio, which would lead to opportunity costs but not immediately increase funding cost. In view of these factors, the Bank uses a relatively simple liquidity management system that is based on a rolling forecast of cash flows as well as regular maturity mismatch analysis. The Bank applies a number of externally and internally set liquidity indicators and is usually well within the established limits.

(36) Risk Management (Continued)

Liquidity management is under the responsibility of an Asset and Liability Committee (ALCO) which is under Risk Committee that is composed of members of the management team and other key managers. Additional oversight and control are provided by the Bank's Board of Directors as well as the Access Holding head office in Berlin. Throughout the reporting period, the Bank had adequate liquidity available at all times to meet all financial obligations in a timely manner.

The Bank maintains a high level of cash and cash equivalents that can be easily liquidated in the event of an unforeseen interruption in cash flow. The liquidity position is assessed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Bank. Liquid assets consist of balances with the Central Bank and loans and advances to banks with maturity below than 90 days. They are monitored using the liquid assets to deposit ratio. The liquidity ratios as at year-end were as follows:

	2022	**2021**
Liquid Assets / Total Assets	**5.51%**	**15.49%**
Liquid Assets / Deposits < 90 days	**19.9%**	**91.74%**

A big term deposit from RSSB amounting 1Bn matured in December 2022 and was fully paid, the bank closed the year before renewing the mentioned deposit, justifying the decrease in Liquidity Coverage ratio for the year as compared to its last year position.

Additionally, the Bank monitors deposit concentration on single counterparties. The following table shows the amount of the deposit portfolio concentrated in the 10 largest client exposures.

In `000 Frw	**2022**	**2021**
Total deposits	9,097,114	8,644,777
10 largest client exposures	5,164,552	3,954,000
Percentage (%)	57%	46%

(36) Risk Management (Continued)

As of 31 December 2022, the maturity schedule is as follows:

in `000 Frw	< 1 month	1 – 3 months	3 – 12 months	12 months to 2 years	2 to 5 years	Over 5 years	Total
Assets							
Cash and cash equivalents	771,965						771,965
Debt securities	-	10,400	-	215,500	525,800	1,500,000	2,251,700
Loans and advances to banks	55,352						55,352
Loans and advances to customers	722,397	353,667	5,439,405	3,829,418	884,224	96,436	11,325,547
Other financial assets	116,703						116,703
Total financial assets	**1,666,418**	**364,067**	**5,439,405**	**4,044,918**	**1,410,024**	**1,596,436**	**14,521,268**
Liabilities							
Loans from banks	300,000						300,000
Customer accounts	3,773,566	764,179	4,488,483	70,081	645	290	9,097,243
Other financial liabilities	121,022						121,022
Lease liabilities	963,804						963,804
Total financial liabilities	**5,158,392**	**764,179**	**4,488,483**	**70,081**	**645**	**290**	**10,482,070**
Net liquidity gap	**(3,491,974)**	**(400,112)**	**950,922**	**3,974,837**	**1,409,379**	**1,596,146**	**4,039,198**
Cumulated liquidity gap	**(3,491,974)**	**(3,892,086)**	**(2,941,164)**	**1,033,673**	**2,443,052**	**4,039,198**	**-**

As of 31 December 2021, the maturity schedule is as follows:

in `000 Frw	< 1 month	1 – 3 months	3 – 12 months	12 months to 2 years	2 to 5 years	Over 5 years	Total
Assets							
Cash and cash equivalents	731,289	-	-	-	-	-	731,289
Debt securities	-	-	-	-	1,363,785	-	1,363,785
Loans and advances to banks	1,567,534	-	-	-	-	-	1,567,534
Loans and advances to customers	1,314,277	1,115,229	4,834,007	2,360,402	629,764	106,796	10,360,475
Other financial assets	144,784	-	-	-	-	-	144,784
Total financial assets	**3,757,884**	**1,115,229**	**4,834,007**	**2,360,402**	**1,993,549**	**106,796**	**14,167,867**
Liabilities							
Loans from banks and other financial institutions	-	-	1,019,422	-	-	-	1,019,422
Customer accounts	2,520,251	625,434	5,385,678	97,328	17,785	-	8,646,476
Other financial liabilities	143,400	-	-	-	-	-	143,400
Lease liabilities	228,436	11,352	304,801	-	410,574	-	955,163
Subordinate debt	-	-	-	-	-	-	-
Total financial liabilities	**2,892,087**	**636,786**	**5,690,479**	**97,328**	**428,359**	**-**	**10,764,461**
Net liquidity gap	**865,797**	**478,443**	**(856,472)**	**2,263,074**	**1,565,190**	**106,796**	**3,403,406**
Cumulated liquidity gap	**865,797**	**1,344,240**	**(378,029)**	**1,406,602**	**3,828,264**	**1,671,986**	**-**

(36) Risk Management (Continued)

Interest rate risk

Interest rate risk is the danger that our interest margin will be (negatively) influenced by a change in market interest rates because of a mismatch in the maturity (period of fixed interest rates) between assets and liabilities.

The Bank extends loans with fixed interest rates and their maturities are usually different from that of customer deposits (shorter maturities) and borrowings (longer maturities). Therefore, the Bank does incur an interest rate risk. However, given the imperfect nature of the financial markets in the country, it is uncertain to which extent changes in international or domestic interest rate levels will impact the interest rate level of our customer loans. The Bank's Risk Management Committee (RMC) monitors interest rate risk at least on a quarterly basis.

The Bank considers interest rate risk as immaterial.

The Bank considers the difference in modified duration as immaterial due to the short-term nature of its assets and a similar average duration on its liability side.

As of 31 December 2022, the maturity schedule is as follows

in `000 Frw	< 1 month	1 – 3 months	3 – 12 months	12 months to 2 years	2 to 5 years	Over 5 years	Total
Assets							
Cash and cash equivalents	771,965						771,965
Debt securities	-	10,400	-	215,500	525,800	1,500,000	2,251,700
Loans and advances to banks	55,352						55,352
Loans and advances to customers	719,505	341,792	5,288,509	3,754,849	871,711	96,322	11,072,688
Other financial assets	116,703						116,703
Total financial assets	**1,663,525**	**352,192**	**5,288,509**	**3,970,349**	**1,397,511**	**1,596,322**	**14,268,409**
Liabilities							
Loans from banks	300,000						300,000
Customer accounts	3,773,566	764,179	4,488,483	70,081	645	290	9,097,243
Other financial liabilities	121,022						121,022
Provisions	113,642						113,642
Lease liabilities	963,804						963,804
Total financial liabilities	**5,272,034**	**764,179**	**4,488,483**	**70,081**	**645**	**290**	**10,595,712**
Net liquidity gap	**(3,608,509)**	**(411 986)**	**800,026**	**3,900,268**	**1,396,866**	**1 596 032**	**3,672,697**
Cumulated liquidity gap	**(3,608,509)**	**(4,020,495)**	**(3,220,469)**	**679,799**	**2,076,665**	**3 672 697**	**-**

As of 31 December 2021, the maturity schedule is as follows:

in `000 Frw	Non-interest bearing	< 1 m	1 – 3 m	3 – 12 m	12 m to 2 years	2 – 5 years	Over 5 years	Total
Assets								
Cash and cash equivalents	731,288	-	-	-	-	-	-	731,288
Debt securities	45,081	-	-	-	-	1,318,704	-	1,363,785
Loans and advances to banks	34,463	1,533,071	-	-	-	-	-	1,567,534
Loans and advances to customers	(23,790)	1,310,118	1,101,870	4,658,198	2,314,494	622,190	106,637	10,089,717
Other financial assets	144,784	-	-	-	-	-	-	144,784
Total financial assets	**931,826**	**2,843,189**	**1,101,870**	**4,658,198**	**2,314,494**	**1,940,894**	**106,637**	**13,897,108**
Liabilities								
Loans from banks and other financial institutions	-	-	-	1,019,422	-	-	-	1,019,422
Customer accounts	727,152	1,992,778	599,446	5,212,342	97,031	17,730	-	8,646,478
Other financial liabilities	143,400	-	-	-	-	-	-	143,400
Provisions	119,406	-	-	-	-	-	-	119,406
Lease liabilities	-	228,436	11,352	300,857	-	410,574	-	951,219
Subordinate debt	-	-	-	-	-	-	-	-
Total financial liabilities	**989,958**	**2,221,214**	**610,798**	**5,513,199**	**97,031**	**428,304**	**-**	**10,879,925**
Net repricing gap	**-58,132**	**621,975**	**491,072**	**(855,001)**	**2,217,463**	**1,512,590**	**106,637**	**3,017,182**

(36) Risk Management (Continued)

Compliance risks

Compliance risks in the Bank arise from national standards as well as international conventions.

Anti-money laundering and anti-terrorist financing procedures are an important focus area. The Bank has adopted detailed procedures for managing both issues, which are centred on a strict KYC (Know Your Client) policy and which serve to protect the customers and the laws. The procedures have been prepared in accordance with FATF (Financial Action Task Force) and other international recommendations.

These and other compliance risks are managed by the relevant departments of the Bank, including the finance, operations and legal department.

Organisation of the risk management function

Overall responsibility for risk management lies with the executive management of the Bank, which reports to the Board Risk Committee and Audit Committee. Specific risks are monitored by special committees on management level (and in some cases Board of Directors' level) – this includes Risk Committee, MANCOM ,ALCO Committee, Credit Committee, IS Committee and IT Committee. These committees meet on a regular basis and record their findings and decisions.

Regular meetings and training events support the exchange of best practices and the development and enhancement of the risk management function.

Internal Audit

Having an independent Internal Audit Function (IAF) is a vital part of the corporate governance framework of the Bank. In order to provide for its independence, the IAF reports functionally to the Audit Committee as a sub-committee of the Board of Directors and administratively to the Chief Executive Officer (CEO) of the Bank.

The IAF operates independently in carrying out its duties and is free to initiate any investigation at any time as and when deemed appropriate. The activities of the IAF are governed by a charter that clearly outlines its role, responsibilities and scope of work and guarantees the standing and authority of the Internal Audit Function within the Bank.

In order to maintain its objectivity, the IAF is not involved in any day-to-day banking operations and control procedures. Instead, each business unit is responsible for its own internal control activities and for monitoring effectiveness and efficiency of its operations.

The IAF uses a risk-based approach both in determining its annual audit plan as well as in identifying audit priorities for individual audit assignments. In carrying out its duties, the IAF is guided by the International Standards for the Professional Practice of Internal Auditing, which are issued by the Institute of Internal Auditors – the global standard setter for internal audit.

The scope of work of the IAF is to determine whether the system of risk management, internal control and governance processes, as designed and implemented by the management, is adequate and functioning properly in the Bank. This mainly covers:

- Reviewing the functionality, effectiveness and adequacy of the risk management activities of the Bank,
- Reviewing the major systems of internal control in all areas of the Bank and assessing its adequacy, effectiveness and efficiency,
- Reviewing the procedures established by the management to determine and ensure compliance with all plans, policies, procedures, laws and regulations that could have a significant impact on objectives, operations and reports/financial information.

Therefore, the IAF is authorized to have unrestricted access to all functions, records, property and personnel needed to carry out its duties.

(36) Risk Management (Continued)

Internal audit functions of the Bank continued with further development and improvement of audit practices by emphasizing risk and process-based audit methodologies. For the year 2022, 13 regular audit assignments were planned and approved by the Board of Director. All the planned audit assignments have been completed throughout the year. In addition to that 7 special audit assignments and 1 investigation audit have been completed. By the end of 2022, the Bank had in total 4 staff members within Internal Audit (2021: 5).

(37) Events after the reporting period

The Bank assessed the events after reporting period and confirms that there were non- adjusting events to the statement of financial position.

(38) Related-party transactions

The following table provides the total amount of transactions and balances that have been entered into with related parties for the relevant financial year:

In '000 Frw	**Access Microfinance Holding AG**		**AB Microfinance Nigeria**	
	2022	**2021**	**2022**	**2021**
Consultancy service	-		13,828	10,270
Royalty service	-	-	-	-
Amounts due from related parties	4,537	16,532	-	-
Amounts due to related parties				

Access Microfinance Holding AG

As at 31 August 2021 the Bank finalized a restructuring agreement with its then existing lenders and its parent AccessHolding. Besides the waiver of substantial parts of the outstanding debt, AccessHolding irrevocably and unconditionally waived any fee or payment which is or has become due to it under the AH Group Services Contract; and any future fee or payment which arises under the AH Group Services Contract in respect of the period up to and including 31 December 2022. In addition, AccessHolding irrevocably and unconditionally waived any fee or payment which is or has become due to it under the AH Software License Agreement; and any future fee or payment which arises under the AH Software License Agreement in respect of the period up to and including 31 December 2022.

AccessHolding also acts as counterparty to the MasterCard Foundation, which provides grants to the Bank. The receivable to AccessHolding therefore represents a reimbursement for expenditures covered in the grant agreement.

AB Microfinance Bank Nigeria

AB Microfinance Bank Nigeria is a sister entity under joint ownership of Access Microfinance Holding AG, which provides IT audit services to the Bank.

Compensation of key management personnel of the Bank

In '000 Frw	**2022**	**2021**
Employee benefits	561,658	504,326
Employer contribution to pension funds (RSSB)	27,724	25,099
Total	**589,381**	**529,425**

- Loans to senior management team amount 84,304 thousand
- No loans have been disbursed to members of the board of directors
- Members of the Board of Directors received sitting allowances of Frw 21,078 thousand in 2022 (2021: Frw 32,096 thousand).

(39) Lease Liabilities

In '000 Frw	**2022**	**2021**
At 1 January	951,219	1,288,744
Additions	196,073	41,931
Modifications	(5,232)	-
Derecognition	(10,582)	(363,517)
Finance cost	126,385	142,644
Lease payments	(294,057)	(158,583)
At 31 December	**963,804**	**951,219**

Other Disclosures	
Item	**Amount /ratio/number**
I. Capital strength	
a. Core capital (Tier 1)	3,836,925
b. Supplementary capital (Tier 2)	134,026
c. Total capital	3,970,951
d. Total risk weighted assets	10,722,094
e. Core capital /Total risk weighted assets (Tier 1)	35,79%
f. Tier 2 ratio	1,25%
g. Total capital /Total risk weighted assets	37,04%
h. Leverage ratio	25%
II. Credit Risk	
1. Total gross credit risk exposures: after accounting offsets and without taking into account credit risk mitigation	11,325,547
2. Average gross credit exposure, broken down by major types of credit exposure	10,843,011
Micro Loans	7,011,987
Super Micro Loans	2,205,028
SME Loans	488,048
Agro Loans	900,857
Other Loans	237,091
a) Loans, commitments and other non-derivative off-balance sheet exposure	-
b) Debt securities	2,291,815

3. Regional or Geographical distribution of exposures, broken down in significant areas by major types of credits exposures

	City of Kigali	North	East	West	South	Total
Micro loans	3,884,100	705,282	1,087,390	564,396	1,325,523	7,566,690
Agro Loans	20,785	303,347	435,310	63,221	210,939	1,033,602
Super - Micro loans	1,425,789	191,207	244,479	26,480	366,814	2,254,769
SME loans	250,734	0	0	0	0	250,734
Other loans	151,800	2,440	6,229	1,952	57,332	219,753
	5,733,207	**1,202,276**	**1,773,409**	**656,049**	**1,960,607**	**11,325,547**

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

	Micro Loans	Super Micro	Agro Loans	SME loans	Other loans	Total
a) Financial	25,214	-	-	-	89,001	114,214
b) Manufacturing	130,353	84,672		19,994		235,019
c) Service and commerce	6,588,049	1,787 283	943	161,606	332	8,538,213
d) others	440,289	207,656	1,032,659	31,430	3,314	1,715,348
e) Construction	382,786	175,157	-	37,704	127,105	722,753
Total	**7,566,690**	**2,254,769**	**1,033,602**	**250,734**	**219,753**	**11,325,547**

5. Off-balance sheet items	-
6. Non- performing loans indicators	
a) Non-performing Loans (NPL)	1,008,019
b) NPL Ratio	8.9%
7.Related Parties	
a) Loans to directors, shareholders and subsidiaries	-
b) Loans to employees	218,990
8. Restructured loans as at 31.12.2020	
a. No. of borrowers	288
b. Amount outstanding (Frw ‘000)	669,855
c. Provision thereon (Frw ‘000) (regulatory):	408,458
d. Restructured loans as % of gross loans	5.9%

C. Liquidity risk	
High Quality liquid assets	2,949,634
Total net cash outflows	1,026,201
a) Liquidity Coverage Ratio (LCR)	287%
Available stable funding	10,610,332
Required stable funding	8,696,413
b) Net Stable Funding Ratio (NSFR)	122%

D. Operational Risk	**Type**	**Number**	**Amount**
Number and Types of Frauds and their corresponding amount	-	-	-

E. Market Risk	
a. Interest rate risk	-
b. Equity position risk	-
c. Foreign exchange risk	-
F. Country Risk	
a. Credit exposures abroad	-
b. Other assets held abroad	-
c. Liabilities to abroad	-
G. Management and Board composition	
a. Number of Board members	5
b. Number of independent directors	3
c. Number of non-independent directors	2
d. Number of female directors	2
e. Number of male directors	3
f. Number of senior managers	4
g. Number of female senior managers	1
h. Number of male senior managers	3